

IICA



SMALL BUSINESS TRAINING TOOLS

Test Edition



The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the Inter-American system. The Institute was founded on October 7, 1942 when the Council of Directors of the Pan American Union approved the creation of the Inter-American Institute for Agricultural Sciences.

IICA was founded as an institution for agricultural research and graduate training in tropical agriculture. In response to changing needs in the hemisphere, the Institute gradually evolved into an agency for technical cooperation and institutional strengthening in the field of agriculture. These changes were officially recognized through the ratification of a new Convention on December 8, 1980. The Institute's purposes under the new Convention are to encourage, promote and support cooperation among the 29 Member States, to bring about agricultural development and rural well-being.

With its broader and more flexible mandate and a new structure to facilitate direct participation by the Member States in activities of the Inter-American Board of Agriculture and the Executive Committee, the Institute now has a geographic reach that allows it to respond to needs for technical cooperation in all of its Member States.

The contributions provided by the Member States and the ties IICA maintains with its twelve observer countries and numerous international organizations provide the Institute with channels to direct its human and financial resources in support of agricultural development throughout the Americas.

The 1987-1991 Medium Term Plan, the policy document that sets IICA's priorities, stresses the reactivation of the agricultural sector as the key to economic growth. In support of this policy, the Institute is placing special emphasis on the support and promotion of actions to modernize agricultural technology and strengthen the processes of regional and subregional integration.

In order to attain these goals, the Institute is concentrating its actions on the following five programs: Agrarian Policy Analysis and Planning; Technology Generation and Transfer; Organization and Management for Rural Development; Marketing and Agroindustry; and Animal Health and Plant Protection.

These fields of action reflect the needs and priorities established by the Member States and delimit the areas in which IICA concentrates its efforts and technical capacity. They are the focus of IICA's human and financial resource allocations and shape its relationship with other international organizations.

SMALL BUSINESS TRAINING TOOLS

Test Edition

Small Enterprise Development Project
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SMALL BUSINESS TRAINING TOOLS

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Introduction

This guide for small business trainers provides them with a series of tools and techniques for improving their training activities. It is to be used in conjunction with the three IICA manuals for micro-entrepreneurs titled:

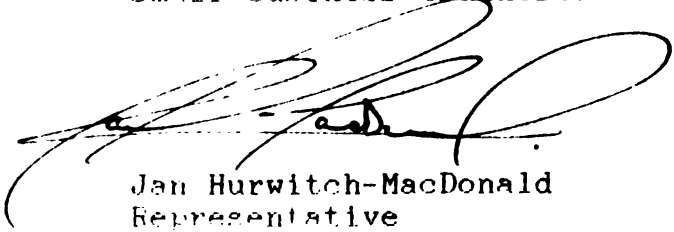
Starting and Financing a Small Business in Jamaica. A Guide
Operating a Small Business in Jamaica. A Guide
Marketing Jamaican Small Business Products. A Guide

All three business manuals can be used in individual, partnership and cooperative enterprises. They are aimed at four major types of small enterprises: manufacturing, retailing, farming and service-type businesses.

The materials in this manual were originally developed in Jamaica by a number of agencies which joined together in a united effort to produce something that could be useful to all and expensive to none. They formed a Small Business Training Advisory Committee (SBTAC) to guide the preparation of the materials and the training of trainers and producers. The individuals currently serving on the SBTAC are listed in the Acknowledgements beginning on p. 184.

This manual is to be tested by the key trainers in each of the participating agencies. The culmination of their efforts will be analyzed in July 1988 at the Second Trainers Annual Meeting. Final revisions will be made to the manual after this meeting; publication is projected for the end of 1988.

IICA is pleased to have coordinated the production of this manual; we are satisfied with the result and hope the materials will be useful to the growing numbers of Jamaica's small business trainers.



Jan Hurwitch-MacDonald
Representative



METHODOLOGY

The work on the test edition of this manual began in March, 1985 and was completed in February, 1988. It was designed for trainers as a guide to be used with a series of three small business manuals for micro-entrepreneurs. Small business trainers (extensionists, field officers, loan officers, promoters, and school teachers) have been trained in the use of the business manuals. Observation of seminars held by these trainers for selected micro-entrepreneurs influenced the content of this manual. Revisions were based on the responses of both the trainers and the business persons. The three IICA small business manuals for microentrepreneurs are:

Starting and Financing a Small Business was developed for those individuals or groups who want to start a small business or project and need to find out if their business ideas are feasible. It also takes the micro-entrepreneur two steps further, by looking at sources of financing and those things which need to be done to get the proposed business "off the ground".

Operating a Small Business was developed for the many small business people who want to know more about operating their businesses better, but find existing materials too difficult. It gives the micro-entrepreneur the basic tools needed for succesful business management.

Marketing Small Business Products Every business, whether large or small, depends on its ability to market its product or service. The relative success of this marketing effort is certainly one of the primary determinants of profitability. This manual helps each entrepreneur to look at the marketing questions that affect them, whether they are engaged in manufacturing, farming, retailing or service businesses.

Small Business Training Tools is designed as a companion to the other three manuals and strives to strengthen the training skills of small business trainers in the same way that the business manuals were designed to strengthen the skills of micro-entrepreneurs.

We believe that a methodology of participation and dialogue has made it possible to produce manuals particularly useful to micro-entepreneurs and small business trainers in Jamaica, as well as to those in other Caribbean Basin countries.

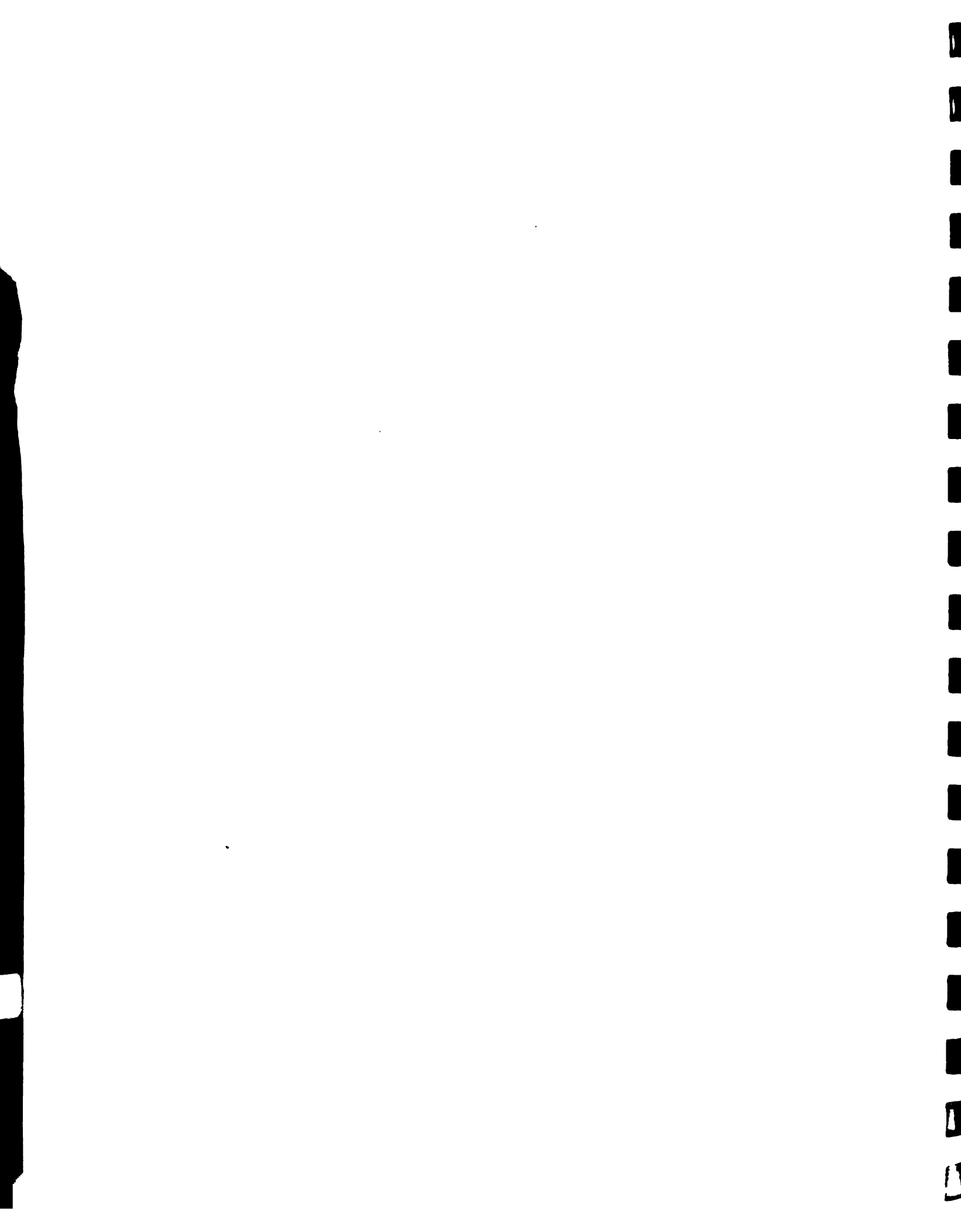
We are grateful to the many individuals - advisors, trainers and producers - who made the production of this manual possible. Without them, the exercise would have been meaningless. Because of them, many business persons now are able to obtain business information suited to their needs.



This manual is fondly dedicated to the memory of

Novlet Jones

A founding member of the Small Business Training Advisory Committee (SBTAC), who served with the Jamaican Ministry of Agriculture from July 3, 1967 until September 1, 1986.



IICA



TRAINING METHODS

Chapter 1



1.1 TRAINING CONCEPTS

1.1.1 INTRODUCTION

You are a trainer in a small business training programme for low-income microentrepreneurs. What does this mean? It means you will be imparting knowledge that will make an enormous difference in people's lives. What are some of the characteristics of this training?

1. It is non-formal rather than formal.
2. It is voluntary rather than required.
3. It encourages reasoning and thinking rather than memorization.

Let's discuss these three characteristics more fully:

Non-formal learning takes place outside of the regular school-room and school curriculum. It should not feel like "school". It focuses on learning skills needed immediately to do a job or to solve a problem.

Voluntary learning means that the participants are attending by choice rather than by requirement. They can drop out if they please. Usually the only attraction for learning is their interest in the topic and the quality of your training.

Reasoning and thinking learning means that rote-learning or memorization is not enough; students must think about, understand, and be able to apply what is being taught.

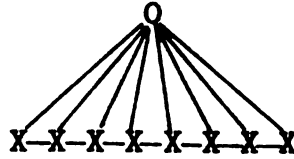
Why are these three characteristics so important to small business training? Because what the producers learn will be applied to their business, and this can improve their lives. Training them in a flexible situation, where they attend on a voluntary basis, and think out what they are taught, should make them better learners and better able to apply this new acquired knowledge to improving their business.

However, training them this way can be harder (and more rewarding) for the trainer.

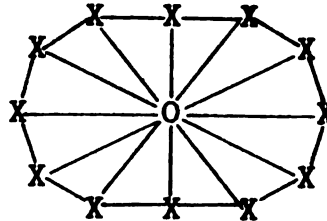
Why would it be harder? Because good learners ask more questions. They think more. They may have questions you cannot answer. They may not agree with everything you say. They may know more about business, or some aspects of business, than you do. After all, some of them have been in business a very, long time.

The old image of a teacher and students is like a triangle with the teacher at the top and all of the students at the bottom. You may remember this as the way it was at school. The teacher knows everything and is the "boss". The students

know very little and are not supposed to tell the teacher anything.



Adult training situations are much different from this image. They are more like the interwoven relationships of a spider web, where everyone is on the same level and the trainer's role is more like that of a guide.



When you are standing in front of the group, you can imagine yourself as walking along a rough road with a group of people, giving them tools that will make the road easier to walk. Or you can imagine that there is a dialogue between three "sides" --the participants, the material, and the trainer. When you are training others in business management methods, you may discover that many of the participants have rich experience that you can draw out and build on in training others. Some of their experiences may be successes, and others may be mistakes they can learn from. Since learning is usually easier when related to real life, this can make a group more lively and make skills more relevant. You do not need to be all-knowing to be able to communicate clearly with people.

You will find that maintaining a self-controlled professional style is absolutely critical for training adults. Respect has to be mutual, and the trainer has to earn it and keep it. Adults will resent being treated like children, and may be very sensitive to criticism or failure. They will lose their respect for you very quickly and will stop learning if you lose control and shout at them, or belittle or embarrass them. When you are sure you have established rapport and a mutual trust with the group, you may be able to laugh with the group, but never laugh at anyone.

If there is one approach that can create learning, it is constant, unflinching belief that the participants can learn. Anyone can learn if the trainer believes they can. Remember, your confidence in the participants will encourage them to have confidence in themselves.

1.1.2

THE LEVELS OF LEARNING

Read the following case study once, and then answer the accompanying questions without rereading the case.

Case Study I - Tip Top Bammies

Tip Top Bammies was started in 1987 by the Ministry of Agriculture, as part of its programme of involving rural women in income-generating projects in areas where employment opportunities were few, yet there were many willing workers. The project started with twelve women from a small rural community approximately seven miles from a resort town. The village was situated on a high hill, and the road leading to it was steep and in disrepair and public transportation plying between the village and the resort town was scarce and unreliable. The business operated out of a small converted house which was owned and maintained by the Ministry. The project paid no rent or utility costs, however, 10% of the returns from sales of the bammies was turned over to the Ministry by the project.

In December of 1988, Alvin Bennett, who was the field officer from the Ministry, and an advisor to the project, met with Pauline Wood, one of the group leaders. They were meeting to review the project's performance over the past 3 months and to find solutions to problems which they had encountered during the period. It was noted that although the initial group of 12 had dwindled to 8, recent changes in the production process had enabled the project actually to increase capacity.

Earlier on, with Alvin's help, the group had discovered that by rearranging the work space, and by devising a press which worked by squeezing the cassava between 2 planks, they could increase their production capacity. Later, the Ministry had provided them with a used electric grater and a mechanical press that considerably eased the work load.

On this visit, Pauline was particularly anxious to talk about the problems they were having concerning sales. Pauline's primary responsibility at Tip Top was getting the orders and delivering the bammies. She spent two days a week, Monday and Wednesday, going from supermarket to supermarket in the resort town to get orders. She delivered the bammies on Thursday and Friday and spent Tuesday helping with production. Sales had remained fairly constant for the past 14 months. During the holidays and the tourist season, each week, sales would average about 550 packages, each containing 2 bammies. At other times, sales would average about 450 packages per week. The group had calculated that in order to pay the expenses of the project including an average weekly wage of \$50.00 to the members of the group, they would have

to sell at least 750 packages per week. Pauline was concerned that despite the fact that she was putting a great amount of energy into selling the bammies, it meant very little since sales were not increasing.

Alvin promised to explore the possibility of Pauline using the Ministry's telephone to try to get orders from new and regular customers. Alvin also advised Pauline that the Ministry was about to embark on a programme to promote the export of Jamaican farm products. He suggested that perhaps Tip Top Bammies could join with another similar community project which also produced bammies, to make up the volume required for the expected export orders.

However, Alvin had a concern of his own. Recent research done by the Ministry had shown that less cassava acreage was currently being planted. Alvin was worried that any continuation of this trend, or a bad crop, could suddenly confront the project with a serious raw material problem. Meanwhile, he would get in touch with officers of the Ministry in other areas, in order to find alternative sources of cassava in case they were needed.

Questions

Answer the following questions about case study I.

Descriptive:

1. Who were characters in this case study?
2. What scenes do you remember?
3. What was the project (or business)?
4. What problems were described in this case study?
5. What solutions were described?

Reflective:

6. When listening to this case study, what impressed you the most?
7. Where did you worry?
8. What words best describe the story for you?
9. What can you say to describe the characters?

Interpretive:

11. Is this a common situation?
12. Do you know of persons with similar situations?
13. Did you learn something from this case study? What?
14. How would you solve this situation, if it were up to you?
15. What did you learn that you could apply to your business or training?

How People Learn

We often ask questions about what we have taught to find out how much the learners have actually understood. When we do this, there are three levels that we would like to analyze in terms of information received. These three levels may be called descriptive, reflective and interpretive.

You have just read a case study and then answered a series of questions. As you read the following information, think about the questions that were asked and the level of information analyzed.

Descriptive:

One of our concerns as trainers is to assure that learners are able to give an accurate description of what they have heard. We must be sure that they can identify clearly the information which makes up a business problem and/or solution. This basic learning serves as the foundation for the other types to be built upon.

Reflective:

Our next concern as trainers is to make sure that the learners note their own emotional responses and are able to reflect upon, or think over, the information learned. It is important that they be able to compare this information to other information they have or situations they have experienced. This will permit them to form an opinion about what they have learned. Since the reflective level develops from the descriptive level, it is necessary to have a clear description of the information before the reflective level can be developed.

Interpretive:

The most complex level of learning involves being able to interpret the information received. This means being able to adapt it to our daily lives. As trainers, we will succeed only if the learners understand and can use what we have taught. The interpretive level builds upon the descriptive and reflective levels. It is important to ask questions or conduct exercises which show us, the trainers, that the learners are able to interpret and apply the information.

Now, answer these questions:

- What do you remember about these three levels.
- Do you think they will be useful to you in your training?
- How can you apply what you have learned to become a better trainer?

Which of these three questions referred to the descriptive level?

Which referred to the reflective level?

Which to the interpretative level?

When presenting a lesson, be sure to use exercises and ask questions that will help participants to learn on all three levels.

Three Steps In Learning

The learning process consists of HEARING, SEEING, DOING. To ensure learning, the learner must go through these three steps:

- Step 1: You hear someone explain.
- Step 2: You see someone demonstrate.
- Step 3: You do it for yourself.

Remember: I hear and I forget. I see and I remember.
I do and I understand.

Reinforcing Concepts Of Adult Learning

First impressions last a long time, and people learn best when they experience personal satisfaction. It is important, therefore, to build self-confidence early in the course. This is particularly applicable in presenting small business methods, because people who need the methods most are often vulnerable because of previous weaknesses in their business management techniques.

Motivation - wanting something strongly enough to try to get it, is one of the key elements of learning. Those whose desire to learn is strong, learn more than those who are not motivated. Two ways to increase motivation, and therefore learning, are:

1. Positive Feedback: Tell the participants how they are doing, especially the positive side. Give encouragement and compliments on work well done. This makes learners more interested in learning. Make each person in the group feel that they have accomplished something every time they meet. Remember: "Nothing succeeds like success". Build in some success for each person in each session.
2. Participation Give the participants the opportunity to demonstrate their abilities in the training session. The more involved the learners are, the better the learning experience. Involvement may range from reading the manual aloud for the group, to taking part in a role-play, to working out a problem on paper.

Group interaction, especially among mature adults that have experiences to share with each other, can be a very useful method. Most adult learning takes place in this way.

Adults can be easily threatened by "schoolroom" type settings, "memorization", or "tests". Create a "learning situation" rather than a "classroom" environment. The next section will suggest ways of creating this kind of comfortable, stimulating training event.

1.2

TRAINING EVENTS

1.2.1

ORGANIZING A TRAINING EVENT

As a trainer, you have the opportunity to share your business knowledge with microentrepreneurs. Interested participants will come from a variety of sources. Some of these sources may be:

- A. Your Agency - Example: The Ministry of Agriculture usually serves farmers, and Craftworkers Associations usually serve craft producers.
- B. Projects in your community - Example: Community Revolving Loan Funds in the Rio Grande Valley, Portland, Jamaica. In this project, funds were allocated for community enterprises, and as a result, demand for business training was created.
- C. Schools - Example: Teachers at Brown's Town Community College, in St. Ann, Jamaica decided to offer a small business management course to their students. Details of this example can be found in section 1.4 on curriculum development.

To set up a training session, follow these eight steps:

1. Get approval from your agency. Explain to your supervisor exactly what kind of programme you plan to present. Remember: Your agency can't support you in your training efforts if they don't know about them. Keep the lines of communication open at all times.
2. Prepare a training schedule.
 - It may be difficult for participants to close up their shops or interrupt their production schedules to attend business training. Try to give sufficient notice of time date and venue, and try to work around their schedules. Careful planning is required to determine a time frame that suits both you and the participants while ensuring the availability of the venue, as well as taking other factors into consideration such as holidays, work pressure, etc.
 - Determine the needs of participants and select appropriate exercises. Use only exercises that apply to the group with which you are working.
 - Involve the participants in setting up the session. Ask them to help determine time, date, venue, etc.
 - Some examples of different training schedules are provided at the end of this section. You are NOT bound

into a set schedule or into training out of just one manual. Feel free to select certain exercises from all three manuals to gear your training session to the particular needs of the participants.

The following are some examples of training schedules established for groups with specific needs:

- A. Business Training Project - In this project, school children were learning technical skills (sewing and baking) while receiving concurrent business training. The children were able to learn technical skills as well as business skills and thereby enhanced their opportunities for employment upon graduation. The sessions were set up fortnightly and exercises from Starting and Financing a Small Business were used.

	<u>Business Project Training Schedule</u>	<u>Time</u>
Day 1:		
-	Introduction/Icbbreaker	(15 minutes)
*	Idea, Resources & People	(60 minutes)
	. What is Business?	
	. Why go into business?	
	. Characteristics of a business person	
	. Material, human, financial, physical resources & market demand.	
-	Developing a business name.	(30 minutes)
Day 2:		
-	Icebreaker/Review of Day 1	(10 minutes)
-	Review of Day 1	(5 minutes)
*	Feasibility:	(60 minutes)
	. Examine your ability to run a business	
	. Estimate your market	
	. Determine probable income & financing	
Day 3:		
-	Icebreaker/Review of Days 1 & 2	(15 minutes)
*	Setting up records	(45 minutes)
*	Using the bank	(15 minutes)
Day 4:		
-	Icebreaker/Review of Days 1 - 3	(15 minutes)
*	What is Financing & Why is it important	(30 minute)
*	Preparing a loan proposal	(15 minutes)
*	Reviewing loan/grant proposal	(15 minutes)
Day 5:		
-	Icebreaker/Review of Days 1 - 4	(15 minutes)
*	Selecting a legal structure	(15 minutes)
*	Marketing & customer relations	(15 minutes)
-	Review of course	(15 minutes)
-	Awarding of certificates	(10 minutes)

- B. Youth Club Turkey Project - In this income generating project, eighteen individuals were starting a turkey project. They met for two days of training from 10:00 a.m. to 3:30 p.m., with a 45 minute lunch and with 10 minute breaks in the morning and afternoon.

Turkey Project Training Schedule

<u>Manual</u>	<u>Day 1:</u>	<u>Time</u>
	Introduction & Icebreaker	(15 minutes)
Starting & Financing	* Turkey Project Feasibility Study	(75 minutes)
	* What is Financing & Why is it important	(30 minutes)
	* Special Loan Programmes	(50 minutes)
LUNCH		
Operating	* Setting up Records	(60 minutes)
	** Why is management important	(30 minutes)
	** Organizing your production	(45 minutes)
Day 2:		
	Icebreaker/Review of Day 1	(15 minutes)
	** Calculating the price of your product	(60 minutes)
	** Working with people	(30 minutes)
Starting & Financing	* Using the bank	(30 minutes)
LUNCH		
Marketing	*** Marketing in a farming business	(120 minutes)
	Summary review	(15 minutes)
	Awarding of certificates	(15 minutes)

- 3) Determine the number of participants. Keep the group small enough to allow time for individual help. 10-20 is a manageable group size
- 4) Estimate and gather the materials needed (Examples: manuals, blackboard, chalk, flip chart paper, markers, tape, etc.)

- 5) Reserve a venue. Make sure it is conducive to training, i.e., it can hold the number of expected participants, there is enough light, enough chairs, tables etc.) Reconfirm the venue one week prior to training.
- 6) Reconfirm the training session with participants to ensure their attendance.
- 7) Prepare for the training session well in advance - study the information to be taught and prepare a lesson plan using a training event sheet.

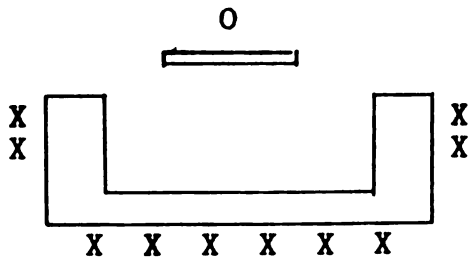
1.2.2 PREPARING THE TRAINING VENUE

Before the training session begins, prepare a seating arrangement that is conducive to learning. A well prepared seating arrangement allows participants to see clearly the trainer, any visual aids used, and the other participants involved in the training session. A proper seating arrangement provides a comfortable learning environment that puts participants at ease, allows the trainer free movement around the room, and promotes participation.

The number of participants attending the session must be considered when you prepare the venue. If you are training three people, it is wise to sit around a table or in a circle. Groups of more than ten people may not have room to sit around a table, and sitting in a circle may be the best alternative. If you are training fifteen or more people, options become limited. Work as creatively as possible within the constraints, and think of an arrangement that will encourage participatory learning.

The following are examples of appropriate and inappropriate seating arrangements.

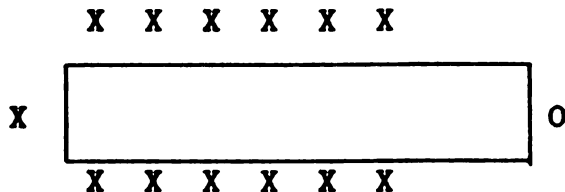
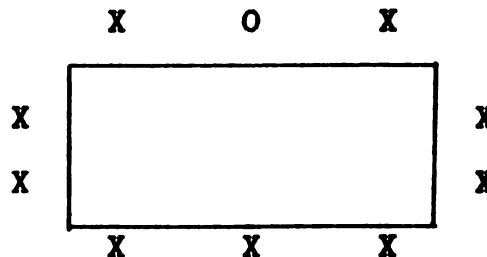
Key: 0 = Trainer X = Participants



NO - The trainer separates from participants and creates a "wall" to participatory learning

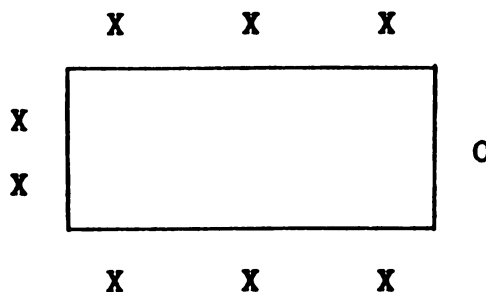
1: Training Methods

YES - Encourages participants to feel like a part of the group.

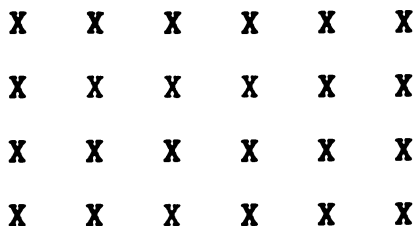


NO - Participants are too far away from the trainer and may feel left out.

YES - Participants feel like part of the group, and are more likely to participate.

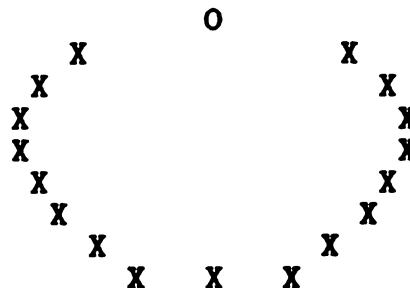


O



NO - Participants feel as though they are in a structured learning environment, like a school, and will not participate as freely.

YES - Eye contact can be made between all participants. This encourages communication between all participants and promotes a web-like form of participatory learning.



1.2.3 PREPARING YOURSELF TO TRAIN

1. Study the material beforehand. Be sure to write notes on your copy of the exercise to remind yourself of the following:

- points you wish to make,
- examples relating to what is being taught
- reminders to yourself.

Study any notes you may have made while previously training or listening.

