

Start-up Loop Handbook for Participants

by the Pro-Poor Growth and Promotion of Employment in Nigeria Programme – SEDIN

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List of Acronyms

4Ps	Product, Price, Place, Promotion
7 Ps	Product, Price, Place, Promotion, People, Process, Physical Evidence
BEP	Break-Even Point
BMC	Business Model Canvas
BP	Business Plan
CAC	Corporate Affairs Commission
CCC	Cash Conversion Cycle
CGT	Capital Gains Tax
CIT	Company Income Tax
Co.	Company
COGS	Cost of Goods Sold (cost of sales)
CV	Curriculum Vitae (resume)
DIO	Days Inventory Outstanding
DSO	Days Sales Outstanding
EBIT	Earning Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortisation
EDT	Education Tax
EPS	Earnings Per Share
FIRS	Federal Inland Revenue Services
GIZ	Gesellschaft für International Zusammenarbeit GmbH
ITO	Integrated Tax Office
LTD	Private Limited Company
MSME(s)	Micro, Small and Medium Enterprise(s)
MVP	Minimum Viable Product
NAFDAC	National Agency for Food and Drug Administration Control
NITDF	National Information Technology Development Fund
O & M	Organisation and Management
PA	Per Annum
PAYE	Pay-As-You-Earn (employee tax)
PEC(s)	Personal Entrepreneurial Competency(ies)

THE SME LOOP

PIT	Personal Income Tax
PLC	Public Limited Company
ROA	Return on Assets
ROI	Return on Investment
ROS	Return on Sales
SBIR	State Board of Internal Revenue
SIRS	State Internal Revenue Service
SME Loop	SME Business Training and Coaching Loop
SME(s)	Small and Medium Enterprise(s)
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SON	Standard Organisation of Nigeria
Start-up Loop	Start-up Business Training and Coaching Loop
SWOT	Strengths, Weaknesses, Opportunities, Threats
TAT	Tax Appeal Tribunal
TCC	Tax Clearance Certificate
TIN	Taxpayer Identification Number
TPC	Total Investment / Project Cost
UVP	Unique Value Proposition
VAT	Value Added Tax
WHT	Withholding Tax




How to Use This Handbook

This Handbook is a guide to the participation in the Start-up Loop Training and Coaching Sessions.

This Start-up Loop Trainee Handbook is for the potential entrepreneurs to use during training and coaching sessions for their exercises and note takings. It guides entrepreneurs through the seven phases of the Start-up Loop.

The Start-up Loop trainers and coaches will facilitate the use of the handbook via group and individual sessions. They will guide the entrepreneurs on how to approach every exercise appropriately. Using the Start-up Loop Handbook ensures achieving the right learning outcomes.

In this handbook, you will find the following:

<ul style="list-style-type: none"> • Boxes summarising the key content of each phase of the Start-up Loop 	
	<ul style="list-style-type: none"> • When you see a person reading and thinking, you will find text with more detailed information about a topic. This text will give you more background and will encourage you to think about the topic. Please read these texts carefully to get a more in-depth understanding of the topics.
	<ul style="list-style-type: none"> • Whenever you see this list, you will find exercises and tasks to do. The handbook will give you detailed instructions on the different steps you should take to complete the exercise.
	<ul style="list-style-type: none"> • When you see this checklist, you will be asked to check your learning experience. The checklist will summarise what you should have completed and learnt by the time you reach that point. Please make sure you can tick every box of the checklist before moving to the next topic or chapter in the handbook.
<ul style="list-style-type: none"> • Learning diaries to help you reflect on your learning experience in important sessions of the loop. Take a few minutes and silently reflect on your experiences. Write down in your own words what you learnt, why it is important, how you will apply it in your business and what additional/other things you would like to learn. Doing this will enrich your learning, help you retain longer and put in perspective what you have learnt. 	
<ul style="list-style-type: none"> • An Excel tool will help you with the calculations for your financial plan. 	
<ul style="list-style-type: none"> • Annexes with further information and reading on the definition of MSMEs in Nigeria, contract guide for MSMEs as well as business registration and tax payment in Nigeria. 	
<ul style="list-style-type: none"> • A glossary containing the definition of important terms and concepts related to business start-up and business planning, as well as a glossary of key terms translated into the 5 major Nigerian languages. 	

Enjoy reading and using the handbook!

Enjoy the Start-up Loop!

The Start-up Loop

The primary objective of Start-up Loop is to guide and support potential entrepreneurs in their business start-ups.

The Start-up Loop is an adaptation of the SME Business Training and Coaching Loop (SME Loop) developed by GIZ for existing or established MSMEs. It was successfully piloted by GIZ in collaboration with 4 organisations in 2018 and scaled up in 2019 in Niger, Plateau and Ogun States.

The Start-up Loop figure below shows the journey of a business start-up from business orientation to business start-up and the supporting provisions in seven different phases of training and coaching.

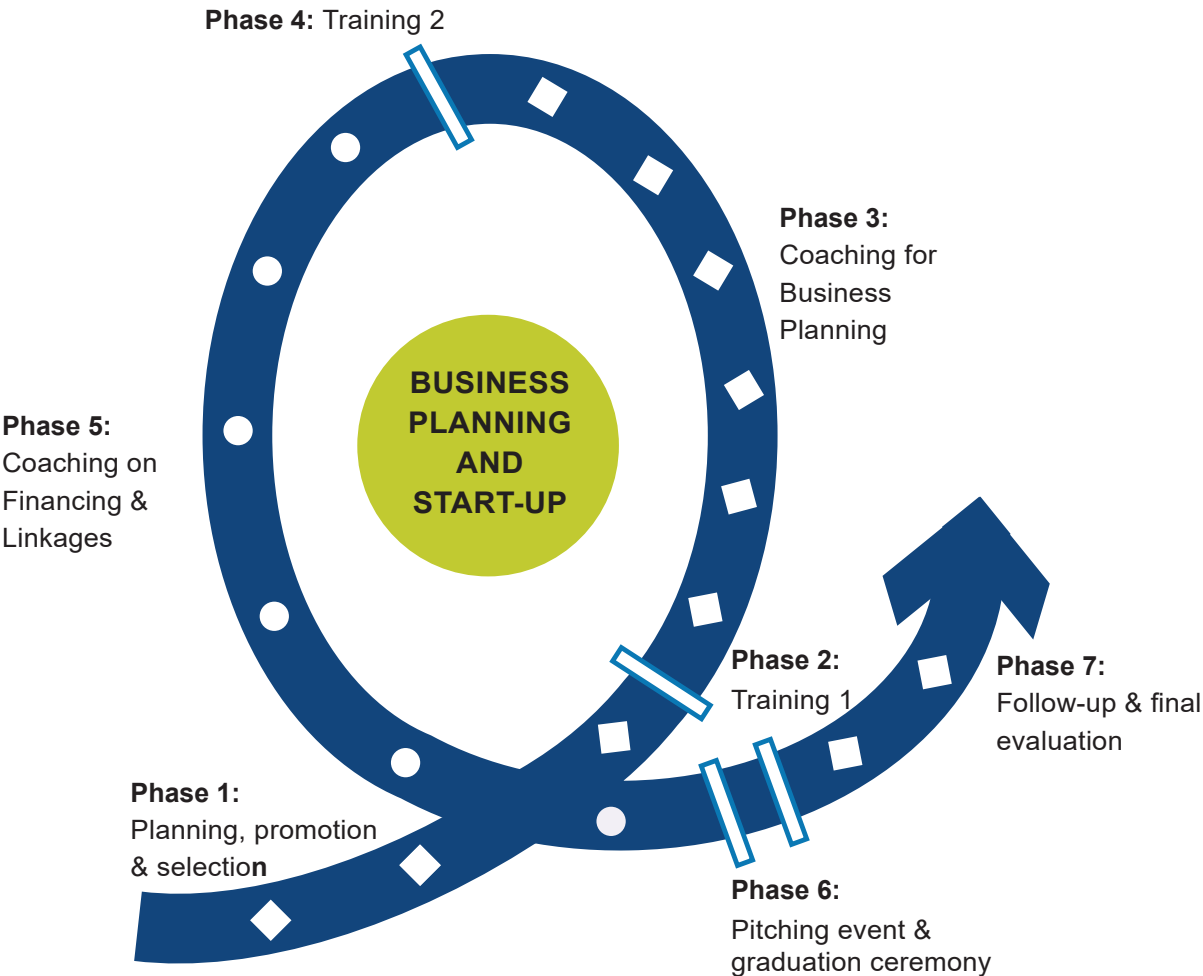


Figure 1: The Start-up Loop

THE START-UP LOOP

The Start-up Loop support starts from orienting potential entrepreneurs towards business, scanning the business environment, preparing business plans, unlocking and enhancing personal entrepreneurial and business management competencies, business plan viability tests, follow-up supports, linkage developments and working on business-critical success factors in the Nigerian context.

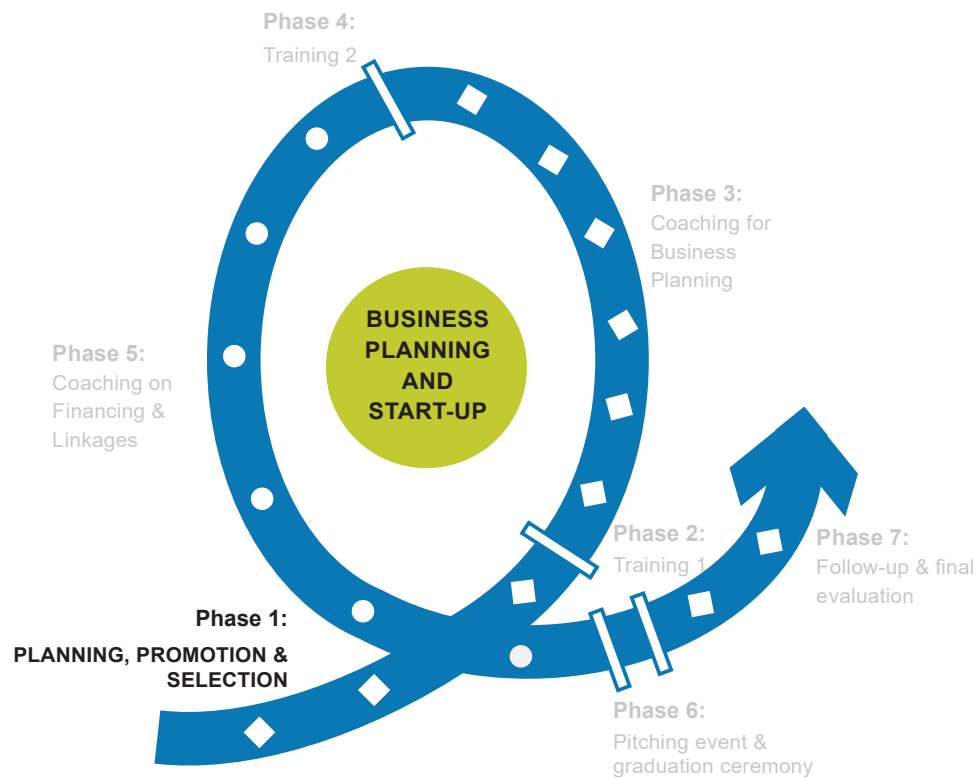
The duration of the Start-up Loop is at least 5 months from the beginning to the graduation ceremony. After the graduation, additional group coaching and mentoring takes place until the final evaluation one year after the start of the Loop.

The Start-up Loop as a methodology combines training and coaching interventions. The trainings are to give business experience in a class room setting to impart learning and competencies while individual or group coaching sessions aim to accelerate the overall process to develop and then implement quality business plans. The Start-up Loop includes two training phases of three days each and a total of seventeen coaching sessions in three phases.

The successful completion of the Start-up Loop guides business start-ups through a process of enhancing entrepreneurial, managerial and other needed competencies and working out the viability of their business and prepare a business plan. Finance and other linkages are developed. The steps of setting up a business are systematically worked on.

PHASE 1:

Business Orientation & Final Selection



Business Orientation Coaching takes place in Phase 1 of the Start-up Loop and leads to the final selection of participants. In three group coaching, potential entrepreneurs and coaches explore their business ideas, related challenges and market potential. Start-up Loop pre-selected participants clarify and canvas their business ideas, assess their suitability and match with the business owner(s) and collect essential information on the market. They also do exercises to stimulate creativity and innovation.

The participants do not have access to their handbook in Phase 1, but will receive working sheets from their coaches.

After completing the business orientation, coachees can assess, develop or modify their initial business ideas into more viable and reasonable business ideas, backed up by the results of a mini market survey.



1.1 Business Idea Testing and Validation

Business orientation is one of the significant elements and essential business success factors for SMEs. Treating the business as a separate entity, understanding the market and the customers are part of business orientation, which is the first step for being innovative and creative. As Participants, you went through three group coaching sessions on business orientation which is also a process for selection of participants of the Start-up Loop.

Starting a business is excitement and enjoyment. New business brings in many challenges. Facing the problems with an open hand can be adventurous but not entrepreneurial.

Business orientation in the Start-up Loop means orienting potential entrepreneurs towards the market while gaining an understanding of future business commitments and demands. It is also about the preparation for detailed business planning.

In the business orientation coaching sessions, potential entrepreneurs will be supported in bringing the business idea out and set paths for canvassing and testing in the real world/market. The group coaching sessions enable the coachees to clarify their business ideas suitability and match with the business owners(s), as well as do an initial viability testing. The coaching ends with canvassing and testing of the business idea and the preparation of a mini-market survey.



- **Part 1:** Think about your business. It can be very vague and at the preliminary stage at the moment. You are going to find out more details at this point. Try to answer these questions and write down whatever comes to your mind. Sometimes you may find it repetitive or unclear. It is normal at this stage.
- **Part 2:** Validate your idea: eliminate impractical ideas and develop promising ones.
- **Part 3:** Assess your Personal Entrepreneurial Skills (PECs).

