



ENTREPRENEURSHIP TRAINING

Participant Manual

Microsoft





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INTRODUCTION

This training is for women building businesses. The focus of the training materials and sessions is on the skills to build a healthy business.

Business owners will face dilemmas, multi-dimensional dilemmas, which will impact their businesses. Some of these are particular to women entrepreneurs. Entrepreneurs need to plan for impacts on their business. They need to be aware of the impact of their decisions on their well being, medical health and the health of their family. Their business, their family, and their personal well being form a triangle. All corners of the triad must be in healthy balance. Business owners, especially women, need to learn how to keep their business consistently open and reliably operating, for their well being and their business viability.

The training materials and sessions will present basic business skills to start and maintain a business, helping you manage business risk and approach your venture with confidence and enthusiasm. Topics include starting a business, record keeping, marketing products and services, calculating profit, planning, financing and managing a business.

A business plan template will also be provided. A well-written business plan provides a firm foundation to the business you hope to build. The business plan forces you to consider in advance all the elements in running a profitable business. It will help you monitor your progress over the initial years. The business plan is essential if you will seek funding for your business. It will show your potential opportunity and your financial needs.

A core component of the training will be assignments to be done outside of the training sessions. These will be a bridge, transitioning from business skill building to the business plan preparation. At the end of each day, you will be given assignments. The assignments are to assist you in applying the training material to your own business and they will guide you in developing your own business plan. Plan to answer the questions in the Business Plan Work Sheets as thoroughly as you can. Answers to the questions in italics can be used to write sections of your own business plan. The non-italicized questions are to help you think about the section. When you are confident in your answers, you should proceed to write sections of your business plan.





There will also be time within the training for you to address concerns and seek healthy solutions as you and others open and build successful businesses. An important component of the training will be to provide access to local resources. While the core of the training sessions will be business tools, these basic skills will be augmented as you deal with the challenges facing you and identify local resources.

Specific learning objectives are:

- Understand the basic steps to start and grow a business
- Prepare business action plans to manage risk
- Identify community and business resources to support women

This handbook includes:

- Session Materials
- Assignments
- Business Plan Work Sheets
- Business Plan Template
- Financial Tools

The Business Plan Work Sheets, the Business Plan Template, and the Financial Tools are set up as forms. If you are using a computer, you may enter your content in the areas that appear gray with a statement (Enter Content Here). If you are not using a computer, you may use the template in this manual.

When the Business Plan is completed, you may print it and use it to present to funders, bankers and other resources as you initiate and build your business.





Before the First Day

There are five pieces for you to complete prior to the first session. The purpose is to have you organize and focus your thinking and begin to set personal goals for your business and for the upcoming training.

I. Personal Goals for My Business

- a. Women become business entrepreneurs for a number of reasons. These may be financial. They may have a unique idea, which drives them. They may be blocked from entry or advancement in their local business environment
- b. Think through your personal reasons. Be specific and write down the reasons you want to start a business. This is just for your use. It is a basis for your initiative and the reason for your hard work. Later it will be a measurement standard, to measure your achievement.

II. Ideas for My Business

- a. Women start commercial businesses, service enterprises, production companies. They generate diverse ideas. The best business ideas have enough focus, to communicate the idea and to begin the implementation.
- b. Describe your business idea. Be specific, but do not feel you have to elaborate the details at this point. For example, 'Computer services' is too general for a business idea. 'Build a business service to edit and print technical documents for local academics' is a stronger starting idea.
- c. You may have several ideas. Write them all down and plan to evaluate which is most compatible with your current skills, resources, and personal goals.

III. My Training Goals

- a. People enter businesses with different levels of experience and knowledge. Some have studied business, some have worked in someone else's business, and some have run their own business. Some have no prior training or experience. Most everyone has questions about how to proceed.
- b. Record your questions about starting your business. Mark the ones you hope to address through the training sessions.
- c. There will be some, which are outside the scope of this training. Discuss these with the trainers and other women you meet. Attempt to identify the resources to answer your questions and reduce any uncertainty as you begin your business enterprise.



IV. My Cash Book

- Tracking cash receipts and expenses is a basic business practice. It is also the basis of business and personal budgeting.
- For a week before the training, record the money you receive and spend. Include your personal monies and, if you have a business, your business monies. Begin with the cash money available to you in your home. Then, if you buy a coke, for example, enter the date, 'coke', the expense (cost), and 'F' for family.
- It need only be a simple sheet. An example and a sample template are included for you.

Cash Book Example

Date	Detail	IN	OUT	FBS
1 Feb	Cash in hand	10		
2 Feb	Gave parent		2	F
2 Feb	Sales	15		B
3 Feb	Savings		2	S
3 Feb	Sales	12		B
4 Feb	Relish		1	F
4 Feb	Sales	20		B
4 Feb	Gave to charity		2	F
5 Feb	Transport		3	B
5 Feb	Bought stock		15	B
5 Feb	Coffee		4	F

INSTRUCTIONS:

Study this example.

- It begins with a count of the money 'on hand' at the start of the week. The count does not include savings. It is money available to spend, money 'in' our hand. That was 10, in the example.
- Next money was given to a parent. That was 2. During the week money will go out. It will be spent. Record each expenditure during the week in the OUT column. It is money going out.
- Next money was received from a sale. That was 15. During the week, you may receive money. If you have a business, you may take 'in' cash from a sale. Someone in your family may give you money. Record these events in the IN column. It is money coming in.
- Next money was set aside, to be saved. That was 2. It was taken OUT of pocket and put in a safe place for another time.



- Each entry should be labeled so that we know whether it was for our family, our business, or our savings. Family = F; Business = B; Savings = S

Write down all the money you spend or receive for one week.

Cash Book Template

Date	Detail	Revenue/ Money In	Expenses/ Money Out	Explanation/ F,B,S
	Cash on hand			

Note:

F=Money for or from family or personal use

B=Money for or from business

S=Money for or from savings



V. Self-Assessment Tool

- a. As you begin your business, you will want to build your business skills. Some skills, you already have. Some, you will gain from this training. Many will come as you gain experience.
- b. Through this training we hope to increase your business skills and your confidence. And your learning and competency will certainly continue. There is a self-assessment tool to help you manage your learning needs. It will help you identify gaps in your competency and show you where to focus during the training and afterwards.
- c. Complete it before the training begins and return to it periodically to mark your progress and refocus your training efforts.



Self-Assessment Tool

Name:	Date			Date			Date		
Competency	Comfort Level			Comfort Level			Comfort Level		
	Low	Med	High	Low	Med	High	Low	Med	High
<i>Understand the basic steps to start and grow a business: (how to...)</i>									
Keep basic records of cash receipts and expenses									
Define profit									
Assess competition									
Assess my business (SWOT)									
Plan to be in the market									
Forecast sales									
Itemize business expenses									
Prepare an operating budget									
Manage product costs									
Calculate the amount of cash necessary to start and maintain a business									
Calculate profit (loss)									
Set a fair and competitive price									
Eliminate safety hazards in the work place									
Train employees									
Improve product quality									
Manage inventory									
Plan equipment purchases									
Finance a business									
Set goals and objectives									
Assess business risks									
<i>Prepare a Business Plan with elements, including</i>									
Executive Summary									
Description of the Business Opportunity									
Marketing Strategy									
Operational Plan									
Financial Statements:									
Operating Budget									
Profit and Loss Statement									
Capital Budget									
Pricing									
Start-up Financing									
<i>Identify community resources and networks</i>									
Women in business									
Women's associations									
Banks									
Lending Institutions									



Session I: Laying the Foundation

A. SESSION OVERVIEW

Getting Started
Getting Started in Business
Importance of Planning
Measuring Success
Basic Cash Books

B. SESSION MATERIALS

Getting Started, in Business

LEARNING OBJECTIVES

- Be clear about your motive, why do you want a business?
- Understand the four characteristics to turn a dream into reality.
- Test your business idea. Is it realistic?

STORY

There was a young woman named Samira who lived a long way from town, but there was a school in her village. There had been a drought and the family harvest was poor. She looked around and decided she could make more money if she made school uniforms. At the time, they could only be bought in town, and after you added the cost of transportation, the uniforms were expensive. If Samira made them in the village, they would be cheaper, and everyone would buy them. So she sold a cow, and bought a sewing machine, cloth and thread, and paid someone to deliver these to her home. It wasn't until they were delivered to her compound that she realized she didn't know how to use the machine, or to cut a uniform! For two years the machine and the material sat in the room. Not one uniform had been made.

BUSINESS SKILL

There are two kinds of businesses.

- 1) Those that make money.
- 2) Those that fail.

Everyone dreams that her business will be successful. Realistically, we should look at four staffs as a foundation for a good business, comparable to a four-legged stool.

These four are:

- 1) An idea and a market
- 2) Knowledge and experience
- 3) Resources
- 4) Motivation and hard work



With these four, your business will be off to a good start. Without each of these four, your business will not be on a firm foundation. It will be shaky.

When we talk about KNOWLEDGE in business, we're talking about several skills. It's often practical knowledge we need. Do we know how to make a quality product to sell in our market?

We also need business management skills. Do we know how to keep basic records so that we know whether our business is making a profit or a loss?

It will help if we know something about our MARKET. Does someone want our product or service? How are we going to let people know we are in business? Who is going to buy our product and how we will get our goods to market?

When we talk of HARD WORK, we're not talking about working hard for just one day; we're talking about every day. When we are in business, whether or not we make money depends on us. Are we there to open our business every day? Can people rely on us? Do we sell a good, quality product?

How much MONEY will we need to start our business? The money we use to start our business is called our *Capital*. It's often takes a lot less money than we expect. One lady started her business with a bicycle. She started a delivery service to deliver copies from copying centers to business offices. She made a very nice profit and later expanded her business; but there are many people who only 'talk' about the business they want to start.

We need to think about these things before we start.

PRACTICE

Return to our story, the young woman named Samira.

What was Samira missing? KNOWLEDGE

Perhaps you think you would like to sell quality control software in a city where there are no manufacturing concerns.

Will it be successful? What is missing? There is no MARKET. You won't have any customers.

A group of ladies wanted to open a hair salon. They thought of everything they might need, including four electrical hair dryers and an entertainment center, and then they sat and wrote a grant proposal for a large investor and waited for their start-up capital, their RESOURCES.

Were they talking or starting? This group of ladies could still be waiting, for someone to give them the MONEY! But they could have started small, and as they learned more about running the business and made some money, they could grow their business, using their profits.



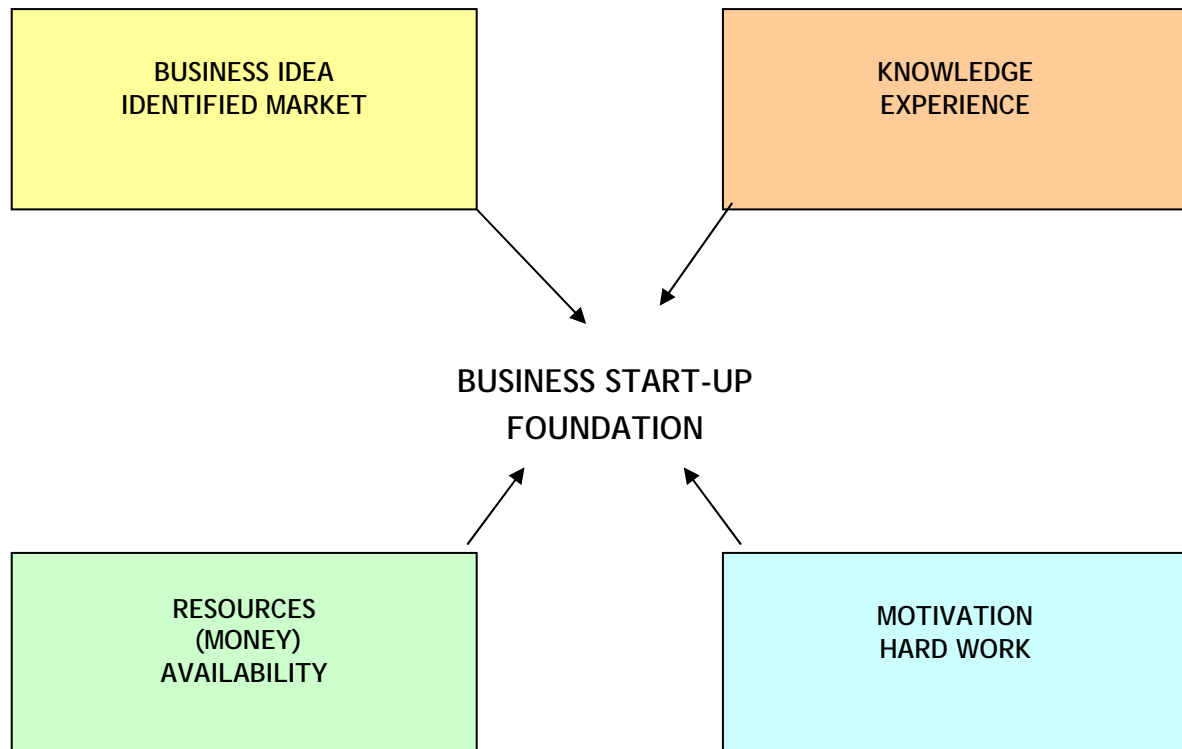
In small groups, test your business ideas against this framework. Make some notes below and share your ideas with your group.

Describe the need you see in the market ('the business opportunity').

Describe in general terms your business idea ('business description').

This is a top-level reality check. It is appropriate for testing an idea. As you continue to work with and refine your business idea, your planning will become more rigorous.

Start-Up Frame



Importance of Planning

LEARNING OBJECTIVES

- Become familiar with key planning questions
- Prepare a basic, start-up plan

STORY

There was a lady who lived in a village. Kaku owned a sewing machine. She thought she would like to start a tailoring business, but wasn't sure what she wanted to make. So she went into town and visited all the shops to see what they were selling, and for how much. She decided every one needed, at some time, school uniforms. She looked at them carefully, and thought she would be able to make uniforms of the same quality, for perhaps a little lower price, than those available in town.

Because she was just starting her business, she decided it would be best if she worked at home. Then she wouldn't have to pay rent. But if she did that, how would people know she was in business? So, she made a sample uniform, and took it with her when she visited the local school. She showed it to the headmaster, told him she was going into business, and asked him to tell the parents about her. She did the same thing at her mosque, asking the imam to recommend her work to his members. And Kaku told all her friends about what she planned to do. Lastly, she looked around for someone



who might be able to help her if her business was successful. She would run the business on her own to start with, because that would save her paying a salary, but she hoped very soon she could afford help, and she would need a friendly person who would be good with the customers to help her.

Kaku had done her homework well.

BUSINESS SKILL

Before you start your business, you need to make a plan. There are basic questions. All of these questions need to be answered before you start.

PRACTICE

First, answer these basic questions for Kaku.

- What does she want to do or sell? _____
- Who will buy her product or service? _____
- How much will it cost her to make her product? _____
- What price will a customer pay? _____
- Where will she sell her product or service? _____
- How will people know she is in business so they can buy her product? _____



Second, look at Dalal's experience starting her internet café. Read this with another participant, one as the interviewer, one as the entrepreneur.

1. Why did you choose this project?

Because of the need for an internet café that is exclusively for women. Mixed internet cafés are not always acceptable for women and the environment is not always safe for women and girls to work in. Also, I chose this business because it serves as a community service. Both the community and I can benefit.

2. What are the challenges you faced in getting your business started? And what are challenges you are facing now, as your business is established?

The main challenges I faced are, first; the governmental procedures that have been extremely long because my business includes the internet, second; my surprise in the constant increase of prices, and third; men taking advantage of women. When they see a woman, some men selling you products charge you more because they believe that you being a woman, you will not be aware of the real prices.

