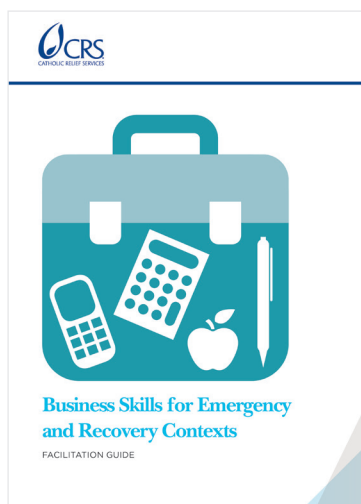




# Business Skills for Emergency and Recovery Contexts

FACILITATION GUIDE



**Catholic Relief Services** is the official international humanitarian agency of the United States Catholic community. CRS' relief and development work is accomplished through programs of emergency response, HIV, health, agriculture, education, microfinance and peacebuilding. CRS eases suffering and provides assistance to people in need in more than 100 countries, without regard to race, religion or nationality.

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# Acronyms

<b>CIAT</b>	International Center for Tropical Agriculture
<b>CRS</b>	Catholic Relief Services
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>SILC</b>	Savings and Internal Lending Communities
<b>SMART</b>	Skills for Marketing and Rural Transformation
<b>WFP</b>	World Food Programme

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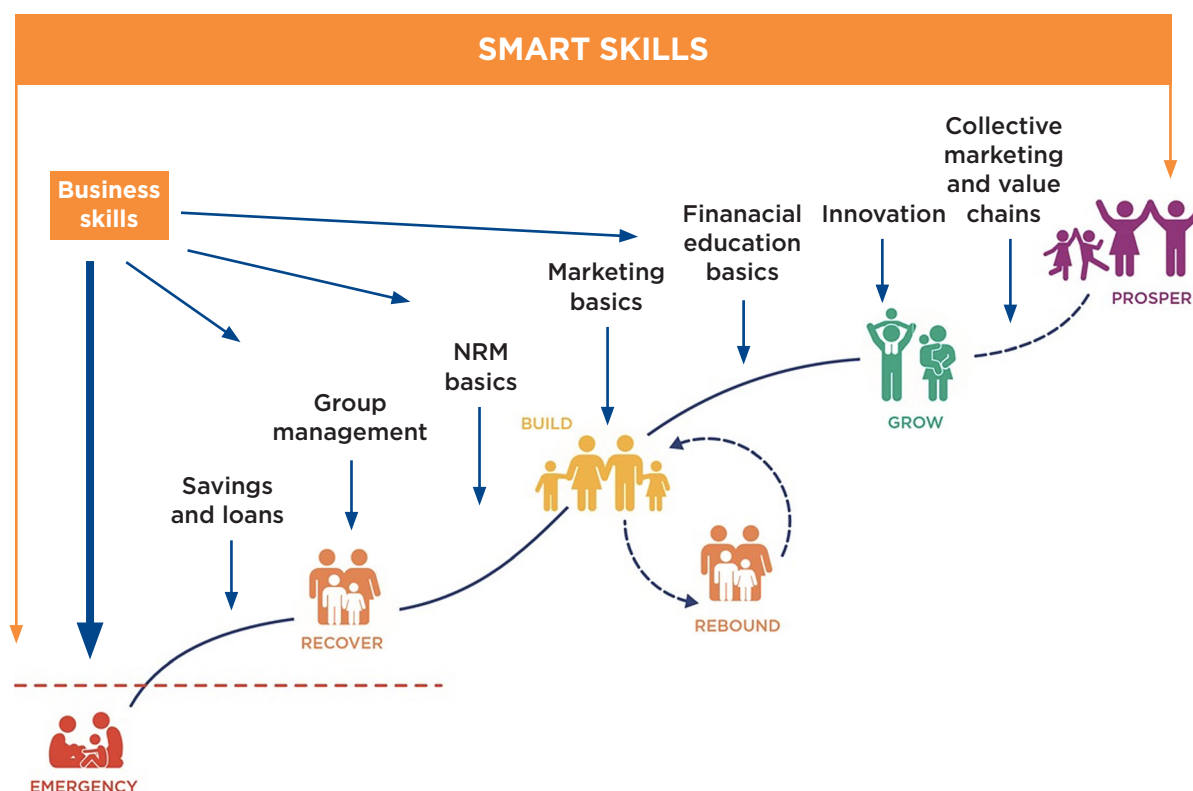


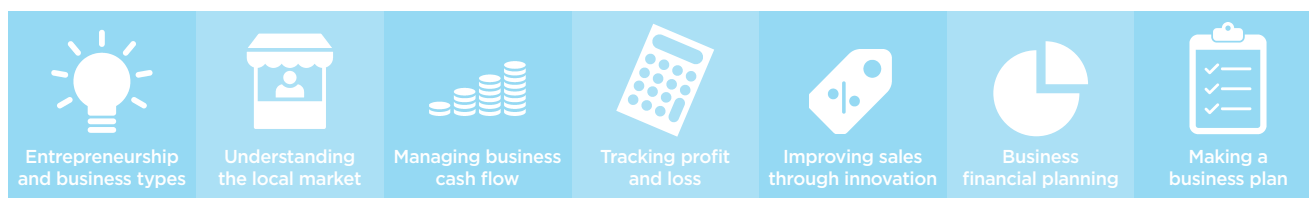
# Introduction

## Justification

Catholic Relief Services supports populations affected by various shocks, including natural disasters, conflict, food shortages or chronic poverty. While CRS' initial focus is on saving lives, once a community has stabilized, the focus shifts to preserving livelihoods and productive assets both in the initial emergency recovery stage, as well as the longer-term development context. Through years of experience, CRS has developed a comprehensive package of capacity building tools to reinforce rural livelihoods programs. In collaboration with the International Center for Tropical Agriculture, or CIAT, CRS developed the Skills for Marketing and Rural Transformation, or SMART. Paired with CRS' Savings and Internal Lending Communities, or SILC, methodology, this toolkit can be tailored into a sustainable methodology that meets participants' capacities wherever they find themselves on the pathway to prosperity: emergency, recover, build, grow or prosper (see diagram).

**Figure 1: SMART skills capacity building pathway**





However, CRS has not yet published an entrepreneurial package for use in post-emergency and early recovery contexts, supporting programs aimed at developing non-farm business skills. This guide aims to fill the gap and respond to the needs of programs that target on-farm and non-farm business activities.

Emergency and post-crisis recovery programming (at the bottom-left of the pathway) typically does not permit the long-term, sequenced delivery of competencies prescribed by the SMART skills. With shorter implementation periods from 6 to 18 months, recovery programs usually require swift livelihoods trainings to deliver the most critical skills covered in Marketing Basics, Financial Education, and the value-chain-focused “Seven Steps of Marketing.” This guide focuses on small-enterprise development and—while not seeking to achieve the same scale of rural transformation expected from the full suite of SMART skills trainings—will add value to CRS’ portfolio of shorter-term projects in a broader array of livelihoods recovery and resilience-focused settings. This guide differs from the broader SMART skills suite in that it targets more than simply the smallholder farmer.

CRS’ programming focus on the most vulnerable often implies many participants tend to have lower literacy levels. This guide is designed to cater for participants with little or no literacy skills. However, it is grounded in the belief that participants have a deep knowledge of their context, and builds on that knowledge and experience to organize and hone their own business ideas, based on sound business principles. The methodology is intentionally interactive and repetitive to reinforce learning, promote discussion and provide an opportunity for mutual exchange among participants.

In emergencies, CRS practitioners need tools and resources that require little preparation and implementation time. The methodology in this guide aims to strike a balance between content complexity, ease of facilitation and participant assimilation during trainings.

## Audience

This facilitation guide is designed to train employees of CRS and our partners. The recommended profile of the facilitators is a sincere, outgoing, outwardly oriented personality type, with a basic understanding of economics, accounting or business management. Basic definitions of key words are provided in the guide, but the guide seeks to be oriented toward practice rather than theory.



Adult-oriented facilitation skills and fluency in local languages are among the most important components of effective **delivery**. This guide contains a section on facilitation techniques to be covered in detail during the trainings of trainers.

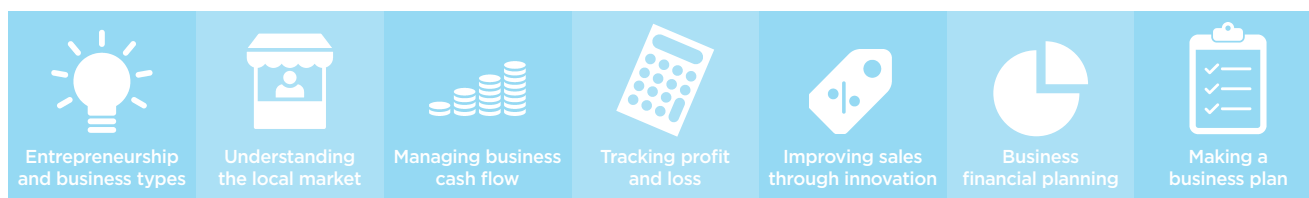
The guide is designed to target participants who have an existing business, who have experience in running a business, or who have a plan to recover their business activities after an emergency. It will still be useful—but perhaps not sufficient—for participants with no prior business experience or those seeking to identify and develop business ideas from scratch.

## Objectives

The main objective of this guide is to help participants improve their business practices, increase their sales and maximize sustainable profitability.

The facilitation sessions will:

- Guide participants in low-risk, innovative, profit-oriented decision-making for economic recovery, livelihood stabilization and improved business operations and activities.
- Guide participants in using practical tools to track and monitor the progress of their business activities.



# Methodology

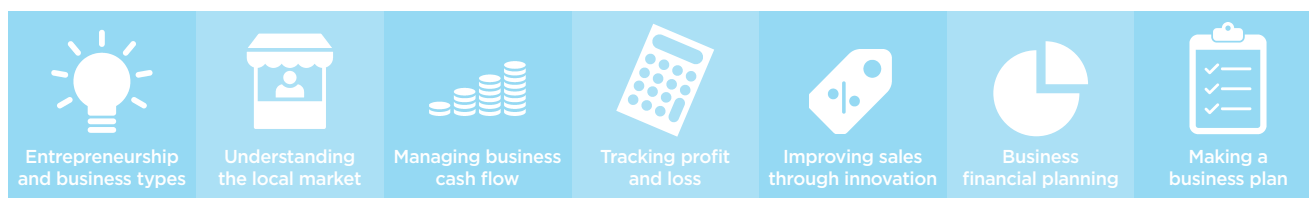
## Facilitation process

The business skills guide builds on participant knowledge and experience. The value of the training to the participants will depend largely on the facilitator's ability to nurture an environment in which the participants' own thoughts, actions and experience are shared and used to enrich the contributions of others. This methodology requires facilitators to understand the local context in which participants operate. Facilitators should review available literature—including newspapers and periodicals—where applicable, and thoroughly explore local markets to understand the following:

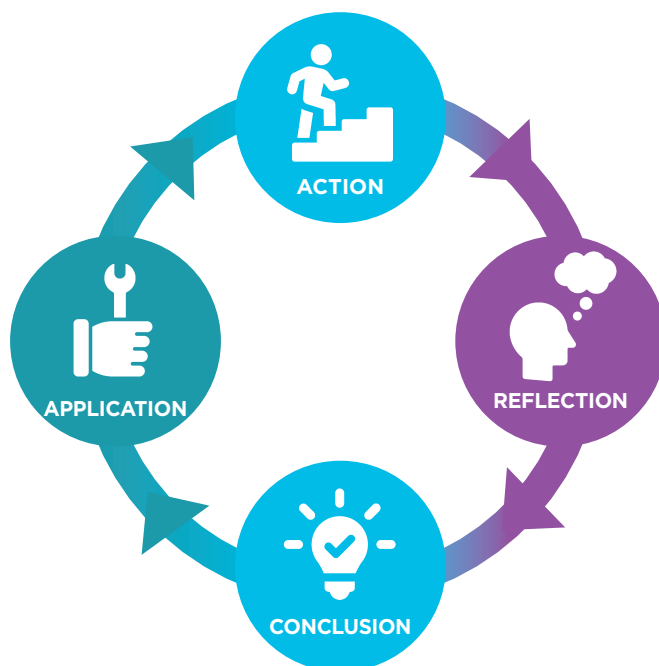
- **The participants' local market regulatory environment**, including barriers to entry into economic activities, citizenship requirements, permits, licensing or certification requirements, levels of transparency or corruption, or any other public or private regulatory frameworks that should be considered as constraints or advantages in the creative space of establishing a new business.
- **Presence, prevalence and diversity of other income-generating or livelihoods-oriented activities**, in addition to the participants' businesses.
- **The participants' social environment**: rural, urban, villages, cities, camp-based, displacement status, etc. Of special importance is an acute awareness of the social fabric of communities and family structures, inclusive of formal and informal social and financial safety nets (insurance), and social obligations and norms related to money.
- **Any communal challenges**: security; political unrest; law and justice; ethnic, religious or class-based conflict; threats to social cohesion as these relate to price inflation; and participants' business security and revenue flows.
- **Any infrastructure gaps**: electricity, transportation, communication, commercial real estate development, and availability of formal or informal market spaces.
- **Any service gaps**: water, sanitation, health, education, market, banking, etc.
- **Participants' economic and social profile**: average capital or value of participants' assets, general characteristics of their households, education, cultural norms and constraints, etc.