PART 1

New ideas for product and services are the life blood of all businesses. It takes a creative mind to generate good ideas around problems or opportunities. As Start-Ups you already have your business idea but it is good to know that an idea for a business is only good if it is useful to meet the customers need. The aim is not to find the best business idea but to come forward with the best possible solution the customer needs. A successful business starts with a good business idea and with a vision of what you want to achieve. Ideas are developed from your observation, education, experience, passion, talents and from analyzing competitors' businesses.

Kindly fill the table below

<p>1. What is my business idea?</p> <p>(Describe briefly the idea, type, size and the income potential you see in it)</p>
<p>2. Why have I chosen this idea?</p> <p>(Reason for the idea, problem or opportunity responding to)</p>
<p>3. What vision do I have for my business?</p>
<p>4. How do I want to start the business?</p>
<p>5. Who can be my potential buyers?</p> <p>Personal: Age, sex, life stage, occupation, financial situation, personality, lifestyle, etc.</p> <p>Social: Family, roles, status, reference group (club, religious group), etc.</p> <p>Cultural: Values, perceptions, wants, etc.</p> <p>Psychological: Motivation, perception, learning, beliefs & attitudes, etc.</p>
<p>6. My business name would be/is</p>
<p>7. The location/ planned location of the business is</p>



PART 2: My Business Idea Validation

Here we attempt to identify and develop promising new ideas and eliminate impractical ones. The refined idea is to be tested to determine consumer acceptance leading to a “product-market fit”. A business starter can end up with a right market but offer the wrong product. A right product for the right market will generate adequate sales (and cash) for the enterprise leading to business success.

To minimize market-product fit failures, starters should devote extra time in validating and testing their products and services before fixing a business plan (or even investing their hard-earned money).

The Validation Process

Here are questions to help you validate your business ideas. A “no response” or a half-hearted “yes” could mean that the idea is not worth pursuing or needs more refining.

1. Are you passionate? Committed? Briefly describe your passion for the business

Are you really passionate about the idea? If not, you might either give up too easily or get sidelined in other ideas (or markets), or easily toppled down by the competition. Examine your personal intention, interest and motivation. Could the idea be a mere hobby? A life-style interest? Can you picture yourself with this idea over the next ten years? How will the idea look then? Remember! The business idea should be borne out of a higher calling that goes beyond mere profitability.

2. Who are the buyers?

Sufficient markets (people with the income to buy) needing the product or service must exist. Imagining them in your mind is not sufficient. You need to engage with them. You can have two kinds of segments: individuals and institutional. It is generally easier and cheaper to sell to groups (or institutional) compared with individual buyers. Are the buyers’ entrepreneurs (business to business) or end-

users (individual consumers), low or middle-income earners, young or old, males or females, students or professionals?

3. What do the buyers say?

Having the buyers determined is not sufficient either. Starters need to verify and confirm that these buyer segments will really patronize the product or services, once made available. Talk to people in this segment. You can start a Facebook (or other social media) page and start online conversations. Off line, start with people who are closest to you: family, friends, and colleagues. Check with anyone who can provide honest feedback. Concrete suggestions. In these conversations, always check the specific needs and price points desired.

4. Can you create a Minimum Viable Product (MVP)?

If your business idea has the support of your market segment, consider building a minimum viable product (MVP). This might mean making sample products (a recipe, chemical formulation, a physical representation, a real functional product).

The MVP is a working prototype that starters can give to a small yet diverse group of end-users for testing. The goal is to observe how users are using your prototype and find out if your target buyers will definitely use (and how) what your business will sell.

5. What is your competitive edge? Can you develop your Unique Value Proposition (UVP)?

When validating your idea, don't just focus on your own business. Look also at your competitors. What are they doing and how can you do better? How will you ensure that your market segments won't go somewhere else?

Based on your findings, develop the unique value proposition (UVP) for your business. The UVP will be your competitive edge that allows you to attract and

retain more customers than your competitors. It's what sets your business apart.

6. Are there ways to continuously improve the Market-Product Fit?

After conducting the dialogue with your market segment and competitor analysis, starters should be able to identify possible problems with your business idea early on. Adjust, refine, simplify the idea as necessary. Taking risks is an unavoidable part of your journey as an aspiring starter. So is failing. However, you can avoid their costly consequences. Validate your idea to know if you should go ahead, scrap, or fine-tune it before launching your business.

PART 3: Personal Entrepreneurial Competencies (PECs)

This questionnaire contains 85 sentences.

Read each one and decide which describes you better.

Assess and score yourself on a scale from 1-4:

- (1) never, not at all, (2) sometimes,
 (3) usually and (4) always.

Be honest to yourself. The questionnaire's purpose is to help you make a self-evaluation; it is no test and there is no correct/wrong answer.

No.	PECs Self-assessment	Score
1	I look for things that need to be done.	
2	I like challenges and new opportunities.	
3	When I face a difficult problem, I spend a lot of time trying to find a solution.	
4	When I begin a work or project, I gather all possible information available.	
5	I get upset when things are not done well.	
6	I make a great effort to accomplish my work.	
7	I find ways of doing things faster.	
8	I establish my own goals.	
9	I plan a big job by dividing it into several small tasks.	
10	I think of different solutions to solve the problems.	
11	I tell people when they do not perform as expected.	
12	I feel I will be succeeded in any activity I engage.	
13	I get support by others for my suggestions.	
14	I develop strategies to influence others.	
15	I compare my achievements to my expectations.	
16	I know how much money is necessary to develop my projects or activities.	
17	I listen carefully to any person who talks to me.	
18	I know what needs to be done; I don't need anyone to tell me what to do.	
19	I prefer to accomplish tasks that I dominate and feel safe doing them.	
20	I insist several times to get someone to do what I want.	
21	I search for advice from people who know about the different aspects of my business.	
22	It is important for me to do high quality work.	
23	I work for several hours and make personal sacrifices in order to finish my work in time.	
24	I don't use my time in the best possible way.	
25	I do things without a specific target in mind.	

THE START-UP LOOP

26	I carefully analyse the advantages and disadvantages of the several ways to execute tasks.	
27	I have my mind focused on many projects at the same time.	
28	If I dislike someone's attitude, I tell him/her.	
29	I change my way of thinking if other people strongly disagree with my point of view.	
30	I convince other people of my opinions.	
31	I don't spend a lot of time thinking how to influence other people's ideas.	
32	Regularly I check how far I am from achieving the goals I have set.	
33	I know how much money I can expect in return for my projects.	
34	I get upset when I don't do what I want.	
35	I do things even before it is clear to me how they should be done.	
36	I look for opportunities of doing new things.	
37	When something hinders what I am trying to do, I try to find other ways to accomplish my task.	
38	I often do things without looking for some information concerning the task.	
39	My results at work are better than those from people who work with me.	
40	I do what it takes to have my work done.	
41	I get upset when I waste time.	
42	I do things that help me accomplish my objectives.	
43	I try to anticipate all the problems that might happen and think of what can be done in case any of them take place.	
44	Once I have chosen my solution to a problem, I don't change it.	
45	It is difficult for me to instruct people on what they should do.	
46	When I try something difficult or something that challenges me, I feel confident I will succeed.	
47	I show people I am capable of executing the task they have for me.	
48	I seek important people to help me reach my goals.	
49	I don't know how far I am from achieving my goals.	
50	I don't care for the financial consequences of my acts.	
51	I have failed in the past.	
52	I do things before they become urgent.	
53	I try to find new tasks, different from the ones I have already done.	
54	When I face a great difficulty, I look for other tasks.	
55	When I have to do a job for someone, I ask many questions to be sure that I understood what he/she wants.	
56	When my work is satisfactory, I don't spend more time trying to improve it.	
57	When I am doing something for another person, I make a lot of effort so he/ she is very satisfied with my work.	
58	I seek cheaper ways of doing things.	
59	My goals correspond to what is important for me.	
60	I face problems when they appear instead of anticipating them.	

BUSINESS ORIENTATION & FINAL SELECTION

61	I think of different ways of solving problems.	
62	I show when I disagree with someone.	
63	I do risky things.	
64	I am very persuasive with other people.	
65	When trying to reach my goals, I look for solutions that would be positive for all people involved.	
66	I co-ordinate the performance of people who work with me.	
67	I have good control of my finances.	
68	There have been times when I took advantage of people.	
69	I wait for the orders of someone else, and then I act.	
70	I take advantage from opportunities as they appear.	
71	I try several ways to overcome the obstacles that disturb the accomplishment of my goals.	
72	I look for different sources of information that could help me in my tasks or projects.	
73	I want my business to be the best in the branch.	
74	I don't let my work interfere with my personal life.	
75	Most of the money I use in my project or work is borrowed.	
76	I have a clear vision of where I intend to get in the future.	
77	I have a logical and systematic approach of my activities.	
78	If a way of solving a problem doesn't work out, I try another.	
79	I tell people what they have to do, even if they don't want to do it.	
80	I stick to my decisions, even when other people strongly disagree with me.	
81	I can't change people's opinion, even with my strongest points of view.	
82	I know who is able to help me to reach my objectives.	
83	When I work with a deadline, I check regularly if I will be able to finish my work in time.	
84	My projects include financial information.	
85	I have no problems to recognize something I do not know.	

1.2 Introduction to Business Model Canvas (BMC)



A business model describes the rationale of how an enterprise creates, delivers, and captures value (economic, social, cultural, or other forms of value). Constructing a Business Model Canvas (BMC) is part of the business strategy. It is used to describe and enterprises and explains how other teams and managers can operate within. BMC is a visual template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs. Being visual and flexible, the BMC requires less writing efforts and time but lots of strategic thinking. In general pictures speak louder than words, so please use as much pictures, drawings and images and less text when drafting your BMC. See the sample BMCs on pages 14 and 15 of this handbook.

The 9 BMC building blocks

A typical BMC has nine blocks as described below. Step-by-step, each block is described below:

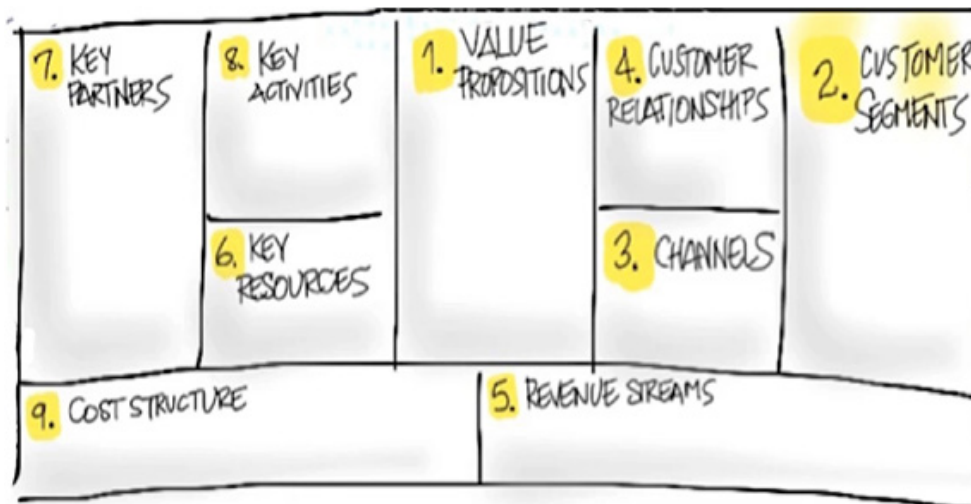


Figure 2: The nine building blocks of the BMC

1. Value Proposition

This is about the core of an SMEs' right to exist, it meets the customer's need. How does this SME distinguish itself from the competition? Is it quantity (e.g., such as price, service, speed and delivery conditions) or quality (such as design, brand status and customer experience and satisfaction)? The key questions are: What is the SME offering the target segments? What is that getting done for them? Do they care?

Some examples of value positions are: newness (smartphones), cost reduction (e-Commerce), performance (tablets, hard drives), customization (T-shirts and jeans), design (Apple, Ikea, etc.), brands/status (Rolex), convenience/usability (food trucks, car share, iTunes), price (supermarkets, special provision stores, mobile banks), risk reduction (service guarantees).

2. Customer Segments

Since SMEs often provide services to more than one customer group, it is sensible to divide them into segments. Specifying the segments clarify their specific needs and requirements and which value they attach to this. Products and services can be better aligned and refined. This will lead to greater customer satisfaction and enhanced value proposition.

To identify segments, ask: Which customers and users are you serving? Which jobs do they really want to get done? Customer groups represent different segments, if: (a) their needs require and justify a distinct offer, (b) they are reached through different distribution channels, (c) they require different types of relationships, (d) they have different profit earning potentials, and (e) they are willing to pay for unique offers. In expanding, SMEs need not stick with only one segment. Customer segments may include:

- Mass market (product fits specific needs of the public in general, e.g. flour, rice, coffee beans)
- Niche market (product is targeted for highly specific needs of unique customer segment, e.g. Louis Vuitton, gluten-free and organic produce)
- Segmented market (a drilled down segment of the segmented markets, e.g. commercial banks, microfinance, rural banks, mobile banks, etc.)
- Diversified market (segments with dissimilar needs and traits can take finely tweaked product, e.g. Amazon)
- Multi-sided platform/market (segments whose customers have relationships with one another, e.g. credit cards, newspapers, eBay, etc.).

3. Channels

This is not just communicating. Today, the purchase location and the delivery of the product and/or services provided are decisive elements. Channels to customers have five different stages: awareness of the product, purchase, delivery, evaluation & satisfaction and after sales. To make good, it is advisable to have off-line (shops) and online (web shops) channels.

Channels cover all the touch points that define the customer experience! SMEs can either own or share channels with key partners. Sharing channels lead to

lower margins with expanded reach and coverage. Owned channels have higher margins and may be costly to build and to operate.

Basic questions include: How does each customer segment want to be reached? Via which interaction or touch points? Some channel examples are: face-to face, telephone, online, on-site, physical delivery (some now can use drones), pick-up, social media and traditional media.