3. What is the number of employees and number of people benefiting from you income? (Spouse, family, children, etc.)

Because I don't want to pay for employees, only me and my friend will currently run the business. And I am retired and not married.

4. If you consider your business to be successful, what do you think is the recipe for your success?

I am at the last stages of opening the café; I hope that my business will be successful, but I believe that you should plan ahead very well for your business with a sufficient feasibility study, and be open to surprises.

5. What are the advices you could pass on to other women thinking of starting their own business? What are the lessons learnt?

No matter how prepared you are, and you think that you have done a complete feasibility study, there will always be surprises! Also, you should have a time frame in which to work in; you should set deadlines for yourself, and always expect minimum profit, at least in the first stages of your business. Also, I would advise that anyone who wants to work in a business to fully familiarize yourself with your line of work, for instance in my case I intend to take computer maintenance course so that I know how to fix my computers without having to depend on anyone to do the work for me.



6. Is there anything you wished you had done differently? Or what would you have wished that someone had trained you on before starting your business?

I would have taken specialized courses such as computer maintenance, so I wouldn't need to depend on anyone else for maintenance.

7. How did you market your produce/ business?

I am thinking of passing out brochures in places that a lot of women visit such as the library, girl's schools, the gym, etc.

8. What are the benefits of having your own business?

The major benefits is first being your own boss, you don't have to answer to anyone, second; having your own business makes you stronger and strengthens your character and personality because you depend on yourself and you do everything on your own and third; the financial independence.

9. Why do you consider your business successful?

I hope one day I can say that my business is successful, but I still have not begun my business, hopefully in a couple of weeks I can launch my women's internet café.

Now, write the answers to these questions and present to a small group.

- What do you want to do or sell?

- Who will buy your product or service?

- How much will it cost you to make your product?



WOMEN IN TECHNOLOGY

- What price will a customer pay?

- Where are you going to sell your product or service?

- How will people know you are in business so they can buy your product?

- Do you think you have done your planning adequately? What do you need to investigate further?

Keep your answers. We will come back to them.



Measuring Success

LEARNING OBJECTIVES

- Define Profit
- Know the difference between income and profit
- Understand business profits generate savings to support the entrepreneur, her family and her business

STORY

There was a lady in a southern city, who attended a business skills workshop. Poni was very excited. She had just started a business, going to a city just across the border to buy clothes for 5 LOCAL CURRENCY each. She sold these in her home city for 10 LOCAL CURRENCY each. Poni was so proud she had made so much money, that she wanted to start another business!

We asked her:

- | | |
|-------------------------------------------------------------|------------------------|
| - How did she get to the city? | By bus. |
| - Did she have to spend the night? | She stayed in a lodge. |
| - Did she eat? | Of course she did. |
| - How did she get the clothes from the market to the lodge? | By taxi. |
| - Did she pay customs at the border? | Of course |

We added up all her expenses to buy the clothes. When we had added everything to the cost of each piece, each one had actually cost her 9 LOCAL CURRENCY, not 5 LOCAL CURRENCY, and her profit on each one was 1 LOCAL CURRENCY not 5 LOCAL CURRENCY. Poni was very unhappy

BUSINESS SKILL

Before reading the story, ask yourself:

Why are you going to start a business? What do you want from this?

Record your responses.

Did you write:

PROFIT

Let's think about why most people want to go into business. They want to make a living. They want to support their family, to send their children to school, to have money for medicine when they are sick. They go into business to make a PROFIT.

But what is profit? Some people think it is the money you make when you sell something. That is income. Income and Profit are NOT the same



INCOME - EXPENSES = PROFIT

We need always to remember those expenses. Do we have to pay rent for the space where we make or sell our product? Do we need to pay for transportation? Do we pay salaries to the people who work for us? Those are some of the expenses of doing business.

Sometimes we do things that influence our profit, usually reducing it, without realizing it. If we run an internet service in the community, and we let our friends use the service for free, we reduce our profit. If we bake fruit pastries and give the Agricultural Extension worker who visits us some sample to take home, we reduce our profit. If we have a hair salon, and it's a hot day so we give our client a soft drink, we reduce our profit. We need to remember that we are in business to make a profit so that we can support our family. We still may make such a choice, but we need to understand our choice.

And why do we make a profit? It is to support ourselves, our family, and, importantly, our business. Savings are key to sustaining and growing a business.

PRACTICE

Marta spent 40 LOCAL CURRENCY on school notebooks, which she sold during the week. Her sales totaled 50 LOCAL CURRENCY. She had spent 10 LOCAL CURRENCY on transport and 5 LOCAL CURRENCY on lunches. Did she make a profit or loss that week?

Jena spent 20 LOCAL CURRENCY on pencils, which she sold during the week. Her sales totaled 30 LOCAL CURRENCY. She had spent nothing on transport and 5 LOCAL CURRENCY on lunches. What was her profit?

Compare Marta and Jena. Whose sales were higher? Whose profit was higher?

When we plan our business properly, and consider our expenses, we are less likely to find ourselves in a situation like this. Every week Tara would make 100 pastries and take them to the school cafeteria to sell them for 1 LOCAL CURRENCY each. She usually sold all her pastries and went home with 100 LOCAL CURRENCY. She could not state how much profit she made because she had never worked it out. So that is what we did.

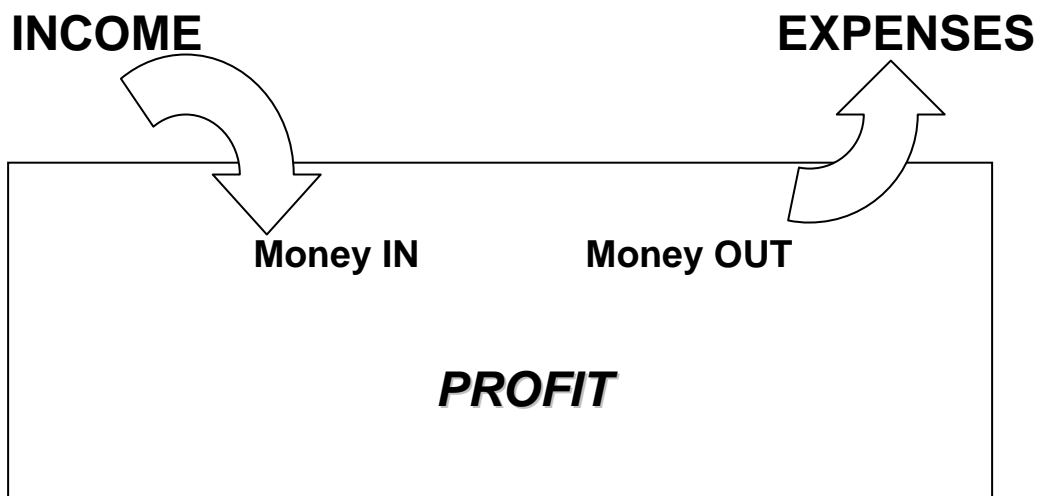
We made a list of all the ingredients, flour, sugar, baking powder, cooking oil, etc, and how much they cost. When we added it up we found that it cost 150 LOCAL CURRENCY to buy the ingredients to make 100 pastries. So every time she went to the cafeteria to sell her pastries she lost money! The following week, she was charging 2 LOCAL CURRENCY for each pastry. We need to be sure we are making a profit.





Profit

$$\text{INCOME} - \text{EXPENSES} = \text{PROFIT}$$





Finance: Basic Cash Books

LEARNING OBJECTIVES

- Understand practices to protect business cash
- Know the basic records to manage business cash
- Know the format of cash book or cash flow statement
- Initiate and practice record keeping with personal finances

STORY

Some women started raising chickens to sell the eggs. Each day two different women were in charge of gathering and selling the eggs. They gave credit to their friends without making a record. Sometimes they used sales money to buy drinks for their families. Several of them took eggs without paying for them or making a record. The treasurer collected the money but didn't always record it. Sometimes she sent someone else to collect it. Sometimes no one collected it and the sales ladies took it home. Sometimes it was lost or stolen before it could be handed over to the treasurer. One day the treasurer's husband borrowed the money she was keeping, and there was none left to buy feed for the chickens. At the weekly meeting, someone asked how much money they were making, but no one knew. Some women got very cross and left the meeting.

- What happened in this story?
- Is this the right way to control money?
- Will it lead to profit or loss?
- Can you suggest any changes?

A group of women decide to start a business selling DVD movies. Before they start, they organize the business. They agree to work in turns, two women selling DVDs each day. They also laid down the rules for controlling the money.

When they sold a DVD, they recorded the sale. They only gave credit to members of the group and that was recorded. The treasurer collected the money every day checking the amount against their receipts. They all signed a book to prove the money had changed hands. On her way home, the treasurer called on the group's secretary, who checked the money and recorded it in a cashbook. Twice a week, they took the money to the bank. At every meeting they reported on the cash in hand, and at the end of every month, they read a statement summarizing the income, expenses, profit and bank deposits they had made.

- What happened in this story?
- Is this the right way to control money?
- Will it lead to profit or loss?
- Can you suggest any changes?

BUSINESS SKILL

We need to 'manage' our money. As entrepreneurs, we need to systematically adopt practices to control our money.

-We need to keep a daily record. With cashbooks, we should always know how much money we have.



-Money should be secure, funds banked frequently and cash locked up.

-We should not give credit. There will be exceptions to this, but if the base line is no credit, then the business can establish records to track credit and practices to collect money owed to the business.

-Long standing debts should be collected.

-We should routinely prepare a profit/loss statement to look at our expenses and income. At the outset, we might do this weekly, then monthly or quarterly.

If your business is large enough, you may have a Financial Officer or Treasurer. That individual will maintain daily records and check cash receipts against the records.

To elaborate on this, you see the first thing you must do is to keep a daily record. This record will track where your money comes from and where it goes. We call this record a CASH BOOK, and it will help us know how our business is doing. Without records, we can never know whether we are making a profit or a loss. (There will be instructions for keeping a cashbook a little later).

Secondly, you must put money away in SAVINGS regularly. You don't wait till the end of the month to start saving... by then there is usually nothing left to save. Try to set aside a small amount each day. This becomes a safety valve to cover emergencies.

Where should we save money? Banks can be a safe place for your savings, but in some places, bank charges are high. One careful man put his savings in a bank. At the end of the month, he got a statement from the bank. The bank fees were more than the interest he earned. In that case, a locked box might be better to protect your savings in a secure place.

Many small businesses fail because their owners give too much CREDIT. If someone has no money and cannot pay for the item, some business people are afraid they will lose the sale if they do not give credit. But it is not a sale until it is paid for. And it is not only your profit you lose. It is your MONEY as well. You paid for the item. Giving people credit does not make friends. Think of the shop owner who gave so much credit to his customers that he did not have enough cash to restock. His customers went to other shops. His business failed and he lost his shop.

Don't allow long standing DEBTS. It's YOUR money, and you need it to support your spouse and children. Business is often done with credit, but this often means delayed payments. Set your terms up front and have a plan to collect payment. A women's cooperative sold their product to a government office on credit. They had to wait 11 months for payment. During that time, there was no cash payment. As a result, the women did not have any inventory to sell to other customers.

Lastly, we need to check if we are making a PROFIT OR LOSS on a regular basis. But before we can do that, we have to keep records.



PRACTICE

Name two cash records and three practices to manage their business funds.

Discuss all the local places an entrepreneur could easily and inexpensively establish a business bank account and deposit money.

When we keep records for a business, we write down everything concerning money, which happens in the business.

Ideally, we would pay ourselves a salary and only the money we spent on the business and received from our sales or service would be recorded in our cashbook. Few small business owners pay themselves a salary. If they need money, they take it out of the cash box. Because we need to know where all our money comes from and goes to, we record everything in our cashbook.

A cashbook does not have to be fancy. It should be a separate book, dedicated to our business. A simple exercise book is fine. An accounting book will come with columns. A spread sheet can be created on the computer. In that case there should be a hard copy back-up. When we start recording, we must do it in an orderly fashion, with everything labeled and in sequence.

To begin, label the columns and count the cash on hand. This is the money we have in our pocket or purse, available to spend. It is the money at the beginning of the period.

The chart shows the Cash Book layout, before we start keeping our records.

We only have to know our 'cash on hand' when we start. Sometimes when we start, we have no cash at all, and so we would write a zero in the IN column. We have to have some figure there, even if it's a zero. 'Cash in hand' doesn't include your savings. It's the money you have to spend at that moment. The IN column tells us what money is in our pocket. If someone buys something from us and pays us, we record it in the IN column, because the money goes INTO our business. If someone gives us money, it will also go into the IN column.

The OUT column, tells us when we spend money, or give money to somebody and it goes OUT of our pocket. When we put money into savings we record it in the OUT column because it goes OUT of our business cash and is set a side.

The FBS column, tells us if the transaction was for our Family, our Business or Savings.

Each day you record all your money transactions. You give your spouse some money, write it down. You make sales, write them down. You buy a coffee, write it down.



Every day, we write down details of what happens to our money. We do this seven days a week. If we get sick, we still keep a record... perhaps we give our spouse some money to go and buy the medicine. We write it down. Maybe we visit family; we still keep our records and write down what we spend on transport, on food etc. Without these records, we cannot know how our business is performing.

Records help us in our business. We keep records to use them. Too many business people keep records but never look at them.

- They tell us how our business is doing.
- They show us where our money is going.
- They help us increase our profit and decrease our expenses.
- Using them, we can prepare a Profit/Loss statement.
- We can't get a loan without them.
- We need accurate accounts of our profit to determine the taxes owed to the government.

Look at the records you kept for a week. If you do this for a month, you will have a reasonable accounting of your personal living expenses. How much do you need to live, to take care of yourself and your family? How much do you think you can earn in your business? If your goal is to support yourself, will your business earn enough to pay you a sufficient salary?

Look at the first example. This is simplified. What do these records tell us? Is the business profitable? Does the business support the family and generate savings?

Look at the second example. These are the records of Veronica who sold tomatoes in the local market. She also did a little knitting and would sometimes sell that. She thought she had a good business but she never kept records. Then she created these records for her business. She starts with 15 units cash in hand and she bought some tomatoes for 15 and paid her transport. The next day she sold the tomatoes for 10 and paid her transport. When asked why she would sell the tomatoes for 10 when she had paid 15, she said that at that time of year the tomatoes are not good quality. She then bought some vegetables, and on two days sold them. She also sold a piece of knitting.

Did she make a profit that week?



We know that Income - Expenses = Profit

To find out if she made a profit, add the money in the IN column. (We don't include the beginning 'cash in hand'). The IN column is where all her income for the week has been recorded. She made 35 that week. Her expenses for the week are recorded in the OUT column, and they total 30.

Income - Expenses = Profit

35 Units - 30 Units = 5 Units

She spent five days in the market and only made 5. Veronica was shocked.

Looking at the chart again, you will see that the first thing she did the next week was to buy tomatoes. That was probably unwise; the quality of tomatoes was unlikely to improve. If Veronica had known how to read her records, she would have seen that it made more sense at that time of year to buy vegetables. She had made money on her vegetables.

Six months later, Veronica was no longer selling tomatoes but knitting baby outfits. Her profit had increased to about 40 Units a month. Without those records, it would be 5 Units.

As your business grows, you will keep cash records just for the business.



