SMALL BUSINESS MANAGEMENT SKILLS
A COMMUNITY BASED APPROACH

FACILITATOR’S GUIDE

Australian Government
AusAID
The development and consolidation of this tool was made possible by funding from AusAID through the funding Livestock Purchase Fund (LipFund) project.

The training package for Small Business Management Skills has been brought together as a result of business management skills training imparted to Pastoralist Production Groups (PPGs) in northern Kenya under the LipFund Project and diversification of livelihoods groups under the Enhanced Livelihoods in the Mandera Triangle (ELMT) project. These groups are spread in various districts in the Northern Kenya region which form the larger part of the ASAL regions in Kenya and whose livelihoods is greatly dependent on livestock.

These materials are based on ILO business training materials with adaptation to pastoralist communities in the northern Kenya.

We would like to acknowledge the LipFund and ELMT CARE Kenya staff who participated in one way or the other in the development of this manual, in particular the project manager of LipFund Anne Njuguna for giving the oversight and support and Paul Gachie for his technical support throughout the entire development of this tool.

Most importantly we would like to acknowledge the members of the PPGs spread in the different locations of Northern Kenya for their input during the training needs assessment at the initial stages and pre-test in developing this guide.
The development of this Small Business Management Skills (SBMS) facilitators’ guide was necessitated by the need to equip the pastoralist community with the basic business skills at their level. SBMS is meant for those already doing group or individual businesses and is also recommended for start ups.

The objective of this manual is to facilitate the participants to learn by doing. This is achieved through various activities that lead them to discover by themselves. The role of the facilitator is therefore to guide the class through the process of self learning.

The climax of the training is the business simulation. Simulation gives the participants an opportunity to exercise and apply the skills learnt in a business like situation. For maximum benefit, simulation is done twice during the training. This is meant to give participants a chance to improve and correct mistakes done during the first simulation.

The facilitators of SBMS are to be certified local trainers who are taken through Training of Facilitators (TOF) workshop by Care International in Kenya.

The main output of this training is for the participants to be able to come up with their own simple business plans which they can present to a financial institution.
TABLE OF CONTENTS

Facilitator’s brief ......................................................................................................... 2
Introduction of co-facilitators ................................................................................. 3
Welcome and introduction ...................................................................................... 4

Module 1: Introduction to business ............................................................... 5
Module 2: Business management ................................................................. 12
Module 3: Marketing ....................................................................................... 20
Module 4: Costing and pricing ...................................................................... 29
Module 5: Record keeping ............................................................................. 35
Module 6: Business planning .......................................................................... 49
Small business management skill facilitation program ..................................... 59
i) The Small Business Management Skill - Facilitator guide

CARE International in Kenya’s Small Business Management Skill (SBMS) facilitators manual is the official training document for micro enterprises. Training of facilitators is mandatory for effective delivery and maximum impact.

ii) Who should use SBMS Facilitators manual?

CARE International in Kenya’s Small Business Management Skill (SBMS) facilitators manual is to be used by certified facilitators by CIK or agents working on behalf of CIK only.

iii) How to be an effective facilitator using the SBMS, facilitators manual?

- Start and end sessions with good energy and enthusiasm.
- Be well prepared and organized – read all the materials well in advance of the training.
- Speak clearly, ensuring all the participants can see and hear you, use simple, easy-to-understand language.
- Be willing to listen to what the participants have to say and respect their views.
- Write clearly and legibly on the board.
- Encourage the participants to take an active part in the training by requesting them to read or write the session materials as often as possible
- Ask questions which start with words like ‘why’, ‘what’, ‘how’ in order to encourage discussion
- Make examples and activities relevant to their past experiences.
- When training, maintain eye contact with the participants.
- Use energizers to liven up participants when they look tired or dull.
- Follow up your participants’ progress after the training.
- Make learning FUN and smile at your participants. This way, you will have the full attention of the group.
- Move around as you talk, this keeps the attention of the participants on you.
- Check understanding by asking the participants questions on what you have been training.
- Always appreciate the participants’ contributions.
- Adhere to the training program
- Conclude the sessions by visualizing the subject covered
- Always appreciate the participants’ contributions
Hello, I am Madam Instructor. Welcome to the Small Business Management Skill Facilitators Guide. My work will be to guide your facilitation.

I am Mister Facilitator. Madam Instructor is my partner in Small Business Management Skill.

My work is to assist you in delivery of the sessions.

Together we make a strong team. Welcome.
- Ensure everything is set and participants are seated ready and on time to start the sessions.
- Greet and welcome the participants.
- Facilitate participants’ introductions (Be creative and introduce icebreaking activities)
- Setting of the training norms.
- Class gets volunteers or appoint workshop representatives.
- Level the participants’ expectations.
- Introduce the purpose of the training.
- Give the lesson objectives.
What is Business?

Specific training objectives:
By the end of this session trainees are able to:
- Appreciate the purpose of owning business
- Understand categories of business

Time needed: 2 hrs

Materials needed:
- Flip charts and pens
- Writing cards
- Illustration cards
- Masking tape

Note for the trainer:
Ensure that major learning points are discussed and visualized!

Learning points of this session are:
- Definition of business
- Profit
- Business categories
- Business activities
Introduction to business

(a) What is business?

Write the words “BUSINESS” and “BUSYNESS” on the flip chart.

- Ask participants to go into two groups. One group will describe the activities and outcome of person in “business” and the other the person in “busyness”. Ask each group to come up and present a role play for each character.
- Ask participants to give their comments from the role play and note the key findings on the flip chart.
- Give each group a copy of “the market place” illustration
- Ask them to find out from the illustration:
  - “How many businesses are in this market?”
  - “What kind of businesses are they?”
  - “How many customers are in this market?”
- Ask groups to have representatives to present their findings.
- Allow the group to discuss where they seem to differ.
Ask participants’ in their groups to list the businesses found in areas where they come from.

**NB:** One participant will be appointed to record the businesses in the writing cards. Ask them to write each business on its own card e.g.

### Amina’s Tailoring shop

**Examples of common businesses from participants**

Learning Points

Question to participants “from the group exercises and your personal understanding, what is the definition of BUSINESS activity?”

Give the class 2 minutes to discuss and come up with a common definition of BUSINESS.

**Summarize the session by EXPLAINING....**

**Business is...**

- An activity operated for the purpose of earning a Profit by providing a service or a product.
- It involves a businessperson putting money into the business activity.
Write the word PROFIT on the flip chart

- Ask participants what their understanding of the word profit is.

Profit is....

- The amount that remains after subtracting the cost of providing the service or product from what one gets after selling.
- When the production cost is higher than sales, the business makes a loss.
(b) Categories of businesses

Explain to the class;

Businesses can be categorized according to their activities as follows:

- **Manufacturing/Production** - Make or process raw materials into a finished product.
- **Service** - Provide labor that does not produce a tangible product.
- **Retail** - Selling goods to consumers in small quantities.
- **Agriculture** - Growing crops or rearing livestock for sale.

Show the illustrations of Manufacturing/production, Service, Retail and agriculture businesses.

- Write in bold letters the words “MANUFACTURING”, “SERVICE”, “RETAIL”, “AGRICULTURE” and fix them on different places.
- Ask participants;
- “Take the cards where you listed the businesses from your areas and stick them to their relevant business category”
- After all have posted their cards, request them to:
- “Check again to ensure each card is at the right place”

NB: Guide them when they get challenges deciding where some businesses belong.
(c) Business Activities

Explain;

**There are 3 things that are required in all the businesses:**

1. **Inputs.** These are the tangible things that are “put in” for the business to operate.

