



Start Your Business

Module 1: Business Plan (Intro)

January 2021

Module overview

Objectives

- To get to know each other better
- To do a recap of the main learning points from the GYB training
- To learn about the steps in developing a Business Plan
- To get acquainted with a Business Plan format

Materials

- Flipcharts and markers
- Diagram of shoe-making business
- Figure of the 3 elements of a good business idea
- Figure of the Road towards a successful business
- Figure of the Start Your Business training steps
- Figure of the funnel leading to a Business Plan
- Memory game (just any...)
- Business Plan example

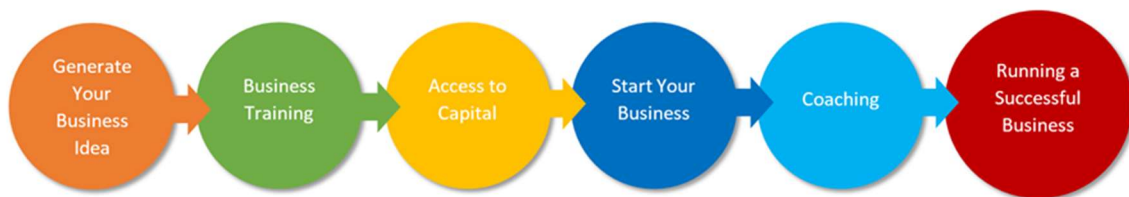
Duration

Element	Duration
Introduction	15 minutes
1. Icebreaker	30 minutes
2. Roadmap towards a successful business (recap)	45 minutes
3. Balancing the business	90 minutes
4. Towards a business plan	45 minutes
Closure	15 minutes
Total	4 hours

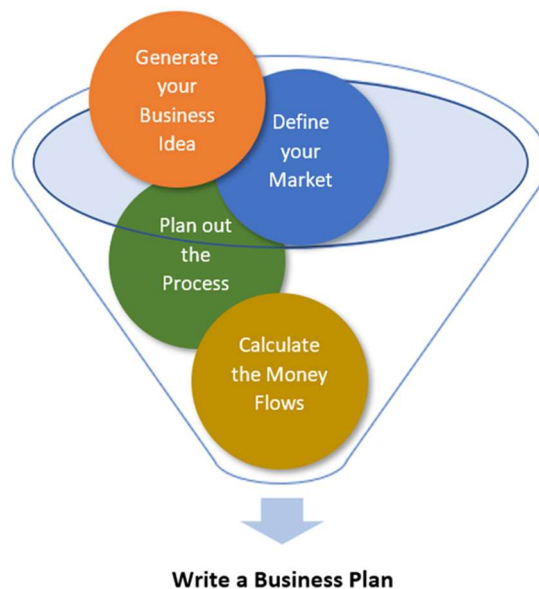
Introduction

- Welcome the participants and make sure everybody feels at ease.
- Introduce the session of today to the participants and go through the objectives of this module.
- Show them schedule of the day, including the breaks.
- Explain the ground rules of the training.
- Make sure that everybody understands how the current module fits within the total picture of the 'Generate Your Business Idea' training (make reference to the below roadmap to a successful business).
- Make sure that everybody understands how the current module fits within the total set-up of the Start Your Business training (see below).

Roadmap to a Successful Business



Elements of the Start Your Business Training



1. Icebreaker

Introduction

Tell students that we are going to do a little game to break the ice and to get to know each other better. For facilitators: you need the Memory Game for this exercise.



Exercise

- Give each student a Memory Game card. Tell them to turn the card around and to let no one else see the picture.
- Tell them that at the count of three they will start looking for the other person with the same Memory card as they have. The first 3 to find each other receive a little prize.
- As soon as they find their pair they will shortly introduce themselves to each other.
- You can repeat this exercise one or two times.

Reflection

Tell them that after this chaotic game we will go into something more structured, which is to look at the Roadmap towards a successful business.

2. Roadmap towards a successful business (recap)

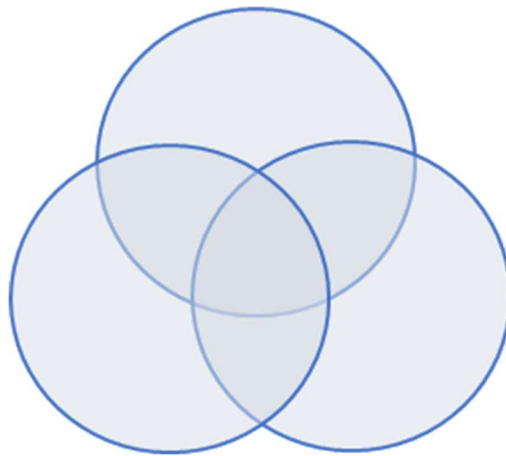
Introduction

Read and explain the first two paragraphs (until ■) of the Theory 'Roadmap to a successful business (recap)'. Tell the students that we are going to do a short recap of the Generate Your Business Idea training.