Basic Cash Book Template

Date	Detail	Revenue/ Money In	Expenses/ Money Out	Explanation/ F, B, S
1 Feb	Cash on hand	50		

Example 1

Date	Detail	IN	OUT	FBS
1 Feb	Cash in hand	10		
2 Feb	Gave parent		2	F
2 Feb	Sales	15		B
3 Feb	Savings		2	S
3 Feb	Sales	12		B
4 Feb	Relish		1	F
4 Feb	Sales	20		B
4 Feb	Gave to charity		2	F
5 Feb	Transport		3	B
5 Feb	Bought stock		15	B
5 Feb	Coffee		4	F

Example 2

Date	Detail	IN	OUT	F,B,S
1 Feb	Cash on hand	15		
1 Feb	Bought tomatoes		15	B
1 Feb	Transport		1	B
2 Feb	Sold Tomatoes	10		B
2 Feb	Transport		1	B
3 Feb	Bought vegetables		10	B
3 Feb	Transport		1	B
3 Feb	Sold vegetables	5		B
4 Feb	Transport		1	B
4 Feb	Sold vegetables	10		B
5 Feb	Transport		1	B
5 Feb	Sold knitting	10		B
8 Feb	Bought tomatoes		15	B



C. HOMEWORK, SESSION I

- Review and refine the business idea, which you described prior to the training. As you talk to people in business and learn more about yourself, you may adapt your idea.
- Continue to track personal cash. If there is access to a computer, make a spreadsheet to record cash in and out.
- Consider Your Business. List as many expense items as you can. Refer to the 'Cash Flow Statement'. If you are able, record items in the appropriate categories.
- Complete Business Plan Work Sheets:
Instructions: The questions in each section will help you as you plan to build your business into a successful business. The questions in italics will help you with the text of your actual business planning document.

- Title and Contact Pages

(1.1) Description of the Business Opportunity

Who is the customer and what product or service are they buying?

How do they use the product or service/Why do they purchase it?

What do customers need that is currently not available?

Is the need in the market growing?

What changes are occurring that effect purchasing choices?

How did you get the idea?

Why are you especially likely to succeed?

(1.2) Business Description

What is your product or service?

Why is it unique?

Who is the customer?

Where will you sell your product or service?

Why will customers purchase it?

When will you be ready to sell it?

Do you think you have done your planning adequately? What do you need to investigate further?

- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Session II: Marketing Basics

A. SESSION OVERVIEW

Competition
SWOT Measuring Success
Marketing Principals: 5 'P's'
Sales Forecast

B. SESSION MATERIALS

Marketing Your Business: Competition

LEARNING OBJECTIVES

- Know the importance of competition
- Describe a competitive threat
- Describe an appropriate response

STORY

In the Capital Market, there is a long row of floral shops. Some make seasonal bouquets. Some make floral arrangements for parties. Some make floral arrangements for hotels. There is actually little difference between the displays. One stands out, however, for two reasons. The owner greets her customers politely and her flowers are different from the others and always fresh. Her arrangements are lovely and in tasteful bowls and vases.

BUSINESS SKILL

Competitors are in our market at the same time and place as our business. If they have more skills, know the market better, work harder, then they make a better product with less cost and get more customers. In the end, they plan better, satisfy the customer better and earn more profit. Their 'competitive advantage' may be product-related or service-related.

PRACTICE

In this story, what was the competitive advantage?

Look at local businesses with the same products or services. Each individual business has its own business strategy. At the same time, each is strongly influenced by competition.



Discuss:

What is the competition doing? Which business owner is more competitive? Why?

Discussion might include:

- Better quality
- Better display
- Better location
- Better service

Which business has the best customer service? Which is the nicest to its customers?

What else might the competition do?

And, if you were the owner of one of the businesses, what might you do in response to these competitors?

SWOT

LEARNING OBJECTIVES

- Know what S, W, O, and T mean for a business
- Describe a business by its strengths, weaknesses, opportunities and threats

STORY



There was a business chamber in the capital city. It was organizing small businesses and giving training. The organizers were very respected by the business community, but the organizers saw that not many new businesses called them. When they thought about their own business, they saw that their telephone operator was rude. She had a strong voice that was not welcoming. It was a problem until the organizers changed and put a person with a pleasant voice on the telephone and at the front desk. They found another job for the first operator.

BUSINESS SKILL

When we have a business, we often take it for granted. 'We have always done it this way'. But is it the best way? We need to look at our business often as if it belongs to someone else. Be critical. What could we do that would raise our profit? What do we do well? Where do we need to improve? What could we do to attract more customers? Do people like to do business with us? Do we run it in a business- like way?

We need to do a SWOT analysis every three or four months, to see if we can improve our profits.

S = Strengths
W = Weaknesses
O = Opportunities
T = Threats.



A SWOT analysis lets you look at your business on a regular basis and work to improve your weaknesses and make the most of your opportunities.

PRACTICE

Strengths and weaknesses are in your control. You can do something about them. Opportunities and threats are outside of your control. You can still respond to them.

Pretend you run a printing shop and print cards and menus for restaurants and entertainment facilities. You have decided you need to look at how you run the business, to see if it's as good as you can make it. You start by making a list and you write down everything you can think of about your business.

You sell daily menus to your friends at half price.
A new hotel is being built near the town center.
You record your sales in the cashbook every day.
Some of your inks are poor quality.
You're always friendly with your customers.
Three new print shops are opening in town.
The shop nearest to you is opening an hour early.
You have not paid your business license this quarter.
You visited three hotels in town and have some new orders.
The Council is talking about closing your street to commercial business.

Look at the list and decide which things listed are Strengths.

- A. Keeping daily records is very good.
- B. Being friendly with your customers is good. People would much rather buy from someone who is pleasant and greeted them by name than from a bad tempered person.
- C. Visiting the three hotels to get some orders was a good thing to do. You went out and looked for business.

What are the Weaknesses?

- A. Selling menus to your friends at half price reduces your profit, so that is bad... a weakness
- B. Also, why would anyone buy cards printed with poor ink? In business, you want a reputation for selling a quality product for a fair price. Bad quality is a weakness.
- C. There is no excuse for not paying your business license.



Now let's look at the Opportunities.

A. The new hotel being built near the town center presents us with an Opportunity. They will be buying business cards and menus for their restaurant and maybe, we can persuade them to buy from us.

Lastly, let us look at the Threats.

A. The new shops are a threat... they are competition. However, if they pay their business license you cannot stop them coming.

B. But what could you do about the shop, which is opening earlier than you do? You might also arrive early.

C. If you hear rumors that the Council is considering closing your street to commercial business, you may not be able to do anything to stop them, but you can be looking for another favorable location.

In our story, think about

1. What can you do about weaknesses?

2. How can you build on your strengths?

3. How can you take advantage of your opportunities?



4. How can you protect your business against the threats?

Now look at your business or your business idea. What are the strengths, weaknesses, opportunities, threats? Be objective and comprehensive.

Strengths	Weaknesses
Opportunities	Threats

Then begin to think about what you have identified about the situation in your business and in the environment. What can you do with this information? How can you best use your strengths? What do you do about the weaknesses? How do you respond to opportunities and threats? This thinking will be the start of your planning.

Do this individually and then share the SWOT analyses in small groups.



SWOT Analysis

Strengths	Weaknesses
Keeps daily records Friendly to customers Visits three hotels and gets orders	Sells daily menus at half price to friends Has poor quality ink Owes business license
Opportunities	Threats
New hotel being built	Three new print shops Nearby shop opening early Council thinking of closing street to commercial business



Marketing Your Product or Service

LEARNING OBJECTIVES

- Know the 5 'P's

STORY

A woman decides she'd like to open a dress-making shop near her suburban home. She decides to make really fancy dresses that people can wear to parties and weddings....she'd noticed when she was in town that these dresses were the most expensive so she thought she could make a big profit when she sold them. To keep her costs down she decided to open the shop in a spare room at her home, even though she lived 2km from the town center. It might be a bit far but when people saw the beautiful dresses she wore, they would be excited and come and buy her dresses. In fact she was going to be so busy, she would ask her cousin to work as sales lady. Her cousin wasn't very nice with people but she knew how to keep books. She knew she was going to be very successful.

What is the product?

Where will she sell it?

Who will she sell it to?

How will she set the price?

How will she attract customers?

How did she plan her business, where did she get her idea?

Another woman decides she would like to open a dress making shop. She decided she needed to see what kind of clothes the people were wearing, what the quality was and where they were made. Then she could see if she could make better clothes and sell them for a better price. She decided she could make better school uniforms and sell them for less than the ones that could be bought in town. Before she started she'd talk to all her friends and relatives and ask them to tell their friends about her shop. Then she would go to see the mayor and the schoolmaster and the religious leaders, because they knew everyone and could recommend her. She'd need someone to help in the shop and looked for someone who was good with people and would respect her customers. She would make a profit but would also be providing good quality clothes at reasonable prices.

What is the product?

Where will she sell it?

Who will she sell it to?

How will she set the price?

How will she attract customers?

How did she plan her business? Where did she get the idea?

At which shop would you prefer to shop? Why? Which is more likely to make a profit?

BUSINESS SKILL

The focus of any successful business is the customer. An entrepreneur has to understand the customer's needs. The four 'P's' of marketing are your decisions about product, place, price, and promotion. However they are revolve around the fifth 'P' or the first 'P'—People, your customers.

Look at these as you develop your business idea.



PRACTICE

First, remember our two stories.

What is the difference between the two products?

Which will be more popular?

Which is more 'customer oriented'?

How will location affect the business?

How will the sales lady affect the business?

How has each owner determined the price? How will that affect the business?

How will each promote their business? Which will have the greater impact? Why?

Each has a plan. How did they develop it?

Next let's pick one 'P', Place.

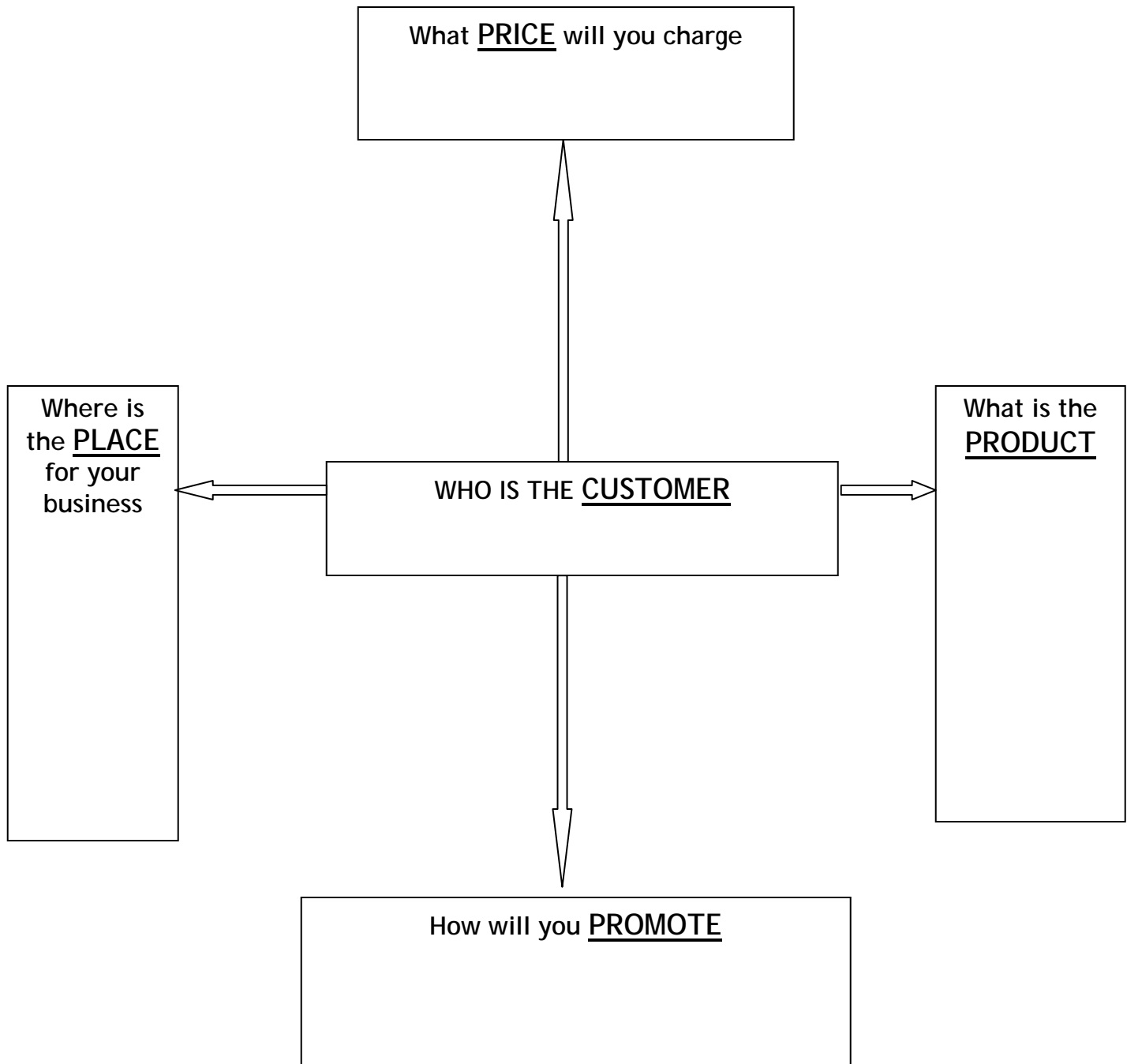
If you are establishing a travel agency, how would you make it attractive to your customers? Will it be different from a similar business near to you?

You want to set up an office to do work for the government. You might want to do office work, or provide transit, or run errands. How do you want your space to look? How will you convince government offices that you are professional and efficient and that your workspace is organized and clean?

Turning to your business idea, how can you learn about your market and prepare the best marketing strategy? Consider walking in the customer's shoes, interviewing customers, touring the competition.



What is the Business Opportunity?





Marketing Questions

PEOPLE	Who are my customers?
	What do they like? What do they need?
	Do they have money to buy my product?
PRODUCT	How do I make or get the product?
	Does it meet the customer's need?
PLACE	Where will I start my business?
	Is it convenient for the customer?
PRICE	How much will it cost to get the product to the customer?
	How much will they pay?
	Will I make a profit?
PROMOTION	How will I let people know I am in business?
	How will I attract them to my business?
	How will they know my product is better than another?



Sales Forecast

LEARNING OBJECTIVES

- Define sales revenue
- Define the target customers of a business
- Estimate the number of customers and the amounts purchased
- Calculate sales revenue



BUSINESS SKILL

Why is it important to forecast sales revenue?

Predicting sales of the business is done at this early of stage, as part of the market strategy, as a test of the business idea's viability. Subsequently, the early forecast will be refined and compared to expenses to ensure the business returns a profit. Throughout the operation, on a regular basis, the forecast will be reviewed to measure current operations and plan future operations.

What is sales revenue?

Revenue equals Quantity Sold * Price per Unit

Is revenue the same as profit?

No, look at the two equations. What is the difference?

Income = Revenue, it does not subtract expenses

To forecast sales revenue, a business owner needs to identify:

- Customers
- Buying pattern
- Price per Unit

Customers:

There is a population in the business trading area who could become customers of the business. Most likely, however, there is a segment, which will be most interested in the product or service. The segment could be defined by gender, age, education, or interests. This segment probably has choices. They may be very interested in the new business or they may be very satisfied by a competitor. Some percent will switch to the new business. Some will not. Defining and counting the realistic target customer is the first step in the forecast.

Buying Pattern:

Customers may purchase a product or service once or repeatedly. They may repeat their purchase daily, monthly, or annually. Defining the buying pattern builds the estimate of quantity sold.

Price per Unit:

Pricing has to be consistent with the value of the product to the purchaser. Pricing should be realistic given known competitive product pricing. Finally, pricing must cover expenses of the business. The price chosen per unit is multiplied by the quantity sold to estimate sales revenue.