2. Use the "Training Suggestions" provided in chapters 2-4 of this manual. They have been developed with the following goals in mind:

- A. to provide suggestions for training using exercises from all three IICA business manuals :
 - Starting and Financing a Small Business
 - Operating a Small Business
 - Marketing Small Business Products
- B. to stress the need for trainer preparation in the use of all exercises and to assist in that preparation.
- C. to provide enough supporting material to increase trainer confidence.

These objectives are achieved by giving the following specific suggestions:

- General training hints for each exercise.
- Diagrams of flip charts to prepare on paper or on a chalkboard prior to training.
- Suggested questions for each chapter to use in encouraging group participation.
- Examples of case studies to be used with selected chapters.

Remember that these are simply suggestions for you. You may use as many of the suggestions as you find necessary

in creating your own lesson plan. They should be helpful in assisting you to develop your own practical and effective training methodology.

3. Create your plan for this particular session and this particular group. Plan which questions you will ask and activities you will do that will make sure the group learns. Plan your time carefully.
4. Use the materials. They were written in clear language to communicate complex ideas in a simple way. Don't reinvent the wheel; improve on it. You can add your own examples to the material, but don't substitute your explanation for what has already been written. If the group you are working with has a high level of illiteracy, read the materials to them. If they don't, have them read. Ask for volunteers to read, as some people are uncomfortable reading aloud.
5. Be sure to use SUR. Use this guideline while you are training:
 - Simplify
 - Use examples
 - Repeat

These are three sure ways to get the message across to the producers. While you are training, pretend there is a parrot on your shoulder which occasionally asks in your ear, "Are you using SUR"?
6. Individualize the lesson. Imagine the particular group that you will be training and adjust the activities -- for a more or less literate group, more or less talkative, older or younger, experienced or just starting out, etc.
7. Practice presenting the material before a mirror or a friend. Try to get a clear idea of what you look like. Identify your weak spots (posture, expression, voice, attitude) and work on them.
8. Think up questions which your students may ask you and be sure you have answers for them.

1.2.4 THE TRAINING PERFORMANCE

Training is a performance like dancing or singing or acting. but it has an added dimension: your audience must be more than entertained, they must capture the message and apply it to their business.

Involve your students. The quick ones can assist by giving good examples and discussing their business experience. The slower ones should be handled with patience and consideration, and should be given lots of encouragement to participate.

You must be in top shape for this performance. Being well-rested, well-fed and in good health will make you a better trainer. Thinking about the job at hand is critical. Concentrate on what you are doing and give it your all. And, above all, you must be fresh. What does this mean? Each time you present a lesson, it must appear to be the first time. Your enthusiasm will motivate the learners; your boredom will put them to sleep. Every night an actor plays the same part; but the night you see him, he is fresh -- as if he is doing it for the first time. You must try to attain this same quality of freshness. Without it, you cannot be a good trainer. If you encourage lots of participation, each course will be as different as its participants, and it will be fresh for you each time.

Come in the room prepared -- if your plan is so ready that you can work with confidence, you have already won half the battle. A good flow and careful use of time can make a big difference. Use your lesson plan!

Get inside their heads. Try to understand how this particular group of participants see the exercise, what they think of it, and why they ask the questions they do. Your answers must be directed at their concerns and problems.

Don't be afraid to admit when you don't know the answer to a question. This is always much better than giving a wrong answer to participants. They will most likely repeat your wrong answer to others. When they are finally corrected, they will never believe you again. When you don't know the answer to a question, say: "I don't know, but will find out and inform you at the next class". Remember, no trainer knows ALL of the answers!

Take your own copy of the material to class. Use this copy always. Listen to the questions and concerns raised by participants. Write these down on the exercise at the point they are asked. Think about these questions afterwards and be sure you can answer them next time you train. If you gave a good answer the first time -- jot it down.

"Controlling" the session can sometimes be difficult, especially if the group sees you as younger or less experienced. A big part of "control" is setting a context where people understand that they are co-creators of the training session. With your opening activity, establish a mood of mutual respect. Show them you respect them, and at the same time, show confidence that you have something of importance for them.

For example, a young female trainer once stood up in front of a group of established businessmen, smiled sweetly at them, and said, "I know you have a lot of experience, and it's a bit audacious of me to stand up in front of you, but I would like you to think a bit about something I've found very helpful and I think you will". They were honored by her humility and lack of pretense, and listened carefully. Then she followed up by asking them to share lots of examples from their own experience, and both participants and trainer learned from each other. If you can get this context set, you will avoid an "us and them" mentality where "rebellion" against "authority" is possible.

Let participants know the objectives of the session and the estimated length. Give them some idea of the events and activities they will be doing. With this kind of context, discipline can come from within the group.

The key after that is your own decision that you are going to accomplish the aims you set down in your plan. This allows you to be flexible yet firm --the activities can change a little or a lot, as long as your objectives are reached.

Adult groups appreciate humor and teasing and are often persuaded to hurry or change behaviour by good-natured interaction. Use the group as your ally. Ask the group, for example, "Excuse me, we have 15 minutes left to cover 3 topics. Shall we leave discussion on them until the end?"

Say to a long-winded person, "This is very interesting. Since we have such a short time, could we hold this until later and talk afterward, please?" Draw out someone who isn't participating.

Don't be afraid to be in charge, but be polite and in control of yourself. Most of the group will appreciate your firmness. Keep in mind that each person is important, and so is the group as a whole.

If the whole situation becomes impossible, (which rarely happens), do something unexpected that allows the group to make a new decision. Quiet drama may help. An extreme example might be to quietly pack up your things, walk to the back of the room, and ask the group what should happen next to get things on track again. (This doesn't mean to walk out on the class.) The success of the training event is more important than your own status or importance at this point.

It is very helpful to have another trainer working with you. The second person can sit with the group or at the back of the room and help out if you get in trouble. Sometimes a voice coming from within the group can be very effective in keeping the situation under control. Share the training duties with the other trainer. Hearing different speaking styles will help to keep participants alert and attentive.

1.2.5

AFTER TRAINING

As soon as possible, think over the training session. This is the time when you will remember best what happened in the session. Make notes: What went well? What went poorly? What changes must be made? How can I improve?

If you have done the training session with a team of trainers, be sure to have a feedback session afterwards where you discuss amongst yourselves how the session went. Use the "Levels of Learning" to ask questions of yourselves in such a way to get the most out of your conversation.

A bit later, after a day or two has gone by, think about the training session again. Although you will not remember the event with as much clarity as right afterward, you will be more objective in your analysis of it. Ask yourself again how the session went and devise ways in which you can improve it for the next time. The next section includes some tools and techniques that you may wish to use in creating your next training event.

1.3 TRAINING TOOLS AND TECHNIQUES

1.3.1 INTRODUCTION

Many successful trainers have found that learning can be made more interesting if a variety of "tools" and "techniques" are used. These "tools and "techniques" help the participants to focus on the exercise being presented and give them new and different ways of learning the material. This section will present some alternatives that you may choose to use in creating your training event.

To set people at ease, the first part of a session should include informal conversation while people are arriving.

Going over the whole picture of the course very early in the session will give participants a sense of where they are going and will relieve anxiety about the unknown. An outline of the whole course on a flip chart or blackboard will allow participants to repeatedly check the relationship of the section they are working on to the whole course.

Visual aids are the first tools to occur to most trainers, and are very important -- a large example of a receipt or cash book on the wall that the whole class fills out together can make complicated procedures very clear and lead to lots of creative participation (even laughter!). Colored chalk or markers can be used to emphasize points.

Did you ever think about the fact that a decoration in the center of the table can be a training tool? A sample of craft work from one of the participants' businesses, for example, can capture wandering attention and redirect it toward production or marketing. A few receipt or cash books in the centerpiece will create anticipation of the necessity of record-keeping.

Movement of the trainer to the back of the room and to the front again can be used to break up a long session and focus the group's attention on a wall chart rather than on the trainer. Changing body positions can change the mood and participation of a group --standing up brings out seriousness, and sitting down promotes a relaxed, sharing atmosphere. Moving from large group to small groups and back again allows different levels of participation and breaks up a session into manageable parts.

A piece of poetry, a song that everyone joins, a joke, cartoon or story can be used to capture attention and get a message across in an enjoyable way.

Also, it is known that taking a stretch break once every hour promotes a better learning environment. The human mind can only absorb so much new information and can only remain sharp

and attentive for so long. A recommendation is to break once every hour for five to ten minutes. Encourage participants to stand up and stretch, to go for a short walk, to get a drink of water, or to do anything else that will stimulate their brains and re-energise them.

1.3.2 ICE-BREAKING

Ice-breaking may be defined as eliminating the chill from an unknown situation. This may be done by figuratively "breaking the ice".

As a trainer, you are trying to obtain four results by using an ice-breaking exercise at the beginning of your event:

1. Helping strangers to get to know one another
2. Encouraging everyone in the class to speak up and participate
3. Establishing that everyone in the training situation is just as important as everyone else
4. Creating a friendly, warm environment that allows learning to take place.

Examples:

- Each person directly tells the group about themselves, writing their name on the flipchart.
- Partners interview each other and introduce each other to the group.

Both of these serve to obtain the above results. Which works best for you as a trainer? Can you think of others?

1.3.3 ROLE PLAYING

What is a Role Play?

Role-playing is a brief kind of "drama with a purpose" used to get a message across. The scene is set with two or more people given a "real life" situation, related to the lesson. The participants act out the situation, making it up as they go along. Then the whole group discusses what happened, drawing out what they learned.

This technique is valuable because it allows people to experience a situation, and makes them understand it in a new

way. Both actors and observers become involved. They become aware of their own feelings and reactions, as well as the points of view of others. Since it is very close to real life, participants can practice new skills. It becomes a short jump to applying new skills in a real situation.

Usually, role-playing is an activity set up by the group leader, who plans a situation and the roles to be played in advance, to fit the objectives of his lesson plan. However, sometimes the trainer asks a small group to set one up, and sometimes it happens spontaneously.

Learning from a role-play involves acting it out, observing, and analyzing what happened.

How to Set Up a Role Play

Regardless of the number of role-plays and types of participation, you start all role-plays in the same way:

1. Describe the purpose of the role-play.
2. Describe the situation briefly and clearly, even if prepared roles are used.
3. If everyone is participating, ask for volunteers rather than selecting role-players. Take care in assigning the roles. Do not force people. Some may be uncomfortable or timid.
4. Brief the actors. Allow enough time to understand or read the roles. Tell role-players to make up facts or information that seem necessary. Do not try to confuse other actors. In business training, the following points must be clear to both the role-players and the audiences:
 - A. What kind of business is it?
 - B. If a buying and selling situation, who is buying and who is selling?
 - C. What problems exist?
 - D. How do they respond to the problem?
5. Set the scene. Label any props that are used. Explain the location.
6. Assign tasks to the audience -- things they should look for. For example, ask one to listen for significant remarks, another to note gestures and mannerisms, another to spot turning points in the drama.
7. Make it short -- Keep track of the time.

Remember, most of the common problems in managing role-plays can be avoided by a carefully prepared and delivered introduction.

How To Monitor the Role Play

1. Start the action.
2. Stay out of the line of vision of the role-players. Quietly observe, perhaps from the back of the room.
3. Carefully watch for an end point. Just a few minutes of interaction can provide information for a long discussion, so don't overload the audience. Often, the role-play will arrive at a natural end point. If not, cut the role-play, but try not to be too abrupt.
4. Thank the role-players, using real names. This removes them from their roles and provides a bridge to the discussion to follow.

Analyzing A Role Play

When the role-playing is finished, a discussion will draw out what people have learned.

1. Allow role-players to comment before the audience does. Allow the person who "had the responsibility for solving the problem" to go first. Were they happy? What would they do differently? Why did they do or say what they did?
2. Open the discussion to the audience and/or observers. Try to trace the way that the situation and interaction developed; why the role-players behaved as they did; how it might have gone differently for better results. Make sure they are talking about the problems and solutions, not the acting ability of the role-players or their interpretation of their roles.
3. Encourage the audience/observers to describe their own feelings as certain events occurred, rather than only analyzing the behaviour of the role-players. Stay focused on learnings that can be applied to real life.
4. Finish with a summary of the major issues and learnings of the group.

NOTE: Attempt a role-play only if you are comfortable with the method. Your confidence will encourage the group.

1.3.4

CASE STUDIES

What Is A Case Study?

A case study is an exercise that can be used in training as a means of practicing certain concepts. The only way that business concepts can be helpful is if they can be applied to specific problems. Case studies provide the opportunity to test concepts on somebody else's problems before trying them out on one's own. Through using them, one can be sure to have a thorough understanding of the exercises to be used. By applying business concepts to problems presented in a case study, one gains practice in using the methods he or she has learned and is able to see how to apply them to his or her own specific business problems.

--Remember what we said in the three steps of learning?

- *I hear and I forget
- *I see and I remember
- *I do and I understand

After the trainer has TOLD the participants why and how to use the business concepts, has SHOWN them the procedure of applying them, they must have the opportunity to DO it for themselves. Given enough practice, the participants will no longer need the trainer's help. They will have become self-sufficient in their newly learned skills and the trainer will have succeeded.

How to Create a Case Study

There are several different ways of creating a case study. The best cases are those that address the subject in a way that is similar to the method that the participants will eventually use to put the concepts into practice in their own projects. The following seven steps suggest a method of creating such a case.

1. Know what you want to present. You should be very confident in the execution of the exercise, its purpose, and its goal or expected end product.
2. Decide on the basic premise of your case.
Example - "I am going to write a case about a farmer doing a feasibility study for the building and running of a chicken coop to house 100 birds. I am training people that want to start chicken rearing."
-or-
"For a group of women starting to produce bammies, I am creating a market study case involving a bammy business."

3. Find the information needed to complete the exercise that you wish to present. You can find this information in several ways:
 - A. Ask someone who is in the process of completing a similar exercise in their own business.
 - B. Research it on your own.
 - C. Ask experienced participants for pertinent information.
4. In writing a case, put the information into a form that participants will understand easily. Tell it like a story.
5. Solve the exercise as if you were looking at it for the first time. Correct any errors that you made in putting it together, and clear up any confusing wording.
6. Look back at your purpose for creating the case and make sure that the case achieves its intended goals.
7. Make an answer sheet to use as a reference when using the case as a training aid.

For some case studies that you use with participants, you may simply want to create an impromptu example where they supply the information while arriving at the answer as a group. For others, you may want to write out a case that they can tackle on their own. This will vary with different situations and it is up to you, the trainer, to decide when each method is most appropriate.

How To Use Case Studies

In order to use case studies, it is important to act as a guide through the case. This can be compared to a mountain climbing expedition. The guide has climbed the mountain many times, and knows where every path leads. The climbers have never climbed the mountain and would get lost on their own. Some of them have never climbed any mountains. The guide cannot climb the mountain for them, and so proceeds very slowly, while giving them hints on how to continue. The next time that they climb, they are a little faster, a little more experienced, and need less prompting from the guide. Eventually the guide can stay at the bottom of the mountain, while the climbers climb by themselves.

Using case studies as a training tool can work in much the same way. For the beginner, an exercise may look insurmountable and the goal unattainable. The trainer needs to sense this, and should break the case down into smaller, easier steps, showing the participants, as they progress, how each step fits into the final big picture. After they have completed one case in this manner, the participants should be

able to complete a similar case study without as much help from the trainer. Some cases may not need to be broken down at all, depending on the complexity of the exercise, and the level of experience of the participants. Again-- this calls for the judgement of the trainer. Cases should be approached in the following manner:

1. Discuss with participants all appropriate material from the manual.
2. Ask participants to read the case. Handouts of cases will allow participants to review their work after the training event ends.
3. Explain the instructions and expected result of the case.
4. Give time to wrestle with the material. Organize it in the following manner:
 - A. List the facts presented in the case. Organize them into a usable form.
 - B. Analyze the facts. Interpret what the given facts are most likely to suggest about the business in the case.
 - C. Recommend actions that should be taken to improve the business.

* Get the facts - Analyze - and Recommend. *
5. If they get into trouble, give hints or ask questions to lead them back on track.
6. If they are still having trouble, try to simplify the exercise by breaking it down into smaller tasks.
7. Remember-- Be a GUIDE! Help them find the way, but don't do it for them!
8. Present solutions - If participants are working individually, have one participant present the solution to the entire group for discussion. If participants are working in small groups, have one representative from each group present the small group's solution to the larger group.

Chapters 2-4 in this manual include examples of case studies that may be used along with IICA business manuals, or as examples to help you in creating your own cases. Answers to the cases as well as suggestions on their presentation are also included.

1.3.5 THE TRAINING EVENT SHEET

Each training event should be planned by the trainer before the event takes place. The training event needs to be carefully planned - like a drama, a dance or a symphony. You must plan an introduction, a first part where basic information is given to orient the participants, a second part where certain information makes you think or reflect, a third part where the lesson is applied to our daily lives, and finally, a conclusion.

On the next page is a training tool called the "Training Event Sheet" which helps the trainer do the planning necessary for a successful event. The training event sheet helps you to develop your training session. You "plug in" examples, questions, role plays and case studies to assure use of all three levels of learning needed for a successful event. Keep your completed training event sheets to help you in the preparation of future training events.

Training Event: This is where you put the title of the business exercise that you are planning to present.

Trainer: Your name, as the trainer, is placed here.

Knowing Objective: What you want the learner to know at the end of the event. Example: "to know how to keep a cash book"

Being Objective: How you want the learner to be different at the end of the training event. Example: "to be more confident in the use of business records"

TRAINING EVENT

(Be sure to note the amount of time needed for each part.)

Introduction: Note what you will do to begin the session. Examples: ice-breakers, summary of topics to be learned, etc.

Part 1 (descriptive): List the material, activities, and questions you will use in order to be sure that people understand the facts of the exercise.

Part 2 (reflective): List the material, activities, and questions you will use in order to be sure that people reflect on and compare the information with their own experience.

Part 3 (interpretive): List the material, activities, and questions you will use in order to be sure that people can apply the material to their daily lives.

Conclusion: Note what you will do to finish the session. This may be a brief review of the event, and/or a dialogue with the learners on what they would like to learn next time.

TRAINING EVENT SHEET

TRAINING EVENT:

TRAINER:

DATE:

PLACE:

PARTICIPANTS:

TOTAL TIME:

MATERIALS NEEDED:

KNOWING OBJECTIVE:

BEING OBJECTIVE:

* TRAINING EVENT *	Time
--------------------	------

INTRODUCTION:

TRAINING EVENT ACTIVITIES

DESCRIPTIVE:

REFLECTIVE:

INTERPRETIVE:

CONCLUSION:

NOTES FOR NEXT TIME:

1.3.6

FORMS

All businesses need to keep records in order to monitor their progress and to better serve their customers. In the same way, small business trainers need to keep records of their training events. This enables trainers to see where their training program has been, where it is going, and how it needs to change in order to better serve the participants. Record keeping will help you to plan future training sessions, to improve your training performance, and to report to others on the good job that you have done. Some suggested forms are provided here.

Participant Attendance Sheet

This form lists the participants that attend a training event and their previous training experiences. It should be signed each day of a training session by each participant. It enables the trainer to keep track of session attendance and to plan future events that meet participant needs.

Small Business Management Training Evaluation

This form allows participants to evaluate the training session and the trainer. It provides the trainer with direct feedback on the exercises used, and on the training performance. It can be used in reporting on the training event and in improving future training events. It should be filled out following each training event.

Trainer Observation

This form will help you to evaluate another trainer in a particular session. Tick the response that comes closest to your evaluation of their performance in each area; Strong, OK, or Weak. Then write specific examples of strengths and weaknesses that can help the trainer improve their performance next time. Your intent here is not to criticise or praise for their own sake, but to give helpful comments that can lead to better and better teaching. Give a copy of the completed form to the trainer that you have evaluated, or if they are evaluating you, make sure that they give a copy to you.

PARTICIPANT ATTENDANCE SHEET

Agency _____
 Date: _____

Location _____
 Trainer(s) _____

Topic(s) _____

Please PRINT your name and indicate by ticking the box(es) if this is the first time you have attended a business training session, or if you have attended one before. (S&F stands for Starting and Financing, O for Operating, and M for Marketing.)

Name	Attending for the first time	* I have received		
		* S&F	* O	* M
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1: Training Methods

Name	Attending for the first time	* * *	I have received training in:		
			S&F	O	M
_____	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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SMALL BUSINESS MANAGEMENT TRAINING EVALUATION

This questionnaire is designed to collect information on the presentation, content, and usefulness of this training session to you. The results will be used in improving future sessions. Please answer all questions frankly and honestly. do not sign your name on this evaluation.

(For questions 1-7 tick appropriate response.)

1. Compared with what I expected to learn, what I learned in the small business management training was:
 more the same less

2. What was your main objective in taking this course?
 I have encountered problems in my work that I hoped to learn to solve.
 I was interested in acquiring more knowledge in this area
 Small business management is a skill that I need for my job
 I was required to attend this course
 Other reason(s). Please specify _____

3. How well has this course helped you to meet this objective?
 poorly average well

4. Was the course organized in such a way that it was easy for you to learn?
 easy average difficult

5. How much of what you learned was new to you?
 all some none

6. How much of what you learned do you expect to use?
 none some all

7. Which exercises were the most useful?

8. Which exercises were the least useful?

9. How can this seminar be improved?

The following section includes statements describing a variety of teaching skills. Please read each statement carefully and decide the extent to which you feel your trainer(s) does or does not need improvement. Tick the appropriate responses in the separate sections provided for each trainer.

TRAINER #1: _____

1. makes effective use of time in the sessions
 good average poor
2. inspires excitement or interest in the content of the programme.
 good average poor
3. takes appropriate action when participants appear to be bored
 good average poor
4. maintains an atmosphere that inspires learning
 good average poor
5. encourages participation in discussions
 good average poor
6. clarifies material that needs explanation
 good average poor
7. wraps things up before moving to a new topic
 good average poor
9. keeps me informed of how well I am doing
 good average poor
10. acts, overall, as a professional and effective trainer
 good average poor

TRAINER #2: _____

1. makes effective use of time in the sessions
 good average poor
2. inspires excitement or interest in the content of the programme.
 good average poor
3. takes appropriate action when participants appear to be bored
 good average poor
4. maintains an atmosphere that inspires learning
 good average poor
5. encourages participation in discussions
 good average poor
6. clarifies material that needs explanation
 good average poor
7. wraps things up before moving to a new topic
 good average poor
9. keeps me informed of how well I am doing
 good average poor
10. acts, overall, as a professional and effective trainer
 good average poor

TRAINER OBSERVATION

TRAINING EVENT: _____

TRAINER: _____

DATE: _____

PLACE: _____

ATTENDANCE: Beginning: Men _____ Women _____ Total _____
 End: Men _____ Women _____ Total _____

How effective was the trainer in:	STRONG	OK	WEAK
1. Setting trainees at ease ?	_____	_____	_____
2. Inspiring excitement or interest in the content?	_____	_____	_____
3. Stating objectives in a meaningful way?	_____	_____	_____
4. Finding out trainee's knowledge, skills, and attitudes?	_____	_____	_____
5. Having all needed materials on hand?	_____	_____	_____
6. Knowing the subject matter?	_____	_____	_____
7. Using appropriate language, terms, analogies, and examples?	_____	_____	_____
8. Presenting the material in a logical sequence?	_____	_____	_____
9. Using appropriate participatory activities?	_____	_____	_____
10. Explaining and demonstrating, simultaneously when possible?	_____	_____	_____
11. Keeping trainees actively participating?	_____	_____	_____
12. Explaining why things are done as they are?	_____	_____	_____
13. Giving trainees sufficient practice?	_____	_____	_____
14. Giving frequent, specific, and immediate feedback?	_____	_____	_____
15. Correcting mistakes constructively as they are made?	_____	_____	_____
16. Acting as a guide and not as an expert?	_____	_____	_____
17. Projecting voice adequately?	_____	_____	_____
18. Creating an event that "flows" well?	_____	_____	_____
19. Managing time well?	_____	_____	_____
20. Other?	_____	_____	_____

Specific comments on strengths and weaknesses: _____

Observer

12/87

TS3



1.4 BUSINESS TRAINING IN CURRICULUM DEVELOPMENT

1.4.1 INTRODUCTION

One good way of sharing small business information is through post-primary school curriculum. In some respects it is easier to present the information to youths than it is to adults. This is in part due to the fact that they are in schools and are accustomed to being taught. For adults this is not usually the case. Hence the need for adult training methods.

In schools, IICA small business manuals can be used almost as regular textbooks. They are written simply enough so that most youths have little difficulty mastering the concepts.

The advantages of using business manuals in schools and presenting them to youths are manifold. First, youths usually do not have a large amount of technical business experience, and therefore they have not been exposed to bad habits. Many times during training sessions adults will say, "but I do it this way, and it works for me." It is often difficult to explain that the manual may demonstrate a technique that works even better. Second, youths often have better "school habits". They tend to complete the short nightly reading they are asked to do, they are often more punctual, and they rarely have a 'know-it-all' attitude that occasionally occurs among adults.

Further, it is logical to bring training to youths who are about to enter the job market. This training enhances their skills, whether they are going into their own businesses or working in someone else's business. The training, at this point in their lives, may help them to avoid some of the hardships which many people encounter.

It should be noted that the lack of business experience which may make the training of youths easier also presents some obstacles to the trainer. The youths may not be able to relate the concepts in the business manuals to everyday events. Thus if they have never handled incoming and outgoing cash in a business, the "Cash Book" exercise may seem difficult and devoid of practical value. When this occurs the youths may lose interest. The key is to emphasize that the students should learn, for example, why a cash book is important and how it is used. Also, the trainer can emphasize that when they do use a cash book, the information is right there in the manual for easy reference.

Another obstacle to training youths is that they may participate less in the discussions than adults do. There are two reasons for this. First, youths may not have the anecdotes and real life stories that adults have. Second,

young people are generally more accustomed to a traditional schoolroom atmosphere where the teacher trains and the students listen. So, initially at least, they may be uncomfortable with the open discussion style of training that works best with adults and makes the atmosphere more conversational. Usually, after a warming-up period, youths are quite eager to contribute to the discussion.

In many respects, however, training youths is essentially the same as training adults. The material is the same and the object, namely that of learning, is the same. As noted, most youths in secondary schools, high schools, and colleges are quite capable of absorbing the material in the manuals. The question is how best to bring it to them.

1.4.2 METHODS OF CURRICULUM DEVELOPMENT

There are generally four methods of incorporating the materials into a school curriculum. The four methods are:

1. A new course
2. A designated element of an existing course
3. An extra-curricular activity
4. A semi-structured approach

Method 1

This method involves creating a regularly scheduled course within the school's curriculum. At Brown's Town Community College in Jamaica, IICA and the faculty worked to incorporate the manuals into a new course, in a structured and formal manner. What follows is a brief chronology of how it was developed.

Brown's Town Community College Example

October 1985. A Brown's Town Community College faculty member is referred to IICA by the Ministry of Agriculture in his request for assistance in business training.

November 1985. Field officers visit the College, meet with Principal and other faculty members. They begin to coordinate with the Head of the Business Department.

November 1985-April 1986. A field officer conducts training for twenty students while five teachers observe. The College staff continues to work with IICA in planning future courses based on what they have learned in the pilot course.

June 1986. Eight faculty members at the College are given intensive training in all of the manuals by IICA staff.

September 1986-April 1987. Another course is conducted with seventeen second-year agriculture students. The course is designed by the faculty with assistance from a field officer. It is taught by one of the trained faculty members with material and methodological support from IICA. The students carefully cover the material in the manuals and take a final exam.

September 1987. Plans are laid for a new course which will cover the manuals in the first half of the academic year. A practical project - a student-run business enterprise - will be instituted in the second half of the academic year. This will allow the students to apply the concepts they learned from the manuals. Many lessons were learned in the pilot courses, such as the imperative of planning well in advance. This is built into the course in the second year.

* * *

Method 2

Method 2. involves using the manuals, or relevant sections of them, in classes such as sewing, agriculture, or technical trades (welding, auto repair, plumbing, etc.). Students in these classes often plan to use their skills in a small business when they leave school, so they can benefit if the teacher decides to spend a few weeks covering important sections of the manuals. This can be done in the first month of the school year, the last month, or simultaneously with the regular classes (by dedicating, for example, every third class to business training).