A contextual awareness of the participants' economic environment, general conditions and especially economic, social, regulatory or resource constraints, prepares the facilitator to adapt and follow the four phases of the facilitation process: Action, Reflection, Conclusion and Application.





The following figure shows steps that are followed to facilitate the learning process:



Awareness of participants' constraints is key to keeping the training relevant, applicable and engaging to the participants, and to avoid delivering training and advice that requires skills or resources that are not available.



## ACTION

When introducing a topic, the facilitator says or does something that will stimulate participant discussion. The Action should be practical, illustrative and oriented toward the local economic context. It can take the form of an example, a reference to current events or a direct question to the participants about ongoing business practices. Suggestions for Action are given in each session of the guide. Once participants begin discussing the topic, the facilitator ends the Action and switches to the Reflection phase. The facilitator needs to be aware of the group's social dynamics and avoid inappropriate examples, actions or illustrations. Putting participants into groups should follow socially acceptable principles. For example, mixed-gender groups should be avoided if it is not culturally accepted.



## REFLECTION

Reflection is a training group activity in which participants are encouraged to share their ideas and experiences on specific topics. The facilitator promotes discussion using participants' experience and knowledge on business practices, accentuating positive business behaviors, and non-judgmentally helping participants reach sensible conclusions about negative business practices. The facilitator's role is to encourage all participants to contribute to the discussions, either by giving examples; sharing perspectives, experiences or challenges; or asking questions about specific topics. Suggestions of discussion points will be provided for specific topics. To close this step, the facilitator asks participants to share their thoughts on anything new, surprising or exciting from the discussion.



## CONCLUSION

The facilitator refers to discussions from the preceding Reflection phase to answer questions, facilitate learning and provide specific definitions of concepts, terms and business-building frameworks. Ideally, the facilitator reviews the participants' observations, experiences and ideas on the broader topic of the chapter, and concludes by highlighting participant knowledge, observations, experience and/or behavior around the broader concept, teasing out and accentuating the truth and validity of that experience and using it as a teachable moment. (i.e., *These x, y, z, examples are how you have observed consumer demand and its effects on price and the customer's un/willingness to pay higher or lower prices. These are the important take-away lessons you need to remember to strengthen your business plan: a, b, c*). This is the only phase that feels and looks like a training session, in the general sense. It should be kept short and simple by avoiding complex technical concepts. Key words and learning points for specific topics will be provided. The facilitator should be careful not to overwhelm the participants and should be aware of the number of new concepts, terms and ideas introduced in the lesson. Keep the quantity of new material to a manageable amount corresponding to the level of understanding of the recipient demographic.



## APPLICATION/EXPERIMENTATION

The facilitator helps participants identify suitable opportunities for applying their learning to their actual businesses. These can be exercises or activities to be conducted by participants outside the training venue at their place of business, a reflection or decision-making process with their business partners, or a specific transaction. Regardless of the application, participants should be able to recognize the relevance and utility of the activity or exercise to their own businesses.

At the beginning of each session, the facilitator is advised to set aside three to five minutes for participant feedback on the previous session's Application and how they used it in their businesses. Participants will be encouraged to narrate how they used the previously discussed learning points and share any challenges and/or successes.



## Business skills chapters

The chapters in this guide assist in guiding conversations around business principles so that participants gain a clearer idea of how to establish and run a business, master an understanding of basic accounting and management of their costs and earnings, and learn how to identify opportunities to improve their sales (marketing). The chapters facilitate discussions on the principles of cash flow management and budget planning, with the objective of defining financial goals that can be achieved through participants' businesses.

The guide's final chapter focuses on business plan development. In a one-on-one discussion with the facilitator, participants go over specific points of a business plan, either verbally or in writing. Throughout the training, the facilitator can evaluate participants' learning progress by asking the questions suggested at the end of each session in the 'learning outcomes' table. Here is a brief outline of the chapters:

### CHAPTER 1: ENTREPRENEURSHIP AND BUSINESS TYPES

This chapter introduces the conversation around conducting business by looking at the main characteristics of successful entrepreneurs. It helps participants identify areas of improvement in their own characters. In addition, by looking at key activities entrepreneurs undertake to add value to their businesses, participants can identify what they may improve or undertake in their own businesses to make them more profitable.

### CHAPTER 2: UNDERSTANDING THE MARKET

Having the drive and motivation to undertake a business is not enough. One needs to assess the local market and understand the supply-and-demand side of specific goods or services of focus. This chapter highlights the key elements to focus on when scanning the market. At the end of Chapter 2, participants will understand the deciding factors on how to supply goods and input materials for a business, as well as ways to adjust prices depending on competition in the market, and the willingness of customers to buy those goods and services.

### CHAPTER 3: MANAGING BUSINESS CASH FLOW

When a business is running, having a timely picture of how much it is making and its overall health is important. This chapter shows participants how to determine the cost of all business-related expenses, work out sales revenue, and calculate the results of a business on a regular basis (e.g., daily, weekly, monthly, etc.).



## CHAPTER 4: TRACKING PROFIT AND LOSS

This chapter will help participants track the movement of their money: how much is spent, how much is collected either in sales or from debtors, and how much is to be paid to creditors. This chapter builds on the previous content, related to managing how the business allocates cash on a regular basis.

## CHAPTER 5: IMPROVING SALES THROUGH INNOVATION AND MARKETING

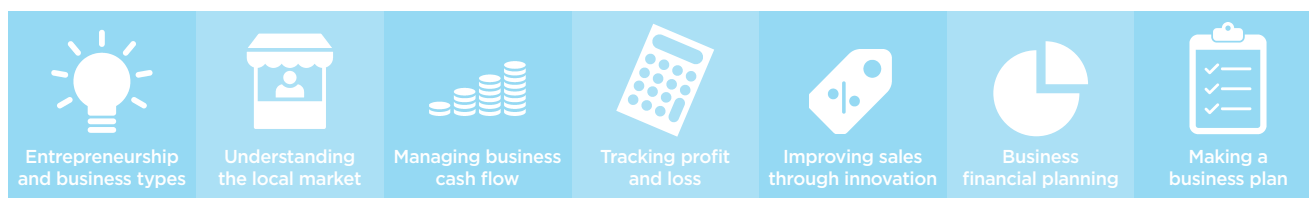
This chapter lets participants reflect on ways to improve sales and increase profits through innovation and marketing. Using specific examples, participants will gain an understanding of the importance of these two concepts and practical ways to apply them in their contexts.

## CHAPTER 6: BUSINESS FINANCIAL PLANNING

Once participants have reached the point of reflecting on how to improve their businesses through marketing and innovation, they can explore how to better define their financial goals. This chapter introduces them to financial planning to reach their business objectives. In addition to setting a business goal, participants will learn to make a budget plan. A budget will give them a picture of their finances over a set time period (e.g., one week, one month, three months, etc.), while taking their financial goal into account.

## CHAPTER 7: MAKING A BUSINESS PLAN

The facilitation methodology of this chapter is different from previous chapters. Each participant interacts with the facilitator, discussing their specific real-life business. In semi-structured interviews, and referring to a standard business plan template, the facilitator will guide each participant in defining their own business plan. This chapter sums up the concepts discussed in previous sessions and leaves participants with an actual business plan that can be used to raise funds or promote their businesses.



## Format and duration of the sessions

The business skills facilitation module is designed with the knowledge that participants can afford minimal time away from their business or family responsibilities. The guide recommends that each session lasts 45 to 60 minutes. After each session, participants receive verbal, practical take-home exercises. Some chapters will be covered over more than one session. Facilitators will decide on the training calendar. Sessions can be planned for consecutive hours and days, or for one or two sessions a week.

All the sessions follow an *action-reflection-conclusion-application* facilitation format. For each session, the guide indicates preparatory activities, materials or equipment needed, and the recommended duration.

During the training, participants will think about ideas that will be considered in their specific individual or group business plans. Each chapter ends with a **competency check** or **learning outcome** accompanied by one or two simple **learning outcome questions** to evaluate participants' understanding of each sessions' learning points.<sup>1</sup>

The last chapter presents an exciting opportunity for the participant to show what they have learned and for the facilitator to assess whether they have absorbed the training content. Each participant will create a business plan for their own business in an interactive session with the facilitator.

Finally, knowing that a business development process should be a creative learning experience, and that facilitators should foster participants' creativity, facilitators should approach the presentation of this guide's content as co-learners. It is recommended that they approach the content with a sense of curiosity and wonder as a beginner. Facilitators should not view participants as empty cups needing to be filled; they should acknowledge and promote the knowledge assets, experience and agency of the participants. This is the main reason why this guide uses participants' experience as a basis for discussion and reflection at the beginning of each session. Facilitators are to leverage participants' existing knowledge and familiarity with the concepts to bring their real-life experience into the training sessions. If participants feel empowered as co-teachers and co-learners, the training will be lively and relevant to them.

Business development can be a fun and exciting process, full of discovery and rewarding challenges. The facilitator's approach will help determine the enthusiasm of participants. The sessions should be easy and fun for everyone!

<sup>1</sup>. This mirrors what the CRS SMART skills series defines as a competency model.



## Facilitation techniques

This section explains how facilitators need to prepare sessions, as well as recommended attitudes and leadership styles during the sessions. During the training of trainers' session, facilitators will be trained on key facilitation techniques. This section serves as a reminder to apply facilitation principles before, during and after a session with participants.

Tips on how to conduct the business skills training before, during, after each session:

### 1. BEFORE EACH SESSION

#### ■ Read the content of the session.

- Make note of learning points, their meaning and implication for participants' business activities.
- For each topic, prepare questions and examples that are appropriate to participants' businesses and their specific, local context.

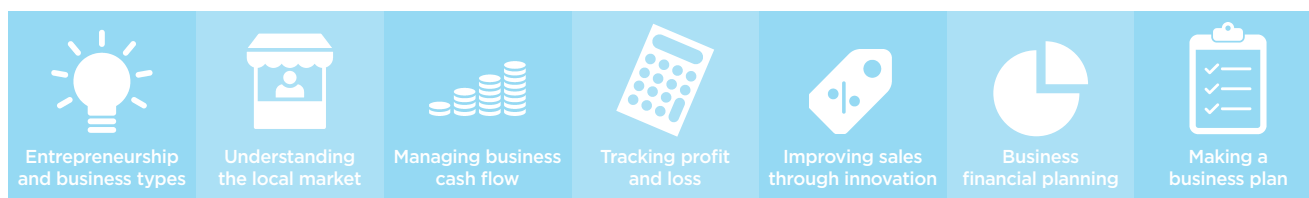
#### ■ Review the take-home exercise from the previous session.

- Make notes of anticipated responses.
- Prepare questions to receive feedback from as many participants as possible. Those who did the take-home exercise share how they did it and success stories and challenges, while those who didn't share what prevented them from doing so and how they plan to catch up.

#### ■ Prepare relevant material: attendance sheet, facilitation notes, refreshments, pen, paper, etc.

### 2. DURING EACH SESSION

- Group formation: This module is facilitated by referring to real-life examples and experience from participants. To facilitate participant interaction, it is advised that facilitators put participants into groups. Groups are formed of people who share the same business interest.
  - Possible questions to ask to define groups are: *What is your current business?* and *What type of business would you like to pursue?*
- Start and end on time, and use the allocated time for each topic. Choose a timekeeper among participants, and set a timer for each topic, etc.
- As you start each session, ensure you get participants' feedback on the previous session and their take-home exercises.
- Encourage everyone to participate, both the more vocal members of the group and the ones that are less confident.



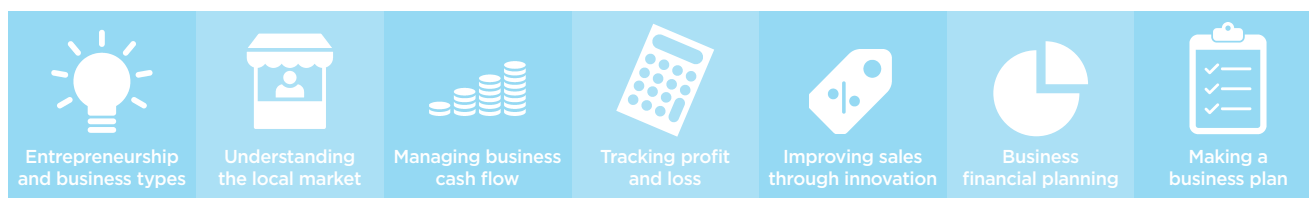
- Ensure that you regularly monitor participants' level of understanding.  
Possible questions to ask are: (a) *Does anyone have a question or comment?*  
(b) *Does anyone have a specific example related to the topic we have just discussed?* (c) *Does anyone want to share how they feel about the topic we have just discussed?*
- Follow the module outline, suggested questions, examples and learning points.
- End with an explanation of the take-home exercises.
- Ensure that everyone signs the attendance sheet for monitoring purposes.