2. **Operational activities.** These are the various tasks or activities that must be carried out for the business to produce results.

3. **Marketing activities:** These are the tasks related to linking the business products to the consumers or customers.

Tell the class to take an example of a dressmaking business and identify its INPUT, OPERATIONAL and MARKETING activities.

**NB:** Facilitate participants to come up with the activities as you list them down on the flip chart as shown in the table below.
<table>
<thead>
<tr>
<th><strong>Inputs</strong> (Materials and tools required)</th>
<th><strong>Operational activities</strong> (Actions to be undertaken)</th>
<th><strong>Marketing activities</strong> (Reaching the customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabric</td>
<td>Sewing machine</td>
<td>Scissors</td>
</tr>
<tr>
<td>Measuring tape</td>
<td>Thread</td>
<td>Paper</td>
</tr>
<tr>
<td>Packing materials</td>
<td>Put buttons and seams</td>
<td>Cutting the fabric</td>
</tr>
<tr>
<td>Make designs and embroidery</td>
<td>Requires transport</td>
<td>Suiting customers</td>
</tr>
<tr>
<td>Designing and packaging</td>
<td>Gathering market information</td>
<td>Specification according to the customers demand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Getting competitors price</td>
</tr>
</tbody>
</table>

Facilitate formation of three groups (from your observation in the previous exercises ensure the groups are well balanced for good learning discussions).

Ask each group to pick their preferred business from the list below and to identify the INPUT, OPERATIONAL and MARKETING activities of the business selected.

- a) Second hand clothes
- b) Milk vendor
- c) Livestock trade

Give time for the group presentations and plenary discussions.

**Thank the groups and summarize**

**Key learning points**

- Business is an activity operated for the purpose of earning a profit by providing a service or a product
- Profit is the amount that remains after subtracting the cost of giving the service or product from what one gets after selling.
- Business can be grouped into Manufacturing/Production, Retail, Service and Agriculture
- Business activities include providing the inputs, operational and marketing activities.

**Application**

Make a list of your own business INPUTS, OPERATIONAL and MARKETING activities.
### What is Business Management?

**Specific training objectives:**
By the end of this session trainees are able to:
- Recognize the things required for business to operate
- Identify the challenges of business owners
- Appreciate qualities of successful business owners
- Know the importance of value addition

**Time needed:** 2 hrs

**Materials needed:**
- Flip charts and pens
- Writing cards
- Illustration Chart
- Three Copies of “Abdi Case Study”

**Note for the trainer:**
Ensure that major learning points are discussed and visualized!

**Learning points of this session are:**
- Business Relationship Web
- Personal qualities that help one succeed in business
- Value addition to the product /service
Business management

(a) What is business management

- Customer
- Supplier
- Worker
- Manager
- Family

Ask the class;

- “Give examples of what is involved in business management?”
- Give time for contributions and discussion on what is involved in the business management.’

Explain

- The main duty of the business owner is to ensure all business activities are done as required and profit is made.
- The process of running the business makes the business owner to relate with other people for different reasons.
- These people form the BUSINESS RELATIONSHIP WEB.
(b) Business Relationships Web

**Explain**

- Encourage them to give to ensure every category is represented.

- Ask each group to pick one character from the tailoring business relationship Web and discuss:
  1. Expectations of the character from the business owner.
  2. The pressures/challenges business owners face in dealing with each of the character in the business relationship web.

Each group will then make a short role play to demonstrate what goes on between the business owner and the character they picked.

Give each group a short time to present their role play and for the class to discuss and list what comes out.

Take them through the list of pressures/challenges of the businessman picked from the role plays and ask them to suggest the possible ways of managing them.

**Summarize the session by explaining**

For any business to succeed, good management practices are needed.

Business management involves planning and ensuring business activities and networks are running as expected.

For Example:

- Planning business activities
- Buying the right material at the best prices at the right time
- Meeting the customer’s need
- Controlling business transactions and ensuring there is money to meet business needs
- Keeping record of the business finances, stock and investments
- Ensuring the business is growing and making profit
(c) Qualities of a successful business man

Tell participants that out of every 10 businesses started only one (1) is said to survive beyond the first year/birthday.

Ask “are some people born with business qualities while others are born without?”.

Ask participant to answer with relevant examples. Allow few minutes for participant to give and discuss the question.

Read loudly and clearly a case of “Abdi Retail shop” below:

**ABDI RETAIL SHOP**

Abdi owns the biggest retail shop in town. He manages his business which has 5 employees. His employees like working for him because he is an organized man and he treats them well.

Abdi started his business with his savings earned from transporting livestock for traders to the market on foot. The business was tiresome but Abdi was happy to make some small amount of money that he saved. He sacrificed many things to start his business.

He started the business by leasing a premise and with very limited stock. His customers have now increased; they say he is friendly and treats them with respect. He is also hard working and disciplined. Abdi also stocks good quality products and ensures he has all the customers need all the time. He is also honest and gives fair prices to his customers.

“Ahmed, the previous shop owner was the very opposite of Abdi in everything, no wonder his business failed within 6 months” Says Isse, a customer who has lived in the town long enough.
Class discussion

- List the personal qualities that contribute to Abdi’s business success.
- List personal qualities that contributed to Ahmed business failure.

Personal qualities that enhance success in business could be learned while others are inborn. Business persons need the following qualities to succeed:

- Willingness to sacrifice time and money for the sake of the business
- Good people skills
- A good leader
- A good organizer
- Can make good judgments and decisions
- A good manager
- Has or is willing to gain experience
- Committed to succeed
Adding value refers to improvement of the product/service. A value added product/service aims at giving more satisfaction to the customers and therefore is willing to pay more for it. The purpose of value addition to the business is to earn more money while improving and increasing the customers satisfaction.

Adding value is very important step in any business since the goal is to make the product/service worth more to customer.

Show the participants the illustration “from grass to mat”

Ask them to discuss what is happening in the picture by posing the question: -

- “How much would you be willing to pay for the grass and why?”
- “How much would you be willing to pay for the mat and why?”

Ask groups to take a pen and paper and draw any item that is sold such as: - a dress, mat, chair, shirt, trouser etc.

Ask them to write on the back of their drawing how much they would pay for it.

Ask them to look at the picture keenly and think how they can add value to it. After adding the value, ask them to write the price they would pay for their value added item at the back.

Ask them to look at the value added item again and think of adding more value then put the price at the back. They should keep going until nothing more could be done to the item.

Ask them to take the original drawing and compare it to the last value added drawing. Ask “by how much did its value increase?”
Key learning points

- Business management involves managing the expectation of your business relationship web partners also referred to as business network.
- For successful business management one needs to adopt and improve on interpersonal qualities.
- Value addition makes the product/service more satisfying for the customers and more income to the business.

Application

Use the checklist below to assess your Personal Entrepreneurial Characteristics (PEC) by ticking the answer that most nearly expresses you. Be as honest as you can.

1. Are you a self-starter?
   (a) I do things my own. Nobody has to tell me to get going.
   (b) If someone gets me started, I keep going all right.
   (c) Easy does it. I don’t pull myself to too much trouble unless I really have to.

