

Rural Women, Micro-Enterprises and Credit

How to prepare for a successful business



A Self-learning Guide



Inter-American Development
Bank

JAN KARREMANS
ANNE ROBERT

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San Jose, Costa Rica

2009



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Foreword

A methodology is a path of learning that teaches us to use our talents and discover our abilities, and that helps to make our dreams come true. The training methodology presented in this guide is designed to support the development of new small rural enterprises or those striving to become stronger.

Each new rural enterprise has an inherent potential: that of the people who have come together to achieve their goal. The trust shared among those who build an enterprise is a capital with potential for growth. Many life-improving opportunities may spring from trust and cooperation.

At the same time, each group acts within a community, a town, an area, a territory with its own history and daily concerns. Nature, businesses, institutions, traditions, indigenous cultures, friendship with neighboring communities, the work carried out by every person, whether man or woman, young or old... All of these relations are the wealth of each community or town.

In order to grow and become strong in the present and the future, there has to be a bridge between the enterprises' riches and those of the surrounding community.

A community is strengthened by the contributions businesses make to its families' well-being. Any enterprise, finds more opportunities to learn, negotiate, and open further markets, if it thinks about its relations with other firms, community institutions and neighboring places. That is the social function of enterprises.

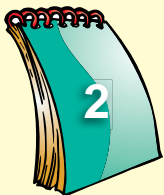
In this manner the rural area is benefited, the economy is energized, there is more well-being among rural families, rural entrepreneurs gain respect, and nature is taken care of. The whole country grows and integration increases.

More often than not, people living in rural areas have limited time to attend training workshops, to travel, and leave the family and their daily occupations.

Through this methodology, rural entrepreneurs will be able to:

- Learn in the place they live and strive for their business to succeed.
- Take better advantage of visits from officials/ staffmembers from government institutions and other supporting organizations.

Melania Portilla
Department of Sustainable Rural Development
IICA, Headquarters
San Jose, Costa Rica



Introduction for the development agents who will facilitate the study sessions with this guide

Rural women must face many obstacles in order to take full advantage of development processes. One of the leading hindrances is the fact that they have not had the same access as men to training and funding opportunities offered by both public and private projects and programs. Training activities are usually geared to the “head” of the household, the male farmer. Oftentimes, women are seen as an economically inactive population.

The same happens with credit programs. Women find it very hard to access credit. Some factors affecting this situation are, for example, the requirement for real collateral (property title), the need to know how to formulate a plan or a financing proposal, and the lack of credit lines that respond to the needs of women aspiring to be successful micro-entrepreneurs. Another factor is that women are usually more cautious and insecure regarding the risk that credit entails.

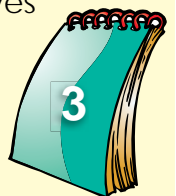
Microfinancing institutions, on the other hand, have experienced the low profitability (financial and pedagogical) of traditional training processes, even when carried out with organized groups. Funds destined to be borrowed normally do not allow for training expenses.

There remains only the option of limiting or closing training programs. In both cases, results are disappointing, because most women in rural areas require new and adequate knowledge on a variety of credit-related subjects.

This guide has been designed with the aim of offering flexible, high-quality and inexpensive training. We propose to achieve that by presenting the issues in such a way that organized women themselves can be their own facilitators in the training process. Thus, they learn to take their development into their own hands, strengthening their self-esteem and negotiating capacity vis-à-vis institutions involved in rural development. We call this approach “self learning.”

This guide does not claim to cover each issue in detail; rather, it was conceived for women in Latin America and Caribbean rural areas who need, foremost, to acquire a global understanding of what is required to become a successful micro-entrepreneur.

Before we provide them with a deep and complete training on each and every one of the many issues they will face in the future, it is indispensable to ensure, that they understand all basic aspects of the relevant themes. Once they are finished with the guide, they may prioritize the more pressing subjects for their group or enterprise, and identify where to go, and how to prepare and ask for support, whether through credit or training and technical assistance. In this sense, the guide strives to strengthen both the demand for and supply of training courses.



The decision to stimulate self-learning by incorporating a wide range of subjects has been instrumental to the design, style and content of this training guide. It is not a module within a series of modules, each with its own specialized subject. This guide is presented as the first step towards a basic, managerial understanding of what it means to propose, initiate and manage a self-owned firm. In this sense, it is the lost link between an initial state of inadequate preparation and one where the more consolidated entrepreneur needs further specialization.

Features of this guide

- This is a **self-learning** guide. After an initial one-or two-days workshop, participating women's groups may be left to work with the material on their own. During this first workshop, they learn how to work with the guide, its style and approach are explained, and training-sessions are carried out where the group learns to facilitate its own study sessions. Thereafter, each group of producers decides to form a study group, according to the rhythm and intensity with which they can or wish to work with the material.
- The guide encourages democratic leadership. During the different work sessions, each participant will have the opportunity of executing the various functions of a trainer. That is why we speak of community facilitators. Beyond training sessions, it is also a way of stimulating personal growth, as well as full participation in the activities and decision-making of the enterprise they share.
- In other words, the guide encourages the training of community facilitators who, gathered in study groups, will be better equipped to define among themselves the future of their own development.
- The guide is aimed at a varied audience. Thanks to its style, it is useful for both people with limited training and formal education, and those with more training and experience. To achieve the above, different levels of information are adopted at the same time. That is, contents on a given aspect are presented in various manners -concrete, abstract, narrative, visual, logical or emotional. Thus, both those who are better trained and those who find it more difficult to understand the concepts will find an explanation adapted to their level. This is why visual support (drawings, colors and page design) is not solely an attractive illustration; it constitutes an integral element of the pedagogical proposal.
- The guide increases self-esteem, because it allows learning through a person's own effort, with minimal interference from the outside, and it stimulates self-management of the learning process. On the other hand, the guide enables analysis of the participants' societal roles as mothers and producers. We believe these factors lead to higher levels of confidence in their capacities and abilities as women and as entrepreneurs. The guide provides the instruments to make them feel more secure.

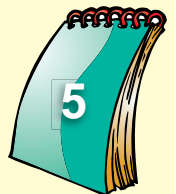


- The guide stimulates women's negotiating capacity. The instruments are geared to help readers get better acquainted with as well as analyze their own situation, formulate questions, and present applications and demands in those instances that may help them in the process of strengthening their micro businesses. In particular, the guide will allow women's groups to better manage their production projects with financing institutions.
- The guide enhances capacity to think as managers about their enterprise by asking questions such as: How is our business doing? What do we know? How can we improve the situation? How can we assess its "health"? What are our revenues? How many people can we count on and what must each one of us do? What other resources do we have? Which resources do we need to make our business plan succeed?
- The guide approaches issues from an integral point of view, while allowing the trainees to begin with their preferred aspects. Issues intertwine as they do in real life, and they refer to each other in the various chapters. The cartoon strip heroines grow as entrepreneurs, gradually learning alongside the readers, who may identify with them, as if laying the bricks of a building. The guide enables the group to choose which subjects and chapters to delve into first. There is no linear sequence forcing the reader to begin at the first page and end at the last one.
- The guide stimulates to contextualize business decisions: in the context of family, community and,

in particular, in the regional context, where most of the business clients are located. At the same time, it is the regional context where public and private bodies are found that may help the micro-entrepreneur strengthen her abilities and find the financing required to start or expand her "dream".

For which groups has this guide been designed? Although many people may find it useful, it was especially made for:

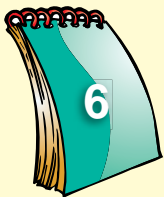
- **Rural Women** who are organized in groups and manage a microenterprise individually or in a group, and who are aspiring to render their productive activities more successful. On the other hand, female urban micro-entrepreneurs who helped test this training guide expressed the opinion, without having an established business yet, may also use this guide, that this material is also highly interesting and useful for them.
- The guide has been designed to be of use to all **micro-entrepreneurs**, who do not yet have an established business, but who may also use this guide. They will find many exercises that will help them define what they want or should produce, by assessing their own capacities and getting acquainted with market possibilities.
- **Men may also profit from this guide**, although the text is mainly aimed at women. They are cordially invited to make use of this training material.



- The guide has been designed to be of use in Latin America and in Caribbean countries. On the one hand, this renders it more valuable, but on the other, it calls for a level of generalization that does not allow for localized examples, such as a currency women may recognize as their own. For the same reason, it does not describe legal and procedural aspects. However, among rural entrepreneurial women, the similarities are much more common than the differences, especially as seen from the strategic approach of this proposal.
- The guide has been revised and approved by rural women's groups, rural extension agents and trainers from programs and projects promoting rural development, and other experts in Nicaragua, Costa Rica and Ecuador. The methodology requires a high degree of identification with the contents.
- Finally, our approach is aimed at organized women's groups because rural women living in poverty face three strong limitations to developing as entrepreneurs:
 - a) little time left for the micro-enterprise once traditional household chores are completed;
 - b) frequent rejection and mistrust from their partners and the community, who oftentimes ridicule their entrepreneurial efforts; and

c) varying degrees of illiteracy. Under these circumstances, it is easier for rural women to start a business among several of them, because few of them can dedicate themselves full-time to it. Likewise, participation in training sessions, especially outside the community, may be impaired due to gender issues, sometimes causing tensions within the family. This guide suggests a methodology that proposes studying at a time and in a place that are convenient for women. Women in the group who have better possibilities of traveling to a training session may later pass on their knowledge to the rest of the group which, in turn, may study the subjects in the guide. Those who have trouble reading and writing may follow the visual aspects of the guide with help from those who can read, of course. Group work favors its more disadvantaged members. For all the previously cited reasons, we believe that by solving the difficulties many women face in participating in training activities, this guide promotes the democratization of knowledge.

This handbook aims to help to reduce gender asymmetries. It gives women tools for improving and enhancing access to production assets. At the same time, it frames entrepreneurial management within power relations that go across family and community contexts.



Why publish a manual that pays so much attention to visual aspects, such as design, illustrations and colors?

In our experience, an investment in high-quality materials compensates for additional costs. Visual elements and colors stimulate perception and motivate the reader to use the material, significantly increasing the time and attention she dedicates to it. Likewise, by being an integral part of the pedagogical proposal, they strengthen and enrich both the reading experience and the comprehension of the message. They result in a higher appreciation of the learning process and the knowledge imparted to the participants. In addition, contact with a high-quality material prepared especially for them enhances the self-esteem of rural women, indispensable for success.

In short, the material promotes the development of an autonomous learning process. Therefore, its educational component and design should be inviting, facilitate reading and promote self-management in the studying process. It is the instrument that helps turn untrained people into facilitators of their own self-learning process.

Two practical matters

1. The guide allows a group of women to work without intervention from external facilitators. However, a program or project may decide to promote its use, inviting groups to a workshop where the material is presented, and practice with its pedagogical style. In such a workshop, two subjects should be broached: In the morning, the facilitator guide is analyzed and practiced with; in the afternoon, any subject from the guide that interests the group is chosen to practice how to facilitate a study session.

If time allows, several exercises can be carried out with the guide in order to practice democratic leadership, following the steps suggested in the manual.

2. Later on, technicians and promoters may reach an agreement with the groups to make possible follow-up visits, thus further supporting the training and implementation process. To this end, if the entities' resources so allow, a follow-up plan may be devised along with the groups.

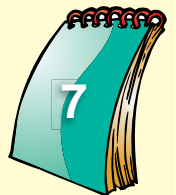
In the following pages, you will find first a chapter on the utilization of this guide aimed at those who wish to participate in the training program at any given level. It is designed with the same methodology as the rest of the material in order to facilitate access to it.

Finally, we the authors wish to express our sincere gratitude for all the support we received during the preparation and validation of this training material. Organizations of rural women producers in Central America and the Andean Region, governmental institutions, NGO's, banks, development projects, professionals and experts from IICA and IDB have all been generous, sharing with us their ideas, comments and educational materials, thereby ensuring the success of this proposal.

At the same time, we hope that the translation of the handbook into English as well as its adaptation to the Caribbean context, will open a new stage that will allow us to improve it and innovate.

It is a proven fact that learning is linked to enjoyment. Therefore, as a conclusion, we invite you to discover this handbook with the same pleasure we felt when we were preparing it.

Jan Karremans and Anne Robert



Green Valley Women
Cottage Association
They produce chili sauce.

Sharda

Theodore

Patricia

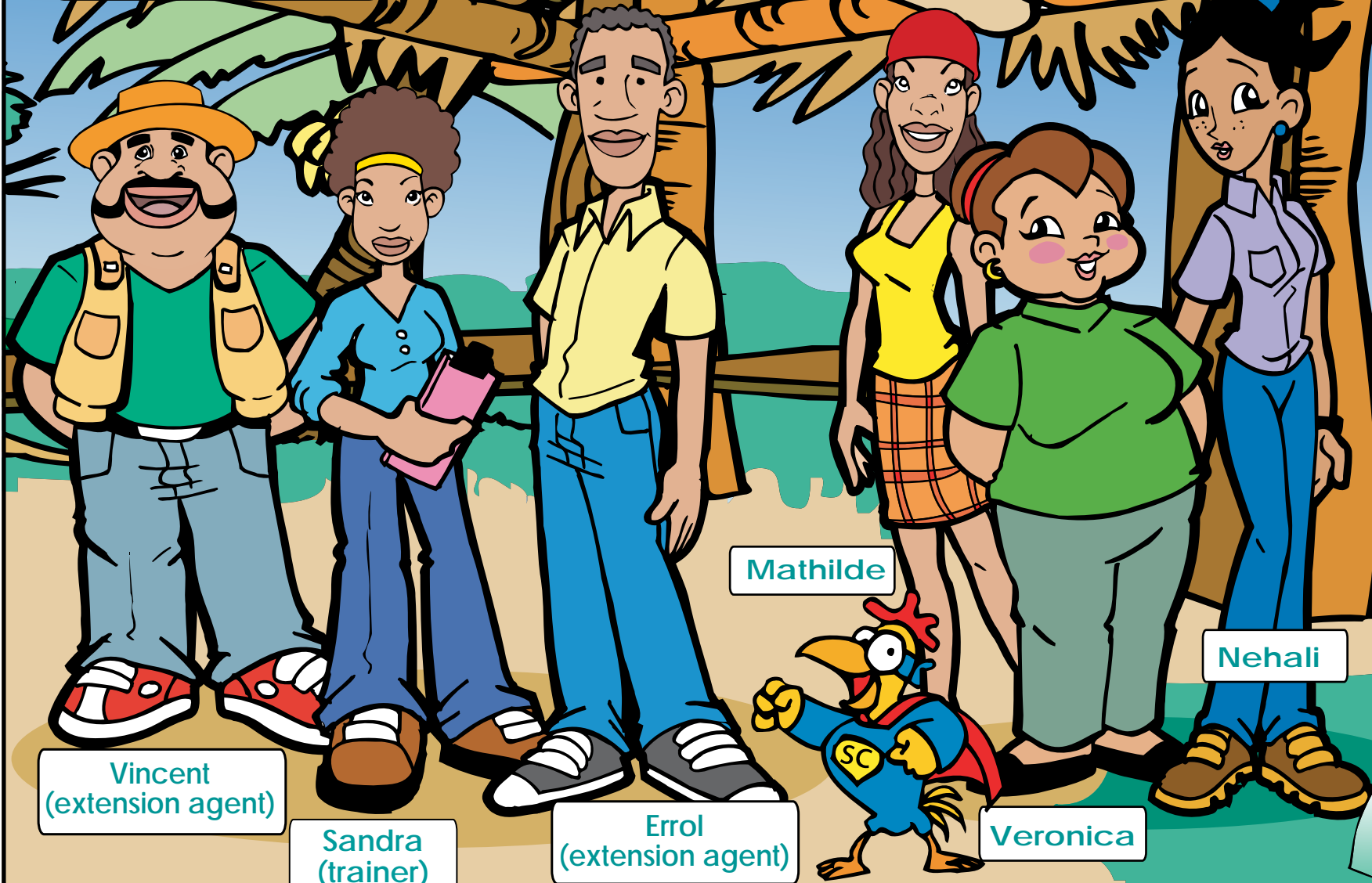
Yvonne

The Dog



Technical assistance personnel:

Cassava Delights and Organic Agriculture Collective
They produce Cassava Bread and organic chicken.



Vincent (extension agent)

Sandra (trainer)

Errol (extension agent)

Mathilde

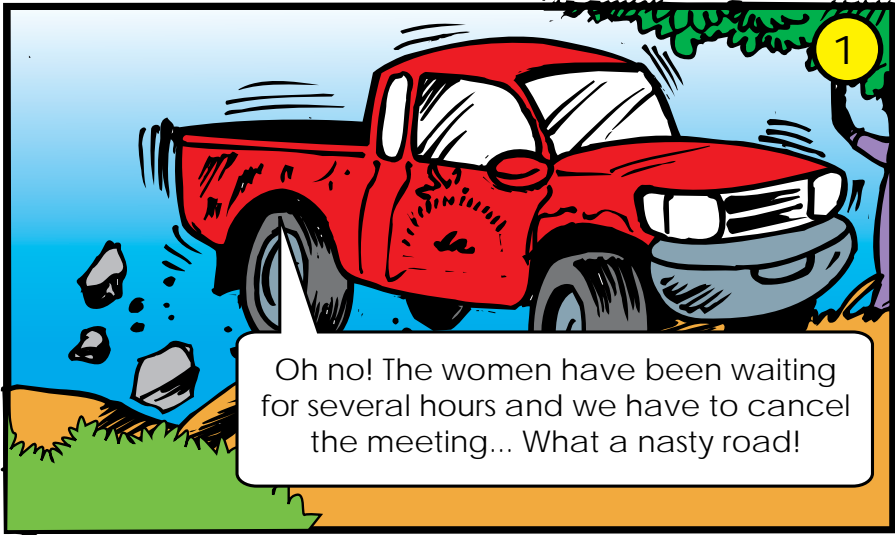
Veronica

Nehali

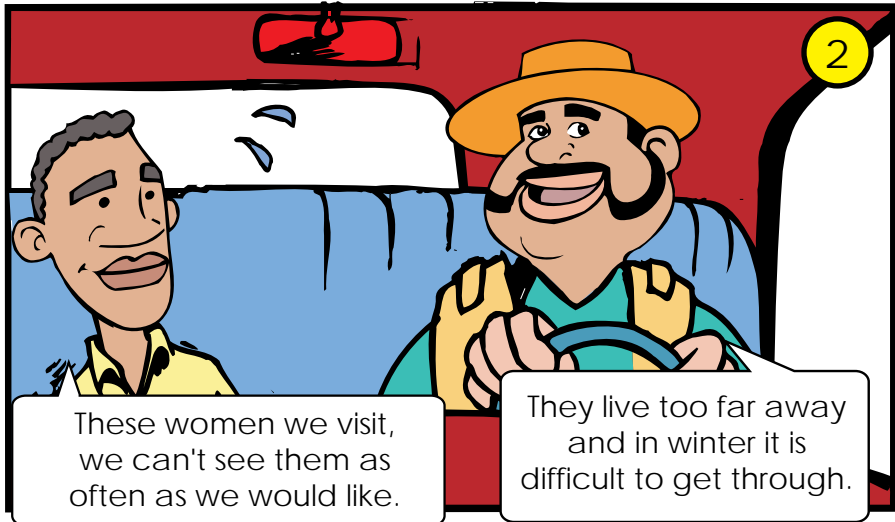


How to use this study guide?



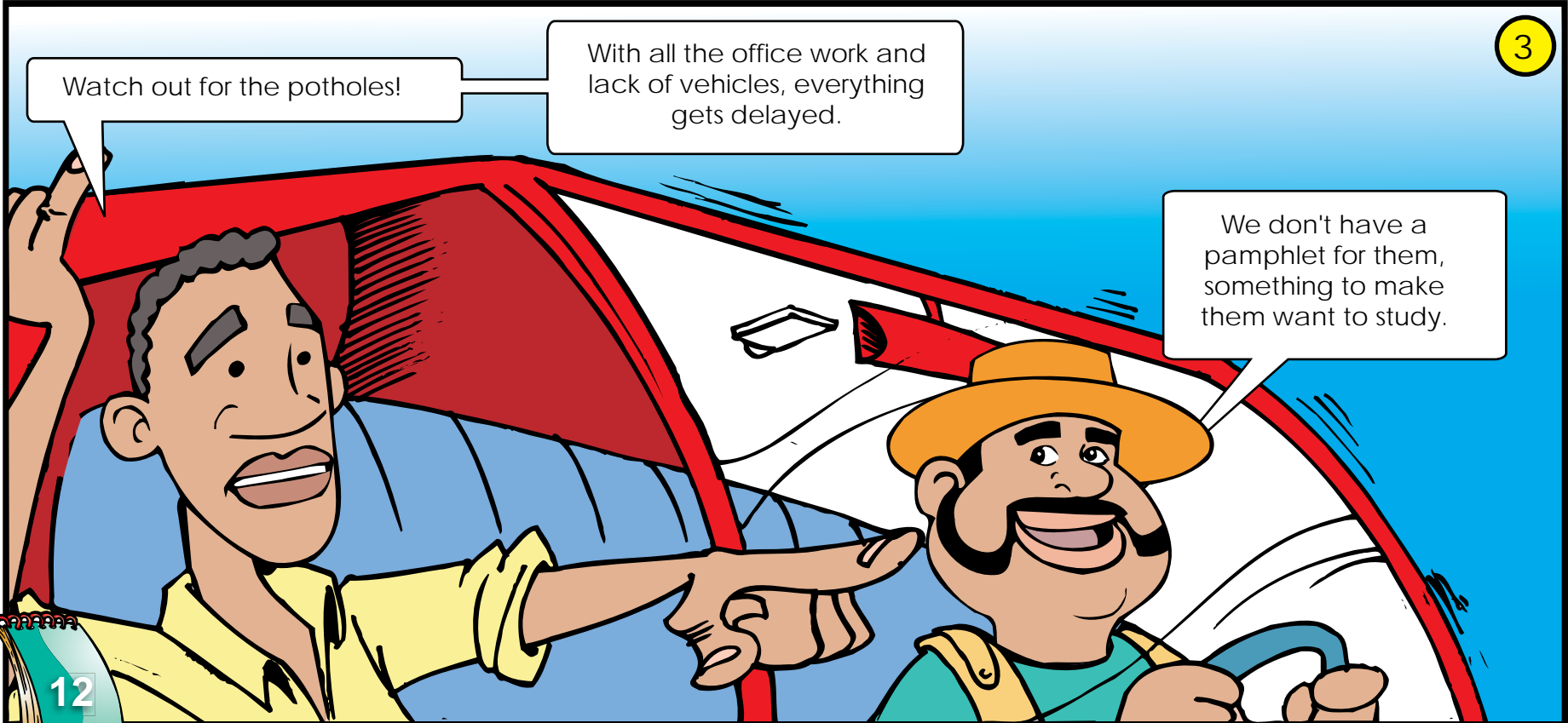


Oh no! The women have been waiting for several hours and we have to cancel the meeting... What a nasty road!



These women we visit, we can't see them as often as we would like.

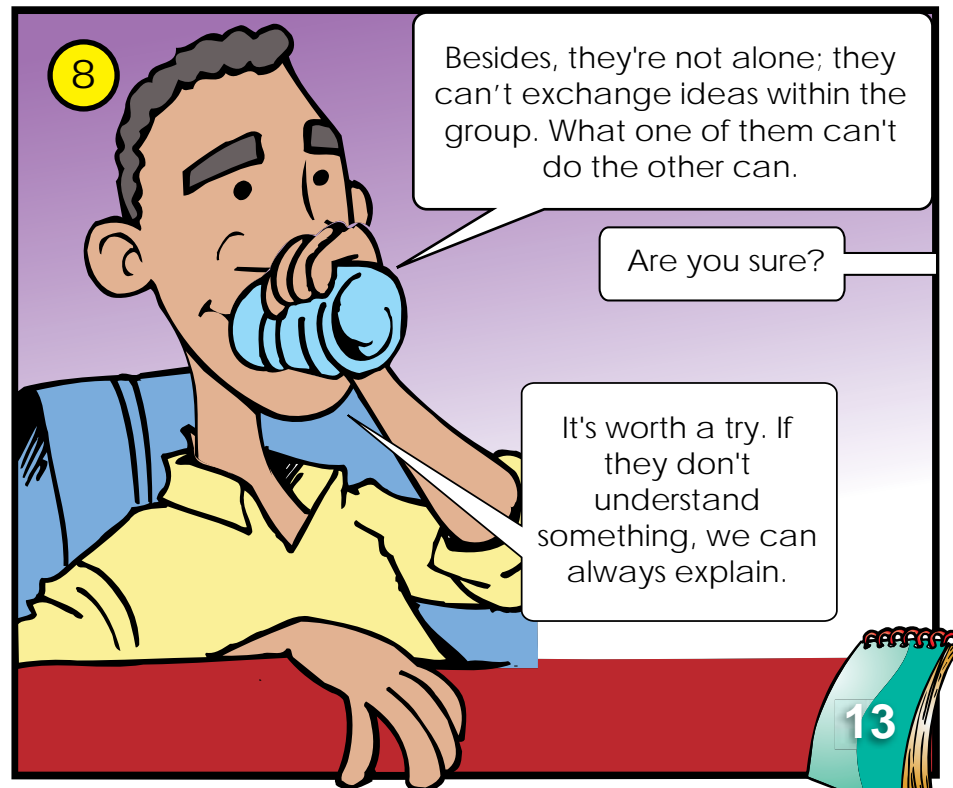
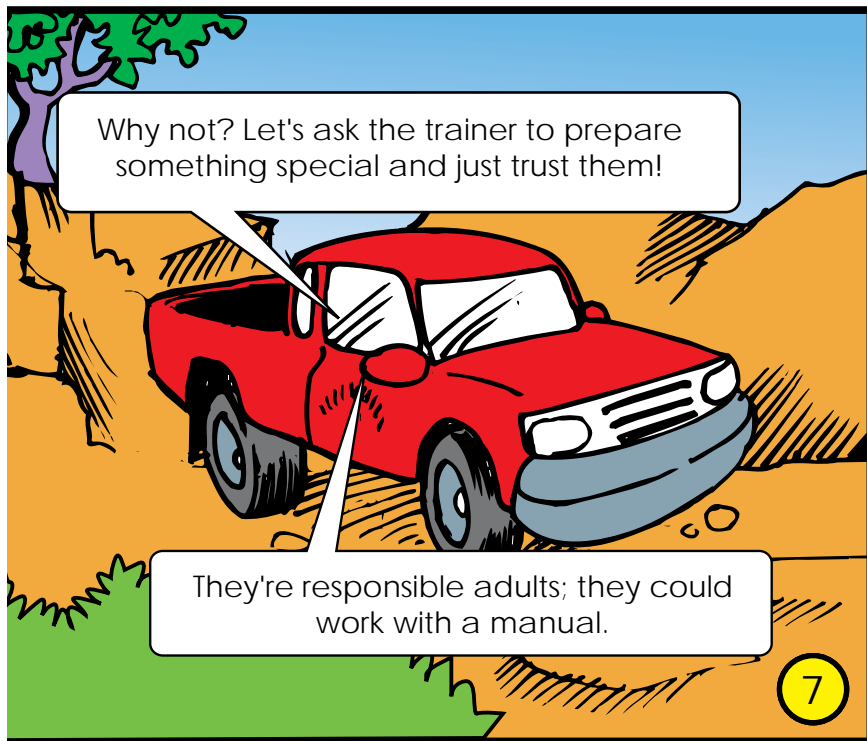
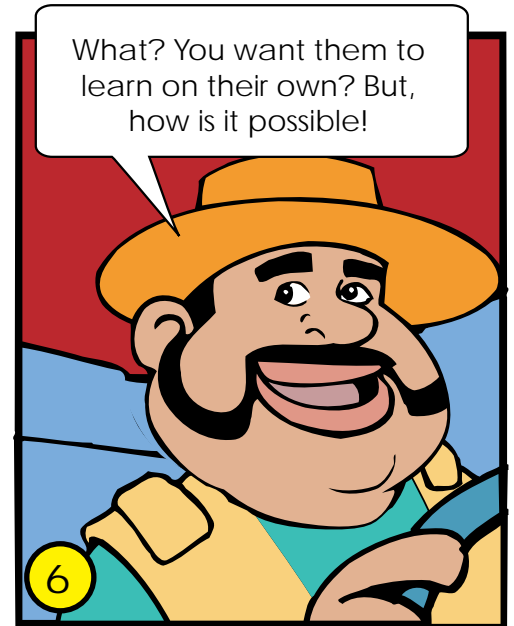
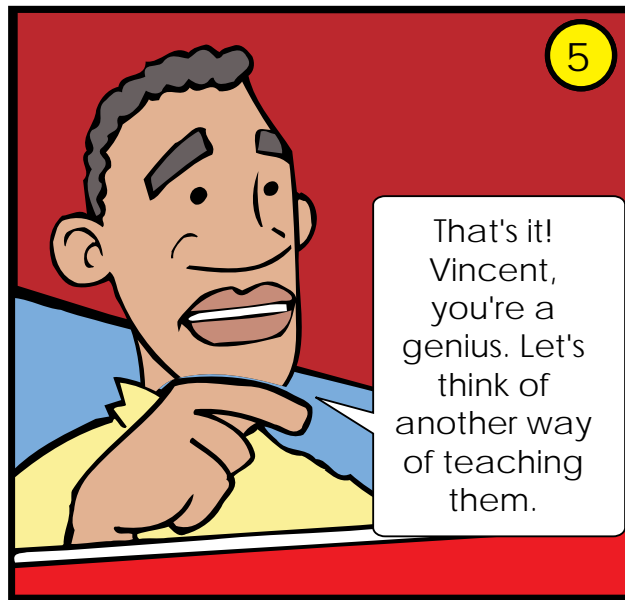
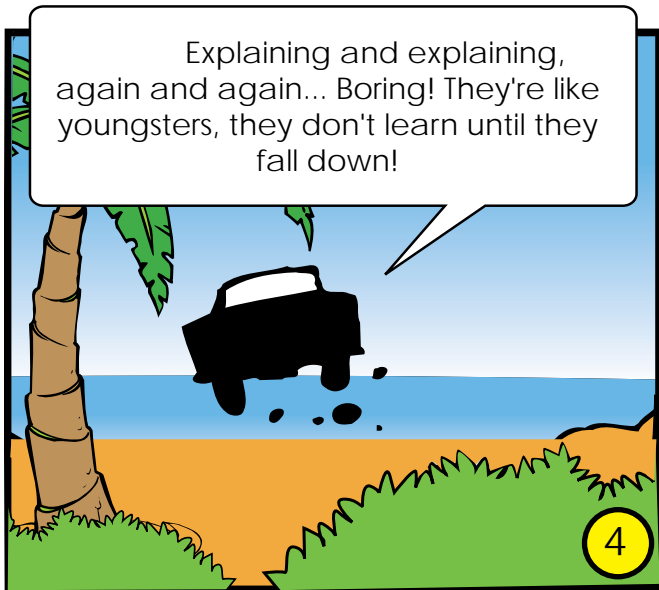
They live too far away and in winter it is difficult to get through.