PRACTICE

Answer these questions for a specific local business for one month.

How many total customers are there in the community?

Is there a segment (or segments) of people who are most likely to be customers.

Who are these target potential customers in the trading area?

Approximately how many target potential customers are there?

How many might realistically be customers of the local business?

What is the buying pattern? How many units will they buy in a month?

What is the most likely price?

What is the sales revenue?

There should be differences in answers. It is a forecast; there is no one right answer. If your assumptions are sound, your forecast is acceptable, even if yours differs from another.

Now ask yourself if the sales revenue forecast for the business operation warrants the effort? There are rewards to running a business. It also takes hard work. If the initial revenue forecast does not promise to sustain the business and support the owner, then the business plan can be revised. And it is better to make that adjustment early in the planning process.

This is important to consider in business. If the forecast does not sustain a profitable business, it does not mean the business should be abandoned. It means the entrepreneur has additional planning to do. Should the product be altered? Should the product or service line be expanded to attract more customers? Are there any savings in the costs of the materials purchased or the business operation? Can the price be increased? Can the promotion reach out more effectively to additional customers? How can the entrepreneur make the most of her business opportunity?



C. HOMEWORK, SESSION II

- Prepare to present a summary your marketing strategy at the next meeting
- Complete Business Plan Work Sheets

Marketing Strategy (2.1 to 2.9)

(2.1) Competition

What major businesses offer products or services similar to yours?

For each:

What do customers like about their product? Dislike?

Who are their customers?

What is their price?

What is their reason for success?

What is their potential weakness?

How will you be different and better?

(2.2) SWOT

Think about the business you plan to start.

What are its greatest strengths?

What are the biggest challenges?

Think about the market and the area.

What are the external influences on your business?

Which are opportunities?

Which are threats?

(2.3) Customer

Who is your customer?

What do they need, which is not currently available to them?

Where will they buy your product or service?

Do they have the money to buy it?

How many customers are there in your business area?

How often will they buy your product or service?

(2.4) Product or Service

What products and/or services will you provide?

What is your experience/expertise in producing the product or providing the service?

What is your capacity to manufacture or provide the product?

Do you need to source any materials? Do you have access to all inputs needed?

How will you maintain the quality of your product and supplies?

How might the product or service develop in the future?

(2.5) Pricing

Do you want to attract customers? What price do you think you would set to do that?

How much will it cost to make and deliver the product to your customer?



What is the range of prices currently paid by customers for the same or similar products or services?

Is your product or service new and more valuable than those currently available in the market? Can it sell for a higher price because of that?

What is the value of the product or service to the customer?

What is the price you will charge for your product or service? Why?

What service and/or product improvements would increase the value?

(2.6) Location or Distribution

Where will you sell your product or service?

Is the location convenient for customers?

Do you need to transport your product? If so, how?

(2.7) Promotion

What do you want to say about your product?

Who do you want to know about your product?

Where will your customer see your message?

How much will it cost to deliver the message?

(2.8) Marketing Strategy

Define succinctly how you wish your business to be seen by target customers. What message communicates the uniqueness of your product or service?

What image differentiates your business from the competitors?

Who is your target customer and how will your business satisfy their needs?

What are the key images and messages you want the community to have of your business and your unique product or service?

(2.9) Sales Forecast

Describe all the people who might be interesting in your product or service.

Within the total, is there a group most likely to purchase?

How many people in that group can your business reach?

How many competitive choices are available for this group?

Use the Sales Forecast Tracking Tool (Appendix F).

How many customers is your business likely to have each month in the first year?

What is their buying pattern? Will they buy once? Will they make repeat purchases? How many items will they purchase in each transaction?

What is the sales quantity that the business anticipates from each customer each month?

What is price charged to the customer for each product or the service?

What is the sales revenue anticipated for the first year?

Are sales likely to be comparable or higher in future years?

If there is more than one customer type or more than one product or service, prepare the forecast for each group individual. Repeat for the



others and then sum the forecasts to estimate the total business revenue.

Examine the forecast. Does it seem realistic and achievable? Is the forecast too optimistic? Does the sales revenue warrant the effort it will require?

- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Session III: Marketing Strategy / Cost of Business

A. SESSION OVERVIEW

Marketing Strategies
Operating Budget
Managing Product and Operating Costs

B. SESSION MATERIALS

Marketing Strategies

LEARNING OBJECTIVES

- Determine how to get the customer to buy your product or service and not someone else's product or service
- Presentation practice

BUSINESS SKILL

Marketing strategy is: How you will get the consumer to buy your product or service more than someone else's. The basic questions are:

- (1) Who is your target audience?
- (2) How will you satisfy their needs?
- (3) How will you let them know?



PRACTICE

Read Lina's story. Discuss these questions.

What is special about Lina's perfume? (Natural perfumes and incense products)

What was the problem she faced in the market? (Her products were 100% natural and expensive)

What was her market strategy? (She went to the Ministry of Tourism. She chose the Ministry as her target customer. Note: She did not lower her price. She did not change her product. She could have, but she chose to go to the Ministry.) (She also designed packaging with her name and logo. This promotes her product.)

Review and revise, as necessary, your workbook, Section 2.8. Be prepared to present your marketing strategy to the whole group or in small groups.



Lina's Story

Qualifications: Bachelor degree in Geography

Marital status: Single

Age: 34

Kind of project: Distillation and making perfume and incense

Lina was born in Aden and she studied university there too. Lina began thinking of moving to Sana'a in order to find better job and to start relying on her own. When she moved to Sana'a with her colleagues, she began to work in a private company and then in Women National Committee.

Lina has a strong sense of smell, as she smells things that others may not. She loves flowers and this love led her to start distilling perfumes.

She started her experience by distilling natural perfumes with her colleagues at work. Lina smells the perfumes her colleagues wear and know their ingredients. One of her friends challenged her to make the same perfumes she wears (Escada). Lina accepted the challenge and began to work on combining natural plants and flowers and she made the same perfume, which surprised her colleagues and they started encouraging her to start her own business.

So Lina made a preliminary study to know the project's expenses. The initial cost was 7 million riyals (\$35,000). She had some savings, but it was not enough to start the project. Therefore, she went to small-enterprises office to take a loan as she needed 3 or 4 million. The office offered her a simple loan of 600 thousand, but it just was not enough. After she paid back the loan, she requested another loan but the office refused to give her another loan. She tried to visit many other offices but there was no response, however, she decided to rely on herself and use the simple tools she owned.

One day, one of her colleagues introduced her to the (Simps) institution that supports small enterprises. They were looking for someone to make 100% natural Nad (kind of incense) for a Swiss company owned by a Swiss businesswoman. They asked her to make one sample of Nad and she worked hard for one week and submitted it to them. After a short time, Lina received the institution approval on the sample and she started making 10 thousand packages of natural Nad. This was Lina's first deal.

After that, Lina participated in an exhibition in Oman, where she sold a lot of her natural perfumes and incense products. She used the money she gained to buy raw materials in large amounts, but they were accidentally sent to Jordan. She could not get them back because of the lack of cooperation of official bodies. This caused Lina a big loss as the materials were spoiled and she got a very small amount of money as compensation.

Lina was working at home and the tools she used were very simple, she also used the house garden to plant flowers and aromatic herbs. She has 6 boys and 6 girls to assist in grinding herbs and flowers, and also in the cultivation of flowers, however, she is the only one who mixes and makes perfumes.

Marketing

At the beginning, Lina was marketing for her products through her friends and relatives. She knew that since all her products are 100% natural, they would cost a lot of money. Consequently, she would have to sell them at high prices that people cannot afford. So, Lina thought of going to the Ministry of Tourism where she explained about her products to the minister as natural Yemeni products that the Ministry could use as gifts to foreign visitors. The Minister agreed and began to buy and promote for her products to other ministries. This made her products well-known to foreign embassies and they started placing orders directly from her.

Through travels outside Yemen, Lina was exposed to different cultures and people and she knew that some people use a kind of Nad in churches. So, she thought of making this Nad in and started promoting and selling it to foreigners and churches abroad. She also built good relationships with many foreigners who are interested in natural perfumes and Nad.

As another way of marketing, Lina made Nad packing boxes with her name and logo so customers will get to know her more and be familiar with her name. Lina knows that the most important thing is proficiency and excellent quality of the product, which will increase the satisfaction of her customers.

Experience:

Lina has gained a lot of experience such as

1. How to deal with people from different backgrounds and communities.
2. How to manage the project and maintain its sustainability.
3. Lina worked as volunteer in many nurseries to gain experience in the process of planting, kinds of trees and flowers and how do they proliferate. This has made her able to plant her own yard with herbs and flowers
4. Lina also took courses in the distillation process in Syria and Germany.

The development of the project:

After 6 years of work in making perfumes and incense products, Lina has become famous to the foreign market and her rates of sales increased. She expanded her work to include cosmetics as well as some of the traditional works, such as paintings and antiques. She also bought land to plant her herbs and flowers. Lina is currently studying the possibility of opening a company to target the Yemeni market with prices affordable for Yemeni consumer. She has become a member of the Yemeni Business women Council and member of the Federation of Female Arab investors.

Advice:

1. Self-reliance
2. Be diplomatic in dealing with people
3. Determination and never despair
4. She believes the reasons behind her success are proficiency and honesty.
5. You have to study the market and know where the appropriate place you can work in and succeed
6. Evaluate yourself according to your talents and abilities and choose what you want.
7. Be aware of what is going on around you.





8. Study the market before you make any step
9. To be a successful business woman you should be a good accountant, manager and diplomatic in dealing with others.

Courses that you needed before you started:

Courses in project management financially and administratively



Managing Product and Operating Costs

LEARNING OBJECTIVES

- Use cash records to reduce product costs

STORY

Altaf has a business making embroidery, sewing and handicrafts. She has a room with three sewing and weaving machines, a cutting table, and a fabric closet. The room is attached to her house. At one time, she rented the store next to her home. The rent was too expensive so she returned her business to her home. She makes a variety of women's clothes, embroidered table clothes, woven shawls. She buys materials as she needs them. Almost every day, she goes to buy different thread or material.



- What are the different expenses Altaf has?
- How can she reduce them?

Consider: Buy in bulk, buy wholesale, buy material for the popular items, stop making unpopular products, cut down on travel, minimize non-business expenses, keep efficient records to know when and how much to buy.

BUSINESS SKILL

We need to keep costs low. Why? If our expenses are low, our profits will be high.

Keeping business records gives the entrepreneur information to reduce costs. Keeping records, alone, is not enough. They must be used to know how to best manage business expenses.

There are two types of costs for each product. There are direct costs and indirect costs.

Direct costs = raw materials, transportation, and packaging. These are costs to make one unit of a product.

Indirect costs = fees, market levies, water, electricity. You must pay these costs even if you do not make or sell one unit.

You can compare your costs to your prices to make sure that your business is earning money. You must be sure your business will cover the indirect costs. When you record your expenses (OUT) and your income (IN), you can see where you spend the most money. Can you reduce any costs by more careful planning?

PRACTICE

A women's group runs a restaurant in the village that serves breakfast every morning. They also serve hot and cold drinks throughout the day. They take turns cooking and each member is given money to buy the ingredients she will need. Each member also receives bus fare to town and money for lunch during the journey. Almost every day,



C. HOMEWORK, SESSION III

- Refine the costs you estimated for your business. Visit suppliers and other businesses.
- Complete Business Plan Work Sheets:
 - (3.1) Production Costs
 - What materials do you need for each product or service you plan to sell?*
 - Are there other costs directly related to production, such as transportation?*
 - (3.2) Facility & Maintenance
 - What are the recurring costs, such as rent, utilities, telephone, internet, insurance, postage, banking expenses, marketing expenses?*
 - If you are buying property, it is a one-time expense and should not be included as an operating expense.*
 - (3.3) Equipment and Hardware
 - Do you need any equipment for production, or transportation?*
 - Do you need office equipment or computers?*
 - If you buy the equipment, it is a one-time expense and should not be included as an operating expense.*
 - If you rent equipment, what is the cost?*
 - What are the maintenance costs?*
 - (3.4) Furniture & Fixtures
 - Do you need furniture or fixtures (lights, for example) to work or serve your clients?*
 - (3.5) Labor & Salary Requirements
 - Will you have any employees?*
 - What will be the costs for their salaries and benefits?*
 - (3.6) Taxes, Payroll, Other
 - What taxes must you pay? Payroll? Sales or VAT? License Fees?*
 - (4.1) Operating Budget
 - Record and total the operating expenses needed to make your product or provide your service.*
 - (Include all materials, labor, and recurring costs from Sections 3.1 to 3.6. Do not include one time equipment purchases)*
 - Use the Cash Flow Tracking Tool to record operating expenses (Appendix H)*
 - Summarize the detail on the Cash Flow Summary (Appendix I)*
 - Will your sales cover your expenses and leave a positive cash balance?*
 - If they are positive, how will you use this surplus?*
 - This may not happen at the start of the business operation.*



If starting cash expenses are greater than sales, do you need cash to cover starting expenses? How much?

When will your business have a positive cash balance?

Will you be able to maintain a positive cash balance from that time forward?

- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Session IV: Financial Concepts; Operations and Good Practices

A. SESSION OVERVIEW

Cash Flow
Calculating Profit and Loss
Pricing Strategy
Safety in the Work Place
Training and Cross Training
Product/Service Quality
Inventory/Stock

B. SESSION MATERIALS

Cash Flow



LEARNING OBJECTIVES

- Use the cash flow statement to compare operating expenses to revenue.
- Use the cash flow statement to determine the amount of cash necessary for business start-up costs.

BUSINESS SKILL

The cash flow statement is a basic financial report. It compares, over a period of time, sales revenue to operating expenses, both of which we prepared previously based on our expectations (projections) for the business. It may seem sophisticated and challenging at first, but businesses learn a lot from these reports.

We use projected cash flow statements to compare the timing of money coming in (revenue) and money going out (expenses). It shows when the start-up business is first expected to earn enough cash to cover operating expenses. It shows that an on-going business is able to cover its operating expenses with earned income.

In a start-up business, the owner can determine how much operating cash will be necessary to carry the business until it becomes established. The entrepreneur needs to supply that from savings, ask for family and friend's support, or request a loan for start-up expenses.

In general, once a business is profitable it should cover its expenses from its revenues. However some businesses are seasonal. Expenses will be incurred in one month or quarter. Revenues will be realized later. For example, farmers collect revenue when crops mature; accountants earn more money when citizens must calculate the taxes, which they owe. Ideally the business will earn enough money to carry it through the periods of low revenue. It is easier to sustain the business through those periods if there is a plan to save cash for that purpose.



The cash flow tracking tool has been used to record projected revenue and operating expenses. It should also be used to track actual revenues and expenses once the business has started operations. Comparing actual vs. projected will give you a better understanding for what to expect. It may also be an early warning when expenses or revenues change from the normal pattern or from your projection.

Previously we said that normally businesses should not sell goods or services on credit. If you project sales of 10 units, but plan to sell two to your family on credit, then you have to subtract these sales. You received no cash for these. You paid out cash for the materials, but you received no cash in return. If you do sell on credit, and there are times when that is the right business decision, you need to be diligent about collecting the debt. Once it is collected and you have the cash in hand, you may record the cash flow in.

PRACTICE

Describe:

- Revenue (based on your sales forecast)

- Operating Expenses (based on individual expense lines; total operating expenses will be summed by the tool)

- Operating Income (equals Revenue minus Expenses, calculated by the tool)

- Net Cash from Other Activities (Cash outflows may occur from other activities, such as cash to make a one-time equipment purchase. If sales are made on credit, they must be subtracted.)