2. How do you feel about other people?
   (a) I like people. I can get along with just about anybody.
   (b) I have many friends; I don’t need anyone else.
   (c) Most people irritate me.

3. Can you lead others?
   (a) I can get most people to go along when I start something.
   (b) I can give the orders if someone tells me what we should do.
   (c) I let someone else get things moving.

Then I go along if I feel like it.

4. Can you take responsibility?
   (a) I like to take charge of things and see them through.
   (b) I’ll take over if I have to, but rather let someone else be responsible.
   (c) There’s always some over-achiever around waiting to show how smart he is. I usually let him.

5. How good an organizer are you?
   (a) I like to have a plan before I start. I am usually the one to get things organized when the group wants to do something.
   (b) I do all right unless things get too confused. Then I quit.
   (c) You get all set and then something comes along and presents too many problems. So I just take things as they come.
6. How good a worker are you? 
   (a) I can keep going as long as I need to. I don’t mind working hard for something I want.
   (b) I’ll work hard for a while, but when I’ve had enough, that’s it.
   (c) I can’t see that hard work gets you anywhere.

7. Can you make decisions?
   (a) I can make up my mind in a hurry if I have to. It usually turns out okay, too.
   (b) I can if I have plenty of time.
   (c) If I have to make up my mind fast, I think later I should have decided the other way.

8. Can people trust what you say?
   (a) You bet they can. I don’t say things I don’t mean.
   (b) I try to be straightforward most of the time, but sometimes I just say what is easiest.
   (c) Why bother if the other fellow doesn’t know the difference?

9. Can you stick with it?
   (a) If I make up my mind to do something, I don’t let anything stop me.
   (b) I usually finish what I start-if it goes well.
   (c) If it does not go well, I quit. Why beat my brains out?

10. How healthy are you?
    (a) I never feel tired or run down.
    (b) I have enough energy for most things I want to do.
    (c) I run out of energy sooner than most of my friends seem to.

SCORE-ANALYSIS
(a) is excellent
(b) is good
(c) Not good - Need improvement
### What is Marketing?

#### Specific training objectives:
By the end of this session trainees are able to:
- To get marketing information
- To solve business marketing problems

#### Time needed: 2 hrs

#### Materials needed:
- Flip charts and pens
- Writing cards
- Illustration Chart
- Marketing Mix game cards

#### Note for the trainer:
Ensure that major learning points are discussed and visualized!

Learning points of this session are:
- **Market information (4Cs)**
- **Marketing Mix (4Ps)**
Marketing

(a) What is market

Read the following sentences and ask participants what they understand by the term “market”

- “I am going to the market”
- “I need market for my honey”
- Give time for participants to contribute.

Summarise by explaining

Market is...

- The customer who NEEDS what you are selling.
- The CUSTOMER who is ABLE to buy what you are selling.
- The CUSTOMER who is WILLING to buy what you are selling.
b) Market Information

Ask one participant to come forward and stand near you. Tell him you need to know more about this training from him:

- How did you get to know about this training?
- How were you invited?
- Why did you choose to come?

Invite some participants to ask about 2 questions on the same line.

Ask the class “what would we call what we are getting from the answers to the questions? Information is the correct answer.

Ask the class

“Why is market information important to business people?

Put their answers on the flip charts

- A successful business is the one that seeks information in order to continue meeting the needs of its customers.

Ask the groups to do the Group exercises below

1. You have a plan to start a tailoring business in your local shopping centre. What market information do you need before you start? How and where will you get it?

2. You are a milk vendor and you want to expand your market in the next town. What market information will be useful to you? How and where will you get it?

3. You have been sent to the city by your livestock marketing group to find if you could get a good and reliable market. What market information do you need to help in making the decision? How and where will you get it?
(c) The 4Cs of Market research

- Commodity
- Customers
- Competition
- Cost

Write in bold these words on the flip chart:

- Customers
- Cost
- Commodity
- Competition

Ask the groups to classify their findings from the group excises according to the respective “C” of market information.

Conclude by explaining what each of the 4Cs stands for and the questions it answers.
Explaination of 4Cs of Market Information

1. **Customers** - Your target client
   - Who are they? What do they do? How many of them are there? Where are they located? What will they pay?

2. **Cost** - Your Costs
   - Operational costs, Administrative costs, Manufacturing costs, Selling Costs

3. **Commodity** - Your Products for the market
   - What are you offering? What is the gap in the market? What are the benefits of your commodity? Is there demand for it?

4. **Competition** - Other business targeting same market
   - Who are they? Where are they? What are their prices? How do they promote their product?
(d) Marketing

Ask participants what they think “Marketing” is.
List down their answers

Summarize their answers by explaining

Marketing is:
- Finding out what the customer wants
- Producing and selling the things that people want
- Letting people know about your products/services
- Selling your products in the right places
- Making your products/services unique and more attractive than of other similar businesses
- Setting the right price so that people will buy your products
(e) The 4Ps of marketing

Show illustration of the 4Ps
You have worked hard to start your business and you have just opened it.
Ask: “How are you going to get the customers for your new business?”
List the class answers on the flip chart

Explain
Marketing is the process used to get customers to buy your product/service.
The goal of marketing is to increase sales.
The considerations used in designing marketing plan are called ‘marketing mix’.
The marketing mix can be summarized as the fours P’s (4Ps)

- The PRODUCT itself (that is, its nature, design, brand-name, packaging),
- The PRICE at which it is to be sold,
- The PLACE at which it is sold,
- The PROMOTION (that is, the means and style of advertising and selling).
(f) Marketing Mix Game

Give the “marketing mix game cards” to participants. Post the posters of each of the 4Ps in different locations of the workshop room.

Give the rule of the game

The participants will read the cards or ask someone to read for them. The class will agree on what side of the 4Ps to fix the card.

Intervene when they disagree by explaining that some activities cut across the “P”s but they must decide where it falls more.

Marketing Mix Cards (4Ps card for the game)

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>PRICING</th>
<th>PLACEMENT</th>
<th>PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do customers want (What will appeal to them?)</td>
<td>Deciding what to make and what to sell</td>
<td>Finding good suppliers at a good price</td>
<td></td>
</tr>
<tr>
<td>Making packing and the finish more attractive</td>
<td>Finding out about other products</td>
<td>Improving the quality of your product</td>
<td></td>
</tr>
<tr>
<td>Your selling price compared to your costs</td>
<td>Competitor’s prices</td>
<td>Special prices to attract new customers</td>
<td></td>
</tr>
<tr>
<td>Knowing the local population and what they can pay Do they buy on quality or price?</td>
<td>Considering the profit margin on various prices</td>
<td>Quantity Discounts and seasonal prices</td>
<td></td>
</tr>
<tr>
<td>Deciding where to sell your products (popular market away from competition etc)</td>
<td>Transport (From place of production to place of sale)</td>
<td>Selling products through a middleman or wholesaler</td>
<td></td>
</tr>
<tr>
<td>What do customers want (What will appeal to them?)</td>
<td>Signs with information on your products</td>
<td>Signs advertising special offers</td>
<td></td>
</tr>
<tr>
<td>Things to persuade customers to visit</td>
<td>Free samples for introducing new products</td>
<td>The manners of the sales people</td>
<td></td>
</tr>
<tr>
<td>Advertising Signs, leaflets, letters, announcements</td>
<td>Demonstrating use of product</td>
<td>Creating a slogan about your business</td>
<td></td>
</tr>
</tbody>
</table>
Summarize with KLP

- Mark research on the 4Cs provides the businessman with information needed to continually meet the customers’ needs is necessary for the business
- Analysis of the 4 Ps helps the customer to address the marketing problems through Marketing Mix
i. What is Costing?

ii. What is Pricing?
Specific training objectives:
By the end of this session trainees are able to:
- Costing for product/services
- List considerations made while setting prices

Time needed: 2 hrs

Materials needed:
- Flip charts and pens
- Writing cards
- Illustration Chart
- Costing and Pricing exercise cards

Note for the trainer:
Ensure that major learning points are discussed and visualized!