4. Customer Relationships

SMEs MUST interact with its customers. Each customer segment has specific needs. By interacting and learning their needs, SMEs can invest in different segments. What relationships (e.g., personal, automated, acquisitive, retentive) is the SME establishing with each segment? Creating a customer costs a lot of money. It makes sense to maintain them as long as possible. Relationships can either be:

- Personal assistance (an experienced and trained employee can interact with a specific customer segment, providing the human touch during the presale, sale and even after sales services, e.g., car dealership)
- Dedicated personal assistance (a more intimate interaction between the customer and the company by having a dedicated representative to deliver the unique experience, e.g., private banking, spa, hair salon)
- Self-service (equips the customers with the tools to achieve the experience on their own, e.g., grocery and shopping centres)
- Automated services (customized self-service relationships based on historical preferences of the customer, e.g., snacks, sandwich, soft drink and water bottle dispensing machine)
- Communities (using e-communications, SMEs communicate directly to deliver unique customer experiences, e.g., advocacy groups)
- Co-creation (customer has a direct hand in accessing the SMEs' product or service, e.g., Facebook, YouTube and Online reviews).

5. Revenue Streams

In most SMEs, sales are cost drivers. Estimating the streams will provide insight into the SMEs' expanded sales. For example, how many customers does the SME need yearly after the expansion? How much sales can be expected? Then, given the cost structure, how much profit may be expected? How much sales is needed to break even? Are there other revenue sources? A revenue stream can be created via:

- **Asset Sale:** the company sells the right of ownership over the good to the customer.
- **Usage Fee:** the company charges the customer for the use of its product or service.
- **Subscription Fee:** the company charges the customer for the regular and consistent use of its product or service.
- **Lending/Leasing/Renting:** the customer pays to get exclusive access to the product for a time-bound period.
- **Licensing:** the company charges for the use of its intellectual property.
- **Brokerage Fees:** companies or individuals that act as an intermediary between two parties charge a brokerage fee for their services.
- **Advertising:** a company charges for others to advertise their products using their mediums.

6. Key Resources

To perform better, growing SMEs need resources. They can be physical, intellectual, financial or human resources. They may be office equipment, intellectual resources (e.g., knowledge, brands and talents), funding (related to sources of income and people).

7. Key Partners

Creating alliances with partners is important for existing SMEs (more so for start-ups!). For instance, strengthening competitive posture, combining limited funding, increased specialization, among others. Essential information may be acquired by knowing in advance which partners may constitute valuable relationship. Partnerships can either be: (a) strategic alliance between competitors (also known as cooptation), (b) joint ventures, and (c) value chaining between buyers and suppliers.

8. Key activities

By refocusing the core activities, the SME can expand with a redefinition of its real value proposition. It is not just about production, but also about an expanded view of the customers and their needs: a new way to meet the needs, customized services at right quality, a better relationship with existing customers and new ways to relate with new customers. Examine production (e.g., designing, making, and delivering a product/service), problem solving (e.g., creating solutions to ongoing customer problems), and platform/network (e.g., efforts to sustain Key resources).

9. Cost Structure

Knowing all the costs associated with expansion is wise. During the expanded version, specific cost items can increase or decrease. So, both the coach and the coachee should note them as they navigate the BMC's blocks to blocks. Obviously, investments for expansion must sufficiently generate revenues. If not, balance or reduce the assets and operating costs. Common cost structures are: (a) Fixed Costs (costs that remain the same over a period of time), (b) Variable Costs (costs vary according to a variance in production), and (c) Cost of Expansion (additional funding for the expansion).

Have a look at this partially filled BMC and try to answer the questions below.

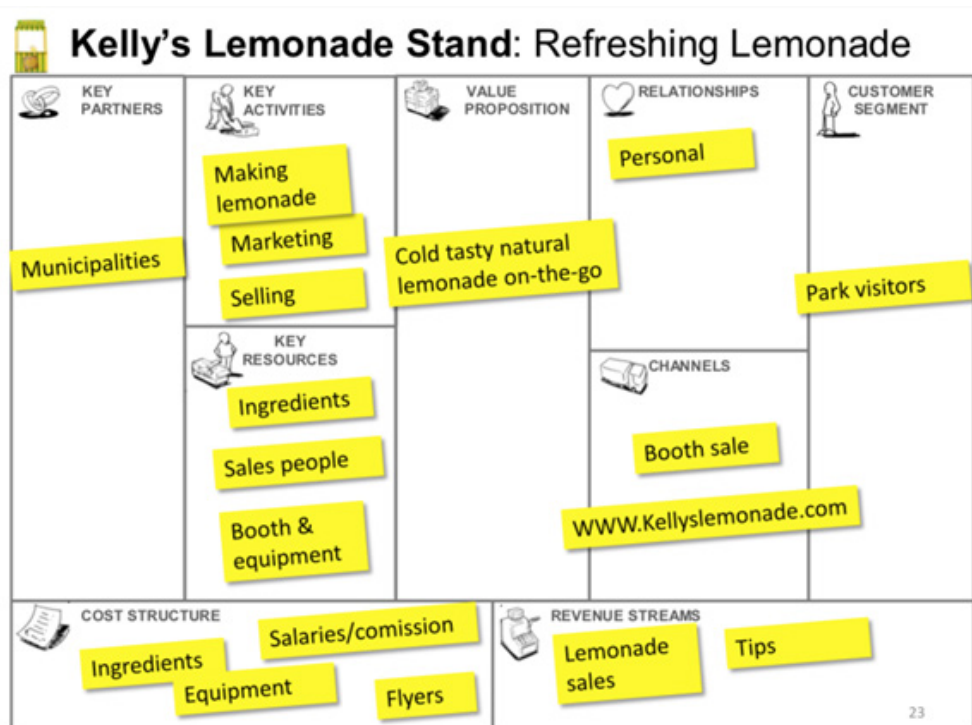
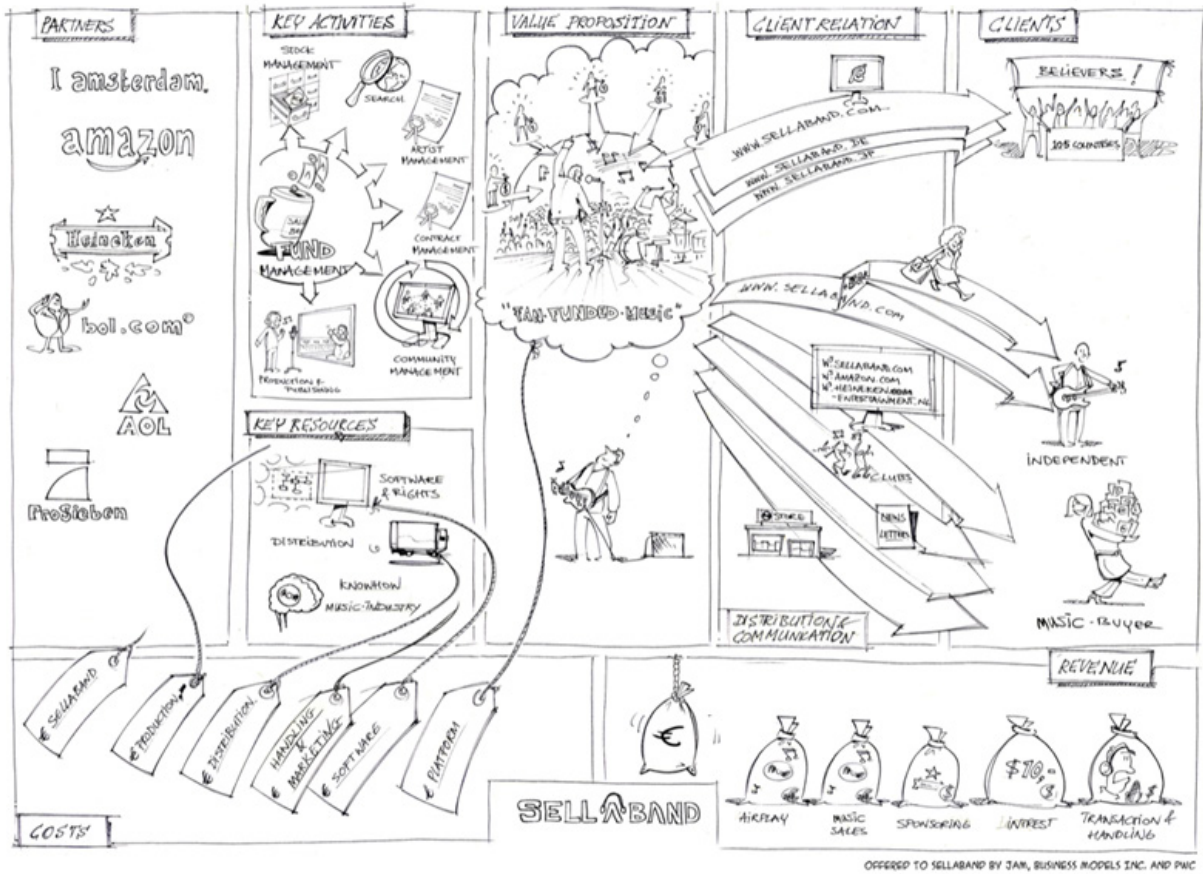


Figure 3: Example of BMC – Kelly's Lemonade



- How are the 9 building blocks related to each other?
- How could these relationships be changed to increase efficiency or effectiveness of the business?
- Can you identify any opportunities for innovations?

Example of a BMC



OFFERED TO SELLABAND BY JAR, BUSINESS MODELS INC. AND PWC

Figure 4: Example of BMC – Sell a Band

The BMC Template

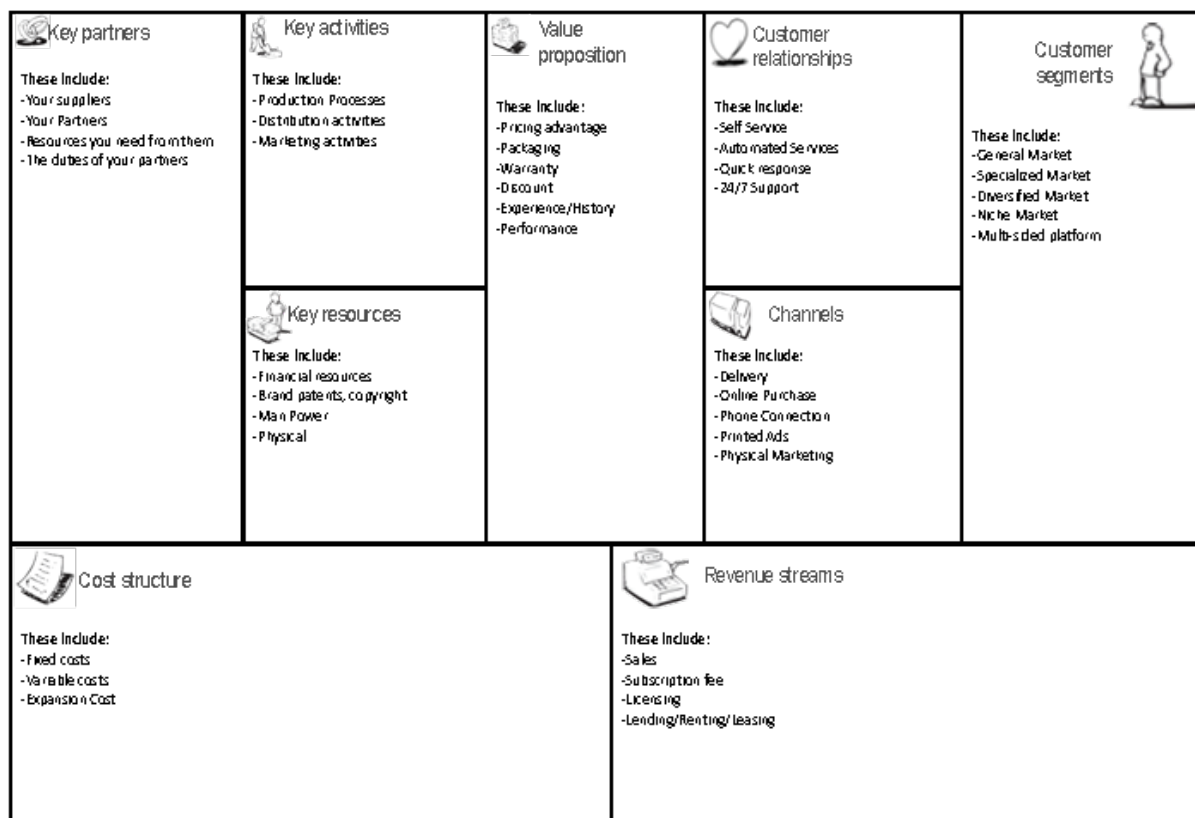


Figure 5: BMC template



- I understand the 9 blocks of the BMC and how they are related to each other
- I can describe my business idea using the 9 blocks of the BMC
- I know which questions I have to answer for my business to develop my BMC further

Developing and Verifying Your Business Model Canvas (BMC)



- Develop a first draft BMC for your business by reflecting and answering the questions under each block. The questions are the same and relevant for start-up businesses just at the idea stage or those that have already begun. Write or draw your ideas into the empty BMC template on page 19.
- Always go back to your BMC draft and add or remove things in the different blocks.

1. To verify your **Value Propositions**, ask yourself:
 - What value do your business deliver to the customer?
 - Which customer needs are you satisfying?
 - Which one of your customer's problems are you helping to solve?
 - What bundles of products and services are you offering to each Customer Segment?

2. To verify your **Customer Segments**, ask yourself:
 - Who are they (Geographic, social and demographic)?
 - Why would they buy your products/services?
 - Who are your most important customers (for example: mass market, niche market, segmented, diversified, and multi-sided platform)?

3. To verify your **Channels** ask yourself:
 - How will the value (products/services) be delivered to the customers (Physical or web/mobile channels)?
 - Which ones work best?
 - Which ones are most cost-efficient?
 - How are you integrating them with customer routines?