### 3. AFTER EACH SESSION

To improve ways you conduct your sessions, take time to think through the following self-assessment questions:

- Did I express excitement and joy at the beginning and throughout the session?
- Did I ensure that participants felt respected and valued during the session?
- Did I ensure that all participants shared their feedback on their take-home exercises?
- Did I ensure that participants talked more than I did?
- Did I let participants answer questions instead of providing answers?
- Did I respect the recommended time for each phase of the session?
- Did I complete all the activities in the session?
- Did I encourage participants to be active and listen to one another?
- Did I encourage participants to commit to doing their take-home exercises?





## WHAT A FACILITATOR SHOULD ACHIEVE AND AVOID

To have a successful and interactive session, practice facilitation techniques and principles. The table below outlines what a good facilitator should aim for and avoid during a training.

Aim	Should achieve ...	Should avoid ...
Room set-up	<ul style="list-style-type: none"> <li>■ Participants sit in a spacious area, where they can see each other's faces (e.g., a circle or semi-circle).</li> <li>■ The room/space has enough light and air circulation.</li> </ul>	<ul style="list-style-type: none"> <li>■ Participants sit in rows (i.e., a classroom setting)</li> </ul>
Content review	<ul style="list-style-type: none"> <li>■ Content is interesting and relevant to participants.</li> <li>■ Participants may suggest topics of discussion.</li> </ul>	<ul style="list-style-type: none"> <li>■ Inflexible content giving no space for participants to express their views.</li> </ul>
Room atmosphere	<ul style="list-style-type: none"> <li>■ Comfortable, enjoyable and relaxed.</li> </ul>	<ul style="list-style-type: none"> <li>■ Strict, cold, distractions (weather, road noise, people walking by or looking in windows)</li> </ul>
Participants' role	<ul style="list-style-type: none"> <li>■ Participants' active involvement in the learning process by answering and asking questions.</li> <li>■ Participants' active contribution of examples, ideas, and suggestions for alternative answers to facilitators' questions.</li> <li>■ Participants speak noticeably more than the facilitator.</li> </ul>	<ul style="list-style-type: none"> <li>■ Participants' passive attitude, where they only wait for the facilitator's instructions</li> <li>■ Participants' involvement in the discussion is little or non-existent, or negative.</li> </ul>
Status of the facilitator	<ul style="list-style-type: none"> <li>■ Reflects the behaviors of a facilitator, who coaches, encourages and gives participants advice.</li> </ul>	<ul style="list-style-type: none"> <li>■ Looks and feels like someone who has authority over participants, who judges participants' responses and attitudes.</li> </ul>
Language used in the training	<ul style="list-style-type: none"> <li>■ Uses the language and expressions used and known by participants as much as possible.</li> <li>■ Makes agreeable, encouraging and respectful comments when interacting with participants.</li> </ul>	<ul style="list-style-type: none"> <li>■ Uses technical and complex terms.</li> <li>■ Portrays that they are more learned and experienced than the participants.</li> </ul>
Participants' motivation	<ul style="list-style-type: none"> <li>■ Participants feel and express a personal interest in learning and voluntarily participate in group or individual exercises.</li> </ul>	<ul style="list-style-type: none"> <li>■ Participants feel forced to participate in the training sessions out of fear of consequences.</li> </ul>



## USEFUL TIPS FOR REAL-LIFE FACILITATION SITUATIONS

The facilitator should adapt as much as possible to real-life situations during sessions, to avoid disruptions and keep participants motivated. The table below gives examples of possible situations and suggestions for the facilitator to adapt to them.

If a participant...	Facilitator is advised to...
Gives a good answer	<ul style="list-style-type: none"> <li>■ Congratulate the participant and appreciate their answer. Examples of answers: <i>that is correct, excellent, well done</i>, etc.</li> </ul>
Shows a hostile attitude	<ul style="list-style-type: none"> <li>■ Remain calm and request someone from the room to help mediate the situation. Whatever happens, do not put fuel on the fire!</li> </ul>
Keeps talking and excludes others from the discussions	<ul style="list-style-type: none"> <li>■ Encourage others to speak.</li> <li>■ Try to let the participant understand that it is important to hear others' opinions to enrich the discussions.</li> </ul>
Deviates from the main topic	<ul style="list-style-type: none"> <li>■ Respond to their question briefly and firmly, but gently bring the conversation back to the topic.</li> </ul>
Gives a wrong answer	<ul style="list-style-type: none"> <li>■ Acknowledge the answer and ensure that other participants understand that it is not the right answer, while reassuring the participant and being intentionally non-judgmental. Then ask if anyone else in the room can attempt an answer to the same question. If the right answer is not provided, rephrase the question by giving hints and helping participants.</li> </ul>
Does not speak	<ul style="list-style-type: none"> <li>■ Try to involve them by calling them by name (if appropriate) and giving examples that involve them in an encouraging way.</li> <li>■ Try to find out whether they have a problem that causes them not to speak in class (sick, uncomfortable, shy, etc.) and be supportive.</li> </ul>



# Chapter 1: Entrepreneurship and Types of Businesses

## OBJECTIVES

### Part A: Define the characteristics of an entrepreneur

- Discuss the positive characteristics of successful entrepreneurs.
- Discuss practical ways of developing these positive characteristics.
- Discuss the negative or counterproductive characteristics of an entrepreneur.
- Discuss practical ways of avoiding these negative characteristics.

### Part B: Define the activities of different business types

- Identify key business categories.
- Identify key business-related activities.

## TIME

1 hour and 35 minutes

Part A: 55 minutes

Part B: 40 minutes

Delivered in 2 sessions



## PREPARATION

**Note:** The facilitator should review:

- Context, market and livelihoods assessment reports
- Participants' profile: type of business, gender, age, residential areas, etc.

## Tip: Group creation

On average, a group should have three to five members, and a session should have three to five groups. The facilitator uses their judgement to break up larger groups or encourages participants to join different groups, aiming at ensuring that all group members remain motivated to contribute to group discussions. Group members should be familiar with or already practicing the specific business type being discussed. Groups should remain the same throughout the training. The facilitator will interact with participants, asking the same questions of all groups.



 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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Ask participants to share their personal interest in different categories of businesses. Ensure that participants share ideas on the following categories, prompting for the ones for which no ideas are shared:

- **Agriculture:** selling agricultural or livestock production
- **Retail/wholesale:** buying and reselling goods or services
- **Manufacturing or transformation of products:** e.g., carpentry, soap-making, food preparation, etc.
- **Services:** e.g., transport, hair salon, restaurant, etc.

Then, ask them to sit in small groups according to the category they expressed interest in.

## PART A: DEFINE CHARACTERISTICS OF AN ENTREPRENEUR

	<b>ACTION</b> <ul style="list-style-type: none"> <li>■ Think about well-known, locally known, or recognizably successful entrepreneurs. Ensure that all or most group members know their business well. Name the entrepreneur, the business they are involved in and what they do.</li> <li>■ Identify three positive personal characteristics or habits that the chosen successful local entrepreneur exhibits.</li> </ul>	5 min
	<b>REFLECTION</b> <p>For each of the characteristics identified:</p> <ul style="list-style-type: none"> <li>■ Discuss how those characteristics affect their success in business.</li> <li>■ Discuss how to get or strengthen those characteristics.</li> <li>■ Discuss broadly identifiable characteristics that will be harmful to the success of a business (without specifying actual people).</li> </ul>	15 min




## CONCLUSION


Drawing on the discussions in the Reflection step, highlight key success characteristics of an entrepreneur. Examples include:





- **Motivation:** Entrepreneurs have to be self-starters. They must rely on their personal motivation more than on external forces or people to stimulate action, whether it be in the start-up phase of their business; or in resolving critical issues in their production systems, supply or delivery channels; or their client relations.
- **Confidence:** Entrepreneurs must have and show confidence in order to move the business forward, solve problems, win clients and secure solid relationships with suppliers and partners.
- **Vision or clarity of purpose:** This means remaining focused enough on the business to anticipate changes, and being ready to adapt quickly to meet customer needs.
- **Planning:** The entrepreneur's ability to plan determines the long-term success of the enterprise. Planning involves the ability to anticipate and prepare for future monetary, labor and material needs, and sometimes the analytical needs of operating a business.
- **Personal initiative and accountability:** This is related to motivation, but involves taking ownership of the direction of your business. It is a willingness to take responsibility for the outcomes of the decisions, behaviors and actions related to your business. This involves honest acknowledgement of problems and the ability to take decisive action to solve them.
- **Money management:** Needed to budget, track income and expenses, and ensure the business is making more money than it is spending on inputs and other expenses.
- **Adaptation and versatility:** Being able to anticipate and react positively to changes in consumer preference, demand, supply, climate, infrastructure, geography, environment, communication channels and any other critical elements of the market.
- **Passion:** This is one of the most important characteristics. An entrepreneur must be passionate about the products created, the services provided, the problems that need to be solved, and the desire to improve their lives.
- **Innovativeness:** This leads to strategic ways an entrepreneur gains competitive advantage, and generates greater value and income. Examples of innovation may involve innovation in product design, production or product delivery.

Other characteristics may include creativity, risk tolerance or ability to manage risk, persuasiveness and decisiveness. Also discuss characteristics related to honesty and fairness. **Emphasize how these tie together and facilitate the ability to plan, manage money, and remain accountable to oneself and one's business, thus building confidence and a good reputation in the community.** The list of successful entrepreneurial characteristics may be very long, but be mindful of time and stick to the basics.




25 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	Closing comment: Throughout the facilitation sessions, the required characteristics and skills of an entrepreneur will be discussed in further detail.	5 min
	<p><b>APPLICATION</b></p> <p>If participants leave the training venue at the end of the session, this exercise can be done at home. Encourage participants to share with a friend, partner or adult child about the session and the homework exercise. If there is another session planned on the same day, give participants five minutes for individual reflection and sharing in their groups.</p> <p>Participants are encouraged to discuss and develop characteristics of a successful entrepreneur through the following questions:</p> <ol style="list-style-type: none"> <li>1. Give examples of personal characteristics that you would like to develop.</li> <li>2. Think about the steps toward developing and improving the characteristics of your choice.</li> </ol> <p>Go over the list of learning outcomes and learning questions before closing Part A of Section 1.</p> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant can describes characteristics of an entrepreneur.</p> <p><b>LEARNING OUTCOME QUESTIONS</b></p> <ul style="list-style-type: none"> <li>■ What are some of the characteristics of an entrepreneur? <i>(Participants should be able to remember at least four from the above list)</i></li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ What are some of these entrepreneurial characteristics you already have?</li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ What are the entrepreneurial characteristics you will need to strengthen?</li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ Considering your answers to the above, think about two or three friends or acquaintances you can observe or imitate in order to understand and grow to be a successful entrepreneur:</li> </ul> <hr/> <hr/>	

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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## PART B: DEFINE THE ACTIVITIES OF DIFFERENT BUSINESS TYPES

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session. Read the learning questions again to hear participants' feedback. Encourage as much reflection and discussion as possible.</p>	5 min
	<p><b>ACTION</b></p> <p>Ask participants in a group to pick one business that they will be discussing throughout the training. Group members should state all business activities, including those that are done occasionally, routinely or just once in their business. Encourage participants to state their business activities in chronological order. The facilitator ensures that all participants present on their activities:</p>	10 min
	<p><b>REFLECTION</b></p> <p>Ask participants to use their group example and identify all activities related to their specific business. When talking to specific group members, ensure that all other participants listen to their answers, and invite them to provide inputs. This is a plenary session in which you guide group responses as they present identified activities.</p> <ul style="list-style-type: none"> <li>■ During the discussion, ensure that all activities, both major and minor, are identified, and that no unnecessary activity is added to the list i.e., one that does not provide additional value to the business.</li> <li>■ Keep probing to see whether any participant from other groups knows a different way of handling the same business.</li> <li>■ Ensure that participants state all activities in a chronological (daily or seasonal) order.</li> </ul>	20 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>When an agreement is reached on the flow of activities, draw the following conclusions:</p> <ul style="list-style-type: none"> <li>■ Business activities may be cyclical, i.e. repeated over and over.</li> <li>■ The entrepreneur should ensure that all activities are performed at the right time and in the right way.</li> <li>■ Each activity must have a purpose in the business: contributing toward production, marketing, etc.</li> </ul> <p><b><i>This exercise will be used again in subsequent sessions (especially in Chapter 3: Tracking profit and loss)</i></b></p>	5 min
	<p><b>APPLICATION</b></p> <p>If participants leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a few moments for individual reflection.</p> <p>Ask participants to refer to their own specific businesses and:</p> <ul style="list-style-type: none"> <li>■ Identify all activities required in their own business.</li> <li>■ Referring to the group exercise, ask them if they would add to or remove some activities from their current business.</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant can envision and describe the activities of various business types.</p> <p><b>LEARNING OUTCOME QUESTION</b></p> <ul style="list-style-type: none"> <li>■ Think of one profitable business that operates in your area or local market. Take the time to observe, think or ask questions about all activities performed by the business owner.</li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ Is there anything inspiring from that exercise? What would you like to do in your own business?</li> </ul> <hr/> <hr/>	5 min





# Chapter 2: Understanding the Local Market

## OBJECTIVES

### Part A: Assess supply of a specific product or service

- Discuss quantities and quality of specific goods and services available in a specific location.
- Discuss prices of specific goods and services in different locations.
- Discuss the number of vendors of specific goods and services in a local market.
- Discuss factors affecting the prices of goods and services in a specific location.