Learning points of this session are:
- Direct and indirect costs
- Considerations in pricing
Costing and pricing

(a) Costing

Introduce the topics and the objectives to be achieved

“In this session we are going to see the different types of costs that a business must consider”.

Issue the group exercise cards and ask them to put their answers on the writing cards.

Group Exercise (issue the cards for writing the answers)

**Second hand skirts business**
A business lady gets second hand skirts from the city and sells them in her rural shopping centre.

- List the things she needs to consider when setting her price for a skirt

**Livestock trader**
A food processing company wants 30 cattle every month. You are asked to give your tender by indicating your price per cow.

- List things you will consider in determining the price to quote

**The Milk Vendor**
A vendor is buying a litre of milk at 10, what should be the vendors selling price per litre?

- List things the milk vendor must consider when setting the selling price for a litter of milk
b) Direct and Indirect costs

The cost of the product is all the costs related to the product/service.

The cost can be divided into two categories

**Direct Costs**

These are costs that are directly related to the products or services that business makes or sells. E.g.

- cost of buying the products or material involved in producing the product
- The money we pay people who work in making or selling the product
- Transport of the materials or product
- Consumable bills

**Indirect Costs**

These are all other costs for running the business, for example rent, license, security etc

Indirect costs are also known as overheads. Overhead cost is paid whether the business is producing or not

Ask participants to hold on their written cards as you explain the following

Buying cost 10/=  
Transport fee 100/=  
Selling price?
(c) How to calculate costing

Give participants the cards with more information and ask them to work out the costing.

**Second hand cloth business**

A business lady gets second hand skirts from the city and sells them in her rural shopping centre.

She buys a bale of 100 second hand skirts at 5000. This skirt takes one month to sell. She pays herself a monthly salary of 5000

She pays 150 to travel to the city and 250 back with a bale of skirts.

She sells from an open air market and pays 1200 for a one year license.

Work out her cost of a skirt.

<table>
<thead>
<tr>
<th>Direct Cost</th>
<th>Cost Item</th>
<th>Cost per Skirt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying Price</td>
<td>5000 for 100 skirts</td>
<td>50</td>
</tr>
<tr>
<td>Travel Cost</td>
<td>400 for 100 skirts</td>
<td>4</td>
</tr>
<tr>
<td>Indirect Cost</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>Open air License</td>
<td>1200 for one year (12 months)=100 per month for 100 skirts</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Cost for a skirt</strong></td>
<td><strong>Add all cost items/ skirt</strong></td>
<td>55</td>
</tr>
</tbody>
</table>
**The Milk Vendor**

- A milk vendor buys milk from the farmers for sale in town at 10 per litre. The vendor sells 100 litres milk to the customers every day.

- The vendor uses the services of the bicycle rider and pays 200 for milk collecting and delivering to the nearest bus stop. The vendor gets a bus from the stage to town and pays 150 for both milk and self. The vendor pays 200 to the young man who helps in the distribution of the milk to the customers every day. After selling, the vendor catches the bus back with the empty can and pays 50. The vendors take a pay of 500 per day.

**Other Indirect Cost:**

- Milk vendor’s license is 2400 for one year.
- What is the vendors cost of milk per litre?

<table>
<thead>
<tr>
<th>Direct Cost</th>
<th>Cost Items</th>
<th>Cost per litre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying Price from Farmers</td>
<td>10/ltr for 100 ltr = 1000</td>
<td>10</td>
</tr>
<tr>
<td>Bicycle rider service cost</td>
<td>200 for 100Ltr = 200</td>
<td>1</td>
</tr>
<tr>
<td>Transport to town</td>
<td>150 for vendor and 100lttrs = 150</td>
<td>1.5</td>
</tr>
<tr>
<td>Distribution cost</td>
<td>200 for 100 ltrs = 200</td>
<td>1</td>
</tr>
<tr>
<td>Transport back</td>
<td>Vendor and empty cans = 50</td>
<td>0.5</td>
</tr>
<tr>
<td>Vendors salary</td>
<td>Pay day = 500</td>
<td>5</td>
</tr>
<tr>
<td>Indirect Cost</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>License</td>
<td>2400 for one year (365 days) = 6.</td>
<td>0.07</td>
</tr>
<tr>
<td>Total cost per litre of milk</td>
<td>Add all the cost per items/litre</td>
<td>19.07</td>
</tr>
</tbody>
</table>

**Cattle Trader**

- A food processing company wants 30 cows every month.

- The average cost of standard cow goes for 10,000. Transporters charge 8,000 to ferry 15 to 30 cows to the food processing company. The cattle on transit are tested and vaccinated at 100 each before being issues with permit. The company pays in 30 days of delivery.

- How much will it cost to deliver one cow to the food processing company.
When setting a price for a product one needs to consider the following:

- The total product cost (direct and indirect)
- How much customers are willing to pay
- Competitors prices

Total costs + Profit = Price

(d) Pricing

Ask participants to discuss and agree on the prices from their costing exercises.

**Explain:**

<table>
<thead>
<tr>
<th>Direct Cost</th>
<th>Cost Item</th>
<th>Price /Cow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying price</td>
<td>10,000 for 30 cows=300,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Transport cost</td>
<td>8,000 for 30 cows=240,000</td>
<td>267</td>
</tr>
<tr>
<td>Vaccination</td>
<td>100 for 30 cows=3000</td>
<td>100</td>
</tr>
<tr>
<td>Total cost per cow</td>
<td>Add all the cost items</td>
<td>10,367</td>
</tr>
</tbody>
</table>

Price = Total costs + Profit

**Application**

Take the costing and pricing of your business.
What is record keeping for business?

Specific training objectives:
- By the end of this session trainees are able to:
  - Appreciate why small businesses need to keep records
  - Identify basic records every small business must have
  - Be able to keep business records

Time needed: 2 hrs

Materials needed:
- Flip charts and pens
- Writing cards
- Illustration Chart

Note for the trainer:
Ensure that major learning points are discussed and visualized!

Learning points of this session are:
- Importance of keeping records for the business
- Items for cash in and cash out in the business
- How to keep records for the small business
- Knowing if your business is making profits or loss
Record keeping

Ask:

"Why should business owner keep records?"

List the answers on the flip chart. Ensure they include the following:

1. To know what we have in the business
2. To know the amount we earn from selling our products or services
3. To know what we owe our creditors
4. To know how much we are owed by our debtors
5. To know when stocks are depleted so that we could order more
6. To be able to make accurate business decisions
7. To know how much cash money we have in the bank and at hand
8. To know whether we are making a loss or profit

Ensure the following are covered

Explain

Generally business transactions have two sides

The side that;

1. Bring cash in to the business
2. Take cash out of business
Ask participants to list things that bring cash into the business and things that take cash out of the business.