Exercise

- Draw 3 overlapping circles on a flipchart, as is shown below. Tell students that each circle represents an important element of a good business idea.



- Ask the students if they can remember the 3 elements. Whenever a right answer is given, write the respective element within the circle. After a couple of minutes they should have identified: 1. Needs, 2. Abilities and resources, and 3. Motivation.
- Go through the elements one by one and ask the group why they think this element is important to generate a good business idea. You can always refer back to Module 1 of the GYB training to the Theory about Key elements of a successful business idea.
- Ask them which of the 3 elements is the most important one and why. They should mention "Needs" as the most important one, since without customers you can't have a business. The other elements are also important, but often you can still acquire skills in a certain area and you can also hire in someone who takes over things that

you don't like to do. Ideally you should look for a combination of these 3 elements (point to the intersection of the 3 circles).

- Start a small discussion by asking the students: "Is having a good business idea enough to start your business?. Why yes, why not?".
- Ask the students: "What information would you like to have before you actually start with your business?". Write down the answers on a flipchart. Possible answers can include: number of clients, number of competitors, needed capital to buy equipment and tools, projected costs, revenue and profit, location of the business, potential risks.

Reflection

Tell the students that the GYB training helped students to choose a business idea with a good chance of success (and probably it also helped to filter out bad business ideas). However, it is still not a 100% guarantee that it will be successful. In order to better assess the viability of the business we need to have more detailed information about different issues surrounding the business (refer back to the last question of the exercise). Tell the students that in the rest of the training we will identify which information we need and how we can obtain that information.



Theory: Roadmap to a successful business (recap)



Setting up a business is not difficult, but it is hard work and it does need you to think about things carefully. Once people understand basic business principles and know the different steps involved in setting up and running a business, the chance of success increases significantly. Key steps in this roadmap towards a successful business are shown below:

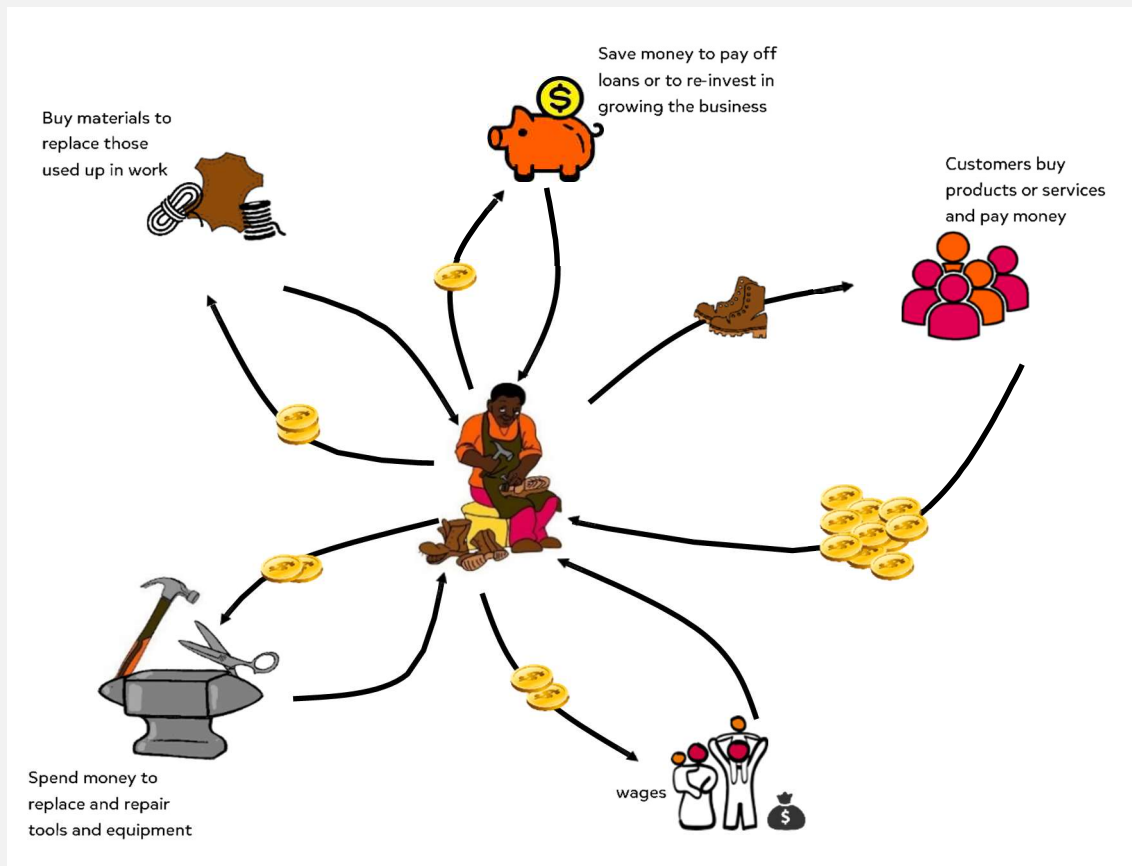
Road to a Successful Business



Most of the participants who follow the current training previously followed the Generate Your Business Idea (GYB) training. During that training they identified a business idea based on a solid analysis and with the potential of generating a sufficient and sustainable income.