Method 3

There are two approaches to Method 3. First, the faculty can set up a new course outside of the regular school hours and grading system. there are disadvantages and advantages to this approach. In the case of the College of Agriculture in Port Antonio, Jamaica, it was the only way the students could be offered the course because their curriculum was so full, there was no time, day or evening, that it could be offered during the week.

College of Agriculture 4-H Club Example

The request for this course came directly from the students involved in the College 4-H Club. The students invited an IICA officer to one of their 4-H meetings. The IICA officer attended the meeting and together with the students chose two

Saturdays and one Sunday to cover the "Starting and Financing" manual. The students were very interested in all of the business manuals. Rather than just choosing specific exercises from each manual, they requested to cover each manual entirely.

The "Starting and Financing" course began in April 1987. Since it was so close to the end of the school year, there was not time to offer the other two manuals. Third-year students had the first choice to sign up for the class. Space was limited to 35 students, and some had to be turned away but they were told that they would have the opportunity to attend during the following school year.

* * *

Having strong interest from students is definitely an advantage of offering an extra-curricular course. Students are there because they want to learn about small business management. They have a high level of participation and therefore training is enjoyable and rewarding. One disadvantage may be that when the course is extra-curricular there is not committment from the school to offer it every year. But the students who return the following year may continue with their inverst as in the case at the College of Agriculture. The students returned to class in September 1987 and again the 4-H members requested training.

Some other disadvantages are that extra-curricular courses have to compete with the schedules of students inclined towards extra-curricular activities with all the other activities being offered. Also, running a course after school may limit its effectiveness in that it may not reach all of the students, as many students can not or do not wish to take courses after school. It can be argued that this is an advantage in that it would appeal precisely to those committed students who have the drive to be successful entrepreneurs. Also this sort of course (like a course scheduled during school hours) would be easier to carry on in future years even in the case of teachers or leaders leaving and being replaced.

Another way of introducing the course would be within the framework of existing extra-curricular programs. Junior Achievement, or similar programs, probably lend themselves best to the materials and methodology. 4-H Clubs and teacher/leaders in many schools already use the manuals. If logistics can be worked out, 4-H should be able to effectively coordinate an extra-curricular program in many schools. Junior Achievement, while geared to training students for larger enterprises, trains students in basic business concepts then seeks to apply them in a project. Again, there is room for cooperation between Junior Achievement and schools that wish to pursue this avenue.

Method 4

Of course the school may choose not to offer a regularly scheduled course. If there are time, space, or human constraints the school may choose to offer the materials in a semi-structured way -- Method 4:

In many schools, including Brown's Town Community College, where teachers have received training and materials, the materials are not necessarily used in a new course but are incorporated (in a semi-structured manner) into an existing course. Thus a teacher may feel that some parts of the manuals are appropriate for the students and will pick out and present those sections as time permits. If there is no feasible way to set up a special course, then the use of the materials in this semi-structured manner at least assures that students are learning some of the salient topics in the manuals. In the short-run this semi-structured approach is satisfactory and encouraged. It brings training to students where it might otherwise not be possible. In the long-run it is preferable to incorporate the materials into the schools in a more structured manner such as Methods 1, 2 and 3. After the planning and preliminary steps, the school can move toward a finished product. It must be emphasized that the product is never really finished. The school should continue with ongoing improvements even after the basic structure of the course is established. Nothing is ever perfect. Perhaps introducing a practical project, or bringing in local businessmen as guest speakers or going on class trips to visit businesses or suppliers would be helpful to making the class more interesting and helpful. There are some items to keep in mind and be prepared to address in advance. These include many small items to work out, such as classrooms, time periods, materials, progress, etc. In short there are a myriad of small logistical decisions to be made. Materials for the course must also be planned. Eventually the school will have to provide for obtaining or reproducing manuals and acquiring other materials as they become necessary.

1.4.3

SCHEDULING

When planning a course for all three of the business manuals, you need not go through every single chapter because some of the material is found in more than one manual. For example, Chapter 11 of "Starting and Financing a Small Business in Jamaica" is called 'Setting up Records'. This material is covered more thoroughly in the "Operating a Small Business in Jamaica" manual. You can use the chapter in "Starting and Financing" if you only want an overview of the record-keeping process.

For a course covering all of the manuals, the following chapters could be included:

Starting and Financing	Chapters 1 through 8
Operating	Chapter 1, Chapters 4 through 16
Marketing	Chapters 1 through 3, Chapters 4 through 7*

This means that there are about 27 chapters to cover in the course. If the course spends one and one-half hours on each chapter (some require more and some less), and spends two sessions at the end of the course for review, then the entire course would take about 45 hours.

Often there is not this much time available for the course. The faculty must decide how best to condense the course into the time available if this is necessary. Generally, it is best to spend more time on the "Starting and Financing" manual, because the topics in this manual are often more relevant for youths.

What follows is a curriculum for a 24-hour 12-session course (with each session lasting two hours). A curriculum similar to this has been used at Brown's Town Community College:

SESSION	MANUAL	CHAPTER
1	Start & Financing	1
2	Start & Financing	2,3
3	Start & Financing	4,5,6
4	Start & Financing	7,8
5	Operating	1,4,5
6	Operating	5,6,7
7	Operating	8,9
8	Operating	10-16
9	Marketing	1,2
10	Marketing	2-3
11	Marketing	4-7*
12	Review of All Manuals, Conclusion	

Please note that in using this condensed curriculum, the class does not (in fact could not) cover every page of every chapter. Many of the easier chapters are assigned as homework and reviewed at the next class, while much of the class time is spent on the most difficult chapters. Obviously this sort of condensation is made much easier if the class is alert, punctual, and dedicated.

 *NOTE: Chapters 4 through 7 of the Marketing manual deal with Marketing Plans in four different types of businesses (manufacturing, retail, farming, service). You may want to cover only one or two of these chapters since, for example, sewing students might not need the chapter on farming. Select the chapters that are appropriate for your students.

If the class is interested, it may be possible to schedule extra classes after school or during free periods so that more class time is available.

Another course had 33 1-hour sessions (it met twice a week). The schedule for this course looked like this:

SESSION	MANUAL	CHAPTER
1	Start & Financing	1
2	Start & Financing	2
3	Start & Financing	2
4	Start & Financing	2
5	Start & Financing	3
6	Start & Financing	4
7	Start & Financing	5
8	Start & Financing	6
9	Start & Financing	6
10	Start & Financing	7
11	Start & Financing	8
12	Start & Financing	12
13	Start & Financing	10
14	Operating	5
15	Operating	5
16	Operating	7
17	Operating	8
18	Operating	8
19	Operating	9
20	Operating	10
21	Operating	11
22	Operating	12
23	Operating	12
24	Operating	13, 14
25	Operating	14
26	Operating	15
27	Operating	16
28	Marketing	1, 2
29	Marketing	2
30	Marketing	2
31	Marketing	4-7
32	All	Review
33	All	Review, Conclsn

You will notice that this schedule does not cover all of the chapters in order. The teacher chose to structure the course in a way that he found most useful to his particular students.

Another teacher restructured to an even greater extent. Her class met 16 times and the schedule was as follows:

<u>SESSION</u>	<u>MANUAL</u>	<u>PAGES</u>
1	Start & Finance	7-11
2	Operating	7-13
3	Start & Finance	27-53
4	Operating	19-26
5	Start & Finance	110-111
6	Operating	51-59
7	Operating	77-91
8	Operating	92-107
9	Start & Finance	151-159
10	Operating	195-207
11	Marketing	7-10
12	Marketing	19-29
13	Marketing	30-34
14	Marketing	40
15	Start & Finance	214-216
16	All	Review

Again, you can see that this teacher felt that her class would be better suited by a reorganized schedule that does not deal with the material in the same order as the manuals do. This decision is up to you, occasionally there is a reason to make major changes in the sequence of the chapters, but do not do this unless you have a good reason for doing it. Remember: when in doubt, follow the manuals.

These three examples of schedules reveal how much latitude a teacher has in structuring a course based on the manuals. The important thing is to assess your class -- their strengths, their needs, and their capabilities -- and to structure the course accordingly. If the class is familiar with the topics in a particular chapter, skip it or review it briefly, and move on. If they are having difficulty with a topic, plan to spend more time on it or place it differently in the schedule so that the topics you cover before it and after it make the difficult topic more understandable.

1.4.4

FINAL EXAMS

When the course is completed, you may wish to give the students a final exam. Below are two of the exams which have been used with courses that covered all three manuals. If you choose to use one of these exams, make sure that you have covered the material that is required to answer the questions. If you have not covered a particular topic, simply drop the question from the exam. Note that the first exam does not include material from the Marketing Manual. Suggested answers to the questions are printed within parentheses (). These answers are not necessarily the only right ones, you must use your judgement with each student's answer. Feel free to omit questions, or add others which you wish to include - these are merely suggestions for exams.

Final Exam #1

Answer the following questions pertaining to small businesses. Be brief with your answers, but be sure to cover all of the important points. You have one hour. Good Luck!

1. In a small business, who is responsible for production, finance, record-keeping, and marketing? (The manager or owner)
2. When repaying a loan, what is the name of the two components you are paying? (The principal and the interest) How are they different? (The principal is the amount borrowed, and the interest is the amount you pay as a fee)
3. Name five types of record-keeping. (Receipt Book, Order Book, Cash Book, Expense Record, Stock Control, Sales Record, Production Record)
4. Name five ways to obtain financing. Do not list institutions. (Savings, Loans, Grants, Fund Raising, Selling Personal Possessions, Selling Shares)
5. What is done in a Feasibility Study? (A study is made to determine if the business can succeed and if the income which the business provides to you will be sufficient)
6. What is done in a Market Study? (Prices, Costs, Materials, Suppliers, Competitors, Location, and Customers are examined to determine if a product or products will sell profitably)
7. Match the Legal Structure with a characteristic of that Legal Structure.

Sole Proprietor	_(2)_	1. Profit Sharing
Partnership	_(3)_	2. Easiest to set up
Limited Company	_(4)_	3. Unlimited liability
Cooperative	_(1)_	4. Stockholders
8. Why should a business value its assets? (Done regularly, this will tell whether a business is growing or shrinking, and will tell where the business' money is tied up)
9. Fill in the blanks:
 - a. ___(Supply)___ and ___(Demand)___ are the two forces which determine the market for a product.
 - b. Profit is made when ___(income or revenue)___ is greater than ___(costs)___.
 - c. Wholesalers usually sell to ___(retailers)___.
___(Retailers)___ usually sell to customers.

Final Exam #1 (cont'd)

10. Name two types of Business Statements. (Net Worth Statement, Net Income Statement)

11. Why should a business plan? (To be better prepared for unexpected future occurrences, to spend money more efficiently, to produce and sell more efficiently by being better organized)

12. When you total up all costs, direct and indirect, of producing a certain item, then divide that number by the total number of items produced, and then add a profit for each item. What have you done? (Calculated the item's cost and price)

13. How does a grant differ from a loan? (A grant does not have to be paid back, grants usually are only given to groups)

14. In farming, storage and transportation are known as ___(marketing)___ costs.

15. What is a Savings Account? (A bank account which draws interest, but you must go to the bank every time you wish to make a withdrawal)

What is a Checking Account? (A bank account which does not draw interest, but you can write checks to make withdrawals. There is often a fee for a checking account.)

16. True (T) or False (F):

- a. (T) Stock Control indicates when to order new supplies.
- b. (F) Feasibility Study is a kind of record keeping
- c. (F) Order Book records the sales a business makes every day, week, or month.
- d. (T) Production Schedule is a step-by-step written method of how to produce your product.

17. Name three factors important to increasing income and profits? (Reducing Costs, Increasing Price, Increasing Volume Sold).

Final Exam #2

You have one hour to complete this test. There are fifty questions, so you should not spend more than a minute or so on each one. There is also an Extra Credit question at the end of the exam. Please read all the questions and instructions carefully, some of the questions are tricky. Good Luck.

Next to each of the following items write an "M" if it is a MATERIAL RESOURCE and write a "P" if it is PHYSICAL RESOURCE.

1. (M) Raw Materials
2. (P) Farm Land
3. (P) Tractor for farming
4. (M) Seeds
5. (M) Medicines for livestock
6. (P) Oven for a bakery
7. (M) Insecticides
8. (M) Wood for a woodcarver

Next to each of the following statements write "T" for TRUE and write "F" for FALSE.

9. (T) It is important to know where competitors are located when doing a Market Study.
10. (F) A lot of time should be spent preparing samples so that they are of extremely high quality.
11. (F) You should not consider the costs of packaging when calculating prices.
12. (T) Profits are equal to Receipts minus Costs.
13. (T) You should include your own wages when calculating costs.
14. (T) You should include your brother's wages when calculating costs (if he works in your business)
15. (F) "Interest" is the money you must pay to rent land
16. (T) Money received as a grant does not have to be paid back.
17. (F) You should use your mother as a character reference when filling out a loan application.
18. (F) Grant proposals do not have to be detailed as long as they fill up many pages.
19. (F) Credit unions usually pay more interest than commercial banks.

Final Exam #2 (cont'd)

Match the following items with the type of business where they are usually found.

Write "S" if the answer is SOLE TRADER

Write "P" if the answer is PARTNERSHIP

Write "C" if the answer is COMPANY

Write "T" if the answer is COOPERATIVE

20. (C) Capital in this type of business is raised by selling shares.
21. (S) One person receives all the net profits.
22. (C) This type of business is a separate legal body from the owners.
23. (P) All members are held personally responsible for business debts and lawsuits.
24. (S) This is the easiest type of business to start.
25. (T) This business often uses its profits for education.

For each of the following questions, circle the best answer.

26. "Stock Control" is:
 - a. Thinking about what your business will do in the future
 - b. Carefully deciding where to feed your livestock
 - c. Planning your business payments and receipts
 - (d) Keeping track of raw material and finished products
27. "Quality Control" does NOT involve which of these:
 - a. Carefully selecting raw materials
 - (b) Renting rather than buying land
 - c. Comparing finished products with samples
 - d. Using the same production methods for each item
28. "Price Calculation" should be based on:
 - a. Deciding what you think customers are willing to pay
 - b. Selling at double the cost of ALL raw materials
 - (c) Direct costs plus indirect costs plus profit
 - d. 10% less than your competitor's price

Final Exam #2 (cont'd)

Please complete the receipt that is printed below, after you have sold James Smith four goats for \$280.00 each, and he pays you the entire amount in cash. Think carefully of all the information that belongs on a receipt.

29. No. _____ Date _____
 Rec'd from (James Smith)

30. The sum of (One thousand One hundred and
twenty dollars for four goats)

31. \$ (1120 . 00)
 per (Student's Signature)

Place a tick mark next to the following items which you would want to find out during a Market Study:

32. Prices that competitors are charging.
 33. Which raw materials you will need.
 34. Prices that your suppliers will charge.
 35. Approximately how many customers you will have.
 36. How many people want to work in your business.
 37. What time of year you will be having the most business.

Read the following paragraph CAREFULLY and answer the questions.

Albert Jones sold pots on the coast. He sold simple pots to local customers and did a fairly good business. One day Albert decided to move his stall onto Main Street and sell to tourists for double the prices which he used at the old location. After four days at the new location, Albert had sold only one pot, and he did not know what was wrong.

Please help Albert by making two different suggestions for ways in which he can improve his business. Each suggestion should be no more than one sentence in length.

38. #1) _____ (He can lower his prices) _____
 39. #2) _____ (He can change his pot style) (He can return to his old location) _____

Final Exam #2 (cont'd)

For each of the following statements, write "T" for TRUE and write "F" for FALSE.

- 40. (F) Television ads are a good way for all businesses to advertise.
- 41. (T) Some businesses cannot give away free samples.
- 42. (T) The customer always eventually pays for the cost of transportation.
- 43. (T) Doing a "Market Study" may cost time and money, but it is always worth it.
- 44. (T) You should try to sell your product to a particular group of customers, rather than to everybody.
- 45. (T) A Market Study can help you decide what to sell.
- 46. (F) A Market Study should only be done when you are bringing out a new line of products.
- 47. (T) Retailers sell to customers.
- 48. (F) Wholesalers sell mostly to customers.
- 49. (F) All businesses should try to sell to wholesalers and restailers.
- 50. (T) Customer relations are important to all businesses.

EXTRA CREDIT -- If you answer this question correctly, you receive extra points. Wrong answers will not be held against you.

Explain in one paragraph why storing your product can be risky. Also explain why some businesses might want to store their product even though they are taking a risk.

_____ (give students 1,2,3,4, or 5 points _____
depending on their answers) _____

_____ (See page 38 of the "Marketing Manual for answer) _____

(There are 50 questions on this exam, so you can give 2 points for each correct answer, so that the scores will be based on a 100 point system)

* * *

TRAINER'S GUIDE FOR "STARTING AND FINANCING A SMALL BUSINESS"

Chapter 2



INTRODUCTION

This business manual is divided into three parts

- I -Feasibility,
- II -Financing,
- III -Setting up your Small Business.

Choose only those exercises that you feel are relevant to the participants.

Part One, Feasibility, is divided into two exercises. The first exercise discusses determining the type of business to start. The second exercise discusses doing a feasibility study. Part One can be useful to participants who are considering starting, expanding, or improving a business. The remaining exercises in the manual build on the material presented in Part One.

Part Two, Financing, includes most types of financing available for microentrepreneurs, as well as ways of preparing loan and grant proposals. The feasibility study and project plan completed in Part One will determine how much financing is needed. Stress to the participants that financing does not solve all problems in a business. Sample applications are included in Part Two from several special loan programmes.

Part Three of the manual addresses setting up the small business, and includes chapters concerning legal structure, marketing and production decisions, physical organization, record keeping, using the bank, and customer relations. Many of these topics, such as record keeping, are discussed in more detail in the Operating Manual, so if participants need training in setting up records, use the material in the Operating Manual to present the topic.

This manual is a guide to help people start and finance a small enterprise, whether it is a manufacturing, retailing, farming or service-type business. The material will not solve all problems, but with your help it will assist the participants to make wise decisions that will lead them to business success.

2.1 **THE IDEA. PEOPLE AND RESOURCES**

Purpose: To provide individuals or groups that are considering starting businesses or income generating activities, with a picture of their various options. To help them decide whether or not their ideas are viable when considering all of the resources and markets that are available. To complete an assessment of the individual or group to determine whether entrepreneurial qualities necessary for business success are evident, or can be developed.

Training Time: 60-90 minutes

2.1.1 **TRAINING HINTS**

1. Prepare on newsprint, flip chart or blackboard prior to class time the following charts :
 - A. Chart for Analyzing Business Possibilities, pages 14-15.
 - B. Chart to Study Business Choices, page 23.
2. Introduce the topic by explaining the purpose of the exercise in your own words, and explain that it leads into the exercise on "Feasibility" on page 27. You may ask the participants, "What does feasibility mean?" Help the participants to gain an understanding of the concept from the beginning.
3. Begin by reading the first paragraph on page 7, and ask the participants, "Why do you want to start a business?" Try to obtain as many answers as possible, recording the responses on a flip chart or blackboard.

SUGGESTED FLIP CHART

Use this chart to list participants' reasons for going into business.

<p>Why do you want to go into business?</p> <p>* * * *</p>
--

4. If the group is literate, involve the participants in reading short paragraphs, but be sure everyone understands and follows what has been read.
5. In going through the questions on pages 8-11, first read each question along with the three responses, or have the participants read them. Ask each participant to consider which answer comes nearest to describing him or herself and have them make a tick beside one response to each question. Find out from individuals what their responses were.
6. To use the chart on pages 14-15, list three to six possible businesses suggested by participants. The rest of this chart may be completed in two different ways.
 - A. First discuss the resources needed and explore each resource for each business, completing the chart vertically.
 - B. Discuss all resources for one business, filling the chart out horizontally.

You will be able to eliminate business ideas as you complete the chart and see where there are problems with resources or market demand.

NOTE: When time is limited, try to steer the group away from project ideas which are too cumbersome.

Stress that in the time allocated for this lesson, without prior investigation of costs and other resources, it is not possible to arrive at accurate figures and information.

This exercise is intended to provide a method for evaluating different business ideas.

7. Summarize the session by reviewing all of the steps taken to arrive at the first Business choice. Discuss the advantages and disadvantages of the first three business choices. Doing this may help confirm the priority of their choices. Point out that the next Chapter will involve carrying out a feasibility study for the first choice.

2.1.2 SUGGESTED QUESTIONS FOR CHAPTER 1 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. Why do you want to start a business?	7
2. What characteristics should you have to be in business? (further questions on pages 8 - 11)	8 - 11
3. Do you have the characteristics it takes to own a business?	11
4. Is it wise to go in to business doing something you do not enjoy doing?	13
5. Why is it important to have a good working relationship with your supplier?	19
6. Why is it important to have more than one supplier?	19
7. Why is it important to start with high quality raw materials?	19
8. What are human resources?	19
9. What do you need money for in your business?	20
10. What physical resources do you need for your business?	20
11. What is market demand?	21

NOTE: Many questions may be asked from the chart on pages 24 -25. Example: Why was the possible business of educational materials eliminated?

SUMMARY

13. What four resources were discussed in considering business ideas?
14. What have you learned from this chapter?
15. Do you feel it is important to go through this exercise? Why?
16. Do you have any questions?

2.2

FEASIBILITY STUDY

Purpose: To assist the participant in determining how certain factors may affect the growth and success of a business. To help the participant make a decision as to whether or not it is worth going ahead with the business idea. To provide the participant with a project plan outline that may be presented to financing agencies.

Training Time: 60-90 minutes

2.2.1

TRAINING HINTS

1. Prior to training, prepare on a flip chart the "calculation of costs and returns" form for the type of business appropriate to the participants (pages 39-42), and the "estimate of start-up cost" (page 45).
2. Introduce this chapter by explaining what a feasibility study is in your own words. List on a flip chart or blackboard the four parts of a feasibility study as done on page 27. Discuss each part, its importance, and the role that it plays in determining the feasibility of a business.

SUGGESTED FLIP CHART

Use this chart to remind participants of the four components of a feasibility study.

Feasibility Study	
Part I:	Do you have the ability to run a business?
Part II:	What is the probable market for your product or service?
Part III:	What is the probable income from the business?
Part IV:	Are you happy with probable income from this business as opposed to an alternative income?

3. Each participant needs to complete Part I, beginning on page 28. If the participants are literate, have them read and answer the questions in relation to their own businesses.

4. Part II, contains a condensed version of a Market Study that needs to be completed in order to determine demand for a product or service. The questions asked here can not all be answered sitting in a training session. You may want to introduce this part and then send the participants out to their target market areas to complete the study. A more detailed Market Study is found in the Marketing Manual.
5. Part III will help the participants determine how much income they can get from the proposed business. Review in detail the form that you prepared in advance. Stress the importance of using a convenient time period in determining production and in calculating all costs. Use an example suggested by one of the participants in order to complete a calculation. Remember you are creating this example in order to train the participants, and it is likely that the figures will not be accurate. Emphasize the importance of researching true and accurate costs for their calculations.

NOTE: A feasibility study should allow for a cushion in operating and capital start up costs. It is very difficult to estimate sales for the first several months or even for a the first year. The business may operate at a loss until it is well established.

6. Continue to discuss start-up costs. Be sure that the participants understand the difference between start-up and operating costs. After reviewing the "estimate of start-up costs" form that you prepared previously, Have the participants complete it using the same example from the last calculation. They will now know the amount of financing needed to start the business.
7. Ask the participants to answer the related questions on pages 46-48.
8. Complete the project plan on pages 49-53.
9. Give them a case study to complete for the next session, or have them do all of the calculations using their own business or proposed business. Ask them to bring their work to the next class so you can help them to answer any questions. Remember this is difficult material and they will need a lot of practice in order to complete a true feasibility study. In a case where a business does not appear to be feasible after completing this study, the participants will have to examine another business choice and prepare another feasibility study. It is much better to spend a lot of TIME preparing feasibility studies than to spend a lot of MONEY starting a business that will fail from problems you that could be avoided by doing a feasibility study!

2.2.2 SUGGESTED QUESTIONS FOR CHAPTER 2 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is a feasibility study ?	27
2. Can you manage the business? (further questions on pages 30-36)	30
3. What is a market study?	30
4. How could you find information for a market study?	36
5. What does financial feasibility mean?	37
6. Is packaging and labelling important? Why?	39
7. What are capital costs?	43
8. What are operating costs?	43
9. How will you find these costs for your business?	43
10. Why is it important to spend time and money doing a feasibility study?	48
11. What is a project plan?	49
12. Why would you prepare a project plan?	49
13. Why is it important to prepare a project plan prior to visiting a financial institute?	49

SUMMARY

14. What is a feasibility study?
15. Why is it important to do a feasibility study?
16. What kind of costs do you consider?
17. What are the four parts to a feasibility study?
18. Do you have any questions?

2.2.3 FEASIBILITY CASES

Purpose: to give participants practice in evaluating the feasibility of proposed business ventures.

Training Time: 60-120 minutes

TRAINING HINTS

1. Use upon completion of pages 27-53 in chapter 2 of the Starting and Financing Manual.
2. Most effective when solved individually.
3. Procedure for beginners:
 - A. Estimate total capital costs. (Focus on the difference between capital and operating costs.)
 - B. Calculate total operating costs for the time period needed for receipts to cover costs. (Give participants calculation of costs and returns worksheet, have them determine operating costs for one week, and then have them multiply by the number of weeks needed for receipts to cover costs.)

- C. Determine the amount of outside funding needed for the project, taking into account all costs, and all available sources of financing.
- D. Find the projected net income for the first year of the business.

Reminder: - Sales - Expenses = Profit
- Capital costs are covered by the loan.
- Interest is the fee for borrowing money.

- E. Determine the loan repayment schedule. (Some of the answer sheets use the reducing balance method. This will have no effect on the available income for year I. Subtract the loan repayment from the net income to find total available income.

- F. Put all of the information found in steps A-E into the format found on pages 51-53 of Starting & Financing.

- G. Decide whether or not the project is feasible. Tell how you reached your conclusion.

Questions:

How much does the entrepreneur want to earn?
How much money will the project provide?

- H. Discuss the value of the exercise.

Questions:

How did the people in the case benefit?
How could a feasibility study benefit your business?

- 4. Procedure for advanced participants:
Determine the financial feasibility of the project using:
 - Calculation of start up costs
 - Loan repayment schedule
 - Projected income statement for year I

- 5. Notes on the Farming example: (James and Jessie Wright)
Step B: Receipts cover costs when they sell their first crop.

Step C: Their living expenses need to be calculated into the amount of financing that they need.

Step D: How are they paying their first year operating expenses? Remember not to put the money for their living expenses into the operating expenses for the business.

Step E: How many loans do they take?

Step H: Is the project feasible in the long run?

FEASIBILITY CASE STUDY - MANUFACTURING EXAMPLE

Marvin Brown has worked at a furniture-making factory for the last twelve years; for the last two years he has been earning an average salary of \$200.00 per week. The owners decided to cut staff because of a sharp decline in the orders they were receiving. Marvin was made redundant and was paid \$5,000.00 as severance. He was not too upset at the decision because he saw it as an opportunity to start his own furniture-making business. Over several years, he had been doing small jobs for his family, friends, and people in the community who knew of his skills and good workmanship. Many times he had had to turn down jobs because he hadn't enough spare time.

Marvin figured that if he were to start his own business, small jobs from family and friends would not be sufficient to keep him busy or to support his wife and family. He decided that he would go to several furniture retailers to try and secure orders. After weeks of trying, he secured a contract from Leo's Furniture Company to supply eight bed-head boards per week for one year, after which time the contract would be reviewed. The costing he did indicated that the material needed to produce each headboard would be as follows: Lumber: \$171.46; Glue: \$5.71; Sandpaper and screws: \$22.86 and finishing materials: \$28.57. The firm offered him \$350.00 for each headboard he supplies and he will be paid two weeks after each delivery is made.