4. To verify your **Customer Relationships**, ask yourself:
 - How do you get, keep and grow your customers?
 - What type of relationship does each of your Customer segments expect you to establish and maintain with them? Examples of relationships: dedicated personal assistance, self-service, automated services, communities, co-creation.
 - Which ones have you established?
 - How are they integrated with the rest of your business model?
 - How costly are they?

5. To verify your **Revenue Streams**, ask yourself:
 - How do you make money from each customer segment?
 - For what values are the customer segments really willing to pay?
 - What strategy are you using to capture this value (direct sales, license/subscription fees, freemium model, price-based transaction)?
 - For what do they currently pay?
 - How are they currently paying?
 - How would they prefer to pay?
 - How much does each Revenue Stream contribute to overall revenues?

6. To verify your **Key Resources**, ask yourself:
 - What are the most important assets required to make the business model work?
 - What Key Resources (examples: physical, intellectual (brand patents, copyrights, data), human, financial, etc.) do your Value Propositions require?

7. To verify your **Key Partners**, ask yourself:

Who are your Key Partners (include market and supply chains, if appropriate)?

Who are your key suppliers?

Which Key Resources are you acquiring from your partners?

Which Key Activities do partners perform?

What are the motivations for partnerships: (a) economy and efficiency, (b) risk and uncertainty reduction, (c) acquisition of particular resources and activities

8. To verify your **Key Activities**, ask yourself:

What Key Activities do the Value Propositions require (production, problem solving, supply chain management etc.)?

What is the business actually doing?

9. To verify your **Cost Structure**, ask yourself:

What are the most important costs inherent in the business model?

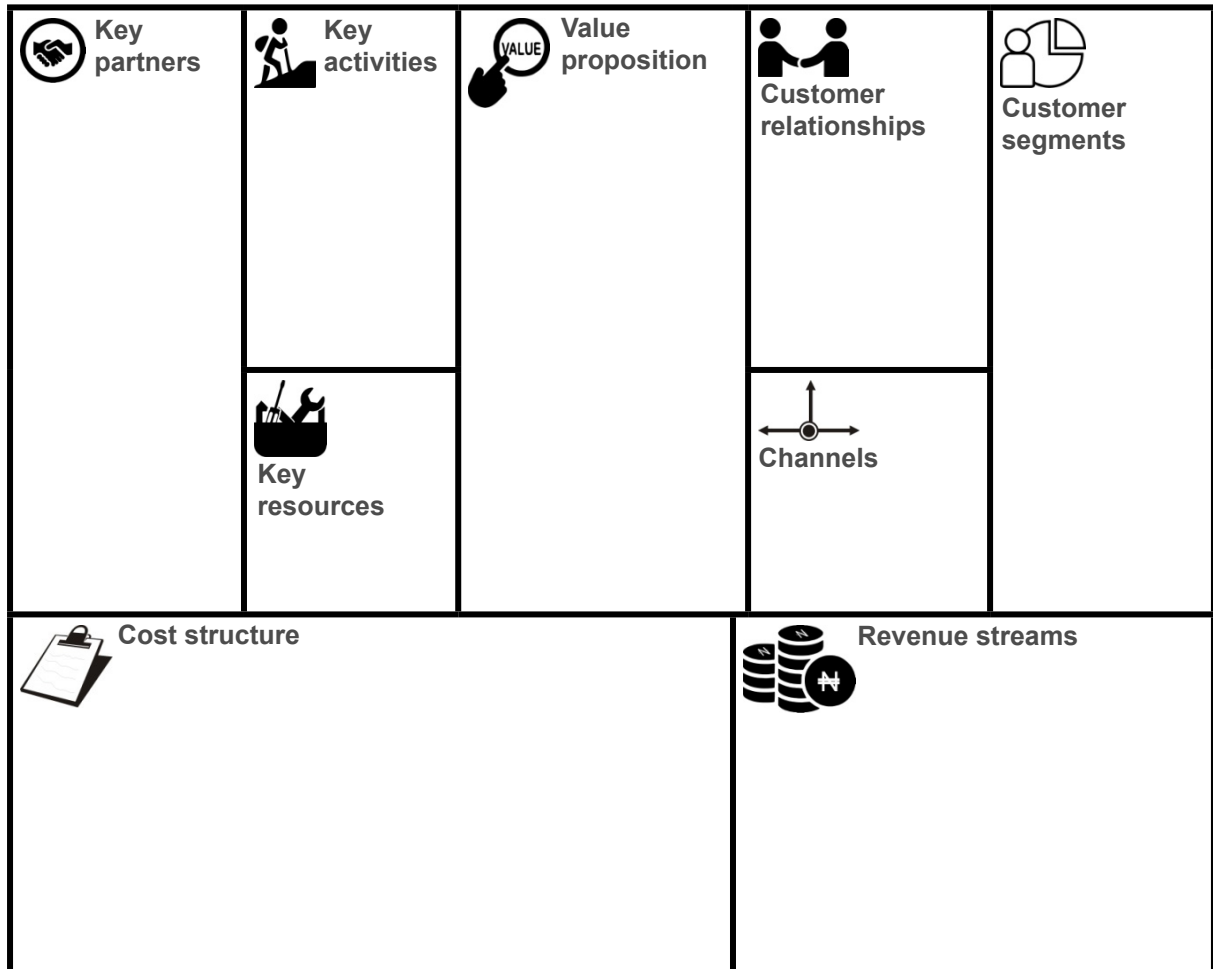
Which Key Resources are most expensive?

Which Key Activities are most expensive?

What are the fixed and variable costs?

Is your business more: (a) cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), OR (b) value driven (focused on value creation, premium value proposition).

Business Model Canvas Template



1.3 The Mini Market Survey



The mini market survey was facilitated during Phase 1: Business Orientation group coaching. You have implemented the research to collect data about your products/ services' features and preferences. The products/services originated from your original business idea you had during phase 1 may be the same, modified or different. (It is possible that you can have a different business idea after your mini market survey completion.)

To make use of the collected data and the experience is necessary to complete the exercise.

Use the tables below to record your findings from the mini-market survey



- 1 Refer to your handouts from the group coaching sessions in Phase 1: Business Orientation.
- 2 Describe the mini market survey you did.
- 3 List the products, services or combination of both you have.
Eg: A restaurant provides meals (products; tangible) and entertainment (services: intangible)
- 4 Describe the findings you got on each of the products or services from the mini market survey. Is there any preference for your products based on the gender of your customers?
- 5 Describe what decisions you took based on the findings from the mini market survey in relation to your business idea and your products and services. How do you want to use them in your business plan? You can come back any time to modify, change and develop the findings and conclusions further.
- 6 You will come back here again when you prepare your Business Marketing Plan (refer to page 37 onwards).

My business Idea / Name:

Description of the mini market survey conducted recently

Describe the mini market survey you have completed here. Please mention the details such as the type and the number of interviewees interviewed, the place of conduct, date, time, etc. using the space given here and your own structure.

BUSINESS ORIENTATION & FINAL SELECTION

Products / Services	Write down all possible features (size, weight, price, duration, packaging, flavour, etc.)	Pick five most important features and list them here	What your customers like the most (price / any features)? Differentiate between male and female customers	Total score / Votes
Product / Service 1		1.		
		2.		
		3.		
		4.		
		5.		
Product / Service 2		1.		
		2.		
		3.		
		4.		
		5.		
Product / Service 3		1.		
		2.		
		3.		
		4.		
		5.		

Note: Add more columns and rows as you need.

THE START-UP LOOP

Products / Services	List the findings related to style, quality, packaging, location, price, after sales service, gender preference, etc.	Derived Decisions
Product / Service 1		1. 2. 3. 4.
Product / Service 2		1. 2. 3. 4.
Product / Service 3		1. 2. 3. 4.

Example: Product A	Price is important	Find out a competitive price
-----------------------	--------------------	------------------------------



- I can describe my business idea with the products or services (or combination of products and services) I want to develop
- I completed my mini market survey. The mini market survey provided information on my products and services that I will use in preparing my business plan
- I understand I can always modify, change and develop the findings further

LEARNING DIARY for PHASE 1

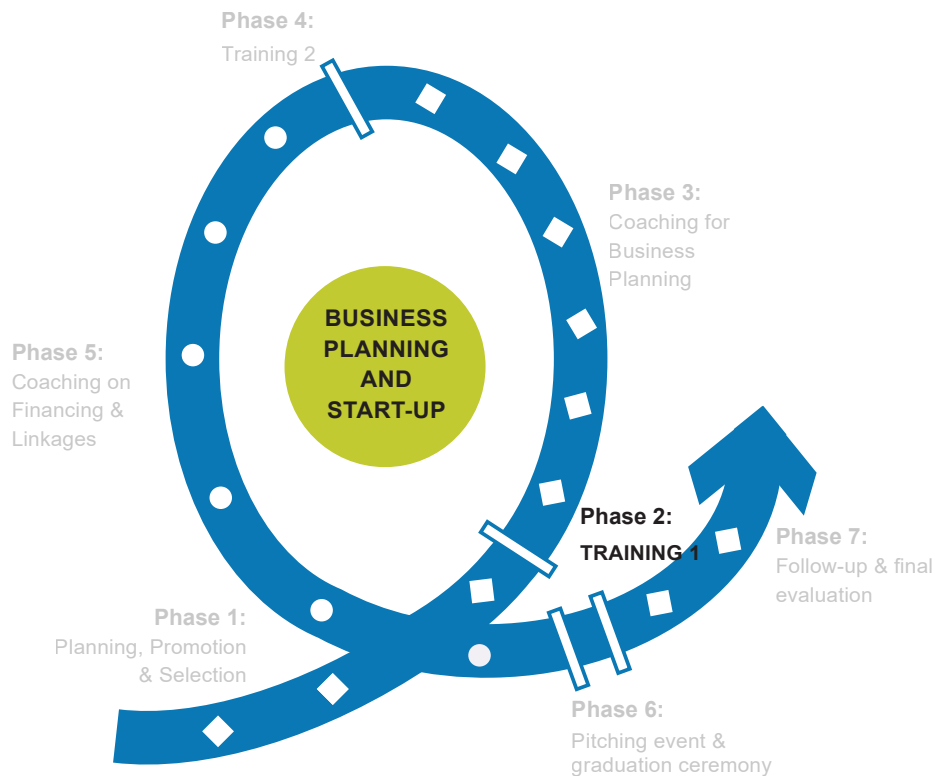


What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

PHASE 2:**Business Management & Planning Training**

The Business Management & Planning Training of the Start-up Loop takes place after the final selection of participants. The Business Management and Planning Training provides participants with the knowledge competencies related to the business planning, business plan preparations for your business idea and business management.

The 3-day training is for those coachees that have expanded business idea(s) and collected market/product data.

In Phase 2, participants will gain marketing, production, organising, financing and business management knowledge and competencies while preparing their business plans.

This phase also provides the essential structure and guidance for Phase 3: Business Planning, group coaching sessions.

Introduction into Business Planning



Let's think about these questions:

1. Can you build a house without a plan?
2. Can an army go to war without a plan?
3. Can a football team play well and win a match without a game plan?

A saying goes thus; "he who fails to plan, plans to fail"

In like manner, your business idea from the mini market survey in Phase 1 cannot grow into a successful business venture without a business plan.

What then is a business plan?

A business plan is an accumulation of information and decisions made during the planning process of a business. It helps you articulate how you are going to seize and execute your great idea. All business enterprises entail risk. Preparing a business plan therefore identifies areas of risk and thus minimising the problems, which will inevitably arise. A business plan is a written tool that helps increase the odds for success. The preparation of a business plan is an essential step in the starting and financing of any enterprise. It is written before starting the business or when an update of certain areas of the business is required.

A Business Plan is:

- A document which spells out the goals and objectives of a business and clearly outlines how and when they will be achieved.
- A structured guideline to achieve a business goal.
- A road map to owning and operating a business.
- A proposal that describes a business opportunity to financing agencies or investors. A discussion paper for possible funding assistance from banks and investors.
- A detailed action programme outlining every conceivable aspect of the proposed business venture.
- It is a record of the entrepreneurs' intentions, the historic background of the project, their reasons for undertaking it; and the different stages of development.
- A medium for informing prospective investors and bankers and also provides a yardstick against which both the management and investors will monitor the success achieved.

Objectives of Business Planning

One can list many things to answer the question 'Why a business plan?'. The following five reasons elaborates the reasons behind planning a business start-up.

1) To Map the Future and to Establish Business Milestones

The challenges a business start-up come across are partly predictable. Being proactive and systematic is one way of facing the business start-up challenges. Preparing business plan is being systematic and proactive.

2) To Support and Secure the Required Business Start-up Finance

Accessing various sources of financing is starting from planning the business in SME Start-up Loop. Here, an entrepreneur calculates the investment and finance requirement which enables the entrepreneur know how much finance the business start-up requires in detail. A business plan helps to communicate clearly with interested parties - investors and creditors especially.

3) To Develop Business Management Competencies and Getting Ready for Start-up

While planning the business in SME Start-up Loop, the entrepreneur learns, improve and enhance business management competencies. Starting and running the business requires business management competencies. While preparing business plans for SME Start-up Loop course, entrepreneurs learn and acquire these necessary skills.

4) To Manage Business Finance and Capital

Sometimes potential entrepreneurs mix up the business finance with household finance. Business financial management is essentially starting from treating the business as a separate entity and keeping accurate records of accounts. Business planning gives the entrepreneur the awareness and strategies to manage the finance and cashflows especially the working capital management.

5) To Grow Steady and Scale up the Business

Planning equips the entrepreneur to respond the changes and succeeds towards future. It helps to identify and put in place precautionary measures that guarantee business success. It provides a basis for comparing company's actual results with planned results in order to investigate variances and take corrective measures.

From BMC to Business Plan

The Business Model Canvas (BMC) and the Business Plan (BP) both describe a business and its operations. Both BMC and BP have similar contents. BMC is a one-pager but most questions from lenders (and investors) must be considered and answered as they are in an elaborate BP.

Both begin with an executive summary and mission statement. The summary is an abbreviated description of what the proposed enterprise does and lays out a plan to make it successful. The summary shares with the readers (investors and other interested parties) a snapshot of the enterprise. A one- or two-sentence mission statement describes the enterprise philosophy.