### Explain

<table>
<thead>
<tr>
<th>Items for Cash -In</th>
<th>Items for Cash -out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from:</td>
<td>Payment for:</td>
</tr>
<tr>
<td>Sales of product</td>
<td>Materials</td>
</tr>
<tr>
<td>Sales of services</td>
<td>Salaries</td>
</tr>
<tr>
<td>Training fee</td>
<td>Transport</td>
</tr>
<tr>
<td>Loan</td>
<td>Stationery</td>
</tr>
<tr>
<td>Owners capital</td>
<td>Electricity</td>
</tr>
<tr>
<td></td>
<td>Tools</td>
</tr>
<tr>
<td></td>
<td>Other payments</td>
</tr>
<tr>
<td></td>
<td>Drawings</td>
</tr>
</tbody>
</table>

### Keeping Business Record

Distribute copies to the group of Abdi Agrovet Shop flip charts and pens for the exercise.

Assign to each group the exercise to do.
Assign to each group the exercise to do

| Group 1: | Pick activities that brought in cash in the business but are to be paid later |
| Group 2: | Pick the activities that took money from the business c. Money borrowed from the bank d. Loan repayments e. Interest paid on the loan f. Cash withdrawn from the bank |
| Group 3: | Pick things that were; a. Sold but payments are to be made at a later day. b. Received by the business |

Give each group time to make their presentation and plenary discussion on the presentations. Facilitate to ensure the groups get the exercises right.

Facilitate a discussion on what tools are used to record the transaction picked by each group.

Introduce the primary records

1. Receipt

Is used to record cash received from selling products or services sold to the customers. A copy is retained by the business owner.
2. Voucher

Used when making a payment, the recipient signs and is filled by the business owner.

![Voucher Image]

3. Invoice

An invoice is a demand for payments for services rendered or goods sold.

![Invoice Image]

Ask participants to post the transaction from their group into the relevant primary record book. Ensure they got their transactions right.

Introduce the cashbook and guide the participants in filling it.
Abdirashid Ahmed operates an Agrovet shop. Below is the information concerning Abdi Vet in January 200X.

**Jan 1:** Balance brought forward from the month of December 200X was cash sh. 5,000 and in the bank sh. 10,000.

**Jan 1:** Abdirashid bought new stock of deworming drug for sh 2,000. He paid in cash, Voucher No. 1

**Jan 2:** He paid rent for the month of January sh. 2000 in cash Voucher No. 2

**Jan 3:** He did dehorning of 5 cattle for a customer Mr. Farah and charged sh. 3,000. The customer paid in cash. Receipt No. 1

**Jan 4:** A customer, Mr. Isse bought drug in cash sh. 15,000. Receipt No. 2.

**Jan 7:** Abdirashid paid advance to his sale staff Amina of sh. 3,000 in cash. Voucher No. 3

**Jan 8:** He sold injection to a customer sh.1,000, paid in cash. Receipt No. 3

**Jan 9:** He did tick spray to Mr. Yusuf’s cattle. He was paid sh. 20,000 in cash. Receipt No. 4

**Jan 10:** Mr. Abdirashid banked sh.10,000 from the cash box to his Xuddu Bank

**Jan 11:** He bought in cash some repair materials for the shop sh. 2,000. Voucher No. 4

**Jan 14:** He got a business loan from Amaad Kalkal of sh. 50,000 in cheque

**Jan 15:** Mr. Abdirashid withdraw from bank sh.30,000 for his personal use. Voucher No. 5

**Jan 16:** He withdraw from bank sh. 20,000 and bought stock of vet drugs. Voucher No. 6

**Jan 17:** He bought books for recording in his business at sh. 1,500 in cash. Voucher No. 7

**Jan 18:** He got a tender for vet drug from CAPE of sh. 30,000. He was paid in cheque. Receipt No. 5

**Jan 21:** He did wolving for a customer’s livestock on credit to be paid next month. He charged sh 5,000. Invoice No. 2

**Jan 22:** A customer Mr. Yazin paid his debt of last month of sh. 8,000, invoice No. 1. Receipt No. 6

**Jan 23:** He paid loan from Amaad Kalkaal in cheque sh. 5,000 Voucher No. 8 of which sh. 100 was for the service charge.

**Jan 25:** He assisted delivery to a customer’s cow for sh. 1,500 and got paid in cash. Receipt No. 7

**Jan 25:** Community Animal Health trainee paid him in cash sh. 10,000 for the course. Receipt No. 8

**Jan 28:** He paid his worker in cash sh. 8,000. Voucher No. 9

**Jan 30:** He took stock of drugs and other materials and found the stock value to be sh. 2,000.
Exercise I: Receipts

Jan 3:
He did dehorning of 5 cattle for a customer Mr. Farah and charged sh. 3,000. The customer paid in cash. Receipt No. 1

Jan 4:
A customer, Mr. Isse bought drug in cash sh. 15,000. Receipt No. 2.

Jan 8:
He sold injection needle to a customer sh. 1,000, paid in cash. Receipt No. 3
Jan 9:
He did tick spray to Mr. Yusuf’s cattle. He was paid sh. 20,000 in cash. Receipt No. 4

Jan 18:
He got a tender for vet drugs from CAPE of sh. 30,000. He was paid in cheque. Receipt No. 5

Jan 22:
A customer Mr. Yasin paid his debt of last month of sh. 8,000, invoice No. 1. Receipt No. 6
Jan 25:
He assisted delivery to a customer’s cow for sh. 1,500 and got paid in cash. Receipt No. 7

No. 7
Jan 25: Community Animal Health trainee paid him in cash sh. 10,000 for the course. Receipt No. 8
Exercise 2  Voucher

Jan 1:
Abdirashid bought new stock of de-worming drug for sh 2,000. He paid in cash, Voucher No. 1

Jan 2:
He paid rent for the month of January sh. 2000 in cash, Voucher No. 2

Jan 7:
Abdirashid paid advance to his sale staff Amina of sh. 3,000 in cash, Voucher No. 3
Jan 11:
He bought in cash some materials sh. 2,000. Voucher No. 4

Jan 15:
Mr. Abdirashid withdrew from bank sh. 30,000 for his personal use. Voucher No. 5

Jan 16:
He withdrew from bank sh. 20,000 and bought stock of vet drugs. Voucher No. 6
Jan 17:
He bought books for recording in his business at sh. 1,500 in cash. Voucher No. 7

Jan 23:
He paid loan from Amaad Kalkaal in cheque sh. 5,000 Voucher No. 8 of which sh. 100 was for the service charge.

Jan 28:
He paid his worker in cash sh. 8,000. Voucher No. 9
Exercise 3

Dec 23/200x.
A customer Mr. Yazin bought de-worming drugs on credit of sh. 8,000, invoice No. 1.