The offer seemed fair, so Marvin did some more investigation. He figured that he could build a shed at the back of his yard with some work tables for a total cost of \$2,800.00. He would also need the following power tools:

1 portable electric screwdriver: \$500.00, 1 circular saw: \$2,000.00, 1 drill press: \$2,000.00, 1 hand router: \$1,000.00, 1 belt sander: \$500.00. He would also need the following hand tools: 1 hand saw: \$200.00, 1 tenon saw: \$120.00, 1 jig saw: \$120.00, 1 plane: \$200.00, 1 corner plane: \$100.00, 1 set of chisels: \$250.00, squares and screwdrivers: \$300.00.

He budgeted for the following weekly expenditures: rental of spray equipment \$160.00, van rental \$50.00, electricity \$100.00 and water \$15.00. He approached the Self Start Fund with a proposal to help finance his business and they indicated that he could qualify for a loan of \$13,000.00 over 3 years at 12% interest per annum. He would invest \$4,000.00 of his redundancy payment to get the business started.

Should Marvin pursue this business venture, or should he try to find another job?

(Use 50 weeks as one year)

CALCULATION OF COSTS & RETURNS - MANUFACTURING

PRODUCT: _____ PRODUCER: _____

PRODUCTION: _____ TIME PERIOD: _____
 No. of Items (Day Week Month Year)

ESTIMATED SALES _____

COSTS

a) **RAW MATERIALS**

b) **PACKAGING & LABELLING**

c) **LABOUR**

HIRED _____ x _____

UNPAID FAMILY _____ x _____

d) **TRANSPORT** (both ways, for buying raw materials and for delivery of finished items) _____

e) **RENT** _____

f) **PHONE** _____

g) **ELECTRICITY** _____

h) **WATER** _____

i) **FUEL/OIL/PROPANE/GAS** _____

j) **SMALL TOOLS & EQUIPMENT** _____

k) **SERVICING** _____

l) **STATIONERY, STAMPS, etc.** _____

OTHER COSTS

m) _____

n) _____

TOTAL COSTS (add a to n) _____

INCOME FOR TIME PERIOD _____

(Subtract Total Costs from Estimated Sales)

ANSWER: CALCULATION OF COSTS & RETURNS - MANUFACTURING

PRODUCT: Mahogany Headboards PRODUCER: Marvin Brown

PRODUCTION: 8 TIME PERIOD: 1 week
No. of Items (Day Week Month Year)

ESTIMATED SALES 2,800. 00

COSTS

a) **RAW MATERIALS**

Lumber	\$1,371.68	Screws & Sandpaper	\$182.88		
Glue	45.68				
Finishers	228.56			1,828.	80

b) **PACKAGING & LABELLING**

_____	_____	_____	_____	_____	_____
-------	-------	-------	-------	-------	-------

c) **LABOUR**

HIRED _____	x _____	_____	_____
UNPAID FAMILY _____	x _____	_____	_____

d) **TRANSPORT** (both ways, for buying raw materials and for delivery of finished items)

_____	50.	00
-------	-----	----

e) RENT _____ 160. 00

f) PHONE _____ — —

g) ELECTRICITY _____ 100. 00

h) WATER _____ 15. 00

i) FUEL/OIL/PROPANE/GAS _____

j) SMALL TOOLS & EQUIPMENT _____

k) SERVICING _____

l) STATIONERY, STAMPS, etc. _____

OTHER COSTS

m) _____

n) _____

TOTAL COSTS (add a to n) 2,153. 80

INCOME FOR TIME PERIOD 646. 20

(Subtract Total Costs from Estimated Sales)

**FEASIBILITY CASE STUDY - ANSWER TO MANUFACTURING EXAMPLE
BUSINESS BUDGET**

ESTIMATE OF CAPITAL COSTS

Power tools	\$ 6,000.00
Hand tools	1,290.00
Shed & work table	<u>2,800.00</u>
TOTAL CAPITAL COSTS	10,090.00

ESTIMATE OF OPERATING COSTS

	TIME PERIOD UNTIL RECEIPTS COVER COSTS (3 WEEKS)
Lumber	4,115.00
Glue	137.04
Sandpaper & screws	548.64
Finishing materials	685.68
Electricity	300.00
Rental of van, spray equip.	630.00
Water	<u>45.00</u>
TOTAL OPERATING COSTS	6,461.40

TOTAL PROJECT COST 16,551.40

FINANCING REQUIRED 16,551.40

OWNER'S CONTRIBUTION 4,000.00

LOAN REQUIRED 12,551.00 (round off to
\$13,000.00)

LOAN REPAYMENT SCHEDULE

Loan - \$13,000.00 for 3 years at 12% interest per annum

	Year 1	Year 2	Year 3
Loan balance	13,000.00	8,666.00	4,333.33
Principal	4,333.33	4,333.33	4,333.33
Interest	<u>1,560.00</u>	<u>1,040.00</u>	<u>520.00</u>
	5,893.33	5,373.33	4,853.33

PROJECTED INCOME STATEMENT - YEAR 1

Sales 140,000.00

Operating Expenses

Material	91,440.00
Rental	8,000.00
Electricity	5,000.00
Water	750.00
Transportation	<u>2,500.00</u>
TOTAL EXPENSES	<u>107,690.00</u>

NET INCOME 32,310.00

Loan Repayment 5,893.33

AVAILABLE INCOME 26,416.67

FEASIBILITY CASE STUDY - FARM EXAMPLE

Jessica and James Wright are thinking about buying a farm and growing yams. They have located a place near Christiana that has a modest house, suitable to their family requirements, and with two acres of land they feel will produce high-yielding crops of yams.

The farm can be purchased for \$20,000.00. It is not at present in production. They would plant the entire two acres to yams, and estimate that their costs per acre the first year would include poles for the yams costing \$1,000.00 per acre.

In addition, they would need to purchase yam "heads" the first year. (In the following years they can save eyes from their crop, to use the following year.) These will cost them \$1,200.00 per acre.

The other production costs consist of the following amounts per acre: Insecticide \$125.00; Plowing \$525.00; Fertilizer \$350.00; Hired labour \$550.00.

In addition, since they would have no income until the first harvest is sold, they need to consider their living expenses till the crop is sold, 10 months after they start farming. By being careful about expenses, they estimate that this will cost them \$250.00 per month. They will need to cover all their production costs and living expenses with a loan.

James estimates that he can average 6,000 lbs. per acre of production. With respect to sale price James found that he can obtain \$1.30 per pound.

Jessica and James looked into kinds of credit available, and the best terms they found were the following:

- A. For land and/or buildings (Investment credit):
A mortgage is required on the property. Interest is 18% per year on the unpaid balance. Loans are for ten years, with 10 percent repayment of the loan each year.
- B. For operating expenses, they can get a 10 month loan with interest on the loan at 2% per month, repayment of the loan and interest will be due at the end of the loan period.

Jessica and James have \$2,500.00 of savings. They have decided to keep \$500.00 of this as a reserve for emergencies, and use the rest to help finance their business - if they decide that it is feasible, and better than any other alternatives available to them.

CALCULATION OF COSTS - FARMING

NAME OF FARMER _____

TIME PERIOD _____ **ESTIMATED SALES** _____

COSTS

Seeds _____

Fertilizers _____

Herbicides _____

Pesticides _____

Rent _____

Utilities _____

Supplies _____

Tools _____

Hired Labour _____

Other _____

TOTAL COSTS _____

INCOME TO YOU
(Subtract Total Costs form Sales) _____

ANSWER: CALCULATION OF COSTS - FARMING

NAME OF FARMER(S) Jessica & James WrightTIME PERIOD _____ ESTIMATED SALES 15,600.00

COSTS

Seeds	<u>\$ 2,400.00</u>	
Fertilizers	<u>700.00</u>	
Herbicides	<u>—</u>	
Pesticides	<u>250.00</u>	
Rent	<u>—</u>	
Utilities	<u>—</u>	
Supplies (POLES)	<u>2,000.00</u>	
Tools	<u>—</u>	
Hired Labour	<u>1,100.00</u>	
Other (PLOWING)	<u>1,050.00</u>	
TOTAL COSTS		<u>7,500.00</u>
INCOME TO YOU (Subtract Total Costs from Sales)		<u>8,100.00</u>

**FEASIBILITY CASE STUDY - ANSWER TO FARMING EXAMPLE
BUSINESS BUDGET**

ESTIMATE OF CAPITAL COSTS

Land \$ 20,000.00

ESTIMATE OF OPERATING COSTS

**TIME PERIOD UNTIL RECEIPTS
COVER COSTS (10 months)**

Seed	2,400.00
Fertilizer	700.00
Insecticide	250.00
Poles	2,000.00
Hired labour	1,100.00
Plowing	<u>1,050.00</u>
Total Operating Costs	7,500.00
Living Expenses	<u>2,500.00</u>
Total Financing Needed	10,000.00

Financing for Operating Costs

Owner's contribution	2,000.00
Short-term loan	<u>8,000.00</u>
	10,000.00

Financing for Capital Costs

Mortgage (long-term loan)	20,000.00
---------------------------	-----------

LOAN REPAYMENT SCHEDULES - YEAR 1

Short-term loan \$8,000.00 for 10 months at 2% interest per month, payable at the end of the loan period

Principal	8,000.00
Interest	<u>1,600.00</u>
Total	9,600.00

Long-term loan \$20,000.00 for ten years at 18% per year.

Principal	2,000.00
Interest	<u>3,600.00</u>
Total	5,600.00

Total loan repayment 15,200.00

PROJECTED INCOME STATEMENT - YEAR 1

SALES	15,600.00
TOTAL OPERATING EXPENSES	<u>7,500.00</u>
NET INCOME	8,100.00
Loan Repayment	
Short Term Interest	1,600.00
Long Term Principal	2,000.00
Long Term Interest	<u>3,600.00</u>
TOTAL LOAN REPAYMENT	<u>7,200.00</u>
AVAILABLE INCOME	<u>900.00</u>

FEASIBILITY CASE STUDY - RETAIL EXAMPLE

Desmond and Vilma Jackson plan to open a grocery shop at Crawford, St. Elizabeth. They will call it the "One Stop Shop" and will handle a variety of food products and sundries.

The business is to be located at the junction of two busy highways and their market study indicates that they can expect sales to average \$5,000.00 weekly. According to their estimates, purchases of goods bought for resale should be \$3,885.00, delivered to their store each week. They will be renting the store building for \$800.00 per month and the electric bill is estimated to average \$640.00 every two months. They estimate weekly expenses for miscellaneous supplies to be \$75.00 and their water bill will be about \$100.00 per month. They will be required to pay deposits on the rental (3 months rental), the electricity (1 month) and water (1 month).

Desmond and Vilma have \$11,285.00 in savings. These savings plus a three year loan of \$15,000.00 from the N.D.F. at 14% interest will purchase the needed furniture, equipment, \$10,000.00 of inventory and give them enough money to operate until their receipts are enough to cover their expenses. Each year, they will pay \$5,000.00 in principal repayment and \$2,100.00 as interest. They plan to buy a deep freezer for \$6,000.00, a scale for \$700.00 and a refrigerator for \$2,500.00

If there is enough profit they want to draw \$400.00 per week to pay their living costs.

With this information, find out whether or not it will be worthwhile for Desmond and Vilma to start this business.

(Use 50 weeks as one Year)

CALCULATION OF COSTS - RETAIL

Type of Retail Operation _____

Time Period _____ Estimated Sales _____
 (Day, Week, Month, Year)

Direct Costs (for time period)

Goods bought for resale
 (delivered to store) _____

Indirect Costs (for time period) _____

Rent _____

Utilities
 (elec. water, gas, phone) _____

Hired Labour _____

Interest Expense _____

Stationery, Stamps _____

Servicing _____

Miscellaneous Supplies _____

Other Costs:

Total Costs _____

Income to you (for time period) _____

(Subtract Total Costs from Sales)

ANSWER: CALCULATION OF COSTS - RETAIL

Type of Retail Operation Grocery Store

Time Period 1 week Estimated Sales \$5000.00
 (Day, Week, Month, Year)

Direct Costs (for time period)

Goods bought for resale
 (delivered to store) \$3,885.00

Indirect Costs (for time period) 200.00

Rent 105.00

Utilities
 (elec. water, gas, phone) _____

Hired Labour _____

Interest Expense _____

Stationery, Stamps _____

Servicing _____

Miscellaneous Supplies 75.00

Other Costs:

Total Costs 4,265.00

Income to you (for time period) 735.00

(Subtract Total Costs from Sales)

**FEASIBILITY CASE STUDY - ANSWER TO RETAIL EXAMPLE
BUSINESS BUDGET**

ESTIMATE OF CAPITAL COSTS

Deep freezer	\$ 6,000.00
Scale	700.00
Refrigerator	<u>2,500.00</u>
TOTAL CAPITAL COSTS	9,200.00

ESTIMATE OF START-UP COSTS

Inventory	10,000.00
Deposit on Rental	2,400.00
Deposit on Electricity	320.00
Deposit on Water	<u>100.00</u>
TOTAL START-UP COSTS	12,820.00

ESTIMATE OF OPERATING COSTS

Goods for resale	3,885.00
Rental	200.00
Utilities	105.00
Supplies	<u>75.00</u>
TOTAL OPERATING COSTS	4,265.00

TIME PERIOD UNTIL RECEIPTS COVER COSTS (1 WEEK)

TOTAL PROJECT COST	26,285.00
FINANCING REQUIRED	26,285.00
OWNER'S CONTRIBUTION	<u>11,285.00</u>
LOAN REQUIRED	15,000.00

LOAN REPAYMENT SCHEDULE

Loan - \$15,000.00 for 3 years at 14% interest per annum

	Year 1	Year 2	Year 3
Loan balance	15,000.00	10,000.00	5,000.00
Principal	5,000.00	5,000.00	5,000.00
Interest	<u>2,100.00</u>	<u>2,100.00</u>	<u>2,100.00</u>
Loan repayment	7,100.00	7,100.00	7,100.00

PROJECTED INCOME STATEMENT - YEAR 1

SALES	250,000.00
Operating Expenses	
Goods bought for resale	194,250.00
Rental	10,000.00
Utilities	5,250.00
Miscellaneous Supplies	<u>3,750.00</u>
TOTAL OPERATING EXPENSES	<u>213,250.00</u>
NET INCOME	36,750.00
Loan Repayment	<u>7,100.00</u>
AVAILABLE INCOME	<u>29,650.00</u>

FEASIBILITY CASE STUDY - SERVICE EXAMPLE

Franklin Hope is a barber. He plans to open a barber shop in the business section of his town. The shop will be open 8 hours a day, 5 days a week. Franklin estimates that he will give 64 haircuts per week. He decides to charge the going rate for haircuts, which is \$10.00 in his neighbourhood.

Franklin estimates that in one week he will spend \$10.00 each for telephone, gas and water. He also estimates that he will spend \$10.00 each for advertising and insurance. His rent will be \$600.00 per month and he estimates that electricity will be \$200.00 per month. He calculates that tools and equipment will cost him \$5.00 per week and stationery \$1.00 per week.

Franklin also plans to buy a new barber chair which will cost \$2,000.00 and he wants to put in wood panelling to make the barber shop more attractive. This will cost \$3,000.00. He also needs \$400.00 to purchase an initial inventory of supplies and \$600.00 for small tools and equipment. In order to cover his capital and start-up costs, he must take a loan for \$6,000.00 from the Self Start Fund, where the interest rate is 12% per year. In speaking with Mr. Winston Martin of this financing agency, he was told that he must pay back the loan over a two year period. His savings are sufficient for one week's operating expenses and he plans on investing them in the business.

Is Franklin's proposed business feasible?

(Use 50 weeks as one year)

CALCULATION OF COSTS - SERVICE

TYPE OF SERVICE _____

TIME PERIOD _____ ESTIMATED SALES _____

COSTS

- a. Parts _____
- b. Supplies _____
- c. Rental _____
- d. Electricity _____
- e. Water _____
- f. Gas _____
- g. Telephone _____
- h. Hired Labour _____
- i. Small tools & equipment _____
- j. Other _____

TOTAL COSTS _____

INCOME TO YOU _____

(Subtract total costs from Sales)

ANSWER: CALCULATION OF COSTS - SERVICE

TYPE OF SERVICE HaircutsTIME PERIOD 1 week ESTIMATED SALES \$640.00

COSTS

a.	Parts	<u>—</u>	
b.	Supplies	<u>—</u>	
c.	Rental	<u>150.00</u>	
d.	Electricity	<u>50.00</u>	
e.	Water	<u>10.00</u>	
f.	Gas	<u>10.00</u>	
g.	Telephone	<u>10.00</u>	
h.	Hired Labour	<u>—</u>	
i.	Small tools & equipment	<u>5.00</u>	
j.	Other	<u>21.00</u>	
TOTAL COSTS			<u>256.00</u>
INCOME TO YOU			<u>384.00</u>
(Subtract total costs from Sales)			

FEASIBILITY CASE STUDY - ANSWER TO SERVICE EXAMPLE

BUSINESS BUDGET

ESTIMATE OF CAPITAL COSTS

Barber chair	\$ 2,000.00
Remodelling	<u>3,000.00</u>
	5,000.00

START-UP COSTS

Initial inventory	400.00
Tools & equipment	<u>600.00</u>
	1,000.00

ESTIMATE OF OPERATING COSTS

TIME PERIOD UNTIL RECEIPTS COVER COSTS (1 week)

Rental	150.00
Utilities	80.00
Small tools	5.00
Other (ins., Adv., Stat.)	<u>21.00</u>
TOTAL	256.00

Total Project Cost	6,256.00
Owner's contribution	256.00

Loan required	6,000.00
---------------	----------

LOAN REPAYMENT SCHEDULE

Loan of \$6,000.00 for 2 years at 12% interest per annum

	Year 1	Year 2
Loan balance	6,000.00	3,000.00
Principal	3,000.00	3,000.00
Interest	<u>720.00</u>	<u>360.00</u>
Total	3,720.00	3,360.00

PROJECTED INCOME STATEMENT - YEAR 1

SALES		32,000.00
Operating Expenses	7,500.00	
Utilities	4,000.00	
Small tools	250.00	
Other	<u>1,050.00</u>	
TOTAL OPERATING EXPENSES		<u>12,800.00</u>
NET INCOME		19,200.00
Loan repayment		<u>3,720.00</u>
AVAILABLE INCOME		<u>15,480.00</u>

2.3 WHAT IS FINANCING AND WHY IS IT IMPORTANT?

Purpose: To give participants information on all of the different types of financing available to them and the advantages and disadvantages of using them.

Training Time: 30-40 minutes

2.3.1 TRAINING HINTS

1. In preparation for presenting this chapter, you may find it helpful to visit different lending institutions in the area to find out their rates and terms for small business loans. If you think the participants would find it interesting, invite someone from a local financial institution to speak to the group.
2. When introducing this chapter, ask the participants what financing is, and how it can help a business.
3. The chapter discusses two types of financing:
 - A. Money that does not have to be repaid.
 - B. Money that does have to be repaid.

As you go through this chapter, it is very important to allow the participants to share aloud the experiences they have had with different types of savings. As you discuss each type on pages 58-62, ask the participants to list the advantages and disadvantages of each, while listing them on a flip chart or blackboard.

SUGGESTED FLIP CHART

Use this chart to list advantages and disadvantages of each type of financing.

Financing	Adv.	Disadv.
1) Savings		
2) Funds Raised		
3) Grants		
4) Loans		

4. Continue to discuss advantages and disadvantages of funds raised, grants, and loans.
5. At the end of the chapter, ask the participants what kind of funding would work best for the business example used in the feasibility study. Have them discuss this in small groups and make a decision.

2.3.2 SUGGESTED QUESTIONS FOR CHAPTER 3 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. What is financing?	57
2. Does your business need financing? If yes, what for?	57
3. What are possible ways for you to finance your business?	57
4. What is interest?	57
5. Is it important to save? Why?	58
6. Why is it important to have savings when seeking a loan?	58
7. What are your experiences in a partner?	58
8. Is it important to budget? Why?	59
9. What are your experiences in fund raising?	62
10. What is the difference between a grant and a loan?	64

SUMMARY:

11. What are possible sources of financing for your business?
12. How do you intend to finance your business?
13. Do you have any questions?

2.4 **SPECIAL LOAN PROGRAMMES**

Purpose: To give the participants information on special loan programmes in their area where they may seek financing at reasonable rates and terms.

Training Time: 30-60 minutes

2.4.1 **TRAINING HINTS**

1. Prior to presenting this chapter, review all the special loan programmes discussed and choose only those that are available to the participants. It may be helpful to prepare the outline on pages 110-111 on a flip chart or blackboard to give the participants a brief overview of all of the programmes.
2. Introduce this chapter by reviewing the outline on pages 110-111. Compare the different programmes' similarities and differences.
3. Go over in detail those programmes to which the participants may apply. Stress the importance of having a completed project plan prior to seeking financing and being prepared to answer all of the funding agency's questions. This will increase their chances of receiving financing.
4. Review the sample applications in the manual. Refer any questions that you cannot answer to the appropriate funding agency.
5. If there are other special loan programmes in your area to invite representatives from those programmes to speak to the group.

2.4.2 **SUGGESTED QUESTIONS FOR CHAPTER 4 OF S&F**

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

- | | <u>Page No:</u> |
|---|-----------------|
| 1. Do you know of any special loan programmes for small businesses? | 110-111 |
| 2. Are there any questions on the chart? | 110-111 |

2.5 PREPARING LOAN PROPOSALS

Purpose: To assist participants in preparation of loan proposal for financing of their small businesses. To assure that the participants are knowledgeable about their business and their plans to start, improve, or expand it prior to seeking financing.

Training Time: 20-30 minutes

2.5.1 TRAINING HINTS

1. In preparation, it may be helpful to request a sample application from a local lending institution to share with the participants. On a flip chart or chalkboard list items a) through e) on pages 112-114.

SUGGESTED FLIP CHART

Use this chart to outline for participants the components of a loan proposal.

<p><u>Loan Proposal</u></p> <p>a) Description of business</p> <p>b) Financial Documents</p> <p>c) Reasons you need a loan</p> <p>d) Security</p> <p>e) What is your market?</p>
--

2. Begin this chapter by discussing the importance of preparing a loan proposal prior to visiting a financial institution. The project plan completed in the chapter on feasibility is very helpful in completing a loan proposal - and may be used as a substitute and/or supplement in some cases.
3. Review the suggested loan proposal outline and the guide to completing a loan application. Ask the participants to complete a loan proposal based on the example used in the feasibility case study that they completed in chapter 2 of Starting & Financing.

4. Many people who may qualify for loans or grants do not apply for them because they do not feel comfortable going to a bank and meeting with loan officers. Try to reassure participants that they have nothing to fear if they are well prepared. Discuss what will happen when they go to a bank and how they will be treated. Encourage the participants to share their experiences.

2.5.2 SUGGESTED QUESTIONS FOR CHAPTER 5 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is a loan proposal?	112-114
2. Why is it important to prepare a loan proposal prior to visiting a financial institution?	112
3. What are financial documents?	113
4. If you are a new or proposed business, what would you use instead of financial documents?	113
5. What is security/collateral?	113
6. In what market do you plan to operate your business?	114

SUMMARY

7. Why is it important to prepare a loan proposal prior to visiting a financial institution?
8. What are some items included on a loan proposal and on a loan application?
9. Do you have any questions?

2.6 **PREPARING GRANT PROPOSALS**

Purpose: To provide groups of participants interested in applying for a grants with the step-by-step process of preparing a grant proposal.

Training Time: 45-60 minutes

2.6.1 **TRAINING HINTS**

1. Grants are only available to groups of participants for specific purposes. You need only to present this exercise if the group may be eligible for a grant. Prior to training, check the area for any grants available through church or community organizations.
2. This exercise covers the entire process: from answering preliminary questions to preparing a grant proposal. If the participants are literate, encourage them to answer the questions as they go through the chapter.
3. On page 119, complete the step by step account on a flip chart or blackboard, using a participant's example.
4. Continue to read through the exercise discussing the different grant proposal examples given.
5. In conclusion, encourage the participants to complete a grant proposal using their own business and using the outline on pages 123 - 124.

SUGGESTED FLIP CHART: Use this chart to outline the components of a grant proposal.

<u>Grant Proposal</u>	
1) <u>Summary</u>	- What is your project about?
2) <u>Introduction</u>	- What is the project background?
3) <u>Problem</u>	- What problem do you hope to solve?
4) <u>Objective</u>	- How do you propose to solve the problem?
5) <u>Project Activities</u>	- What activities will you carry out to reach your objective?
6) <u>Personnel</u>	- Who will work in the project and what are their responsibilities?
7) <u>Budget</u>	- What are the financial needs of the project?

2.6.2 SUGGESTED QUESTIONS FOR CHAPTER 6 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is a grant?	118
2. What are the advantages and disadvantages of grants?	118
3. Why would you prepare a grant proposal?	118
4. What financial document would you use to prepare a grant proposal?	124

SUMMARY

5. What is a grant proposal?
6. Why would you prepare a grant proposal?
7. What items are included on a grant proposal?
8. Do you have any questions?

2.6.3 GRANT PROPOSAL CASES

Purpose: To give participants practice in writing grant proposals.

Training Time: 60-90 Minutes

TRAINING HINTS

1. Use upon completion of feasibility case studies and pages 118-133 in chapter 6 of the Starting and Financing manual.
2. Most effective when solved in small groups.
3. Procedure: Participants should use the format provided on page 123 to organize a grant proposal incorporating a completed feasibility case study and the appropriate grant proposal modification.
4. Have group members divide the writing tasks equally among themselves.
5. Encourage them to use their imaginations. There is no "right" answer.

MODIFICATION TO CASE STUDIES FOR GRANT PROPOSAL WRITING

1. **Farm Case Study:** The Christiana 4-H Cooperative has 5 members who decide to apply to the Community Development Foundation* for a grant instead of taking a 10 month loan for operating expenses. Replace Jessica and James with the 5 Co-op members and alter any figures you wish to make the project realistic and fundable by the Community Development Foundation.

2. **Service Case Study:** The Browns Town Barber's Union has 3 members who have decided to pool resources and, with the advice of PCV Michael Parent, to open a community oriented barber service together. They plan to apply to NA-AID* for a Small Project Assistance Grant, instead of taking a loan. Replace Franklin Hope with the 3 member barber's union and alter any figures you wish to make the project realistic and fundable by NA-AID.

3. **Retail Case Study:** The Crawford Community Group of 6 has decided to start a cooperative grocery shop. They will apply to the Inter-American Development Foundation* for a grant which they will match with their savings, instead of taking a loan. Replace Desmond and Vilma with the Crawford Community Group and alter any figures you wish to make the project realistic and fundable by the IADF.

4. **Manufacturing Case Study:** The Caribbean Furniture Manufacturer's Cooperative (CARIFURNMAN) was formed by 4 government workers who were made redundant. In addition to their severance pay, they decided to apply for a grant from Churches Relief United* to start up their business, instead of applying for a loan. Replace Marvin Brown with CARIFURNMAN Cooperative and alter any figures you wish to make the project realistic and fundable by Churches Relief United.

*Fictitious Grant Agencies

2.7 **MAKING THE DECISION**

Purpose: To encourage participants to consider all different types of financing before making a decision for their business.

Training Time: 20-30 minutes

2.7.1 **TRAINING HINTS**

NOTE: Often, participants do not have a choice as to sources of financing. If you know that the participants do not have a choice, do not force them through this exercise. Concentrate on the options available for their projects.

1. Before the participants look at the manuals, ask them what sources of financing are available for funding a small business. List them on a flip chart as they respond. You may want to review briefly the advantages and disadvantages of each method discussed in Chapter 3 of the S&F manual .
2. Using the questions in the manual on pages 134-136 as a guide, discuss each type of financing and what must be considered before using them.
3. After reading page 136, ask participants what type of financing they plan to use and the reasons for their choices. Ask the group what financing they would seek for the feasibility example they used in discussion of Chapter 2 of S&F. This encourages participation and stimulates discussion.