### Part B: Assess demand for a specific product or service

- Discuss numbers of customers of specific goods and services at specific locations/times/seasons.
- Discuss how prices may be high or low for the same product or service and the effect this has on customers.
- Discuss elements that make customers choose to buy a product or service from one vendor rather than another.

### Part C: Assess other factors that influence market operations

- Describe water infrastructure and cost of supply.
- Describe electricity infrastructure and cost of supply.
- Describe transportation options and cost. Describe telecommunications options and cost. Describe administrative regulations for businesses (taxes, customs, security fees, membership fees, etc.)

## TIME

2 hours and 35 minutes

Part A: 50 minutes




Part B: 60 minutes

Part C: 45 minutes

Delivered in 3 separate sessions.




## PREPARATION

**Note:** Have an awareness of the local market. When possible/available, read available reports on market and livelihoods assessment (WFP, FAO, CRS) or have knowledge of the local business context (e.g., price trends, seasonality, impact of any crisis, etc.)

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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## PART A: ASSESS SUPPLY OF A SPECIFIC PRODUCT OR SERVICE

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should have thought about entrepreneurial characteristics and activities for a business. This should quickly transition to the importance of knowledge of the local market, presence of businesses similar to those considered in participant groups. The facilitator should mention a few examples from previous sessions.</p>	5 min
	<p><b>ACTION 1 (RELATED TO GROUP BUSINESS):</b></p> <p>Ask participants to refer to the business example they chose for their group. Ask them to think about the materials needed for their businesses (supply needs). Ask them to think about:</p> <ul style="list-style-type: none"> <li>■ All items needed in their business (<b>necessary goods, raw materials</b> or <b>materials they will need to provide services</b>), stating detailed product specifications (brand, quantity, supplier, place of origin, etc.).</li> <li>■ How needed materials may vary in quantity from time to time, and what will influence those changes.</li> <li>■ How they meet their supply needs, stating elements related to price, transportation, necessary contacts/negotiations/networks, etc.</li> </ul>	3 min
	<p><b>REFLECTION 1 (RELATED TO GROUP BUSINESS)</b></p> <p>Ask participants to consider and note:</p> <ul style="list-style-type: none"> <li>■ <b>Goods or services</b> sold by the business (what you are selling to your customers – list everything)</li> <li>■ Estimated <b>quantities</b> of items held in stock to sell to local customers (e.g., 100 tons of maize, 10 liters of milk, etc.)</li> <li>■ Estimated <b>monetary value</b> of the stock.</li> <li>■ Estimated number of days or weeks the <b>available stock will last</b> given the demand (referring to their knowledge of the business).</li> <li>■ For services, ask participants to estimate the <b>capacity</b> of their business to provide a service (e.g., if it's transport: how many trips per day? how many passengers per trip? etc.)</li> </ul>	7 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>ACTION 2 (OTHER BUSINESSES IN THE AREA)</b></p> <p>Ask participants to think about other businesses in their area that sell the same goods or provide the same services (supply needs). Ask them to discuss:</p> <ul style="list-style-type: none"> <li>■ All materials needed by other businesses in the area (the <b>necessary goods, raw materials, or materials they will need to provide services</b>), stating detailed product specifications (brand, quantity, supplier, place of origin, etc.).</li> <li>■ How the items needed may vary in quantity from time to time, and what will influence those changes.</li> <li>■ How they meet the supply needs, stating elements related to price, transportation, necessary contacts/negotiations/networks, etc.</li> </ul>	5 min
	<p><b>REFLECTION 2 (OTHER BUSINESSES IN THE AREA)</b></p> <p>Ask participants to think about other businesses' goods or services, and answer the following questions:</p> <ul style="list-style-type: none"> <li>■ Are we selling similar goods or services? Do other businesses have what we don't have in our business (What are other businesses selling? List everything).</li> <li>■ How does our business compare in size? Do we sell more or less than others on average (e.g., others have 100 tons of maize on average, while our business sells 50 tons each month).</li> <li>■ Are we buying the same goods at the same price as other businesses? What is the average price for key items?</li> <li>■ Estimate how long their stock lasts given the demand.</li> <li>■ In case of services, ask participants to estimate the capacity of those businesses to provide a service (e.g., if it's transport: how many trips a day? how many passengers per trip? etc.)</li> </ul>	10 min

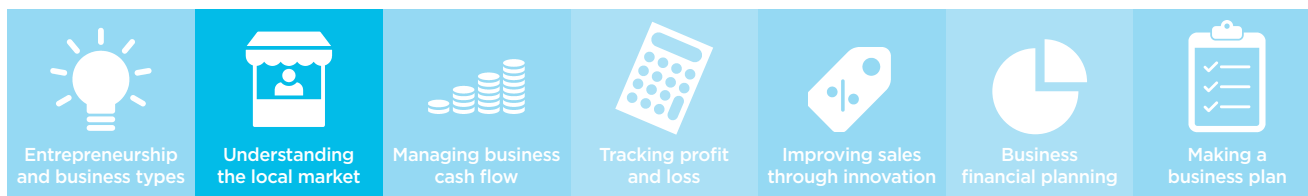


## CONCLUSION

15 min

Highlight the importance of knowing what other sellers are bringing to the market: products, quantities, activities, prices, etc. The facilitator highlights the following points:

- Other businesses in the market affect how an individual business operates. It is important to know the quantity of available products in the market.
  - If there are more sellers, or sellers are bringing more products or services to market than customers are willing or able to buy, this may cause sellers to lower the price of their goods or services to keep selling and stay in business.
  - If there are fewer sellers or the quantity of goods or services falls, customers may be willing to pay a higher price and it may be an opportunity for the seller to increase the price or to increase the quality available for sale.
  - If the price of raw material and other goods for the business changes, the business should adjust the price that customers pay.
- It is important to know how other sellers get their stock of goods, and to adjust your business strategy. Possible options are:
  - Replenish more quickly to ensure your business does not run out of stock and lose customers to other sellers.
  - Ensure that your stock is acquired at the same price or a lower price than other sellers.
  - Ensure that your goods are of a quality preferred by most customers, so that you don't lose customers to other businesses.
- Advantages of observing the market are:
  - Having sufficient information to set the price.
  - Selling high- or higher-quality goods or services.
  - Selling to more customers.
  - Selling to a large percentage of repeat customers (loyalty).
  - Having reliable and consistent inventory (stock).
  - Obtaining a higher margin on sales (by either selling more products or selling at a higher price).



## APPLICATION

5 min

After a session on assessing supply in the market where participants operate, list questions that participants should reflect on once they go back to their local market area. If there is another session planned on the same day, give participants adequate time to discuss these questions among themselves.

Ask participants to refer to their own business and:

- Think about how they acquire goods or raw material for their business:
  - Discuss how prices of goods vary from one vendor to another.
  - Discuss when the supply price is high or low.
- Think about instances when the supply price is low:
  - At which location? Why?
  - At which quality? Why is that quality cheaper?
  - At which quantity?
  - What time/month/season of the year? Why are goods cheaper at that time?

## LEARNING OUTCOME

Participant understands how the presence of other businesses, the quantity of goods available in the market, and what they pay to buy goods for their businesses affect their decision on how much to bring to the market, when to bring their goods to the market and the price they charge their customers.

## LEARNING OUTCOME QUESTIONS

- What will happen to prices when sellers bring more products or services to the local market at the same time?

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- What are the consequences of running out of stock?

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- If you must pay a high price for goods for your business, how do you recover the costs and make a profit?




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 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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## PART B: ASSESS DEMAND FOR A SPECIFIC BUSINESS



	<b>FEEDBACK</b> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session. They should have thought about the options for acquiring goods for their businesses. This should quickly transition to the importance of knowledge of customers available in the local market and the types of goods or services they are willing to buy. Mention a few examples from previous sessions.</p>	5 min
	<b>ACTION</b> <p>Ask participants to refer to the business they chose in their group. Ask them to think about what their customers buy on a daily/weekly/monthly basis. Take about 3 minutes to explain each question.</p> <p>Ask participants to:</p> <ul style="list-style-type: none"> <li>■ Make a list of all items that customers buy by stating quantities, quality/brand, price, and any other specifications (e.g., preferred size, type of package, etc.).</li> <li>■ Indicate the time of year/month/week/day when they have most customers, and why.</li> <li>■ Provide an indication of the type of customers their business attracts. Provide an estimate of their daily/weekly/monthly consumption.</li> <li>■ Provide an indication of where customers could buy similar products or services (i.e. substitutes) from other businesses.</li> </ul>	10 min
	<b>REFLECTION</b> <p>As participants discuss questions in their groups, ensure that they spend 5 minutes per question on average, and highlight the following points:</p> <ul style="list-style-type: none"> <li>■ When creating a list of items that customers are willing to buy, provide detailed specifications of size, average quantities brought by individual customers, item brand, specific use, reason for preferring those particular items (if/when relevant).</li> <li>■ Participants indicate whether their products or services could be replaced by other products or services in the area (substitutes), and list those products. They should think of reasons why their customers might want to buy substitute products (e.g. cost much less, the original is no longer available, the original has become more expensive, etc.)</li> <li>■ Participants reflect on potential differences in prices that different customers are prepared to pay for similar goods or services, and how to explain the differences.</li> </ul>	20 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>Highlight that knowing what or how much customers are willing to buy, and how much they are willing to pay, contributes to having a successful business.</p> <p>Highlight that a business is successful when:</p> <ul style="list-style-type: none"> <li>■ It attracts more customers and sells more products or services than other businesses. <ul style="list-style-type: none"> <li>● By supplying items that attract customers and attracting them back for more (high percentage of repeat customers).</li> <li>● By selling in bulk at a discount and encouraging customers to buy more at one time.</li> <li>● By knowing how, when and where to find customers (this will be discussed in subsequent sessions).</li> </ul> </li> <li>■ It can sell at a higher price than other businesses. <ul style="list-style-type: none"> <li>● When customers want more of a specific good or service, and if quantity supplied is less than what customers want, they will be willing to pay a <b>higher price</b>. In the same way, customers will be willing to pay a higher price if goods or services are of a better quality than that of other vendors.</li> </ul> </li> <li>■ It can expand to other places with the same products to reach new customers.</li> </ul>	15 min
	<p><b>APPLICATION</b></p> <p>If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants at least 2 minutes per question for individual reflection.</p> <p>Ask participants to refer to their own business and:</p> <ul style="list-style-type: none"> <li>■ Identify the types of customers they sell their goods or services to. Specify how many customers there are on average (daily, weekly, etc.). Do they note any differences in customers (preferred products or services, specific times of purchase, etc.)?</li> <li>■ Note the quantities and qualities of goods or services that different types of customers buy on average.</li> <li>■ Note the prices that different types of customers are willing to pay.</li> <li>■ Reflect on possible options to retain customers.</li> <li>■ Reflect on possible options to sell goods or services to more customers or sell at a higher price to improve sales.</li> </ul>	10 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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<p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant understands and can explain the importance of analyzing demand (especially changes in demand).</p> <p><b>LEARNING OUTCOME QUESTIONS</b></p> <ul style="list-style-type: none"> <li>■ How many people does your business intend to serve (per day, week, etc.)?</li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ How many of these people already buy the same goods and services from a competitor?</li> </ul> <hr/> <hr/> <ul style="list-style-type: none"> <li>■ If the number of vendors of your good or service continues to increase, what are the implications for your business in terms of price?</li> </ul> <hr/> <hr/>		
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PART C: ASSESS OTHER FACTORS THAT INFLUENCE MARKET OPERATIONS		
	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should have thought about quantities and qualities of items that customers are willing to buy in their local markets, as well as different prices that customers may be willing to pay for those products or services. Ensure that all participants share their thoughts on learning points related to demand.</p> <p>You may introduce this session by saying that, in addition to demand and supply, other factors impact businesses. Participants may regroup into their existing learning groups to start this session.</p>	5 min
	<p><b>ACTION</b></p> <p>Participants refer to their business and discuss factors that have a positive or negative impact on their business.</p>	5 min