- The current training focuses on Step 2 (Developing a Business Plan), and builds further on the knowledge obtained during the GYB training. The main objective is to develop a good quality Business Plan for the business idea previously identified. This Business Plan will identify the goals of the business and provide detailed information about how to achieve those goals (the business strategy) and in which time frame. The Business Plan includes projections of costs, revenue and profits, and of the capital needed to get the business started. A Business Plan is also a good way of telling you if your business is viable, so it will tell you if it is a good idea to continue with Steps 3 to 6.

In the diagram of the shoe-making business several money flows can be identified.



Previously, in the Generate Your Business Idea Training, we learned that these money flows have to be in balance for the business to be profitable and sustainable. During the course of this training, we will have a closer look at these money flows and see how we can make sure that a good balance is reached.

3. Balancing the business

Introduction

Read and explain the last two paragraphs of the Theory 'Roadmap to a successful business' (starting from ■). Point to the shoe-making business and tell the students that during the GYB training the focus was mostly on the right hand loop (Needs) and on the person in the middle (Abilities and resources and Motivation). Tell them that in this training we will expand the focus to the other loops as well, and see how important it is to have a good balance in the different money flows.

Exercise



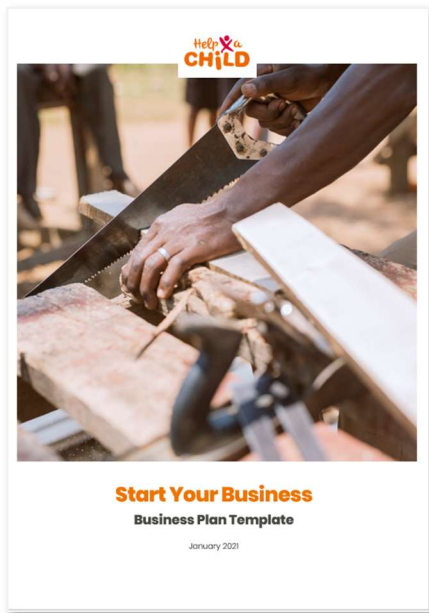
- Put the diagram of the shoe-making business on the wall for everyone to see.
- Quickly go through the different loops and then show an example for a shoe-making business using the following money flows:

- Customers: 40 pair of shoes/month x \$ 10 =	\$ 400/month
- Wages: 25 working days/month x \$ 10 =	\$ 250/month
- Tools and equipment: \$ 240/year =	\$ 20/month
- Materials:	\$ 150/month
- Loans:	\$ 50/month

- Write the money amounts on cards and stick them to the respective loop.
- Ask the students if this business is balanced or not. They should say “no” because the business is making a loss of \$ 70/month. Ask them what could be done to make it balanced? (possible answers include: increase the sales price; increase the number of clients; lower the wages; use cheaper materials; don't replace your tools). Tell them that lowering the wages too much (including your own wage) is not a sustainable solution. Sometimes you can do this temporarily, to overcome a difficult time. But in the long run it should be a fair wage.
- With each solution they give in each loop, ask them what effect it will have on the other loops. For example: increasing the sales price might chase away customers. Using cheaper materials may go at the expense of quality (and customers). If you lower wages your workers may leave you, cheat on you or work less hard. If you buy new and expensive equipment your loan repayment will be higher. Show them with money examples that sometimes, if you are not careful, the end result can even be worse than before. For example: if you raise your price to \$ 15, it may be that half of your customers will go to the competition, and that your income from sales will be less than before (20 pair of shoes/month x \$ 15 = \$ 300/month).
- Students should get an understanding about how the different money flows affect each other and how important it is to have the right balance in their business.

Reflection

Tell the students that one of the main purposes of the training is to learn about the different options that are available to them to balance their business (to make figures add up). Tell them that once they have identified the actions needed to bring balance to their business, they will register these actions in their Business Plan.



4. Towards a business plan

Introduction

Read the theory 'Towards a business plan' together. Tell the students that during the training they will do a number of exercises and that the results will later be used to fill in the Business Plan. Therefore it is important that they don't skip any exercises.

Exercise

- Make groups of 3 people.
- Give each group one Business Plan Template.
- Go through the Business Plan Template together with the students and explain the different sections in it. Show them that the information used in each section comes directly from the exercises of the training.