2.7.2 **SUGGESTED QUESTIONS FOR CHAPTER 7 OF S&F**

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. What sources of funding are available?	134-136
2. How do you intend to finance your business?	136
3. Do you have any questions?	

2.8 **SELECTING THE LEGAL STRUCTURE**

Purpose: To inform participants of different business legal structures, their advantages and disadvantages.

Training Time: 30-45 minutes

2.8.1 **TRAINING HINTS**

1. This chapter is important if groups of participants are going into business together. It may be helpful and of interest to the participants to ask one or more people from the community to speak to the group on the sole trader, partnership, cooperative or company.
2. Introduce the exercise by listing on a flip chart or chalkboard the four types of legal structures to be discussed. Stress the importance of setting up a legal structure for a group project. Ask the participants to share experiences concerning each type of structure.
3. Read the characteristics of each type of legal structure, stopping after each one to discuss the disadvantages and advantages, writing them on the chalkboard or flip chart as the participants respond.

SUGGESTED FLIP CHART

Use this chart to list advantages and disadvantages of each type of legal structure.

	Advantages	Disadvantages
Sole trader		
Partnership		
Company		
Cooperative		

4. If the participants have specific questions concerning the legal problems of a business, refer them to an attorney for answers. If it seems to be a concern to most of the group, invite an attorney to speak to the group.
5. In concluding this chapter, talk about the different legal structures and ask the participants, "What type of legal structure do you plan to use in setting up your business?" "Why?".

2.8.2 SUGGESTED QUESTIONS FOR CHAPTER 8 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. What is legal structure?	
2. What experiences have you had in the four structures?	139
3. Why do you think a sole trader is the most popular legal structure?	139
4. What are the advantages and disadvantages of going into a partnership with a friend or relative?	143
5. What companies do you know?	144
6. What is the difference between limited and unlimited liability?	144
7. Do you have any experience in a cooperative?	147
8. How does a cooperative work?	

SUMMARY

9. What are the four legal structures?
10. What legal structure do you plan on using for your business?
11. Do you have any questions?

2.9 MARKETING AND PRODUCTION DECISIONS

Purpose:

To provide the participant with guidance in making marketing decisions. To provide an introduction to the ideas behind organizing a business and making production decisions.

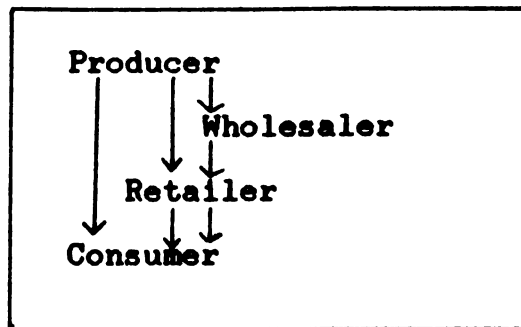
Training Time: 45-60 minutes

2.9.1 TRAINING HINTS

1. This exercise provides an introduction to the objectives addressed above. The Marketing Manual goes into more detail in making marketing decisions.
2. In introducing this material, explain to participants the relationship between market demand and production decisions. Encourage participants to discuss who and where their customers are, and the advantages and disadvantages of selling products through wholesalers and retailers.

SUGGESTED FLIP CHART

Use this chart to describe the relationship between producers, wholesalers, retailers and consumers.



3. Pricing is mentioned briefly on page 152. There is a detailed price calculation in the Operating Manual, Chapter 5.
4. Participation may begin on page 154 where a participant's example can be used in completing the step by step account for production and can be put on the chalkboard or flip chart. You may continue to use the same business as an example to answer the remaining questions on pages 154-157.

5. Read and discuss together the example about William Ballentine on pages 157-158. You may want to prepare a production chart on the chalkboard or flip chart using an example from a participant.

SUGGESTED FLIP CHART: Use this chart to demonstrate production planning.

Production Steps	Factors to Consider:						
	MATERIALS	LABOUR	SPACE	TOOLS	EQUIPMENT	UTILITIES	MONEY

6. Pages 151-159 should be covered for all types of businesses. If you are training farmers, continue to read and discuss pages 160-168. If you are training retailers, continue with Part III, pages 168-171.
7. As you present the farming section, be sure to stress the importance of organizing production. Encourage discussion on the information in the text, based on the participants' own experience.
8. When presenting Part III for retailers, help the participants make the transition from page 159 to page 168 by explaining the differences in organizing a retail business. Use the points on pages 169-170 to encourage discussion between participants.
9. In summary, ask participants what important ideas they learned about making marketing decisions and organizing production.

2.9.2 SUGGESTED QUESTIONS FOR CHAPTER 9 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is marketing?	151
2. What is a market plan?	151
3. What are 4 types of customers?	151-152
4. Why do prices differ for different types of customers?	152
5. What inputs are required for your business? (Refer to questions pgs. 154-157)	153
6. What additional risks do farmers have?	160
7. What is an example of main crop with a complementary crop?	162
8. What are some of your farming inputs?	162
9. Why is good breeding management important in livestock production?	167-168
10. In retailing, why is it important to keep an attractive, clean shop?	168
11. Why is location of your shop important?	169
12. Why is stock control important?	170

SUMMARY

13. What is marketing?
14. Why is a market plan important?
15. Why are production plans important?
16. How will market and production plans help your business?
17. Do you have any questions?

2.10 **PHYSICAL ORGANIZATION OF YOUR BUSINESS**

Purpose: To encourage the participants to think about and consider the physical aspects of the business.

Training Time: 20-30 minutes

2.10.1 **TRAINING HINTS**

1. Introduce this chapter by explaining the importance of considering physical aspects of a business and how they can affect its success.
2. Pages 172-174 should be covered for all types of businesses. As you read through the questions, ask the participants to think of their own businesses.
3. Pages 175-178 only need to be read and discussed if the participants are involved in a retail business.
4. In summary, ask the participants to make decisions regarding the physical aspects of their business. Ask them if they now have new ideas about where their business should be located.

2.10.2 **SUGGESTED QUESTIONS FOR CHAPTER 10 OF S&F**

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

- | | Page No: |
|--|----------|
| 1. How can the location of your business affect your profit? | 172 |
| 2. Does your business require utilities? | 173 |
| 3. Is the land available to you suitable for your business? | 173-174 |
| 4. What building and equipment requirements do you have? | 174 |
| 5. Why is location so important in retail business? | 175 |
| 6. How should goods be displayed in your retail business? | 177 |

SUMMARY

7. What is physical organization?
8. Why is it important to your business?
9. Do you have any questions?

2.11 **SETTING UP RECORDS**

Purpose: To inform participants of the importance of keeping records in a business. To give participants examples of different types of records they may want to keep. To give the participants practice in keeping different types of records.

Training Time: 45-90 minutes

2.11.1 **TRAINING HINTS**

1. Prior to presenting this exercise you need to decide which records would be most useful to the participants, and what records they are capable of keeping. Be careful not to overwhelm them with too many at one time.
2. In preparation for this exercise, draw some blank record forms on the chalkboard or on a flip chart so they can practice. It would also be very helpful to hand out pages from receipt and order books so that everyone can fill one out on their own.

SUGGESTED FLIP CHART: Use this chart to demonstrate receipts and orders.

O R D E R	
No: _____	_____ 19__
From: _____	
To: _____	
Please supply the following by _____	
Quantity	Description

No: _____ 19__
Received From: _____
the sum of _____
_____ dollars _____
_____ cents
\$ _____
Per: _____
Per: _____

3. If you need more details in explaining the different records, please refer to the Operating Manual, Chapters 7 and 8.
4. Introduce this chapter by asking the participants, "Why is it important to keep records?" "What type of records do you keep now?" "What type of information do those records give you?"
5. Read the material aloud from the manual, encouraging the participants to ask questions as you go through, and allow them to participate by completing blank forms.

6. When completing the forms, use participants' examples. Go slowly over the records that the participants can use. Most businesses should use the Order Book, Receipt Book and Cash Book. If the participants already have a business, you may ask them to bring in a cash book so you can assist them in starting it.
7. Cover pages 194-196 for all participants. It does no good to keep records if you can't use them to analyze the performance of the business.

2.11.2 SUGGESTED QUESTIONS FOR CHAPTER 11 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What are records?	179
2. Why should you keep records in your business?	179
3. What is an order book?	180
4. What kinds of information can an order book tell you?	181
5. What is a receipt book?	182
6. What kinds of information can a receipt book tell you?	182-183
7. What is a cash book?	183
8. What could it mean if the cash in the cash pan does not equal total cash available	184-185

NOTE: Many questions may be asked from the cash book example on pgs. 184-185, Example: What were the expenses on 18-4-86?

9. How can an expense record help your business?	186
10. What information can a sales record tell you?	188
11. What are credit sales?	190
12. Would you want to give credit in your business?	190
13. What are credit purchases?	190
14. What stock do you have in your business?	191
15. How do you plan to control your stock?	192
16. How will you analyze the performance of your business?	194
17. What kinds of plans will you make in your business?	195

SUMMARY

18. What type of records will you keep in your business?
19. Why is it important to keep records?
20. Are there any questions?

2.12

USING THE BANK

Purpose: To make the participant feel comfortable with using the bank for a savings and/or chequing account.

Training Time: 30-60 minutes

2.12.1

TRAINING HINTS

1. It may be helpful to take some blank deposit and withdrawal slips to class with you. Also prepare a sample deposit and withdrawal slip on a flip chart or chalkboard.

SUGGESTED FLIP CHART: Use this chart to demonstrate the use of deposit & withdrawal slips.

Deposit Slip	
Date:	_____19__
Name(s):	_____
Paid in by:	_____
Account No:	_____
Notes	\$20 _____
	\$10 _____
	\$ 5 _____
	\$ 2 _____
	\$ 1 _____
Total Cash	_____
Other	_____
Total	_____
Lodgement	_____

Savings Withdrawal	
	\$ _____
	_____19__
Received from the Bank	
the sum of _____	
dollars	
to be charged to Account No: _____	

Signature	

2. Decide if it is necessary to present both the Savings Account and Chequing Account, or just the Savings Account. Chequing Accounts are very costly to keep, and can be complicated so they are not practical for all small businesses.
3. Introduce this chapter by asking the participants how many of them use the bank now, and ask how they use it. You can draw on their experience to help in presenting this material.

4. Discuss the differences between a Savings and Chequing Account, and the advantages and disadvantages of each.
5. Review in detail the Savings Account and the forms to be completed on pages 198 and 201. Allow the participants to complete sample forms brought with you, and ask for a volunteer to complete one on a flip chart or chalkboard.
6. Continue discussing chequing accounts only if you feel the participants are interested.
7. Be sure to allow the participants to write out cheques from examples you give them on page 210. Review the bank statement in detail on page 205, asking the participants the questions on page 209 to see if they understand.

SUGGESTED FLIP CHART: Use this chart to demonstrate the use of cheques.

Cheque Example	
_____	_____ 19__
_____	Pay to the Order of _____
No: 059361	_____ dollars \$ _____
\$ _____	_____
059392 00023 079 231726 765	

8. Explain the importance of completing a reconciliation each month to correct mistakes on either their part or on the bank's part. Complete a reconciliation with them using the example on page 211 and allow them to complete one on their own.

2.12.2 SUGGESTED QUESTIONS FOR CHAPTER 12 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What are two types of accounts at the bank?	197
2. Have you had any experiences with these accounts that you'd like to share?	/
3. Which account earns interest?	197
4. I have a \$100 in my pocket and I want to open a Savings Account. What do I do?	199
5. Can anyone withdraw money from your Savings Account?	200
6. What are the advantages and disadvantages to a Chequing Account?	202
NOTE: Many questions may be asked about the Bank Statement example on page 205. Example: What happened on 15/04/86?	
7. Why is it important to reconcile a bank statement?	204
8. What could it mean if your bank reconciliation does not equal the money in the bank?	208

SUMMARY

9. What type(s) of account(s) will you use in your business?
10. What are the advantages and disadvantages of a Savings and a Chequing Account?
11. Do you have any questions?

2.13

CUSTOMER RELATIONS

Purpose: To make participants aware of the importance of good customer relations. To give participants ideas on how to establish and maintain good customer relations.

Training Time: 20-30 minutes

2.13.1

TRAINING HINTS

1. Introduce the material by asking the participants what "customer relations" means, and why is it important.
2. Ask the participants what they can do to create good customer relations. Write their responses on a flip chart.
3. Ask the participants for four volunteers. (This can be set up prior to class) Take the four volunteers aside and ask them to do two role-plays (in pairs - buyers & sellers). When setting up the role-play, you may suggest a buy and sell situation, or a situation where a customer is returning a damaged product. The first pair could do a role-play showing bad customer relations. The next pair can use the same example but show good customer relations. (See chapter 1 of this manual for setting up and discussing a role-play). This role-play may stimulate good discussion among the participants. If the participants do not want to do a role-play, you can do one with someone, or you may just read and discuss the examples in the exercise on pages 214-215.
4. In summary, review the points listed on page 216. Encourage the participants to add any other ways of establishing good customer relations. Have the participants discuss how they like to be treated when they are customers.

2.13.2

SUGGESTED QUESTIONS FOR CHAPTER 13 OF S&F

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

- | | <u>Page No:</u> |
|--|-----------------|
| 1. What are customer relations? | 214 |
| 2. Why is it important to have good customer relations? | 214-215 |
| 3. How do you like to be treated when you enter a shop? | |
| 4. How will you maintain good customer relations in your business? | 216 |
| 5. Do you have any questions? | |

TRAINER'S GUIDE FOR "OPERATING A SMALL BUSINESS"

Chapter 3



INTRODUCTION

Some general observations can be made about "Operating a Small Business":

Participants should be encouraged to use the manual as a guide. They need not apply all of the exercises or use all of the records in their businesses. They should feel free to pick and choose the ones that suit them best.

The manual is divided into three parts. The first part, the A, B, C's of business, addresses five primary areas that are needed in any business: marketing, financing, price calculation, organizing production and working with people. This first section was written as simply as possible for participants who want a mini-business course.

The second part, basic record-keeping, addresses all of the basic records required for sound business management. All businesses do not require all of the records and some businesses may have to adapt the records to their particular needs. This should be stressed with participants.

The third part, planning and analysis for your business, is the most complex part of the manual, and some participants may find it entirely too difficult. Others, however, will need to use such tools as cash flow planning.

The appendix contains a times table which will help the participants speed up their multiplication.

3.1 WHY IS MANAGEMENT IMPORTANT IN SMALL BUSINESS?

Purpose: To provide an introduction to the exercises included in the manual, and to stress the importance of management in a successful business.

Training Time: 30 - 90 minutes

3.1.1 TRAINING HINTS

1. Page 7 is devoted to defining business and listing types of businesses that participants know about from their daily experience. Ask a number of different class members whether they have a small business; if yes, what kind, etc. (questions at mid-page) Get the class used to participating
2. At the bottom of the first page is an exercise on the advantages of small businesses. List all of the advantages as the class comes up with them on a flip chart. After they have finished the exercise, have them turn the page and see how they did. Congratulate the class on any advantages they listed that are not in the book.

SUGGESTED FLIP CHART

Use this chart to list participants' suggested advantages of owning a small business.

Advantages of owning a
Small Business:

- *
- *
- *
- *
- *

3. Do the same exercise for the problems of a small business. The participants will have many to list on a chart. Number each problem for easy reference. Once all of the problem areas are listed, list solutions.

SUGGESTED FLIP CHART

Use this chart to list participants' suggested small business problems and their solutions.

SMALL BUSINESS	
PROBLEMS	SOLUTIONS
*	*
*	*
*	*
*	*

When you have finished this exercise, you will have two flip chart pages on the wall: advantages and problems/solutions.

4. The definitions of the business exercises covered in the manual are listed on pages 10 - 12. Discuss them with the class. Stress their importance to successful businesses, i.e. businesses that yield more money and are easier to run, giving you more free time. Try to develop interest in the training programme. List all of the exercises on a flip chart and keep it on the wall throughout the entire course for reference.

SUGGESTED FLIP CHART

Use this chart to outline the components of management discussed in "Operating a Small Business".

Management Includes:	
1)	Organizing Production
2)	Price Calculation
3)	Record Keeping
4)	Working with people
5)	Stock Control
6)	Production Records
7)	Planning
8)	Budgeting
9)	Cash Flow Planning
10)	Valuing your Assets
11)	Preparing Statements of Business performance
12)	Increasing Income & Profits

5. The final exercise on pages 12 - 13 will give you an idea of whether the participants understand the importance of management in small business. Find out who keeps records, and determine which ones work best, based on their experience. This type of discussion will help to motivate those who do not keep records. Go over any areas where participants are uncertain. Remember, your enthusiasm is contagious!

3.1.2 SUGGESTED QUESTIONS FOR CHAPTER 1 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is a "small business"?	7
2. What do you think of when you hear "management"?	7
3. When should you organize your production?	10
4. Why is it important to work well with people?	10
5. Why is it important to plan in your business?	11
6. What is a budget?	11
7. What is an asset?	11
8. Why do you want to increase income?	12

SUMMARY

9. What does management consist of?
10. Do you think you can manage your business well?
11. Do you have any questions?

3.2 **HINTS ON MARKETING YOUR PRODUCT OR SERVICE**

Purpose: To provide an introduction to basic marketing ideas for small businesses.

Training Time: 30 - 60 minutes

3.2.1 **TRAINING HINTS**

1. Use the first five questions on pages 14 - 15 to stimulate discussion and to interest participants in the topic of marketing. Use their businesses as examples so that they can speak from their direct experience.
2. The section on labelling lends itself to use of a flip chart for showing examples of attractively and unattractively labelled products. List on a flip chart information to be included on a label.

SUGGESTED FLIP CHART

Use this chart to list participants' suggested label components.

<p>A LABEL SHOULD INCLUDE:</p> <p>* * * * *</p>
--

3. Discuss labelling for farm products (boxes) containers, etc.).
4. When discussing marketing channels, use questions to stimulate participation. Include those participants who did not speak up at the beginning of the session.
5. The section on service businesses (page 17) should only be used if participants are service oriented. Otherwise skip to the middle of page 18.

6. The last section of this exercise reinforces the major ideas conveyed in the exercise. Discuss them with the participants.

Additional points: Remember that there is an entire manual devoted to marketing called "Marketing Jamaican Small Business Products".

3.2.2 SUGGESTED QUESTIONS FOR CHAPTER 2 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What is marketing?	14
2. Why is a label important?	15
3. What should be included on a label?	15
4. Why is it important to know who your competition is?	16
5. How do you determine the price of your product or service?	16
6. How can added features affect the price?	16
7. What is the difference between selling a product and selling a service?	17

SUMMARY

8. What do you need to think about when marketing your product or service?
9. Do you feel marketing is important in your business?
10. Do you have any questions?

3.3 HINTS ON HOW TO FINANCE YOUR BUSINESS

Purpose: To present participants to identify the different types and sources of financing; when it is needed, and how to obtain it.

Training Time: 30 - 45 minutes

3.3.1 TRAINING HINTS

1. Use the first three questions to stimulate discussion and to interest participants in the topic of financing.
2. Encourage a lively discussion on the topic of savings, page 19 through 21. Many participants have very clear ideas on which form of savings works best for them. A good discussion can help to release tension. Use a flip chart to list responses for all to see.

SUGGESTED FLIP CHART

Use this chart to list advantages and disadvantages of different types of financing.

FINANCING:	Adv.	Disadv.
1. Savings		
2. Funds Raised		
3. Grants		
4. Loans		

3. Funds raised and grants, are two sources of financing that need not be repaid. Both are only for group enterprises.
4. The section on loans can be rather cumbersome, (pages 24-25) so cover only the loans for which the group of participants is eligible. You may be surprised at the questions that sometimes are asked regarding banking

regulations. Do your homework, and remember, if you don't know the answer to a question, promise to have it at the next session. Keep your promise! If the group has a lot of questions on banking, have a bank representative speak.

5. The section on special loan programmes, page 25, should be of great importance to the participants, since they are likely to be eligible for them. For additional information, refer them to the IICA Manual on Starting and Financing a Small Business in Jamaica.
6. Clarify the types of financing available to individuals, groups and partnerships.

3.3.2 SUGGESTED QUESTIONS FOR CHAPTER 3 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page
1. What is financing?	19
2. What are some ways that you can save money?	20
3. How could a budget help you in your business?	21
4. What are the advantages and disadvantages of doing a fund raiser?	22
5. What is a grant?	23
6. Why don't banks lend you the full amount of your financial requirements?	24
7. Why should you prepare a loan proposal prior to visiting a financial institution?	25
8. What are some examples of a special loan programme?	26

SUMMARY

9. What different types of financing are there?
10. How do you intend to finance your business?
11. Do you have any questions?

3.4 ORGANIZING YOUR PRODUCTION

Purpose: To provide an introduction to the ideas behind how a business should be organized.

Training Time: 1 - 2 hours

3.4.1 TRAINING HINTS

1. The introduction to this exercise explains a bit about the relationship between inputs and outputs and between market demand and production decisions. It leads into factors to consider in production organization on pages 27 and 28. Either have the class read this or explain it to them.

SUGGESTED FLIP CHART

Use this chart to list examples of inputs and outputs.

INPUTS	OUTPUTS

2. Class participation should begin on page 29 where an actual example can be used when completing the step by step list for production. Put this example on a flip chart.
3. Participants should be encouraged to answer the questions on input requirements out loud and then complete the answers in their books, pages 30 - 33.
4. Use the example of the Flower Hill bammy group, pages 34-37 if it is relevant to the group you are training. Otherwise, develop a more appropriate example to substitute. Put the production chart on a flip chart and ask for a volunteer to help fill it out.

SUGGESTED FLIP CHART

Use this chart to demonstrate production planning.

PRODUCTION STEPS:	FACTORS TO CONSIDER						
	MATERIALS	LABOUR	SPACE	TOOLS	EQUIPMENT	UTILITIES	MONEY

NOTE: The main section of this exercise, pages 27 - 37, should be covered with all types of participants. If you are training farmers continue with pages 37 - 46. If you are training retailers, continue with pages 46 - 50.

5. When presenting Part II on farming, remember to stress that organization is as important in farming as in any other type of business. Discuss the information in the text, based on the farmers own experiences. Ask them if they agree with the text, why or why not? For groups with a low literacy level, use the pictures in this section to stimulate discussion.
6. When presenting Part III on retailing, Help participants make the transition from Part I to III by explaining that organizing your production in retailing has specific differences. Use the questions on page 47 to stimulate class discussion. Use the example on pages 48-49 if it is relevant to the group you are training, otherwise develop your own example.

The end of this exercise lends itself to a class participation exercise where a number of the class members describe aspects of their businesses. For example, ask Mr. X. how he knows which goods to reorder, ask Mrs. Y. how she keeps her goods from spoiling, and ask Mrs. A. for her advice in dealing with suppliers.

7. The following exercise elicits good group participation:

PREPARATION: Construct a paper airplane with a half sheet of paper, using a marker to put a simple design on it.

EXERCISE: Give the group 5 sheets of paper, one magic marker, and the model you prepared. Ask them to produce 10 paper airplanes in 5 minutes, all to be identical to the model.

In 5 minutes, collect the airplanes, finished or unfinished. Acting as the buyer, reject all that don't match the standard.

Lead the discussion by asking questions like:

- A. How were the 10 airplanes produced?
- B. How could they have been constructed more efficiently?
- C. What is a step by step production plan for constructing paper airplanes?
- D. Does this exercise have any application to other situations: Manufacturing, Retail, Farming, or Service Businesses?

3.4.2 SUGGESTED QUESTIONS FOR CHAPTER 4 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. Why are you going into business?	27
2. What inputs are required in your production?	27
3. Can you sell what you produce?	27
4. What can you do to improve sales?	27-28
5. When should quality control begin?	33
6. How will you control quality in your business?	33
7. Do you think your production chart can help look critically at your business?	35
8. What risks are involved in farming?	38
9. How can a farmer reduce risks?	38
10. What are some inputs used by farmers?	40
11. What should be considered when thinking about livestock production?	43-46
12. What types of goods are you purchasing for resale?	47
13. How do you determine the level of stock to keep on hand?	50

SUMMARY

14. Why is organizing your production important?
15. What are the factors of production?
16. How will controlling quality improve your business?
17. What factors do you need to consider when organizing your production in farming?
18. Do you have any questions?

3.5 CALCULATING THE PRICE OF YOUR PRODUCT

Purpose: To provide an easy method for arriving at a selling price. To make sure that the participant knows expenses so that the product is not sold at a loss.

Training Time: 1 - 2 hours

3.5.1 TRAINING HINTS

1. The best way to present this exercise is through the use of examples from the group. This is one of the more difficult exercises in the book, but perhaps one of the most basic to a successful business. Prior to training, prepare a blank price calculation form (page 57) on a flip chart.
2. Before beginning this exercise, determine whether or not the participants are farmers. If they are farmers, skip directly to the section for farmers (pages 60 - 63) and/or use the livestock example (pages 65 -67).
3. For all other types of participants, follow the instructions on pages 51 - 53 which give a step by step explanation of how to fill out the price calculation form. A number of examples follow on pages 54 - 56, and they are followed by a blank form on page 57. Complete an example with the participants.

Remember these important points:

- * When doing the example, choose a product which is familiar to the participants; use a flip chart and ask them to supply the needed information.
- * Make accurate estimates of costs.
- * Choose the most logical production period so that raw material and labour costs can be determined accurately.
- * Include all of the labour costs (the owner and active family members)

* If the calculated price is different than the current price, review the text on page 58.

4. After reviewing the instructions and doing an example on a flip chart, break the large group into smaller groups. The small groups can work on case studies or can use one of their own businesses as an example when completing the price calculation form.
5. Whichever way you decide to present this exercise, try to give the participants an initial exposure to three different examples at the first session. Give them some homework and spend another session on price calculation.

NOTE: Some individuals require many exposures to price calculation before they can master it. Circulate among the participants when they work on their examples, and stop to help those in trouble.

6. RETAIL SECTION (Page 59)

This section contains a brief explanation of price calculation in a retail business. If you have retailers in the class, you should discuss this page in addition to doing # 3 - # 5 above.

7. COST/PRICE CALCULATION FOR SMALL FARMERS (Pages 60-77)

Review the text thoroughly, and use examples wherever possible. The comments of participants will lead to discussion if you encourage it. Stop at the bottom of page 64 and ask what products A and B might be. If any of the participants raise animals, do the goat example on a flip chart. The answer to whether John should go into goat rearing is yes, but not if he will only raise and sell 1 kid per ewe per year.

3.5.2 SUGGESTED QUESTIONS FOR CHAPTER 5 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. Why do you feel it is important to do a price calculation?	51
2. What is the difference between direct and indirect costs?	
3. How will you determine direct and indirect costs?	51-53
4. How will you determine your labour costs?	52
5. How much profit will you add to your costs?	53
6. What are some ways you could reduce your costs?	58-59
7. What costs do a retail business have to consider in doing price calculation?	59
8. Does a farmer have control over the price of his products?	60
9. What costs does a farmer have to consider?	60-61

SUMMARY

10. Why is a price calculation important?
11. When should you do price calculations?

NOTE: Stress the importance of doing a price calculation not only before production but after production has begun to verify all costs and profit at the selling price.

12. Do all types of businesses need to do price calculations? If yes, why?
13. Do you have any questions?

PRICE CALCULATION CASES

Purpose: to provide participants with practice in determining the selling price of a product.

Training Time: 30 - 60 minutes for each case.

3.5.3 TRAINING HINTS

1. Use upon completion of pages 51 - 53 and 58 - 67 in Chapter 5 of the Operating Manual.
2. Price calculation exercise are most effective when participants work individually.
3. Procedure:
 - A. Find the cost of one week's production.
 - B. Divide by the number of items produced in one week to get cost per unit.
 - C. Add a 20% mark-up for profit in order to get the selling price.
 - D. Compare the calculated selling price with the actual selling price and discuss any action that should be taken.
4. Focus participants' attention on the difference between direct and indirect costs.
5. The greatest source of participant error is in the unit conversions. Going from months to weeks, weeks to days, hundreds to dozens, etc. tends to cause participants to make mathematical errors.
6. Answers to price calculation exercises are found on pp 54-56 of the Operating manual:
 - A. Lucille Rodney p 54
 - B. Junior Ballentine p 56
 - C. Yvette's rock buns p 55
7. For more information on how to use case studies, see chapter 1 of this manual.