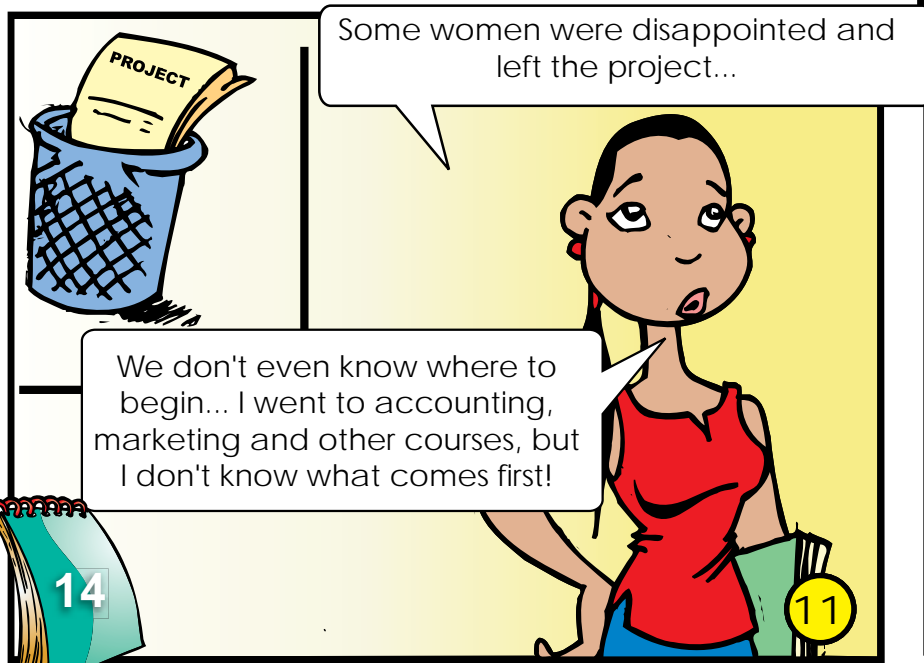
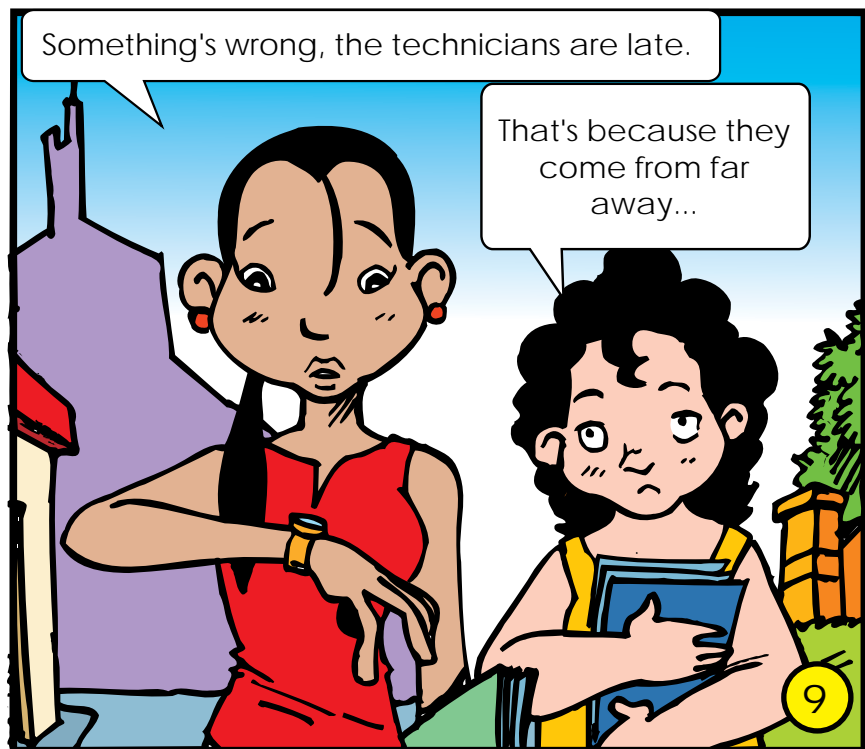
Watch out for the potholes!

With all the office work and lack of vehicles, everything gets delayed.

We don't have a pamphlet for them, something to make them want to study.



Meanwhile...

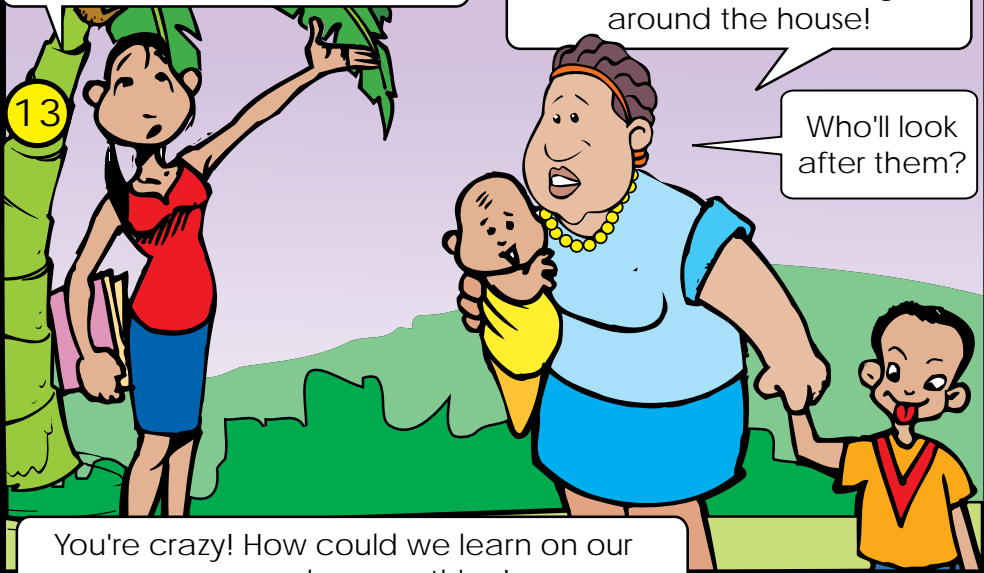


Wouldn't it be better if we go to the institution?

Maybe you could, but what do I do with my kids? My husband won't lift a finger around the house!

Who'll look after them?

13



You're crazy! How could we learn on our own, we know nothing!

I've been meaning to ask the trainer about it. Maybe they can give us some guide to read ahead. That way, we could learn more at the meetings.

14



15



We know enough because we want to, we've lived a lot and we can use our heads! We just need the know-how! It's like cooking, if we have a recipe book, we can start to try!

Besides, if we're together, what one of us can't do, another can! We can always ask the technician any questions when he visits us.

She ate all the bread!



15

The first chapter is about learning to use this guide without the help of a trainer. We will read it together. To this end, we will read every page out loud and follow the instructions step by step.

At the end of each page we suggest taking a few minutes to think, ask questions and say what we think. It's good to talk with the group until everything is very clear. When you are satisfied, proceed to the next page.

Exercise

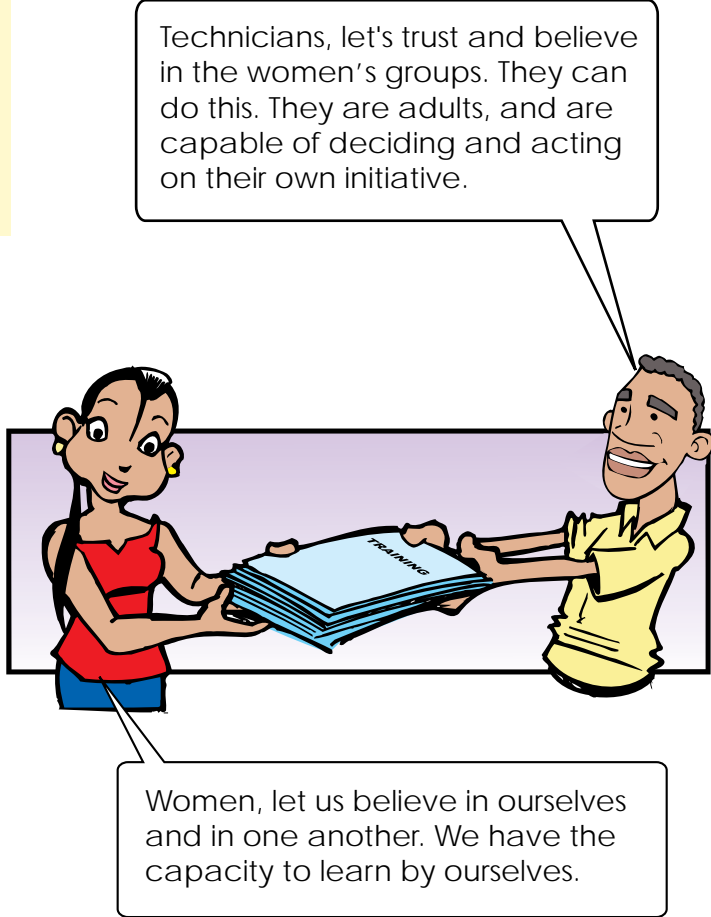


After reading the comic strip, answer the following questions

What problems do technicians and microentrepreneurs from the Green Valley Women's Cottage Association face regarding training?

What solution do they propose?

Have we experienced these problems before?



Technicians, let's trust and believe in the women's groups. They can do this. They are adults, and are capable of deciding and acting on their own initiative.

Women, let us believe in ourselves and in one another. We have the capacity to learn by ourselves.

Are you ready to try the solution proposed by the Green Valley Women's Cottage Association? To study on their own, without a trainer, with this manual? Let's see how it's done.

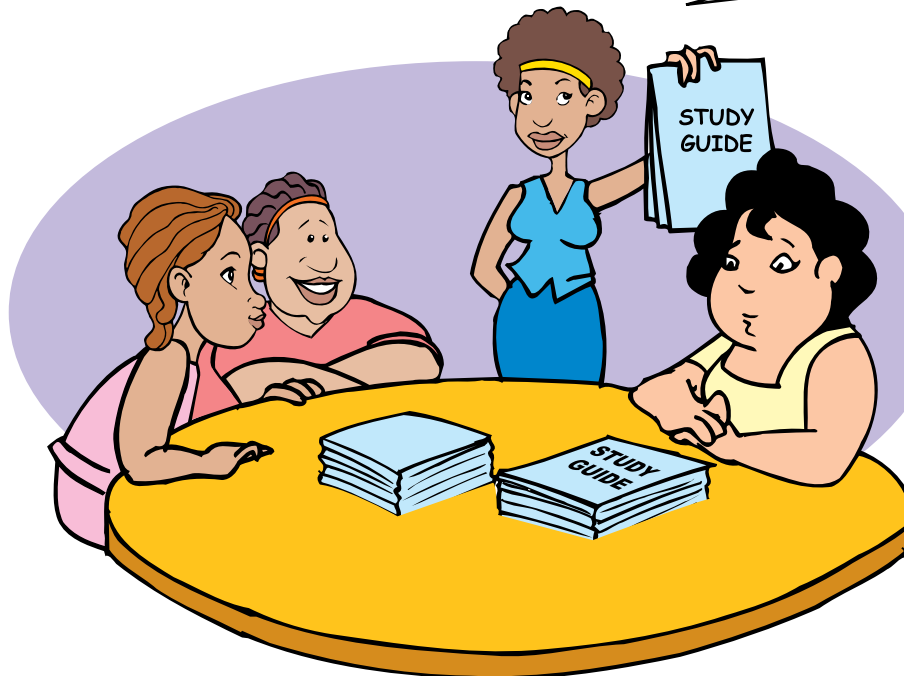
How to establish a study group?

- Those who wish to participate need to organize one or more study groups, according to the number of people interested.
- The best number to form the study group would be from five to eight people. You may organize more than one group if there are more than 8 people in the place.

How to study as a group?

The group, coordinated by a facilitator in charge of the study session, conducts the session collectively.

- The whole group is responsible.
- All facilitate the process because the learning process belongs to everyone and is conducted in groups.
- One participant is in charge of facilitating the session.
- The rest of the participants have supporting tasks (further on we'll explain).



How to read this guide?

This guide is made up of short texts that can be read in the order you prefer. So, don't worry if some in the group read it differently. Understanding the content is what really counts.

There are drawings to help clarify the ideas. They can be looked at before or after reading the texts. The questions are thinking guides. You have the answers. These are important, but the most interesting things are the group discussion and analysis leading to proper answers.

Keys to effective learning

Each person has her own way of learning, according to her personality and world view.



We hope our classmates will explain things in the order and manner they choose. Different ways of looking at things enrich our learning process.

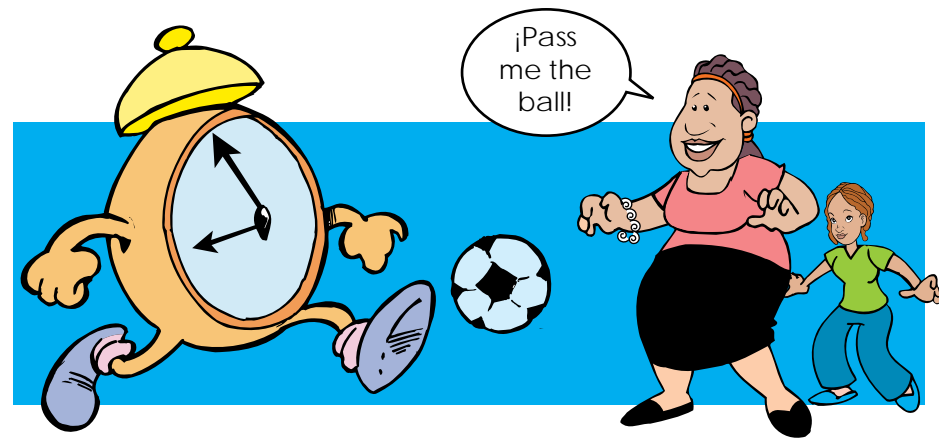


We all have different personalities and life experiences. In a study session each one learns based on her own point of view. That's why it's great to share and compare what we've learned among ourselves.



Words of advice

When a person is going to facilitate a group's study session, he or she should try to speak for no more than 20% of the time. It is the group that speaks or acts the rest of the time.



When someone is going to facilitate a group's study sessions, he or she must encourage the group to take charge of the session. It's like a ball game. They have to control the ball. If they pass it to you, you pass it back. If they drop the ball, or they get stuck, you pick it up and place it in a strategic spot to move the game on.

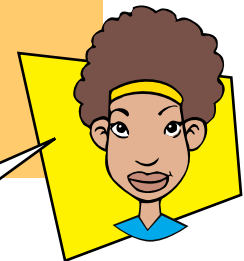


It's going to be hard at the beginning, because we are used to the traditional way, where there is one person in charge who has the knowledge, and participants, supposedly are ignorant. Therefore, participants are not allowed to take the initiative; they are expected only to listen or follow the person teaching the class.



In this traditional relationship, the facilitator is supposed to know everything or at least to pretend. If not, he or she would not have anything to transmit and there would be no learning, because teaching is perceived from to this traditional perspective.

In our new pedagogical model, knowledge is not transmitted, we build it together. Therefore, those leading the session don't have to know it all, and the person who knows more does not necessary facilitate the session.



Three months later, the trainer brings a study guide very similar to the one you are using.

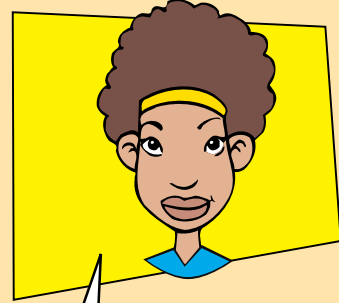
Here is the manual we prepared.

How nice! Now, we'll know everything about successful businesses.



Well, this is not to train experts. It is a practical guide that tells you how to analyse your situation as a group, as an enterprise and as a business, it helps define the steps you must take to be successful.

How do we use it?



It is meant to be used for group study, as you asked. Go through it together, and follow the instructions. The best thing is to facilitate work sessions together, as a group. The manual tells you how.



May I stay with the group during the first work session?

1



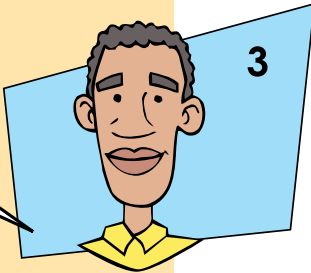
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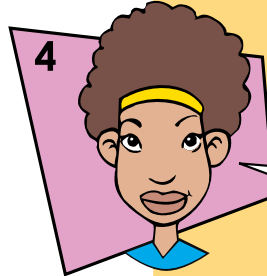
Of course, good idea! There are always questions and doubts the first time about how to go.

How should I do it? Should I read the instructions and then help the women go through the lesson? This is easy!

3



4



No, not at all! They are going to read the manual and go through the activities described on each page all by themselves, and you are just going to encourage them!

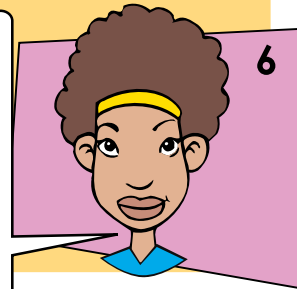
Is that all?

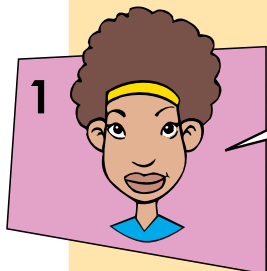
5



No. You offer help only when they get stranded and can't continue, when they are lost, or when they ask questions. Then you say a few words to help them get back on track.

6





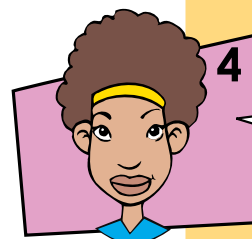
Just follow together the instructions. However, always keep in mind the advice and keys presented here. The session's success depends on it.



I think I understand. We work together with the manual, following the instructions. When we have doubts, we check with someone who is more experienced among us. If we still can't make it out, we invite the advisor or trainer to answer our questions.



When I'm facilitating the session, I encourage the group, observe, and intervene when I feel they need direction, clarification or guidance. I intervene as little as possible. It's better if they discover the way through trial and error. That way, they learn to discover and use their own abilities.



And always observe the rule: 20% of the time for the facilitator or technician in charge when present at the working session, and 80% for the group.

Remember: it's very hard to learn in a tense and preoccupied environment, so enjoy yourselves!



How do we facilitate the study session?



With this methodology, study sessions are more effective when conducted in a collective manner, that is, when all of the participants act as facilitators.

How do we do it?

In the first session, before beginning to study the manual, do the following:

- Group participants read and analyze the following five pages, which describe each one's functions.
- Then, they distribute the functions among them.
- Now you may begin.

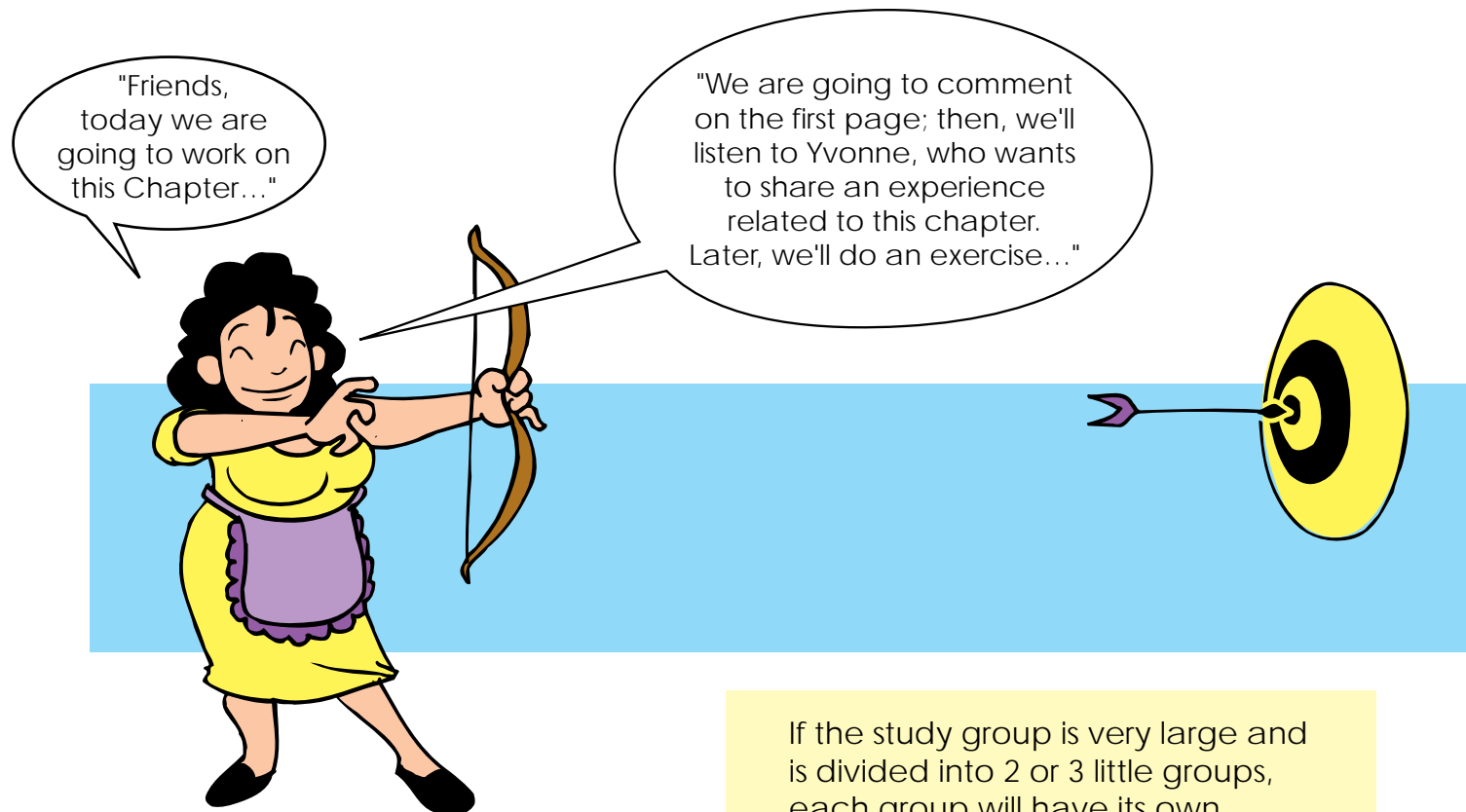
Remember that only practice will help you feel really at ease with these functions. That's why it is important that we all participate.



The functions of the facilitator

The facilitator in charge of the study session

1. At the beginning of the session, the facilitator makes sure that everyone knows what the meeting is all about (that is, the objectives), and that the group doesn't lose sight of these objectives during the meeting.
2. During the session, she makes sure that the group executes the necessary activities to achieve the desired results, that is, to achieve the objectives of the meeting.



If the study group is very large and is divided into 2 or 3 little groups, each group will have its own facilitator in charge.



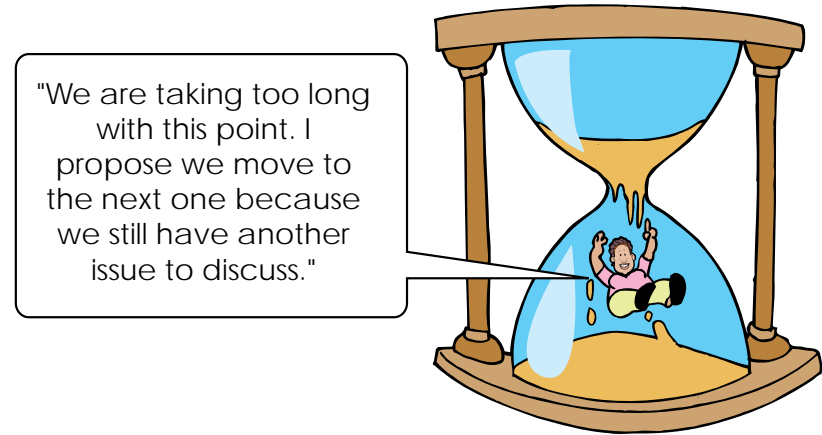
The rest of the functions are distributed among the other participants



3. Someone makes sure that everyone participates.



4. Someone establishes how long each part of the session will take and sees that the schedule is followed.



5. Someone that sees that no one gets distracted or departs from the matter at hand and starts talking about unrelated subjects.



6. We have to guarantee that at least one person is writing down the best ideas, conclusions and decisions in a special notebook.



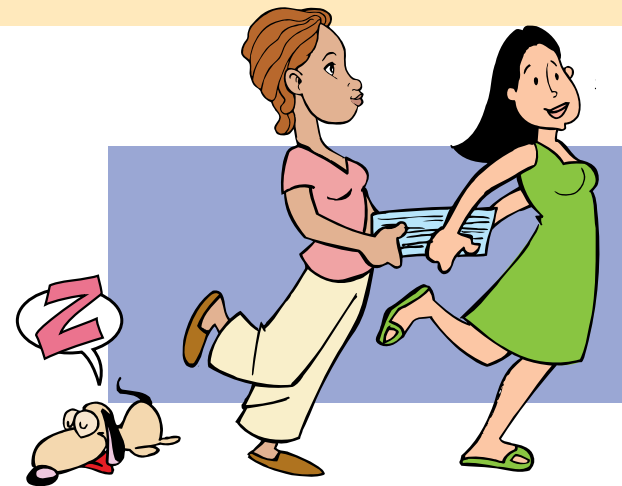
The group may add other functions it considers important that are not defined in this list.

Each person in the group is in charge of a particular task. If the study group is too large, it needs to be divided into 2 or 3 smaller groups. Each of these groups will select the persons in charge of the tasks. These are distributed in the following manner: One woman is in charge of equal participation; another keeps control of the time; another makes sure that the issues agreed upon are discussed; and another one simply takes notes. During the session, the decisions of the participants are respected, according to their responsibilities.

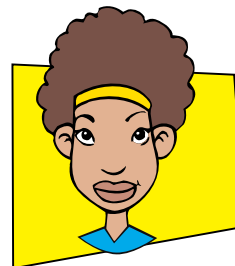
If you can't handle all the functions because you don't have 5 people present, more than one function could be assigned to one person.



If there are more than 5 people, two can be seated next to each other and be in charge of one function or task.



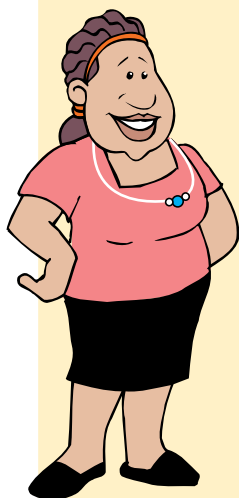
The important thing is that everyone has a responsibility, in addition to participating in the discussion. Functions rotate when group members think it's necessary, so that everyone has the opportunity to perform several functions or roles during one study session.



Apply this advice and you'll see your working sessions becomes much more productive. You will end up with a pleasant feeling of having made the most of your time. This is important, because we women have very little time!

Chapter summary

This manual proposes a training method with the following characteristics.



Study groups

Women interested in learning how to organize themselves into a working group that we call Study Group. This group appoints a coordinator and decides in its first meeting the place, duration and frequency of the meetings.



Task rotation

By rotating the functions among all group members, everybody learns new things and strengthens their capabilities, although it may be a bit difficult at first to take on new responsibilities. The whole group becomes stronger and better organized.

Community facilitators

All the local producers participating in the study group are also facilitators of the learning process. Together they manage the working session, and each one is in charge of one role of a facilitator's activity.



During a study session

- The facilitator in charge coordinates the working activities of the group.
- The supporting facilitators: Watch over the clock. Make sure everyone participates. Ensure that no one deviates from the theme.

Coordination



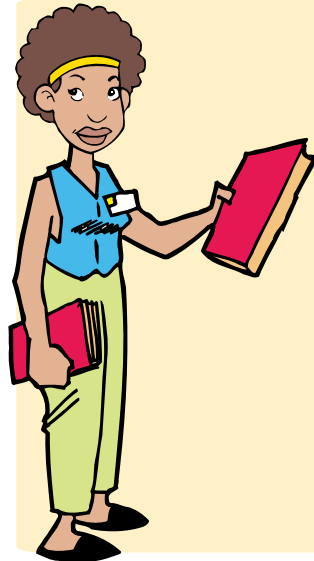
The group may appoint a coordinator in charge of calling the meetings, setting the place and carrying out all the necessary tasks to organize the meetings. The same coordinator may be in place for a year, or she can be changed more often, according to the group's preferences.

Collective self-learning

This is a self-learning model about managing microenterprise finances which considers that participants can build new knowledge within the group, with the help of this manual. They will also enjoy the analytical skills and initiative required to determine when they need external help to advance, and they will know how to get it.



Self-management



This model may be called as a "self-managed training process" in which women take their training into their own hands, leading the process.

Note: This self-managed process is in optimum conditions when in the hands of women who demonstrate strong leadership and, particularly, when their leadership style is participatory and democratic.



Exercise



Answer the following questions.

What are the functions necessary to conduct a meeting in an orderly manner?

In the meetings you have attended so far, which of these functions are taken care of and which ones are not?



In the following study sessions we're going to practice what we've learned in this chapter.

It is not always easy to work in a group in a productive manner.

The key is to keep on practicing, keeping in mind that all of us have a dual function in the group: we are both students and facilitators, two roles we must play at the same time.