Jan 21:
He did hove trimming for a customer’s livestock on credit to be paid next month. He charged sh 5,000. Invoice No. 2
## Exercise 4

5 Cash and bank book

**ABDI VET SHOP**

Cash and Bank book as at 31/1/200X

<table>
<thead>
<tr>
<th>DATE</th>
<th>DETAILS</th>
<th>REF</th>
<th><strong>CASH</strong></th>
<th><strong>BANK</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>In</td>
<td>Out</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In</td>
<td>Out</td>
</tr>
<tr>
<td></td>
<td>Balance B/forward</td>
<td></td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>1</td>
<td>Drugs Stocks</td>
<td>Vcr # 1</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>2</td>
<td>Jan. rent</td>
<td>Vcr # 2</td>
<td>2,000</td>
<td>1,000</td>
</tr>
<tr>
<td>3</td>
<td>De-worming</td>
<td>Rct # 1</td>
<td>3,000</td>
<td>4,000</td>
</tr>
<tr>
<td>4</td>
<td>Drugs-Isse</td>
<td>Rct # 2</td>
<td>15,000</td>
<td>19,000</td>
</tr>
<tr>
<td>7</td>
<td>Advance - Amina</td>
<td>Vcr # 3</td>
<td>3,000</td>
<td>16,000</td>
</tr>
<tr>
<td>8</td>
<td>Injections</td>
<td>Rct # 3</td>
<td>1,000</td>
<td>17,000</td>
</tr>
<tr>
<td>9</td>
<td>Tick spray- Yusuf</td>
<td>Rct # 4</td>
<td>20,000</td>
<td>37,000</td>
</tr>
<tr>
<td>10</td>
<td>To Xuddu Bank</td>
<td>Vcr # 1</td>
<td>10,000</td>
<td>27,000</td>
</tr>
<tr>
<td>11</td>
<td>Repair Materials</td>
<td>Vcr # 4</td>
<td>2,000</td>
<td>25,000</td>
</tr>
<tr>
<td>14</td>
<td>Business Loan</td>
<td>A. Kalkal</td>
<td>25,000</td>
<td>50,000</td>
</tr>
<tr>
<td>15</td>
<td>Personal use</td>
<td>Vcr # 5</td>
<td>25,000</td>
<td>30,000</td>
</tr>
<tr>
<td>16</td>
<td>Vet Drugs stock</td>
<td>Vcr # 6</td>
<td>25,000</td>
<td>20,000</td>
</tr>
<tr>
<td>17</td>
<td>Records books</td>
<td>Vcr # 7</td>
<td>1,500</td>
<td>23,500</td>
</tr>
<tr>
<td>18</td>
<td>CAPE tender</td>
<td>Rct # 5</td>
<td>23,500</td>
<td>30,000</td>
</tr>
<tr>
<td>22</td>
<td>Yazin - debt</td>
<td>Rct # 6</td>
<td>8,000</td>
<td>31,500</td>
</tr>
<tr>
<td>23</td>
<td>Loan repayment</td>
<td>Vcr # 8</td>
<td>31,500</td>
<td>5,000</td>
</tr>
<tr>
<td>25</td>
<td>Cow Delivery</td>
<td>Rct # 7</td>
<td>1,500</td>
<td>33,000</td>
</tr>
<tr>
<td>25</td>
<td>CAH Trainee</td>
<td>Rct # 8</td>
<td>10,000</td>
<td>43,000</td>
</tr>
<tr>
<td>28</td>
<td>Salary</td>
<td>Vcr # 19</td>
<td>8,000</td>
<td>35,000</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
<td>35,000</td>
<td>45,000</td>
</tr>
</tbody>
</table>
What is Planning?

Specific training objectives:
- By the end of this session trainees are able to:
  - Appreciate the importance of Planning
  - Identify steps of successful planning
  - Prepare planning chart

Time needed: 2 hrs

Materials needed:
- Flip charts and pens
- Writing cards
- Illustration Chart

Note for the trainer:
Ensure that major learning points are discussed and visualized!

Learning points of this session are:
- What is included in business planning
- How to plan for business
Small Business Management Skills Facilitator’s Guide

Ask participants “what do you understand by the term planning”

**Summarize their answers explaining**

**Planning is;**
- What we want to do in the future
- What we have to do to achieve that
- The things we need to do it

**Explain that**

“The process of planning includes;

(a) **Goal** - this is what we want to do in future
(b) **Task** - this is what we need to do to reach our future
(c) **Resource** - this what we need in order to carry out a task
Group exercises

Group 1

Goal: Start a second hand skirt business
- What tasks must be done?
- What resources are needed?
- Who will be responsible?

Group 2

Goal: Open a new market for milk vendor business
- What tasks must be done?
- What resources are needed?
- Who will be responsible?

Group 3

Goal: Start a livestock traders business
- What tasks must be done?
- What resources are needed?
- Who will be responsible?

Introduce the Planning Chart and ask the group to record their plan in the chart

<table>
<thead>
<tr>
<th>GOAL:</th>
</tr>
</thead>
<tbody>
<tr>
<td>By when</td>
</tr>
<tr>
<td>Tasks</td>
</tr>
<tr>
<td>Resources needed</td>
</tr>
<tr>
<td>Person Responsible</td>
</tr>
</tbody>
</table>

» Application

Use the Format below to develop a business plan for your business
A simple business plan – a presentation format

BACKGROUND: To prepare your own business plan, answer the following questions as honestly as possible. If you find it difficult to answer any question immediately, it means that you have to look for more information regarding the business you intend to start or expand.

1.0 History and background of the business

NAME OF THE OWNER OF THE BUSINESS:

____________________________________________________________________________

1.1 The Name of the business shall be: __________________________________________

1.2 I will operate this business: (i) Alone [ ] (ii) Jointly with others [ ]

1.3 I will operate the business in _________________________ shopping/market centre or near ____________________ Market/School/Church/ Mosque.

1.4 My business will involve the sale / production/processing of the following items:

i. _______________________________________________________________________

ii. _______________________________________________________________________

1.5 My products are unique or different from those of my competitors because of the following reasons:-

i. _______________________________________________________________________

ii. _______________________________________________________________________

1.6 My objectives for the business for the first year are :-

i. To get about ________ customers who are currently buying from other business people

ii. To make a profit of Ksh.__________ Every month or week or day:* (Circle one)

iii. Other (Please specify) _______________________________________________________________________

2.0 Marketing plan

2.1 OVERALL, I EXPECT TO SELL MY PRODUCTS OR SERVICES TO THE FOLLOWING KIND OF CUSTOMERS:

i. ___________________________________________ approximate number __________

ii. ___________________________________________ approximate number __________

2.2 Each one of them buys about ________ times per* Month /Week/Day.

2.3 I have estimated sales for the different products or services per* Month//Week/Day to be as follows:-

<table>
<thead>
<tr>
<th>Goods or Services</th>
<th>Quantity (No.)</th>
<th>Selling Price per item</th>
<th>TOTAL (Kshs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL (Kshs.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.4 I expect to reach the following level of sales per month for the first one year

<table>
<thead>
<tr>
<th>Sales</th>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>Total (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL (Kshs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.5 My major competitors

Some of the important business people operating businesses similar to mine are:

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Competitor's strengths</th>
<th>How I will out-compete them</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.0 Production / operations plan

3.1 Production / operation process

The major steps or stages in the production or operations of my business are as outlined below:

<table>
<thead>
<tr>
<th>Step/stage</th>
<th>Critical / important things to be cautious about</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.2 Equipment, tools, and other fixed assets required

The equipment, tools, and other fixed assets required to operate the business are as listed below.

<table>
<thead>
<tr>
<th>Equipment / Tool</th>
<th>Quantity</th>
<th>Supplier</th>
<th>Buying Price Per Item (Kshs)</th>
<th>TOTAL (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL Kshs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.3 Critical risks and problems- [seasonal and other changes]

For example climatic changes, fire, legal etc. In the table below, I have completed the changes that could take place and affect my business adversely.