Name, type, logo, location and starting date make up one BP section. Another section outlines the entrepreneurs' credentials and work experience (résumés). Then, the BP describes the marketing, operation (or technology), organization (and management) and financial targets and how the enterprise proposes to achieve them.

Prospective entrepreneurs needing loans must include a more detailed financial information in the BP. Lenders and potential investors want to know how much funding is needed and why. The BP must also include how the enterprise plan to repay the loan (or even an investment capital).

Business Plan Contents

- Executive Summary
- Marketing Plan
- Production (Technology) and Service Delivery Plan
- Organisation and Management Plan
- Financial Plan
- Annexes

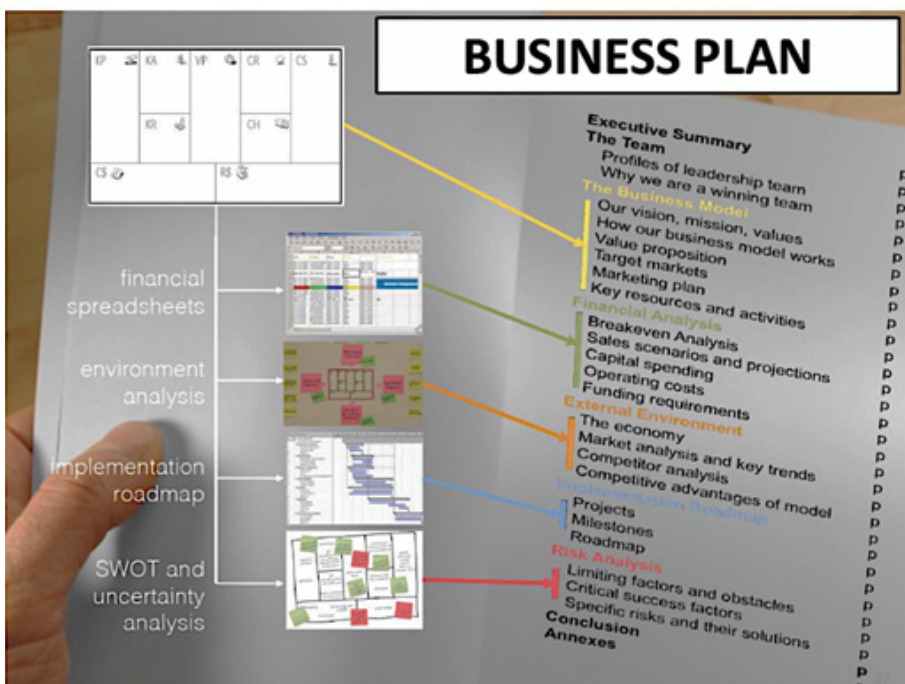


Figure 6: From BMC to business plan

The following table summarises the key links between the BMC blocks and the 4 sections of the business plan:

Business plan components/sections	BMC blocks linked to them
Marketing Plan	Value Propositions, Customer Segments, Customer Relationships, Channels and Revenue Streams
Production and Service Delivery Plan	Key Activities, Key Resources and Value Propositions
Organisation & Management Plan	Key Partners, CV, Competencies, Teams
Financial Plan	Key Resources, Cost Structure and Revenue Streams

- I can explain what a business plan is and why it is important
- I understand the benefits of having a business plan
- I understand and know the social impact of my proposed business
- I understand the link between the BMC and the business plan
- I can use the BMC to validate my business idea, strategy and model before embarking on putting together my business plan
- I can use my BMC to provide key inputs into my business plan

The figure below also summarises the links between the BMC and the business plan:

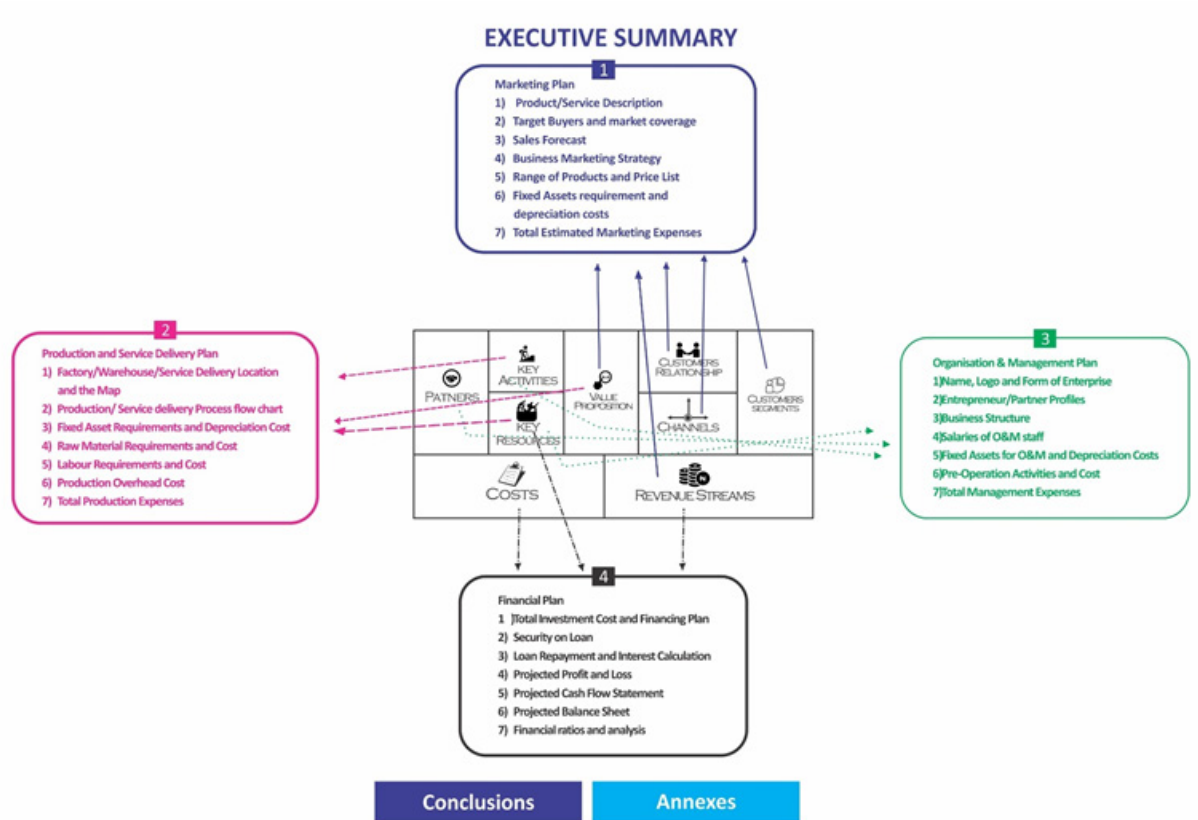


Figure 7: Links between BMC and business plan

2.1 The SWOT Analysis



The SWOT Analysis is a useful tool to assess a business idea and its match to the entrepreneur. SWOT analysis is an acronym for Strengths, Weaknesses, Opportunities and Threats. SWOT Analysis provides a snapshot of the internal environment of the business (under the control of the entrepreneur like strengths and weaknesses) and the external environment affecting the business operations (beyond the power of the entrepreneur like opportunities and threats). It determines whether specific internal or external factors in the environment are favourable or unfavourable. The SWOT Analysis should be included in the business plan (e.g. as annex) to highlight potentials of the business and how they will be harnessed as well as the risks associated and how they will be managed. The SWOT analysis is a living and evolving document. It should be reviewed, updated and modified over time, especially whenever circumstances for the business change. The SWOT offers an excellent way to organize information gathered from market research as well as a simple way of communicating strategy.

Components of SWOT Analysis

Strengths

Strengths are within the control of the entrepreneur and they occur at present!

Strengths should be capitalised and harnessed to make the weaknesses redundant.

Examples:

- Technical expertise
- Good packaging
- Access to cheap raw material

Weaknesses

Weaknesses are within the control of the entrepreneur; they occur at present.

They are “lack of...”, “missing....”, or weak points. Weaknesses should be eliminated as much as possible!

Examples:

- Raw material availability
- Lack of promotion
- Lack of working capital

Opportunities

Opportunities are positive or favourable factors in the environment which the entrepreneur should take advantage of or which make his project idea potentially viable. They are, however, mostly beyond the control of the entrepreneur. They are different from strengths in the sense that strengths are positive internal factors of the business.

Examples:

- Growing demand
- Few and weak competitors
- Scarcity of product in community

Threats

Threats are adverse or unfavourable external factors in the environment and generally beyond the control of the entrepreneur. The purpose of analysing threats is to look for ways of hedging against them, i.e., trying to avoid them or lessening their negative impact by making counterbalancing actions.

Examples:

- Too much competition
- Shortage of raw materials
- Government ban of product

SWOT Analysis Findings and Conclusions Framework



- 1 Start with the internal analysis by looking inside your planned business. What are the Strengths and Weaknesses? Refer to the exercises you did in Phase 1: Business Orientation (go to pages 6 to 22). List them using the SWOT Analysis findings and conclusions framework below.
- 2 Then do the external analysis by looking outside the business. What are the Opportunities and Threats? What are the factors and which actors will be beneficial and adverse to the business? List them.
- 3 Look at the analysis findings. Revisit each finding listed. Modify, explain and restate the findings in relation to your business idea.
- 4 Conclude. Write down a few statements as conclusion. What do the findings mean for your business and your business plan?

THE START-UP LOOP

SWOT	Findings	Conclusion
Internal Analysis		
Strengths		
Weaknesses		
External Analysis		
Opportunities		
Threats		

Example: My new business Nina Beauty Parlour

SWOT	Findings	Conclusion
Internal Analysis		
Strengths	<u>Marketing</u> I understand social media marketing and I operate a personal Facebook account. I have 678 followers.	I will create a Business Facebook page. I have a good number of Facebook followers in my private Facebook account. I can invite all of them to like my new business page. I can post pictures on my business page weekly



- I am aware of the strengths, weaknesses, opportunities and threats related to my business.
- I know how to use the SWOT analysis to proceed with the business planning
- I understand I can revisit the SWOT whenever I find necessary and I need to include more or new details.
- I can use my SWOT to take advantage of potentials of the business as well as manage risk around the business.

LEARNING DIARY for SWOT ANALYSIS



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

2.2 Business Plan

The chapter on business plan preparation contains the following sections:

- I. Business plan contents
- II. Executive Summary
- III. Marketing Plan
- IV. Production and Service Delivery Plan
- V. Organisation and Management Plan
- VI. Financial Plan

Business Plan Content

You can use the list below to check your business plan contents and to know if it is complete:

Executive Summary

Marketing Plan

- 1) Product/Service Description
- 2) Target Buyers and market coverage
- 3) Sales Forecast
- 4) Business Marketing Strategy
- 5) Range of Products and Price List
- 6) Fixed Assets requirement and depreciation costs
- 7) Total Estimated Marketing Expenses

Production and Service Delivery Plan

- 1) Factory/Warehouse/Service Delivery Location and the Map
- 2) Production/ Service delivery Process flow chart
- 3) Fixed Asset Requirements and Depreciation Cost
- 4) Raw Material Requirements and Cost
- 5) Labour Requirements and Cost
- 6) Production Overhead Cost
- 7) Total Production Expenses

Organisation & Management Plan

- 1) Name, Logo and Form of Enterprise
- 2) Entrepreneur/Partner Profiles
- 3) Business Structure
- 4) Salaries of O&M staff
- 5) Fixed Assets for O&M and Depreciation Costs
- 6) Pre- Operation Activities and Cost
- 7) Total Management Expenses

Financial Plan

- 1) Investment Plan (Fixed Assets, Working Capital, Equity, Loan)
- 2) Profit Plan (Sales, Costs, Profit, Tax, Breakeven Costs) including interest payments
- 3) Cash Plan (Cash In, Cash Out, Net Cash Benefits) including loan repayment
- 4) Balance Sheet
- 5) Ratio Analysis
- 6) Security on Loan (Collateral)

Annexes

- 1) SWOT
- 2) BMC



- I understand the basic structure and contents of a business plan.
- I understand I can add or delete elements based on my requirements



Executive Summary

The executive summary of a business plan is an overview. The purpose of the executive summary is to summarise the key points of the business plan for its readers, saving them time and preparing them for upcoming content. An appropriate executive summary provides an overview of a more extended business plan in such a way that readers can rapidly become acquainted with a large body of text without having to read it all. It is good practice to complete the executive summary once the entire business plan is finalised so that all relevant and important aspects of the business plan are captured. This way you can also check and make sure that all information given in the executive summary is correct. Refer to the pages in the business plan if necessary.

Brief Description of the Business

[What is your business name? What products/services you will offer?]

Brief Profile of the Entrepreneur

[Briefly describe your (and partners' if any) background, experience and future plans.]

Summary of the Marketing Plan

[Briefly describe your business target group(s), the marketing strategies (4Ps) & the marketing budget.]

Summary of the Production and Technical Plan

[Briefly describe the production technology, volume, process, personnel and the total production cost.]

Summary of Enterprise Set up and Management Plan

[Briefly describe the form of your business, organization and the total cost.]

Summary of the Financial Plan

[Briefly indicate the total investment, the financing plan, projected profits and other financial highlights of the business.]

Conclusion on the Business

[Conclude your business plan with a statement denoting importance of the business in your life. As the business is a vital part of society, investors would like to know the envisaged impact of the business on the society and what the plans are for social inclusiveness. This can be articulated as an addition to profit that the business hopes to achieve.]



- I understand the concept of the executive summary of my business plan
- I will complete the business plan before writing the final version of the executive summary to make sure all the information given in the executive summary is correct and to give a good and complete overview of my business plan

Marketing Plan



The marketing plan outlines the marketing strategy and tactics employed by a business over a specific period of time. It contains a clear description of the products / services, target markets, sales forecasts, marketing mix and the marketing costs that will be incurred in the process.