A. **PRICE CALCULATION CASE STUDY**

Lucille Rodney stays at home and takes care of her husband and two small children. While her husband and children are away at work and school, Lucille supplements the family income by making hand-embroidered place mats and napkins and selling them at a retail store which markets crafts items. She keeps records of production, income and expenditure but has never properly calculated the selling price of her craft. The store pays her \$35.00 for each set of four place mats and napkins.

Each day, excepting week ends, Lucille spends about four hours working on the mats and napkins. She can make about three sets each week and pays herself a wage of \$2.40 per hour. She buys fabric and threads at a wholesale store and spends about \$96.00 on fabric and \$24.00 on threads each month. She also buys cartridge paper and cellophane from a paper dealer and spends about \$7.20 for six months supplies of packaging materials. Every month she spends about \$40.00 in total for transportation costs for marketing and purchasing of raw materials.

Her share of rent for the business is \$48.00 per month and she spends \$22.68 on small tools and equipment each month.

How much is it costing Lucille to produce each set of place mats and napkins? What should she do next?

B. **PRICE CALCULATION CASE STUDY (WOODWORKING)**

Junior Ballentine has a woodworking business with his brother Sam. They are trying to decide which price to put on their wooden trays for the order they may get for this year's Christmas. They know that they can each produce 100 trays per week and they bill their labour at \$100.00 a week each. Their wood costs them \$1,000.00 for a block which yields 100 trays. Their glue cost \$50.00 for a jar that lasts 4 months and their varnish runs them \$12.00 per month. Their labels cost \$10.00 per 100. They check their cash book and find that they are spending an average of \$160.00 per month on transportation costs.

Regarding shared costs, they must pay \$600.00 for rent and \$300.00 for electricity each month. In addition, they spend an average of \$1,500.00 a year on new tools and equipment. They hope to add a mark-up of 25% to the cost of each tray, but would like to keep the price below \$15.00.

What do they decide to charge per tray for this order?

Why?

C. **PRICE CALCULATION CASE STUDY**

Yvette has a small business based at her home making coconut buns and selling them at local school canteens and shops at \$4.90 per dozen. Each day, from Monday to Friday, Yvette hand mixes her batter and bakes 28 dozen buns in her 20 inch gas oven. The following recipe yields 12 buns:

QUANTITY	INGREDIENT	TOTAL COST
1 lb.	Flour	.52
1/2 lb.	Sugar	.41
1	Egg	.27
1/2 cup	Milk	.24
6 ozs.	Margerine	.40
1 cup	Grated Coconut	.50
1 tablespoon	Mixed Spice	.05
4 ozs. or 8 tsps.	Baking Powder	<u>.45</u>
TOTAL COST:		\$ 2.84

Yvette pays herself a wage of \$50.00 per week and spends about \$80.00 per month on transportation for purchasing raw materials and delivering the buns to the various outlets. The buns are packaged by the dozen in a plastic bag which Yvette buys from the manufacturer for \$5.00 per hundred.

Her shared costs for 1 month are the following:

Rent	\$ 80.00
Electricity	\$116.00
Water	\$ 40.00
Gas	\$156.00

Her mark up is 20% on each dozen

At what price should Yvette be selling her rock buns?

3.6 WORKING WITH PEOPLE

Purpose: To stress the importance of human relations in a small business.

Training Time: 30 - 45 minutes

3.6.1 TRAINING HINTS

1. When presenting this exercise, point out the importance each type of person has in a small business (customers, suppliers, workers).
2. After covering each of the three sections, ask the participants for examples of right and wrong ways of treating people in business.
3. List on a flip chart some of the examples given by participants.

SUGGESTED FLIP CHART

Use this chart to list appropriate ways of working with people in a business.

	WORKING WITH PEOPLE
*	CUSTOMERS
*	SUPPLIERS
*	WORKERS

4. After finishing the exercise, organize a role-play. Have two volunteers from the class come forward to act out a scene that you describe for them.

For example: Marva is buying and Junior is selling. During the discussion, Marva notices that Junior is trying to sell her a damaged product. First show the right way of handling the situation, then show the wrong way.

OR:

Farmer James is at the marketplace and he sees Miss Ida selling tomatoes cheaper than he ever would. When a customer points this out to Farmer James; show how you would handle the situation?

Make up situations that relate to the participants.

- * See Chapter 1 of this manual for details on how to conduct a role-play.

3.6.2 SUGGESTED QUESTIONS FOR CHAPTER 6 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of the question is the page number where information can be found that may lead to an answer.

	Page No:
1. What type of people do you work with in your business?	68
2. Why is it important to maintain good relations with them?	68
3. How can a satisfied customer help your business?	70
4. What makes a good or bad supervisor?	71
5. How can you motivate your employees?	72

SUMMARY

6. What three types of people do you work with in your business?
7. How will you work with them?
8. Why is working with people so important to the success of your small business?

3.7 **YOUR RECEIPT BOOK AND ORDER BOOK**

Purpose: To stress the importance of receipt and order books. To explain the information provided by them and their use in evaluating a business. To give participants practice in using receipt and order books.

Training Time: 40 Minutes

3.7.1 **TRAINING HINTS**

1. Prior to teaching this chapter make 2 -3 large blank receipt and order forms on a large flip chart. Have an actual receipt and order book available for participants to look at.

SUGGESTED FLIP CHART: Use this chart to demonstrate the use of receipts and orders.

No: _____ 19__
Received from _____
the sum of _____
_____ dollars _____ cents
\$ _____
Per: _____

ORDER No: _____
Date: _____ 19__ Terms: _____
From: _____
To: _____
Please supply:
Quantity Description

2. Begin the chapter by explaining the importance of keeping records. Tell the participants what a receipt is after asking if they use them, or receive them. Emphasize that they should issue and receive them every time that money changes hands.
3. Review the sample receipt on page 78. After looking it over and discussing it, ask the participants about the information that can be provided by receipts.

4. Write a receipt on a flip chart using an example from one of the participants' businesses. Ask for a volunteer to come and write another receipt. Answer questions on page 81 after each receipt. Discuss the importance of using carbon paper when writing receipts and orders. (The customer is given the original and you keep the carbon copy for your own record.)
5. Review order book on pages 83 - 84. Go over the steps to completing an order while the participants look at the example on page 88. Discuss the differences between the 3 orders on pages 88, 89 and 90. Stress the importance of signing the order.
6. Complete an order on flip chart paper with help from the participants. Ask for a volunteer to complete another order on a flip chart. Use examples from businesses of participants.
7. Discuss the importance of receiving a part-payment when receiving an order.

3.7.2 SUGGESTED QUESTIONS FOR CHAPTER 7 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page:
1. Why is it important to keep records?	77
2. What is a receipt?	77
3. What kind of information can you get from a receipt?	77-78
4. What is an order book?	83
5. What kind of information can you get from a receipt?	85-87
6. Why is it important to write the terms on the order?	85
7. Why is it important for the buyer to sign the order form?	91

SUMMARY

8. What kinds of records will you keep in your business?
9. Why is it important?
10. Do you have any questions?

3.8

YOUR CASH BOOK

Purpose: To stress the importance of using a cash book in a business. To give participants some practice in using this record.

Training Time: 45 - 90 minutes (depending on workshop)

3.8.1

TRAINING HINTS

1. Prepare a cash book on flip chart prior to training session.
2. Explain cash book, and why it is important to a business.
3. Review blank example on pages 92 and 93. Explain every column heading.
4. Ask the participants to look at figure 2 on pages 94-99. Explain how the information from the receipt book is used. Explain what is meant by "partner draw" on page 95.
5. Review figure 3 on pages 100 - 101 and ask the participants questions from the example.
6. Emphasize the importance of actually counting the cash at the end of the day (or week) to check that it equals the cash book closing balance.

Ask questions like:

- A. What could cause your cash on hand to be less than the cash book closing balance?
- B. What could cause your cash on hand to be more than the cash book closing balance?
7. Have an example prepared and ask a volunteer to come up to complete 1 or 2 days of transactions on the flip chart.
8. Write more transactions on the flip chart and ask the participants to complete a cash book on pages 102 - 103 (figure 4). Ask participants to keep a cash book for one week for their business to see if they find it helpful.

9. If you feel that the participants will understand and use the expense and sales records, Explain the material on pages 104 - 113. They are not necessary for all businesses, so be careful not to confuse the participants with too many records at once.

3.8.2 SUGGESTED QUESTIONS FOR CHAPTER 8 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page:
1. What is a cash book?	92
2. What does opening balance mean?	94
3. Why is it important to keep receipts?	94
4. How do you arrive at closing balance?	94
5. What could it mean if the closing balance does not equal the money in the cash pan? NOTE: Many questions can be asked from the cash book example on pages 100 - 101. EXAMPLE: What was the closing balance on 19/04/85?	97
6. What kind of information can your cash book give you?	104
7. Does the closing balance/cash pan equal profit?	
8. How could an expense record help your business?	106
9. What kind of information can a sales record give you?	110

SUMMARY

10. How can a cash book help your business?
11. How often do you feel you need to work in your cash book?
12. Are there any other records that you could use in your business?

3.8.3

CASH BOOK CASE

Purpose: to give participants practice in the use of a cash book and to impress upon them the value of its use.

Training Time: 30-60 minutes.

TRAINING HINTS

1. Use upon completion of Chapter 8 of the Operating Manual.
2. Cash Book exercises are most effective when participants work individually.
3. Procedure:
 - A. Record the opening balance for March 1st on the "cash in" side. Also record the receipts for the day. Add them to find total cash available for the day.
 - B. Record all payments for March 1st on the "cash out" side. Add them and record the total payments for the day. Record the closing balance counted in the cash pan at the end of the day, and add it to the total payments.
 - C. Compare the total cash available to the sum of total payments.
 - D. Repeat steps A-C for the dates of March 2nd and 5th.
 - E. Discuss what might have happened to the \$100.00 missing from the cash pan at the end of March 5th.
4. Four points to emphasize:
 - A. Yesterday's closing balance is today's opening balance.
 - B. Do one day at a time.
 - C. Books should be balanced at the end of each day or as often as the business deems necessary.
 - D. Compare closing balance to actual money in cash pan. If it is not equal, account for the error.
5. For more information on how to use case studies, see chapter 1 of this manual.

CASH BOOK CASE STUDY

Three young people in the village of Friendship Hill decided to start keeping proper record books for their small business which involved the growing of vegetables, making preserves and marketing these. As the person responsible for the finances in the business, Sandra bought the books and saw to it that they were kept up to date.

The following describes what took place in the business between Thursday the 1st March and Monday the 5th March. Try to reconstruct Sandra's Cash Book.

On Thursday, they had \$221.34 in cash which Sandra kept carefully in their cash pan. Joseph reaped calaloo, cucumbers and peppers and sold 50 bundles of calaloo for 40 cents per bundle and 30 lbs cucumbers for 60 cents per pound to a higgler and gave Sandra some peppers and cucumbers to make her pickles. Sandra sent Oron to the bottle distributor to buy 4 dozen jam jars and gave him \$57.60 to pay for them, and \$8.00 for transportation, which he spent. At the end of the day, she counted \$193.74 in her cash pan.

On Friday, Oron took 100 lbs peppers to a processing factory near by and sold them for 60 cents per pound. He spent \$1.20 in bus fares. Sandra bought some onions, turnips and cho-chos in the market and spent a total of \$18.00. Later she paid herself and her two friends wages of \$60.00 each. At the end of the day, she counted \$54.54 in the cash pan.

Having spent the entire weekend making preserves, on Monday, Sandra and Oron took pickles and relishes to a gourmet shop in Ocho Rios and sold 2 dozens pepper pickles at \$36.00 per dozen, 1 dozen relishes for \$38.40. They spent \$12.00 in bus fares. At the end of the day she counts \$52.94 in the cash pan.

Is this correct? If not, what do you think happened.

CASH IN (RECEIPTS)				CASH OUT (PAYMENTS)											
DATE	QTY	DETAILS	UNIT PRICE	\$	DATE	QTY	DETAILS	UNIT PRICE	\$	DATE	QTY	DETAILS	UNIT PRICE	\$	NOTE
1/3/89		Opening Balance		221		1/3/89	4 doz. jars		57						
	50	bunches calaloo	40¢	20			transportation		8						
	30	lbs. cucumbers	60¢	18			TOTAL		65						
		TOTAL		38			Closing Balance		193						
				259					259						
2/3/89		Opening Balance		193		2/3/89	bus fares		1						
	100	lbs. peppers		60			vegetables		18						
							wages		180						
							TOTAL		199						
		TOTAL		60			Closing Balance		54						
				253					253						
5/3/89		Opening Balance		54		5/3/89	Transportation		12						
	2	doz. pickles	360¢	72			TOTAL		12						
	1	doz. relishes		38			Closing Balance		52						
		TOTAL		110			SHORT		100						
				164					164						

3.9

PRODUCTION RECORDS

Purpose: To explain the importance of production records in all types of businesses.

Training Time: 30 - 40 minutes

3.9.1

TRAINING HINTS

1. Ask participants, "What kinds of production records would be helpful in your business?" or "Do you keep records of your production?" "How could they be helpful?".
2. Using example from a participant's business, list on a flip chart some things they need to think about in planning production. Review the pictures on top of page 115.

SUGGESTED FLIP CHART

Use this chart to demonstrate the use of a production schedule.

PRODUCTION SCHEDULE	
TIME	ACTIVITIES

3. If the group is in a manufacturing business, review the material on pages 115 - 116 and on page 123. Write a production schedule on a flip chart using an example of a participant's business.

4. If the group is in farming, turn to page 117 to begin the examples.
5. The summary on page 125 should be reviewed in all cases. Stress the importance of keeping records before, during and after production.

3.9.2 SUGGESTED QUESTIONS FOR CHAPTER 9 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page:
1. What are production records?	114
2. Do you keep records on your production?	
3. How often should you make production schedules?	115
4. Do you think it is important to keep records after the planning stage? Why?	120
5. How can production records help your business?	125

SUMMARY

6. What production records will you keep in your business?
7. How will they help the future of your business?
9. Do you have any questions?

3.10

STOCK CONTROL

Purpose: To explain that all businesses have stock of some sort. To allow participants to discuss how and why to control stock in their businesses.

Training Time: 20 - 40 minutes

3.10.1

TRAINING HINTS

1. Ask the participants, "What kind of stock do you have in your business?" If they do not know what "Stock" is explain it by using examples in different types of businesses.
2. Review problems that arise from having too much or too little stock on hand.
3. Ask, "Why do you need to control stock?" and list answers on flip chart. (Pages 126 - 127)
4. Ask participants to look at the chart on page 129, read and discuss the material on page 128.
5. Review the example on page 130 and do another example on the flip chart.

3.10.2 **SUGGESTED QUESTIONS FOR CHAPTER 10 OF OPERATING**

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page:
1. What is stock?	126
2. What kind of stock will you have in your business?	127
3. Why do you need to control stock?	127
4. How to do calculate closing stock?	129
5. What could it mean if the stock on your shelf does not equal closing stock calculated?	130

SUMMARY

6. How will you control the stock in your business?
7. How can too much stock hurt your business?
8. How can too little stock hurt your business?
9. Do you have any other questions?

3.11

VALUING YOUR ASSETS

Purpose: To explain different types of assets and ways of valuing them. To explain depreciation and how it works. (Note: It is essential to present this exercise prior to teaching Chapter 12 of the Operating Manual.)

Training Time: 30 - 40 minutes

3.11.1

TRAINING HINTS

1. Ask participants, "What are assets?" Explain "What kind of assets do you have in business?" List them on a flip chart.
2. List the assets from the text on a flip chart and value them in the different ways explained on pages 132-135.

SUGGESTED FLIP CHART: Use this chart to explain different methods of valuing assets

(Assets listed across)

<u>Fabric</u>	<u>Dresses half made</u>	<u>Sewing machine</u>	<u>School Uniforms</u>
<u>At Cost</u>	<u>Cost & Value</u>	<u>Cost - Dep.</u>	<u>Market</u>
6 yds. ● \$30/yd.	2 dress half done Fabric: 4x\$25=100 Thread: 2 spool ● \$15 = \$30 Labour: 3 hrs x \$4 = 12	new cost = \$3,000 Dep. \$200/yr. 2 yrs old \$3,000 - 400	5 uniforms completed sale price \$60.00
\$180.00	\$142.00	\$2,600.00	\$300.00

3. Depreciation is not a simple concept so explain it slowly. Explain straight line depreciation using a time line as show below:

Year:	1985	86	87	88	89	90	91	92	93	94	95
\$ Value	3000	2700	2400	2100	1800	1500	1200	900	600	300	0

Purchased a sewing machine in 1985 for \$3,000.00. It is estimated to have a useful life of 10 years, at which time it either needs major repair, or will have to be replaced.

$$\$3,000.00 : 10 \text{ years} = \$300.00 \text{ depreciation each year}$$

Participants may question depreciating some items which actually maintain their value or appreciate (increase) in value (for example cars). Depreciating an item does not mean that it has to be worth \$0.00 at a specific future date. It is certain though that the item will have to be replaced at some time in the future and depreciation helps prepare for purchasing the replacement.

4. When discussing page 134, review the chart on page 135. Complete the blank spaces with the help of the participants. Do examples on a flip chart.

NOTE: Correction for errors on the chart on page 135:

TRACTOR	Value 1984	\$1,000.00
	Value 1985	\$ 800.00
SHOVEL	Value 1984	\$ 16.00
	Value 1985	\$ 12.00

3.11.2 SUGGESTED QUESTIONS FOR CHAPTER 11 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of the question is the page number where information can be found that may lead to an answer.

	Page:
1. What are assets?	131
2. Why do you value your assets?	131
3. What assets will you have in your business?	
4. What is depreciation?	134
5. Why do you depreciate some assets?	134

SUMMARY

6. What are the different ways to value your assets?
7. What kinds of assets do you value at cost?
8. What kind of assets do you depreciate?
9. How do you determine the market value of an asset?
10. Do you have any other questions?

3.12 PREPARING STATEMENT OF BUSINESS PERFORMANCE

Purpose: To stress the importance of preparing business statements. To give participants experience in preparing statements.

Training Time: 40 - 90 minutes

3.12.1 TRAINING HINTS

1. This chapter is divided into parts for three different types of businesses. Prior to teaching this chapter, you should know the type of participant that you will train. Regardless of the type of participant, you must start with Part One on page 138. This is the most simple type of business statement. For most participants this is be the only part you need to present, ending on page 141.
2. After reviewing the examples on pages 140 - 141, ask the participants questions about the examples, comparing the two years.
3. Put an example on a flip chart using the same type of business that participants are involved in.
4. If you feel Parts Two and Three will be helpful, go through them. This material gets quite difficult so ask the participants a lot of questions to find out if they understand it. Show examples on a flip chart as you go along.
5. The diagram on page 142 explains the difference between Net Worth and Net Income Statements.
6. Net Income and Net Worth Statements may be difficult and confusing to understand. Make sure that the participants have a strong understanding of Part One, a simple Net Income Statement, before continuing with Part Two. Use examples familiar to the participants and do several Net Income Statements together. Stress the fact that they are done over a period of time.
7. Prior to beginning Part Two, review Chapter 11 of the operating manual, and ask the following questions:

What are assets?

Please list some assets from your business - or a business you are familiar with.

8. Ask participants to describe debts and liabilities:

What is a debt/liability?

Can you list some common to a business?

Show the relationship between assets and debts as they are on a Net Worth Statement. Stress that this statement looks at one point in time. Work through several examples together. To ensure that the participants understand all terms, mix expenses, receipts, assets, liabilities; together on a list; and ask participants to describe them and to tell the financial statement to which they belong.

For Example:

Question: What is

Answers

Wages	Expense	NI
Sales from baskets	Sales	NI
Transportation	Expense	NI
Truck	Asset	NW
Electric Bill (unpaid)	Debt	NW
Water	Expense	NI
Land	Asset	NW
Cash on hand	Asset	NW
Rent (paid)	Expense	NI
Rent (unpaid)	Debt	NW

NI = Net Income Statement

NW = Net Worth Statement

3.12.2 SUGGESTED QUESTIONS FOR CHAPTER 12 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page:</u>
1. What is a business statement?	137
2. What is your main goal as a business owner?	137
3. What can a Net Income Statement tell you?	139
4. How did Clarence arrive at his net cash income?	140
5. Does Net Income reflect a point in time or a period in time?	142
6. What does a Net Worth Statement analyse?	142

7.	What are debts?	145
8.	What is the difference between current assets and fixed assets?	144-145
9.	How do you determine cost of goods sold?	147
10.	How can depreciation affect Net Income and Net Worth Statements?	149-153

SUMMARY

11. What are business statements?
12. How can business statements help you analyze your business?
13. What type of business statements will you prepare for your business?
14. Do you have any other questions?

3.12.3 NET CASH INCOME CASE STUDY

Purpose: To show participants how record keeping enables them to determine whether or not the business is making a profit.

Training Time: 30 minutes

TRAINING HINTS

1. Use upon completion of pages 137 - 141 in Chapter 12 of the Operating Manual.
2. most effective when solved individually.
3. Procedure:
 - A. Total all receipts for the year.
 - B. Total all expenses for the year.
 - C. Subtract expenses from receipts to get income for the year.
4. For more information on how to use case studies, see chapter 1 of this manual.

NET CASH INCOME CASE STUDY

It is January of 1989 and Clarence Baker wants to know how his corner stall did financially last year. He has taken the business training course and keeps a cash book with an expense record and sales record.

For these records, he sees that:

1. He paid,
 - a. \$633.00 for sweets
 - b. \$1,560.00 for transportation
 - c. \$240.00 for repairs to his stall
 - d. \$16,561.00 for cigarettes
 - e. \$5,049.00 for soft drinks
 - f. \$495.00 for bananas
 - g. \$2,670.00 to his brother-in-law for extra help
 - h. \$2,405.00 to his wife for rock buns
 - i. wages to himself of \$4,940.00
2. His total sales were \$35,113.00

He has been saving money for several years to purchase a shop at a good location and the bank has notified him that the money in his business savings account has earned interest of \$1,872.00 for the year.

Using this information, prepare a Net Cash Income Statement for Clarence Baker's corner stall for the period January 1 - December 31, 1988.

ANSWER

How
taken to

CLARENCE BAKER'S CORNER STALL

NET CASH INCOME STATEMENT

JANUARY 1, 1988 - DECEMBER 31, 1988

RECEIPTS

Sales	\$35,113.00
Interest Income	<u>1,872.00</u>
	36,985.00

PAYMENTS

Wages to Clarence	4,940.00	
Wages to brother-in-law	2,670.00	
Cigarettes	16,561.00	
Soft drinks	5,049.00	
Sweets	633.00	
Bananas	495.00	
Rock buns	2,405.00	
Transportation	1,560.00	
Repairs to stall	<u>240.00</u>	
Total Payments		34,553.00
Net Cash Income		2,432.00

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3.12.4 STATEMENTS OF BUSINESS PERFORMANCE CASE STUDY

Purpose: To give participants practice in identifying the elements of and in constructing net income and net worth statements.

Training Time: 60-120 Minutes

TRAINING HINTS

1. Use upon completion of pages 137- 158 in chapter 12 of the Operating manual
2. Most effective when solved individually.
3. Procedure:
 - A. Determine which items (1-19) belong on the net income statement, the net worth statement, or both.
 - B. Construct the Net Income Statement
 - i. Find the cost of goods sold
 - ii. Find the gross margin
 - iii. Total expenses
 - iv. Calculate depreciation expense (check the oven's date of purchase.)
 - v. Combine steps i - iv into a net income statement. (Sales - Expenses = Income)
 - C. Construct a net worth statement.
 - i. Find the total current assets (current assets are easily converted to cash)
 - ii. Find the total fixed assets and subtract total accumulated depreciation.
Reminder: fixed assets are not easily turned into cash.
 - iii. Calculate total debt. (debt = things that the business owes.)
 - iv. Construct a Net Worth statement from steps i - iii. (Owned - Owed = Net Worth)
4. For more information on how to use case studies, see chapter 1 of this manual.

STATEMENTS OF BUSINESS PERFORMANCE CASE STUDY

It is the end of the business year, and Yvette Morgan, having read the exercise on "Preparing Statements of Business Performance", wants to know what change there has been in the Net Worth of her business.

At the end of last year, an Accountant friend had prepared a statement for her, but this year, having kept proper records, she decided to try to prepare the statement herself. From her records (cash book, order book, Inventory Records, her bank book and the statements the Development Foundation has been sending her), she discovered the following:

1.	From sales of rock buns, the business made	\$22,033.00
2.	Customers owed her	\$ 1,500.00
3.	She owed suppliers	\$ 570.00
4.	She earned wages of	\$ 3,000.00
5.	She paid a helper wages of	\$ 738.00
6.	A new oven was bought on May 1st & cost	\$ 3,000.00
7.	For transportation, she spent	\$ 888.00
8.	Electricity bills totalled	\$ 1,120.00
9.	She owes the Development Foundation	\$ 420.00
10.	She spent on cooking gas	\$ 610.00
11.	The rent for the year was	\$ 1,800.00
12.	The value of goods (raw materials and packaging materials) bought during the year (for cash and credit) was	\$12,881.00
13.	Interest on the loan was paid, a total of	\$ 133.00
14.	The balance in her savings account is	\$ 772.00
15.	The closing Inventory is valued at	\$ 980.00
16.	At December 31 in the current account, there was cash amounting to	\$ 300.00
17.	Water bills totalled	\$ 480.00
18.	She worked out the depreciation expense for the oven and for each month, it is	\$ 17.00
19.	The accountant told her, for each year, the depreciation expense on all other equipment is	\$ 122.00

On the next page is the Net Worth Statement her Accountant friend prepared for her at the end of the previous year.

NET WORTH STATEMENT**YVETTE'S ROCK BUNS****December 31, 1988****ASSETS****Current Assets**

Cash	\$ 475.00
Money owed by customers	\$ 2,816.00
Inventory	\$ 830.00
Savings	\$ <u>2,200.00</u>
<u>Total Current Assets</u>	\$ 6,321.00

Fixed Assets

Small equipment & tools	\$1,720.00
Less depreciation	\$ <u>122.00</u>
<u>Total Fixed Assets</u>	\$1,598.00
Total Assets	\$7,919.00

DEBTS

Money owed to Suppliers	\$1,292.00
<u>Total debts</u>	\$1,292.00
<u>NET WORTH</u>	<u>\$6,627.00</u>

EXERCISES

Using the information which Yvette has obtained from her records.

1. Construct a Net Worth Statement from December 31, 1994, and compare it with the statement for December 31, 1993.
2. Prepare a Net Income Statement for Yvette's business for the business year just ended.

ANSWER

NET INCOME STATEMENT YVETTE'S ROCK BUNS

January 1, 1989 to December 31, 1989

Sales		\$22,033.00
Costs of Sales		
Opening Inventory	\$ 830.00	
(plus) Purchases	<u>12,881.00</u>	
	\$ 13,711.00	
(minus) Closing Inventory	<980.00>	<u>\$12,731.00</u>
Gross Margin		\$ 9,302.00
Payments		
Wages to Yvette	3,000.00	
Wages to helper	738.00	
Transportation	888.00	
Rental	1,800.00	
Electricity	1,120.00	
Gas	610.00	
Water	480.00	
Interest on loan	<u>133.00</u>	
Total Payments	8,769.00	
Depreciation Expense	<u>258.00</u>	
Total Expenses		<u>9,027.00</u>
NET INCOME		\$ <u>274.00</u>

ANSWER

NET WORTH STATEMENT YVETTE'S ROCK BUNS

ASSETS	December 31, 1988	December 31, 1988
Current Assets		
Cash	\$ 300.00	\$ 475.00
Money owed by Customers	1,500.00	2,816.00
Inventory	980.00	830.00
Savings	<u>772.00</u>	<u>2,200.00</u>
Total Current Assets	\$3,552.00	\$6,321.00
Fixed Assets		
Oven	3,000.00	
Small tools	<u>1,720.00</u>	1,720.00
Less Accumulated depreciation	<380.00>	<122.00>
Total Fixed Assets	4,340.00	1,598.00
Total Assets	7,892.00	7,919.00
DEBTS		
Bank loan	420.00	
Moeny owed to suppliers	<u>570.00</u>	<u>1,292.00</u>
	990.00	1,292.00
NET WORTH	\$6,902.00	\$6,627.00

3.13 PLANNING AND ANALYSIS FOR YOUR BUSINESS

Purpose: To explain the importance of planning in a business.