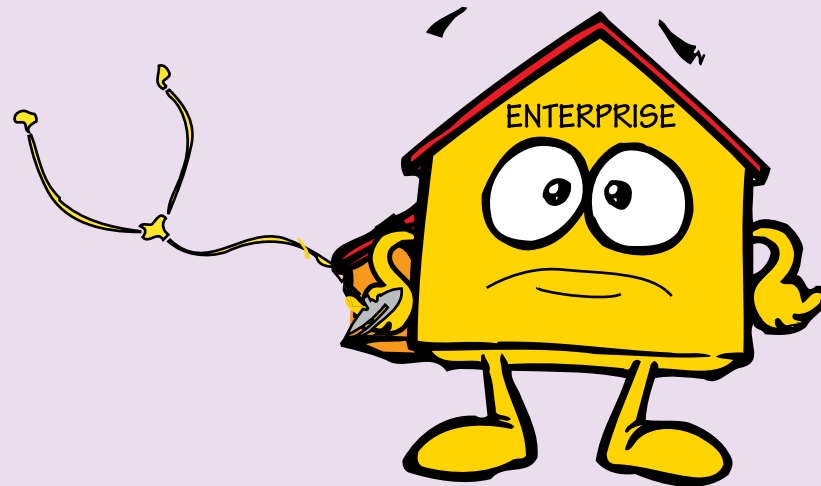
It's a little hard at the beginning; so let's help each other carry out the assigned tasks. At the beginning, one tends to forget. With practice, it becomes easy. In this manner, we'll learn faster and the study sessions will become more productive.





How well do we know our enterprise?

"Let's analyze the health of our enterprise"





1

We've heard about your enterprise. Maybe we can do something together to improve it.

Yes, there is a micro-enterprise fair in the capital with people who can help you publicize.

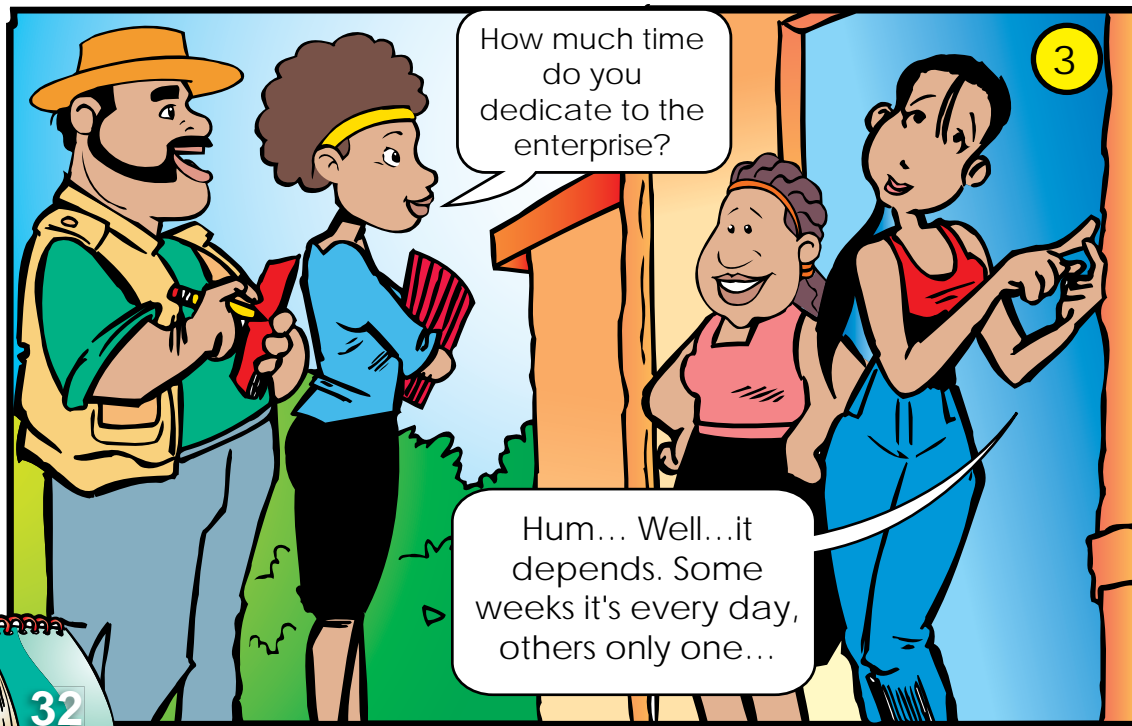
This is a great opportunity!



2

We would like to know how your enterprise is doing.

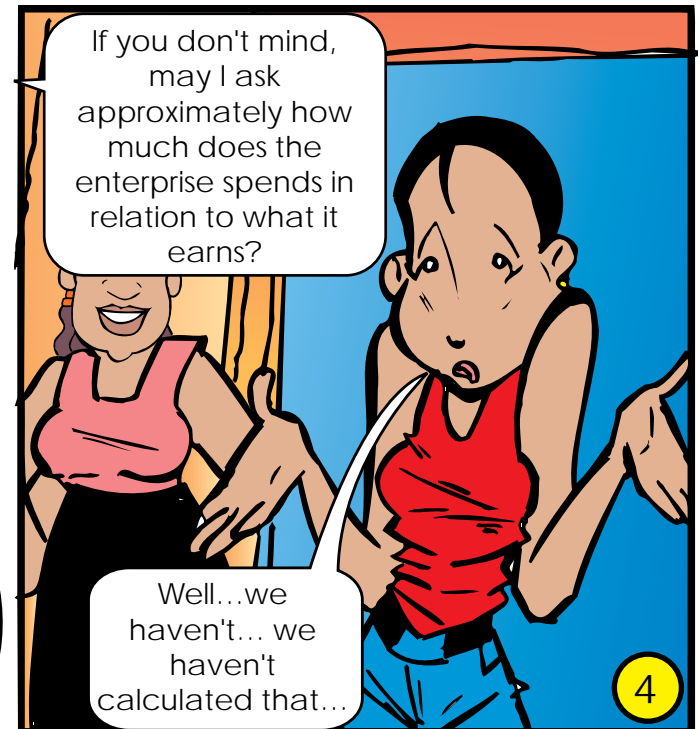
Sure!



3

How much time do you dedicate to the enterprise?

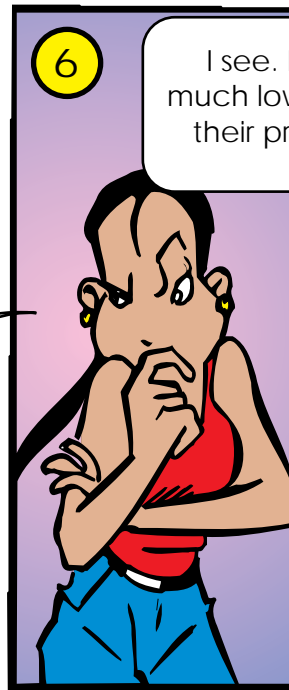
Hum... Well...it depends. Some weeks it's every day, others only one...



4

If you don't mind, may I ask approximately how much does the enterprise spend in relation to what it earns?

Well...we haven't... we haven't calculated that...



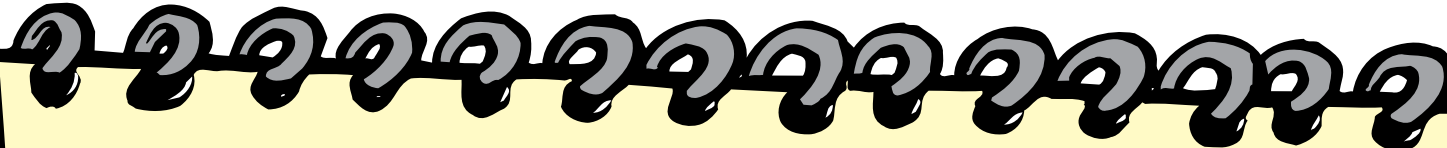
And how well do we know our enterprise?

Can we answer the questions from the list they left for Theodore and Sharda?

Exercise:



Let's answer together the questions for Theodore and Sharda.



- How much money are we making per month? _____
- Is our enterprise growing? _____
- Where do we want to go through our enterprise efforts? _____
- Do we want a bigger enterprise? _____
- Do we need more partners? _____
- Are there too many of us in relation to the amount of work and the earnings we bring in? _____
- How much is each one of us making for each day dedicated to the enterprise? _____
- Do we know if there are other groups or enterprises that can compete with us or make us lose clients? _____
- Do we know what the clients expect from our product or service? _____
- Do we know whether there are other people or enterprises that could become our clients? _____
- Do we know whether tomorrow or six months from now there will still be a market for our products? _____
- Do we have to change our product to make it more appealing and increase our list of clients? _____



Let's analyze:

How many questions were we able to answer precisely, clearly explaining the state of our enterprise? How did we feel while we answered them?



If we were able to answer clearly 8 or more questions, congratulations! We know our enterprise. But if we weren't, we're walking in the darkness! This manual will help us find the way.



In reality, it's not that we don't know our enterprise. We know it very well, but we've never sat down to analyze it to think about its health.



Exercise:

Let's answer together the following questions

What's the name of our enterprise? _____

What does it sell? _____

Who works in our enterprise? How many are we?

Are there any other people working for our enterprise who don't belong to the group? Who are they?

Are there any other people making decisions for our enterprise that don't belong to the group? Who are they?

Why are these people making decisions for our enterprise?



It is important to know if those of us who belong to the enterprise are really the ones taking the decisions. It's good to receive advice from our husbands or other family members, for example, but we must be careful about listening to our partners and we must decide for ourselves.

Is our enterprise growing?

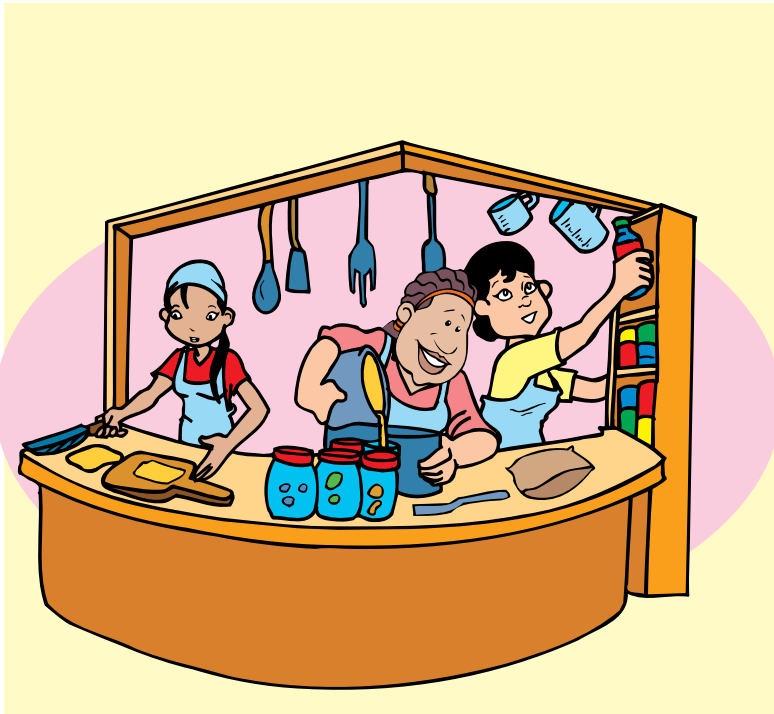
Exercise:



Let's answer these questions together. Through this exercise, we'll be able to measure the health or performance of our enterprise.



Remember: A healthy enterprise keeps growing.



How is the production coming along?

How much did we produce last month?

How much did we produce three months ago?

How much did we produce six months ago?

How much did we produce a year ago?

How much did we produce two years ago?

Let's analyze our answers.

What can we conclude about our enterprise's production?

- It's getting better
- It's getting worse
- It stays the same
- It's irregular
- We don't know





How are we doing with our clients?

How many clients did we sell to last month?

How many clients did we sell to three months ago?

How many clients did we sell to six months ago?

How many clients did we sell to a year ago?

How many clients did we sell to two years ago?



Let's analyze our answers.

What can we conclude about our enterprise's costumers?

- It's getting better ☺
- It's getting worse ☹
- It stays the same 😐
- It's irregular 😞
- We don't know ?

It's not convenient to have few clients because it doesn't allow us to negotiate better prices. If they don't want to buy, we're stuck with the product. What can we do to increase the number of clients?



How are we doing with our sales?

How much did we sell last month?

Three months ago, how much did we sell per month?






Half a year ago, how much did we sell per month?

One year ago, how much did we sell per month?

Two years ago, how much did we sell per month?

Let's analyze our answers.

What can we conclude about our enterprise's sales?

- They're getting better 
- They're getting worse 
- They stay the same 
- They're irregular 
- We don't know 





How are we doing with our prices?

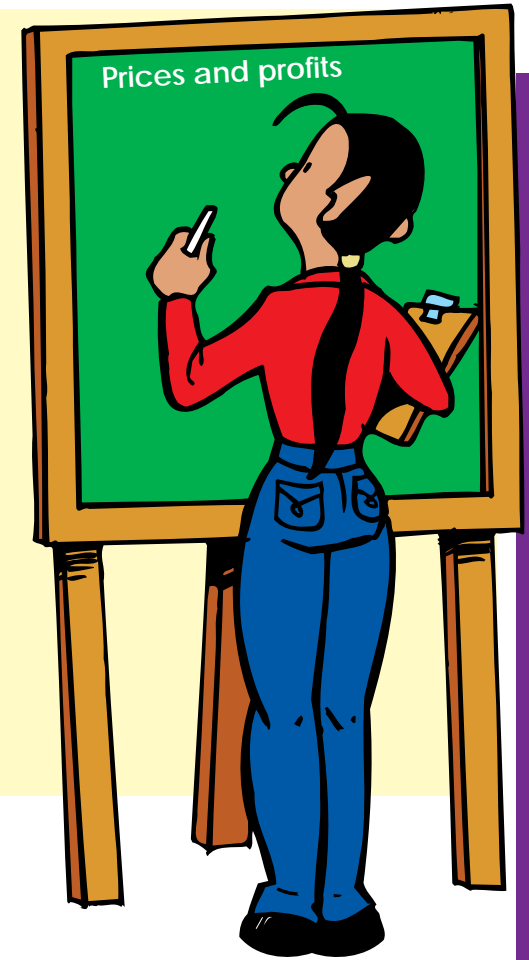
For how much did we sell our product (or charge for our service) last month?

For how much did we sell our product (or charge for our service) three months ago?

For how much did we sell our product (or charge for our service) six months ago?

For how much did we sell our product (or charge for our service) a year ago?

For how much did we sell our product (or charge for our service) two years ago?



Let's analyze our answers.

What can we conclude about our enterprise's prices?

- They're getting better 😊
- They're getting worse 😞
- They stay the same 😐
- They're irregular 😟
- We don't know ❓

How is the marketing of our product or service coming along?



Last month, from how many different places did our clients come?

Three months ago, from how many different communities did our clients come?






Six months ago, from how many different communities did our clients come?

One year ago, from how many different communities did our clients come?

Two years ago, from how many different communities did our clients come?

Let's analyze our answers

What can we conclude about our enterprise's marketing?

- It's getting better 
- It's getting worse 
- It stays the same 
- It's irregular 
- We don't know 






























Let's summarize our answers.

This is like taking the pulse of a person. We will realize if he or she is healthy or ill.



Let's copy the answers we have given here:

	It's getting better	It's getting worse	It stays the same	It's irregular	We don't know
Production	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>
Clients	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>
Sales	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>
Proces	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>
Marketing	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>	 <input type="checkbox"/>

Now we really know how our enterprise is doing.

Exercise: 

Let's summarize.

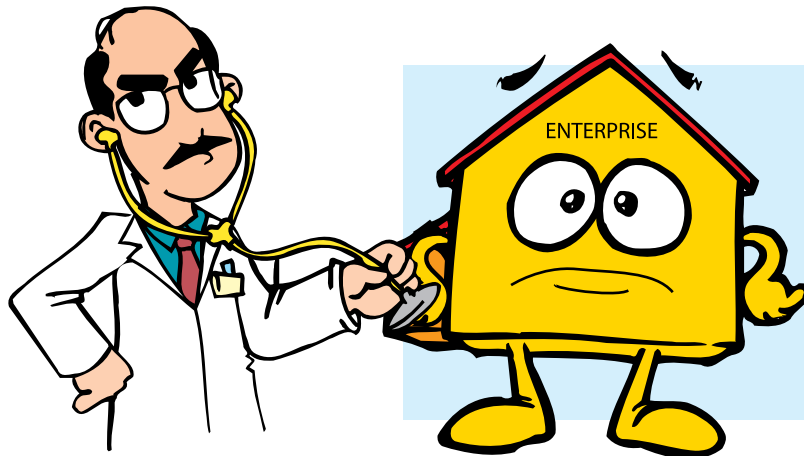
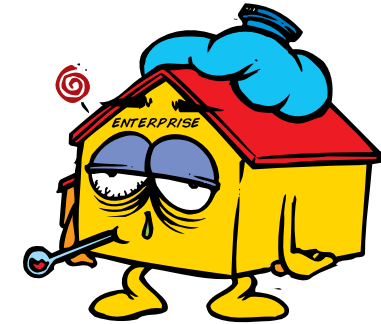
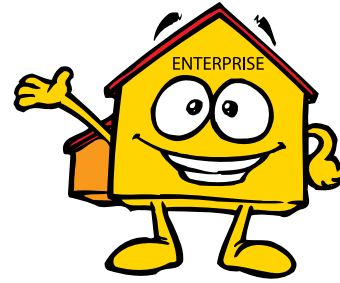
We will write what we really think.

Our enterprise is doing very well because ...

Our enterprise is in bad shape because ...

Our enterprise requires first aid immediately because ...

After discussing it among yourselves, you may decide your enterprise is doing both good and bad, for different reasons.



Remember: We can't cure an ill person if we suppose she's in good health or we don't know her illness. Knowing what's wrong is the first step for success.



What assets do we have? What are our resources?

Now that we know how our enterprise is doing, it's time to analyze our resources, that is, what things and which people can we count on working with, to cooperate and improve our situation?

Exercise:



Let's answer the following questions together:

What personnel does our enterprise have?

Who works in our enterprise?

Are there other people regularly helping us, even if they don't belong to our enterprise?

What do these people do? Who are these people?





What does each of us do in the enterprise?



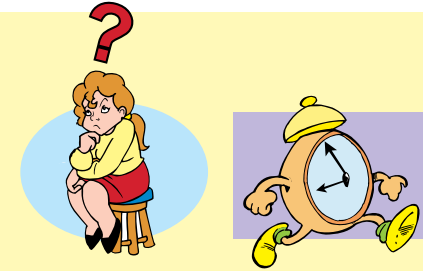
Exercise:

Describe for each one of us the work we do, the time we dedicate to each task, what we are really good at and what training programs we have attended.

If there are more personnel, add a few paper sheets.

Name: _____

What do I do at the enterprise? How much time do I spend working there per week?



- 1. _____

- 2. _____

- 3. _____

- 4. _____

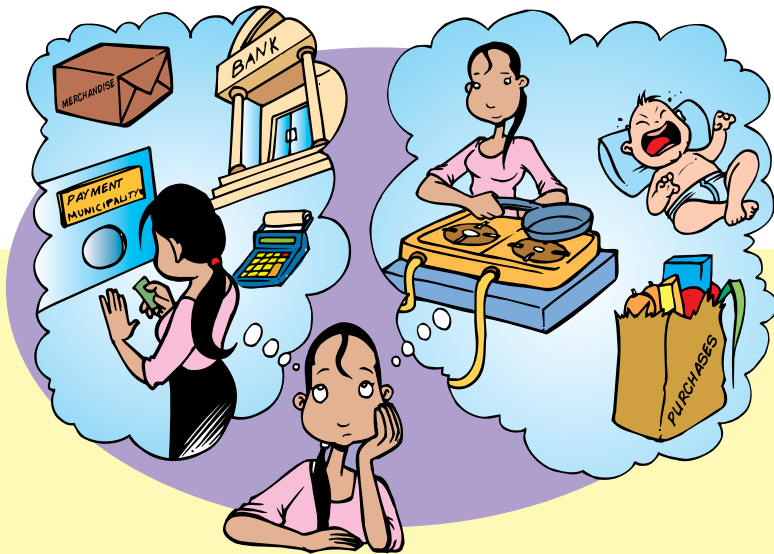
Which of my abilities can be helpful to the enterprise?



What training programs have I attended?







Do I organize or share my housework with my family in order to have enough time for the enterprise? If not, what can I do about it?

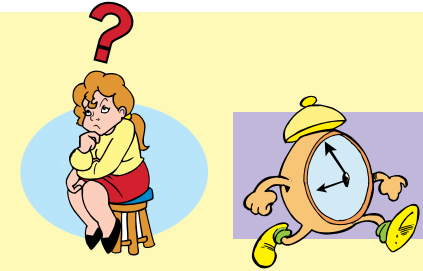
What do people in my community and family think about the enterprise? How do I feel about it? Have I discussed it with my community group?



Remember, self-esteem is the key to our success. If we don't value ourselves, how will we get others to do so? If we feel bad about what other people think of us, we must talk about it with our group or seek help.

— Name: _____

What do I do at the enterprise? How much time do I spend working there per week?



1. _____

2. _____

3. _____

4. _____

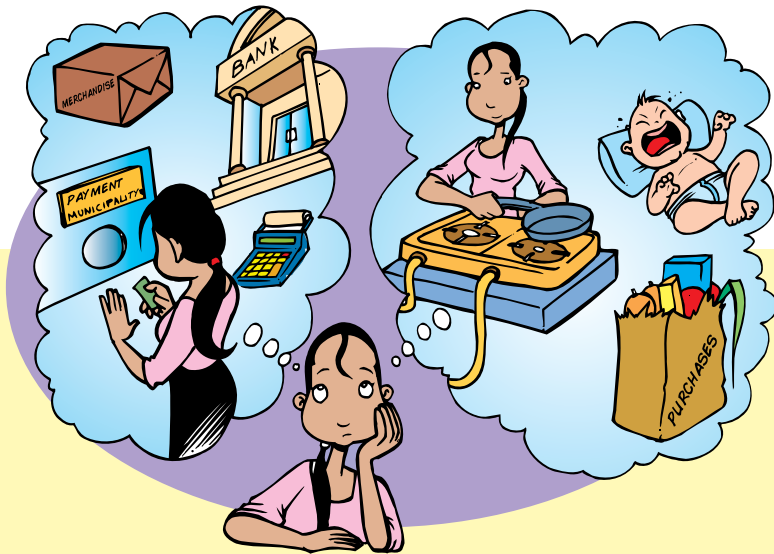
Which of my abilities can be helpful to the enterprise?



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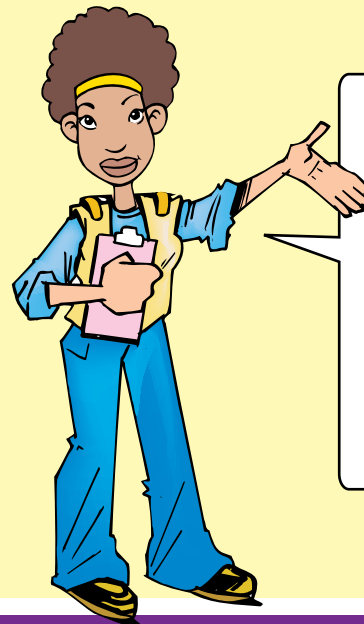






Do I organize or share my housework with my family in order to have enough time for the enterprise? If not, what can I do about it?

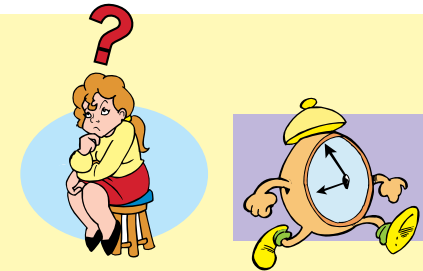
What do people in my community and family think about the enterprise? How do I feel about it? Have I discussed it with my community group?



In a group that works together, there are always differences of opinion and sometimes we may get angry. Every group should have at least one person who helps to restore harmony to continue working.

Name: _____

What do I do at the enterprise? How much time do I spend working there per week?



- 1. _____

- 2. _____

- 3. _____

- 4. _____

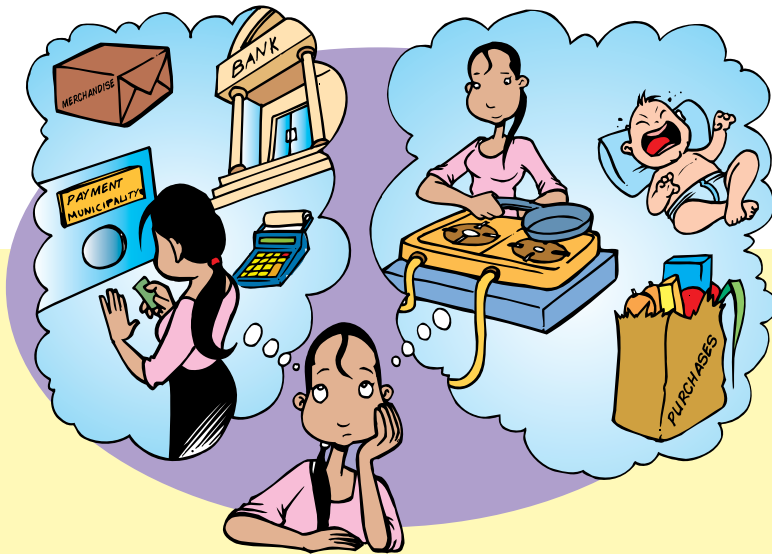
Which of my abilities can be helpful to the enterprise?



What training programs have I attended?

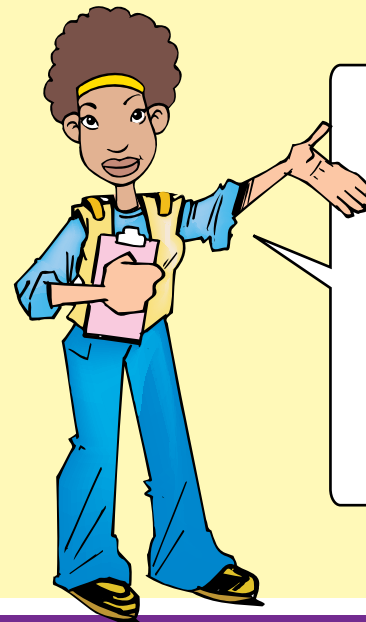






Do I organize or share my housework with my family in order to have enough time for the enterprise? If not, what can I do about it?

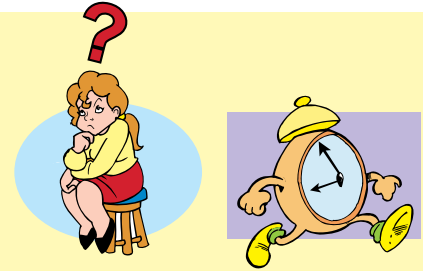
What do people in my community and family think about the enterprise? How do I feel about it? Have I discussed it with my community group?



The distribution of tasks is often a source of discord when we feel that some of us are more burdened than others. Don't assume these situations will be solved by themselves. We must talk about them calmly and sincerely to find a solution.

Name: _____

What do I do at the enterprise? How much time do I spend working there per week?



- 1. _____

- 2. _____

- 3. _____

- 4. _____

Which of my abilities can be helpful to the enterprise?



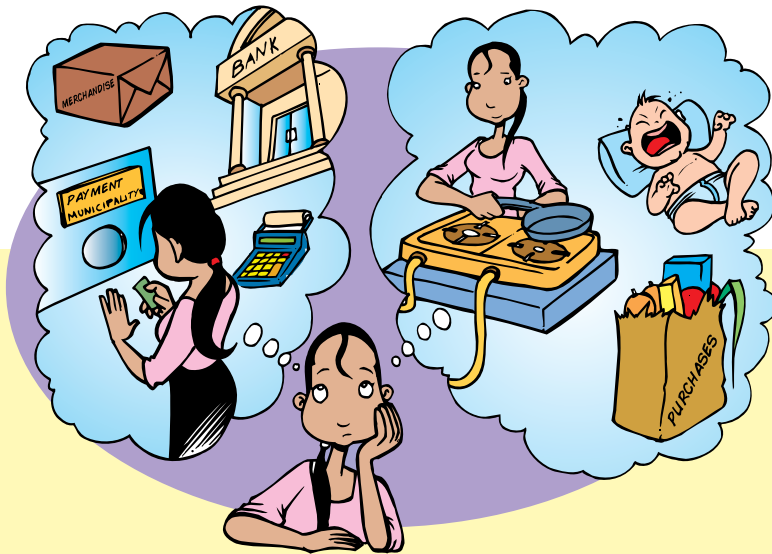
- _____
- _____
- _____
- _____

What training programs have I attended?



- _____
- _____
- _____
- _____





Do I organize or share my housework with my family in order to have enough time for the enterprise? If not, what can I do about it?

What do people in my community and family think about the enterprise? How do I feel about it? Have I discussed it with my community group?



If some of our colleagues have attended self-esteem and gender courses, ask them to bring the brochure and read it together.



Let's analyze our answers:

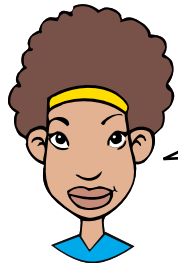
Exercise:



Let's answer together the following questions:



Do we all work the same, or are some of us more burdened than others?



Let's remember the questions about the health of our enterprise: Are we learning all that is needed to keep our enterprise in good shape?



The health of the enterprise also depends on the harmony we maintain among ourselves.



Do we all work at what we do best?

As a group, how do we deal with our company's work and our family life? Is this a subject we talk about? Do we have ways to help one another? Do we give each other support or advice, among other things?

Do we sometimes argue among ourselves and do conflicts arise? When that happens, do we know how to solve our problems calmly, respectfully and kindly?



Do we all agree upon the best way to manage our enterprise? Are there differences of opinion? Which ones?



Do we work together in an orderly and regular fashion?



Do we ask for receive other people's opinions before we make decisions? Who are these people? How do we evaluate their opinions? Do we analyze them as a group?



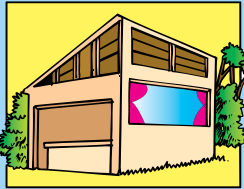



How do we make important decisions? Is everyone involved in the more important discussions?





Important decisions are taken among all of us in the enterprise.

What are our enterprise's resources?

Exercise: 

Resources		Describe the resources and indicate the conditions
 <p>Store or warehouse</p>	<input type="checkbox"/> We don't have one <input type="checkbox"/> Rented or borrowed <input type="checkbox"/> We own it	<hr/> <hr/> <hr/> <hr/>
 <p>Land</p>	<input type="checkbox"/> We don't have one <input type="checkbox"/> Rented or borrowed <input type="checkbox"/> We own it	<hr/> <hr/> <hr/> <hr/>
 <p>Machinery Tools</p>	<input type="checkbox"/> We don't have any <input type="checkbox"/> Rented or borrowed <input type="checkbox"/> We own them	<hr/> <hr/> <hr/> <hr/>
 <p>Inventory</p>	<input type="checkbox"/> We don't have one <input type="checkbox"/> We can freely decide on its use <input type="checkbox"/> It can be taken away at any time	<hr/> <hr/> <hr/> <hr/>



Resource		Describe the resource and indicate the condition it's in
 <p>Means of Transportation</p>	<input type="checkbox"/> We don't have one <input type="checkbox"/> Rented or borrowed <input type="checkbox"/> We own it	 <hr/> <hr/> <hr/> <hr/>

Let's analyze three aspects of the time we dedicate to the enterprise.