- Net Cash Provided by Other Activities (Cash inflows may occur from other activities, such as collections of old debt.)

(The tool will sum these cash totals, show net change in cash, and ending cash balance)

When do you expect to have a positive cash balance?

Do you need start-up cash for your business?



Using the Cash Flow Tracking Tool, transfer totals to the Cash Flow Summary. The Cash Flow Summary summarizes cash flows in and out for a period of time, commonly 3 months or a year.

If the ending cash balance is positive, this is called a surplus. Consider how you will use this surplus. Will you pay yourself a salary, if you haven't already? Will you invest in the Business? Will you save it? Will you use it to cover future negative cash flows? If you have any debt, will you use it to pay off your debt?

If the ending cash balance is negative, show that by putting parentheses around the amount. This is called a deficit. You and your business cannot sustain a negative cash position for long. Do you need to change your business operation? Is the business getting established? Should you continue in the same manner? How much cash do you need and for how long? What sources are available to you?

These recommendations will be recorded on the Cash Flow Summary.

Calculating Profit and Loss

LEARNING OBJECTIVES

- Know how to calculate profit and loss from records of sales and expenses.

BUSINESS SKILL

As noted earlier, a Profit and Loss Statement should be done once a week or once a month at the start. Later it can be done quarterly.

We saw how important it could be when we studied the records of Veronica, the lady who sold tomatoes. She thought her business was good but it wasn't until she did a Profit and Loss Statement that she learned she was only making 5 units a week, despite working every day.

In our Profit and Loss Statements, we are going to keep track of where the money comes from and where it goes. This is why we labeled every entry, Family, Business or Savings. We want to know what income was earned by our business, and what it costs to run the business. But we also want to know how much we're spending on our family and whether we are spending it wisely. We need to keep track of our savings because they are our key to a better future.

A Profit and Loss Statement has a format, which makes it easy to read.



PRACTICE

The following example will help to explain a basic profit and loss statement.

First look at the Cash Book for the week of February 1. Then look at the Profit and Loss Statement.

Where did these figures come from and what do they tell us? How do we know if the woman is making a profit or a loss?

They tell us, that business started the week of Feb 1-7 with 60 units. This was the cash on hand to start.

During the week there was income of 55. This is the sum of all the entries in the IN column. It is the total income for the week and is recorded on the INCOME line. But we need to know whether it came from the business, or perhaps from a relative or from savings. All the entries in the IN column have a B after them, so all the money came from the business. So 55 is entered next to Business and a zero by Family and Savings because they provided no money this week.

Now we need to know how much was spent during the week and we find that out by adding the OUT column. A total of 33 was spent. That is written on the EXPENSES line, underneath the income figure. But what was that money spent on? We separately add everything in the OUT column that was spent on the Family (F) and write it next to Family. Then we add all the items with a B and put the total next to Business. Lastly we add the money we put in Savings and put the total next to savings. If we add these together, they should total 33.

We learned that Income - Expenses = Profit

$$55 - 33 = 22$$

There was a profit of 22. Note that 6 was spent for the family as well as 1 for savings. The business is strong. It is supporting itself and a family and putting money in savings.

So how much money is there to start the week of February 8th? We ADD the profit to the 'cash in hand' on February 1 to know the cash in hand on Feb. 8th: $60 + 22 = 82$. To check that, the money in pocket can be counted. It should be 82.

As long as we have some 'cash in hand' at the beginning of the week, we can spend more during that week than we take in. (That would show up as a LOSS on our profit/loss statement). If that happens, we would SUBTRACT our loss from the 'cash in hand' we started that week with.

Sometimes we have to use our savings, to cover our expenses in an emergency. That is what they are for but we must remember to show that in our records. When we use savings, we put them down in the IN column, because we've put the money back IN our pocket.



When the business is established, you can give yourself a salary. That would be a business expense (money out). Then your cash book will reflect only business expenses. But you must be very strict. No family expenses can be taken from the business.

If you have done some planning for your business, and are proficient with EXCEL, you should be able to complete the P& L Tracking Tool (Appendix G).

It is important to track the inflow and outflow of money each month to see if your business is profitable. The P&L Tracking tool can be used to do this. It is a planning tool in the start-up phase of a business. It will allow the entrepreneur to forecast revenues and expenses and project early profits or losses. The same form can be used to track actual revenues and expenses during each year of operation. Comparing actual to projected revenues, expenses and profits will help guide the business operation.

To complete the Profit and Loss Statement, look at the Sales Forecast. And enter the revenue numbers on the P&L Statement. Look at the operating budget and enter those expenses on the P&L. Sum the revenues; sum the expenses. Subtract the expenses from the revenues to project profits or losses for the first year.



Basic Profit and Loss Statement

Date	Detail	In	Out	BFS
Feb 1	Cash in Hand	60		
Feb 2	Sales	10		B
Feb 2	Bought Vegetables		3	F
Feb 3	Sales	10		B
Feb 4	Bought Fish		2	F
Feb 4	Sales	20		B
Feb 4	Savings		1	S
Feb 5	Church		1	F
Feb 6	Sales	15		B
Feb 6	Transport		6	B
Feb 6	Bought Stock		20	B

Profit And Loss Statement as of 7 th February			
Cash in hand Feb 1			60
Income (IN)		+ 55	
Family	0		
Business	55		
Savings	0		
Expenses (OUT)		- 33	
Family	6		
Business	26		
Savings	1		
Profit/Loss			22
Cash in hand Feb 7			82



Pricing Strategy

LEARNING OBJECTIVES

- Understand the elements that go into a pricing decision
- Understand that cost is not price

STORY

Women in the village of Azzib, which is 45 km south of Marrakech. The village is in the foothills of the High Atlas Mountains and accessible to tourists from Marrakech. In fact tourist trade is already established. Daily 5 to 60 hired Land Rovers pass through the village. The groups are organized by tourist companies in Marrakech to provide tourists an opportunity to see the scenery outside of Marrakech

Women in Azzib weave kilms and knotted carpets, typically in reds, yellows, blues, greens and white. They would like to sell their carpets, but they have no idea how to price their carpets for the tourists. They do not know the price of carpets sold in Marrakech. They do not know if tourists like the products, service and prices in Marrakech.

BUSINESS SKILL

Setting the price is basically a negotiation. You have to make a profit to cover your costs and earn a fair wage. Your customer has to believe the purchase provide value.

You need to know:

How much will it cost to make and deliver the product or service to the customer?

What price does the competition charge?

Why is the product or service of value to the customer? How much, what price, will they pay?

Note that the cost to you to make product is not the price to the customer. Your price needs to be higher than your costs to sustain your business.

PRACTICE

How do you determine the best price? How would you set the price for these carpets?

What do you need to know?

How would you get the information you need?



What service and/or product improvements would increase the value?

Be prepared to share your plan. Be sure to include calculating the costs of goods sold, talking to customers (customer market research), determining what other products are available at what price.

Safety in the Work Place

LEARNING OBJECTIVES

- Identify safety and health hazards in the work place
- Understand how they affect the business, cost money, and reduce worker output
- List plans to correct safety and health hazards

STORY

Larissa had a metal working business. She took scrap metal and worked it into fine boxes of different sizes. The boxes looked and were painted in bright colors with lovely designs. She sold the boxes at artisan fairs and in high end gift shops.

She used a hot torch without safety goggles or gloves. She painted in a poorly ventilated room. She was usually very careful, but one day her mind wandered and she burnt her hand badly. This cost her many days of work.

BUSINESS SKILL

You need to look at your work place and keep it safe for you and your workers and, certainly, your customers.

Is the electrical plan adequate? How is the work site heated? Are there any sharp tools? Is there an open flame? Is there bottled gas? Do you use chemicals or toxic materials? Before you have an accident, plan. How will you use tools? Who will use tools? Where will tools be stored? Do you have proper ventilation? Particularly if there are children on or near the work site, you need to ensure everyone's safety.

What is work place safety?

Where does it start?

Who is responsible?

What does it cost us?



PRACTICE

Picture your business operation. Diagnose safety practices in the businesses. Consider disease transmission, transportation safety, handling hazardous materials, spread of contamination, production, storage of hazardous materials, food storage, and hygiene.

Develop an action plan to correct and reduce losses due to accident, injury, and disease.

Training and Cross-Training

LEARNING OBJECTIVES

- Identify skills that more than one person should know to keep your business running
- Develop training plans to maintain a smoothly running operation

STORY

A woman owns a graphic design shop, which creates logos and prints brochures and business materials. She has three employees: a designer and two printers. The designer is ill and has not worked in nearly two months. The woman paid his full salary last month and she is going to pay half-salary this month, and she has had to employ another person on part-time to take on some of his work.

She will do her best to counsel her employees to maintain a healthy lifestyle. As an employer, it is much more productive for your business to help keep an employee well than to face turnover and interruption. Unfortunately, she already has a situation where the person is too sick to do the work he was employed to do and he is unable to carry out other duties, which law requires that he be offered by his employer. The individual has left on medical grounds and is being paid all of his benefits.

She was forced to hire a part-time employee to do some of his work. She might have considered cross-training another employee, such as one of the printers who may have been skilled enough to learn some design. Training two people for a single job, or developing your own “apprenticeship” program for more skilled jobs, might be another, more cost-effective way to deal with the lengthy illness of an employee.



BUSINESS SKILL

We have been talking about major illness, but whatever the illness or the emergency, you and your employees need to be trained to do their job and cross-trained to fill in for someone else.

The cross-training might be as simple, and as significant, as opening the business, running the copy machine, answering the telephone and taking messages.

You need to be sure you have critical functions covered.

PRACTICE

List the critical functions that you will do in your business. When you are ill, can another employee or a family member substitute for you? What do they need to know? What material should they be able to access (keys to a car or front door)?

Record this in a notebook, which you can label, "Policies and Procedures" or "Operations and Policies". The detail will not be included in your business plan. You will keep this book in a central location where employees or family members can refer to it. You will add documents as you proceed in your business. You should keep confidential papers related to your business in a separate secure place.

Product and Service Quality

LEARNING OBJECTIVES

- Know the difference between a good product and a bad product.
- Identify ways that a business owner can improve her product or service.

STORY

Asma was successful in every project she implemented with the help of her 11 children. She had a good record of success in opening a store in her neighborhood. She expanded her business by adding incense, handicrafts and tailoring. She expanded further to sell gas cylinders in her store. Then she opened a telecom center inside her store and added a photocopier.

One of her sons received an offer to buy hairstyling salon in Sana'a. The salon was fully equipped and cost 500 thousand Rial (\$2500). She did not approve of buying this salon because she had no idea about it and it is very distant from where she lives. However, her son insisted on buying the salon and Asma took a loan worth 500 thousand Rial



(\$2500) to buy it. Her daughter worked in the salon as she had cosmetic training courses, but few people go to the salon because the salon reputation was not good before. As a result, this caused a great loss and she had to move the business to her home in Alrahaba and pay back the loan from her store profits. Asma considered this project as a failure, and she lost a lot of money because it was not studied well and she did not have experience in this field.

Even Asma's record of business successes could not make up for a reputation of poor quality. Had she known of the bad reputation, she might have put up pictures to show new styles. She might have told customers that her daughter was trained and could do better work. She might have given free styling for opening day. She had to have a plan to overcome the hurdle of a bad quality.

BUSINESS SKILL

Product quality means different things for different businesses, but it is always important.

In the food services, it is often food safety.

In manufactured products, it can mean checking that each unit is the same size, nice colors were used, a good design was chosen, and the product is useful.

In an office, it can mean politely answering the phone and promptly providing the service requested.

Sometimes better quality means more expense, better raw materials. Often it just means more time, harder work, more thought and care and **PLANNING**.

PRACTICE

Select a local industry with at least two competing companies. Identify two products, one of good quality and one of poor quality. Describe them, what makes them different? Is that something the business owner can control? How?



Inventory/Stock

LEARNING OBJECTIVES

- Identify and manage what comes into the business operation and what goes out.

STORY

Three years ago, Thekra started making incense and selling it, by the piece, to her friends and neighbors. People got to know her and she became recognized for making wedding incense. After that, she had a contract with two stores and after one year, the demand increased even more for her products. She started selling a decorated package instead of single pieces. It became very important to stock the expensive perfumes she needed and the fancy packaging. A new merchant has come from another village. That put more pressure on Thekra. She could not forget to order new products. It did not matter as much before, but now customers could go to the new merchant because his store is stocked.

BUSINESS SKILL

Inventory is a story of product in and product out. Inventory means the things that come into our shop. We keep track of it to know what to order and when to order.

The shopkeeper needs to track his stock and have a system for restocking.

PRACTICE

What might Thekra do?

Consider regular record keeping, routine check of stock on hand, and timely orders.

Thekra could make a 'bin card' for each incense fragrance. She could use it as a marker. When it is visible, it is time to reorder.

Or, on the card for each fragrance, she could record the items when they are stocked in her shop. She could note the quantities sold and subtract the quantities sold to see the balance 'on hand' in the shop. She should write the number at the top of the card to alert her when she should restock. She should compare the balance to the 'reorder' quantity. When the balance is equal to or less than the reorder number, it is time to reorder raw materials and produce more.

Or she could keep a chalk tally on a board. Or she could develop a computerized inventory system. How she does it is not important as long as the system works and alerts her to order inventory.

She can also use her records to know which products sell well.

It is costly to have inventory that you don't use or sell.



INVENTORY \neq SAVINGS

We want our inventory to work for us.

A group of women had a shop, which stocked many things, but the saleswomen didn't keep a record of the sales. The chairwoman of the group and one other person could buy stock and sometimes they bought the same things. They had no purchasing plan. One day the chairwoman spent all the money on maize so that there was no money left to buy other things which were needed....matches, sugar, oil. Customers who wanted those items were disappointed and shopped elsewhere.

Your business plan does not include a plan to manage inventory, but you should set up a recording system with your cash books.

C. HOMEWORK, SESSION IV

- Complete Business Plan Work Sheets:

(4.2) Profit and Loss

What sales do you expect in the first month? The first year?

What will you spend in the first month? The first year?

Is this business profitable?

Show your most likely estimates for the first year on the P&L Tracking Tool (Appendix G)

Can you improve the profitability?

(4.4) Pricing Strategies

What is the value of the product or service to the customer?

What do competitive products cost the customer?

What is the cost of the materials and labor to manufacture your product or provide your service?

What price will you charge at the start of your business? Why have you chosen that price? Is it acceptable to customers? Does it cover costs of production and contribute to your profit?

- Revisit Business Plan:

(2.9) Sales Forecast

As you know more about your business conditions, is your forecast still reasonable?

It might be too high or too low. Adjust the forecast if you have new information.

- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Session IV: Financing Basics

A. SESSION OVERVIEW

Capital Budgets
How to Finance a Business

B. SESSION MATERIALS

Capital Budgets

LEARNING OBJECTIVES

- Determine equipment, hardware, and property needs
- Be realistic about the minimum needed to start your business

STORY

Muyassar admired her friend's business and liked the income from the business. The friend had a store to rent out and to sell evening gowns. Muyassar decided to do the same. She would start a similar business in a different neighborhood.

She examined her friend's operation carefully and made a list of what she wanted for her store. It became a very complete list, but it would cost much more money than Muyassar had. She decided to start her business with JD500. She said, 'I paid JD500, I could afford that amount. But just after two months, that amount increased to JD3500 because I would reinvest my profit into my business.'

She started with a portion of what she originally wanted and built her business gradually.

BUSINESS SKILL

Just as you have reviewed your operational expenses and facility needs, you also must determine if you have adequate facilities and furnishings, equipment and hardware to product your goods and services.

To start, you will determine what you need when you open. Can you borrow or rent any of the items? Which items will you have to purchase? You will create a list of these items and specific costs.