 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<h2>REFLECTION</h2> <p>As participants discuss in their group, ensure that they talk about the following points, taking at least 2 minutes per discussion point:</p> <ul style="list-style-type: none"> <li>■ <b>State of the roads to the market</b> Discuss whether and how the condition of the roads in this area impacts your business. If the impact is negative, what can you do as a business to mitigate it?</li> <li>■ <b>Cost of transportation of goods/people</b> Discuss the impact of the cost of transportation on your business. If the impact is negative, what can you do as a business to mitigate it?</li> <li>■ <b>Communication options</b> Discuss communication costs for different types of services (e.g., mobile phone, internet). Are networks available and functional? Discuss available options to reduce the price (buying packs, pay-as-you-go, subscriptions, etc.)</li> <li>■ <b>Available financial services</b> Discuss options for access to credit or loans, or to save money. Discuss the negative and positive elements of locally available financial options for savings and credit.</li> <li>■ <b>Exchange rate</b> Discuss the impact of the value of the local currency to the US dollar or other currency. If the impact is negative, what are the options to mitigate it? Is cross-border trade possible? What are ways to benefit from cross-border trade? (example: take goods across the border to sell in a good market in the other country, use the local currency sales to buy goods in that country that are in demand back home).</li> <li>■ <b>Market external environment</b> Consider security and corruption. Discuss ways in which the level of security or corruption has impacted your business or may do so in the future. State any factors that may mitigate any potential negative impacts of security or corruption concerns.</li> <li>■ <b>General market infrastructure</b> Discuss available buildings, water, electricity and sanitation.</li> <li>■ <b>Relations with local administration</b> Discuss how administrative taxes impact your business. Discuss any option to reduce the cost of fiscal obligation for your business.</li> <li>■ <b>Changes caused by a shock/crisis</b> (where applicable) Discuss whether a shock or crisis will cause changes in the way you operate your business. (Example: global pandemic, war, etc.)</li> <li>■ <b>Situations that could pose a risk to the business:</b> Discuss political turmoil, disease outbreak, etc.</li> </ul>	25 min
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 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>Highlight the fact that <b><i>understanding the market environment helps to make decisions on different issues</i></b> (e.g., best transport options, safest and most lucrative times and places to operate, how much and when to pay taxes, etc.) that will help:</p> <ul style="list-style-type: none"> <li>● Protect the business.</li> <li>● Increase sales and make a profit.</li> <li>● Avoid risks or minimize any negative impact on the business, when they are identified in time.</li> </ul>	5 min
	<p><b>APPLICATION</b></p> <p>If there is another session planned on the same day, give participants a few moments for individual reflection. If participants must leave the training venue at the end of the session, this exercise can be done at home.</p> <ul style="list-style-type: none"> <li>■ Ask participants to reflect on how the following factors impact their individual or family business: <ul style="list-style-type: none"> <li>● Transportation and communication costs</li> <li>● Administrative and fiscal obligations</li> <li>● Security concerns</li> <li>● Access to credit and savings options</li> </ul> </li> <li>■ Ask participants to think about ways to protect their business or reduce the cost of their operations.</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant understands and can explain how the market environment can affect business sustainability, due to environmental factors such as those that result in supply or demand variations.</p> <p><b>LEARNING OUTCOME QUESTIONS</b></p> <ul style="list-style-type: none"> <li>■ How might the conditions or channels by which you reach your customers, or by which your customers reach you, change throughout the business cycle? Season to season?</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ How might changing external conditions (security, fiscal and administrative obligations) affect your stock of goods or the way you provide services?</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ How might changing climate conditions affect the demand for your products or services? (e.g., droughts, floods, disease, rainy versus dry season)</li> </ul> <hr/>	5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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# Chapter 3: Managing Business Cash Flow

## OBJECTIVES

### Part A: Recording cash outflow (expenses)

- Understand the logic of recording cash outflow

### Part B: Recording cash inflow (income)

- Understand the logic of recording cash inflow

### Part C: Recording daily cash balance

- Understand how to calculate a regular cash balance

### Part D: Managing credit (to customers and from suppliers)

- Understand when and how to give goods or services to customers on credit
- Understand when and how to take goods and services from suppliers on credit

## TIME

3 hours and 20 minutes

Part A: 50 minutes | Part B: 35 minutes |  
Part C: 45 minutes | Part D: 70 minutes

## PREPARATION

**Note:** Review the process of cashflow management. Sample tables are provided in the annexes.

## PART A: RECORDING CASH OUTFLOW (EXPENSES)







### FEEDBACK

Before a new session is introduced, discuss the previous session's learning points: Ask participants to share their thoughts on their application of learning points from the previous session.

Introduce this session by saying that it will focus on managing the movement of money in the business.

5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>ACTION</b></p> <p><b>Read or adapt the scenario below</b></p> <p>Adapt the example if it is not relevant to participants. It is advisable to use the relevant currency and a more common name.</p> <p>Provide the cash flow table sample for those who can read or write it.</p> <p>Read the scenario at least three times to allow participants to understand it and answer the questions in the Reflection section. Ensure that the currency and names are adapted to the participants' context.</p> <p><i>Today, Babu must leave the village before sunrise. It is Wednesday and he has planned to go to the border market to renew his stock. The trip usually takes 4 hours, and he pays 10,000 [currency] for his one-way bus fare. At the market, he will buy five bags of rice and three 20-liter jerry cans of palm oil. The unit price for each bag of rice is 60,000, while a 20-liter jerry can of palm oil costs 25,000. On his way back, he will take a truck. He will pay for the load and his own fare. Each item costs 2,000 to transport and his fare is 3,000.</i></p> <p><i>He usually prefers to leave the village early to avoid spending the night at the border. But since the rains have started, the trucks will not come back to the village in the afternoon. Babu will have to spend the night at the border and come back to the village on Thursday. The lodge near the border charges 10,000 for lodging and breakfast, payable in advance before he receives the room key.</i></p> <p><i>Babu borrowed money from his cousin two months ago to use as capital when he started his business. He managed to save the entire amount. He plans to visit him on Saturday to pay back the 100,000.</i></p>	5 min
	<p><b>REFLECTION</b></p> <ul style="list-style-type: none"> <li>■ Encourage participants to identify all the transactions that will take money from Babu's wallet for the entire week.</li> <li>■ Mark the dates/day for each cash movement.</li> <li>■ Calculate the total amount spent by the end of the week (Mon to Sun)</li> </ul>	25 min



Entrepreneurship  
and business types



Understanding  
the local market



Managing business  
cash flow



Tracking profit  
and loss



Improving sales  
through innovation



Business  
financial planning



Making a  
business plan



## CONCLUSION

10 min

- Highlight the importance of recording every transaction that takes money out of the business for any expense incurred: purchase of goods, paying transporter, buying food in the market, buying airtime to use in the business, paying back a loan, paying a fine, etc.
- Highlight the importance of identifying the date when the money is spent.
- Highlight the importance of calculating the sum of all the money spent on a regular basis (daily, weekly, monthly).

For literate participants and those who can find literate assistants (partners, children, etc.), the facilitator shares the following template to record costs:

An example of a simple template to use when recording cash outflow:

Date/day	Description	Amount
Wednesday	Bus fare	10,000
	Rice (60,000 x 5)	300,000
	Oil (25,000 x 3)	75,000
	Motel	10,000
	<b>Total Wednesday</b>	395,000
Thursday	Truck fare	3,000
	Rice load (2,000 x 5)	10,000
	Palm oil load (2,000 x 3)	6,000
	<b>Total Thursday</b>	19,000
Saturday	Loan repayment	100,000
	<b>Total Saturday</b>	100,000
	<b>Total weekly expenses</b>	514,000



## APPLICATION

5 min

If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants 5 minutes for individual reflection.

Ask participants to refer to their own business and to a specific timeframe (e.g., the last week, or the last two weeks):

- Using the expense record template, record all transactions that required spending money for the business.
- Sum up on a daily basis how much money was spent on the business.






## LEARNING OUTCOME/COMPETENCY



Participant understands and actively keeps a record of all the cash spent on the business.

## LEARNING QUESTIONS



- How much money does your business spend on a regular basis (e.g., daily, weekly, monthly basis) on the following?
  - Transport \_\_\_\_\_
  - Goods \_\_\_\_\_
  - Production labor (e.g., tailoring, carpentry, cooking) \_\_\_\_\_
  - Bringing your product or service to market \_\_\_\_\_
  - Paying rent for your place of business \_\_\_\_\_
  - Any other costs (Please specify) \_\_\_\_\_

						
Entrepreneurship and business types	Understanding the local market	Managing business cash flow	Tracking profit and loss	Improving sales through innovation	Business financial planning	Making a business plan

## PART B: RECORDING CASH INFLOW (INCOME)

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should share about how they calculate the cash outflow or money that goes out of the business. Ensure that all participants share their thoughts on the previous learning point.</p> <p>You may introduce this session by saying that it will focus on calculating the money that comes into the business, whether from sales or from credit reimbursement, etc.</p>	5 min
	<p><b>ACTION</b></p> <p>Continue reading Babu's scenario. Ensure that currency, names and prices are adapted to participants' context.</p> <p><i>Babu is hoping to be back home in time for his customers. He has received a call from the village leader who wants to buy two bags of rice for his son's wedding on Friday. He will pay cash. Babu sells each bag of rice at 80,000. He plans to sell another bag of rice at the first Sunday market, and two more on the second Sunday. The palm oil price in the village is 40,000. He expects to sell two jerry cans of palm oil on the first Sunday and the last jerry can on the second Sunday, before he heads back to the border market.</i></p>	5 min



	<h2>REFLECTION</h2> <p>Facilitate a discussion to encourage participants to:</p> <ul style="list-style-type: none"> <li>■ Identify all Babu's transactions that will bring in money (income).</li> <li>■ Mark the dates of each cash movement.</li> <li>■ Order the movements in chronological order by date.</li> <li>■ Calculate the total amount received by the end of each week (Monday to Sunday).</li> </ul>	15 min																																				
	<h2>CONCLUSION</h2> <p>Ensure that:</p> <ul style="list-style-type: none"> <li>■ Participants understand that all transactions bringing money into the business must be recorded.</li> <li>■ Each record must have a date and a reason for payment (the reason may be sales, reimbursement, loan, etc.)</li> </ul> <p>An example of a simple template to use when recording cash inflow:</p> <table border="1"> <thead> <tr> <th>Date/day</th><th>Description</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Friday</td><td>Sales (2 bags of rice at 80,000 each: 80,000 x 2)</td><td>160,000</td></tr> <tr> <td></td><td><b>Total sales for Week 1</b></td><td><b>160,000</b></td></tr> <tr> <td>First Sunday</td><td>Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)</td><td>120,000</td></tr> <tr> <td></td><td>Sales (1.5 jerry cans of palm oil at 40,000 each: 40,000 x 1.5)</td><td>60,000</td></tr> <tr> <td></td><td><b>Total sales Week 2</b></td><td><b>180,000</b></td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>Second Sunday</td><td>Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)</td><td>120,000</td></tr> <tr> <td></td><td>Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)</td><td>60,000</td></tr> <tr> <td></td><td><b>Total sales Week 3</b></td><td><b>180,000</b></td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td><b>Total income</b></td><td><b>520,000</b></td></tr> </tbody> </table>	Date/day	Description	Amount	Friday	Sales (2 bags of rice at 80,000 each: 80,000 x 2)	160,000		<b>Total sales for Week 1</b>	<b>160,000</b>	First Sunday	Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)	120,000		Sales (1.5 jerry cans of palm oil at 40,000 each: 40,000 x 1.5)	60,000		<b>Total sales Week 2</b>	<b>180,000</b>				Second Sunday	Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)	120,000		Sales (1.5 bags of rice at 80,000 each: 80,000 x 1.5)	60,000		<b>Total sales Week 3</b>	<b>180,000</b>					<b>Total income</b>	<b>520,000</b>	5 min
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## APPLICATION

If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants 5 minutes for individual reflection.

Ask participants to refer to their own specific business and calculate revenue from their business, referring to a specific period (most preferably the same period used in part A)

- Using the cash inflow template, record all transactions that bring money into the business.
- Record the exact dates money comes in.
- Add up all amounts that the business gained during the period of your choice.

## LEARNING OUTCOME/COMPETENCY

Participant can keep records of sales.

## LEARNING QUESTIONS

- When are the times you anticipate money coming in?

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- Are there times when you do not expect to receive money from the business? When?

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- How can you prepare for those times?

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5 min

						
Entrepreneurship and business types	Understanding the local market	Managing business cash flow	Tracking profit and loss	Improving sales through innovation	Business financial planning	Making a business plan

## PART C: DEFINING CASH BALANCE

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of the learning points from the previous session.</p> <p>They should share about how they calculated the cash inflow or the money that comes into a business. Ensure that all participants share their thoughts on the previous learning point.</p> <p>You may introduce this session by saying that it will focus on calculating the balance of cash available in the business at any point in time.</p>	10 min
	<p><b>ACTION</b></p> <p>Continuing with Babu's story, the facilitator gives the following information:</p> <p><i>Babu has a mobile money account that he uses only for business-related transactions. He never uses it for personal transactions. Before Babu boarded the bus taking him to the border, he had 600,000 [currency] in his mobile money account.</i></p> <p>Ask participants to refer to the exercise in Part A and Part B, and identify the amount spent (outflow) and amount gained (inflow). Then ask participants to determine how much Babu will have in his mobile money account before he goes back to the border at the end of the month, assuming that he will make no additional payments before then.</p>	5 min
	<p><b>REFLECTION</b></p> <ul style="list-style-type: none"> <li>■ Ask participants to calculate the balance between cash outflows and cash inflows of their business' example.</li> <li>■ Ensure that participants refer to the same date of business for both inflow and outflow.</li> <li>■ Ensure that any money that was available in the business before monthly operations started was recorded as the opening balance.</li> <li>■ Ensure that they use the formula: <math>\text{balance} = \text{opening balance} + \text{money in} - \text{money out}</math>.</li> </ul>	15 min



Entrepreneurship  
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Understanding  
the local market



Managing business  
cash flow



Tracking profit  
and loss



Improving sales  
through innovation



Business  
financial planning



Making a  
business plan



## CONCLUSION

10 min


Ensure that participants understand that it is important to calculate the amount of money available after each business day or cycle (stock replenishment cycle, loan repayment cycle, etc.) to:

- Make plans for the following business day/cycle or new business opportunities.
- Ensure that the records are correct and avoid mismanagement, theft, etc.
- Note when most cash outflows and cash inflows happen because it is likely they don't happen at the same time.
- Decide whether the business can afford other expenses (e.g., investment).