<table>
<thead>
<tr>
<th>Critical risk/problem</th>
<th>How they can affect my business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>▪ ____________________________</td>
</tr>
<tr>
<td></td>
<td>▪ ____________________________</td>
</tr>
<tr>
<td>2.</td>
<td>▪ ____________________________</td>
</tr>
<tr>
<td></td>
<td>▪ ____________________________</td>
</tr>
</tbody>
</table>

3.4 To ensure that these changes do not adversely affect my business or to reduce the possible effects, I will do the following:-

(i) _______________________________________________________________________

(ii) _______________________________________________________________________ 

3.4 Legal requirements [both government and local council]

Some of the laws require that businesses like mine do or not to do the following:-

(i) _______________________________________________________________________

(ii) _______________________________________________________________________ 

3.5 Monthly costs for buying materials for producing/providing the service.

<table>
<thead>
<tr>
<th>Material</th>
<th>Buying cost per item Kshs</th>
<th>Quantity (no.) Needed</th>
<th>Supplier</th>
<th>Total (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
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<tr>
<td>4</td>
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<tr>
<td>5</td>
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<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (KSHS)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.0 Management and organization plan

I will put efforts to have good management for my business.

In the following sections, I have indicated some of the important things that I have considered seriously and will put in place.

4.1 Employees who will be required, responsibilities and their skills.

<table>
<thead>
<tr>
<th>Employee (including the owner)</th>
<th>Responsibility</th>
<th>Total no.</th>
<th>Monthly salary</th>
<th>Total (ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Business owner (s)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2 Looking for employees [where applicable]

I will use the following methods to get employees:-

(i) ____________________________________________________

(ii) __________________________________________________

4.3 Motivating the employees [where applicable]

I will use the following methods to motivate my employees:-

(i) __________________________________________________

(ii) __________________________________________________
5.0 Financial plan

5.1 (a) Buying fixed Assets (refer to Section 3.2) = Kshs.__________________________

(b) Pre-operational Costs [These are costs which will be incurred before starting the business]

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (a+b) (Kshs)</strong></td>
<td>****</td>
</tr>
</tbody>
</table>

(c) Costs of Running the business for at least one month.

I have determined that the total costs of running my business for one month will be as follows:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Total kshs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchase of goods for sale or materials for production or service provision [See Sec. 3.5]</td>
<td></td>
</tr>
<tr>
<td>2. My own salary [See Section 4.1]</td>
<td></td>
</tr>
<tr>
<td>3. Salary for employees [See Section 4.1]</td>
<td></td>
</tr>
<tr>
<td>4. Motivating the employees [See Section 4.3]</td>
<td></td>
</tr>
<tr>
<td>5. Security</td>
<td></td>
</tr>
<tr>
<td>6. Transport</td>
<td></td>
</tr>
<tr>
<td>7. Rent - for business premises</td>
<td></td>
</tr>
<tr>
<td>8. Electricity/ Fuel / Firewood</td>
<td></td>
</tr>
<tr>
<td>9. Business promotion</td>
<td></td>
</tr>
<tr>
<td>10. Savings</td>
<td></td>
</tr>
<tr>
<td>11. Loan Repayment (where applicable)</td>
<td></td>
</tr>
<tr>
<td>12. Any other</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (Kshs)</strong></td>
<td>****</td>
</tr>
</tbody>
</table>
5.2 Total money required to start the business

As per the costs I have identified above (5.1), the total money required to start the business is:

5.1 (a) Ksh._________ + 5.1 (b) Ksh.______ + 5.1 (c) Ksh.______ = Ksh_______

5.3 I will get that money from the following sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Total (ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 From my own pocket</td>
<td></td>
</tr>
<tr>
<td>2 From my parents/guardians/spouse</td>
<td></td>
</tr>
<tr>
<td>3 Loan from: KWFT</td>
<td></td>
</tr>
<tr>
<td>4 Any other source</td>
<td></td>
</tr>
<tr>
<td>TOTAL (Kshs.)</td>
<td></td>
</tr>
</tbody>
</table>

5.4 Projected cash flow “in” and “out” flows (i.e. Income and expenditure)

<table>
<thead>
<tr>
<th>In (Cash receipt)</th>
<th>Month</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total (ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Balance from last month</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 My own pocket/ investment</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Loan from ………</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Cash sales</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Collection from debtors</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Others</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL (Ksh)</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out (expenditure)</td>
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<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance c/f: [(a) - (b)]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Introduction

1. Roles of the facilitator

- The Facilitator is responsible for:
  - Preparing materials and yourself for the training session – including providing relevant handouts to participants
  - Room Set up
  - Play the Business Simulation Game
    - Introduce the Game
      1. Read the background Story
      2. Explain what happens each ‘day’
    - Facilitating the Business Game
    - Leading the discussion bring out key learning points

2. Give the Background

In a business it is essential to allocate income wisely. Very often business people spend their profits and working capital on things that seem urgent and necessary without planning ahead. This is a very short-sighted view when running a business. The result of this is often that the business dies.

The three main areas in which one can invest one’s money are: Business, personal Expenses or Savings. Following are three caricatures that highlight the impact of following just one of these income allocation options to excess:

- **Kaltuma Keydisooy** saves all she can. Result: She quickly runs out of working capital and has no money to buy ore raw materials. She has lots of money but not money to grow in her business
- **Tajir Tawane** reinvests all his profits back into the business. Result: his business grows well but he has no money in reserve for when the unexpected happens or for his own personal expenses.
- **Hunguri Hurri** spends all his money on himself. Result: he has no money for the business. He cannot buy more stock or raw materials and his business dies a quick death.
- **A bwaana Amina** is the model business person that makes good business decisions.

Business Simulation -Introduction to Business with Life Cards

Roles of the facilitator – variations in the business simulation game

(a) Leading the Debrief

After facilitating the simulation and discussion, facilitate a more detailed “debrief” discussion of key learning points (KLP) outlined below. Begin with the KLP and the two questions: “why is this skill important” and “how can it be done effectively” and allow them to respond to these questions. Suggested responses are included below.

Do not give participants the answer; your role is to guide them through this activity, ensuring that they come up with the suggested responses.
(b) Allocating Income Between Business, Personal Expenses and Savings (BES)

Why is this skill important?

Crucial to finding balances between BES that will allow:

- B: to make investments to have enough investment that it can grow
- E: to ensure you have enough funds for personal expenses to support the livelihood (food, goods, education etc) of yourself and your family.
- S: to maintain sufficient savings to cover unforeseen expenses, for both your family and your business.

How to allocate income effectively?

- B: Invest as much as you can in your business, making good business decisions and practices that we are discussing in other parts of the course! So that you can maximize your income and strengthen your business.
- E: Prioritize necessities. Wait to purchase non-essential items until you can safely afford it.
- S: Ensure that you have adequate savings in a safe place, such as a trustworthy financial institution, that you can pay for common unexpected events.

Test the amount of your savings; do you have enough set aside if you do not receive any revenue from your business for 2 weeks? 4 weeks? What is a reasonable amount to save?