TIME

Amount: Can we dedicate enough time to our enterprise? How much more is needed? How can we remedy this situation?

Quality: When we begin to work at the enterprise, are we able to forget our household concerns, or do we think about them all the time and don't we pay enough attention to what we're doing?

Priority: Do we give priority to our company's work, or do we feel obliged to deal with other things instead of arriving at the enterprise on time? How can we remedy this situation?



**own
money**

Do we own any money?
(in cash, in an account, or money we're owed)

How much in total?

Cash	\$ _____
Bank accounts	\$ _____
Money we're owed	\$ _____
Total	\$ _____

Have we borrowed the money that we have to pay back?
(loans and other debts). Write down the total sum we have to pay back.

How much in total?

Loans	\$ _____
Other debts	\$ _____
Total	\$ _____

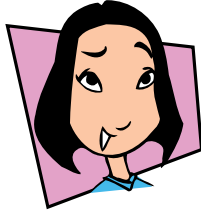


**BORROWED OR LOANED
MONEY.**





The enterprise's money must be managed by partners in the enterprise. One of them is in charge of writing everything down in a notebook. Every month, she reports to and analyses with the other partners what has happened with the enterprise's money. She may ask for advice and training, but she can't allow the money to be managed by someone from outside.



Who collects the money? Is that activity alright or can it be improved?

Who is in charge of the accounting? Is that activity alright or can it be improved?



Who does the payments for the enterprise? Is that alright or can it be improved?

Whose money goes into the enterprise?

What should we improve?

Let's study the list of resources together (the things we have) and compare it with our answers and ask: what do we need to improve?

Exercise: 

Let's read again everything we have written down since the beginning of this chapter and evaluate our enterprise.

Let's think about our production

What do we have to improve? _____

What do we need to have in order to improve our enterprise? _____

How can we get it? _____



Let's now think about our clients and marketing

What would we like to improve? _____

What changes are necessary to improve our enterprise?

How can we proceed? _____



Let's think about our sales and prices

What would we like to improve? _____

What can we do in order to improve? _____

How can we accomplish this? _____





Let's think about how we organize our time and households

What would we like to improve? _____

What do we need in order to improve? _____

How can we accomplish this? _____

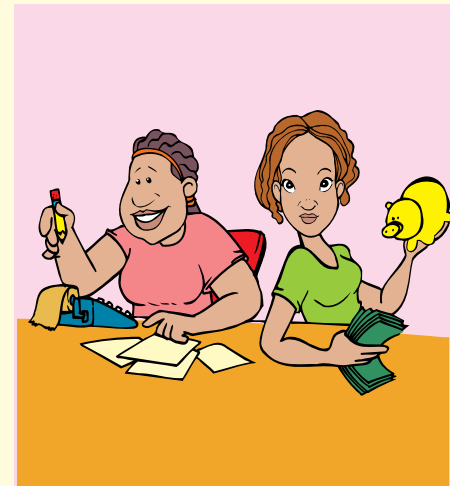


Let's think about the way we get organized to manage our money

What would we like to improve? _____

What do we need in order to improve? _____

How can we accomplish this? _____





In order to improve, we must not only know about the state of our enterprises, but also we must have control of our enterprises in order to institute the necessary changes.

The partners must have control over what to do in the enterprise. They are the ones who make decisions regarding:

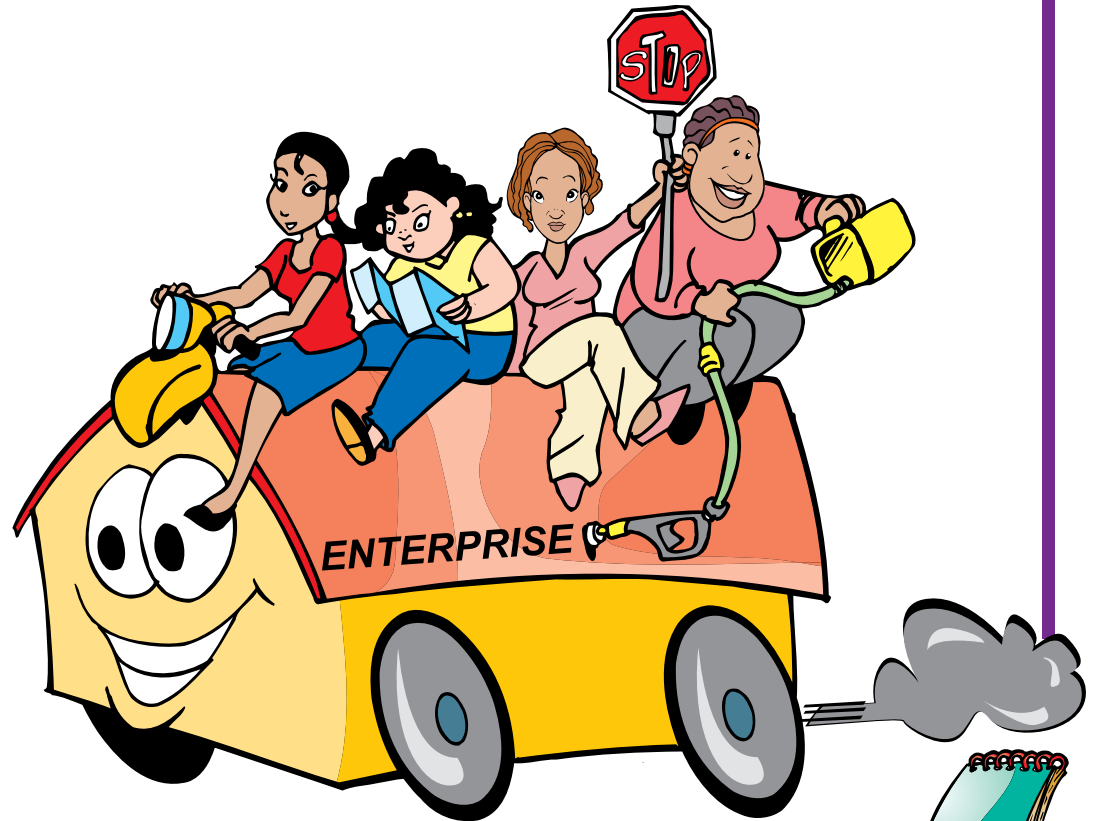
- The time dedicated to the enterprise
- The priority given to work related to the enterprise
- The resources needed for the enterprise
- The enterprise's money



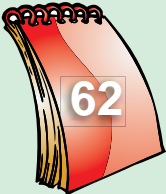
Let's go over each point and answer:

Do we have control over our enterprise?

What should we do in order to increase or improve our control of it?



NOTES





Do we know our territory?

We'll prepare four informative maps that will help us analyze our situation and make proper decisions.



How well do we know and appreciate the value of the place where we live?



We started out with almost nothing, the territory gave us everything:

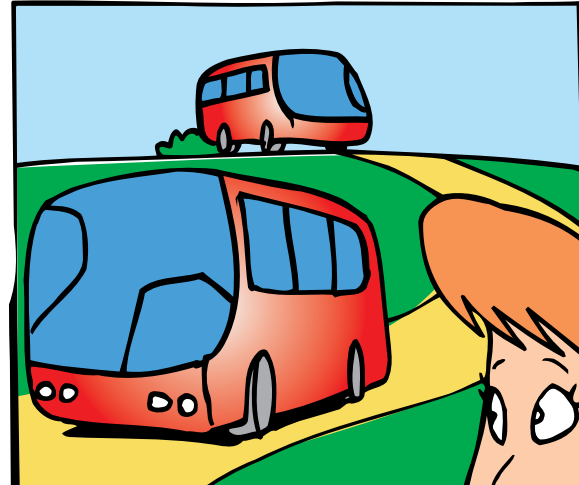
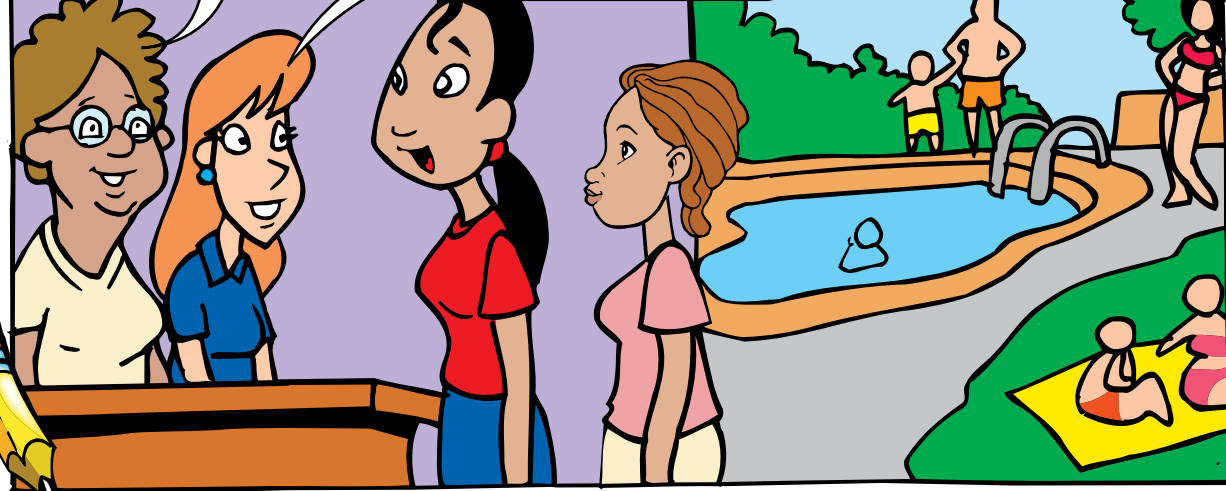
The natural thermal waters, beautiful mountains and tropical flowers.



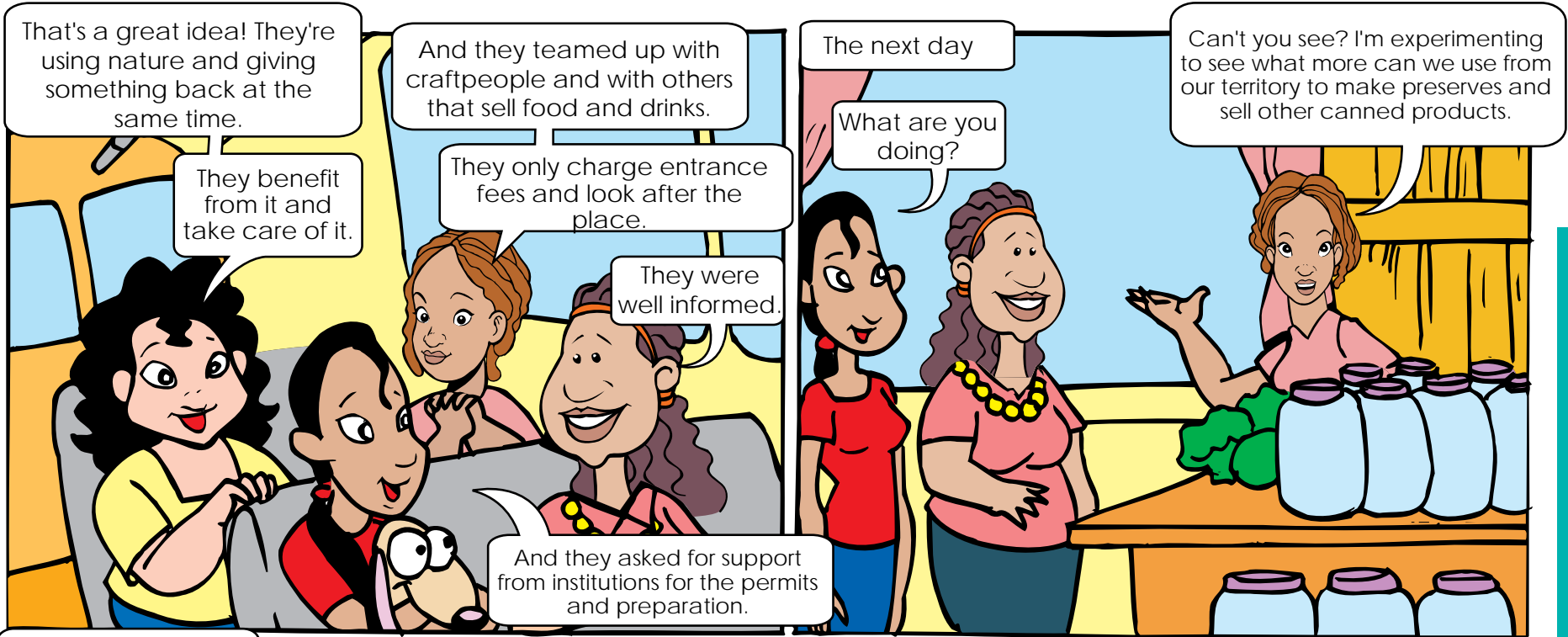
And there is good bus service, because we're located between two cities!

Yes, each city is two hours from here. One to the West and the other to the East.

Nowadays lots of people come over. It's a good way of having family fun.



We got a loan to improve the natural pools and now we want another one to build bungalows.



That's a great idea! They're using nature and giving something back at the same time.

And they teamed up with craftpeople and with others that sell food and drinks.

The next day

Can't you see? I'm experimenting to see what more can we use from our territory to make preserves and sell other canned products.

They benefit from it and take care of it.

They only charge entrance fees and look after the place.

What are you doing?

They were well informed.

And they asked for support from institutions for the permits and preparation.



Good idea, but we'll have to see what people like.

How about asking the Agro-tourism Project to give us a hand?



You know, I think I saw something at the municipality. They're giving lectures on nutrition. I'll go find out.

I'm going with you, they can give us ideas.

What do we mean by “our territory”?

Whether we are newly arrived or not, it is the place we identify with, the place we live in, the place where we share our dreams and meet people. It is the place where we relate to other people, work or sell products or do our shopping. It is the place where public and private institutions are located, as well as other organizations that help our community. It is the place we feel is ours, where we feel safe. When we are away and they ask us where we're from, we say we come from this place.

We know many things about our territory.

This knowledge may help us a lot if we know how to use it. We all have knowledge, we only have to share and organize it.



What can we find in the territory?

The place itself, its landscapes and land, our institutions, sources of finance, places to get information from, other organized groups we may collaborate with, competing enterprises, others that can sell us what we need in order to produce, people and businesses that buy or could buy our products.



What do we want for our territory?

The place we live in gives us many opportunities. But we must take care of it and make it a better place, so that nothing will be lacking for us, our children and grandchildren. We should look for the way to live better here and, at the same time, make our territory a prettier and nicer place to live in.



Let's organize our knowledge of our territory.

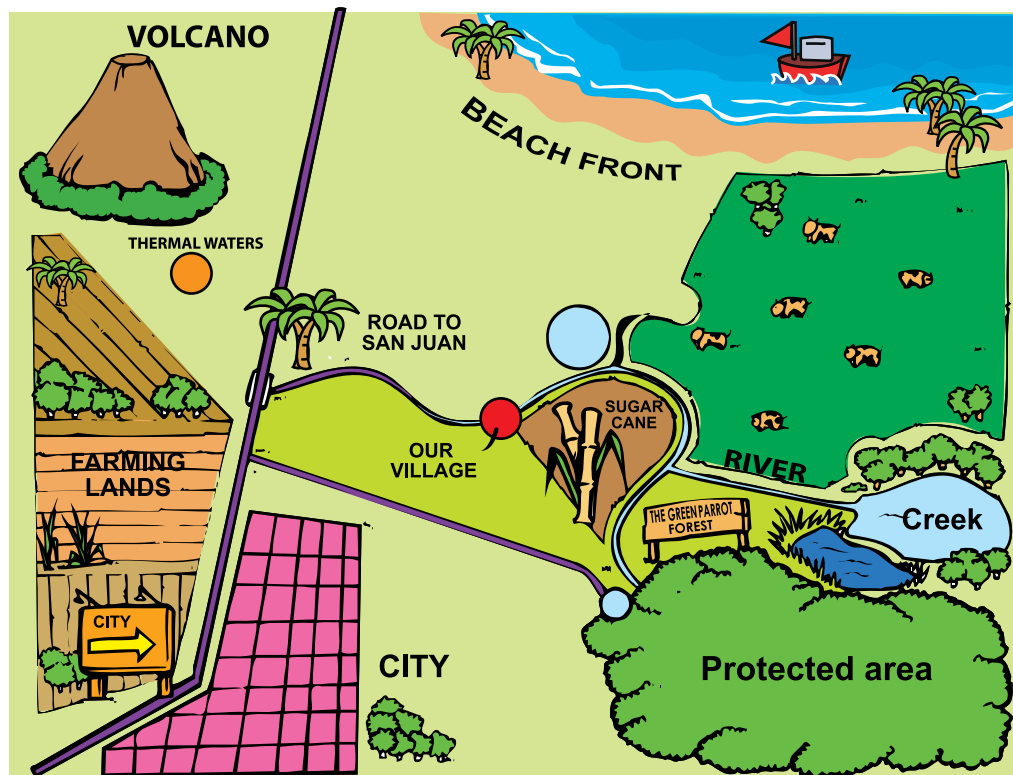
Let's prepare four informative maps that will help us analyze our situation and make decisions.

Why is this appraisal necessary?

The appraisal is necessary to make decisions based on our reality. It makes us understand the influence that the absence or presence of certain institutions has over our enterprise, or where the credit institutions that could give us a loan are, or which groups and organizations we can coordinate with to work better. This assessment helps us see the existing opportunities around us.



How do we know which is our territory?



1- Let's draw a map of our territory

Let's place a big sheet of paper or several papers on a large table or pin them to the wall and draw a map of our territory. First, we draw our community, and then the towns or cities we usually visit to run errands or go to the bank, where we shop or where people from our community go to work every day.

We include the towns where we sell our products or offer our services. We also locate the places where most of our family lives. Sometimes it's easier to start by drawing the most important rivers and roads, and then including the towns.

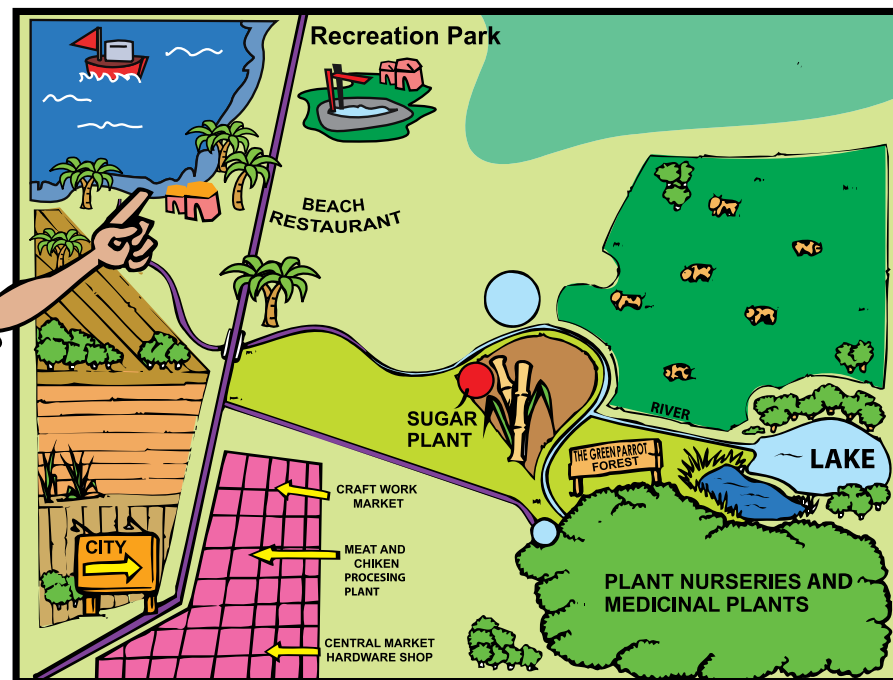
Then we include the forests, hills, lakes, volcanoes and other easily recognizable landmarks. We can write down their names if we know them.

2- Let's draw an economic map of our territory: marketplaces, businesses and important clients, industries, and so on.

First, we list the things of economic relevance for our enterprise:

- Names of places, markets and businesses where our products are bought and sold. We include our most important products.
- Names of places where industries are located. These can be agricultural or some other type or industry. We include the type of products they make.
- Names of places of enterprises that could be our competitors. We include the products and services they offer.
- Names of places where our clients are. They can be actual or potential clients.
- Names of places with productive activities that could be of interest to our group of women as production alternatives. We include the types of activities (products or services) carried out there.

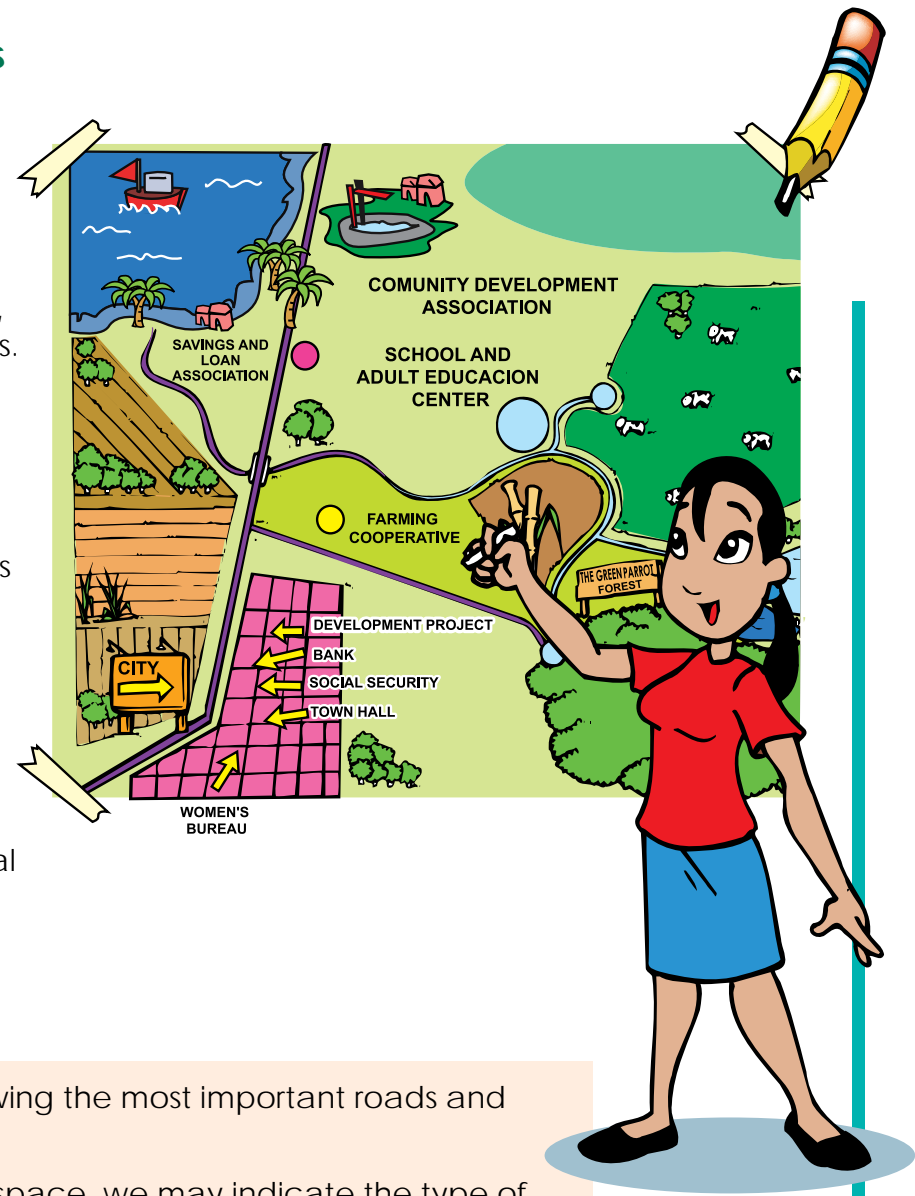
Once we have these lists (let's not forget to include our own community), we proceed to draw them on another map. First, we place the most important roads and rivers on this new map, as we did on the first map. The maps will look alike, but the places that are economically relevant to our enterprise will appear on this one.



3- Let's draw an institutional map with the institutions and organizations present in our territory.

First, let's draw another list, this time of the services and institutions present in our territory:

- Names of places with health services, inter-urban transportation, schools and high schools, technological institutes and universities. We note along with the name the type of service offered there.
- Names of places with cooperatives, associations, community development committees, non-governmental organizations lending support to communities, and so on. We point out along with the name the type of organizations present.
- Names of places with recreational centers such as pools or parks and other community and entertainment centers.
- Names of places with governmental and other institutions, banks and other lending instances, and special development programs.
- We include on the list the name of each institution and the type of service it provides or could provide us, in accordance with its functions. Some institutions have credit funds, others have training, or housing, support for micro-enterprises or agroindustrial programs, etc. It is important to write down as much of this information as we can.



Once we have it all down on a list, we design the third map, drawing the most important roads and rivers first, as we did with the first and second map.

Then, we locate the places identified in the list. If there's enough space, we may indicate the type of institution in each place or at least the most important ones for us.

Let's represent our enterprise-related activities outside our territory.

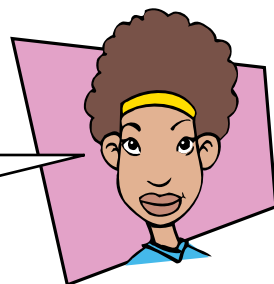
Some enterprises, no matter how small, sell their products or services outside our territory. This happens when you sell, for example, in the capital or another large city far away from your enterprise.

In addition, sometimes government bodies make us travel a bit farther to get certain permits.

Who can help us?



If you don't have large sheets of paper, you can do this exercise on the floor using chalk, or in the sand using sticks, stones, seeds and leaves, using any kind of stick to draw. The advantage of working in this manner is that we can easily make changes on the maps in case we make a mistake.



4- Let's draw a map of the national territory

On another sheet of paper, let's draw a fourth map representing the whole country, showing its main roads, lakes, mountains and cities.

- We make a list of government entities important for us, located outside our territory.
- We also make a list of the markets, clients and competitors outside our territory.
- Finally, let's make a list of non-governmental organizations, lending institutions, special development programs, etc., that are relevant to us.

Once we have these lists, we locate them on the fourth map of the national territory.

What do we do with all this information?

Where can we offer our products?

Where are there promising markets for our product or service?

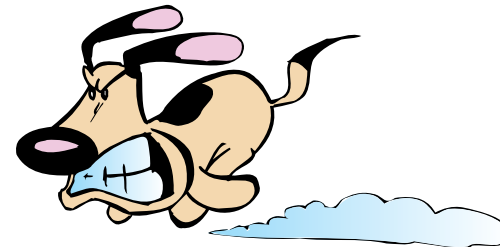
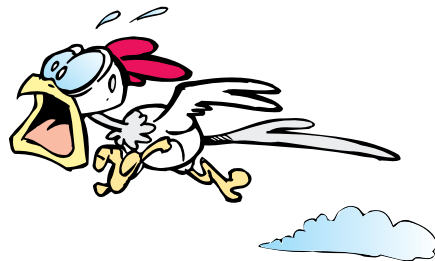


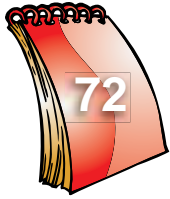
Where do we see alternatives for production, or markets where we haven't yet placed our product or service?

And above all: are there any production groups or organizations with which we could establish some sort of collaboration? Can we establish an alliance with them that benefits both groups?

Where are there institutions that can offer us information, credit, advice or training?

Now we can ask the relevant questions to define opportunities and difficulties in our surroundings, particularly in our territory. What difficulties do we face?



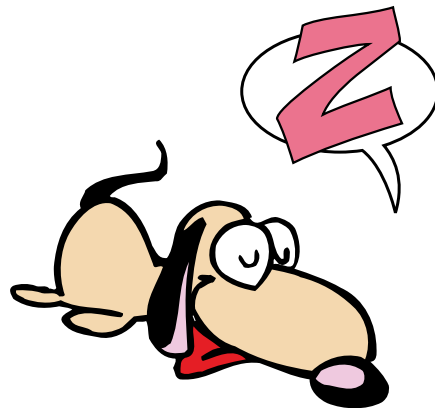


Can our product or service compete with the competitors we identified?

What opportunities do we see when we look at these maps?

Can we better compete with other enterprises offering similar products or services through these opportunities?