An example of a simple template to use when calculating the balance of cash:

Week	Cash in	Cash out	
Opening balance	600,000		
Week 1	160,000	514,000	
Week 2	180,000		
Week 3	180,000		
Sub-total	1,120,000	514,000	
<b>End of month balance: 1,120,000 - 514,000 = 606,000</b>			





 <p>Entrepreneurship and business types</p>	 <p>Understanding the local market</p>	 <p>Managing business cash flow</p>	 <p>Tracking profit and loss</p>	 <p>Improving sales through innovation</p>	 <p>Business financial planning</p>	 <p>Making a business plan</p>
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	<p><b>APPLICATION</b></p> <p>If there is another session planned on the same day, give participants a few moments for individual reflection. If participants must leave the training venue at the end of the session, this exercise can be done at home.</p> <ul style="list-style-type: none"> <li>■ Ask participants to repeat the exercise referring to their individual business.</li> <li>■ Ask participants to define when they receive most cash inflows and cash outflows.</li> <li>■ Ask participants to commit to doing the exercise for their individual business on a regular basis (daily, weekly, etc.).</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant understands how to monitor their cash balance regularly.</p>	<p>5 min</p>
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 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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## PART D: MANAGING CREDIT (TO CUSTOMERS AND FROM SUPPLIERS)

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of the learning points from the previous session.</p> <p>They should share about how they monitor their cash balance and indicate the time period. Ensure that all participants share their thoughts on the previous learning point.</p> <p>Introduce this session by saying that it will focus on managing credit and loans for a business.</p>	5 min
	<p><b>ACTION 1: MANAGING CREDIT PROVIDED TO CUSTOMERS</b></p> <p>Ask participants to refer to two or three instances where they had to sell their goods or services on credit.</p>	5 min
	<p><b>REFLECTION</b></p> <p>During the discussion, ask the following:</p> <ul style="list-style-type: none"> <li>■ Why would you agree to give credit to one customer and not to another?</li> <li>■ What are the conditions of repayment that should be put in place?</li> <li>■ What is the maximum value of goods that can be sold on credit?</li> </ul> <p>Ensure that participants discuss:</p> <ul style="list-style-type: none"> <li>■ <b>Advantages of giving credit:</b> If goods are perishable and risk being spoilt if not sold; to keep a reliable and important customer, etc.</li> <li>■ <b>Risks of giving credit:</b> Customer may not repay back on time.</li> <li>■ <b>How to mitigate the risks of giving credit:</b> Ensure that there is a witness to the credit agreement. Ensure that the business can continue to run even when the customer does not pay on time.</li> <li>■ <b>How they record credit in their cashflow records (depending on their levels of literacy):</b> Credit is recorded as money out.</li> </ul>	15 min

						
Entrepreneurship and business types	Understanding the local market	Managing business cash flow	Tracking profit and loss	Improving sales through innovation	Business financial planning	Making a business plan

	<p><b>CONCLUSION</b></p> <p>Highlight that selling on credit is part of doing business, but needs to be done with care:</p> <ul style="list-style-type: none"> <li>■ Ensure that customers with credit repay on time. The repayment time should not exceed the business cycle (i.e., if one stock of supplies lasts one week, the repayment needs to be made in less than a week; to have cash available for the next stock purchase or production).</li> <li>■ Ensure that amounts owed by customers remain low and do not exceed the working capital used to cover all short-term expenses such as inventory, short-term debts, and other operating expenses (food, transport, communication, etc.).</li> <li>■ Ensure that there is a guarantee of repayment (written proof of debt; witnesses; existing honest, long-term relationship with customers, etc.).</li> <li>■ In general, credit should not be extended beyond what the business owner can afford to lose.</li> </ul>	10 min
	<p><b>ACTION 2: MANAGING CREDIT RECEIVED FROM SUPPLIERS</b></p> <p>Ask participants to refer to two or three instances when they bought their supplies on credit and repaid their suppliers after products were sold.</p>	5 min
	<p><b>REFLECTION</b></p> <p>During the discussion, ask the following questions:</p> <ul style="list-style-type: none"> <li>■ What makes it possible for suppliers to give products on credit to a business?</li> <li>■ What are the conditions of repayment that suppliers usually give?</li> </ul> <p>Ensure that participants discuss the following:</p> <ul style="list-style-type: none"> <li>■ <b>The advantages of getting supplies on credit:</b> A business can operate even if it does not immediately have the money to buy products.</li> <li>■ <b>Risks of getting supplies on credit:</b> When products are not sold, the businessperson may lose money.</li> <li>■ <b>How to mitigate the risks:</b> Ensure that the agreed date of repayment is flexible, ensure that products are in good condition and can be sold easily.</li> </ul>	15 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>Participants should know that the norms and protocols for giving credit may be culture specific. It is important to keep up with what is culturally appropriate, while avoiding the risk of non-repayment to preserve the business.</p> <p>Highlight that buying supplies on credit is part of doing business, but needs to be done with care:</p> <ul style="list-style-type: none"> <li>■ To keep a good relationship with suppliers.</li> <li>■ To ensure that supplies taken on credit are in a good condition and can be sold within the agreed repayment time.</li> <li>■ To ensure that repayment conditions are just and fair (e.g., reasonable time, no interest or minimum charge, flexible, payable in tranches, etc.)</li> <li>■ To ensure that there is written proof of the credit transaction to keep the evidence of credit and payment.</li> </ul>	10 min
	<p><b>APPLICATION</b></p> <p>If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a few moments for individual reflection. Ask participants to refer to their individual business, and:</p> <ul style="list-style-type: none"> <li>● Identify the amount of money owed to their suppliers.</li> <li>● Identify the amount of money owed by their customers.</li> <li>● Decide on how to: <ul style="list-style-type: none"> <li>• Ensure that all money will be repaid (maintain regular communication with <b>debtors and creditors</b>)</li> <li>• Establish the maximum amount of credit they should <b>extend</b> to customers</li> <li>• Establish the maximum amount of credit they should receive from suppliers</li> </ul> </li> </ul>	5 min



## LEARNING OUTCOME/COMPETENCY

Participant can manage credit given to customers and taken from suppliers.

## LEARNING QUESTIONS

- What is your business's plan to manage credit given to customers and taken from suppliers?

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- What factors will help you determine to whom you will extend credit?

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- What factors will help you determine products you take on credit from suppliers?

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 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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# Chapter 4: Tracking Profit and Loss

## OBJECTIVES

### Part A: Calculating the cost of a business

- Identify all activities that require spending money when managing a business.

### Part B: Calculating the revenues of a business

- Identify all revenue streams of a business.

### Part C: Calculating the profit or loss of a business

- Calculate the profit/loss of a business.

## TIME

1 hour and 5 minutes


Part A: 50 minutes | Part B: 40 minutes |  
Part C: 35 minutes








Delivered in 2 sessions (A only, B and C)



## PREPARATION

**Note:** Review the process of cashflow management. Sample tables are provided in the annexes.

## PART A: CALCULATING THE COST OF A BUSINESS

	<p>This session is conducted while participants are in the groups formed based on the specific businesses they intend to grow. They need to identify one specific business example to explore in the session.</p> <p>On average, a group should have between 3 and 5 members, and a session should have between 3 and 5 groups. The facilitator will interact with members of the groups, asking the same questions.</p>	
	<h3>FEEDBACK</h3> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should share about how they manage credit given to customers and credit given by their suppliers. Introduce this session by saying that whatever factors are affecting the market, business people should keep track of whether their business is losing or making money.</p>	5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<b>ACTION</b> <ul style="list-style-type: none"> <li>■ Ask participants to refer to the examples they chose in their group.</li> <li>■ Ask them to remember the exercise in Chapter 1, where they defined all possible activities of their business.</li> <li>■ Ask them to define a specific timeframe (e.g., identify all activities contributing to the business for one week or one month).</li> </ul>	5 min
	<b>REFLECTION</b> <p>Ask participants to think about how much each activity on their list costs. Ensure that they respond to the following questions:</p> <ul style="list-style-type: none"> <li>■ What is the cost of buying raw materials or other goods and supplies for the business? Will you be able to buy these materials in bulk or are there other cost savings involved in buying large quantities? How do we define the maximum price we are able to pay for those materials?</li> <li>■ Will there be storage costs? Is there any potential for spoilage (perishable goods, theft of goods, etc.) of goods or other business materials?</li> <li>■ What is the cost of transportation (where applicable)?</li> <li>■ Will the business employ anyone for any part of the business? How much will they be paid? When is the payment of their salary due?</li> <li>■ Will the business need to pay rent for the place of business? If so, how often and how much?</li> <li>■ What are the costs associated with keeping that place of business clean, safe and usable for business? What are customer expectations of the place of business in terms of location, cleanliness and appearance? Are there regulations, requirements or licenses?</li> <li>■ What is the cost of transportation from home to the place of business? Will it be at the same place every day? Will the cost of transportation to that place vary or remain the same?</li> <li>■ How will customers come to know about your product or service? Will the business pay for advertising?</li> <li>■ How much are the mobile phone airtime, water and electricity bills?</li> <li>■ Is the business paying interest or fees on a loan?</li> <li>■ How much does the business have to pay in taxes and other government fees (where applicable)?</li> <li>■ What are your means of producing or adding value to your product or service? Are they durable tools or machines, or consumable raw ingredients? If durable equipment, must it be bought or rented?</li> </ul> <p>Based on the above, participants should estimate how much it will cost to put their goods on the market.</p>	25 min



Entrepreneurship  
and business types



Understanding  
the local market



Managing business  
cash flow



Tracking profit  
and loss



Improving sales  
through innovation



Business  
financial planning



Making a  
business plan



## CONCLUSION

10 min

Highlight the importance of identifying all expenses, including those that are:

- Regular
- Occasional
- One-off

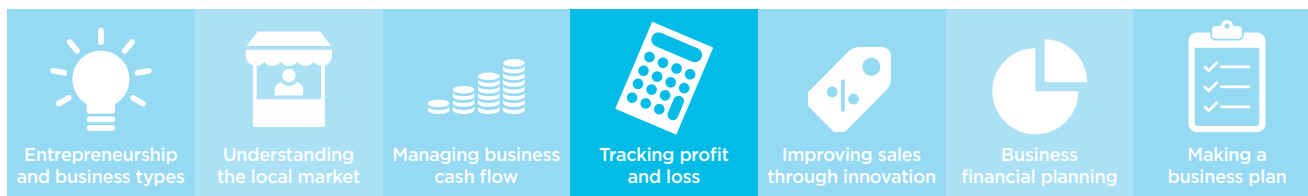
Remind participants that:

- It is always best to know when expenses are likely to happen and have a clear idea of how much needs to be spent, and the modality of payment.
- *All* the costs of running a business must be fully covered by the earnings or revenue generated by that business activity. This is why a businessperson must be able to calculate, *with as little guesswork as possible*, the estimated costs and revenue *before* engaging or investing in the business activity.
- It is advisable to overestimate costs to avoid failing to pay for required expenses for the business.

For literate participants and those who can find literate assistants (partners, children, etc.), the facilitator shares the following template to record costs.

An example of a simple template to use when recording expenses:

<b>Date/day</b>	<b>Description (example)</b>	<b>Amount</b>
Monday	Bus fare	500
	Food	2,000
	Weekly administration tax	1,000
	<b>Total Monday</b>	<b>3,500</b>
Tuesday	Bus fare	500
	Food	2,000
	Buying goods	20,000
	<b>Total Tuesday</b>	<b>22,500</b>
Wednesday	Buying goods	50,000
	Airtime	10,000
	Bus fare	500
	Food	2,000
	<b>Total Wednesday</b>	<b>62,500</b>
Thursday		
Saturday		
<b>Weekly total expenses (add daily expenses)</b>		



## APPLICATION

If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants 5 minutes for individual reflection on the following application questions:

Ask participants to refer to their own specific business and:

- Identify all monetary expenses in their business.
- Identify how much money they would need to cover all required expenses for a particular period (e.g., week, month, year).
- Identify important days when payment is due.

## LEARNING OUTCOME/COMPETENCY

- Participant calculates business activities' costs, including family labor, food, airtime.
- Participant understands the difference between fixed (e.g., equipment, water/electricity, rent) and variable (e.g., raw materials) costs.