Roles of the Facilitator – Tips for Facilitating the Simulation

NB: You may adjust the rest day to suit your scenario e.g. Muslim day of worship is Friday and you may consider starting the business on Saturday so that the last day will fall on Friday

<table>
<thead>
<tr>
<th>Monday (buying)</th>
<th>Role-playing is very important. You should take on the role of Husein. Greetings such as “welcome to Husein’s store. What would you like to buy from me today?” will assist this process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participants should be asked to calculate the total amount owed to Husein and should check their change themselves. As long as you as Husein are not losing out on money, do not tell participants if they make mistakes. These mistakes and their relevance to the real world make excellent discussion questions afterwards.</td>
</tr>
</tbody>
</table>
| Tuesday (making /life) | Life cards should be selectively chosen without participants realizing (e.g. make sure that a group which did not buy food last week receives the appropriate penalty card for this and make sure each group receives a different card.)

- Get the groups to stand up and read the card out aloud to all participants so that everyone can be exposed to the learning point.

**New Information (life Cards) - week 3 or 4**
- Remind teams that as in “real-life” they must face “unforeseen circumstances” and must deal with them immediately.
- Manipulate life cards selection so as to emphasize different learning point. |
| Wednesday (selling) | If the participants market their goods to you well and try and ask Husein to pay more per unit, reward the group by paying slightly more for the whole sale (max 100).

- Greetings and role-playing should also be used here.
- Participants should calculate themselves what change they require and should count their own change to verify if it is correct.

**New information**
- Ask teams if anyone wants to sell products to the new store on credit. Owner “promises” to pay the next day |
| Thursday (collect/repay debts) | Participants should keep a record of their own debts/collection. You should also keep a note and remind participants when they owe you money. Do not remind participants when they are owed – this is their responsibility (in real life, how often does someone remind you that they owe you money?)

**New information**
- Ask teams what are some of the outcomes that can occur when selling on credit. Pull out the “will They pay Wheel” and have one person from each team which sold on credit spin the wheel to see, if, how much, and when they will be paid. |
### Friday (income allocation)

Participants should attempt to work through the planning process for the whole month on the first Friday as this allows them to come to terms with the various components of the simulation. If they struggle in doing this give them some assistance but then start playing, as they will understand as soon as they have completed the first week.

**Introduce new information in week 3 or 4 – Credit sales**

- Share with the teams that a new store has opened up down the street from Hussein’s ’s and will buy products on credit for the price is 1000 more from Hussein’s. The new store owner “promises” to pay for the goods the following day, on Thursday.
- Remind teams that when allocating their resources, they should prepare for “unforeseen circumstances.”

### Saturday (Personal spending)

- If participants wish to purchase an item that is out of stock and ask you if it is available, let them know that it is not available and you only re-stock once a month

### Sunday (rest)

- Tip: Get participants to keep quiet for 20 seconds so that you can regain yourself for next week and can exercise control if things are getting out of hand.
- Participants could be invited to use the bank at this stage.
Leading the Debrief

After facilitating the simulation and discussion, facilitate a more detailed “debrief” discussion of key learning points (KLP) outlined below. Begin with the KLP and the two questions: “why is this skill important” and “how can it be done effectively” and allow them to respond to these questions. Suggested responses are included below.

Do not give participants the answers; your role is to guide them through this activity, ensuring that they come up with the suggested responses.

Managing Risk

Why is this skill important?
- To ensure that your business takes beneficial risks

How to manage risk?
- Assesses what risk your business can handle: will the business be able to continue and meet its obligations if a risk turns out badly?
- Assesses the necessity of taking the risk: what value does taking this bring to your company compared to what you might lose? What other options do you have?
- Minimize risk
  - What can you learn about how dependable the people are who you will be putting your trust?
  - What do you know about these people from past experience? What experience have others had?

Negotiation skills

Why is this skill important?
- To achieve the best Business arrangement
- Ensure clear understanding of the agreement terms

How to negotiate effectively
Before negotiating:
- Plan what you wish to achieve
- Determine the maximum and the minimum that you are willing to accept
- Have your facts and points of view ready to present
- Consider what the priorities of the other person are

During the negotiating
- Listen carefully to what the other person’s needs and desires are
- Be clear on the what you want and why
- Stay positive
- Summarize outcome so to ensure that everyone has the same understanding

Effective Team Work

Why is this skill important?
- To ensure that you have the maximum benefits from all people
How to ensure effective team work

- Recognize people’s strengths and preferences
- Allocate tasks
- Provide people ownership and accountability over their work

- Have regular and open communication
- Talk about problems as soon as they arrive
- Consider if you wish to have an appointed leader or manager
- Business Simulation, key learning points that can be brought out are:

<table>
<thead>
<tr>
<th>Supply and Demand</th>
<th>Determining Selling Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Production &amp; Purchasing</td>
<td>Building Relationships with Business Partners</td>
</tr>
<tr>
<td>Importance of growing a business</td>
<td>Selling on Credit</td>
</tr>
<tr>
<td>Defining Deals in terms of Quantity, Quality, Delivery Date and Price</td>
<td>Relating lessons to real life situations</td>
</tr>
<tr>
<td>Negotiations</td>
<td>Adding value to raw material</td>
</tr>
<tr>
<td>Keeping Records for Financial planning and Keeping Track of Credit Sales</td>
<td>Keeping basic records and why they are important</td>
</tr>
<tr>
<td>Income allocation</td>
<td>Repaying loan with interest</td>
</tr>
<tr>
<td>Business cycle process</td>
<td>Planning for loan repayment</td>
</tr>
<tr>
<td>Importance of growing a business</td>
<td>Negotiation</td>
</tr>
<tr>
<td>Not spending more than you can afford on personal expenses</td>
<td>Working as a team</td>
</tr>
<tr>
<td>Saving for unforeseen circumstances/ expenses</td>
<td>Maximizing strengths of each person on a team</td>
</tr>
<tr>
<td>Importance of maintaining a positive cash flow</td>
<td>Relating lessons to real life situations</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
</tbody>
</table>
## Small business management facilitation program

<table>
<thead>
<tr>
<th>Time/day</th>
<th>Day one</th>
<th>Day two</th>
<th>Day three</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Session 1 - module 1</strong></td>
<td><strong>Session 4 module 3</strong></td>
<td><strong>Session 7 - module 5</strong></td>
</tr>
<tr>
<td></td>
<td>⊘ Opening of workshop</td>
<td>⊘ Marketing</td>
<td>⊘ Recap of day 1</td>
</tr>
<tr>
<td></td>
<td>⊘ Introductions, levelling of expectations and sharing workshop objectives.</td>
<td>⊘ Market information / marketing</td>
<td>⊘ Business planning</td>
</tr>
<tr>
<td></td>
<td>⊘ Introduction to business</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(what is business?, Categories of business, business activities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.00 am to 10.30 am</td>
<td><strong>Session 2 - module 2</strong></td>
<td><strong>Session 5 - costing and pricing</strong></td>
<td><strong>Session 8</strong></td>
</tr>
<tr>
<td></td>
<td>⊘ Small business management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(What does business management involve, pressures of a business person, adding value, qualities for a successful business manager)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.30 – 11.00 am</td>
<td><strong>Session 3</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.00 am to 1.00 pm</td>
<td><strong>Session 6 - module 5</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⊘ Business simulation 1</td>
<td>⊘ Record keeping</td>
<td>⊘ Business simulation debriefing and workshop evaluation</td>
</tr>
<tr>
<td>1.00 – 2.00 pm</td>
<td><strong>Session 7</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.00 pm – 4 pm</td>
<td><strong>Session 8</strong></td>
<td></td>
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</tbody>
</table>