PRACTICE

Read Muyassar's story.

What furniture, store fixtures, equipment, hardware, facility, auto/trucks, etc. might Muyassar want to open her retail business?

What might she really need and which could wait until she earned some money and could it back into her business?

Think about your businesses and answer the same two questions.

Muyassar's Story

Business: A store to rent out and sell evening gowns

Education: Sixth grade



1. Why did you choose this project?

A friend of mine ran the same business and I liked the idea as well as the good income it brought.

2. Where did you get funding for your business?

I started my business with JD500 that I paid, I could afford that amount, but just after two months, that amount increased to JD3500 because I would reinvest my profit into my business.

3. What are the challenges you faced in getting your business started? And what are challenges you are facing now, as your business is established?

My family which continuously tried to convince me out of going ahead with the business saying that it's no good and that I would not succeed. Also it was a bit difficult to balance home and work, but I used to get everything ready at the house very early in the morning and then go to work. So if you're organized, you can get a lot done.

4. What is the number of employees and number of people benefiting from your income? (spouse, family, children, etc.)

I have around 3-4 working for me, and the income helps in home expenses.

5. If you consider your business to be successful, what do you think are the reasons for your success?

Strong will, defiance, do not fear what people may say and of course self confidence. You should never listen to negative people and always surround yourself with positive people who lift you up, and don't waste your time on nonsense gatherings that eat up all your time without any benefit.

6. What are the advices you could pass on to another woman thinking of starting her own business? What are the lessons learnt?

Depend on yourself, don't listen to negative talk and most of all do your own work with your hands,, don't depend on anyone to do the work for you.

7. Is there anything you wished you had done differently? Or what would you have wished that someone had trained you on before starting your business?

I would have definitely pursued higher education. I love education and I like to learn new things. I received training on how to start my own business, which was very beneficial, but if there were other training courses I would love to attend more as well.

8. How did you market your business?

Brochures, business cards, speaking to any potential buyer anywhere and everywhere, I used all means to get people to know my store. Most of all I believe that if you are kind to people and speak to people with respect and honesty and become a bit close



to them so that they consider you a friend rather than just a store owner, that way you can be sure that they will come and buy from you again, because of the way you treat them as well as your honesty.

9. What are the benefits of having your own business?

Very good income, you are your own boss as well as financial independency.

10. Why do you consider your business successful?

I'm making very good profit as well as my peace of mind and happiness coming from self dependency and financial freedom.

How to Finance a Business

LEARNING OBJECTIVES

- Know the steps to looking for funds
- Understand the differences in lenders

STORY

Read the case studies attached. Can you summarize the entrepreneurs' experiences getting funding? What funding was obtained? How did it help the business? What is the most important lesson of the stories?

BUSINESS SKILL

We said at the start that a business needs resources at the start. Many wise business owners have started small. As they learned more about running the business and made some money, they grew their business, using their profits.

For some business ideas, one's own resources are insufficient at the start. Funds are needed for equipment purchases and operating expenses. We have seen how the business plan helps to determine how much start-up cash is needed. When the decision is made to seek additional funds, the entrepreneur should be prepared with her business plan and knowledgeable about the alternative sources.

Steps to looking for funds:

1. What is your business plan?
You need to know and your lender needs to know your plan.
2. What funds do you need for your business?
A detailed budget is most important. It convinces potential lenders that you have done your homework. It confirms that this is a good business idea.
3. What resources do you have?
4. Go back to step one.
Are you convinced that your business plan is realistic?
5. List the sources of funding available to you.
Consider family, banks, credit unions, village lending programs, cooperatives, and money lenders.
6. Prepare the loan application



7. If you get the loan, put the money in a safe place and begin working according to your plan. Do not divert funds to other needs. You have to build a successful business and repay the loan.
8. If you do not get the loan, ask the lender why not?
What can you learn from that? What can you change for the next application?

Loans may come from a variety of sources. Consider the differences among different sources. Note that a business plan will be useful and even required for some loans.

A loan is not a gift. It is money that must be paid back by a certain date with extra money for interest. Usually we go to a bank to get a loan. We must remember that a bank is a business. It has to make a profit (just as you do), and one of the ways it makes money is to charge the borrower interest, for using the bank's money.

Before the bank will loan you money, they are going to want the answers to a lot of questions.

What are you going to use the money for?
Does it make sense?

How are you going to pay it back? From profits? Savings?
Can you be trusted to repay it, as you agree to?

If you don't pay it back, what do you own, that the bank could take and sell to get their money back?

Sometimes we can access micro-credit. The arrangements vary by the agency, but usually provide small loans for short periods, up to 4 months for example. When the loan is repaid, a second loan may be offered to the entrepreneur. Success most often comes to small entrepreneurs who have a skill or know where to obtain and sell a product. The risk of failure is increased if the entrepreneur does not know how to manage money, if money is not kept in a secure place and if the husband and wife do not have a good understanding about the business. It is important that family members realize that the woman's business is small and she needs the money to support the business, the family, and to save. Family members must also share the responsibility for repayment of the loan, to keep their good name and have access to an additional loan. It may be tempting to take the easy cash for a drink or a treat, but that will not help the business succeed.

You should only get a loan if you are sure it will produce enough income to pay back the loan and interest within the time allowed. If you should get you a loan, be SURE you spend it on what you got it for.





General Funding Sources

Savings	Entrepreneur may have cash savings to get started	No interest on savings used	Personal savings have the least risk but a failed business depletes family savings
Micro-finance	Small amounts available to small entrepreneurs	Interest rate high, may include training	May be more sensitive to needs of woman and small entrepreneurs and the supportive environment may provide discipline for repayment
Bank Loans	Larger loans available, usually to larger business with experience	High rate of interest to small business without credit history	Consequences exist if loan not repaid
Family Loans	Funds may be limited	May or not feel obligated to pay more than borrowed	Moral obligation to family
Money Lender	Funds often made available	Very high interest	Consequences if loan not repaid are high



Eman's Story

Business: Hiring women neighbors to wash and chop seasonal vegetables, clean and sort beans, medicine herbs, pickles, and pack from their homes

Education: High school

1. Why did you choose this project?

After my youngest son went to preschool, I had a lot of free time so I thought I could benefit from my spare time and also help my neighbors make money instead of wasting their time on endless gatherings and nonsense. Also, this kind of work is easy, does not necessitate education and can be done from home. It also did not cost much, when I started my idea back in 1995; I started with three kilos of lentils.

2. Where did you get funding for your business?

I started my idea with three kilos of lentils, which cost me next to nothing. I believe you should always start small and not begin with a lot to lose.

3. What are the challenges you faced in getting your business started? And what are challenges you are facing now, as your business is established?

Social habits and mindsets that you do not work unless you are in dire need for money. People around me kept saying you're not poor and you don't need the money to go through all that trouble. And tell you truth, I also suffered from women's jealousy, some women did not like the idea of me managing their work.

4. What is the number of employees and number of people benefiting from your income? (spouse, family, children, etc.)

I used to have 15 women work with me, sometimes more or less, depending on the orders I had. And of course, some of the income I made went to my family's needs.

5. If you consider your business to be successful, what do you think are the reason's for your success?

Effort, perseverance, and strong belief in what you do, not having attaining money as an only goal, and I believe that you also need your family's support as well.

6. What are the advices you could pass on to another woman thinking of starting her own business? What are the lessons learnt?

Don't listen to the negative people around you, believe in what you're doing and go ahead! Business is business, don't feel shy to charge your relatives and friends money for the service or product you're providing them, I also believe that a business is an idea and effort. You should also be flexible in listening to new ideas and comments about your products, and always develop your work and introduce new ideas to it. Don't rush success; if you believe in what you do, success will come in good time.

7. Is there anything you wished you had done differently? Or what would you have wished that someone had trained you on before starting your business?

No, not really.

8. How did you market your business?

Through relatives and friends, brochures, meetings, any way I could, but I also believe that if you have honesty, punctuality, an excellent standard of product, then that is the best promotion you can have for your produce.

9. What are the benefits of having your own business?

Independence, you are the boss of yourself, financial independence and you also benefit other people through providing them with experience and an income.

10. Why do you consider your business successful?

I am very happy, that is biggest sign of success, I am also helping so many women who has brought me happiness and joy, and I also believe that business growth and increase in income are also good signs of success.





Asma's Story

Education level: Middle school

Age: 59

Marital status: Married and has 5 girls and 6 boys

Asma was born in Taiz and she moved with her husband to Sana'a 20 years ago. She rented a house and her financial conditions were good. She has a small piece of land near the capital, Sana'a. Later, she faced some difficult situations. She could no longer pay the house rent and the owner of the house threatened to evict her from the house. Asma decided to build a house on her own land even though it is far and outside the capital. She sold her gold and borrowed money from her friends, built a room and bathroom, and lived there with her 11 children.

Asma did not work and she did not have sufficient income to cover basic expenses and she had to pay her debts. For that reason, she thought of opening a store in her neighborhood because there was no store there. Not having the capital to start her business, she got involved in Jamaiah with the neighborhood women (A group of people pay a certain amount of money each month, and one of them receives the total at the end of each month). She obtained 20 thousand riyals (\$100) and bought the goods for the store. She bought a cloths cupboard, put it next to her home, and put samples of the goods in this cupboard. She put the rest of the goods in her house. When the buyer wants something, he has to choose from the samples and she brings it for him from home. The project has succeeded. She earned income to pay her debts back and she built a kitchen.

After nearly ten years, one of her friends advised her to take a loan from a micro-finance program called Azal. So, Asma took a loan worth 20 thousand riyals (\$ 100) and purchased materials to sell, and she started expanding her work by making incense, some handicrafts and also tailoring.

When her daughters grew up and were allowed to take a loan in their own names, Asma took a loan of 100 thousand riyals (\$500) and sold her gold to build more five rooms in her house. She was paying back the loan from the profits obtained from selling incense and clothing in the store. Having paid the loan, she took another loan worth 170 thousand riyals (\$850), and she used it to change the kitchen into a store instead of the cupboard and purchased new kinds of goods.

Asma obtained all the loans through Azal microfinance program, where the maximum loan is 30 thousand for each person. Asma heard about the Social Fund for Development microfinance program, which gives greater loan amounts. She went there and requested a loan. However, the office manager refused to lend to her because someone with the same name has taken a loan and not paid it back. Asma does not know this person, but it makes no difference. After a period of time, that manager was changed and the new director of the Office gave her a loan of 100 thousand riyals (\$500). She used this loan in home improvement and repair and purchase of goods.

Asma noted that the gas cylinders store is far from the place she lives in, so she decided to get a loan to purchase gas cylinders and sell them in her store. She bought

20 cylinders by taking a loan worth 200 thousand (\$1,000). Her neighbors helped her by giving her an additional 10 cylinders. Then she faced a problem. The gas cylinder distributor was far, and she has no car. She found her children's wagon. She used that to go to the distributor to carry gas cylinders, but it could carry only 6 or 7 cylinders. Asma went to the gas station manager and asked him to allow the gas distributor to come to her store, but the manager refused because she must have at least 50 cylinders. She decided to take another loan of 200 thousand (\$1000) and bought 30 gas cylinders and she returned the ten cylinders to their owners. Now Asma had 50 cylinders. The manager still refused to allow the distributor to go her store, so she continued carrying the cylinders in the same wagon. After she finished the payment of the loan, she took another loan worth 400 thousand riyals (\$2,000) and bought a car. This car was the solution to the problem of carrying the cylinders. After she paid back the last loan, she noticed that there were no telephone lines in her area so she took a loan worth 200 thousand (\$1000) and opened a telecom center inside her store.

After a short time, people start having their own home telephones and another person opened a telecom center, which reduced demand and profits. Later, she expanded her shop into 2 rooms and bought a photocopier Asma was successful in every project she implemented with the help of her children. One of her sons received an offer to buy hairstyling salon in Sana'a. The salon was fully equipped and cost 500 thousand Rial (\$2500). She did not want to buy this salon because she had no experience with and it is very far from where she lives. However, her son insisted on buying the salon and Asma took a loan worth 500 thousand Rial (\$2500) to buy it. Her daughter worked in the salon as she had cosmetic training courses, but few people came to the salon because the salon's reputation was not good before. As a result, this caused a great loss and she had to move the business to her home in Alrahaba and paid back the loan from her store profits. Asma considered this project as a failure, and she lost a lot of money because it was not studied well and she did not have any experience in this field.

Asma has a few competitors in the area. Six stores have opened. She does not think of these stores as competitors because she believes that Allah never forget anyone. Asma is different from her competitors as she provides her store services at any time required (24 hours) to meet customer needs and she is very nice to her clients.

The problems she faced:

1. She didn't make feasibility study before starting any project, which led to the failure of some projects.
2. Lack of cooperation with many parts such as the gas administration.
3. She has no experience in managing projects financially, so she could not calculate her profits.

Advice:

1. You must calculate income, profits and capital.
2. Make an integrated study of the project before initiating any step to implement it.
3. Do not waste any money and you should make accounts of inputs and outputs.





Amina's Story

Qualifications: Fourth grade, and then nursing

Marital status: Widow

Number of children: 6 Age: 52

1. Would you describe in details your business?

Beading cloths, bags, wedding dresses, accessories, crochet, bed sheets, tables' cloths, scarves, hats and clothes for children.

2. How the did you start your enterprise?

After the death of my husband in 1985, I decided to start this enterprise in order to be able to raise my six children and take care of them.

3. What are the goals behind starting this enterprise?

Helping my six children after the death of my husband and increase the family income. I had to pay their education expenses and now they have graduated from universities.

4. Why did you think particularly of this enterprise?

This was the only thing I learned when I grow up in the Islamic Orphanage School beside my certificates in nursing. When I was 15 years old, I got married and started to work with beads for my family and friends. After that, people started placing orders from me, and they were paying for my labor and for the materials. Most of my friends are working in nursing and they were visiting me at home to give them injections.

5. Did you have capital when you started the enterprise and how much was the capital?

The capital was only about \$35 and I was saving money by giving injections to buy the materials I need.

6. How did you get the capital that helped you to begin the enterprise?

After starting the enterprise, the expenses increased, so I decided to expand and obtain a loan worth \$200 from the lending institution supporting small enterprises.

7. Where did you get this loan?

From Makhzoumi Foundation which is a charity association of micro-credit programs.

Did you face difficulties in obtaining the loan?

Never, on the contrary, they helped me and the procedures were done in one week.

How much was the loan?

The first loan was \$ 200, the second \$ 500, then \$ 750 and \$ 1000 and \$ 1500.

How did you pay back the loan?

I paid them monthly from the enterprise's benefits. The first loan I paid \$33 per month for six months.





8. Did the capital grow?

Of course, the capital has grown significantly as well as the work requirements and expenses; I believe that I started from scratch.

9. How many people work for you?

Only my divorced daughter who has worked with me for two years.

10. What is the salary she earns per month?

\$ 200

11. Where is the enterprise located? How did you choose this location?

I work from home to save money.

12. How do you market for your products?

Through my friends and customers who spread the word, in addition to exhibitions organized by the lending institution. We can participate for free. They do it to support us in marketing our products.

Since I am working as a nurse in the hospital at night, my nurse friends help me market my products among their friends and families. My daughter also will take responsibility of introducing the products in women's beauty salons.

13. What are the most important problems that you faced at the beginning of the enterprise?

I did not face any problems.

14. Are you facing any difficulties or problems now?

Only some health problems and fatigue

15. What is the experience you gained since you started this enterprise to date?

I learned many things and worked to develop myself through reading books, magazines and having training courses managed by the lending institution in addition to my self-confidence that increases day by day. I also educated my children to complete the road I started walking.