## LEARNING OUTCOME QUESTIONS

What are your total costs per day? = \_\_\_\_\_




What are your total costs per week? = \_\_\_\_\_

What are your total costs per month? = \_\_\_\_\_

5 min

						
Entrepreneurship and business types	Understanding the local market	Managing business cash flow	Tracking profit and loss	Improving sales through innovation	Business financial planning	Making a business plan

## PART B: CALCULATING THE REVENUES OF A BUSINESS

	<b>FEEDBACK</b> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session. They should have thought about the types of expenses that their business will incur. This should quickly transition to the next topic related to calculating revenues from sales.</p>	5 min
	<b>ACTION</b> <ul style="list-style-type: none"> <li>■ Ask participants to refer to the examples they chose for their group and identify all goods or services that they offer to customers.</li> <li>■ Ask participants to define the amount of revenue that they get from each category of goods or services.</li> <li>■ Remind participants of the specific timeframe they used in Part B of Chapter 2.</li> </ul>	5 min
	<b>REFLECTION</b> <p>Facilitate a discussion to encourage participants to:</p> <ul style="list-style-type: none"> <li>■ Define the unit price for each category of goods or services (the unit may be anything they use, e.g., cups, bags, kilograms, liters).</li> <li>■ Define the quantities sold for each category of goods or services using a frequency that is relevant to group businesses, e.g., daily, weekly, monthly.</li> <li>■ Calculate the amount of revenue for each category of goods or services.</li> <li>■ Calculate the overall amount of revenue for the business, collected during a specific period.</li> </ul>	15 min



Entrepreneurship  
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business plan



## CONCLUSION

10 min








Highlight the following points:

- It is important to estimate the frequency at which income will come in and how much revenue sales will generate.
- To calculate the revenue from sales on a particular day, the businessperson multiplies the unit price for each product by the number of units sold during that day. If the business sells many categories of product, sales are calculated separately per category of product.  
**Sales = Unit price x Quantity of products sold.**
- Sometimes unit price varies during bargaining when selling goods or services; it is important for participants to identify the lowest discount at which they will sell their goods or services. When calculating revenue, the bargain price (minimum price) is used as the unit price and multiplied by the number of products sold at that discount price.
- Highlight the fact that some factors may cause participants to sell at a loss (e.g., perishable goods, need to clear inventory, in an emergency, COVID-19, etc.)








For literate participants and those who can find literate assistants (partners, children, etc.), share the following template to record business revenue.



An example of a simple template to use when recording revenue:

<b>Date/day</b>	<b>Description</b>	<b>Amount</b>
Monday	Sales (2 bags of beans at 50,000 each: 50,000 x 2)	100,000
	Sales (5 kilograms of sugar at 2,000 each: 2,000 x 5)	10,000
	<b>Total sales Monday</b>	<b>110,000</b>
Wednesday	Sales (1 bags of rice at 80,000 each: 80,000 x 2)	80,000
	Sales (5 kilograms of sugar at 2,000 each: 2,000 x 5)	10,000
	<b>Total sales Wednesday</b>	<b>90,000</b>
	<b>Total Week 1 (add total sales for each day)</b>	<b>200,000</b>

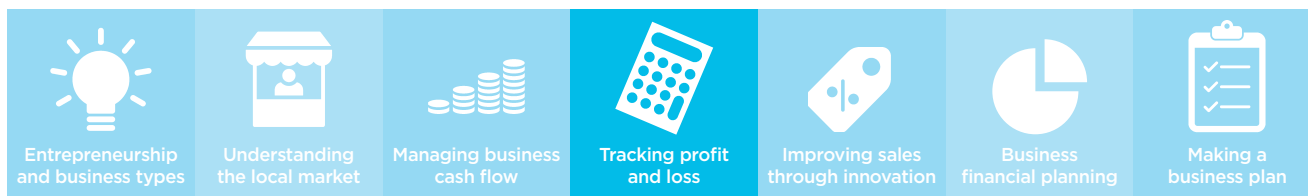
 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>APPLICATION</b></p> <p>If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a 5 minutes for individual reflection.</p> <p>Ask participants to refer to their own specific business and calculate its revenue.</p> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant can estimate the amount of revenue generated by a given quantity of sales of their product or service within a time period that is most relevant to their business (e.g., day, week, month).</p> <p><b>LEARNING OUTCOME QUESTIONS</b></p> <ul style="list-style-type: none"> <li>■ How much money will you earn from selling a given amount of product or service? _____</li> <li>■ Amount of product sold per day/week/month = _____ units Price per-unit = _____ (use local currency) Earnings = _____ (use local currency)</li> </ul>	5 min
<b>PART C: CALCULATING THE PROFIT OR LOSS OF A BUSINESS</b>		
	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session. They should share about how they calculate their revenue. Ensure that all participants share their thoughts on the previous learning point.</p> <p>You may introduce this session by saying that it will focus on calculating the profit or loss of a business.</p>	5 min
	<p><b>ACTION</b></p> <p>Ask participants to refer to the exercise in Part A and Part B, and review their revenue and expenses.</p>	5 min

						
Entrepreneurship and business types	Understanding the local market	Managing business cash flow	Tracking profit and loss	Improving sales through innovation	Business financial planning	Making a business plan

	<p><b>REFLECTION</b></p> <p>Ask participants to calculate how much the business has made (profit or loss). Ensure that the participant refers to the same period of business for both revenue and expenses.</p> <p><b>Ensure that they use the formula: profit = revenues – expenses</b></p> <p>Once participants have determined how much profit/loss the business has made for the period used in their example, ask them to:</p> <ul style="list-style-type: none"> <li>■ Discuss examples of what to do if they are making a loss.</li> <li>■ Discuss examples of what to do if they are making a profit (e.g., open a savings account, buy new equipment, expand the business in a new location or with new items)</li> </ul>	10 min
	<p><b>CONCLUSION</b></p> <p>Highlight the following points:</p> <ul style="list-style-type: none"> <li>■ When the sum of business expenses is higher than the sum of business revenue, the business is making a loss.</li> <li>■ When the business is making a loss, the entrepreneur should consider what actions need to be taken in the short term to prevent further loss (e.g., reduce costs and expenses, increase sales, find another business idea).</li> <li>■ When the sum of business expenses is lower than the sum of all business revenue, the business is making a profit.</li> <li>■ When the business is making a profit, the entrepreneur should: <ul style="list-style-type: none"> <li>● Identify ways to further reduce business costs.</li> <li>● Identify ways to reach more customers to increase sales.</li> <li>● Consider other types of products or services that they could sell or provide.</li> </ul> </li> <li>■ Sometimes a business may seem to make a profit or loss because the owner forgets to count everything (i.e., hidden costs not counted as cash costs or unpaid salary if business owner does not get paid for their time).</li> </ul>	10 min





## APPLICATION

Ask participants to refer to their business and reflect on what actions they will need to take in case of a loss or profit.

- Ask participants to do the profit calculation for their business.
- Ask participants to be specific about what they would do in case of a loss in their business.
- Ask participants to be specific about what they would do with their business profit.

## LEARNING OUTCOME/COMPETENCY

- Participant can evaluate expenses, revenue and profit/loss.
- Participant can identify opportunities to improve results in the future.

## LEARNING OUTCOME QUESTIONS

- What is your total profit per day/week/month?

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- How can you improve profit by:






- Lowering costs?
- Raising the price you are able to charge when possible by adding value?

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5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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# Chapter 5: Improve Sales Through Innovation and Marketing

## Part A: Understand the importance of innovation

- Identify possible options for innovation.
- Understand reasons for innovation.

## Part B: Understand the importance of marketing

- Understand the importance of marketing.
- Understand strategies for marketing.

### TIME

1 hour and 45 minutes

Part A: 55 minutes | Part B: 50 minutes

Delivered in two sessions.

### PREPARATION

**Note:** Understand the concepts of innovation and marketing.

## PART A: UNDERSTAND THE IMPORTANCE OF INNOVATION











### FEEDBACK




Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.



They should share about how they calculate profit/loss for their business. Ensure that most participants share their feedback on the previous learning point.



10 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<b>ACTION</b>  In their groups, participants refer to one product or service that they already sell. Ask participants to think about what they can do to add value to their products to increase their sales revenue. In the case of a service business, the owners need to think about how to improve the customers' experience during the service to increase sales.	5 min
	<b>REFLECTION</b>  Ask them to think about:  <b>What are some of the reasons to change the way you conduct your business activities?</b> <i>Expected answers are:</i> <ul style="list-style-type: none"> <li>■ The world changes, peoples' needs change, consumer tastes and preferences change.</li> <li>■ Technology changes. Improvements are made possible. Innovation responds to demand for new or different products.</li> <li>■ Competition pushes businesses to continue improving their products and services to keep their customers or attract new ones.</li> <li>■ To solve a specific problem in the business. Businesses need to make more money and increase their profits.</li> </ul> <b>What are ways of improving business through products or services?</b> <i>Ask the following questions:</i> <ul style="list-style-type: none"> <li>■ What can we do to alter the product's appearance to make it more appealing?</li> <li>■ What can we do to improve customers' experience in service provision?</li> <li>■ What can we do to make the product or service more easily consumable, portable, etc.?</li> <li>■ What can we do to lengthen our product's life and make it more valuable to customers?</li> </ul>	20 min





 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p><b>Highlight that changing the way we do business can contribute to improved sales. It is important to always think about creative ways of:</b></p> <ul style="list-style-type: none"> <li>■ Increasing the amount of product or service you can produce.</li> <li>■ Decreasing the amount of money you spend on producing that product or service.</li> <li>■ Increasing the amount of money a customer would be willing to pay for the product or service.</li> </ul> <p>Example: Repackaging sugar from a 5kg bag to five 1kg bags makes it more accessible and portable to more customers in a particular area. They will be willing to pay a slightly higher price for the 1kg bag of sugar.</p> <p><b>For an entrepreneur, the need to raise sales revenue and increase profits motivates them to think about how business activities are conducted to improve results.</b></p> <ul style="list-style-type: none"> <li>■ Innovation is a mindset and a philosophy. Curiosity and creativity are necessary characteristics to adopt when innovating.</li> <li>■ Businesses should calculate the cost of innovation carefully, including the cost of maintaining it.</li> <li>■ Businesses should think about how to pay for business improvement before initiating it, including any interest on borrowing money to add some innovation to their businesses.</li> </ul>	15 min
	<p><b>APPLICATION</b></p> <p>Ask participants to think about their business and identify what may be introduced to improve their sales.</p> <p>Examples of <b>objectives</b> they may think about are:</p> <ul style="list-style-type: none"> <li>■ Reducing the cost of production</li> <li>■ Increasing the quality of products</li> <li>■ Selling in a new location</li> <li>■ Increasing the speed of service delivery</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <ul style="list-style-type: none"> <li>■ Participant is able to identify two or three ways they could be creative to earn more profit.</li> <li>■ Participant can understand and explain some positive results of improving in their business.</li> </ul>	5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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## PART B: UNDERSTAND THE IMPORTANCE OF MARKETING

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should share on options of initiating innovation in their businesses. Probe their ideas to get them to think about the cost of innovation and how the innovation will contribute to improving sales.</p>	5 min
	<p><b>ACTION</b></p> <p>Ask participants to think about possible reasons why customers choose to buy from one trader rather than another, referring to their group business.</p>	5 min
	<p><b>REFLECTION</b></p> <p>During the discussion, verify whether they mention:</p> <ul style="list-style-type: none"> <li>■ <b>Location of the trader in relation to where customers are:</b> Ask what type of location would increase their chances of getting more customers for their business.</li> <li>■ <b>Quality and type of products that the trader is selling:</b> Ask what type of products attract more customers, and how the trader can make their products unique and different from other traders.</li> <li>■ <b>Type of interactions and relationship that the trader has with customers:</b> Ask how traders should interact or communicate with customers to attract and keep more customers.</li> <li>■ <b>Products or service price:</b> Ask participants to think about setting different prices for the same product or service. Identify a specific price that attracts more customers and provide a reason why.</li> </ul>	20 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>At the end of the discussion, ensure that participants understand:</p> <ul style="list-style-type: none"> <li>■ That the importance of marketing is to increase sales, net income and profit.</li> <li>■ Strategies of marketing focus on four things: <ul style="list-style-type: none"> <li>● <b>The place of a business:</b> Make products as physically accessible as possible (e.g., short distance, home delivery)</li> <li>● <b>The quality and presentation of the product:</b> Deliver the best quality possible (e.g., fresh, clean, well-made, good packaging).</li> <li>● <b>The price of the product or service:</b> Ensure customers get a price they are ready to pay for the type of the product or service they are getting and, if necessary, explain to them in case of any difference (e.g., new/better products, changes in market conditions).</li> <li>● <b>The way they communicate with customers:</b> Make sure customers feel valued and appreciated all the time, ensure that customers receive honest and reliable information about existing or new products (e.g., free trial, advertisements).</li> </ul> </li> </ul>	15 min
	<p><b>APPLICATION</b></p> <p>If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a few moments for individual reflection.</p> <ul style="list-style-type: none"> <li>■ <b>Ask participants to think about the location of their business, the quality of the products they sell, how they communicate with customers, and how they set their prices to improve sales.</b></li> <li>■ For each element of the reflection, ask participants <b>to indicate whether they would change anything</b> (e.g., choose a different location, sell a different quality item, communicate differently with their customers, change their prices to improve sales).</li> <li>■ Ask participants to commit to at least one thing they will do to improve their business.</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <p>Participant is able to identify two or three potentially profitable marketing strategies to improve their sales.</p>	5 min



# Chapter 6: Financial Planning for a Business

## OBJECTIVES

### Part A: Define financial goals for a business

- Discuss examples of investment goals.
- Discuss characteristics of effective financial goals: specific, measurable, attainable, realistic, timely (i.e., SMART).