Training Time: 20 - 30 minutes

3.13.1 TRAINING HINTS

1. Ask the participants, "Why is planning important in your business?" "What can happen if you don't plan?".

2. List on a flip chart the types of plans participants make in their businesses.

SUGGESTED FLIP CHART

Use this chart to list and describe different business plans.

<p>What Types of Plans Do You Need to Make in Your Business?</p> <p>* Marketing Plans</p> <p>* Production Plans</p> <p>* Financial Plans</p>
--

3. Discuss the three different types of plans on page 165. For each type of plan ask a different participant to share their plan and put them on a flip chart.

4. After reading the schedule on page 167, ask a participant to share their schedule for the next week.

3.13.2 SUGGESTED QUESTIONS FOR CHAPTER 13 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page:
1. What is planning?	163
2. What are goals?	163
3. Why do you need to set goals for your business?	163
4. What happens if you don't plan?	163
5. What is a marketing plan?	165
6. How can a marketing plan help you to increase sales?	165
7. Do you need to make production plans for your business? Why?	166
8. What are financial plans?	168
9. Why are financial plans important?	168

SUMMARY

10. How can planning assist your business?
11. What 3 types of plans you should have in your business?
12. When should you start planning for your business?
13. Are there any other questions?

3.14

BUDGETING

Purpose: To explain budgeting and how it can help a business. To provide practice in completing a budget.

Training Time: 40 - 50 minutes

3.14.1

TRAINING HINTS

1. Introduce the exercise by explaining the importance of making a budget. Ask the participants questions about their businesses to help them think ahead.
2. Ask the participants to look at the chart on page 170, explain it as written on page 171. Explain the difference between Direct and Indirect Costs.
3. Ask the participants the questions on pages 172 and 173 if they are presently in business.
4. Review the Budget form on page 174. Have one prepared on a flip chart so you can complete it with the help of the participants using an example familiar to them.
5. Only cover the material on pages 176 - 179 if the participants have a loan, or plan to receive one soon.
6. Pages 179-181 contain a good example of a budget. It is a good exercise for the participants to complete.

3.14.2

SUGGESTED QUESTIONS FOR CHAPTER 14 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page:</u>
1. What kind of a plan is a budget?	169
2. Do you feel it is important to budget? Why?	169
3. What is the difference between direct and indirect costs?	171

4. How can past years' records assist you in planning a budget? 173
5. How will a loan affect your business? 176
6. What is the difference between a short term and long term loan? 177
7. How do interest payments affect profit? 178

SUMMARY

8. How can budgeting affect your business?
9. When would you prepare a budget?
10. How often would you prepare a budget?
11. Any other questions?

3.14.3 BUDGETING CASE STUDY

(Appears on pages 180 - 181 of Operating Manual)

Purpose: To give participants practice in constructing a budget in order to project future profits or losses.

Training Time: 30 - 60 minutes

TRAINING HINTS

1. Use after pages 169 - 179 in Chapter 14 of the Operating Manual.
2. Most effective when solved individually.
3. Procedure - Using information on pages 180 - 181:
 - A. Calculate total projected receipts.
 - B. Calculate total projected payments.
 - C. Subtract total projected payments from total projected receipts to find projected profit or loss.
4. The answer to the exercise is on page 185 of the Operating Manual.
5. Next year's wages to "myself" and to "others" are combined in Yvette's projections.
6. For more information on how to use case studies, see chapter 1 of this manual.

3.15 CASH FLOW PLANNING

Purpose: To learn how to use a budget to prepare a cash flow plan. To understand why a cash flow plan is essential to business management.

Training Time: 30 - 40 minutes

3.15.1 TRAINING HINTS

NOTE: Only present this material if you feel the participants can understand it and apply it to their individual businesses.

1. This exercise should only be taught after Chapter 14 of the operating manual, Budgeting. A cash flow plan is an extension of a budget - broken down by month or week. If you prepared a budget with the participants in the last chapter, use it in this exercise to create a cash flow plan for the same business.
2. Explain how a cash flow plan combines planning and budgeting. The example on page 184 explains this well.
3. Review the cash flow on pages 186 and 187 with the participants.
4. As the participants look at pages 190 and 191, read or explain the material on pages 188 and 189. Explain how the budget on page 185 fits into the cash flow on pages 190 and 191.

3.15.2 SUGGESTED QUESTIONS FOR CHAPTER 15 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer. Page:

- | | |
|--|-----|
| 1. What is a cash flow plan? | 183 |
| 2. How could a cash flow help you? | 184 |
| 3. How often should you complete a cash flow plan? | |

NOTE: Many questions can be asked from the cash flow plan example of pages 190 - 191. **EXAMPLE:** What were the total payments in June?

SUMMARY

4. How will a cash flow plan help your business?
5. Any other questions?

3.16 INCREASING INCOME AND PROFITS

Purpose: To explain different ways that income and profits can be increased in businesses.

Training Time: 30 - 45 minutes

3.16.1 TRAINING HINTS

1. Explain the different variables that can be changed to increase income and profits. Ask the participants "What do you do to increase profits?".
2. On page 195 be sure that the participants understand supply, demand, and competition. Define them in relation to participant businesses.
3. When discussing the costs on pages 196 - 204 discuss the costs that businesses incur. Let them discuss ways in which they can control those costs. Review depreciation and why it's done.
4. On page 204, discuss ways in which they can increase the volume of products they sell. This is discussed in detail in the manual "Marketing Jamaican Small Business Products".
5. Conclude by reviewing ways to increase income and profits. Ask each participant how they plan to increase profit.

3.16.2 SUGGESTED QUESTIONS FOR CHAPTER 16 OF OPERATING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

- | | Page: |
|---|-------|
| 1. How can you increase profit in your business? | 195 |
| 2. If you increase the price of your product or service, how could it affect sales? | 195 |
| 3. How do costs affect the profit of a business? | 196 |
| 4. What costs can you decrease in your business? How? | 196 |
| 5. Is depreciation a cost in your business? | 203 |
| 6. What can you do to sell more of your product or service? | 204 |
| 7. How can record-keeping increase your sales? | |

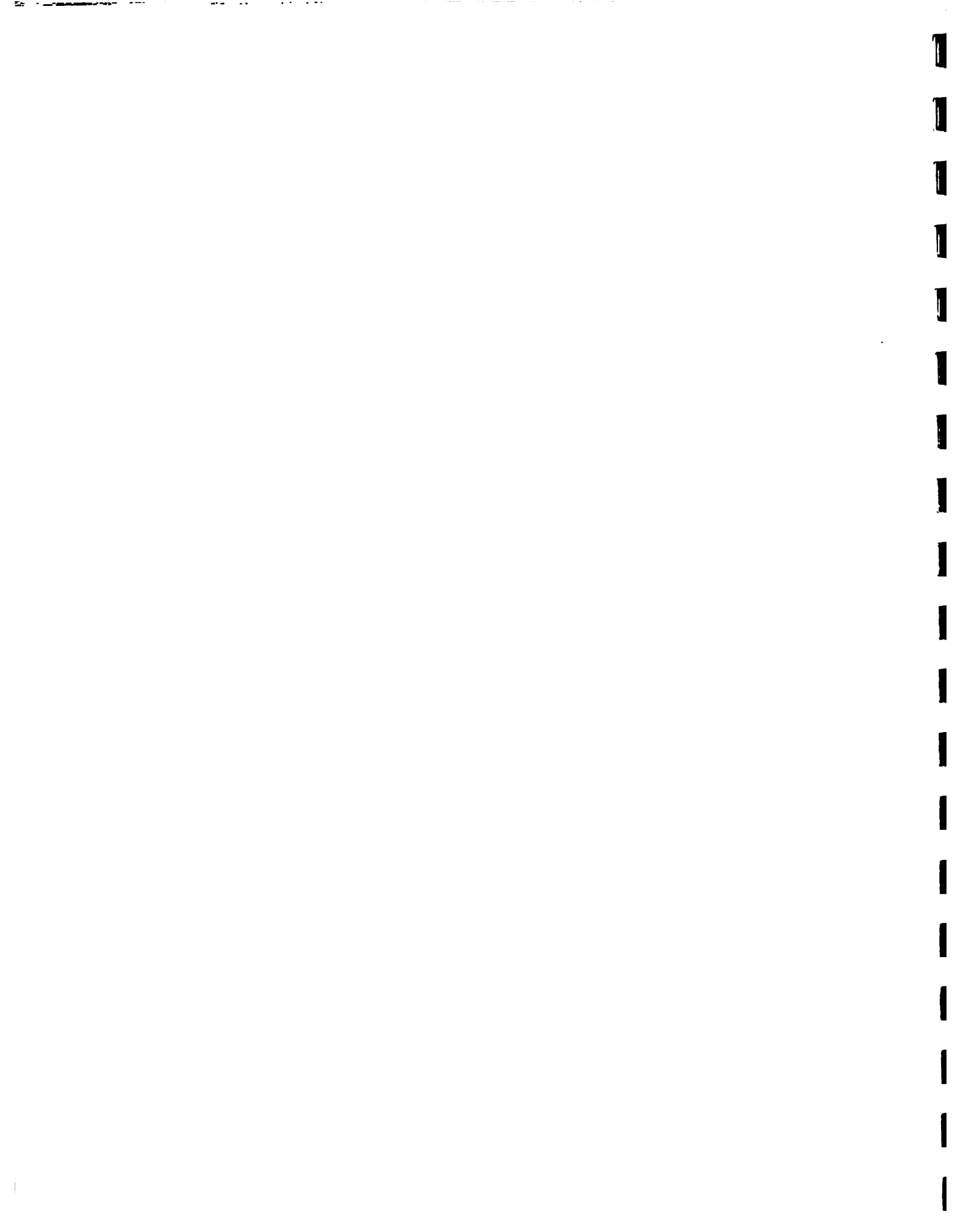
SUMMARY

8. What factors can you change to improve profitability?
9. How will you try to increase income in your business?
10. What have you learned about management that can increase your profits? (Note to trainers: Refer to page 9 for an overview)
11. Do you have any other questions?



TRAINER'S GUIDE FOR "MARKETING SMALL BUSINESS PRODUCTS"

Chapter 4



INTRODUCTION

Some general observations can be made about "Marketing Small Business Products".

As the title suggests, it is a guide, and should be used as such by the participants. There will probably be no need to use all of the material in their business. It will be up to the trainer and participants together to determine what appears to be of greatest use and importance.

The manual is divided into five (5) parts. The first, The Importance of Marketing in Small Business, sets the tone for the manual: It provides an opportunity to develop the questions, ideas, and areas of study that must be addressed in order to construct a market plan. It discusses various marketing problems and techniques that are common to all businesses, large or small.

The remaining four (4) parts deal with marketing in individual business sectors: Manufacturing, Retailing, Farming and Service. Each part begins with a market study, looks at product, distribution, promotion, and pricing strategies, and concludes with efforts toward developing a market plan.

The glossary contains words and phrases that are commonly used in the manual.

4.1 WHAT IS MARKETING?

Purpose: To introduce the concept of marketing, and to ask basic questions that should be considered prior to conducting a market study.

Training Time: 60 - 90 minutes

4.1.1 TRAINING HINTS

1. In preparation for this exercise, it may be helpful to put the chart on page 17 on a flip chart or on the chalkboard so it can be completed as you proceed through pages 11 - 16.

**SUGGESTED
FLIP CHART**

Use this chart to list suggested marketing problems and solutions for each example.

	Where They Went Wrong	How to Improve
Fitzroy		
Desmond		
James & Jessie		
Marcel		
Betty		
Bob		

- To introduce this material to participants Ask them, "What do you think the term marketing means?" before they open their manuals. (This will allow you to keep their attention while allowing them to use their imaginations.) Write their answers on a flip chart or chalkboard. Then ask them to open their manuals to page 7 and begin.
- As you read and discuss the five (5) questions on pages 8 - 10, write the questions on the left side of a flip chart or chalkboard. Leave room on right for participants to answer the questions that relate to their actual or proposed businesses. Use 2 or 3 examples suggested by participants.

SUGGESTED FLIP CHART: Use this chart to outline the marketing aspects of proposed or actual businesses.

	Business #1	Business #2
1. What will I sell?		
2. Who will I sell to?		
3. How much will I sell my product or service for?		
4. How will my product get to consumer?		
5. What can I do to increase sales?		

4. On pages 11-16 there are 6 short scenes that highlight one or more marketing problems. Some of the problems are evident, and others are subtle. Take time with each story to have the participants think about all of the facts given and ask them questions to stimulate discussion of each example. Complete the chart on page 17 using the flip chart or chalkboard as you go through each scene. Ask the participants questions like:

"What is/are the problem(s) here?"
 "What would you do?"
 "How can you avoid this situation?"

5. Conclude this chapter by encouraging the participants to discuss their own marketing problems. List them on a flip chart or chalkboard. Ask the group for possible solutions, and list them next to the problems. Make sure that you stress the importance of asking and answering those five questions. End by asking, "Now what do you think the term marketing means?" Compare their answers with the ones given at the beginning of the session, and help them to realize that the term "Marketing" means more than just selling.

4.1.2 SUGGESTED QUESTIONS FOR CHAPTER 1 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. What is marketing?	7
2. Why is marketing important in small business?	7
3. Why is it important to know your competitors?	10
4. How can you find out what your customers' needs and wants are?	7-11
5. Do you think it is wise to sell on credit?	12
6. What are advantages to buying in bulk?	15

SUMMARY

7. What does marketing mean to you now?
8. What kind of marketing decisions do you need to make in your business?
9. Do you have any questions?

4.2 IMPORTANT ACTIVITIES OF MARKETING

Purpose: To examine in detail basic marketing activities that when honestly approached usually lead to a successful business.

Training Time: 3 - 4 Hours (for all activities)

TRAINING HINTS

Introduce this chapter by reading the first paragraph on page 19. Then ask the participants, "What do you think some of the important marketing activities are?" Write their responses on a flip chart or chalkboard.

SUGGESTED FLIP CHART

Use this chart to outline the important activities of marketing.

Important Activities in Marketing

- * Market Study
- * Getting what you sell to consumers
- * Transporting
- * Storing
- * Packaging & Labelling
- * Quality Control
- * Promoting
- * Pricing
- * Hints on Selling

4.2.1 DOING A MARKET STUDY

Purpose: To provide participants with knowledge of how to conduct a market study for their own business. To help participants realize how important it is for them to conduct a market study prior to investing money in a business.

TRAINING HINTS

1. In preparation for this exercise it would be helpful to put the following on a flip chart or chalkboard:

SUGGESTED FLIP CHART

Use this chart to emphasize the difference between a market study and a market plan.

MARKET STUDY

A study to gather the information needed to create a good market plan.

MARKET PLAN

A plan designed to influence more people to buy more of your product.

2. As you begin this exercise on page 20, look at questions a-g and refer back to the five questions in the beginning of Chapter 1 of the marketing manual. If you still have that flip chart, it may be helpful to put it up.
3. The exercise provides an additional two questions for consideration:
 - a. What will be the demand for my product?
 - b. What are competitors doing?Ask the questions on pages 24 - 25. Ask the participants if they know of any other questions they need to ask.
4. If the participants you work with are already in business, they may answer these questions as you go through the list.
5. Stress the importance of doing continuous market research to keep up with the constantly changing market. Market Study is not merely a one-time exercise done prior to starting a business. After reading and

discussing the paragraph about Fitzroy Coore on page 23, you can see how important a market study is. Have the participants discuss Fitzroy's problem, and have them recommend solutions.

6. Discuss the helpful hints listed on pages 25 - 29, listing them on a flip chart or chalkboard. They should help participants to think about more specifics on how to complete a market study.

SUGGESTED FLIP CHART

Use this chart to emphasize components of a market study.

HELPFUL HINTS TO DO A MARKET STUDY

1. Decide where to go to do a market study.
2. Make as many contacts as possible with potential customers.
3. Prepare samples to "test" your products.
4. Take your order back with you.

7. Conclude this exercise by asking the participants to complete a market study. Review all the questions asked in this exercise and their importance.

If possible, have participants break into groups of like businesses, (3 - 5 in a group) and ask them to develop a list of questions that they would need to answer to enter a proposed business. Stress that you want questions (not answers) and how they would go about finding the answers; (where they would go & who they would talk to). Allow them to work for 30-45 minutes, Have each group choose a spokesman to present their questions and methods of securing answers to the others (5 -10 minutes). Allow everyone to discuss the results and to offer constructive criticism or suggestions. If your participants have not determined what business they plan to start, develop one or more case studies/examples for them to practice on. Sample case studies for this exercise are included at the end of this section.

In summary, be sure to stress the importance of conducting a market study to ensure the start of a successful business.

4.2.2

MARKET STUDY CASES

Introduction: Unlike most case studies, Marketing cases usually don't have a 'right' or 'wrong' answer. In the discussion of marketing cases, the trainer should guide participants toward deciding which solutions make the most sense. They should be able to say WHY they have made a particular choice.

Purpose: To encourage participants to ask market related questions about proposed or existing businesses.

Training Time: 30 - 60 minutes

TRAINING HINTS

1. Use after pages 20 - 29 in Chapter 2 of the Marketing Manual.
2. Most effective when solved in small groups.
3. Procedure:
 - A) Prepare a list of market related questions that need to be answered in order to enter or improve the business in the case.
 - B) Tell how you would go about answering the list of questions.
4. Questions should center on:

Product - What am I selling? How can it be improved and better serve the needs of my customers?

Price - Is my price competitive? Attractive to customers?

Promotion - How can I make my product more attractive to customers? How can I increase customer awareness of my product?

Position/Placement - Who are my customers? How do I reach them?
5. A good way to use these exercises is to break the large group into smaller sub-groups. Ask each sub-group to complete an exercise and present their solution to the large group for discussion.
6. For more information on how to use case studies, see chapter 1 of this manual.

EXERCISES IN DOING MARKETING STUDIES

1. You are a farmer in St. Mary growing bananas and coconuts. You have two acres of land which are not suitable for growing either of these crops and you are thinking about putting in another crop. You have heard that other farmers in the area are growing peppers and getting average to good yields. A factory has recently opened in a town four miles away and is involved in food processing, utilizing peppers in many of their products. You are considering whether or not you should grow peppers too.
2. You have been made redundant from your job in a shoe manufacturing company and you are thinking about going back to the town where you grew up to set up a shoe repair service. You had once worked as an apprentice in a similar type of business in Kingston.
3. You have just left school and can't find a job. You have heard about the Solidarity Programme which gives loans to young people who are unable to find jobs but who are interested in starting their own businesses. You think it would be a good idea to get a solidarity cart and set yourself up selling snacks like hamburgers, hot dogs, sandwiches, drinks, etc., at the corner of a busy intersection in Sam Sharp Square.
4. You are a group of three young ladies from May Pen who have just completed a sewing course. You have noticed that the shops in May Pen do not carry casual day-wear for little girls age 2 - 10 years. You each have a sewing machine of your own and you are thinking of setting up a business making this type of clothing.

EXERCISE

Put together a set of questions which will be the basis of a market study for the type of project you want to start. Indicate how you will go about carrying out the study. Do not create answers to the questions you have compiled. When compiling the list of questions for the study you should ensure that you will be able to research all of the answers needed in order to make decisions on whether your product or service will be marketable.

4.2.3 GETTING WHAT YOU SELL TO CONSUMERS

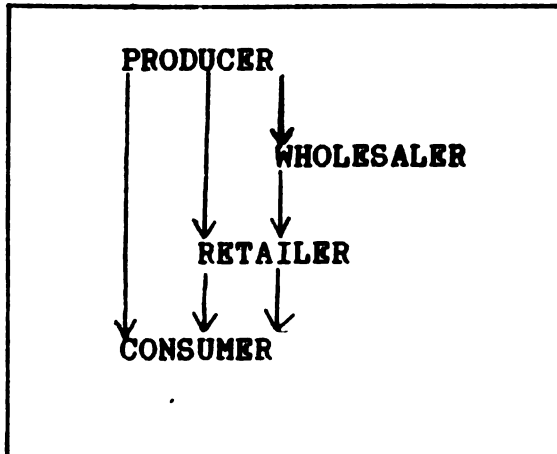
Purpose: To discuss different ways of getting products to the consumer; their advantages and disadvantages.

TRAINING HINTS

1. The exercise may be introduced by asking participants how they get their product or service to the consumer. Make sure they understand the difference between a consumer and a customer. (A consumer uses the product but does not necessarily purchase it. A customer buys the product but does not necessarily use it.)
2. Use the diagram below on a flip chart or chalkboard to explain how different channels of distribution work.

SUGGESTED FLIP CHART

Use this chart to demonstrate the differences and relationships between producers, wholesalers, retailers, and consumers. Ask participants to define each term and to give examples.



3. Ask participants to answer the questions in the manual relating to their own businesses. Be sure to point out that a business can use more than one of these methods of getting products to a consumer.
4. Conclude this exercise by reviewing the advantages and disadvantages of using middle men (retailers and wholesalers). Then ask the participants how they plan to get their product to the consumer in the future.

4.2.4 TRANSPORTING WHAT YOU SELL

Purpose: To discuss the importance of transportation as a marketing activity and to create an awareness of the costs involved.

TRAINING HINTS

1. Introduce this section by asking the participants how they transport (or plan to transport) what they sell. Discuss the different choices, their advantages and disadvantages, and how they affect the price of the product.
2. Use the material in the manual, especially the questions, to lead the discussion and to encourage participation.
3. Read the example on the bottom of page 36. Use the questions on page 37 to discuss it, and the importance of transportation in marketing.
4. Conclude this exercise by asking the participants if they learned any new ideas for transporting what they sell that they can use to improve their business.

4.2.5 STORING WHAT YOU SELL

Purpose: To stress the importance of proper storage and its effect on profits or losses.

TRAINING HINTS

1. Prior to presenting this exercise, determine whether or not storage is a concern to the participants. The text discusses storage in relation to farming and the storage of perishable products. If the participants are in other types of business, think of examples illustrating the importance of storage in other areas.
2. Introduce the exercise by reading the first paragraph on page 38. Continue by either reading the example about Neville and gungo peas, or by giving your own example.
3. Discuss the example, asking questions about problems of storage, and how they can be prevented.
4. Conclude the exercise by asking the participants what they have learned, and how they can apply that knowledge to their own businesses. Stress how storage can affect the quality of a product, and can therefore affect income and profits.

4.2.6 PACKAGING AND LABELLING WHAT YOU SELL

Purpose:

To stress the importance of packaging and labelling marketing products as a promotional tool.

TRAINING HINTS

1. Prepare for this exercise by collecting a variety of products with labels (and some without) to take to class with you. Prior to starting, set the products up in a display.

SUGGESTED FLIP CHART

Use this chart to list participants' suggested components of packages and labels.

PACKAGING AND LABELLING SHOULD CONTAIN:
*
*
*
*
*
*

2. Open this exercise by asking questions:

"Why is it important to package and label what you sell?"

"How can this increase income and profits?"
3. Read and discuss the material in the text, using the samples that you brought to illustrate the importance of having a good package and label. Discuss the strong and weak aspects of different labels.
4. List on a chalkboard or flip chart the different pieces of information included on a label, and why they are important. Emphasize the importance of including the business address on the label so consumers can know where to reorder.
5. In conclusion, choose a product that will be produced by someone in the group, and together design a package and a label.

4.2.7

CONTROLLING QUALITY

Purpose: To help participants understand quality control and how it can benefit a business.

TRAINING HINTS

1. Introduce this exercise by asking participants "What is Quality Control?" "How can it help your business?"
2. Continue by reading page 41. After reading the example about Pat Wade, ask participants the following questions to encourage discussion:
 - "What happened here?"
 - "What could they have done to prevent this?"
 - "What did you learn from this example?"
3. Stress the importance of controlling quality before, during, and after production. Ask participants to give you ideas on how quality can be controlled in their business. Maintaining a consistent quality may be more important than having the highest quality!
4. As they respond, list the suggestions on a flip chart or chalkboard. When they run out of ideas, turn to page 42, and read items 1 - 5 to see if all of those points were covered. List any new ideas on a flip chart.
5. Summarize this exercise by reviewing the importance of quality control and how it can increase income and profits.

4.2.8

PROMOTING WHAT YOU SELL

Purpose: To create an awareness of the different ways of promoting a product or service. To determine how promotion can help a business to grow.

TRAINING HINTS

1. Many participants will have an understanding of what promotion is, but you should stress the importance of knowing the added costs and of being sure that sales will increase to cover those costs.

2. Begin the exercise by asking participants:
 "How will you promote your product?"
 "How much will you spend on promotion?"

3. In order to help participants think about different types of promotion, ask them to look at the picture on the bottom of page 44. List on a flip chart or chalkboard different types of promotion.

SUGGESTED FLIP CHART

Use this chart to list the advantages and disadvantages of each type of promotion.

TYPES OF PROMOTION	ADVANTAGES	DISADVANTAGES
*		
*		
*		
*		
*		

4. Have them read about each type of promotion beginning on page 44 with "Advertising". Have them answer the questions. Discuss the advantages and disadvantages of each type of promotion, listing them on a flip chart or chalkboard.

5. After reading the examples on pages 45 and 47, be sure to stop and have the participants discuss the strengths and weaknesses of the types of promotion illustrated. Ask them what they learned from the examples.

6. In summary, review all of the different types of promotion, their advantages and disadvantages. Review the chart on page 49 and stress the importance of considering all possible ways of reaching customers. Discuss the need to examine benefits and costs. Ask the participants to answer the questions on the bottom of page 49.

4.2.9

PRICING WHAT YOU SELL

Purpose: To make participants aware of factors involved in pricing their product or service such as cost, competition and customer demand.

TRAINING HINTS

1. In introducing this exercise, ask participants about factors that affect the price of their products. Encourage them to discuss things other than the costs of production, such as competition, supply, and demand.
2. List the three factors on top of page 50 on the chalkboard or flip chart.
3. Have the participants read the material about "Costs" on pages 50-56. Emphasize both types of costs as illustrated on the chart on page 51. Stress the fact that anything that is done to market a product costs money and must be considered when determining the selling price.
4. Have the participants answer all of the questions for their own business marketing costs. All of the questions on pages 53 - 56 are meant to help guide participants in thinking about all of the costs involved in different marketing activities.
5. Continue to read and discuss the material on competition and customer demand, and stress the effect that they have on the price of a product or service.
6. After reading the example about Courtney on page 59 have participants answer accompanying questions.
7. In summary, review the importance of considering all three factors in setting a price for a product or service:
 - Costs
 - Competition
 - Customer demand

Ask participants:

"What can happen if you only consider production costs?

..... or only consider competition?

..... or only consider customer demand?