16. Are there other businesses similar to your enterprise in the area you have been working?

No, I do not think so.

20. Are these businesses competing with you?

If there were a competition, I would have known immediately. I have customers who live far away from my area where they have many women working in the same business.

21. From your point of view and through your experiences, what is the best way to market for your products?

Exhibitions, family, and friends

22. Do you have any advice for those who wish to start their own businesses?

Yes. Forget about fear and be confident to start the first step and ask the support of



the small enterprises institutions. In addition, keep pace with the market needs and benefit from the intensive training courses related to their businesses.

23. If you were given the opportunity for training prior to the commencement of the enterprise, what training you would have wanted to help you to manage the enterprise?

- "How to start your own business"

Makhzoumi Foundation provided this training and it includes marketing, accounting, communication and economic feasibility and other educational materials useful for the enterprise

- Beading and Crochet Hands on Training course.

Nazarian's Story

Qualifications: Middle school

Marital status: Married Number of children: 4

Age: 53

Kind of project: Clothes trade, wedding dresses, crochet

How long have you been working in this enterprise? 10 years.

Do you have another bread earner for the family?

Yes, my husband and he has a van to move furniture.

1. How did you start your enterprise?

When my children were grown, I wanted to use my time to help my husband support my family.

2. Why did you think particularly of this enterprise?

I like trading, and since I go to Iraq, I thought of bringing good products from there with competitive prices.

3. What is your experience in this business?

I had no experience

4. Did you have a capital when you started the enterprise and how much was the capital?

I started with \$300

5. How did you get the capital that helped you to begin the enterprise?

I borrowed it from my friends

6. Where did you get this loan?

From friends

Did you face difficulties in obtaining the loan?

No

How did you pay back the loan?

Monthly payments from my enterprise benefits

I got another loan worth \$500 from Makzomi Foundation and then 10 loans ranging between \$500 and \$3000 and I paid monthly payments through the bank. I did not face



any difficulties in obtaining the loan; on the contrary, they supported and guided me about the value of the loan necessary for my business and the procedures of payment.

7. Did the capital grow by now?

Certainly

8. What are the goals behind starting this enterprise?

In the beginning, it was just because I like it. Now it has become a need to support my family and provide homes for my children. My husband's health is declining and he needs expensive medicines. One of my grandchildren has a chronic illness and has to go to the hospital constantly

9. What are you making exactly?

Clothes trade, wedding dresses, crochet

10. Would you describe in details your business?

Clothes trade from Syria and Iraq and selling leather jackets and wedding dresses rental.

11. How many people work for you?

I have no one

12. Where is the enterprise located? How did you choose this location?

My home and then I rented a store next to my home but I came back to work in my home.

13. Did you face any difficulties when you decided about the location?

When I rented the store next to my home, I could not afford paying the rent so I came back to work in my home.

14. How do you market for your products?

Through my customers who spread the word as well my son's beauty salon customers and I once participated in exhibitions

15. What are the most important problems that you faced at the beginning of the enterprise?

Nothing

16. Are you facing any difficulties or problems now?

No

17. What is the experience you gained since you started this enterprise to date?

I gained experience in my business, learned the sources of goods, learned accounting and how to apply for a loan and procedures of payments from the social workers in Makzomi Foundation.

18. Are there other businesses similar to your enterprise in the area you have been working?

Yes, markets for cloths.



19. Are these markets competing with you?

No

20. How do you deal with this competition?

I bring cloths from outside Lebanon and my clothes are cheap.

21. From your point of view and through your experiences, what is the best way to market for your products?

Customers who spread the word

22. Do you have any advice for those who wish to start their own businesses?

Gather information about the enterprise and make a feasibility study, learn and ask the help of the lending institutions to provide training courses to support women who try to obtain the loan. I also would advise women to start by obtaining a small loan that can be paid easily, then expand the work, and after that increase the loan.

If you were given the opportunity for training prior to the commencement of the project, what training you would have preferred to manage the enterprise?

Unfortunately, I could not participate in (How to start your own business) training course because of my husband's illness, however, if I had the chance I will participate to gain new skills.

Altaf's Story

Qualifications: Middle school

Marital status: Single Age: 25

1. How did you start your enterprise?

I wanted to improve my family financial situation as I have eight brothers and four sisters and they study at school and university.

2. Why did you think particularly of this enterprise?

I like sewing and handicrafts.

3. Where did you start the enterprise?

In my neighborhood

4. What is your experience in this business?

I had training in sewing and handicrafts in Altakafel Association, and then I worked as production worker and took money for each piece I produced. After while, I took a loan from Altakafel Association and bought a sewing machine. I used to work in the Association in the morning and work in sewing in the afternoon at my home. Shortly, I started to get customers and then I expanded the project by buying 3 larger machines and weaving machine. By doing this, I could have a source of income and I helped three of my siblings to complete their studies at university and helped my father to open a small grocery store. I also gave amount of money for my brother to buy a small bus. I worked on this business for 11 years.





5. Did you have capital when you started the enterprise and how much was the capital?

I did not have any capital

6. How did you get the capital that helped you to begin the enterprise?

I took a loan worth 30000 Rial (\$150) from Al-takafel Association

7. Where did you get this loan?

Al-takafel Association

Did you face difficulties in obtaining the loan?

No

How did you pay back the loan?

I paid it back on three months from my production income when I worked in the production department

8. Did the capital grow?

Yes, I have now 3 machines and many clients

9. What are the goals behind starting this enterprise?

Improve my family financial situation; help my siblings to complete their studies and develop my project to be the largest project in Taiz.

10. What are you making exactly?

I am making handicrafts work, embroidery and sewing.

11. Would you describe in details your business?

I have a room with three sewing and weaving machines, cutting table, and a fabric closet

12. How many people work for you?

Three people

13. Where is the enterprise located? How did you choose this location?

In a room attached to our home

14. Did you face any difficulties when you decided about the location?

No, because it is attached to my home

15. What is the experience you gained since you started this enterprise?

I learned how to sew modern designs

16. Are there other businesses similar to your enterprise in the area you have been working?

No

17. Do you have any advice for those who wish to start their own businesses?

They should work professionally because proficiency is the most important skill in sewing.



If you were given the opportunity for training prior to the commencement of the project, what training you would have preferred to manage the enterprise?
I will have sewing training courses.

C. HOMEWORK, SESSION V

- Complete Business Plan Work Sheets:
 - (3.7) Expenses & Capital Requirements
 - Identify property, buildings, furniture and fixtures, equipment, etc. needed for your business.*
 - What is the minimum you need to start?*
 - What can be added as your business grows?*
 - Do you plan to purchase this or rent it? Explain your decision?*
 - (4.3) Capital Expenses
 - What equipment do you need to start your business?*
 - How much does each item cost?*
 - How much will you spend to acquire these items?*
 - Can you begin with a simpler operation?*
 - (5.1) Start-Up Financing
 - What do you need to start this business, for initial capital investment and operating cash flow?*
 - What sources are available to you? Report personal savings and family loans that you can commit to the business?*
- Revisit Business Plan:
 - (1.1) Description of the Business Opportunity
 - (1.2) Business Description
 - Do you want to make any changes in these descriptions, based on all the work you have done?*
- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Session VI: Summation and Vision

A. SESSION OVERVIEW

Mission Statement, Goals, and Objectives
Business Risks
Planning for Transition
Next Steps

B. SESSION MATERIALS

Mission Statement, Goals and Objectives

LEARNING OBJECTIVES

- Develop a mission statement for your business
- Develop realistic goals and objectives

BUSINESS SKILL

Mission Statement describes the overall purpose of the organization. It answers these questions:

- What is the business?
- Who is the customer?
- What is the value?
- What is the competitive advantage?

Goals describe the long-term results, which you hope to achieve. These might be profits, employment, community service, a new approach.

Objectives specifically state what you plan to accomplish in a set period of time. These might be, for example, sales at year-end.

As an example, there is woman who wishes to make ice cream. In her business plan, she wrote

Mission Statement:

- To make the finest quality all-natural ice cream from local dairy products, and
- To operate profitably so as to create career opportunities and financial rewards for employees, and
- To recognize the role business plays in society and to contribute to the local community

Goal:

- To become a profitable, sustainable business operation



Objectives:

- To sell 100 units each month by the end of the sixth month
- To reduce costs by 5% by the end of the sixth month by reducing the amount of wasted milk

Goal:

- To be the preferred supplier of ice cream at local, high-end hotels, in their public dining room and for catered parties



Objectives:

- To have supply contracts at 6 hotels within six months
- To have ten catering managers select ice cream for their guest menus

Goal:

- To provide employment opportunities to local women

Objective:

- Hire and train 5 women within six months

Why is this important? The mission statement reminds us why we are excited about and committed to this opportunity. The goals and objectives direct our actions.

If the ice cream manufacturer has a chance to manufacture artificially flavored ice cream at a lower cost, the mission reminds her that she set her mission to make a quality product. That is how she wants to be known. There might be a good business in low-cost ice creams, but that is not the commitment she made.

If the business owner receives a contract at one hotel, she can congratulate herself, but she has just begun. Her objective is to get a total of six contracts to be successful.

PRACTICE

Write a mission statement for your business. Present them to the whole group.



Business Risks

LEARNING OBJECTIVES

- Identify potential business risks

STORY

Asma noticed that there were no telephone lines in her area so she took a loan worth \$ 200 thousand (\$1000) and opened a telecom center inside her store. After a short time, people start having their own home telephones and another person opened a telecom center, which reduced demand and profits.

Asma had to change her business. But she was ready. She had put funds aside. She expanded her shop into 2 rooms and bought a photocopier and provided copy services.

BUSINESS SKILL

Business conditions change. Customers change, competition changes, government regulation changes. In Asma's case, people began getting home phones and used the telecom center less.

Wise business owners look for changing trends and assess the risk they bring to the business. They try to reduce the risk by improving their skills or by staying informed, for example.

If a business owner is aware of potential risks, has thought through them, and still has a good business opportunity, she increases her confidence that she will succeed. She also increases the confidence of others in her ability to succeed. People who might lend funds to the entrepreneur want to know that you are aware of and can describe the risks.

PRACTICE

Answer these questions for your business.

What are the potential risks in your business?

What future events could change the demand for your product or service?

What actions can minimize the risk? Even just watching changes in the market gives you information and time to adjust.



Planning for Transition

LEARNING OBJECTIVES

- Identify actions to protect the business

BUSINESS SKILL

Imagine you fall ill today and are hospitalized or you are not able to work hard and operate your business due to an unforeseen circumstance. What will be the source of income for your business, family and employees once a calamity befalls you? You need to put in place measures that would secure the continued operation of your business.

Some say, 'If I'm sick, my business is sick.' As a small business owner/operator your solution lies in developing a plan that would lessen the economic impact of any risk or calamity on your business. If you will not be available to manage your business, you must think about what happens to your business in your absence.

Some things to consider are:

Who do I trust?

Who is trained to run the business?

Who knows where my business papers, licenses, and cash are?

Does that person know how to maintain them?

Who controls access keys for my vehicles and my property?

Who knows who my suppliers are and how to access them?

Is that person, or any other, prepared to assume responsibility for the continuation of my business?

Does that person have the skills to meet the requirements of my customers?

Have I delegated sufficient authority?

Longer illness or permanent disability may mean that you are no longer able to continue in your business. You may wish to transfer the business through a deed of transfer. An appropriate legal instrument and some taxes may be involved.

Who has signing power for your bank accounts? You may want to give signing power to a spouse or someone within your immediate family. Are you comfortable with someone outside your immediate family having access to your funds?

It is best to have all of the documents required for your business in a single file or notebook. You must have some of the documents on public display. Make a copy of these for your file so the file is complete. The files should be available in case of emergency but kept confidential and in a safe place. Consult with someone you trust to protect your interests, your lawyer, your accountant, or your bank.



Next Steps

LEARNING OBJECTIVES

- Summarize key business words
- Integrate business skills into problem analysis and solution
- Commit to complete business plan



As the training concludes, you should begin to look at business as a whole, the sum of the marketing, finance and operational pieces. Look at the case studies, which follow, and review your business plan. What parts of your business plan are not complete? Commit to complete these sections of your business plan.

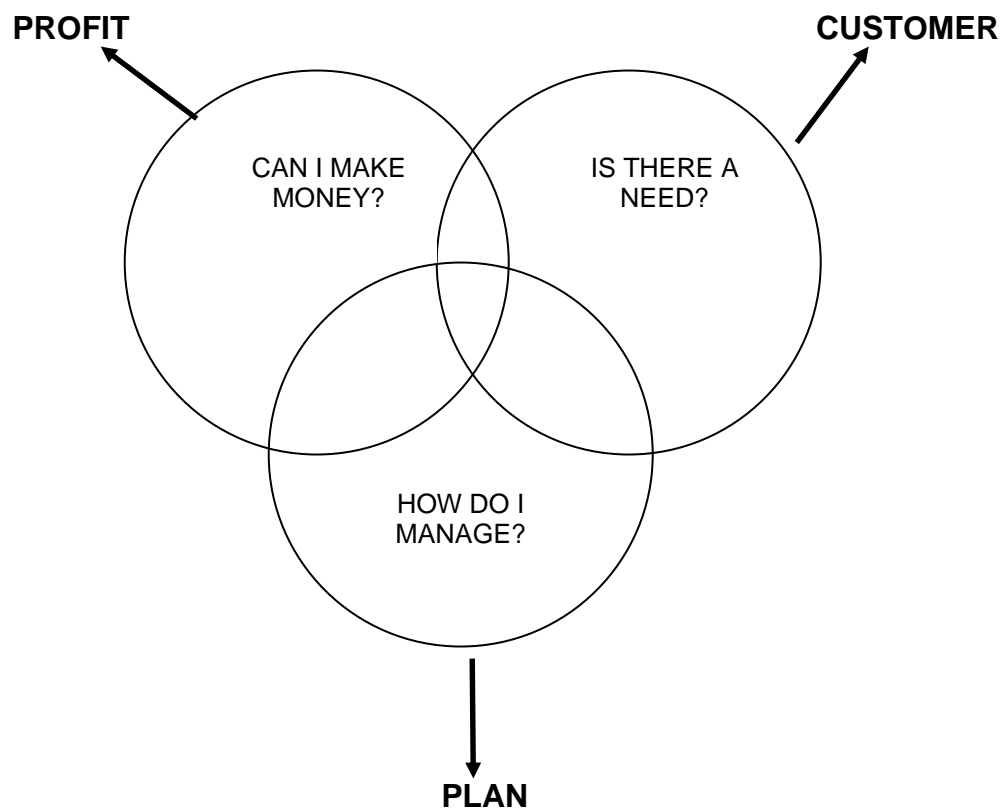


Favorite Business Words

- **PROFIT**

- **CUSTOMER**

- **PLAN**





Starting an Argon Oil Cooperative

Objective: The objectives of this case are to:

- identify the hurdles for a Moroccan small business initiative, an Argon oil cooperative
- recommend elements for the marketing plan
- recommend financing vehicles

Discussion Questions:

What are the business hurdles for this business?

What strategies could reduce the risks?

What is the optimal target market? Retail (Tourists, Moroccans), Wholesale (restaurants, pharmaceuticals, cosmetics)

How should the product be distributed?

What pricing strategy would you recommend?

What promotional strategy would you recommend? Consider advertising to the customer and the retailer. Include labeling, brochures, and advertising.

Which of the financing options available to Moroccan cooperatives would you recommend?