### Part B: Develop a financial plan

- Define the current budget (income and expenses).
- Discuss possible options to get money.

## TIME





1 hour and 50 minutes

Part A: 55 minutes | Part B: 55 minutes




Delivered in one session

## PREPARATION



**Note:** Review context, market and livelihoods assessment reports. Have a basic knowledge of the types of financial services on offer in the context, the conditions/requirements, and how to direct participants to get more information.

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 <b>Business financial planning</b>	 Making a business plan
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## PART A: DEFINE FINANCIAL GOALS

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should share how marketing strategies they apply <b>improve</b> their sales.</p>	10 min
	<p><b>ACTION</b></p> <p>Referring to their business and to previous chapters (market analysis, innovation, marketing, cash flow management), ask participants to identify a new investment goal that the business would like to achieve with the aim of improving sales. (e.g., buying equipment, hiring new staff, increasing their stock).</p> <p>Advise participants to refer back to their business's profit estimates (Chapter 3). The business's accumulated profit can provide resources to reach a financial goal, but it is also possible to seek other sources of funding.</p>	5 min
	<p><b>REFLECTION</b></p> <p>Ask participants:</p> <ul style="list-style-type: none"> <li>■ What they need to do (buy, rent, etc.).</li> <li>■ For a description of what they want to acquire (name, place of origin, price, quantity, brand or quality, etc.)</li> <li>■ How much money they will need to reach their investment goal.</li> <li>■ What they must do to get that amount of money (e.g., borrow, use savings from the business profit).</li> <li>■ How much time they are willing to wait to reach the identified investment goal.</li> <li>■ Referring to the time period that they identified, ask participants to think about realistic options for accumulating the necessary amount, a realistic timeframe and any other details (e.g., paying interest if bought on credit, paying in installments, renting equipment rather than buying it, etc.).</li> </ul> <p>Probe during plenary discussions:</p> <ul style="list-style-type: none"> <li>● Why they chose one specific item and not another? Check whether it is the most relevant and appropriate (financial capacity, meets a specific need, easy to use, etc.)</li> <li>● What they believe the investment goal will contribute to, compared to what they are currently doing.</li> </ul>	25 min







 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p><b>CONCLUSION</b></p> <p>Highlight the importance of defining an investment goal (financial goal) that is <b>SMART</b>:</p> <ul style="list-style-type: none"> <li>■ <b>Specific</b>: What is it exactly? i.e., type, brand, size of the equipment you would like to purchase</li> <li>■ <b>Measurable</b>: How many, how much does it cost? (put a figure on it)</li> <li>■ <b>Attainable</b>: Define exactly how they will achieve that investment goal (e.g., monthly savings).</li> <li>■ <b>Realistic/relevant</b>: Is it something that is necessary and serves a purpose in the business, is relevant and fits the skills and capacity of users?</li> <li>■ <b>Timely</b>: Is it possible to achieve it in the amount of time they plan to achieve it in? Make it clear that a personal/family goal (e.g., educate children, build a better house) is not a business investment goal.</li> </ul>	10 min
	<p><b>APPLICATION</b></p> <p>If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a few moments for individual reflection.</p> <ul style="list-style-type: none"> <li>■ Ask participants to repeat the exercise referring to their individual business.</li> <li>■ Ask participants to determine their individual business investment goal.</li> </ul> <p><b>LEARNING OUTCOME/COMPETENCY</b></p> <ul style="list-style-type: none"> <li>■ Participant has <i>defined</i> business-specific SMART financial goals.</li> <li>■ Participant has mapped a step-by-step process to meet those financial goals.</li> </ul>	5 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 <b>Business financial planning</b>	 Making a business plan
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## PART B: DEVELOP A FINANCIAL PLAN

	<p><b>FEEDBACK</b></p> <p>Before a new session is introduced, discuss the previous session's learning points. Ask participants to share their thoughts on their application of learning points from the previous session.</p> <p>They should share the investment goal they have identified for their business.</p>	10 min
	<p><b>ACTION</b></p> <p>Ask participants in groups to refer to Chapters 3 and 4 where they worked on their business costs and revenue, as well as the business cash flow. Ask them to estimate the revenue and expenses of their business for the next 12 months.</p>	5 min
	<p><b>REFLECTION</b></p> <p>Here we are identifying and preparing for times when we want to grow the business (in good times), or when we want to reduce the costs and save the business (in difficult times). We will be exploring ways to be ready for both cases and how to make the best of good times to be ready for the difficult times.</p> <p>Ask participants to identify:</p> <ul style="list-style-type: none"> <li>■ Months when sales might be more or less than usual.</li> <li>■ Months when the business might spend more or less on buying goods or services.</li> <li>■ Savings and when they can save, looking at the patterns of income and expenses.</li> <li>■ All additional expenses (staff expenses, loan repayment, etc.) that the business revenue is paying for.</li> <li>■ The cost of a specific investment goal (e.g., buying new equipment) as identified in Part A.</li> <li>■ An estimated amount that needs to be saved to reach a specific investment goal (identified in Part A).</li> <li>■ Locally feasible options to get additional funding when needed (e.g., community savings and loan groups (SILC), family lenders/traders, suppliers' loans).</li> <li>■ An estimated amount that needs to be borrowed to reach a specific investment goal (identified in Part A).</li> </ul>	25 min

 Entrepreneurship and business types	 Understanding the local market	 Managing business cash flow	 Tracking profit and loss	 Improving sales through innovation	 Business financial planning	 Making a business plan
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	<p>Probe during plenary discussions:</p> <ul style="list-style-type: none"> <li>■ Whether personal/family expenses have been considered in the budget.</li> <li>■ Whether participants are confident that the investment goal can be reached and, if it can't, what they have decided to do instead.</li> <li>■ Whether they thought about what to do when expenses exceed revenue in the business.</li> </ul>	
	<p><b>CONCLUSION</b></p> <p>The facilitator ensures participants understand that:</p> <ul style="list-style-type: none"> <li>■ Drafting a budget plan allows them to plan for large business expenses and helps them understand the real value of a business.</li> <li>■ When/if an investment goal is not paid by revenue from the existing business, the goal should be adjusted to a more realistic and attainable one (e.g., allow more time, increase savings, reduce the value of the investment goal, explore ways of getting external funding or a loan)</li> <li>■ Personal and family expenses should not be in the budget plan. If the business is the main source of income for the household, the business must pay the owner's salary to cover family expenses in the budget.</li> <li>■ The existing capital needs to be included in the 'revenue' categories.</li> <li>■ The money that is in the business as capital at the beginning is added to the sales obtained.</li> <li>■ At the end of each cycle (day, week, month), the balance is considered as the capital for the next cycle in the financial plan.</li> </ul>	10 min

### Example of projected expenses

Expense	Expenses by month												Total annual expenses
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	
<b>Business expenses</b>													
<b>Goods purchased</b>													
<b>Owner's salary</b>													
<b>Business facility rent</b>													
<b>Savings</b>													
<b>Investment goal</b>													
<b>Other expenses</b>													
<b>Total projected expenses</b>													



### Example of projected revenues

Month	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Annual total revenue
Starting capital													
Income from sales													
Total project revenue													

### Example of a financial plan for a business

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
Starting capital												
Projected expenses												
Projected income												
Balance												



### APPLICATION

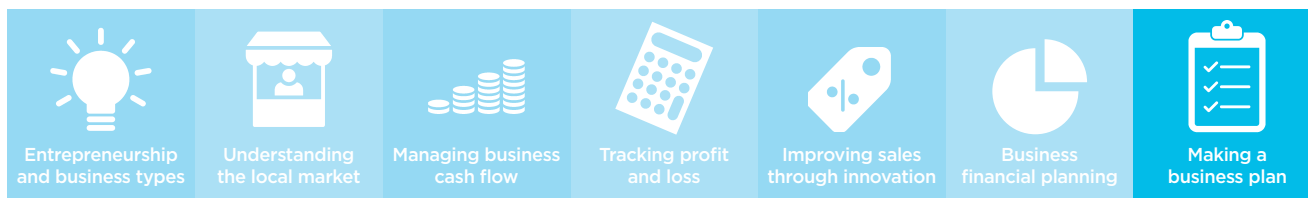
If participants must leave the training venue at the end of the session, this exercise can be done at home. If there is another session planned on the same day, give participants a few moments for individual reflection.

- Ask participants to repeat the exercise referring to their individual business and adjust their estimates based on the points discussed in the session.
- Ask participants to define their budget, considering their SMART financial goal and all other expenses that are not necessarily related to the business.

### LEARNING OUTCOME/COMPETENCY

- Participant can define current budget.
- Participant can discuss possible options to obtain money.

5 min



# Chapter 7: Developing a Business Plan

This chapter is conducted in the form of one-on-one meetings between the facilitator and each participant. During the meeting, the participant describes their business plan to the facilitator who then assesses their level of understanding of previous sessions. If the participant can prepare a written business plan, the facilitator will provide a template before the meeting. This session sums up the conclusion of reflections and exercises the participants were asked to do after each session. Where applicable, participants can come to the meeting with their business partners. The meeting takes between 20 and 30 minutes for each participant. It is advised that the facilitator plan accordingly with participants. There is no right or wrong answer to the questions. The facilitator will try to guide the participants through their answers when they appear not to understand a business principle

## Interview guide for a business plan description

Participants work in groups of three to five members, using their previous examples. They may choose to use their real-life businesses. The facilitator guides them to think about the details of a business plan using the set of questions below. Each group brainstorms briefly and shares the answers with all the participants.

After this session in groups, each individual is given the opportunity to talk about their own business plans in a one-on-one interview with the facilitator. They may plan for specific meetings as appropriate and feasible.

Information about the business:

### 1. Types of goods/services:

- Describe the key business activities you are running.
- Give an example of some of your goods or services.
- Is there anything different about your goods or services compared to what others offer?

### 2. Understanding the market (customers and price)

- Describe your customers: occupation, age, where they come from (use any relevant criteria to describe your customers).
- How many customers do you receive on average daily/weekly/monthly? (use the most relevant frequency).
- What is the unit price of your main products (top three products)? Do you use the same price for all categories of customers?



- How much do you receive in sales on average when the business has been good? (use any relevant frequency – daily, weekly, monthly, etc.)
- How much do you receive in sales on average when the business has been bad? (use any relevant frequency – daily, weekly, monthly, etc.)

### 3. Understanding the market (other sellers)

- Describe the people who are offering the same goods or services as you are in your area?
  - How many are there?
  - Are they selling at the same price? If not, what are their prices? Why are their prices different?
  - Are their goods or services different from yours? How?
- Are there any differences in prices or characteristics of goods or services they offer?
- What advantages do you have over other sellers to attract more customers?

### 4. Marketing strategy

- Do you sell at the same price as others? If your prices are different, what are the reasons?
- How do you attract new customers to your business?
- How do you keep your existing customers?

### 5. Income

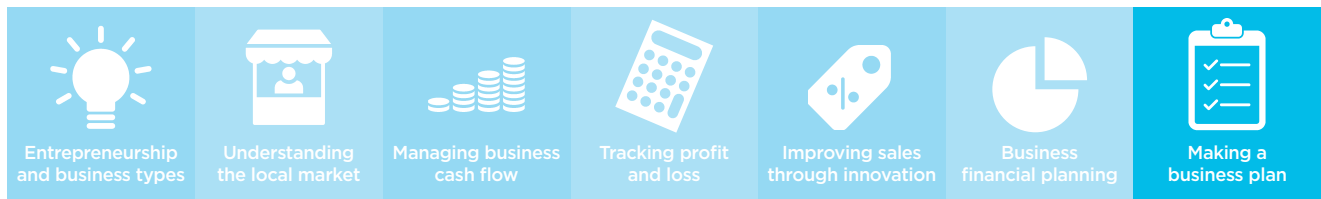
- Do you have other sources of income besides your business?
- How much do you make from each source of income? (use any relevant frequency – daily, weekly, monthly, seasonal).

### 6. Key expenses in the business

- List all expenses related to your business (use any relevant frequency – daily, weekly, monthly, seasonal).

### 7. Financial plan for the business

- Do you have a plan to get additional resources (e.g., equipment, personnel, larger land/shop, etc.) to improve your business? Describe what it is and how much it will cost.
- How will you find money to buy/acquire the necessary resources?
- How long will it take you to get the necessary amount of money?



## 8. Experience

- How long have you been doing this business?
- What inspired you to start this business?
- What was your initial capital?
- What is your capital now?

## 9. Risk analysis and mitigation

- What are the main risks to your business?
- How do you plan to mitigate them?

## LEARNING OUTCOME/COMPETENCY

- Participant is able to put a business plan together.
- Participant discusses individual ideas in the interview with facilitators.



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