Products and services are the offerings of a business to its customers. While products are tangible items, services are usually intangible.

Service industries consist businesses that provide services to customers rather than producing products. It is made up of professions that deliver services, or intangible goods. It includes accounting, education, health care, creative films, painting, construction, plumbing, and hospitality. Training and coaching too. They are hired simply to perform specific and well-defined tasks.

Description of Product(s)/Service(s)



- 1 Use your market survey information and workings you did earlier. Refer to pages 22 to 24 (Section 1.3 Mini market survey)
- 2 List the products and services of your business and describe them in detail. Describe the range of product(s)/service(s) and, if possible, paste a picture with descriptions.] Write the varieties, sizes, shapes, colours and any other special features your product(s)/service(s)

Products/Services	Description
1	
2	
3	

Target Market Segments and Area Coverage



- 1 List the products or services of your business you identified earlier
- 2 To whom do you plan to sell the products /services? Describe the target group(s) in the second column by referring to characteristics such as age group, income group, living area, male or female, family size, etc.
- 3 Where do you plan to sell the products/services? Describe the market area coverage for each product/service. Pick a realistic proximity for area coverage. Name the place

Products/Services	Target Group Description	Market Area Coverage
1		
2		
3		



- I have identified the products or services (or combination of both) of my business and can describe their varying features
- For each of my products and services I know what the target group or target market looks like.
- I know the needs of my male and female customers.
- For each of my products and services I can describe a place or location.

Sales Forecasts



The sales forecast is crucial. The sales forecast decides the rest of the projections. It is important to make realistic assumptions. Take into account the nature of product or service and their returns. You must also determine the unit for quantifying your product or service. Also damages which may occur during storage, sales and marketing need to be considered. For some service industries, you may need to assume a unit, once you do, you have to be consistent with it.

There are two types of service industries. First (**CATEGORY A**), is equipment-based that utilize machinery and other forms of technology to perform what the customers need. Machinery used is operated and monitored by unskilled laborers or even highly skilled technicians. This has a closer outlook to product-based businesses. E.g. telecoms, courier/ logistics, hospitals, etc. Industries in

this category usually sells intangible products e.g. telecoms – data or airtime; courier Logistics, distribution and shipments; Hospitals – healthcare like surgeries, delivery etc.

Second (**CATEGORY B**), are people-based that employ professionals and knowledge they have to deliver the service. Those that provide landscape maintenance, janitorial or security services, accounting firms, doctor’s offices, law firms, creative industry and management consulting firms are examples. Sales here could be in terms of persons per contract, fees per case or consultation, fee per movie or script.



- 1 List your products and services and the related target groups
- 2 For each customer or target group: think about how much you can sell (quantity) per month or season (column 3). You can forecast based on how much you can produce.
- 3 For each customer or target group: think about how many people can buy (number of people) per month or season (column 4). You can use the demand analysis where you will think about how many people would like to buy from you
- 4 Think about and provide your assumptions and reasons behind your sales forecasts.
- 5 To estimate the quantity of sales (volume) per month or season, multiply the numbers contained in column 3 and 4
- 6 To estimate the sales volume per year, convert the sales volume per month or season into a 12-month period. For example: if you have a monthly forecast, multiply by 12 to get the annual forecast.

Product / Service	Target group	How many can you sell per month or season? <i>(one customer at a time and the quantity)</i>	How many people will buy per month or season?	Quantity of sales per month or season	Quantity of forecasted sales per year
1					
2					
3					
TOTAL FORECASTED SALES VOLUME					



- I have the sales forecast in volume or numbers for each product or service
- I identified realistic sales volumes I can meet for the year and for each target group. I know and can explain the assumptions behind my sales forecast.

Business Marketing Strategies



Product strategy: What are the special features? You can focus on quality, branding, packaging, customer service, etc.

Place /Distribution Strategy: How are the products made available to the customers? Explain the major distribution channels.

Promotion Strategy: How to communicate about the products to the targeted buyers? Do they use advertising, personal selling, sales promotion, direct marketing or publicity?

Price Strategy: What is the pricing strategy? Is it demand, cost or competitor-oriented?



- 1 Refer your Market Survey information in section 1.3; pages 20 to 22
- 2 Think about each of your main competitors and list the elements of their marketing strategies
- 3 Think about what this means for your own business marketing strategy and list what your strategy will look like for each of the 4Ps

Marketing Strategy elements	Competitors' Marketing Strategy	My Business Marketing Strategy
Product	1. 2. 3.	
Place (Distribution)	1. 2. 3.	

Promotion	1. 2. 3.	
Price Strategy	1. 2. 3.	



- I understand the elements of a marketing strategy (4Ps and 7Ps)
- I am always up-to-date on the strategies my main competitors are using and think about the implications for my own business marketing strategy
- I am aware I should regularly revisit to verify my strategies.

Range of Products and Price List



- 1 Introduce your range of products/services and their unit price list. Check list of your products and services under your sales forecasts.
- 2 Consider the wholesale and retail prices per unit, possible discounts, promotion pricing, etc. Take the quantities you forecasted and multiply them with the price per unit.
- 3 Calculate your total sales per year: the total is your sales forecast in Naira. Total Sales Value should tally with the Total sales Forecast
- 4 This is the figure you carry forward to your production/ service delivery plan. Can you produce this volume of products or services in a year?

Products or services	Unit per season or month	Price per unit	Total Sales (in Units per Year)	Total Sales (Money Value per year)
Total Sales Forecast for the first year <i>[To be Carried forward to the Forecasted Profit and Loss Statement - 4.5. The financial plan]</i>				



- I know the marketing fixed assets I use for business marketing purposes
- I can estimate the depreciation for marketing fixed assets

The Total Marketing Expenses



- 1 What expenses do you envisage to incur on your marketing efforts for the next year? For example, what will be the cost of sales personnel, and other overheads such as promotion, rent, electricity, etc.?
- 2 List the costs and numbers per month or period
- 3 Calculate the total marketing expenses for each category per year

Expenses		Costs per unit / month / period	Number of unit / month / period	Total for the year (in Naira)
	Salaries of Marketing Personnel			
2.	Promotion /Advertisement cost			
3.	Marketing Commissions and others			
4.	Marketing Overheads			
5.	Depreciation (Marketing Assets) Cost [From Table 6].]			
6.	Others,list them here.			
Total Marketing Expenses for one year				
<i>[To be carried forward to Profit & Loss Statement in Financial Plan, p.65]</i>				



- I have the following figures
 - Total Sales Forecast for the year in unit quantity and in Naira
 - Total value of the marketing fixed assets
 - Total depreciation for the marketing fixed assets
 - Total Marketing Expenses including the marketing fixed assets depreciation

LEARNING DIARY for MARKETING PLAN



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

IV Production / Service Delivery Plan



Creating value for products and services

“A product is creative when it is (a) novel and (b) appropriate. A novel product is original not predictable. The bigger the concept, and the more the product stimulates further work and ideas, the more the product is creative.”

—Sternberg & Lubart, *Defying the Crowd*

From Ideas to Products

Nowadays, there are so many products or services. There are those mostly nature-made that includes agriculture, commodities, and other objects. Man-made products include objects, manufactured or processed items, events (e.g., entertainment, exhibitions, trade fairs, costume design, restaurateur, etc.), services (as in business advice, motor repairs, printing, promotion, marketing, talent search, accounting, training, etc.) and electronic products (as in computer programs, websites, e-Books, e-Learning, etc.). Each have their own features, properties, delivery channels and image perceptions by the customers or users. Starters can tinker with the product's features and properties. They can examine:

1. **Product cycle.** All products go through a cycle of launch, growth, maturation and decay. For any product, starters should know the cycle a product is in. Then decide if the scope of the innovations needed. This is particularly true with staple foods, agriculture products, and other commodities, the markets of which may have either expanded or contracted by changing demography, price points, distribution, and lifestyles, e.g. cocooning (staying at home for work, fun, and learning), online, texting than face-to-face, etc.
2. **Development.** Most starters do not give sufficient time to ripen a new product that may need to go through a series of development stages:
 - **Idea Stage.** This identifies promising new ideas and eliminates impractical ones. Must determine the need for the new idea and its value to the startup.
 - **Concept Stage.** The refined idea is tested to determine consumer acceptance. Engage with the potential buyers, have a dialogue, zero-in on what are the real (not perceive) needs.
 - **Prototype Stage.** Having the consumers' reaction, review the market, price points, frequency of repeat purchases, preference intensity and strength of the competition, transform the needs into functional prototypes.
 - **Test Stage.** With an almost real and functional prototypes, test the market acceptance. More refinements might be needed in this stage. Or the customer segments might be changed or redefined. Customer acceptance can yield the actual costs and sales.

3. **Compatible skills.** The product must align with the starters' competencies in management, technology (processes, machinery, tools), and passion. Even if skills and talents may be obtained, it is still essential for the starters to have a broad know-how and awareness on how to make, deliver, and respond to the customers' needs at the right quantity, costs, time and quality.
4. **Ethics.** Concerns regarding ethics and ethical behaviour when dealing with competition, compliance with FDA regulations, NAFDAC, SON, legalisation, and others.

Adding Values

Developing any product or service needs money, materials, labor, time, and information. Eventually, the goal is to provide the greatest amount of value to customers while utilizing the least amount of resources. It is anything for which the customer would be willing to pay. Anything beyond this point is an additional burden to the customer.

There are three types of product values: core, complementary and non-value adding.

1. **Core Values.** What the customers pay for, no more no less. Solutions to their needs or, stated another way, they receive benefits. For customers, benefits drive their purchase decisions. Core values start the development of the product offer. Decisions on the core values will affect the key activities of process that the enterprise will install.
2. **Add-on Values.** These do not belong to the core values but are necessary to make the product or service purchases happen. Bundled services fall into this category. Providing bags for example to carry the product. These values use resources, so starters want to reduce the amount when possible. Add-on product features, branding, packaging, labeling, receiving free tire rotation for the life of the tires, and more may be part of these values. Other add-ons that may be added are:
 - **Packaging, Labels and Design.** Starters can add value to a product or service by improving or simplifying these features and tightening the alignment with what customers expect. Consider adding desirable packages, purchasing levels and a series of added benefits that are significant in value and are, themselves, a whole lot more valuable than simply the product is by itself.
 - **Guarantee** – The assurance that the product will perform as promised. If not, the producer will support the customer's decision to replace, repair, or return the product for a refund. Guarantee can be a competitive advantage but it costs money to offer.
 - **Warranty** – This offers customers a level of protection often extending past the guarantee period to cover repair or replacement of certain product components.

- Customer Service – After sales values like training, repair, and others can be offered too. Buyers are predominantly emotional. They are greatly influenced by the warmth, friendliness, and helpfulness of customer service providers---now considered as a source of competitive advantage by many MSMEs. Customer services may include: fast delivery, better quality, increased convenience,
 - Discounts. Discounting involves finding ways to sell higher and higher volumes of products and services to more and more people at lower and lower prices.
 - Free advice. Technical information and advice guide the buyers on proper use and maintenance of the product. This may be delivered in the label, package, and in some cases, online.
 - Recognition and reward levels. Recognize and reward customers for being outstanding customers. They are judged by frequency of purchase, better product use and maintenance, new product applications, etc.
 - Service levels. Introduce higher level of services to specific customers (based on items purchased, size and volume, etc.) by dividing the service levels into: gold, platinum or silver.
 - Accessibility – How customers get the product affect its perceived value. Insure how easy it is to obtain, delivered directly, speed at which it can be obtained, and the likelihood it will be available when needed.
 - Consider e-Commerce. Many MSMEs have yet joined the e-Commerce revolution. They can minimize marketing costs, reach larger markets and sell more efficiently online. Online services can likewise expand beyond marketing and distribution. Credit and collection becomes easier together with records keeping.
- 3. Non-Value Adding.** Often, non-value adding elements get into the product. This may be due to: inadequate buyers' information, misinterpretation of customer signals, too early to launch, unrealistic assessment of the competition. Remember that any non-value adding component is a flaw (therefor generating only costs) that will be repeated as the product is manufactured. This may include unnecessary: (a) processing (or steps), (b) transport and delays, (c) idle times, and (d) reworks and repairs, (e) producing more than forecast, (f) inventory levels and (g) waste of staff time. Periodically, examine what each task in the product is contributing to the customer experiences. Focus on the work that provides value to your customers, minimize non-value added but necessary steps, and do everything to eliminate wasteful activities.

Production / Service Delivery Plan



The production / service delivery plan is a comprehensive description of the processes and activities involved in order to create a finished product or to serve different customers. It involves a detailed description of the production process, equipment and raw material requirements, staff and costs that will be incurred.

Factory/Warehouse/Service Delivery Location and Maps



- 1 Describe the location of the factory/warehouse/service delivery outlet.
Draw the location
- 2 Think about and describe what the significance in choosing this particular location is. Write the advantages of the location.



- I have chosen the location of my business strategically and justify my decision/choice.



Production /Service Delivery Process Flow Chart

- 1 For the process flow chart pick your major product or process. Think about what the techniques, methods and processes that will be used in the production function are. List them.
- 2 Outline the steps involved in the right sequence and draw your production flow chart. Please refer to the further reading annex 4: Production / Service Delivery Flow Chart for guidance.

A large, empty rectangular box with a thin black border, intended for the student to draw their production or service delivery process flow chart.

- I have a process flow chart that details my business operations.
- I understand how the process or production flow chart helps me identify the raw materials and labour requirements



Fixed Asset for Production and Depreciation Cost

Production fixed assets are the assets that you use in the business production/ service delivery purposes such as land, building, machineries, vehicles, equipments, tools, etc.

The fixed assets you already own and bring into the business operations is required to be valued at the current market value as the purchase price. These fixed assets are used by the business operations. It therefore needs to be included here. Both categories A and B of service-based industries have fixed asset for their operations.



- 1 What fixed assets do you require? List them and describe their specifications.
- 2 What are their values and quantities?
- 3 What is their depreciation rate / estimated accounting life? Check the purchase price and learn to provide for depreciation. For depreciation rates used in Nigeria, refer to the further reading annex 3.
- 4 The total depreciation is carried forward to the table 7: The Total Production Expenses.