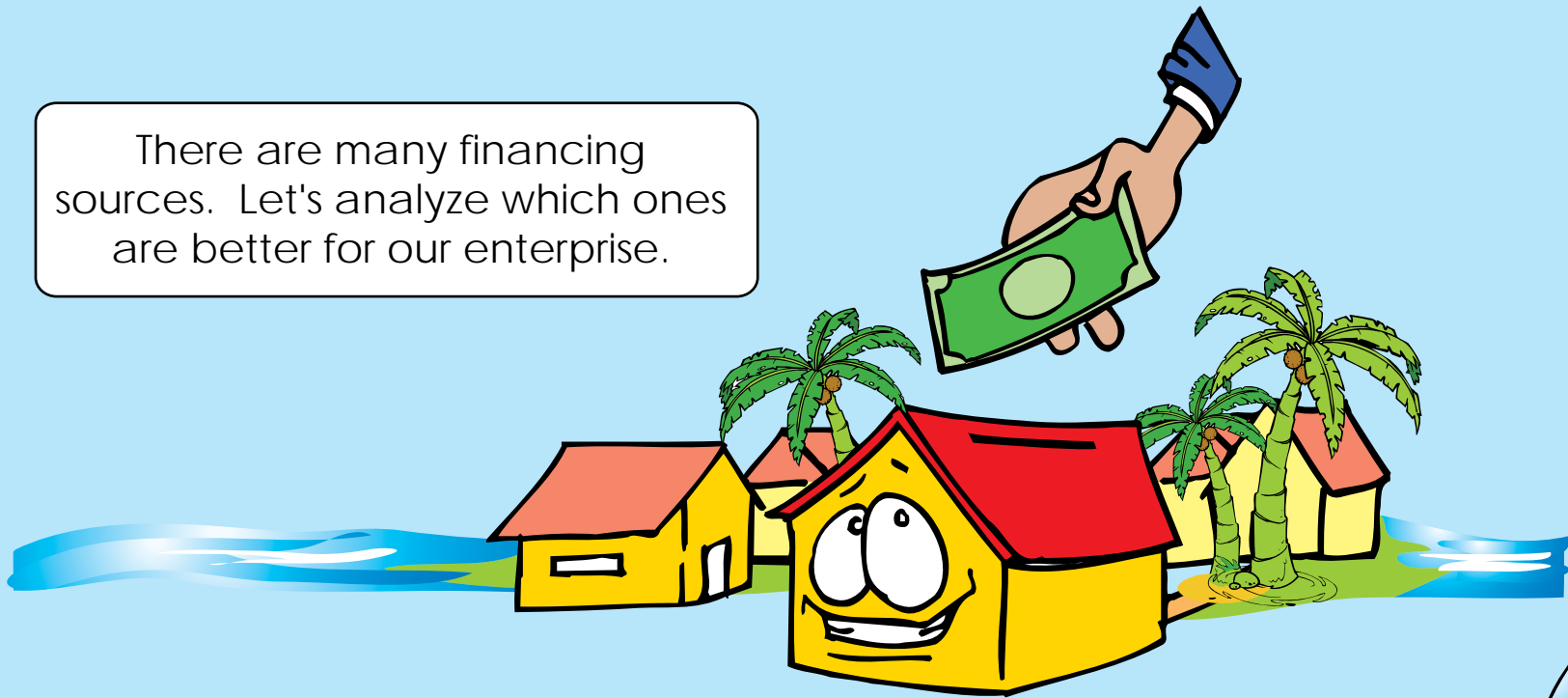
Can we solve the problems identified above through these opportunities?





How do we finance our enterprise?

There are many financing sources. Let's analyze which ones are better for our enterprise.



Last time that we went to the city we made good sales. I think we could do it for real.

We've already planted chili, onions and beans. They'll soon be ready.

That's the plan! Start producing more with this crop!

We have to buy more jars and labels. One more thing, Theodore, I don't want to criticize, but your kitchen is too small to produce so much chili sauce.

I had thought of that. Besides, in order to grow we need a place just for our production. I can't keep on mixing household and enterprise. It's too uncomfortable!

1

We have to borrow some money!

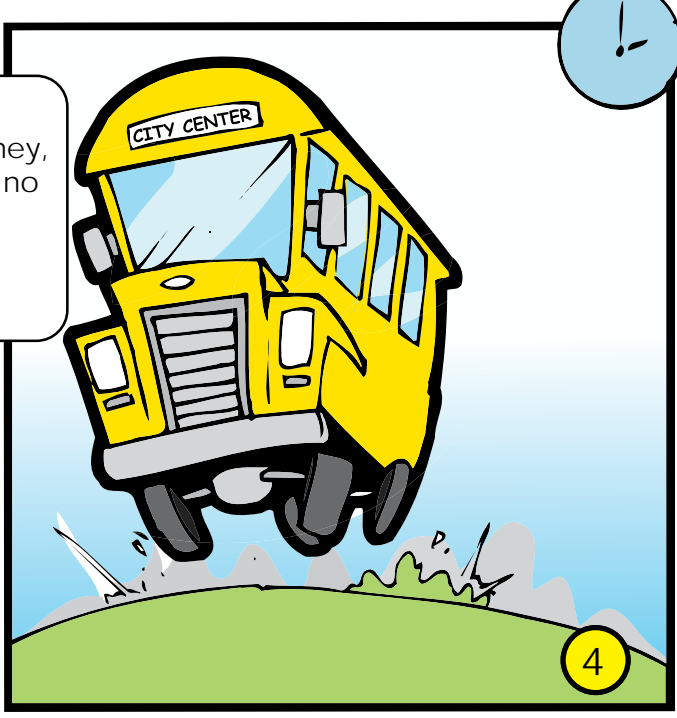
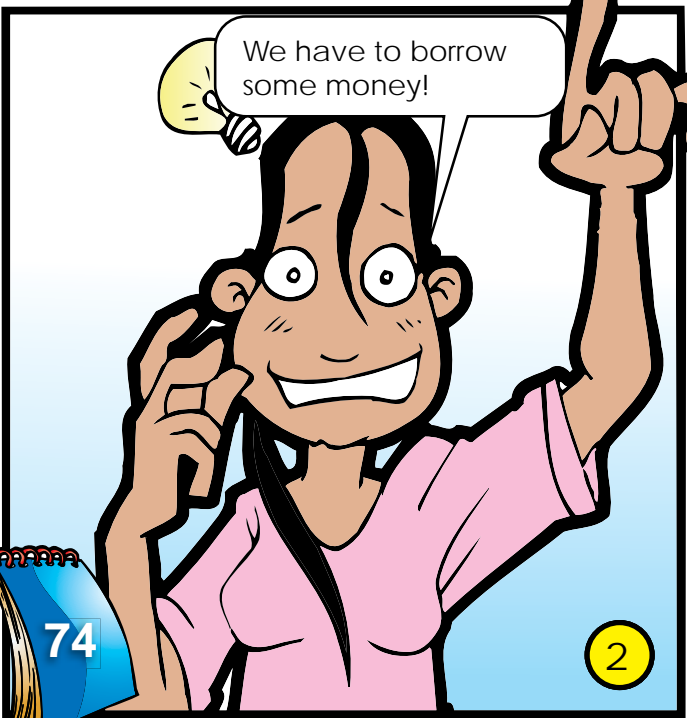
I don't like owing money, but there's no other way. Otherwise, we'll get stuck.

74

2

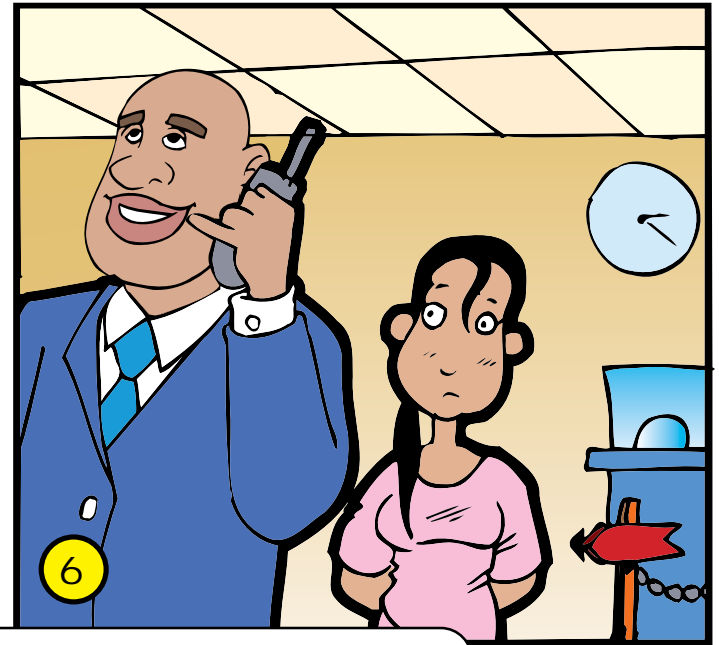
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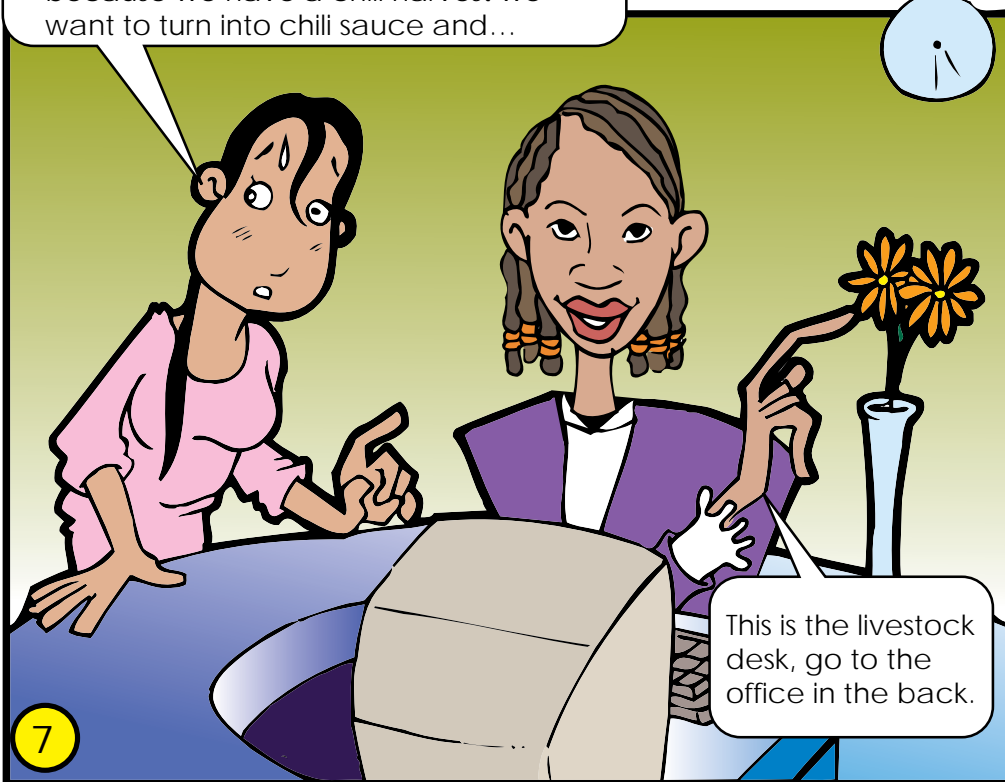




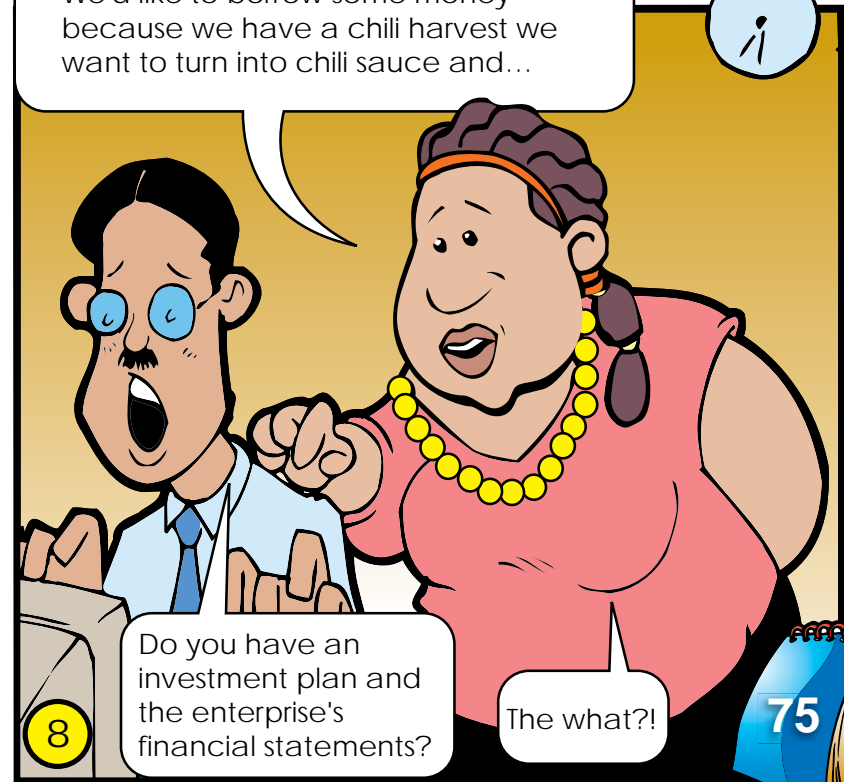
5
We'd like to borrow some money because we have a chili harvest we want to turn into chili sauce and...



6
We'd like to borrow some money because we have a chili harvest we want to turn into chili sauce and...



7
This is the livestock desk, go to the office in the back.



8
Do you have an investment plan and the enterprise's financial statements?

The what?!



Look, to get credit here you need to meet these requirements

Read this and bring all the documents you're asked for. Good-bye

All this time just to pick up a paper we don't even understand!!

9



Don't lose hope. Let's ask the extension agent to give us a hand.

10



11

Well, we need our financial statements: the expenses and revenues, the earnings and how much money we've got

Yes, and also a permit from the Ministry of Health because you produce food, and therefore you have to look after Health and Food Safety.

We're not going to poison people!

No, but the water may be dirty or the table where the chillies are cut, with all these kids running around.

12

And then the investment plan: how we plan to spend the money they'll lend us.

But, we're never going to get all these things ready before the chillies ripen!

They're going to rot! Let's talk to Jonathan, the moneylender. It'll be faster. He knows us and knows we always pay our debts. He won't ask for much paperwork

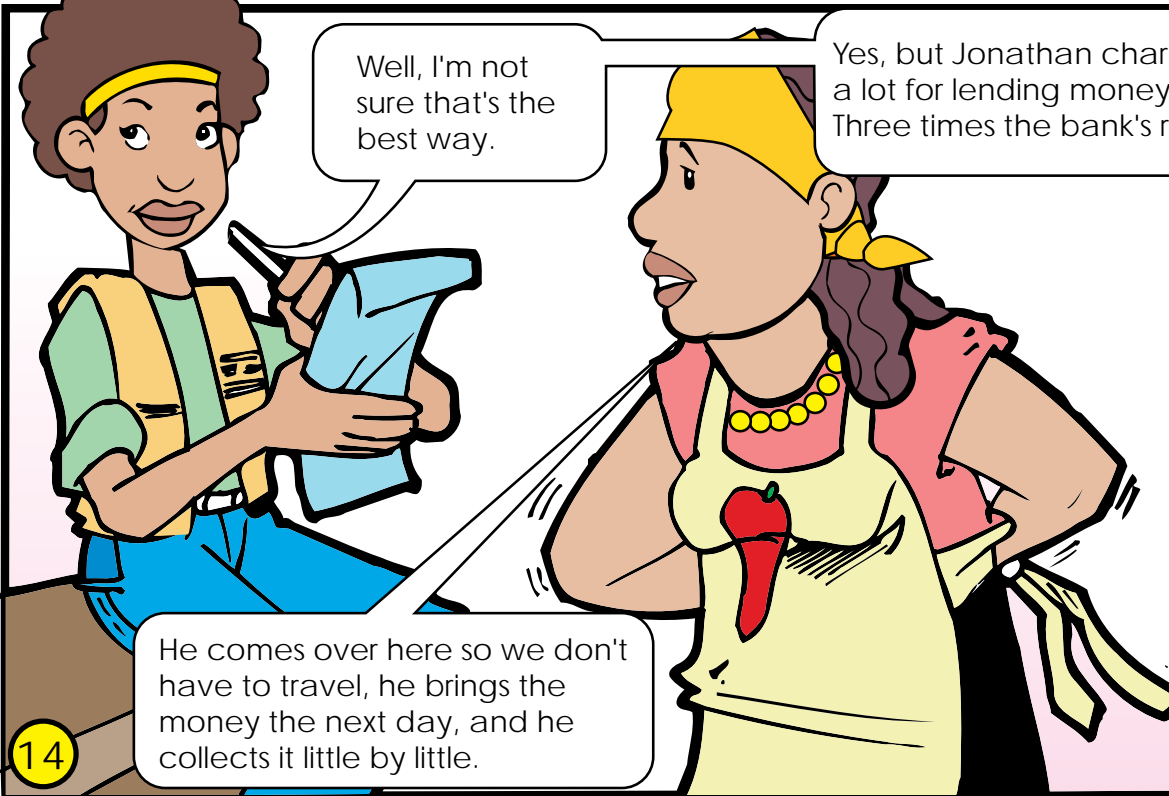


13

Well, I'm not sure that's the best way.

Yes, but Jonathan charges a lot for lending money. Three times the bank's rate!

Let's do this calmly. What do you say if we examine all the possibilities to borrow money, and then decide?



14

He comes over here so we don't have to travel, he brings the money the next day, and he collects it little by little.



15

FFFFF

77

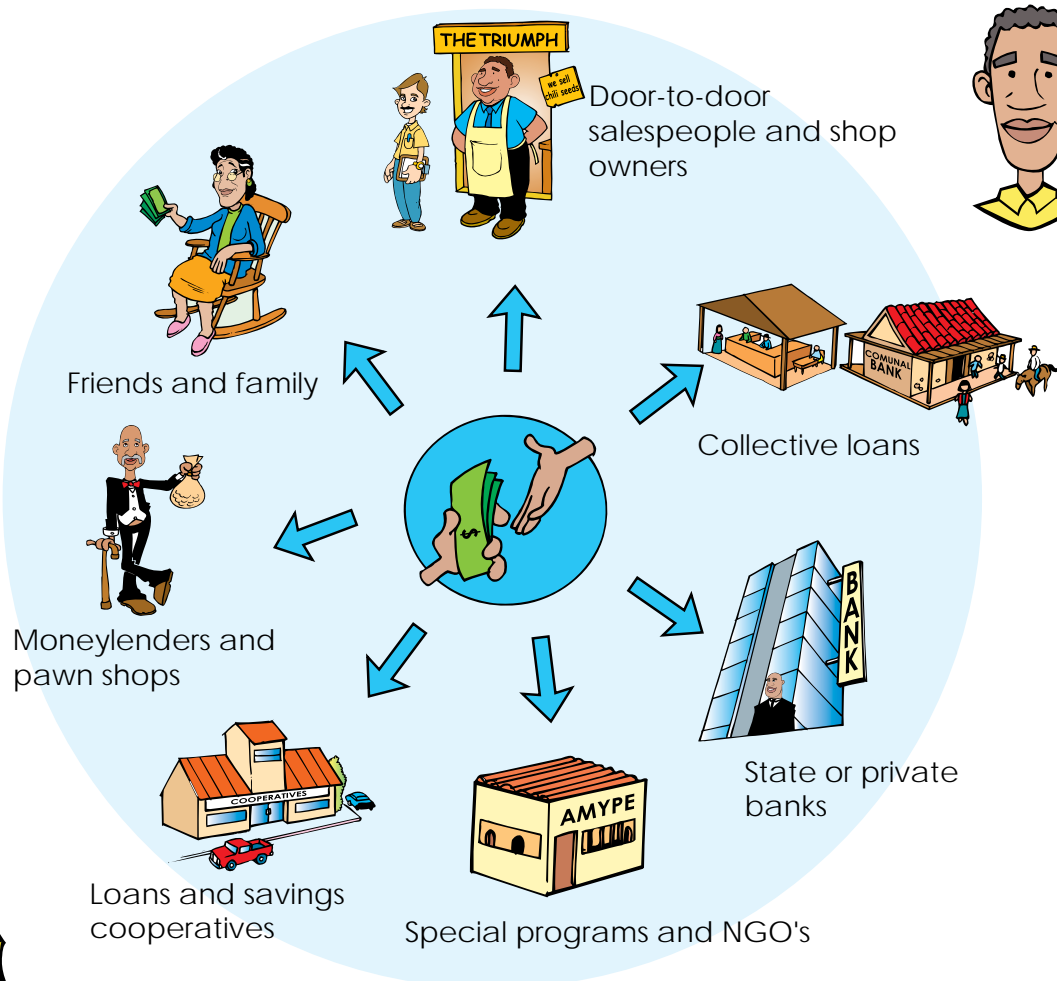
Financing Sources

What are the sources of finance we can get money from?

There are many ways to get money, but sometimes it's too expensive due to high interest rates, or they ask us for a lot of paperwork, like permits, collateral and the enterprise's papers. Sometimes the money takes a long time to arrive.

It also costs time and money when we have to travel to the city to ask for a loan and make the payments.

Let's clarify a few words to understand this a little better.
 The interest is the price we pay for receiving a certain amount of money.
 The collateral is what we have to put up in case we don't pay the loan.



There are two ways to manage a loan.

- First, we can do it individually. Each one is responsible to get the credit on her own, give a collateral, make the payments. Of course, she will have to answer on her own if any problems arise with the lending institution.
- Second, we may think of a loan we get as a group of women, among all the partners. This is called a collective credit and is also known as a joint liability credit. It means that each woman in the group is responsible for the credit along with the others. Each one is liable jointly with the others.



What do we know about these financing sources?

Personal loans

- **Friends / family**

Sometimes, the people around us can lend us some money. They may or may not ask for papers, the loan may be interest-free or not, depending on who they are.



- **Moneylenders and pawn shops**

In most communities there are people dedicated to lending money, often asking for some object as collateral.

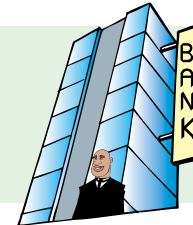
- **Salespersons and stores that give credit**

It's not perceived as a loan, but actually it is: Sometimes, we can get things on credit for the enterprise, like seeds or cloth. It's as if they were lending us money. Some shops give credit without interest, that is, without increasing the price of the merchandise, and others do. Generally, door-to-door vendors charge interest for their service.



- **Banks**

We all know the banks and institutions dedicated to managing money, where we can ask for a loan or get a credit card.



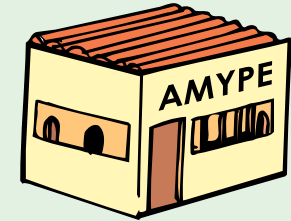
- **Loans and savings cooperatives**

They are very similar to a bank, but we have to be affiliated first and open a savings account. After a while, we can ask for a loan. Generally, they are less demanding with the interest and collateral than banks, because they already know us.



- **Special programs.**

Many times, the government has special credit programs that give loans to people under more favorable terms than private banks. There are also international cooperation projects or organizations that do not belong to the government, known as Non-governmental Organizations: NGOs.



Financial organizations (Communal Bank, Loans and Savings Associations, Joint Liability Groups)

This way of getting money is not well known but it is very interesting. A collective loan is managed by an organized group. The group asks for the loan through its representatives.

Once the request is approved, you receive the money. There are two ways of handling this. First, each member of the group receives the part she needs and is responsible for paying her payments duly. Second, the group collects the money from among its members to pay the installments. (Monthly or weekly payments the group agrees to make to pay back the loan.)

Exercise:



There are several types of lending institutions that make collective loans. Some are called communal banks. There are also cooperatives, savings and loan associations, and rural savings associations.

Are you familiar with any of these financial organizations? Is there one in your area or community?

Have you had any experience with them? How did it go?

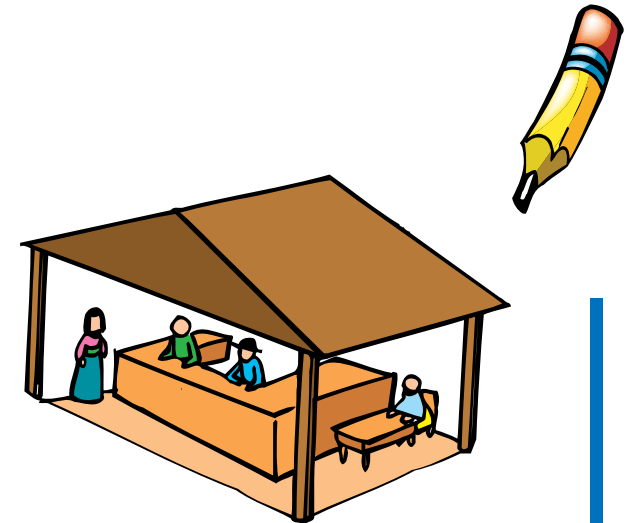


- **Savings and loan associations**

These groups are formed by people from a community who get together to save little by little. From the money they gather, they lend to their members, men and women. In some cases, members pay a fixed amount to belong to the group. The money is used to benefit all members.

Savings and loan organizations are very close to their community; often all members know one other personally. This offers a big advantage, because sometimes they can loan money without collateral to a member who enjoys a good reputation for being orderly and trustworthy.

There are associations formed to improve the working conditions of their members, such as agricultural producer associations that lend money to its members to meet their production needs.



- **Rural Communal Banks**

Their members, men and women, get together to ask for a loan. They generally come from the same community.

The people who join this group set up first a small fund with a few savings, and this money stays within the community. Group members get loans, and the rest of the group make sure that everyone repays what he or she has received.

An external organization, often an NGO, helps the group set up its communal bank, offers training and advice, and when the group is ready, lends it money.

The money is managed by representatives from the communal bank, that is, the Management or Credit Committee. This Committee decides, according to previously defined rules, which members may get loans. The NGO can be paid back from the members' payments.



The members themselves administrate the capital, just as they do in a bank. They define their own lending rules and lend the money to group members, normally for some production-related activity. This is why they are often called Communal Banks.

The advantages of community banks are.

The savings remain within the community as a credit or emergency fund.

When someone has trouble paying back, the other members put pressure on him or her and if, due to an emergency, the person can't pay on time but later on, they help that person through the emergency fund. This fund is made up of the small amounts every associate saves weekly and it belongs to everybody.



I think our credit rules should allow for assistance in case of an emergency.



Yes, but only if we're sure we can recover the money we lend.

All members know one other and know beforehand who pays back and who doesn't. The latter aren't given any loans.



Many times communal banks are established with people of the same gender. The reason is that the bank needs a lot of cohesion and solidarity among its members to help one another and meet the payments. Experience has shown that women-only groups are more united and successful than mixed groups.






Many women with little credit experience feel comfortable with this system, for several reasons:

- They can pay every week
- The credit can be short-term, if necessary
- The application requirements are simple ok!
- All the paperwork is handled within the community so there's no need to travel to request the loan or make the payments. Sometimes it can be dangerous for women to travel carrying money.
- The amounts loaned are small and therefore women learn to manage loans while the enterprise grows.

Let's analyze the sources of finance in our community or near to it




Exercise: 

Let's think about the people lending money in our community or in places where people from our community have borrowed money. We analyze our experience with these lending sources and write down their advantages (what's convenient for us) and disadvantages (what's not convenient for us).

Source of finance:	 It's convenient for us. Why?	 It's not convenient for us. Why?
Friends and family		
 <p>Amount of money they can lend us: is it a lot or a little?</p>		
<p>Interest rate: do they charge a lot or a little to lend us the money?</p>		
<p>Payment system: is the place where we have to pay and the frequency and amount of the payments convenient for us?</p>		
<p>Collateral: Can we meet their requirement and is it worth it?</p>		
<p>Other requirements: what else do they ask for?</p>		
<p>Does the money arrive in time for the activities we want to start?</p>		





Source of finance:	 It's convenient for us. Why?	 It's not convenient for us. Why?
Moneylenders and pawn Shops		
 <p>Amount of money they can lend us: is it a lot or a little?</p>		
<p>Interest rate: do they charge a lot or a little to lend us the money?</p>		
<p>Payment system: is the place where we have to pay and the frequency and amount of the payments convenient for us?</p>		
<p>Collateral: Can we meet their requirement and is it worth it?</p>		
<p>Other requirements: what else do they ask for?</p>		
<p>Does the money arrive in time for the activities we want to start?</p>		

Source of Funding:

The salesperson that visit households and the owners of local stores



It is convenient for us. Why?



It is not convenient for us. Why?



Do they sell the merchandise that we really need for our business?

Is the amount of money they lend enough for our needs or isn't it?

Is the mark-up they charge for merchandise high or low?



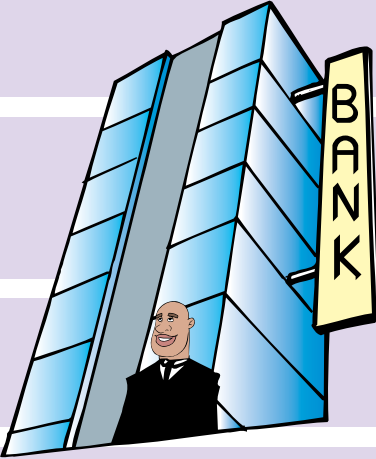
Are the amounts and frequency of the payments convenient for us?

Do they ask for a guarantee?

Are we able to get the merchandise when we need it?





Source of Funding:	 It is convenient for us. Why?	 It is not convenient for us. Why?
Private or Public Banks		
Is the amount that they can lend us high or low?		
 Is their interest rate high or low?		
Are the place at which we must make payments and frequency of those payments convenient for us ?		
Can we meet their requirements? Is it worthwhile?		
Other requirements: What else are the asking for?		
Does the money come in time for the activities we decided to carry out?		



Source of finance:



It is convenient for us. Why?



It is not convenient for us. Why?

Savings and loan Cooperatives

Can we become affiliated and save money before requesting the loan?

Amount of money they can lend us: is it a lot or a little?



Interest rate: do they charge a lot or a little to lend us the money?

Payment system: is the place where we have to pay and the frequency and amount of the payments convenient for us?

Collateral: Can we meet their requirement and is it worthwhile?

Other requirements: what else do they ask for?

Does the money arrive in time for the activities we want to start?





Source of Funding:



It is convenient for us. Why?



It is not convenient for us. Why?

Special programs and NGOs

Amount of money they can lend us: is it a lot or a little?

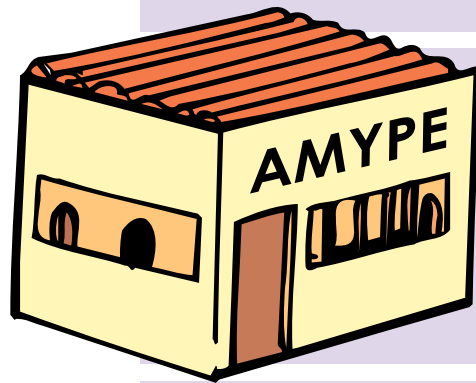
Interest rate: do they charge a lot or a little to lend us the money?

Payment system: is the place where we have to pay and the frequency and amount of the payments convenient for us?

Collateral: Can we meet their requirement and is it worthwhile?

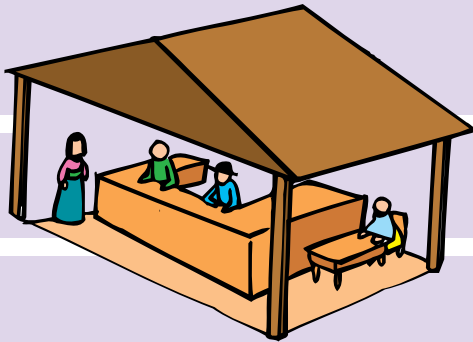
Other requirements: what else do they ask for?

Does the money arrive in time for the activities we want to start?