Reflection

Tell the students that at the end of the training they themselves will also have developed their own Business Plan for the business idea that they have identified.

Theory: Towards a business plan



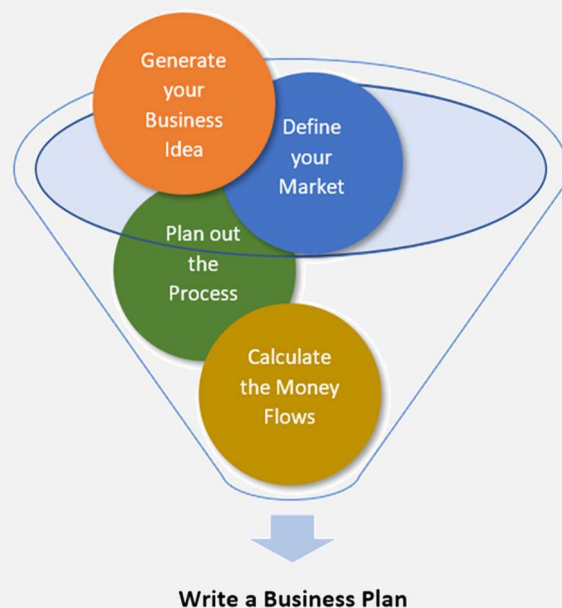
In Exercise 3 we could see that there are different money flows going around in a business (the loops in the shoe-making diagram). The decisions that you take as a business owner will have a direct effect on those money flows, and consequently on the success of your business. Some of the decisions you have to make are for example:

- o How much should you invest in your production capacity? (given the number of customers in your area)
- o Should you buy or hire your equipment?
- o Should you produce cheap/low quality products or should you produce expensive/high quality products?

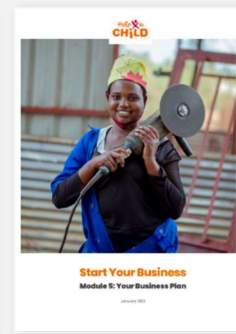
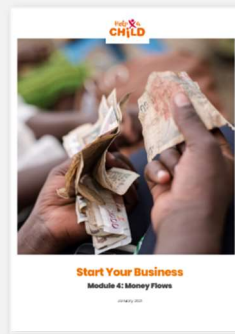
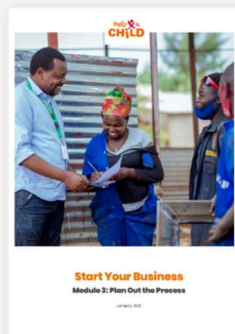
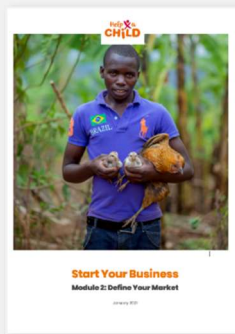
As a business owner you wouldn't want to invest efforts, time and resources only to find out later that - because of a wrong decision - your business failed. Ideally you would like to know beforehand what the expected results of the decisions concerning your business will be.

During the remaining of this training you will learn about tools, methods and techniques that will help you to see and calculate the results of different business decisions that you make. The good thing about this is that you will be able to see on paper the probable result of your actions, before you invest too much time, effort and resources into it in real life. Once you have identified the best option for you, you can develop a Business Plan in which you write down - in an orderly and structured way - what you are going to do, when and how.

The sequence that we use in this training manual towards developing a Business Plan is shown below. The more you progress in this sequence, the more you narrow down the scope of your business.



1. **Generate Your Business Idea Training (module 1-5)** Probably at the start of this training you will already have selected a business idea. If not, you should go through the exercises of the GYB training and try to select a promising business idea.
2. **Start Your Business, module 2: Define your market** In this Module you will define your market, identify your competitors, and calculate your market share. This will already tell you a lot about the viability of your business.
3. **Start Your Business, module 3: Plan your product or service** Once the above information is collected, then the next step is to carefully plan out how you are going to produce your products or deliver your service. In this Module you will follow the whole process from starting up the business until the product or service is delivered to the final customer. During this exercise you will think, among other things, about staff, equipment and tools that you need.
4. **Start Your Business, module 4: Calculate the money flows** With all this information at hand, you can now make your calculations about expected revenues, costs and profits. It is here that you try to make the figures add up (to balance the business). This will usually require making some adjustments in the activities that you previously defined.
5. **Start Your Business, module 5: Write your Business Plan** Once you are able to balance the business, then you can proceed to write down all the required actions in your Business Plan, which will guide you in setting up and running your business.



Closure

Evaluation

Discuss the lesson with the students. What went well, what could have gone better, and what have they learned?

Follow-up

This is the end of module 1 of the 'Start Your Business' training. Continue with module 2: 'Define your Market.'