	Description of assets	Specifications	Purchase price in Naira (a)	Estimated life in years (b)	Depreciation per year in Naira (a/b)
Total fixed assets					
<i>[To be Carried forward to The Total Investment Cost in 4.5 The Financial Plan]</i>					
Total depreciation for the production fixed assets.					
<i>[To be carried forward to section 7, The total production expenses]</i>					



- I know the production fixed assets I use or need for my business operations
- I can estimate the depreciation for production fixed assets



Raw Material Requirements and Expenses

Generally, product-based industries and businesses make use of a very high amount of raw materials. This accounts usually for the high amount of working capital required by businesses in this sector. Service based businesses also make use of raw materials and consumables especially those in category A. In some cases, especially category B, service industries rarely use raw materials (law, consulting, accounting, doctors, barbers, scriptwriters, animation makers, etc.) while others have a small amount used and in inventory (janitorial, plumbing, laundry, etc.). If this is the case, then estimate for the consumables used regularly by the business as the raw material requirement. This accounts for the low cost of working capital requirement for this category of businesses.



- 1 What raw materials do you require? Describe and list them
- 2 Find out the unit price for each type of raw material
- 3 Estimate the quantity required per month or season. How much do you expect to need to produce per month or season?
- 4 Calculate the total cost of raw material per month or season by multiplying unit price with quantity needed.
- 5 Then calculate it for a year.

Description of Raw Material	Unit Price (Naira)	Total Quantity required per month or season	Total cost per month or season	Total cost per year
Raw material cost requirement for one year				

Labour Requirements and Cost



Labour cost for both products and service-based businesses refers to salaries or remunerations for staff (usually technical) that are directly involved in the production process of the business and they may be temporary or permanent staff. For service businesses of category B, these are the experts, consultants, professionals, etc. For this category, labour costs are usually on the high side as these account majorly for the working capital.



- 1 What type of labour do you need?
- 2 How many of them do you require?
- 3 How much do you pay them per month or season?
- 4 What is the cost per month or season?
- 5 What are the total labour requirements and costs per year?

Type of labour (direct and indirect, skilled, seasonal or fully time etc.)	Number of workers (A)	Salary per month or season (B)	Total cost per month or season (A x B)	Total cost per year
Total production labour cost for one year				

Production Overhead Expenses



- 1 Think about your overhead requirements? These are mainly the energy, insurance, water, rent, rates and other bills we pay monthly.
- 2 List and describe them
- 3 Estimate the cost per month or season
- 4 Calculate the total overhead costs for one year

Type of Cost	Total cost per month or season	Total cost per year
Production Overhead Expenses for one year		

Total Production Expenses



- 1 Transfer the total costs you envisage to incur on your production efforts from the previous tables
- 2 List the categories and costs for one year
- 3 What is the total production cost for one year?

	Category	Year 1
1	Total raw materials cost	
2	Total production labour cost	
3	Total production overheads	
4.	Depreciation of fixed assets for production	
Total Production Expenses for one year <i>[To be Carried forward to Profit & Loss Statement 4.5 The Financial Plan]</i>		

LEARNING DIARY for MARKETING PLAN



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

V Organisation and Management Plan



The business plan's Organization & Management (O&M) section should be written after completing the marketing and production/operations sections. The O&M plan answers six key questions of any potential lenders or investors:

1. How did the startup began?
2. Who are the owners: are they qualified?
3. How will it be organized and run?
4. How will it be managed?
5. How will the management team (and workers) be recruited, hired and trained?
6. How will the pre-operating period be managed?

The Story

This begins with the story behind the startup (How did it all begin?, How did the idea evolve?, What were the conditions, then?, etc.). Punctuate key dates and personalities. Mention also the vision, mission, annual goals (in terms of sales, employment, etc.). Omit this part if already included in the BP's Executive Summary.

Attach the startup's logo and briefly describe what it represents.

Owner's Information

The following important ownership information should be in this section: names of owners, address, citizenship, percentage ownership and extent of involvement.

Describe the **startup's legal structure**. Your startup coach can help in deciding the types: sole trader (or single proprietorship), partnership (general or limited), private limited company (Ltd), public limited company, or even a guarantee company (not for profit). Each structure has its unique advantages and disadvantages. Most startups begin as a single proprietor and then grows towards becoming a private limited company.

Likewise, each one has specific legal compliance requirements. For example, for a Private Limited Company (Ltd)—a popular structure, you will need a Corporate Affairs Commission (CAC) registration. Plus, your startup will need:

- a registered office in Nigeria
- a unique name registered with the CAC
- at least twenty five percent of the authorized shares must be allotted at incorporation
- two persons (minimum) who are above 18 years old must subscribe to the memorandum and articles of association
- membership cannot exceed 50, not including those who are bona fide employed in the company.

Ownership Structure and How it Affects the Business Plan

Questions about ownership come up a lot as you develop a plan for starting a business. The sole-proprietorship business has no need for shares because nobody is sharing anything. However, as soon as a second person is involved then sharing becomes a possibility. You will need to contemplate the effects of the ownership structure of your proposed business and also document this in the plan. Ownership structure factors to consider and plan for includes:

- What investors will think
- Legal limitations and liability
- Tax implications
- Cost of formation and ongoing administration
- Ability to raise money
- Flexibility
- Future needs.

Organisational Structure

No matter how simple, the proposed startup needs a structure, which describes how the organization will function. This proves to the lenders that the starter has thought out exactly who is doing what, and who is in-charge for every functional area. This information is very important to lenders and investors. This can be described or illustrated as shown below.

While this part of the plan is about the owner (and co-owners), the description may also include outsource work (e.g., legal, audit, management coach, mentors, virtual assistant, freelance web master, advert assistant, and other business services contractors) together with their expertise and qualifications. If not listed under operations plan, you may also include the list of supply chain firms. Everyone in the list can add credibility in the startup.

Management Profiles

The profiles must inform the lenders and investors that the owner (and co-owners) can produce (or deliver) the products or services and that they can manage the processes. Highlight, underline and emphasize the preparations, relevant skills acquired, training and coaching (in the relevant skills and management including the Start-Up Loop courses) as well as formal and informal certifications. In nothing the owners' experiences (even earlier failed startups, if any).

Many lenders and investors agree that the owners and management team's ability and track record is one of the strongest factors for a startup's success. Thus, the profiles should fully narrate and describe the startup's key people (including advisers and the owner's family members). Attaching a one-page resume for each key person is a good practice.

Management Team and Responsibilities

The management team includes the people who will handle the startup’s day-to-day operations. Basically, the operations will involve the selling and delivery, production and operations, overall management and implementation, as well as finance and administration. The O&M section needs to elaborate on the tasks with appropriate details. An example is shown below:

Management Team and Key Responsibilities

Owner-Manager	<ul style="list-style-type: none"> • overall management, supervision and administration • planning, coordination, and control of the startup’s strategies • acts as the managing director
Sales Manager	<ul style="list-style-type: none"> • formulation and implementation of marketing strategies for the startup. • coordination of marketing activities with the operations manager and the finance and administration manager • supervision, training, and administration of the salespersons
Operations Manager	<ul style="list-style-type: none"> • management of the technical, production and operations of the startup • coordination with the sales manager and the finance and administration manager • handles the two supervisors and all the workers • training and performance appraisal of workers and supervisors
Finance and Admin	<ul style="list-style-type: none"> • management of the startup’ financial resources, assets, and other properties • management of administrative support services including personnel and recruitment • billings, payables and bookkeeping • handles all financial reporting matters • liaise with government matters

Recruitment, Hiring and Training

The O&M plan requires the startup to explain how it will recruit, hire and train key personnel who will work hand-in-hand with the owner. How will recruitment be done? Word of mouth, family relations, co-startup workers, recommendations, etc. if at all, how will they be selected? CV, references, coffee interviews, quizzes, among others. Training of workers and operators can be either done on-the-job, provided by the machine suppliers, or government-sponsored.

How inclusive is the proposed business workplace? Does it consider women and men, young and older persons, as well as people living with disabilities as part of its employees?

Consider some staff training on operations, customer relations, productivity, procedures, work ethics, housekeeping, safety and trial production prior to the actual start of commercial operations. If not included under the BP’s production and operations plan, the annual remuneration of the management team should also be mentioned.

Business Psychology

Business psychology applies psychology to people working in business settings. It aims to explore how to make people and the organisations happier, more effective and productive. Tools from psychology principles, methods and research are used to study companies, employees and managers. Its application can be seen in four generic practice areas: work environment, the individuals in the work force, organisational development and training.

For SMEs, applications may be in use scenarios involving, motivation, incentives, productivity, organization change, and work-life balance. Specifically, psychology can be useful about: (a) worker productivity and performance, (b) behaviour, (c) safe and decent working environments, (d) difficult colleagues or employees, (e) working with talented people who are difficult, (f) improve on-boarding, (g) developing effective relationships, (h) leading and managing team members, and (i) organise and optimise management structure.

Using business psychology can lead to better recruitment, higher employee engagement, improved productivity and, eventually healthier financial performance return on investment. Doing recruitment right can help SMEs recruit better and top performing workers and employees.

Pre-operating Timeline

In some cases, the startup's pre-operating period is long (say, more than 6 months). This may involve preparation of land, procurement of machinery, site construction, staff training, etc. The lenders need to know the activities that needs to be completed.

Organisation Chart



- 1 Think of all the people involved in your business and the relationships among them
- 2 Draw an 'organisation chart here

A large, empty rectangular box with a thin black border, intended for drawing an organisation chart.

- I have designed and can describe the organisation and management structures of my business
- I can give an overview of my (and my partners') business background and experiences, as well as contributions to the business

Fixed Asset for Organisation & Management and Depreciation Cost



O&M fixed assets are the assets that you use in the business for management purpose only.



- 1 What fixed assets do you require? List them and describe their specifications
- 2 What are their values and quantities?
- 3 Check the purchase price and provide for depreciation. The total depreciation is carried forward to the table 7: The Total Production Expenses. For depreciation rates used in Nigeria, refer to the further reading annex 3.

	Description of assets	Specifications	Purchase price in Naira (a)	Estimated life in years (b)	Depreciation per year in Naira (a/b)
Total fixed assets <i>[To be Carried forward to The Total Investment Cost in 4.5 The Financial Plan]</i>					
Total depreciation for the O&M fixed assets. <i>[To be carried forward to section 7: The total production expenses]</i>					



- I know my O&M fixed assets requirements and costs, including depreciation

Pre-Operating Activities and Expenses



- 1 Identify all the activities prior to the business start-up. List and indicate the time needed to complete them.
- 2 Add any comments or remarks to describe more details on the pre-operating activities
- 3 For each activity or expense, provide the costs. For example, the SME Start-up Loop course participation is one of the pre-operating activities. You have your cost contribution to the course. The Loop duration is 4-5 months.

Pre-operating Activity 1		Months											Remarks	Cost		
		2	3	4	5	6	7	8	9	10	11	12				
1	SME Start-up Loop Course participation & business plan preparations															
2	Business registration															
3	Loan application and approval															
4	Purchase of Machinery & instalment															
5	Personnel recruitment and training															
6	Logo designing															
7	Market research															
Total Expenses																



Total O&M Expenses

Follow the same steps here as with the marketing and production plan. Fixed assets, overheads and salaries that pertain to O&M only are captured here. This works same both for products and service-based businesses. For service-based businesses, be cautious with salaries. The technical staff or skilled workers are already captured under labour cost in the production plan. Salaries here in O&M is specifically for administrative staff. Generally, avoid entries of items and activities already captured in earlier plans.



- 1 Transfer the total costs you envisage to incur on O&M from the previous tables
- 2 List the categories and costs for one-year Pre-operating costs are accounted here. If the pre-operating costs are high the entrepreneur can treat it as an asset value and part of the costs only covered in a year. The balance will be carried forward in the Balance Sheet and to next year(s).
- 3 What are the total organisation and management expenses?

	Category	Year 1
	Salaries	
	Pre-operating cost for one year <i>(The balance of the pre-operating cost, if any go to the Balancesheet in the Finance plan)</i>	
	O&M overheads, if any	
	Depreciation of fixed assets -O&M	
	Total O&M Expenses for one year <i>[To be carried forward to Profit & Loss Statement 4.5 in the Financial Plan]</i>	



- I have the following figures and workings.
 - Total O&M Expenses
 - Total O&M fixed assets depreciation
 - Pre-operating Gantt Chart with costs

LEARNING DIARY for ORGANISATION & MANAGEMENT PLAN



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

VI Financial Plan



The financial plan is the financial projection for a business. It is a collection of the financial statements of the business including the Total Investment Cost, Loan requirement and repayment schedule, projected profit and loss statement, projected cash flow statement, Projected Balance sheet and financial / investment Analysis. Data needed to arrive at these financial statements are usually gotten from the previous plans.

The financial plan can be done manually which may be more time consuming and not necessarily more instructive or by using the Start Up Excel Finance Tool which is part of the Start Up Loop Package. This finance tool is an Excel based package which provides a work space where data captured from the previous plans (Marketing, Production and O&M) can be inputted and it automatically computes all the required financial statements. This guarantees possibilities of easy iterations, corrections and increased learning within an automated workspace.

What is most important in the finance tool is the Input Tab as this creates the work space where all assumptions and calculations are done. Required financial cost elements and figures extracted from the marketing, production and O&M Plan are captured into the Input Sheet.