Source of finance:

Collective loans

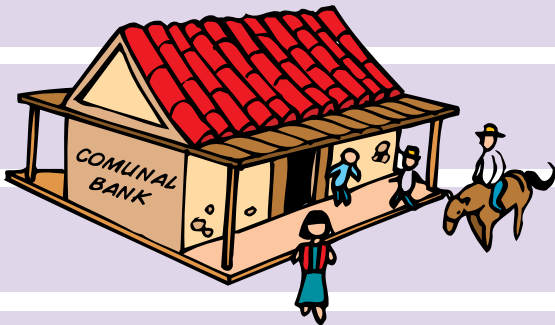


Is our group sufficiently solid and harmonious to handle this kind of credit?

Amount of money they can lend us: is it a lot or a little?

Interest rate: do they charge a lot or a little to lend us the money?

Payment system: is the place where we have to pay and the frequency and amount of the payments convenient for us?



Collateral: Can we meet their requirement and is it worthwhile?

Other requirements: what else do they ask for?

Does the money arrive in time for the activities we want to start?



It is convenient for us. Why?



It is not convenient for us. Why?



The collateral

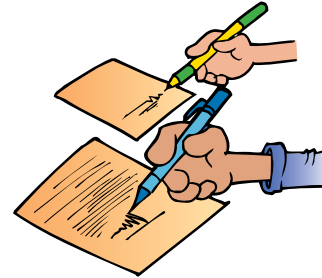
The lending institution, program or entity will always ask the group for a collateral. This term means backing that guarantees the bank or lending entity that it will always be able to retrieve its money, if for some reason you are not able to pay it back.



There are four types of collateral

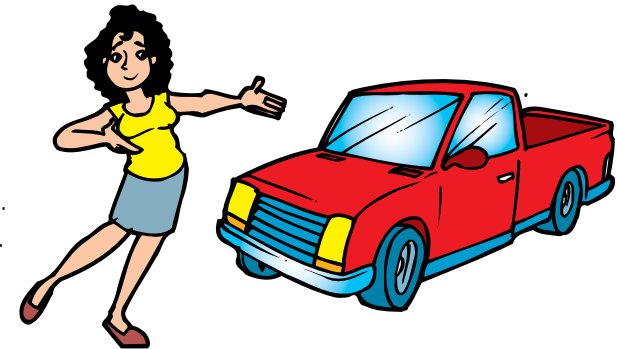


A plot of land or house or warehouse. This is called a **mortgage**.



A neighbor or other group member may guarantee with the bank that if you can't make any more payments, they will pay the remainder of the debt. This is called a **co-signer**.

A vehicle, valuable furniture, or machinery. This is called a **security**.



Joint liability as collateral:

We speak of joint liability when all group members are responsible for debt payments. When some people in the group don't pay, the others answer for them.

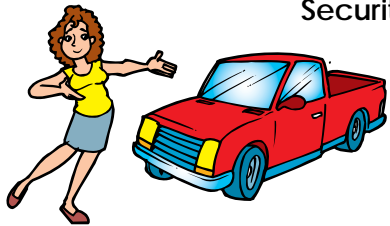


That's why it's so important that we know who we invite to join in the borrowing process. If someone cannot pay part of the loan or has a bad credit history, it's better to leave her outside the group requesting a loan.

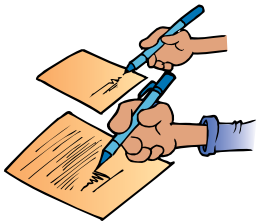
Mortgage



Security



Co-signer



Joint liability



? What can we give as collateral?

😊 Why is this convenient for us?

☹️ Why is this not convenient us?

Lined writing area for 'What can we give as collateral?'

Lined writing area for 'Why is this convenient for us?'

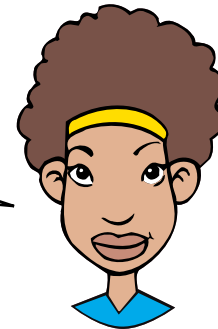
Lined writing area for 'Why is this not convenient us?'



Interest

is the price we pay for receiving borrowed money.

When we receive money belonging to someone else, we have to pay that person for doing us this favor. It's like buying something at the store, every article has a price. The same happens with money. Free money, aside from the lottery and some social programs, hardly ever exists. All money has its price.

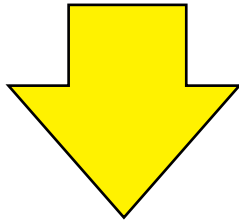


We have to work to get a salary, and we have to pay what we call interest to borrow money. Interest is a percentage of the money borrowed. Generally, as you start paying off your debt and the amount you owe decreases, you will pay less interest.

According to the financing source and institution, interest can be higher or lower. Sometimes it's worth paying a little more in interest if it means we get the money a little faster or the loan requirements are simpler.



How do we proceed to get credit as a group?



We begin here

1 We evaluate thoroughly whether the group is ready to get involved with a collective loan. Are we going to get along? Can we speak out without resentment? Can we handle our money well?

2 Then, we see if there is an institution or program giving this kind of credit in our area. In the section on territorial evaluation we help you out with this point. We may ask for information from institutions we know.



3 If we can locate a program for this type of credit, we could go and find out what the requirements are.



4 We analyze what sort of collateral we can and want to give: mortgage, security, fiduciary collateral, or joint liability.



5 Back in our community, we analyze the information with the group and see how we can meet the requirements to file an application.

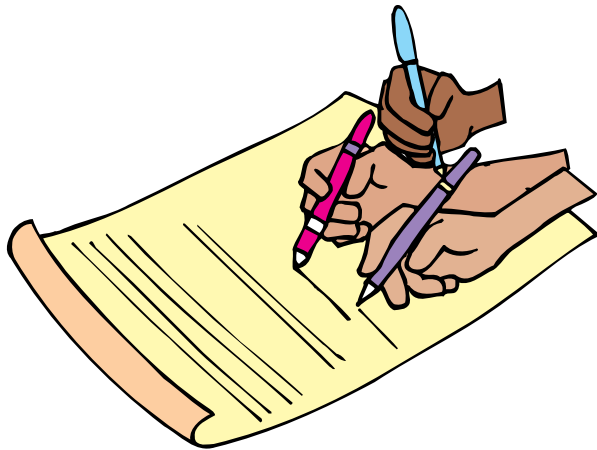


What are the most frequent requirements?

All lending institutions have requirements that people or groups asking for a loan have to meet. Sometimes, the requirements are very complicated; sometimes they are just a few questions.

Before asking formally for a loan, you must ask what the requirements are. That way, you can be well prepared and take everything you need on the day you wish to formalize the credit. There will be a previous meeting with the lending organization. At the meeting, they will explain the requirements and ask what you want the money for, and if you'll borrow it as a group or individually. Therefore, you must be ready to answer those two questions.

The most common requirements are:



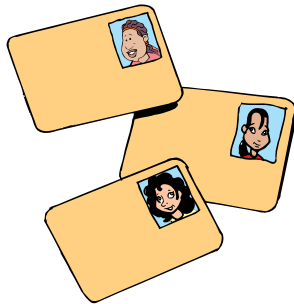
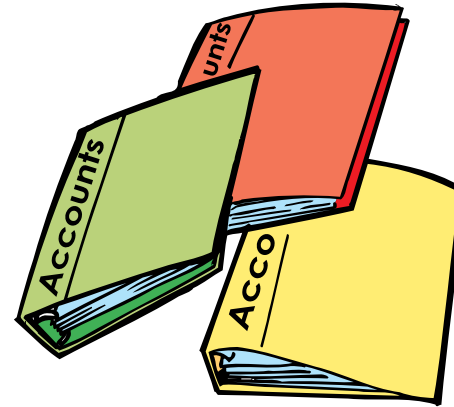
1. Legal status.
You must present a copy of your papers attesting to their legal status for the loan application.
If the group doesn't have one yet, the loan is issued to one or more women from the group, with joint liability, and they're responsible for making the payments among everybody.
If some of the members don't pay, those who have joint liability must use their money and property as collateral with the lending organization. In a very extreme case, this may result in foreclosure.
If the group does have legal status, its representatives (for example, the board of directors or administration committee) borrow for the group and are responsible for the amount owed in case the group can't pay back.

Although people who lend money in the community are often called "moneylenders", the term is applied to anyone who does so. The moneylender is the entity lending the money. The borrower is the person, group or enterprise borrowing the money.



Normally, they give you an application form to fill out: the Credit Application. It is important to thoroughly analyze the requirements with the loan officer to clarify any doubts. If you can't meet a requirement, you discuss it with the loan officer to find a solution.

2. If the enterprise is larger and has an accounting system in place, you'll probably be asked (especially for larger amounts) for a copy of the financial statements, from at least the last fiscal year, and your most recent checks and balance statements. For many new micro-enterprises and for smaller loan amounts, the above isn't required until the enterprise starts to grow and asks for a bigger loan.



3. Photocopies of ID cards of everyone whose name appears on the loan application, that is to say, the applicants and the guarantor.

5. Experience in the productive activity. Sometimes the enterprise is required to have been in operation for at least a year. In other instances, it is the applicants who must have a year's experience or some amount of training.

4. Generally you're asked for written proof of salary or a sworn declaration of the applicant's income. The same is asked of any co-signers.

6. In the case of a mortgage, you are normally asked for a title deed and a cadastral map.



7. An inventory of the enterprise's assets.



8. If you apply for the loan as a group, you'll be asked for documents proving its existence. It can be the legal status or, if you don't have one, documents that show the group meetings, like lists of participants and meeting reports that prove the group's commitment to meet its responsibilities.



9. Permits.
You may be asked for production permits, particularly for a permit issued by the Ministry of Health or a patent from the Municipality. It is very important to find out the requirements before you begin production, otherwise we may find ourselves forced to change premises, for example.



10. A list of the foreseen expenses, including labor costs of the project at hand. Sometimes you're asked for a proforma invoice when you're going to buy long-lasting goods for the enterprise. This is a bill you ask for from the seller to know how much the goods will cost, in case you do get the loan and proceed to buy them. All this information makes it possible to find out whether your foreseen expenses are realistic.

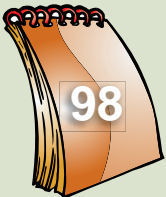


11. A Plan for your Productive Project. The money lending entity usually asks the borrower to explain the intended use of the money. It's preferable to show a detailed plan in order to increase the entity's trust in you.



NOTES

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How to establish our prices and calculate our profits?

How do we know we're selling at a fair price?

By calculating our costs and profits.



How to calculate our profits and establish the prices of our products and services?

How do we calculate our costs?

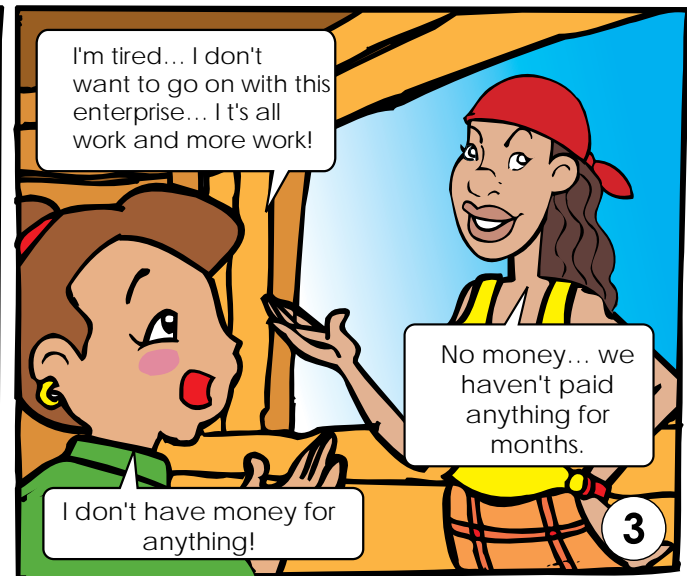
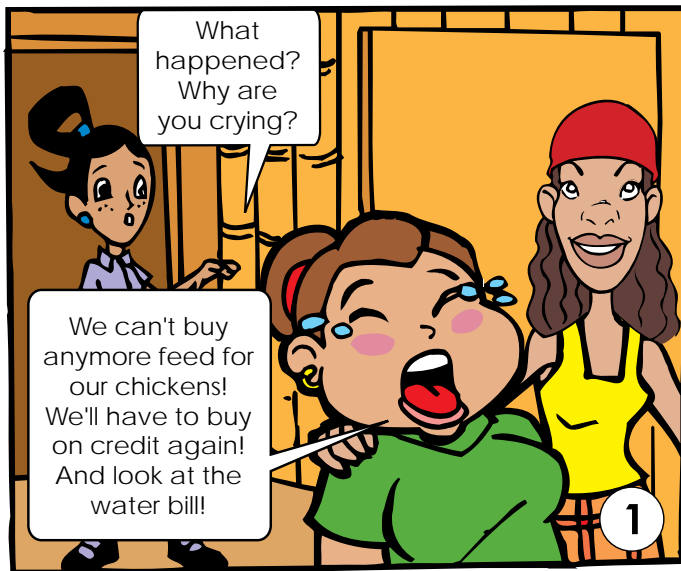
Exercise:

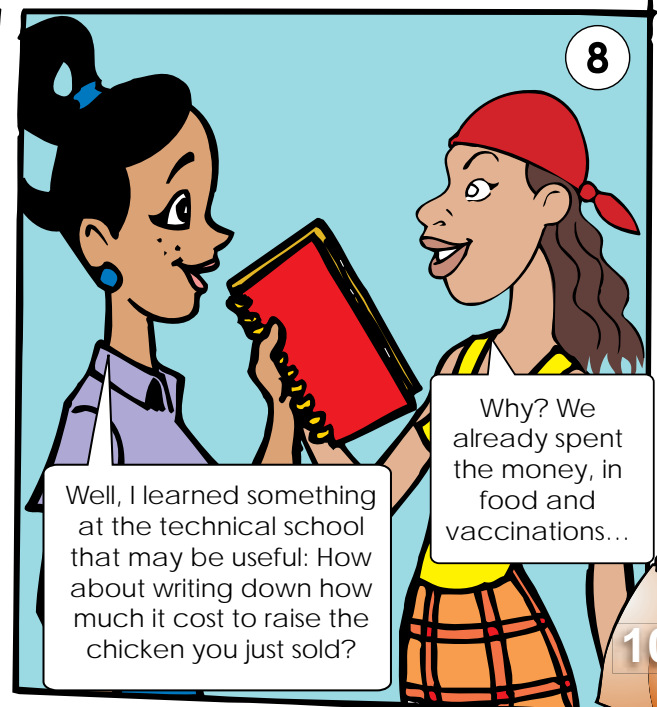
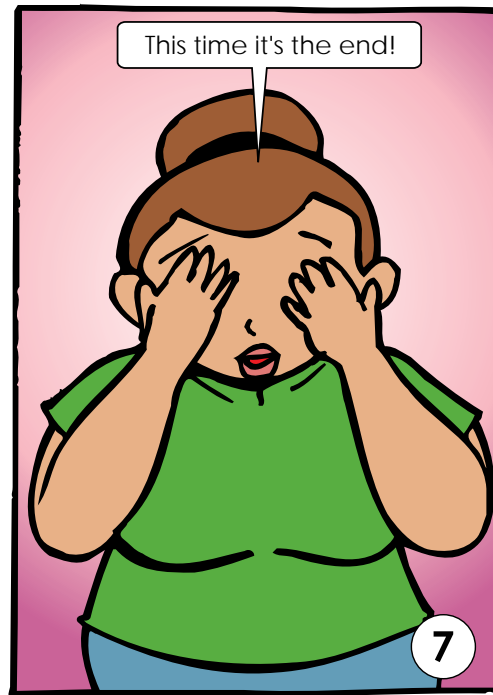


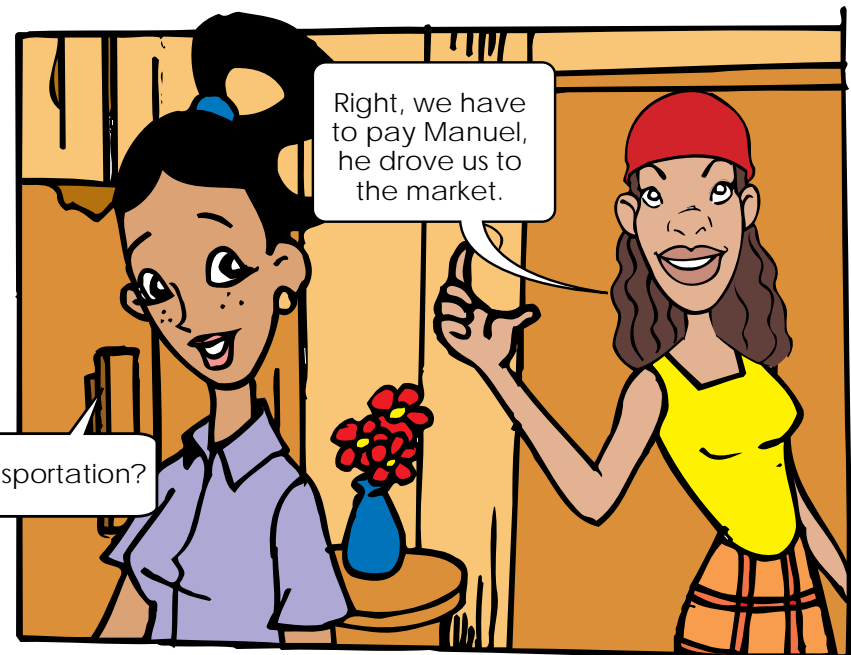
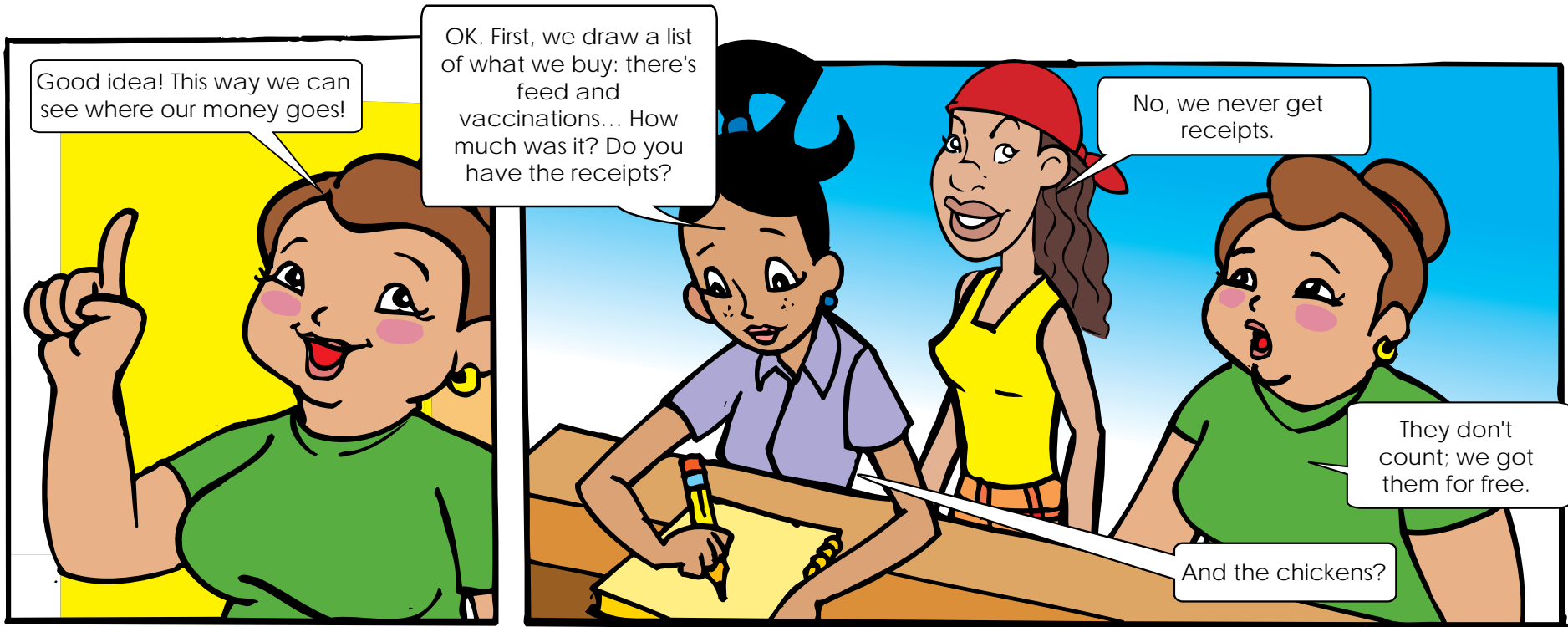
Let's look for the mistakes.

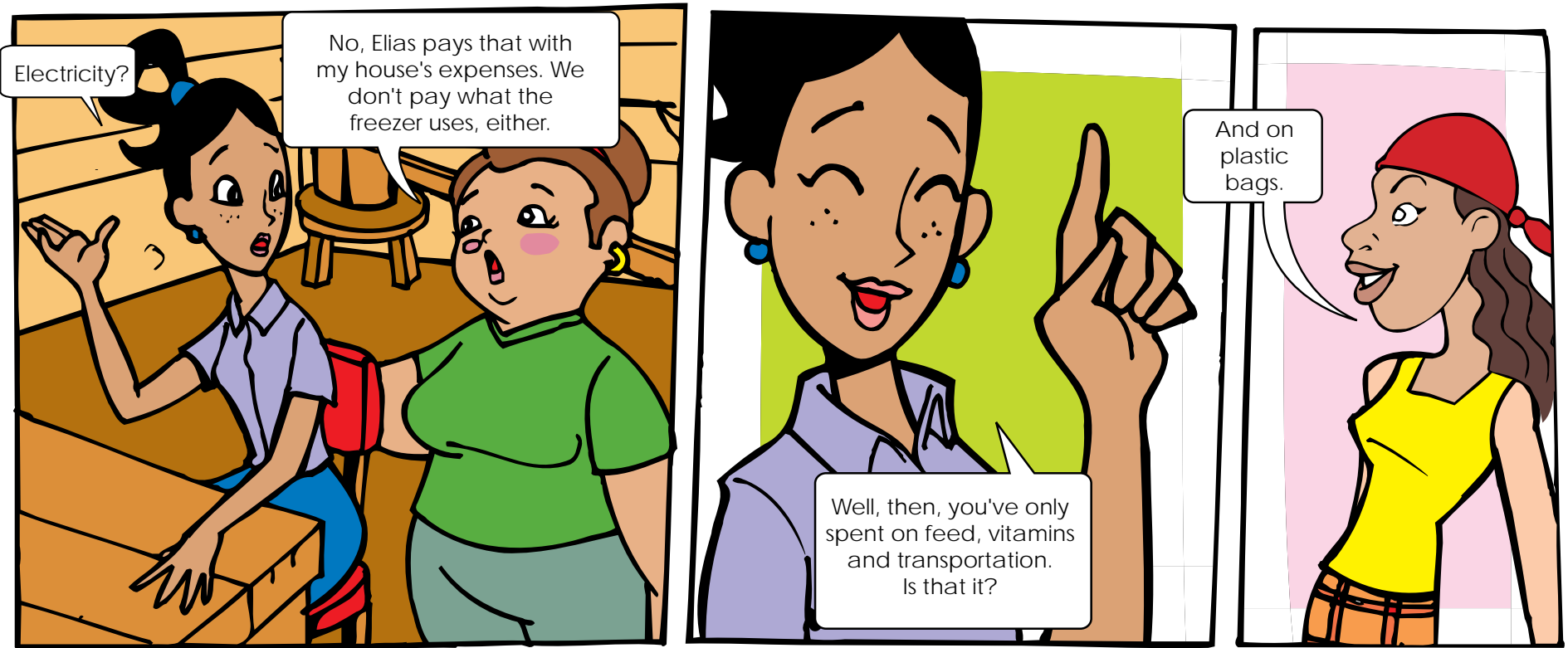
Let's read together the following conversation and find the mistakes made by Marielos, Veronica and Andrea when they calculate how much they spend. We write down the numbers of the panels where we find the mistake.

To avoid confusion, when we speak of costs we think of all the costs and expenses we have to make a product or lend a service to our clients.









Let's write down our answers. The women made mistakes in panels #:

PANEL # _____	the mistake is ...
PANEL # _____	the mistake is ...
PANEL # _____	the mistake is ...
PANEL # _____	the mistake is ...
PANEL # _____	the mistake is ...
PANEL # _____	the mistake is ...

Mathilde and Veronica's business leaves them hardly any profit. A business must have profits to survive. If we sell at too low a price and our expenses are high we run the risk of working for nothing until the enterprise goes broke.



Exercise: 

Let's analyze the women's notebook and establish their chicken production costs.

To calculate costs, Veronica, Nehali and Mathilde must take into account:

Amount spent throughout the month

Chicken	500
Vaccinations	20
Feed	350
Electricity	35
Electricity for the freezer	125
Water	15
Transportation	250
Plastic Bags	55
Rent	350
Labor	300
Fixing the premises and paying for the freezer little by little, each month	100
Total costs	2200



THAT MUCH!

To raise your profits you might raise the price.



They'll be nothing left to divide among us! With all the work we put in!



WHAT?
With a higher price, we'll never sell anything! United Chicken sells cheaper and it's a bigger enterprise.

Don't be scared! Let's do the numbers, that's all.



An enterprise isn't just working. It's also planning and thinking.



Let's think about our enterprise or project: Do we really know how much profit (or losses) we have? Who's making a profit, the client or us? Do we really know how much it costs to make our product or offer our services? How much should we charge for our work?

By how much can we raise the price and lower costs to make a profit? If we don't know the answers to these questions, one day we'll come face to face with reality: the enterprise doesn't exist anymore. The dream is over. We didn't realize we we're losing instead of winning.

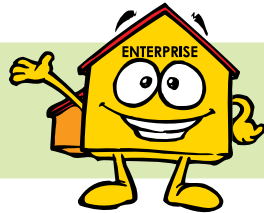


It doesn't matter if something is paid in cash or not. We have to assign a value to everything we need to produce or lend a service.



How do we calculate our revenue?

What's missing from Mathilde and Veronica's notebook?
The costs are there, but the revenue is missing.



Our revenue is the number of product sold multiplied by the price of each product.



Total sales are the chicken sold and the total revenue. It's the sum of all the money we receive.

Revenue.

From the first to the last day of the month, let's see how many chickens were sold that is to say, kilograms sold.

Date	Kilos sold	Price per kilo	Total sale for the day
Door to door day 4	15 kilos	\$35	$15 \times 35 = 525$
Market day 5	8 kilos	\$25	$8 \times 25 = 200$
Market day 12	6 kilos	\$25	$6 \times 25 = 150$
Door to door day 18	15 kilos	\$35	$15 \times 35 = 525$
Market day 19	8 kilos	\$25	$8 \times 25 = 200$
Market day 26	8 kilos	\$25	$8 \times 25 = 200$
Sales at the farm	20 kilos	\$30	$20 \times 30 = 600$
Total sold (we add the kilos): 80 kilos		Total revenue (we add the sales): 2400	



As you can see, you can't always sell at the same price. It depends on the place and clients interested in the product at that moment.

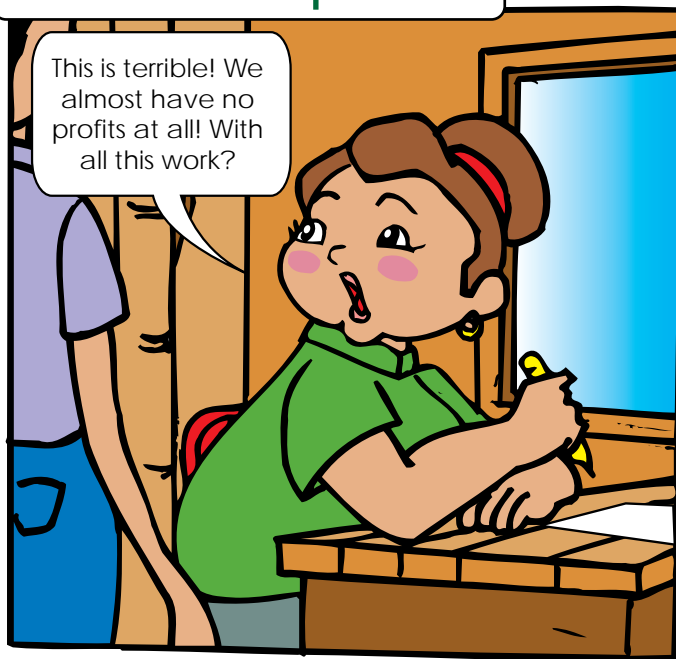
In the market there is more competition than when you sell door to door. When people buy at the farm, you can sell a little cheaper because you don't pay transportation and it takes less time to service the client.



We know about the expenses at Mathilde and Veronica's enterprise. We've calculated their revenue. Now, we compare both sums:

If we want to know our profit to distribute it among the group, we need to know our revenue and how much it cost to produce.

Total costs	2200
Total revenue	2400



Let's analyze our own enterprise

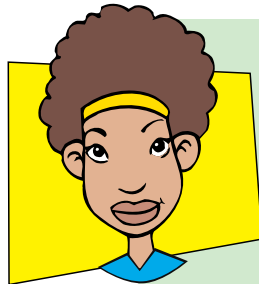
Now, let's analyze our own enterprise or project: we calculate our costs (what we're spending) and our revenue (what we sell) for last month.



Of course we want to make money. But it depends on our expenses and the revenue we obtain from selling the product.



Sometimes it's hard to establish the sales price. We fear asking too much and driving clients away, but if we ask for too little we don't earn much, or nothing at all.



Somewhere else in the manual we'll talk more about pricing our product (see the part on marketing). Here, we'll learn to calculate our profits or, if worse comes to worse, our losses. Just like we did with Mathilde and Veronica's enterprise.



In the table it says "raw materials". These words mean all the materials needed to produce something. For example, leather for shoes, wood and glue for furniture, feed for animals, paint for paintings, flour for bread, and so on.

Let's describe the enterprise we want to run

Name:

Location:

Product or service it sells:



Let's calculate our expenses.

Exercise



Some costs are not paid every month but a few times a year, such as patents or insurance. To obtain the monthly amount, divide the yearly amount by 12.

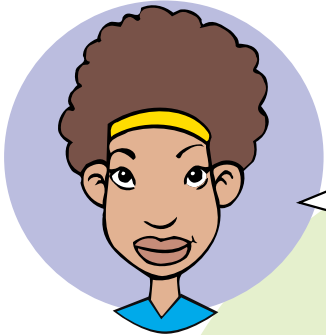


We begin like Mathilde and Veronica: drawing up a list of our monthly expenses. If we don't have an enterprise, we estimate the costs of the one we wish to start.