Background:

Ninety women in the village of Tabatkokte, south of Agadir, decided to form a cooperative one year ago. Their product will be argon oil. The proceeds from the venture will be basic support for their families. The area is severely depressed from the drought. Agricultural income is non-existent; men are unemployed. The women are very traditional and do not leave their village. These women, who are illiterate, are the basic support for their families. Argon oil extraction requires 3 days of manual labor to yield 1 liter which sells for 50 DH.

Organizationally, the names of 10 women, those who have a carte d'identité, have been filed in Rabat to initiate the legal registration procedure. Subsequently the other women must obtain cartes and register membership in the cooperative. Some money has been offered for the cooperative housing once a location is found. However, a location can't be secured without the organizational credentials and the cooperative formation requires that there be a location.

Argon oil is extracted from the nut of the argon tree. The argon tree is specific to the Souss, this region in Morocco. It is drought tolerant but is endangered. The tree is cut for wood.

Goals:

As currently envisioned, the business goals are to:

- sell product domestically, initially
- develop product for export in the long-term
- protect the argan tree from extinction

The societal goal is to provide a source of income to the families in the village.



Strengths:

- The product is unique to this region.
- Oil from this village is natural, pure and undiluted.
- The project will contribute to the economic and social development of the community.
- The oil has many attributes. In addition to its use in cooking, it is said to reduce cholesterol levels and to protect the skin.
- The project has the potential to improve the status of females in the community.
- The project has the potential to provide employment to men in the community.

Weaknesses:

- Basic organization skills such as follow-through, decision-making, collaboration are not present in the cooperative.
- There are no management skills within the cooperative.
- The women are illiterate.
- Production currently is labor intensive and has high material requirements (~100 kg of nuts yields 2 liters of oil; this needs to be confirmed)
- The labor force is unskilled.
- Argon oil has a short-shelf life.
- Standards of production and packaging are not established.
- The product appears to be undervalued and under-priced.
- There are no established, reliable channels of distribution.
- Financing is needed.

Marketing Planning:

A market survey should be conducted to understand the need for the product from the consumer perspective, competitive outlets, and pricing sensitivity. It should, minimally,

- identify all potential end-markets and the path to each market
- assess potential customers', both retail and industrial, awareness of the product, its features and benefits
- rank the interest in the variety of argon oil products and sizes
- test pricing sensitivity to other argon oil sources and to other tourist purchases.
- identify meaningful promotional messages prior to the development of any promotional materials.

Promotional Options:

- Testimonials
- Conferences/Seminars
- Magazines
 - Food Magazines
 - Tourist Magazines
- Brochures
- TV journalism
- Websites
- Brand identity and certification of purity
- There may be value in researching the inclusion of the Moroccan Argan Forest in the World Biosphere Reserve. Consistency with their guidelines could provide a promotional lever.



Pricing Strategy:

Although women currently sell their argon oil for 50DH/ liter, competitive suppliers are said to sell 0.5 liters for 70DH in Agadir. Different prices may be acceptable in different markets, tourist market, local retail market, wholesale cosmetics, wholesale pharmaceuticals, restaurant supply, and bulk suppliers/distributors.

Distribution:

Since women do not leave the village, distribution and sales must be done by men. The long-term reliability of this is unknown.

Production Plan:

The current process is labor intensive and produces an oil with a 3-month shelf life. Modernization through equipment acquisition could reduce the labor intensity and increase the shelf life from 3 months to 12 months. However, the process may negatively affect the taste.

It needs to be determined if different grades of oil production could be targeted to different customers at different prices with different production methods and costs.

A certification of product purity should be established to validate the authenticity of the product and to support a higher price.

Financing Options:

Several financing options could potentially materialize. A detailed financial plan including capital and cash flow requirements and projected profits is needed to approach potential funding sources which include:

- Donations
- Benefits
- Investors or Partners
- Corporate Sponsors (for example a surcharge on Coke or milk)
- Bank Loan
- Government Support, interest-free or delayed pay back loans, seed money, and start-up assistance; in some situations, pay back may be tied to the coop's success
- Young Promoters Loan-may require restructuring as corporation
- NGO-financing, in-kind donation, expertise, service, management
- National Promotional Campaign
- Tourism/Postcards
- Tax Agadir tourists (hotel, restaurant, sales tax)

Next steps include, but are not limited to:

- Completing cooperative legal formation
- Identifying a management team or consultant to bring expertise and continuity; identifying government support, perhaps through the Ministry of Agriculture
- Conducting a marketing survey
- Completing a business plan particularly identifying the initial business strategy and target market(s). From that appropriate pricing, retail/distribution plans, financial plans, capital requirements, and projected budgets can be prepared.



References:

- Foundation Nicola Hulot, an organization interested in argan oil. www.fnh.com
- GTZ, a German NGO, 048-33-38-80 or 048-33-29-72/73
- Cooperative Ajdig, 044-47-23-58
- Cooperative Amal 044-78-81-41
- <http://fengann.tripod.com/index.html>
- AMSED, a source of microcredit
- Foundation Zakoura, a USAID project, Oulod Tagma 048-52-73-99 or Casablanca 022-22-64-21

A Women's Button-Making Cooperative Sefrou, Morocco

Objective: The objectives of this case are to:

- provide a real example of the logistics of small business activity, focusing on time, critical success factors, and the level of detailed attention required of a collaborator.
- recommend pricing strategies
- recommend marketing and distribution strategies

Discussion Questions:

What are the strengths, weaknesses, opportunities and threats faced by the cooperative at this stage in its development?

Given its current situation, what options might be considered to develop a marketing strategy?

What promotional options might be considered for the cooperative?

What pricing strategies should be evaluated?

How would you expand distribution channels in country? To export markets?

How would you motivate women to produce to a schedule?

What are the most important next steps?

Background:

Sefrou sits in the Middle Atlas Mountains, 27 km south of Fes. Sefrou is an ancient city; the original population was Berber, some of whom were converted to Judaism around the time 80 A.D. Historically Sefrou was a trading center. Now it is basically an agricultural community. The city (population, 54,000) is also the capital of the province (population, 237,000) of Sefrou. Accordingly a number of functionaries live and work in the city of Sefrou. The province is the center of button-making. Thirty thousand women make the traditional 'silk' buttons, which adorn Moroccan jlabbas. Button production is the primary occupation for women in the region. It is the main source of revenue for most of the families that are involved in button production.

Association History and Structure:

Traditionally the women work at home and pass the skill sets from mother to daughter.

An intermediary brings raw material to women and picks up finished products a week later. Women are paid 2.5 DH for 40 buttons or an 'amara'. Typically, a woman can

make 4 to 7 'amara', up to 10, per day. The intermediary purchases the thread, but the women buy the needles, wax and papers for buttons and a metal frame to work on. An intermediary can sell the forty buttons for 8-10DH. Production is not correlated to demand.

Alternatively women can work through a hanut, acquiring thread from the hanut and returning the finished product there. Currently about 60% of the women work with these stores and 40% with the traditional intermediary.

Two women, both lycee-educated, decided to start an association with the support of the Delegation Artisanal, The Association Feminine Confectionnaire de Butons Soie was formalized with their help. The women thought they would get financial help from government and a salary. This initial expectation was incorrect.



Subsequently, they changed the organizational structure to a cooperative. The Delegation initiated that direction; women discussed it and moved to adopt a nonprofit cooperative structure.

A second cooperative had also initiated activity during this period. Since two cooperatives are not legally sanctioned, the two agreed to merge. The leaders of the two cooperatives met, agreed to their motivations, sanctioned the merger, and selected a President. In total, as legally required, the organization consists of 10 women. Additional women supply product.

At this time, the members met with a consultant from Fes who increased their sensitivity to the realities of their activities. For example, the women thought they would become government employees, thus paid by government and draw a salary. They now realized their responsibility to generate revenue.

Goals:

The purpose of this cooperative is to improve the revenues and the work conditions of its members. Its success will raise their standard of living and that of their families, and to foster an economic independence enabling them to be part of the socio-economic development of the region. (taken from "Women Craft Cooperative of Silk Buttons 'Cherrries'", Ensemble Artisanal-Bab el M'Kam, Sefrou 31000)

The cooperative has two goals:

- eliminate the intermediary, allowing each women to earn more money for her efforts.
- expand the market and to diversify the product to appeal to the high end market where there is less competition and room for value-added pricing.

The core problem faced by the women is that the material supply and payment are controlled by an intermediary.



Among possible alternatives, the cooperative was and is considered to be the best solution because it is the only way for the women to organize themselves. The next step for the ten women is to create branches of the coop in the villages. The current effort is seen as just the beginning. There is a problem, however, getting people to work together.

One alternative would have been to start a small business and hire 3 or 4 crafts people. It is believed, however, that since the intermediaries are already in place and represent a big business. A small business would have difficulty make inroads.

With regard to the second goal, there are several issues to consider:

- Not all women can make the fancy buttons.
- Acceptable pricing needs to be determined. Mark-ups may make pricing for export unrealistic but product pricing in-country might be acceptable.
- Women need encouragement to design new products.

Financing:

Clearly seed money or start-up funds were required. The women, legally, have to put in 25%, or 10,000DH, of 40,000DH planned budget. For ten members, that is 1000 DH each. That was not obtainable. Micro credit, for 6,000DH, was obtained by five women, leaving the cooperative 4,000DH short. The cooperative obtained a loan from a local, non-bank lender.

The cooperative still needed 30,000DH, or at least 50% of that amount for its projected budget. They also needed space. They applied to Ministry for space in Ensemble Artisanal. The function of the Ensemble is to provide free space in the Ensemble. Ensemble Artisanal are usually run by the Chambre Artisanal (an elected official

Six months lapsed between time of agreement and the time space was made available. In order to have space, the cooperative had to have final papers and that required complete financing.

A donor provided 15,000 DH to buy raw material, small electric machine for bobbins, shelf and desks; the remaining 15,000 DH was raised as needed.

In all, one year lapsed from initiation of activity to occupation of space.

Representative Problems:

In addition to the long lapses of time, administrative delays, other obstacles arose. Some were external to the cooperative; others, internal.

External to the cooperative, at the outset, intermediaries were not pleased with the organization. However, initially, the business was too small to be threatening to a distributor.

On a positive note, the Governor has been supporting the coop because it is a model for other projects and promoting rural women.

Internal to the cooperative, women are used to working at their own pace, on their own schedule and selling all of their production to the intermediary. Concepts of deadlines or product quality are foreign. Producing to a demand schedule is of little interest even if it is potentially more rewarding.

Women produce familiar products by rote. Proposals of innovated ideas need to be strictly managed to encourage trial and achieve consistent production according to design.

Summary of Success Criteria:

- The women are motivated. This worked after two years only because they were motivated and committed. The women need employment and could have gone elsewhere. Having made their initial decision, they are now committed to their cooperative.
- The trust level is high; they have the same goal.
- Education may or may not be a contributing factor. Two women are lycee educated. The others are at least basically literate and can add.
- Financing was obtained.
- They had the time needed.
- They had community advocates.

References:

- Le Secteur de l'Artisanat A la Province de Sefrou, Delegation Provinciale de L'Artisanat, Sefrou
- "Women Craft Cooperative of Silk Buttons 'Cherrries'", Ensemble Artisanal-Bab el M'Kam, Sefrou 31000

Woven Products for the Tourist Trade

Objective: The objectives of this case are to:

- identify the hurdles selling product to the tourist trade
- recommend a marketing plan, particularly a promotional strategy
- identify how computer and internet technology could enhance the business



Discussion Questions:

- What are the hurdles these business women face?
- What are the strengths, weaknesses, opportunities and threats for this business?
- Who is the target audience? What is known about them? What more needs to be known to develop the marketing plan?
- What are some of the promotional options which should be considered?
- How can the owners distinguish their product from other tourist products?
- This is a traditional business. Are there opportunities to introduce technology into the planning, production or marketing aspects?

Background:

Women weavers in the village of Azzib, which is 45 km south of Marrakech, have started a business making and selling products for tourists. The village is in the foothills of the High Atlas Mountains and accessible to tourists from Marrakech. Tourist trade is already established. Daily 5 to 60 hired Land Rovers pass through the village. The groups are organized by tourist companies in Marrakech to provide tourists an opportunity to see the scenery outside of Marrakech. In addition to the scenery, one destination is a French restaurant which is a 20 minute walk from the village center. To date, the restaurant and local businesses have not collaborated.

The women weave traditional kilms and knotted carpets, typically in reds, yellows, blues, greens and white. They need to confirm and describe the nature of the commercial opportunity to sell carpets to tourists passing through the village. They have many unanswered questions, such as:

- Are potential customers interested in the products and the concept of purchasing a local product?
- Which of the local colors, designs, symmetry/asymmetry and techniques (knotted or kilm) are preferred by potential customers?
- What are the competing sources of products? What are the perceptions of the product, service, and prices at these sources?
- Will tourists stop in the town center? If they stop, will they purchase product?
- How should this be publicized? What message should be communicated at the tourist company?
- How should the carpets be 'trademarked'? Is there value in communicating the meaning of the traditional Berber icons, the village geography and history, the women's biography?

Additionally, the owners need to:

- Develop a Project Plan, detailing the steps and time lines
- Complete a Commercial Plan, particularly including a marketing survey, pricing and promotional plan
- Complete a Financial Plan, detailing capital and cash needs





C. HOMEWORK, SESSION VI

- Complete Business Plan Work Sheets:

(1.3) Mission Statement

What is the overall purpose of the business?

It does what, for whom?

Why is that valuable or significant?

In what way is business superior to other existing or future businesses?

(1.4) Long-Term Goals

What is the long-term contribution of this business to the owner, customer, community or investor? Consider profits, product innovation, and social welfare. These goals do not have to be measurable.

(1.5) Business Objectives

What measurable, objective accomplishments are expected each year in the first year? First five years?

What do you want to do by when?

(1.6) Business Risks

What are the possible risks in this business?

What future trends could affect the market for your product or service?

How do you expect to minimize their impact on your business?

- Executive Summary

The Executive Summary will be written after all of the other sections are complete. It is a brief summary of the overall goals of your business and how you intend to accomplish your goals. It answers the questions:

What is the business opportunity? How does this business satisfy that opportunity, that customer need? What are key features of your product or service and your business plan? What is your sales revenue forecast and key financial projections? Briefly, what are the relevant future trends and your business risks? Why you are uniquely likely to succeed?

- Table of Contents, page numbers

- When you are satisfied with the work sheets, proceed to complete the same sections in your Business Plan Template. Be sure to save your work after each section.



Appendices

Networking Resources

WOMEN'S ASSOCIATIONS
SME ASSOCIATIONS
COMMUNITY BUSINESS CHAMBERS

TO BE COMPLETED LOCALLY



Financial and Legal Resources

TO BE COMPLETED LOCALLY



Terms and Definitions

BUDGET	Estimates of expenditures required to run the business during a period of time
CAPITAL BUDGET	Budget for new machinery, equipment, facilities
CASH FLOW	Prediction of cash incomes and expenditures to ensure that cash will be available to cover expenses or other funds will be sought
COMPETITION	Businesses that offer similar products or services to the customer
COST	Amount of money needed to produce a good or service
CREDIT	Allowing customers to have products or services and to pay for these at a later time
DEBT	Amount of money that your business owes to some other person or institution
ENTREPRENEUR	Person who starts a new business to make a profit
FORECAST	Estimate of future sales
GOAL	Statement of what the business wants to achieve
INCOME	Amount of money received over a month or year, for example, in exchange for goods or services
INVENTORY	Goods on hand to sell plus materials to produce goods and services
MISSION STATEMENT	Brief statement of the business purpose and values
OBJECTIVE	Statement of specific, measurable of what the business plans to accomplish during a certain time period
PRICE	Amount of money at which a product or service is sold
PROFIT	Income minus expenses
REVENUE	Money received by a business from the sale of products or services