4.2.10 SUGGESTED QUESTIONS FOR CHAPTER 2 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No.</u>
1. What is a market?	21
2. What is a market study?	20
3. When do you do a market study?	20
4. Why is it important to know who your customers will be?	20
5. What different types of markets are there?	21
6. Why should you do a market study?	22
7. How will you find information about your competitors?	24
8. Where should you do your market study?	25
9. How can samples help test your product?	27-28
10. Why should you take your order book with you?	29
11. Who will your consumers be?	30
12. What is the difference between a wholesaler and a retailer?	31-32
13. What are advantages and disadvantages of selling to each?	33
14. Who do you usually sell to?	
15. How do you plan to get your product to the customer?	35
16. How do different methods of transportation affect marketing costs?	36
17. Why is storage important?	38
18. How can storage affect marketing costs?	38
19. How can storage affect the quality of your product?	38

20.	Why is it important to package and label what you sell?	40
21.	How can packaging and labelling increase your profits?	
22.	Do you have a design for your package and label?	40
23.	When does quality control begin?	41
24.	How can you determine what quality your customers are looking for?	41
25.	What does promotion mean?	43
26.	In what ways will you promote your product or service?	43
27.	How much money do you plan to spend on promotion?	48
28.	How will you price your product?	50
29.	What factors affect the price of your product?	50
30.	What is the difference between production and marketing costs?	51
31.	What do you add to cost to determine price?	51
32.	What is a marketing budget?	52
33.	Who are your competitors?	56
34.	How can you justify selling a product at a higher price than a competitor?	58-57
35.	How do supply and demand affect the price of a product?	58

SUMMARY

36. Do you feel it is necessary to do a market study for your business? Why?
37. What are some important activities in marketing?
38. How do these activities affect the marketing costs, and the price of the product?
39. Do you feel ready to begin making a market plan for your business?
40. Do you have any questions?

4.3 HINTS ON PERSONAL SELLING

Purpose: To assure that participants understand the selling process. To help them develop good selling techniques.

Training Time: 40 - 60 minutes

4.3.1 TRAINING HINTS

1. Introduce the exercise by asking the participants to share their experiences in selling: good and bad. Have them discuss how they like to be treated when someone is selling them something.
2. Prior to presenting this chapter, plan to do one or more role-plays. They can be excellent tools for illustration of good and bad selling techniques. Ask for volunteers or assign the roles ahead of time in order to give them an opportunity to prepare. (Read the Role-Playing section in Chapter 1 of this manual for detailed instructions on how to conduct an effective role-play).
3. Have participants propose good sales practices for each sub heading in the chapter: About Yourself, How to Approach Customers, Closing a Sale, and Following up the Sale. Put them on a flip chart or chalkboard. As you discuss each section, list participant suggestions on the flip chart. This exercise usually elicits good participation.

SUGGESTED FLIP CHART:

Use this chart to list appropriate sales practices.

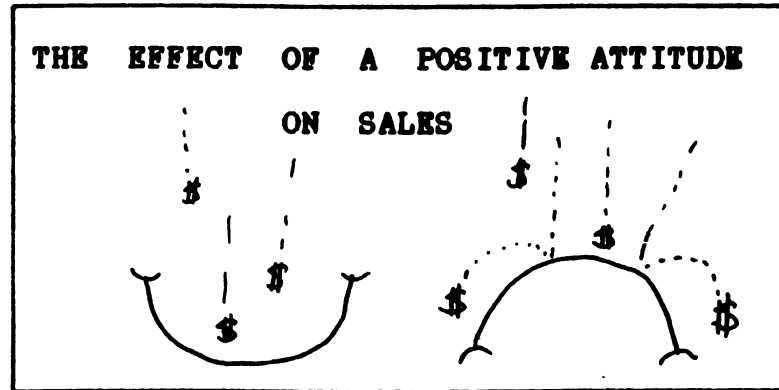
About Yourself	Approaching Customers	Closing Sale	Follow Up the Sale
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*

4. Do role-plays either before or after discussing each section. List the good and bad selling techniques observed on the flip chart or blackboard. Compare them to the ideas listed in the manual.
5. Stress the importance of having a positive attitude for selling: Have the participants imagine \$ falling like rain from the sky. A positive attitude, represented by

a smile, acts as a basin and catches the \$, while a negative attitude, represented by a frown, acts as an umbrella and repels them.

SUGGESTED FLIP CHART

Use this chart to demonstrate the effect of a positive attitude on sales.



6. Conclude the exercise by having the participants discuss the selling techniques that they plan to use with their customers, touching on ideas from all four subjects.

Chapters 4,5,6 and 7 of the Marketing manual deal with the creation of market plans for manufacturing, retailing, farming or service businesses. Although all of the market plans have many similar steps, each is unique enough to demand some individual attention. Present only the parts about the types of businesses relating to the participants.

4.3.2 SUGGESTED QUESTIONS FOR CHAPTER 3 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	<u>Page No:</u>
1. What makes a good salesperson?	61-62
2. How do you like to be treated when you enter a store?	62
3. How would you approach customers in your business?	62-63
4. What does it mean to "close a sale"?	64
5. What would you do if you don't make a sale?; How would you encourage them to return to your shop?	63
6. Why is it important to follow-up on a sale?	67

SUMMARY

7. What will you do in your business to make the customer feel important?
8. Do you have any questions?

4.4 **MARKETING IN MANUFACTURING BUSINESSES**

Purpose: To assist participants to create a comprehensive market plan for a Manufacturing business. To demonstrate the need for a detailed study of every facet that may affect a manufacturing business. To show that each function, from product planning distribution, promotion, and pricing, to the final market plan takes time and a lot of hard work, but is necessary for having a successful business.

Training Time: 60 - 90 minutes

4.4.1 **TRAINING HINTS**

1. Review the relationship between market study and market plan from Chapter 2 of Marketing. All of the important marketing activities plus more specific information on a manufacturing business will now be incorporated into a market plan.
2. Be sure that all participants understand what a manufacturing business is. Ask them to give you examples.
3. When discussing added features, make sure that participants are aware that more features equal more costs. They need to know if customers are willing to spend more money for those added features.
4. In discussing "Plan your Product" on pages 72 - 82, keep participants participating by asking them questions rather than reading the material:

"Why is product planning important?"

"When do you need to do it"

"How can you plan your product?"

Stimulate discussion by asking the participants specific questions that relate to their businesses. If they are just starting a business, take them through the 4 steps listed on bottom of page 73. Have the participants answer the questions under each step in the manual and list them on a flip chart.

SUGGESTED FLIP CHART

Use this chart to list suggestions for planning a product example.

PLANNING YOUR PRODUCT:

- | |
|---|
| <ol style="list-style-type: none"> 1. Searching for product ideas 2. Screening ideas 3. Making the idea a reality 4. Making samples |
|---|

5. Discuss each step and ask participants for specific examples. Have all of the important points highlighted in your manual so you can guide the discussions to cover them without reading all of the material.
6. On page 83, there is an overview of a market study. Ask participants to give you the questions they would ask to investigate the market and to test the market. List them on a flip chart as they ask them. When finished, compare them with the questions in the manual. Congratulate them on doing a good job and encourage participation.
7. In discussing product strategies, ask for examples of each strategy. Encourage participants to answer the questions in the manual. Discuss advantages and disadvantages of each one.
8. Distribution, Promotion and Pricing strategies are all related to the marketing activities discussed in Chapter 2 of Marketing. Have them recall those exercises and read the examples. Have a discussion about Cecile Lowe.
9. In summary, review what a market plan is and read the example on page 106. Use the questions following the example to stimulate discussion.
10. Using the checklist on page 71, assist the participants in constructing a market plan for their manufacturing business. Remind them that Cecile's market plan flowed smoothly because of her attention to all of the factors that affected her business: product planning, distribution, promotion and price.
11. Use a case study to devise a market plan for a manufacturing business, to give the participants some practice. An example is provided at the end of this chapter.

4.4.2 SUGGESTED QUESTIONS FOR CHAPTER 4 OF MARKETING

Below are suggested questions designed to encourage participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. Can you list examples of a manufacturing business?	72
2. What is product planning?	72
3. Why is product planning important?	72
4. Do your customers want added features? If so, will they pay the extra costs?	
5. What are the four steps to planning your product?	73
6. How should you search for a product idea?	74
7. How do you screen product ideas?	75
8. How will you make your idea a reality?	76-78
9. How do raw materials affect the quality of a product?	76-77
10. Will you make samples of your product?	82
11. What is a market study?	83
12. Where will you do your market study?	89
13. How will you identify your customers?	90
14. What does it mean to make a sales forecast?	91
15. What is a product strategy?	93
16. What is a product life cycle? How does it affect sales?	95
17. How do you plan to get your product to the consumer?	98
18. How will you promote what you sell?	101
19. How will you determine the price of your product?	104

SUMMARY

20. What are the four components of a market plan for a manufacturing business?
21. How can a market plan help you to increase sales?
22. Do you have any questions?

4.5 **MARKETING IN A RETAILING BUSINESS**

Purpose: To focus on those areas that are unique to marketing in a retail business. To assist participants to prepare a market plan for a retailing business. To stress the importance of preparing a complete market plan in order to reduce the chance for failure in a business.

Training Time: 45 - 75 minutes

4.5.1 **TRAINING HINTS**

1. Review the relationship between market study and market plan from Chapter 2 of Marketing. All of the important marketing activities plus more specific information on a retailing business will now be incorporated into a market plan.
2. Discuss what a retail business is. Ask participants for examples.
3. As you go through the "Market Study", encourage participants to answer the questions for their own businesses.
4. Read through the example on page 116 about Desmond McKenzie and discuss the market study. Ask the participants if they would have done anything differently.
5. Ask the participants "How do you decide what to sell?" Allow them to answer the questions on page 119 for their own businesses. Stress the importance of being aware of market changes and meeting those changes.
6. Read the example of Oriel Owen and discuss her market opportunities. Ask the participants, "What kind of opportunities should you look for in your retail business?"
7. As you discuss product, price and promotion strategies, use specific examples with which participants are familiar. Ask them questions to keep them involved. Be sure you are very familiar with the material so you can lead good discussions.

8. In summarizing the market plan for a retailing business Read the examples on pages 132 - 135 and encourage participants to discuss those market plans.
9. Review by going over the checklist on page 111. Ask the participants to make a market plan for their own retail business, using the checklist as an outline. Write it on a flip chart.
10. You may help participants to make their own plan, but it may be helpful for them to practice first by doing a case study individually, or in small groups. An example is provided at the end of this chapter.

4.5.2 SUGGESTED QUESTIONS FOR CHAPTER 5 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. Can you list examples of a retail business?	112
2. What is a market study?	113
3. Where should you do a market study?	114
4. Why is it important to do a market study in the area where you plan to do your marketing?	
5. How do you decide what to sell in a retail business?	118
6. What is a product strategy ?	121
7. Why would you ever lower the quality of an existing line of product?	121
8. What is a margin?	124
9. What is the difference between direct and indirect costs?	
10. What is a break even point?	126
11. How will you promote your products?	128

SUMMARY

12. What factors do you need to consider in your market plan?
13. How can a market plan help you to increase sales?
14. Do you have any questions?

4.6 MARKETING IN A FARMING BUSINESS

Purpose: To assist participants to prepare a complete market plan, focusing on areas unique to the farming business.

Training Time: 60 - 90 minutes

4.6.1 TRAINING HINTS

1. Review the relationship between market study and market plan from Chapter 2 of Marketing. All of the important marketing activities plus more specific information on a farming business will now be incorporated into a market plan.
2. Stress the importance of marketing in a farm business, no matter how small it is by asking "What does marketing mean to a farmer?" Write answers on a flip chart. Discuss the illustrations on page 140.
3. Ask: "Why does a farmer have to do a market study?" "What kinds of questions does he have to ask?" Keep the participants very involved by asking them lots of questions in order to cover all of the points, rather than reading the manual. Encourage participants to answer the questions on pages 142 -143 to be sure they understand demand and supply. Give specific examples in all cases to clarify the main points.
4. In considering marketing costs, read the Edwin James example on page 145 and ask the participants questions on the following page. Continue the discussion by asking, "What should Edwin James do in the future?"
5. Prior to presenting the section on "Decide which market channels to use" Draw the following flip chart:

SUGGESTED FLIP CHART

Use this chart to compare the market channels used in the three examples. Discuss their advantages and disadvantages.

	Market Channel	Market Costs
Farmer Gordon		
Victor Campbell		
Neville Brown		

After reading each section, discuss the channels used along with the market costs involved while entering them on the flip chart. Answer any other questions, then ask the participants: "What market channel would you use?" "Why?"

6. In summary, discuss the three points on pages 156 - 157. "Why are they important?"

Review the checklist on page 139 and have the participants use it as an outline for preparing a market for their farming businesses. Start with a case study that you have prepared to give them practice preparing a market plan. A case study is a good way reviewing the material. An example is provided at the end of this chapter.

4.6.2 SUGGESTED QUESTIONS FOR CHAPTER 6 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What does marketing mean to you?	140
2. Do you think marketing is important in farming? Why?	140
3. What is a market study?	141
4. How do demand and supply affect the price of farm products?	142-143
5. Can farmers do anything to affect the price of their products?	143
6. What can farmers do to increase their profits?	144
7. How do farmers plan what to produce?	144
8. What are some marketing costs to farmers?	145
9. What marketing channels are available to farmers?	148
10. What are the disadvantages and advantages of cooperatives?	154
11. What are the advantages and disadvantages of selling through wholesalers and retailers?	155

SUMMARY

12. What factors do you need to consider to make a market plan for your farming business?
13. How can a market plan help you to increase your profits?
14. When do you need to make a market plan?
15. Do you have any questions?

4.7 MARKETING IN SERVICE BUSINESSES

Purpose: To assist participants to prepare a market plan for their service business.

Training Time: 45 - 60 minutes

4.7.1 TRAINING HINTS

1. Review the relationship between market study and market plan from Chapter 2 of Marketing. All of the important marketing activities plus more specific information on a service business will now be incorporated into a market plan.
2. "What is a Service Business?" Ask participants for examples from their community. "What makes them different from a manufacturing, service, or retail business?" Ask participants a lot of questions. This will stimulate discussion and get them to participate. Encourage them to ask questions as well.

NOTE: When discussing a service business, consistently stress the importance of good quality.

3. The example of Franklin Hope is used throughout this exercise. Use it for discussion purposes.
4. Review market study on page 165, and then ask the participants, "What kind of questions would I need to ask to do a market study if I was Franklin Hope?" Write the questions on a flip chart as they are asked. Guide them by encouraging them to ask questions concerning competition and demand. When completed, compare their questions with the ones listed in the manual on pages 165 - 168.
5. Continue the discussion by deciding how you would test the market and by answering questions on pages 168-170.
6. Pricing and promotion strategies are a review of the marketing activities in Chapter 2 of Marketing. Go over them again in relation to a service business, and specifically to Franklin Hope's barbering. Ask the participants to answer the questions and decide if they would work alone, or with Mr. Shelley.
7. In conclusion, review the helpful hints on pages 178 - 179, and ask for volunteers to read each item. Discuss the importance of each suggestion.

8. Using the outline on page 161, ask the participants to prepare a market plan for their own service business. Have them work through a case study all together or in small groups to give them some practice in preparing a market plan. An example is provided at the end of this chapter.

4.7.2 SUGGESTED QUESTIONS FOR CHAPTER 7 OF MARKETING

Below are suggested questions designed to encourage group participation. To the right of each question is the page number where information can be found that may lead to an answer.

	Page No:
1. What are some examples of a service business in your area?	162
2. How does a service business differ from other businesses?	162
3. Why is quality of extreme importance to a service business?	167
4. What is a market study?	165
5. How would you test the market for your service?	169
6. How would you determine the price of your service?	171
7. How does customer demand affect the price of your service?	171
8. How will you promote your service?	174
9. How did Leonie decide to promote her catering service?	176
10. How can record keeping assist you in determining that your benefits are greater than the costs of your promotional strategy?	177

SUMMARY

11. What are some factors that can help you in performing your service well?
12. What do you need to consider when preparing your market plan?
13. How can a market plan assist you with increasing profits?
14. When will you do a market plan?
15. Do you have any questions?

4.8

MARKET PLAN CASE STUDIES

Introduction: Unlike most case studies, Marketing cases usually don't have a 'right' or 'wrong' answer. In the discussion of marketing cases, the trainer should guide participants toward deciding which solutions make the most sense. They should be able to say WHY they have made a particular choice.

Purpose: To provide practice in using information from a completed market study in construction of a business' market plan.

Training Time: 30 - 60 minutes

TRAINING HINTS

1. Use after pages 107 - 109 in the Marketing Manual, Chapter 2.
2. Most effective when solved in small groups.
3. Procedure:
 - A. Determine a plan of action based on the information presented in the case.
 - B. List questions that are not answered by the case that would be helpful in creating a better market plan.
4. Reminder: No market study ever collects ALL of the answers. Often the answers found in a market study lead to still more questions.

MANUFACTURING CASE STUDY # 1 LEROY'S WELDING BUSINESS

Leroy Ford has recently bought the welding business owned by his past employer. He manufactures to order patio furniture, as well as grilles for windows and doors. Customers for whom he does the grille work and makes the furniture are usually referred by previous clients.

At the outset, business was good, averaging sales of \$1,000.00 per week. From this each week, he was able to take home wages of \$200.00 and also leave \$200.00 in the business as profit.

Lately however, sales have fallen and costs have been on the rise. Leroy has only been able to take home half his usual weekly wage and profits have dropped to \$80.00 per week. He has tried to keep costs down, but he realizes that the only way the business can remain viable is to increase his sales, so that profits will be back to the level they were when he started the business. He also wants to take home at least the wage he earned at the outset.

Here's how he compares his Net Income Statements:

	<u>At the Outset</u>	<u>At the Present</u>
<u>Income</u>		
Sales	\$1,000.00	\$ 850.00
<u>Expenses</u>		
Wages to himself	200.00	100.00
Wages to apprentice	65.00	50.00
Materials	305.00	394.00
Electricity	60.00	45.00
Water	15.00	12.00
Transportation	50.00	40.00
Mortgage interest	95.00	95.00
Depreciation	5.00	5.00
Miscellaneous	<u>5.00</u>	<u>9.00</u>
TOTAL EXPENSES	800.00	770.00
PROFIT	200.00	80.00

Exercise:

1. What marketing strategies can Leroy use to improve the performance of his business? Prepare a plan that he can use.
2. List any additional questions that you think he should have answered in his market study.

MANUFACTURING CASE STUDY # 2 SANDALS BY BAKERS

Bridget Baker and her two brothers, Dick and Jerry, have a business making sandals for ladies and men. They work out of their rented house, using two rooms - one for manufacturing the sandals and one to receive customers and display their products. The three of them are amazed at how popular their sandals have become, but realise that they need to have better marketing arrangements.

When they started the business, they made up a number of sandals in different styles, using various colours in leather, so that customers could choose the styles they wished. Soon however, they were making changes to their styles, so they could please the various customers who came to buy from them. This created a number of problems for the trio, among them:

1. Many customers would order sandals, but would never return to pick them up, even though they had paid a small deposit. This meant that there were several unclaimed sandals in various styles and sizes lying around the workshop.
2. It was difficult to quickly cost specially ordered sandals and they soon discovered that the prices they quoted were often not adequate enough to cover costs and profits.
3. They had so many customers coming to order sandals that they had problems meeting their deadlines for delivery.
4. Customers often returned asking them to make minor adjustments, which were sometimes time-consuming. For this they charged nothing extra.

Exercise:

1. Advise Bridget, Dick and Jerry on what they can do to improve the marketing of their sandals and keep their business viable.
2. List any additional questions that you think they should have answered in their market study.

FARMING CASE STUDY - NEW MARKET TOMATO CO-OPERATIVE

Reuben Cummings has just been elected officer-in-charge of marketing for the New Market Tomato Co-operative. He is now reviewing the Co-operative's marketing strategy, so that he can make recommendations to the Co-op's members on new strategies which they can use to earn more income for themselves. At present, the twelve members of the Co-op grow the tomatoes on their individual farms and obtain average yields. At harvest-time, they sell their tomatoes to the Co-op which collects them in the Co-op's pick-up. The tomatoes are taken to a market, several miles away, for sale. Three members of the Co-op usually go along to assist in selling the produce. In the market, there are other people who also sell tomatoes, usually the wives of farmers in surrounding districts. Often the members return to their village with un-sold tomatoes or they are forced to sell them at lowered prices in order to sell them all. There are also two other markets which are in close proximity to the farms of the Co-op members.

One is a large market in a fishing town 25 miles from New Market. The other is in a resort area approximately 30 miles away. His current market is in a town that is 16 miles from New Market. On his visit to the fishing town market, he found that the price and quality of tomatoes there, were very similar to those of the Co-op. Vendors were doing brisk business. He visited the resort town market, where he hardly saw any tomatoes. He asked vendors about this and was often told, "tomatoes finish". The few examples that he saw were of poor quality and were selling for \$2.00 per dozen more than those of the Co-op.

Reuben got an appointment to talk with an exporter in the resort town. When they met, Reuben showed him representative samples of the Co-op's tomatoes. The exporter proceeded to explain to Reuben the standards by which he bought tomatoes and showed him how the Co-op's tomatoes failed to meet those standards. He also said that he only bought tomatoes from December until March. Restaurant owners that Reuben talked to in the same area expressed similar reservations. Customers in the current area expressed no complaints.

EXERCISE:

1. Pretend you are Reuben Cummings. You have to make a report at a meeting of the Co-operative to outline your new marketing plan. What do you suggest?
2. List any additional questions that you think he should have answered in his market study.

RETAILING CASE STUDY - CARLTON BROWN'S STALL

Carlton Brown has a stall selling soft drinks, beer and cigarettes on a main road in Spanish Town. He is currently selling about 150 bottles of soft drinks, 100 bottles of beer and 100 packs of cigarettes each week, making profits of \$150.00 per week, from which he takes his wage.

His wife has just given birth to twin girls and family expenses have increased significantly. He needs to be able to double his profits, so he can take home more money to meet his expenses.

He does a market study and finds that:

1. There are only two stalls located in his market area - a radius of about 1/2 mile - his own and another selling vegetables and fruits.
2. About 300 people pass his stall on foot each day but many more cars pass by his stall.
3. Nine of every ten customers that purchase drinks and/or cigarettes from Carlton are "regulars" that walk past his stall every day.
4. Lots of cars stop at the nearby fruit stand. Carlton thinks it is because cars can see the fruit stand from the road, whereas his stall is partially hidden by a tree.
5. His customers never complain about the price of his drinks.
6. Carlton gets ice from the ice-truck every day so that he can keep the drinks in his cooler very cold.

Exercise:

- A. Make a market plan that Carlton can use to make the additional profit of \$150.00 per week that he needs to meet his expenses.
- B. List any additional questions that you think he should have answered in his market study.

SERVICE CASE STUDY - MAXINE'S SNACK SHOP

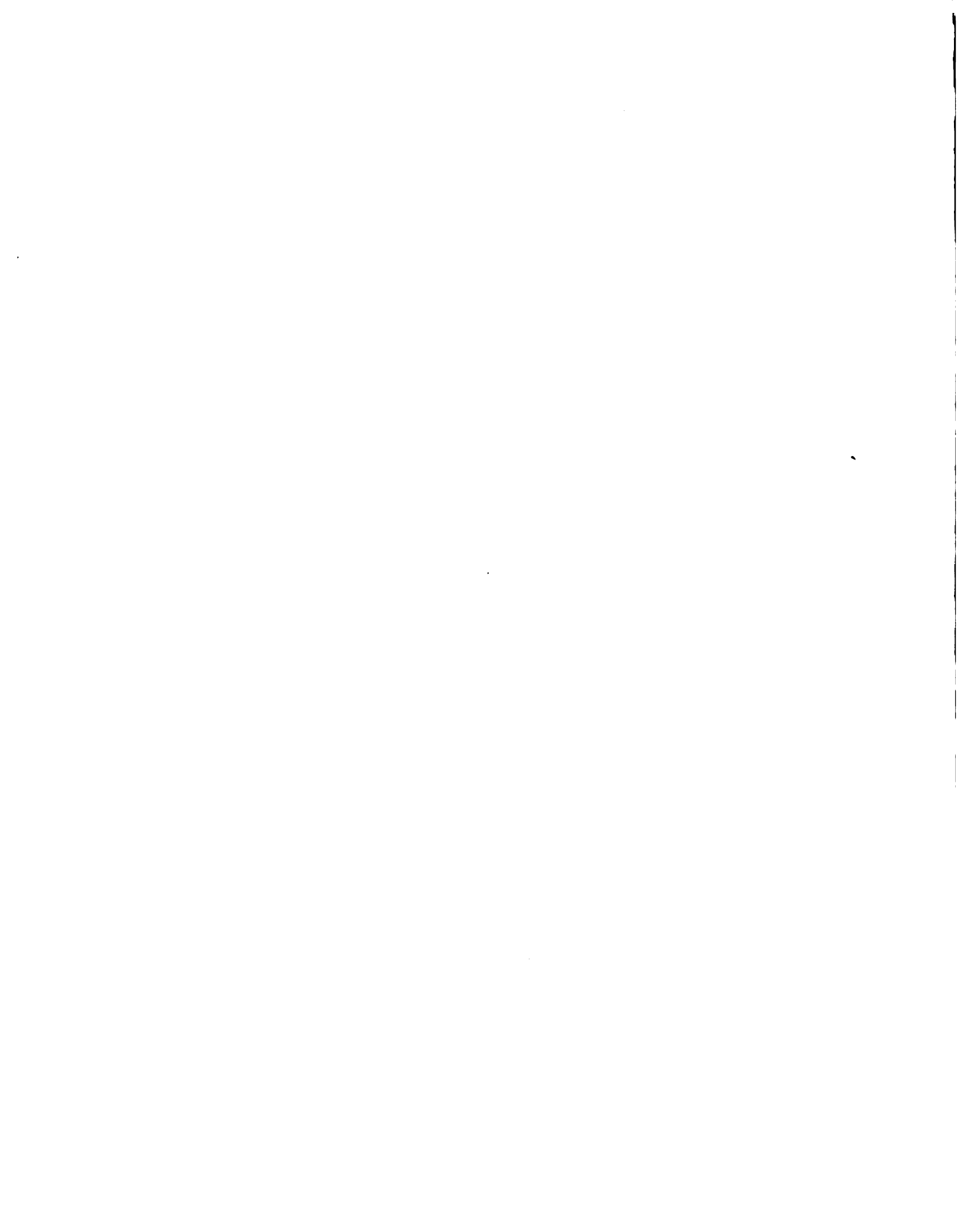
Maxine Black has recently set up an outdoor snack shop in Brown's Town which caters to the students of the Community College nearby. Since the facilities for cooking are inadequate at the shop, she asked some of her friends to prepare lunches in their kitchens at home, which she collects prior to lunch time. Maxine then sells the lunches to the students.

Recently, she has been finding that the number of patrons have been increasing and now she is having a difficult time giving them the quality food and the service on which she prides herself. She also finds that her receipts have increased considerably and that her expenses have increased so much that her profits have remained about the same. She fears that unless she does something soon to give better service and higher quality food, she may lose many of her customers. She does a market study of the area that her customers come from and finds:

1. The two other eating places in the town have had some increases in business but not nearly as much as she has.
2. Her customers like her location.
3. Her customers like the food that she prepares but are indifferent to the food prepared by her friends.
4. The customers like the outside dining area but stay away if it looks like rain.

Exercise:

- A. Make a market plan that will solve Maxine's problem and maximise her profits.
- B. List any additional questions that you think they should have answered in their market study.



Chapter 5.

CONCLUSION

As a small business trainer, you have the opportunity to improve the lives of microentrepreneurs that you train. In order to obtain positive results from your business training, it is necessary to:

Use the adult learning method described in chapter 1 of this manual. Encouraging the group to participate as equals will help them to learn on the descriptive, reflective, and interpretive levels.

Carefully plan your training event. The better prepared you are for training; the smoother the session will run, and the more enjoyable it will be for you to train.

Give the participants as many chances as possible to practice their new skills. Using a variety of exercises such as case studies and role plays will keep them stimulated and interested.

Remember:

I HEAR AND I FORGET.

I SEE AND I REMEMBER.

I DO AND I UNDERSTAND.

Good luck as you share your business training with micro-entrepreneurs. Your efforts will be rewarded as you observe the successes enjoyed by those you serve.

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Harold Folkes Yvette Mason	- 4-H Clubs of Jamaica
Michael Gordon	- Jamaica National Investment Promotion Limited
Edie Gidden Bernice Lawrence	- Ministry of Agriculture
Roderick Riley	- Ministry of Construction
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