Last month's expenses	Monthly amount	
Loan payments		
Raw materials (leather, feed, fertilizer, flour, etc.)		
Labor (salaries)		
Packing material (bags, paper, etc.)		
Transportation (getting material, selling the product)		
Office expenses (paper, phone, etc.)		
Rent (land, premises, vehicle, machinery, etc.)		
Other		
	Annual amount	Monthly amount
Taxes, patents, permits		
Insurance		
Maintenance (building, machinery, vehicle, etc.)		
Total expenses		



Let's calculate our sales and revenue.



If we know how many items we sold during a given month, and the price of each one, we know our month's revenues.

If we don't have an enterprise yet, we must estimate the revenue by estimating the amount of the products we think we'll sell. In the marketing section we delve deeper into this.



The estimated revenue for a new enterprise is the amount of products we think we'll sell multiplied by the known price for each product.

Example:

If we think there will be 20 people buying a kilogram of bread from our bakery each day, at \$2 each per kilo, we'll be selling 20 times 2, that is \$40 of bread every day.

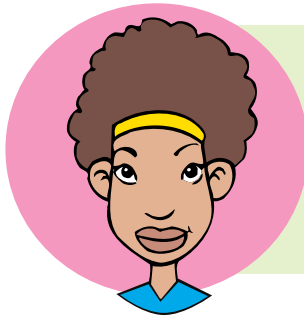


Exercise:



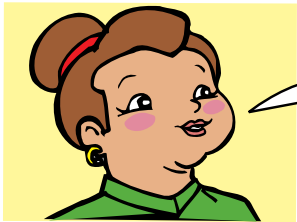
Let's calculate our total sales and revenue from last month.

Month _____ Date of sale	Amount sold	Price per kg or unit	Revenue from the sale
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Day	..... kg or units		
Total expenses	..... kg or units		



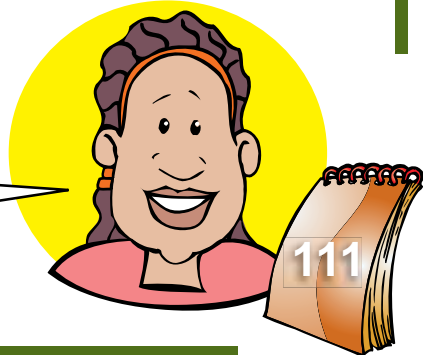
Let's compare our total expenses with total revenue:

Total expenses	
Total de revenue	



What do you think?
Are you making money or losing?

Let's hope you're making a good profit!
If not, don't despair. We'll visit our friends who make chili sauce. They went to a training program and can help us.





A funny thing happened to us. We were all happy when the technician arrived, because we had calculated that our revenue was the same as our expenses.

It was so embarrassing! The technician asked if we liked working for nothing.



We were working to cover our expenses, not for ourselves.

We weren't thinking of the enterprise or ourselves. Our profit was zero!



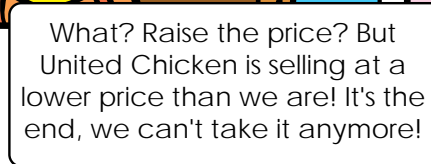
Your profit is the revenue minus the expenses.



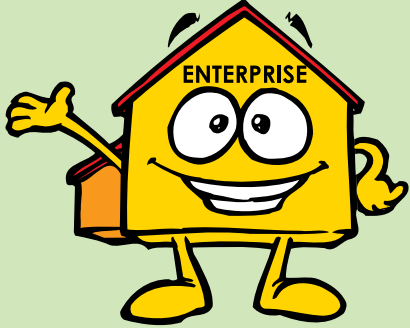
We're doing even worse. Every time we sell a chicken, we give money to the client instead of to ourselves!

Oh my God! What are we going to do?

Oh Vero, you're not going to cry again!



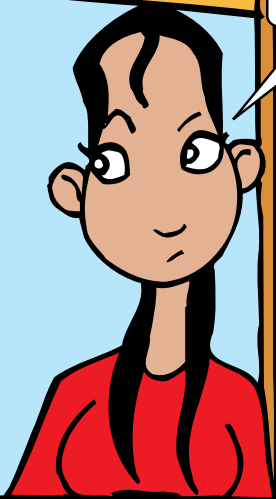
- There are usually two ways to increase profits:
- Raise the price to have more revenue, or
- Lower expenses. Enterprise



We could also lower our expenses. We have to review the monthly expense list and analyze what can be lowered.

For example, couldn't you buy cheaper packaging material? Without harming the chicken, of course.

Could Justin charge less for driving you to the market?



First, let's calculate what would be a profitable price.

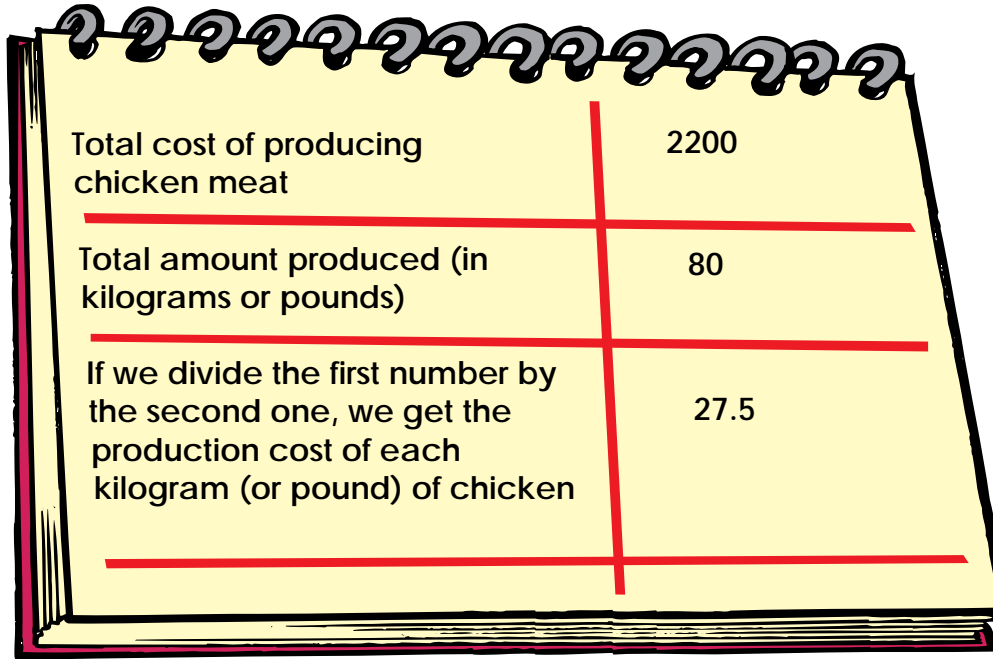
Good idea. Let's see first the cost per product or unit. How much does it cost to produce each kilogram of chicken?

Then, we add what could amount to a reasonable profit for Mathilde and Veronica.




Let's do the numbers for our friends.

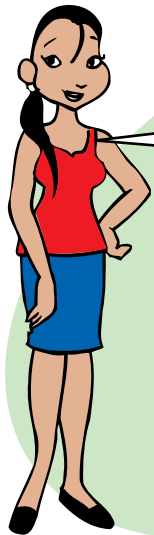
Verónica and Mathilde write down in their notebook:



Total cost of producing chicken meat	2200
Total amount produced (in kilograms or pounds)	80
If we divide the first number by the second one, we get the production cost of each kilogram (or pound) of chicken	27.5



You produced 80 kilos, at a total cost of \$2200 . That means the cost per kilogram was \$2200 divided by 80 kg, that is, the production cost is \$27.5 per kilo.



If it took \$27.5 to produce a kilo, we must price it above 27.5 to make a profit.



Now I see that when we sold door to door and in the farm, the price was right; but at the market we were selling at only 25. That was below the production cost!

Summary



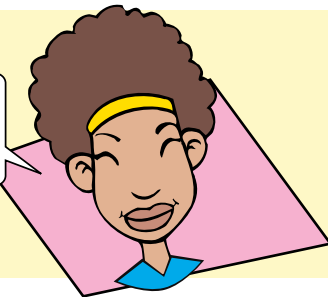
How do we calculate the production cost? We calculate the total monthly expense, like we did, and divide it among the total number of products. That gives us the production cost of each product.



The cost of each product or unit is the expenses divided by the total amount of products or units produced.

$$\text{Cost per product} = \frac{\text{Total costs}}{\text{Total products}}$$

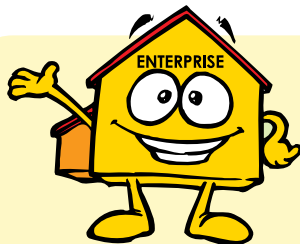
To establish the price, we calculate first how much it costs to produce each product.



That is, if we produce chicken meat, to sell by the kilo, we calculate how much it costs to produce each kilo. Then we add what we feel is a fair profit.



$$\text{Price per product} = \frac{\text{Costs of each product} + \text{Reasonable profit}}$$



The price is the sum of the production cost of each product plus a reasonable profit.

Mistakes found in the comic strip: Correct answers
The panels containing cost-calculating mistakes are #10, #11 and #13



Let's calculate our own enterprise's profits and adjust the price of our products



Exercise:



Fill in this table according to your enterprise or project



What do you think?



Total cost of producing this amount	
Amount of products (kg, pounds or units)	
Cost per kg, pound, liter or unit produced	
We add a reasonable profit	
The sum of the profit plus the cost per unit gives us the selling price per kg, pound, liter or unit.	

Does the selling price allow for a profit? _____

Do you have to raise the price? _____

Do you have to lower the price? _____

Are other enterprises nearby selling the same product? _____

Do they sell it for less or more than you do? _____

Does it affect your price? Should you lower or increase it? _____

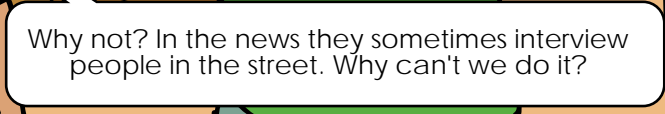


How can we know our market to organize our sales?

If you want to know your clients, there's nothing better than a survey.

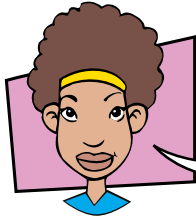


How can we get to know our market to organize our sales?





Are you sure?
How embarrassing!



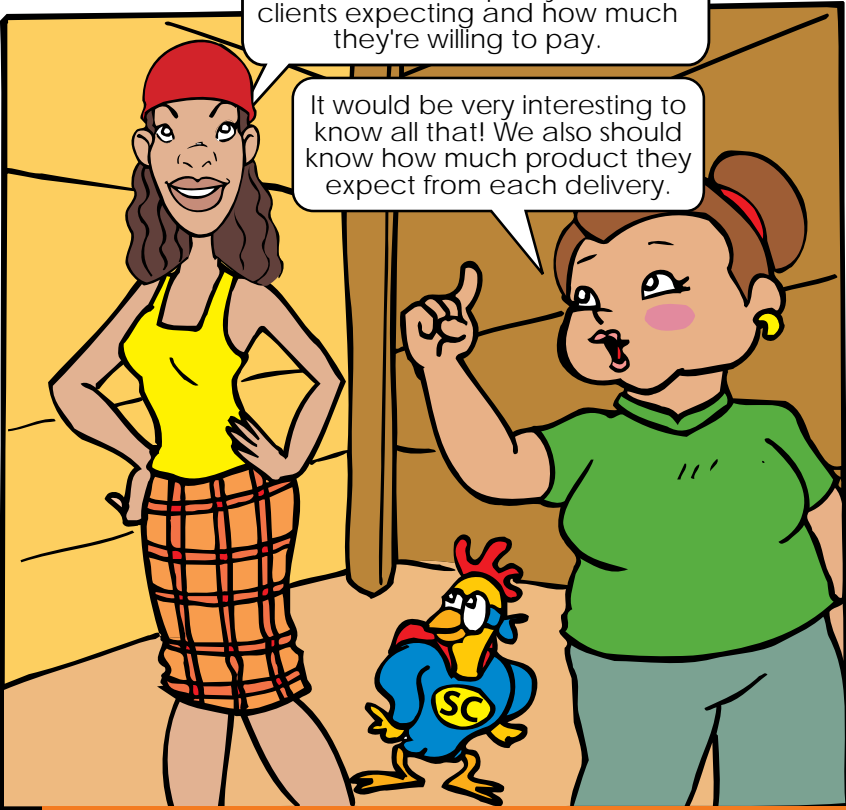
There is nothing better than asking to find out how people feel about our product.

To define the best way of selling, we must study the market, that is, talk to current and potential clients and ask about their preferences and needs.



And what are we going to ask them?

First, we need to know to whom we can sell our product and where.



And also, what quality are the clients expecting and how much they're willing to pay.

It would be very interesting to know all that! We also should know how much product they expect from each delivery.



Oh, and our competitors! Those selling products similar to ours! We must know what type of product they offer, at what quality and price and where they sell it.

There's no time to lose. We have lots of work!



We propose you interview current and potential clients. All enterprises do, or they buy information from other enterprises doing surveys in the street or on the phone.

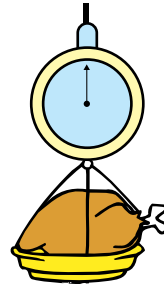
We'll need this information when we prepare a project plan.



In sum, we must know what our costumers think about us.



Quality: How do they want the product or service; what quality do they demand?



Quantity: How many kilos or units do they want to receive each time? How many clients will want our service each time we visit them? For example, how many tourists should we be able to serve if we had a tourist project?



Price: How much are they willing to pay? Remember this depends on the quality we offer.



We must know our **market**: who are our clients, present and future? Where are there more potential clients? How can we interest them in our product or service? Let's not forget our competitors. Can we compete with their products in quality, price or service?





We must know the **demand** for our product or service. When we speak of demand we mean what clients want from our product or service as regards quality and price.

We also refer to products or services clients would like to have and that are still unavailable in the area, maybe because they don't exist or are lacking quality. This is called the **unfulfilled demand** or potential demand. For a new production project, it's good to know about potential demand, because you can identify your future clients.



The **market** means all people interested in acquiring our product or service. They are those who feel the need for the product or service. It's called **potential market** when they don't have it yet, but are interested in it.

To know this information and formulate our project plan we could interview our current and potential clients, the clients we'd like to have.



To do the interview, we give you an example of a simple questionnaire. You must make the changes to adjust it to your group and production project's circumstances and needs.



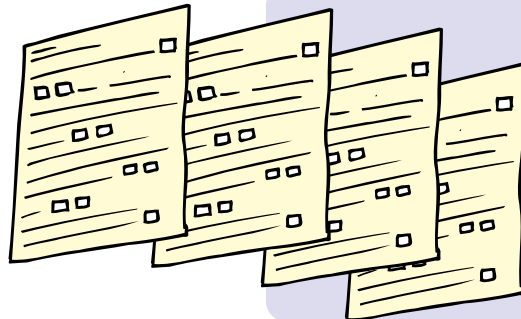
Let's do a survey to know our market

What are we going to do exactly?
Let's clarify some words.



An interview is a visit to a family or person to ask a series of questions about a subject relevant to the person doing the interview. This person is called the interviewer. Those answering the questions are called the interviewees.

A questionnaire is the list of questions on a certain topic, later applied in the interview.



A survey is a series of interviews done with a questionnaire. In our case, we do a survey on the current and potential market for our product.

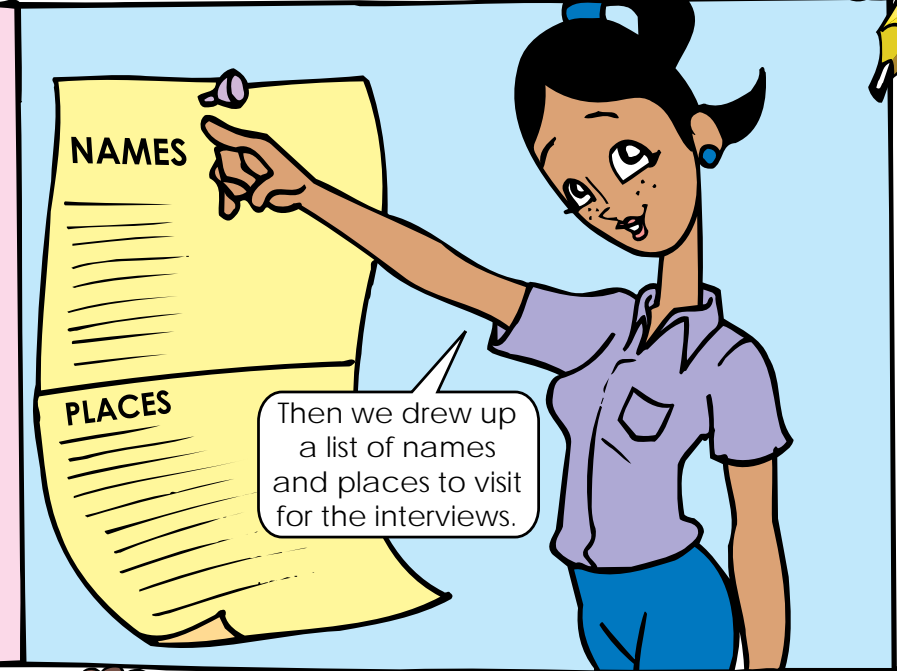


How did the Cassava Delights group do their survey?



How did we do our survey?

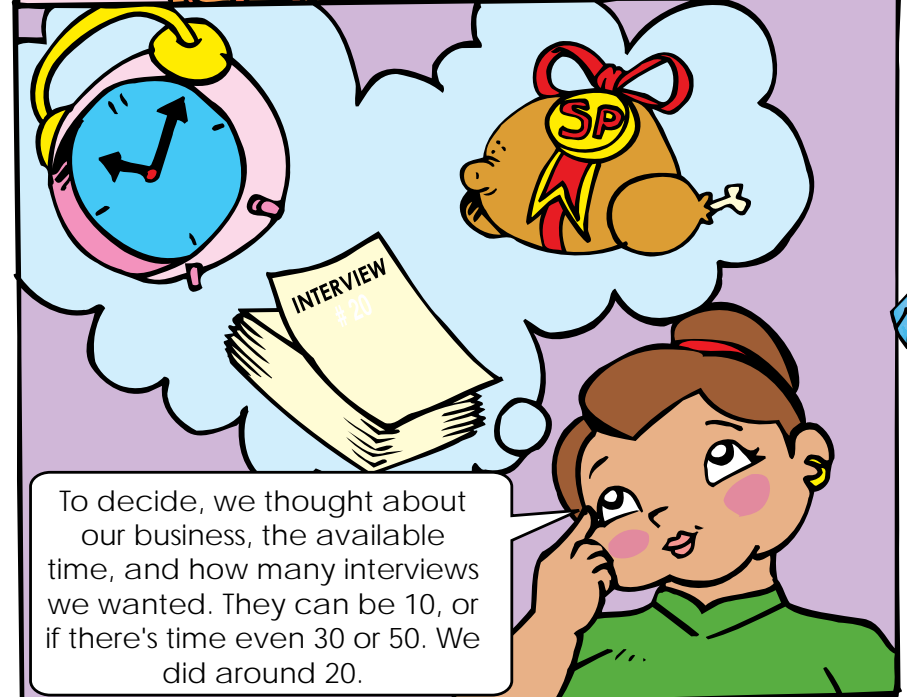
First, we decided where to do the interviews, that is, which of our clients would be interviewed, and where we could find potential clients (people who could buy from us but don't).



NAMES

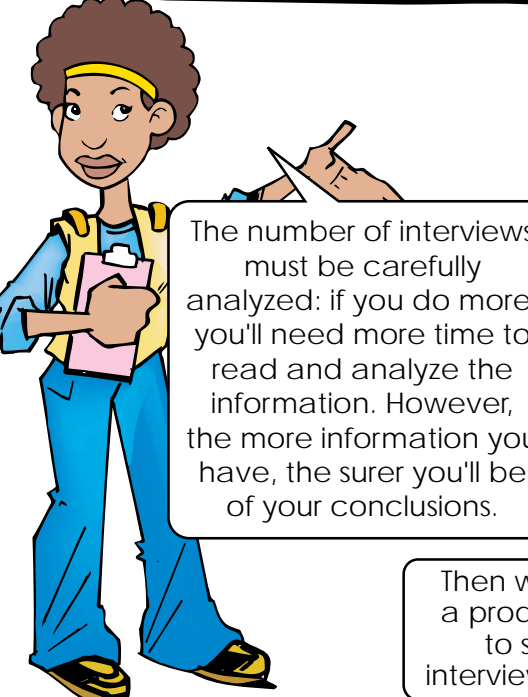
PLACES

Then we drew up a list of names and places to visit for the interviews.



INTERVIEW #20

To decide, we thought about our business, the available time, and how many interviews we wanted. They can be 10, or if there's time even 30 or 50. We did around 20.



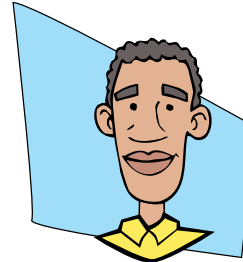
The number of interviews must be carefully analyzed: if you do more, you'll need more time to read and analyze the information. However, the more information you have, the surer you'll be of your conclusions.



Then we prepared a product sample to show the interviewed people.

A few tips to do a good interview.

It's good to do it among two or three women. That way, we'll be more enthusiastic, we observe better and write down the answers: what one doesn't notice, another one does.



Write down your answers in a notebook, because details are easy to forget.



If there are more than 3 of you, it's better to divide the task among small groups of 2 or 3 to do interviews.

Finally, we did our interviews. We took a product sample to show the interviewees.



Exercise:

In groups of 2 or 3, practice the following questions with a friend.

To begin the interview:

1. Explain who you are and why you're doing the interview.
2. Ask permission to ask questions.
3. Think about bringing a sample of your product or description of your service.
4. Write down your names in the questionnaire. (It's important to know who was present at the interview to analyze it).

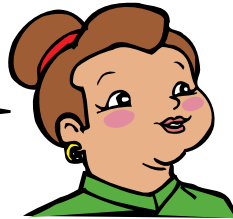
5. Start by explaining that you sell a product or service and need help from people to know what's best for them in order to serve them better.



Questionnaire to know the market



Here's the questionnaire we used. You may change it and make it longer as you need. We suggest you review and analyze the list first.



Make certain you follow the right order (1,2,3...)

1. Names of those interviewed. Write down also whether male or female, young, adult or senior. It can be useful to assess different preferences.

3. Date and place of the interview.

5. Do you prefer a different quality? Can you explain your preference in detail?

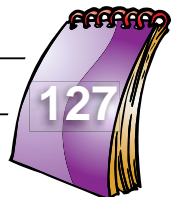
7. What would be a fair price for this product or service?

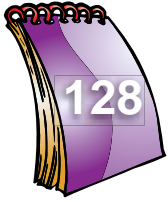
2. Phone number (if they have one) and address (useful if they become clients later on).

4. Show your product sample or describe the service and ask: What do you think of the quality of the product or service?

6. What do you think of the price?

8. What aspects of the product or service do you like?





9. What aspects of the product or service should we change? Maybe the packaging, design, materials, colors, weight?

11. What price do you pay for it?

13. What quantity? (Write down if daily, weekly or monthly)

15. What presentation and quality features do you consider important to buy our product or service?

10. How much do you use (daily, weekly, monthly)? Don't forget to write whether the answer is daily, weekly or monthly.

12. Would you like to buy our product? Why?

14. At what price?



You'll notice the questionnaire ends with a list of things we noted without asking. For example, the prices of other businesses, or the way other enterprises present or promote their products. This way we learn from comparing with our own enterprise.

In this part, add the things you didn't ask but noticed.



In the community where the interview was done we saw:

How many and which businesses sell the same or very similar products or services? _____

Write down their product and its characteristics:



Product _____

Prices _____

Packaging _____

Quality _____

Design _____

Materials _____

How are these businesses promoting their products or services?

Once the interviews are done, they're gathered and analyzed to draw conclusions on all the researched aspects.

Then we review the 5 questions written down by our friends from the Northern Rose.



1. What should the quality and price of our product be? _____
2. Should we change our product or service to make it more attractive? _____
3. Can we make the necessary changes? What do we lack? _____
4. How many other businesses offer the same or a very similar product or service? _____
5. Are there enough clients wanting to buy what we sell, at the quality and price we can offer? _____
6. How should we promote our product or service? _____

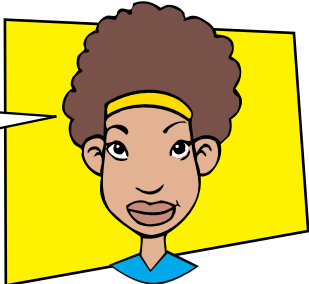


Now comes a crucial moment

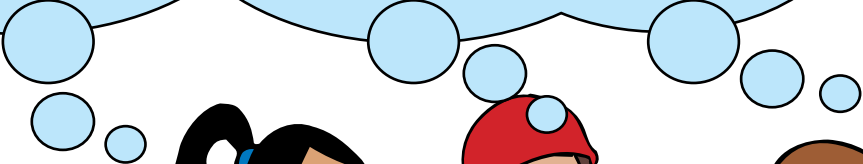
Let's analyze the questions together, carefully and calmly, and ask ourselves:



A successful enterprise knows how to change or adapt its product when the market isn't interested in it.

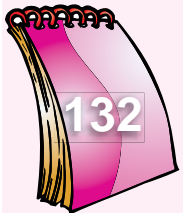


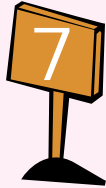
Do we really think our project has potential, or should we accept that it doesn't and think of another product or service?



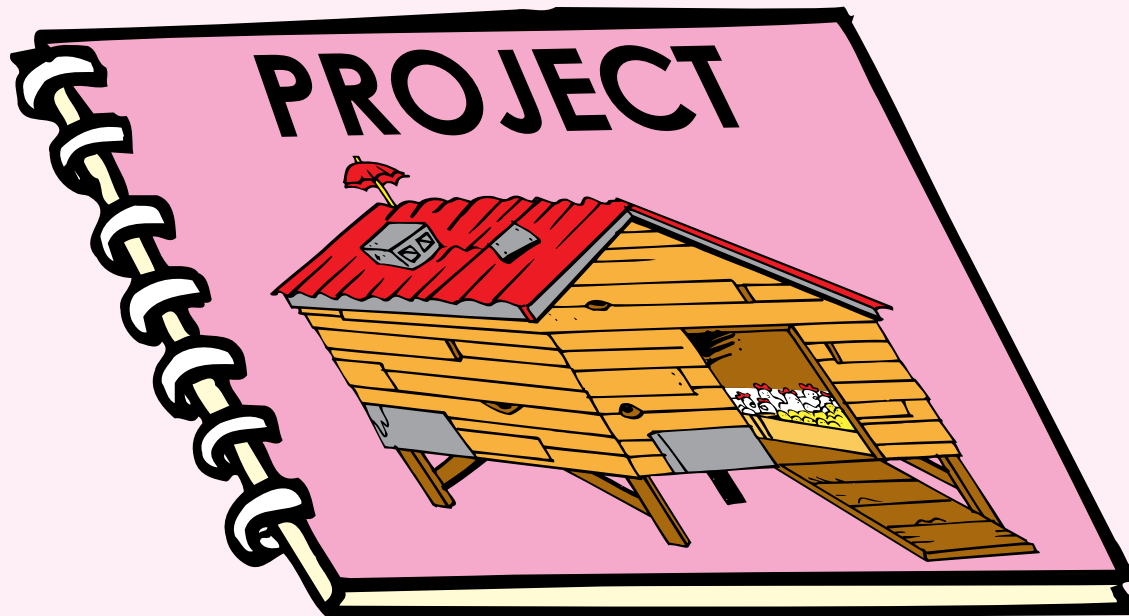
NOTES

Two columns of horizontal lines for writing notes.





The plan for our project



The plan for our project



To get a loan, we must first know what activity we'll use the money for and whether we'll be able to repay. We need this information to convince the moneylender, and also for ourselves. That way, we can better decide what to do and what not to do.

The plan we'll draw up for our project is relatively simple. It has many elements from other enterprises' plans, like business plans or feasibility studies, or investment plans. Ours is simpler, so we may start our micro-enterprise and learn on the way. Those other plans need more detailed training.



Exercise:

To prepare our project profile, let's begin by analyzing four important aspects that must be taken into account in any productive project:

1. What is our product or service?

2. How are we going to produce the product or lend the service?

3. How do we organize the sales?



4. How much money should we borrow and how much will we earn?



Let's answer the following questions for each aspect of our project





1. Let's define our product or service

What economic activities are there in our community?

Among those activities, are there any you'd like to carry out even though it is usually men who do so?

What other economic activities do we know of in other communities in our region? Which are for men and which are for women?

Activities  

Among them, are there any you'd like to carry out even though it is usually men who do so?

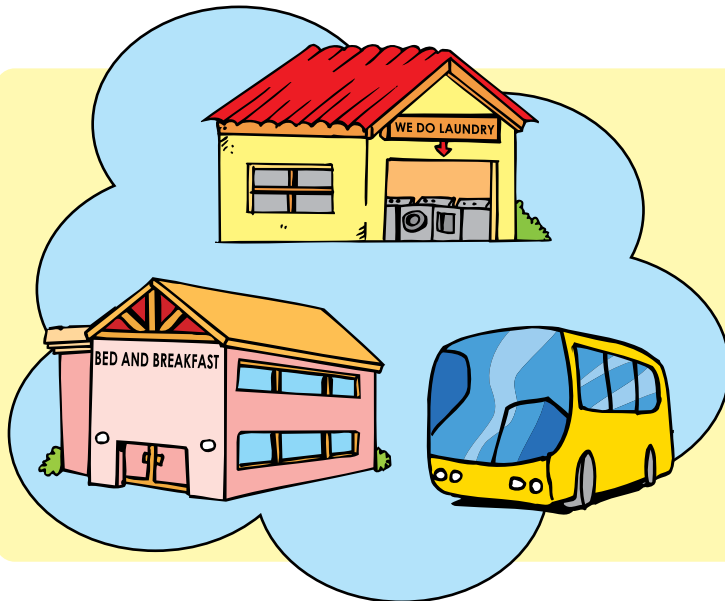
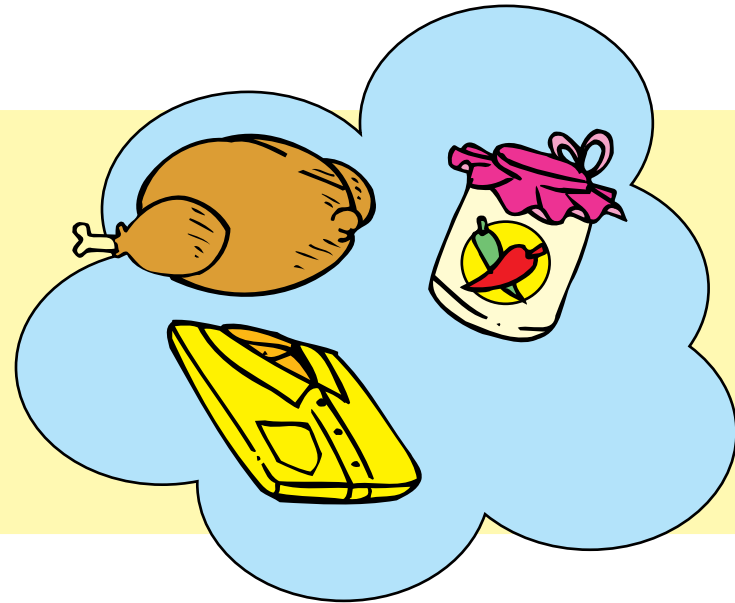
The times are changing. Nowadays a woman can choose activities without worrying if it's for men or for women. For example, would you like to learn how to repair home appliances?



Do we know of economic activities that don't exist in our region, but that could yield sound profit for our group? They may be services or products.

Services and products

We say we produce a product when we make an object, plant or food that we must package, store, and transport to sell it, like chicken, chili sauce, clothes or crafts.

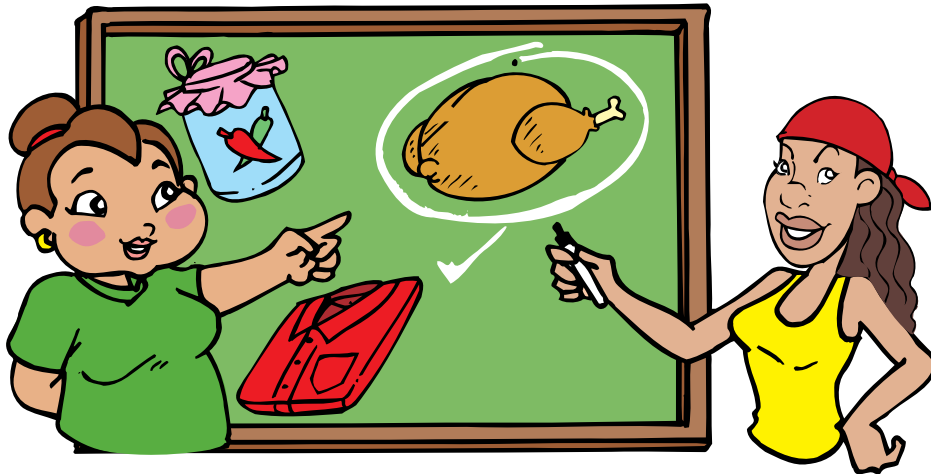


We say we provide a service when we sell assistance to people, an opportunity for our clients to get what they want. For example, if we do laundry we help someone have clean clothes. If we transport children to school, we help families keep their kids in school. If we offer lodging to tourists or guide them through pretty forest trails, we help them know our country, our culture, and relax to go back to work in better shape.





Let's now analyze the list of activities in our area.



Exercise: 

Let's answer the following questions:



Which of those activities interest us for our project? Is it a service or a product?

Let's decide: the activity we'd like to finance with a loan is:

The place (house, warehouse, store, plot, forest, etc.) where we'll carry it out is in:

Is it an activity we're already carrying out or is it new?

If new, what useful experience do we have?

The group of women working on this is called: _____

And it has existed since: _____

2. How will we produce the product or provide the service?

We've already analyzed several of these questions. Let's review our answers from the chapter "Do we know our enterprise?" and "Costs and profits."

What do we have? What are our resources?

Now that we know how our enterprise is doing, it's time to analyze our resources, that is, on what things and on which people can we count to work with and improve our situation.

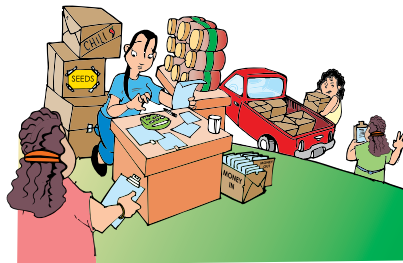
Exercise:

Let's answer together the following questions:

What personnel does our enterprise have?

Who works at our enterprise?

Are there people regularly helping out, even if they don't belong to the enterprise?



Who'll work in the project?

For how long each day, week, month?

Have you solved or can you solve the problem of how you'll attend to your household duties while you're working?



Which activities or tasks must be carried out?
Let's list the main activities.



Activity 1: _____

Person in Charge: _____

What should she know to carry it out?



Activity 2: _____

Person in Charge: _____

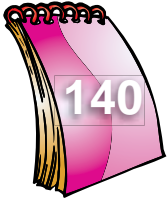
What should she know to carry it out?

Activity 3: _____

Person in Charge: _____

What should she know to carry it out?





Activity 4: _____

Person in Charge: _____

What should she know to carry it out?



Activity 5: _____

Person in Charge: _____

What should she know to carry it out?

Activity 6: _____

Person in Charge: _____

What should she know to carry it out?

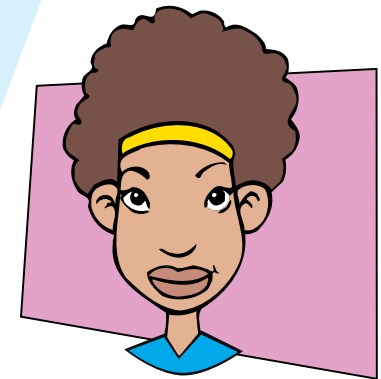


Do we have this knowledge or do we need help?

If we hire more people, for how many hours, days, weeks and months?

If we're taking a course, where can we do it and for how much? How much time do we need to learn?

If we need help, are we going to training courses or hire labor?





Do we need a warehouse, stable, meeting room or another sort of building?

Four horizontal lines for writing.



What tools or instruments do we need?

Four horizontal lines for writing.

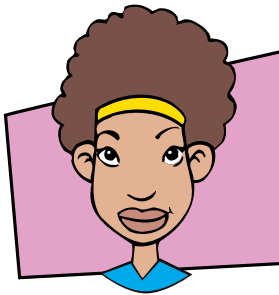
Do we have them or must we get them?

Four horizontal lines for writing.

Do we need materials for our project?

Four horizontal lines for writing.

Do we have this building and in what state is it?



Do we have the permits and patents we need to operate?

Where can we get it and at what price?



What other expenses could we run into?

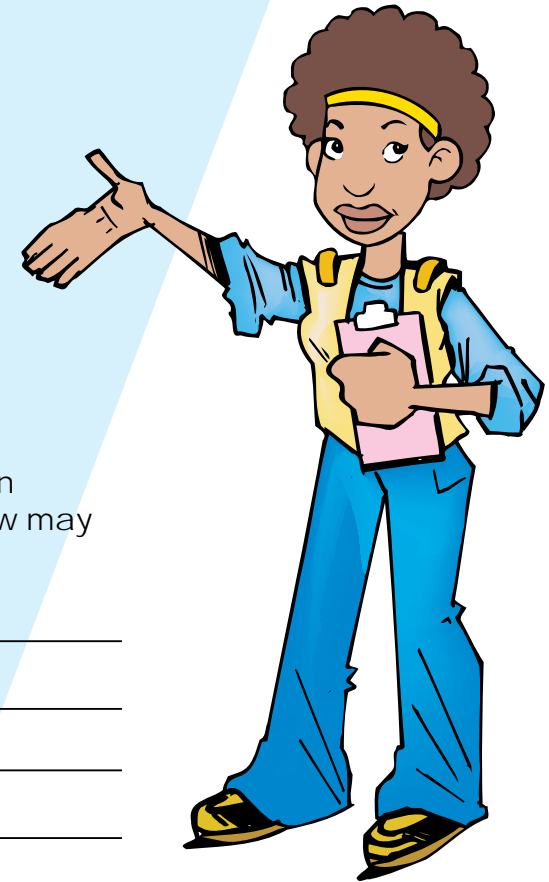


Do we know which are required? If not, where can we get information to make sure we have the permits in order?

Could we face problems with men in the community who frown upon women getting ahead?

What can we do to avoid these problems or solve them?

What other problems could we face in producing or providing a service? How may we solve them?



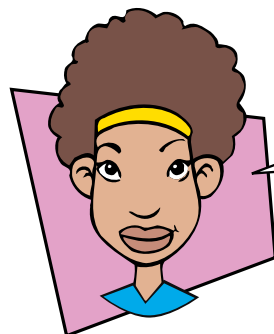
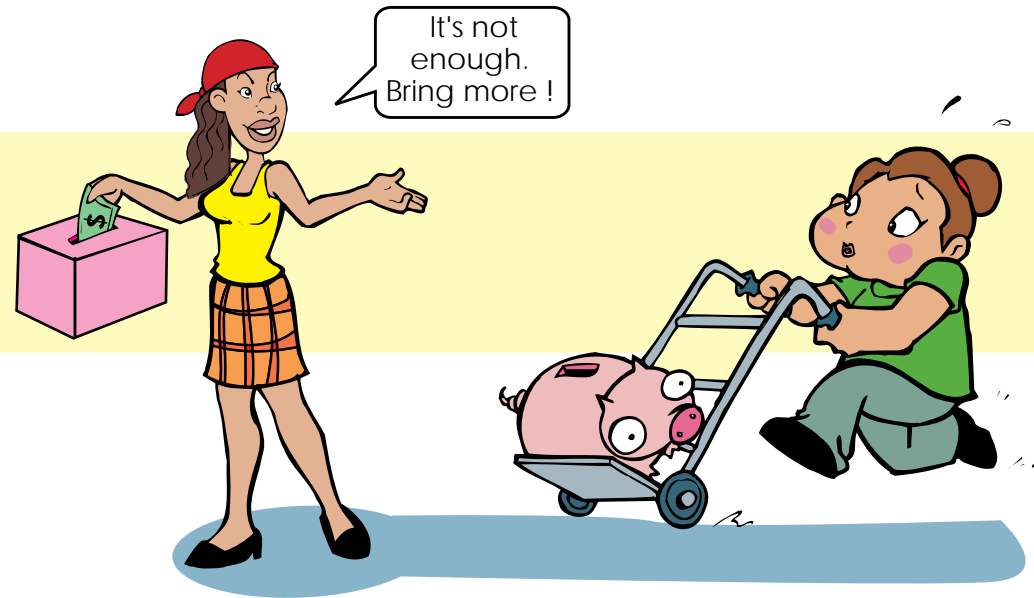
3. How much money do we need to borrow and how much will we make?



To know how much money we need, we must calculate:

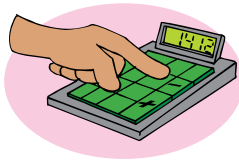
- How much we'll spend on our project
- How much we can provide from our savings
- How much we'll earn from our sales

If our savings and earnings won't suffice to face initial expenses, we'll need a loan.



But only if we're sure we can pay the whole debt with the income we'll earn.

How can we estimate the amount we need to borrow?



First, let's do the numbers: Let's calculate the initial costs, the usual monthly expenses and the expected profit.

Initial costs.

Our project can be to start a micro-enterprise or invest in better production methods. For example, we may want our own storage space or a new machine. We may also think of a tourist project.



Usual monthly expenses. In addition, we must estimate normal production costs. We refer to the expenses during an ordinary month, plus occasional ones like taxes or patents.

We've already calculated these expenses elsewhere in the guide.



Let's calculate our expenses.

Exercise



Some costs are not paid every month but a few times a year, such as patents or insurance. To obtain the monthly amount, divide the yearly amount by 12.

We begin like Mathilde and Veronica: drawing up a list of our monthly expenses. If we don't have an enterprise, we estimate the costs of the one we wish to start.


Last month's expenses	Monthly amount
Loan payments	
Raw materials (leather, feed, fertilizer, flour, etc.)	
Labor (salaries)	
Packing material (bags, paper, etc.)	
Transportation (getting material, selling the product)	
Office expenses (paper, phone, etc.)	
Rent (land, premises, vehicle, machinery, etc.)	
Other	



Expected profit:

Finally, we estimate our expected profit from the product or service once everything has been installed or improved. We already know how to do that.

Let's calculate our own enterprise's profits and adjust the price of our products

Exercise: 

Fill in this table according to your enterprise or project.

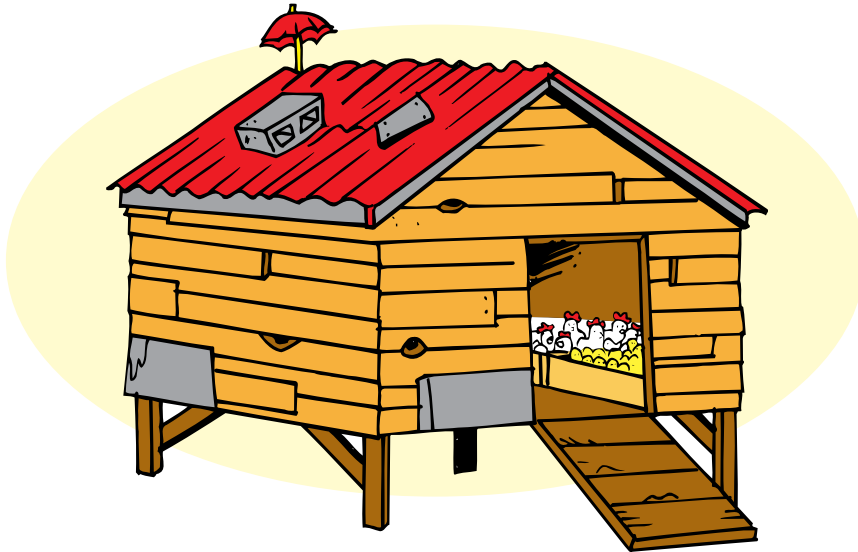


Total cost of producing this amount	
Amount of products (kg, pounds or units)	
Cost per kg, pound, liter or unit produced	
We add a reasonable profit	
The sum of the profit plus the cost per unit gives us the selling price per kg, pound, liter or unit.	

- Does the selling price allow a profit? _____
- Do you have to raise the price? _____
- Do you have to lower the price? _____
- Are other enterprises nearby selling the same product? _____
- Do they sell it for less or more than you do? _____
- Does it affect your price? Should you lower or increase it? _____



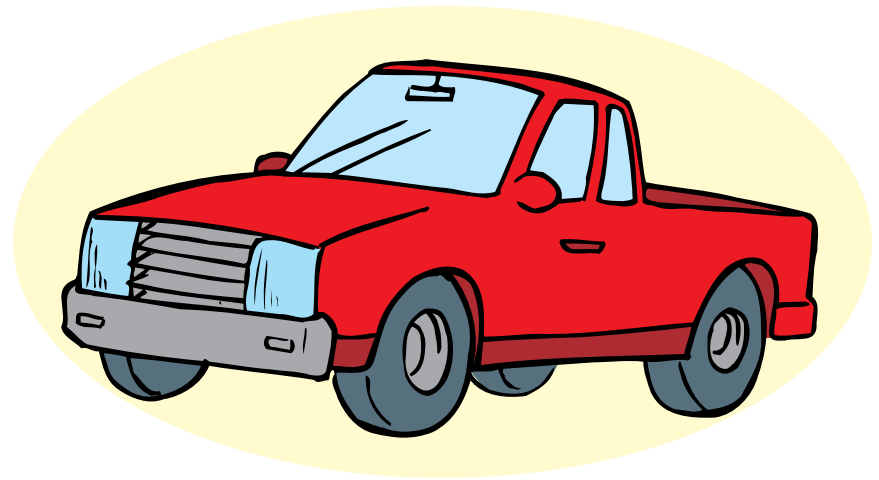
Let's find out our initial investment



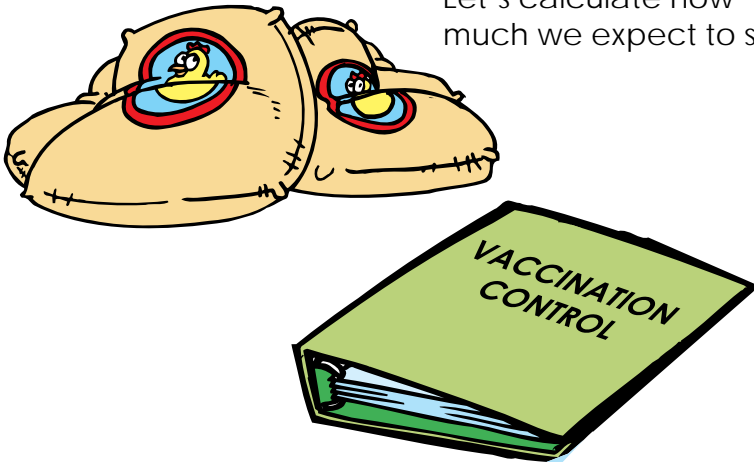
1- We write down infrastructure costs if we're going to buy or build a building or plot of land.

We must include all expenses. For example, if we're building we must include labor, materials, permits, registration, etc.

2- Let's write down the cost of buying tools, machinery, vehicle, etc. Include here equipment to begin or improve production or lend the service. For example, if the service is school transportation, the bus is an initial investment cost. If we buy an overlock machine to improve the quality of the clothes we sell, that's also an initial investment.



Let's calculate how much we expect to sell.



3- Let's write down the expected monthly production costs, following the method explained in "Costs and prices."

4- Let's write down our expected sales for the first two months of our project.



Now we can analyze whether our project is profitable or not. Is it worth the effort or should we change it?



Let's answer the following questions:

1. How much is the total initial investment?

2. How much money do we have to cover initial costs?

3. The difference between the two is the amount we must borrow. If the difference is zero, we don't need a loan, neither do we need one when our money is enough to pay for the whole initial investment.

So, do we need a loan? Yes No How much do we need? \$ _____

4. What will our production costs be in a normal month?

5. What will our revenue be in a normal month? ...

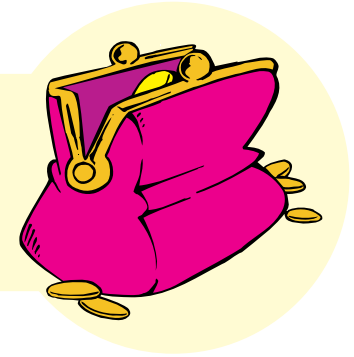
6. Let's analyze carefully the difference between the two numbers.



If it's positive, that's our monthly profit.
The profit is worth it.
Let's go ahead!



If the difference is negative or zero, we're losing money. We should consider another project. The one we wanted can't be done as we thought.



The difference could be negative only at the beginning, because we're just starting to get clients and growing as an enterprise. But this phase can't last long because the enterprise would be slowly dying. We must soon start making a profit. How long can we wait?

Let's analyze our foreseen profits.

Is it enough to make the monthly loan payments? That's not an easy answer, because we must know first what our monthly payment will be and for how long.

Those are complicated calculations we can do together with the moneylender (loan officer, promoter, or member of the community, depending on whether the loan is individual or not). We'll do it the day we present our project profile to get the loan. But if we know we'll have to pay something we should include it in our analysis, even if only as an estimate.

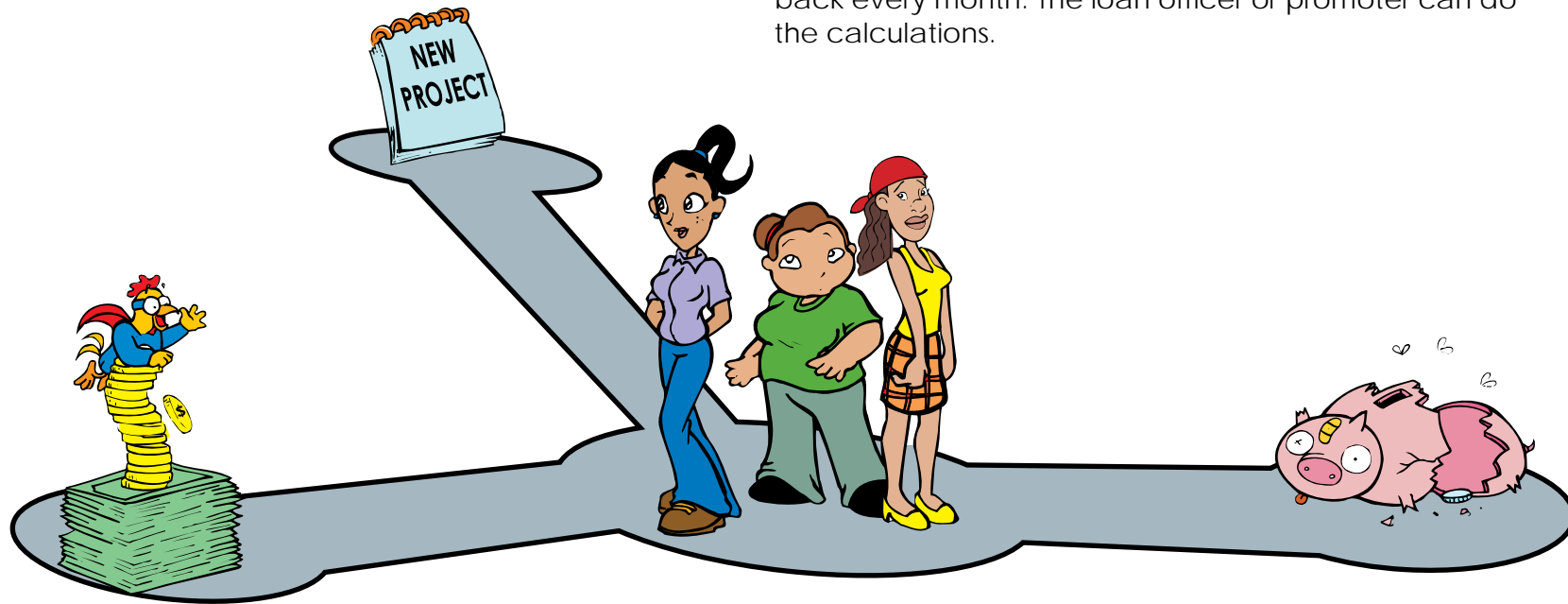


Let's make a decision

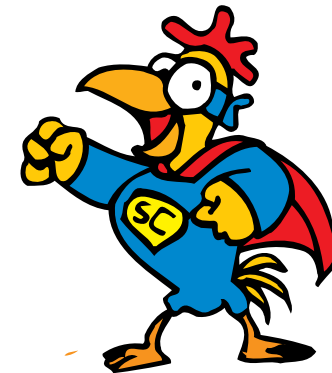
Now that we know our monthly profit and the loan amount, we can prepare our Project Profile.

With the plan we can visit the moneylenders we've analyzed who offer the best conditions. If we've already organized and joined to borrow as a group, we can talk to our friends in the community.

Together, we can calculate how much we'll have to pay back every month. The loan officer or promoter can do the calculations.

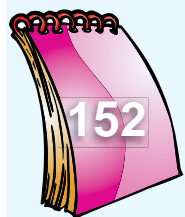


If it's a collective loan, remember the payments will be met among all partners and we have to calculate how much each one of us is due. Maybe someone in the community can help us do this. With that number in hand, let's analyze the monthly amount. If it's lower than our monthly profit and some is left to pay those working in the enterprise, then it makes sense to borrow.



NOTES

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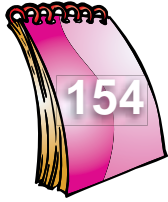




Let's present our plan in a form

We can now use the information organized in previous pages to fill out the following form, a description of our production plan. This information is important to the moneylender; and to us, to know " what adventure we are getting into".





Production Project Plan

- Name of the Project or enterprise: _____
- The loan is for the product or service: _____
- Name of the Women's Group: _____
- Group location: _____
- Name and address of contact person: _____
- Place where the Project is developed: _____
- Short description of the Project and its main activities: _____

The market for our product or service

- The production group carried out a survey in (year) _____ during the months of _____ to know the market for its product or service.
- Current and potential clients were interviewed. The number of people interviewed was _____, located in the following places: _____





- If you already have clients, how many plan to keep buying the product or service? _____
- Number of potential clients interested in buying the product or service: _____
- Amount of product or service potential and current clients (altogether) plan to buy per month: _____ (note kilos, pounds, etc.)
- Price most of them agree on paying: _____ for each _____ (note kilos, pounds, etc.)

- Quality features of the product or service demanded by clients:

- Short description of our competitors. How many other businesses are there in the area?

- Other product or service features important to the clients:

- What quality and price does the competing product or service have?

- Why do we deem ourselves able to compete with other businesses?

Initial and normal operating costs

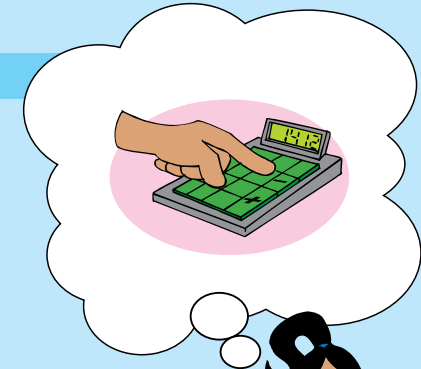
Costs, in cash, of initial investment: infrastructure (labor and materials), equipment and tools.

Needed items and labor:

Amount

_____	_____
_____	_____
_____	_____
_____	_____

Total initial cost: _____



Monthly production and service operating costs:

Last month's expenses

Monthly amount

Loan payments

Raw materials (leather, feed, fertilizer, flour, etc)

Labor (salaries)

Packing material (bags, paper, etc.)

Transportation (getting material, selling the product)

Office expenses (paper, phone, etc.)

Rent (land, premises, vehicle, machinery, etc.)

Other

Taxes, patents, permits

Annual amount

Monthly amount

Insurance payments

Maintenance (building, machinery, vehicle, etc.)

Total monthly expenses _____





Total initial investment cost (see above): _____

Group's cash contribution to initial costs: _____

Difference between the two: _____

This difference is the amount you need to borrow

The product or service price will be: _____ for each _____ (note kilo, pound, etc.)

(Estimated) amount sold per month: _____

Unit price: _____

By multiplying those two sums we get the total monthly _____ **total income per month**

revenue: _____ **total expenses per month**

By subtracting the last two amounts we obtain monthly profits: _____ **total expenses per month**

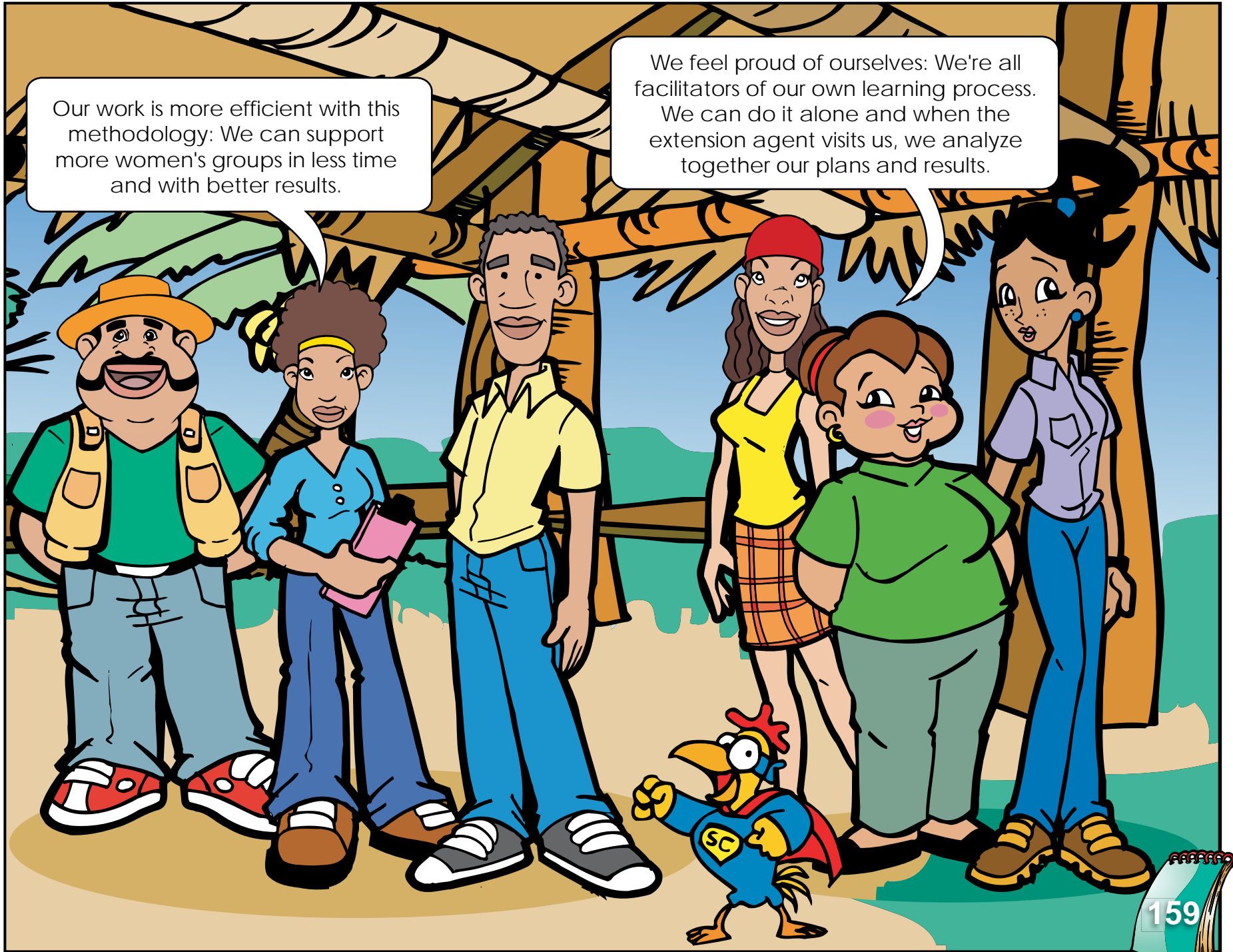
The borrowed amount will be paid out of this estimated profit.

Now we know how to formulate a new project, how to get the money to get started and which organizations in our area can help us out.



Our work is more efficient with this methodology: We can support more women's groups in less time and with better results.

We feel proud of ourselves: We're all facilitators of our own learning process. We can do it alone and when the extension agent visits us, we analyze together our plans and results.



NOTES