The Input Tab

The Finance Tool's most important and active (unlocked) Tab is the Input Tab. All plays and entries are to be made in this Tab. It contains 13 data input and calculator components. The table below describes the input tab in more detail:

S/No	DATA INPUTS	Description / Examples
1	Fixed Investment	<ul style="list-style-type: none"> • Land • Building • Machinery & Equipment • Office Equipment • Transport Equipment • Others ...
2	Pre-Operating Investment	<ul style="list-style-type: none"> • Business Plan Preparation • Licenses & Registration • Skills & Management Training • Trial Production Costs • Association Fee • Others
3	Monthly Sales Volume	<ul style="list-style-type: none"> • Blocks • Lego Bricks • I-Beam Frames

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4	Raw Materials	<ul style="list-style-type: none"> • Collected plastics • Cement • Sand • Water
5	Direct Labour	<ul style="list-style-type: none"> • Male permanent (12 months) • Female permanent (12 months) • Male casual (less than 12 months) • Female casual (less than 12 months) • Male family (specify) • Female family (specify) • Others (Please make a list in Annex)
6	Indirect Labour	<ul style="list-style-type: none"> • Owner's Salary • Marketing Staff • Production Staff (Supervisor, e.t.c) • Adm. & Finance (Book keeper) • Others
7	Direct Overhead	<ul style="list-style-type: none"> • Rentals • Electricity • Water • Oil, Gas, Lubricants, Fuel, e.t.c • Gasoline e.g for Generator • Waste Disposal • Repairs & Maintenance • Transport Costs • Others ...
8	Indirect Overhead	<ul style="list-style-type: none"> • Selling & Marketing Costs • Communication (wifi, cell, etc.) • Office Supplies • Security • Fees legal, audit, etc.) • Accounting & Bookkeeping • Community Donations and others
9	Other Assumptions	<ul style="list-style-type: none"> • Raw Materials cost as % of sales (in decimal) • Raw Materials maintained in Inventory (in weeks) • Annual sales growth (in %, if 10%, use 1.1, etc.) • Annual cost increases (in %, if 10% use 1.1, etc.) • Percent of cash sales • Percent of cash expense • Tax (yearly)
10	Working Capital (Direct Operating)	<ul style="list-style-type: none"> • Raw Materials Costs • Direct Labour Costs • Overhead (Direct+Indirect)

11	Loans Data	<ul style="list-style-type: none"> • Terms of Paying Fixed Investment Loan (in years) • Interest for Fixed Investment Loans (in % PA) • False Turnover by Total Raw Materials • Working Capital Loan Repayment Period (in years) • Interest for Working Capital Loans (in % PA) • Loan Starts • Foreign Exchange: Naira per US\$ 1.00
12	Fixed Investment Interest Calculator	<ul style="list-style-type: none"> • Fixed Investment Loan • Interest (in %) • Annual Interest • Monthly
13	Working Capital Loan	<ul style="list-style-type: none"> • Amount of Working Capital Loan Needed • Proposed Equity for Working Capital (in %) • Working Capital Loan • Interest • Annual Interest • Monthly

Note:

Appropriate figures (estimates) may be entered in cells in white.

Avoid tampering with the Input Tab's cells highlighted in Yellow.

Likewise, avoid changing the Headings (also highlighted in Yellow) in the Input Tab's column A. If the categories are inappropriate, make Notes to the Input Tab's available spaces

Linking the Marketing, Production and O&M plans to the Finance Input Tab

1. Fixed Investment Data: This is to be listed and extracted from the fixed assets table of the marketing plan, production plan and O&M plan. This then becomes the summary listing of all the fixed assets requirement for the business. For each fixed asset costs, they are to be divided into your equity contribution and how much of it you require as loan. Also make assumption for depreciation in years for each fixed asset, refer to the further reading in this handbook for more guidance on depreciation calculation.
2. Pre-Operating Investment Data: This is extracted directly from the pre-operating activities and expense table in the O&M plan. The annual cost and not monthly cost are inputted. An assumption of Amortization of Pre-Operating Expenses (in Years) is made here and also inputted. This is to spread the cost of the pre-operating expenses over a period.

3. Monthly Sales Volume Data: This is extracted from the sales forecast table of the marketing plan. All intended products of the business and estimated sales volume for each are captured here. This allows five products or services (or both). Months per Year Production handles issues of seasonality like for agricultural related businesses. Annual sales volume is automatically calculated
4. Raw Materials Data: This is extracted from the raw materials and expense table of the production plan
5. Direct Labour Data: This is the labour requirement only for production. This is extracted from the labour requirement table of the production plan. But this is now further segmented into permanent, casual, family and sex of the labour.
6. Indirect Labour Data: This is the labour requirement for other aspects of the business except production. This is easily extracted from “cost of salaries” in the total marketing expense table of the marketing plan and “cost of salaries” in the total O&M expense table of the O&M plan.
7. Direct Overhead Data: These are overhead costs directly associated with production. This is extracted from the production overheads table of the production plan
8. Indirect Overhead Data: these are other overhead cost of the business not directly related to production. This is easily extracted from “overheads expense item” in the total marketing expense table of the marketing plan and “overheads expense item” in the total O&M expense table of the O&M plan.
9. Other Assumptions Data: These are assumptions you will make based on your preliminary findings from your BMC and the vision you have for the business. E.g. what is your envisioned annual sales growth rate? How much of raw materials stock do you intend to keep in a time period of weeks? Can you estimate how much of cash sales you will make and how much of cash expenses or purchases you will make? What is the yearly tax businesses are subjected to in you location? Remember that highlighted cells in yellow are not to be tampered with.
10. Working Capital Data (Direct Operating): Skip as this is highlighted yellow. Information for this is already extrapolated from data inputs 4 & 5.
11. Loans Data: Also these are assumptions you will make based on your findings on loans requirements and terms in your locality. Would specifically be the terms for fixed investment loans and working capital loans.

12. Fixed Investment Interest Calculator Data: This is the calculator for your fixed investment loan. These cells are majorly highlighted yellow. The interest for fixed investment loan used above in data inputs 11 is same for the available white cell here (interest in %)
13. Working Capital Loan Data: This is the calculator for your working capital loan. These cells are also majorly highlighted yellow. The interest for working capital loan used above in data inputs 11 is same for the available white cell here (interest in %). Here also you have to determine in % how of the working capital will be equity (your contribution).

Once the input sheet is correctly entered, the FinTool calculates the other financial statements (InvestPlan, ProfitPlan, LoansPlan, Cashflow Plan, Balance sheet etc.) automatically. Then your financial plan is completed. If the financial analysis are just fine and the business shows a promising cash position you can then proceed to copy your financial statements from the excel tool into the word document containing your business plan.

If the manual method of calculating the financial plan is your preferred choice then follow the steps below:

Total Investment Cost



- 1 For each of your assets, list the value
- 2 Working capital requirement is based on the production cycle. The production cycle is the period in between production and sales. Otherwise simply take the 2 -3 months' of the total marketing, production, O&M expenses.
- 3 Fill the total value and then decide the equity and loan value. Get information on the total loan requirement, if any.

	Items	Total Value	Sources	
			Equity	Loan
A.	Fixed Assets <i>(List all the fixed assets identified under the three previous plans)</i>			
	Land			
	Building			
	Machinery			
	Equipment and Tools			
	Vehicles			
	Furniture			
	Other assets			
	Total Fixed Assets			
B.	Working Capital requirement [based on the production cycle or 2 months marketing, production, O&M and finance expenses]			
	Total Working Capital			
C.	Pre-operating Expenses			
	Total Project Cost(A+B+C)			
	Financing in Percentage			



- I know the Total Investment/Project Cost (TPC) of my business.
- I understand the link between total investment and my financing strategy



Security on Loan

Married men and women are encouraged to take borrowing decisions together. Before taking a loan, you can together assess your financial situation and your capacity for borrowing and paying back the loan.

Often less assets are owned by women, who therefore may have challenges with providing collateral, which in turn limits their opportunities to borrow money. This reveals the benefits of women owning properties and assets on their own.



- 1 In case, you have decided to go for a bank loan, describe the details of your security here.
- 2 In Phase 5, the coaching will help you to identify various possibilities.



- I understand that a bank loan is not always a good financing source for start-ups.
- There are other ways of obtaining (co)-financing such as borrowing from families and friends, savings, from suppliers, getting advance for future agreed sales, bank overdraft, credit cards, etc.

Loan Repayment and Interest Calculation



- 1 The calculation is to identify a repayment plan which is the principal borrowed and the interest. The repayment varies as per the borrowing conditions. Here, we assume an interest rate close to the market average (Ex: average 25% per annum in Nigeria) and plan the repayment within 3-5 years for practical reasons. The loan identified in the TPC calculation is the principal.
- 2 Fill in the empty spaces below with key information on your loan.
- 3 Calculate the yearly payments and loan balance in the table below.
- 4 List key assumptions related to the loan repayment conditions.

The Loan Amount: Repayment Method: Interest Rate:

Period of Repayment:..... Grace Period (If any):

(during Grace Period, only the interest is collected)

Year	Beginning Balance	Interest	Principal Payment	Total Annual Payment	Monthly payment	Ending Balance
	Total					

Assumptions:



- I know how to identify the total interest to be paid for a certain period of time. This will go to my Profit and Loss Statement under finance expenses.
- The interest varies from 18% -35% in Nigeria. I know I need to pick a financial product or service with the right interest rate for my business.

Projected Profit & Loss Statement



Projected Profit & Loss can show your business profits as gross and net. Business start-ups in early years do not make high profits. As an entrepreneur eventually, you will learn by running the business. Some businesses do not give profit in first year at all.



- 1 The forecasted sales is taken from the marketing plan. Only the net sales will go to the cashflow statement.
- 2 Ensure all expenses include relevant depreciation costs.
- 3 The Net Profit is brought forward to the balance sheet and added to the equity as retained profit

Name of the Business

Projected Profit and Loss Statement for the period from ____ to ____

	Year 1	Year 2	Year 3
Total forecasted sales			
<i>Less: Returns (5%)</i>			
Net Sales			
<i>Less: Cost of production</i>			
Gross Profit			
<i>Less:</i>			
Marketing Expenses			
Organisation and Management Expenses			
Finance Expenses (Loan interest, bank charges, etc.)			
Net Profit Before Tax			
<i>Less: Tax%</i>			
Net Profit After Tax			



- I have my profit and loss statement

Loan Repayment and Interest Calculation



- 1 Only the net cash sales taken here. The credit sales are not accounted here. When you collect the money from debtors it is included as cash inflow.
- 2 The depreciation costs will not come here with total expenses. The balance at the year-end will go to the balance sheet.

	Pre-Operating Period	1	2	3	4	5	6	7	8	9	10	11	12	Year
Opening Balance (A)														
Cash Inflows														
Sales														
Equity														
Loan														
Total Cash Inflow (B)														
Cash Outflow														
Fixed Assets purchase														
Working Capital														
Finance Expenses														
Total Cash Outflows©														
Closing Balance (A)+(B)-(C)														

Projected Balance Sheet as at (Date)



Balance Sheets are Profiles of a business on a given date. Balance Sheets should have a date. Prepare the three year-end Balance Sheets estimates to see the business at the end of Year 1-3.



- 1 Remember that the tax payable, year-end cash and the net profit are entered in the right place.
- 2 Always show the total fixed assets and the deducted depreciation. Only the net fixed assets are added with the total current assets.
- 3 Pre-operating expenses balance is recorded as current asset.

	YEAR 1	YEAR 2	YEAR 3
Current Assets:			
Cash (year-end balance)			
Total Current Assets (A)			
Fixed Assets:			
Less: Depreciation			
Total Fixed Assets (B)			
TOTAL ASSETS (A) + (B)			
Current Liabilities:			
Provisions for income Tax			
Total Current Liabilities (C)			
Long Term Liabilities:			
Loans			
Total Long-Term Liabilities (C)			
TOTAL LIABILITIES			
Equity:			
Capital			
Accumulated Profit			
Total Equity (D)			
Total Liabilities and Equity (C) + (D)			



- I have my projected balance sheet
- I know how to calculate my profit margin and my return on investment



Financial /Investment Analysis

Profitability ratios are used to examine an enterprise's operating performance during an accounting period. The common ratios used are profit margin and return on investment (ROI).

Profit Margin

Profit margin is a commonly accepted measure of profitability. The ratio is also called percentage return on sales, margin on sales or net profit percentage. Divide earnings before interest and taxes (EBIT) by sales. The higher the ratio, the greater the profit margin is.

$$\text{Profit Margin} = \frac{\text{EBIT}}{\text{Sales}}$$

Return on Investment (ROI)

Return on investment is an indicator of the effectiveness with what the business resources were or would be used. It relates profits (returns) to a given level of investment (resources) used to generate profits. Divide earnings before interest and taxes (EBIT) by total assets/total investment.

$$\text{ROI} = \frac{\text{EBIT}}{\text{Total Assets}}$$

LEARNING DIARY for FINANCIAL PLAN



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

PHASE 3:

Coaching for Business Planning



Phase 3: Coaching for Business Planning includes a series of six group coaching sessions over a period of 1.5 - 2 months. Entrepreneurs prepared business plans during the training course in phase 2 of the Start-up Loop and should have their draft business plans ready.

The coaching sessions objectives are

- to finalise the business plan and
- to prepare the entrepreneurs for Phase 4 with the second training course on Personal Entrepreneurial Competencies (PECs).

During the coaching sessions coachees are encouraged to identify challenges related to the business plan preparations and to work on those identified issues with the coach. The advantage from group coaching sessions is that the group members can share their understandings and experiences and learn from each other.

The coachees also prepare for a piloting of their products/services and gather information in relation to the business start-ups.

3.1 Coaching Preparation



The Start-up Loop Business Management and Planning training course introduced business planning and the various calculations and elements. The Business Planning Coaching is to provide you six group sessions where you can work with a Start-up Loop Coach and co-participants on issues around business planning and business start-up.



Prepare yourself for these coaching sessions. The preliminary coaching preparations help you benefit the coaching session at the most and use the support well.

Step 1: Identify all the problems you have in preparing the business plan and starting your business. List the problems. Identify the most important three problems and list these three problems in the table below.

Step 2: Explain each of the three problems in detail. How badly do they affect or will they affect your business plan development and implementation? How serious is it?

Step 3: Convert the problem statement(s) into positive statement(s), as if no problem is prevailing. Explain how the situation will change or how it will have impact on your business planning and start-up

Step 1: Problems	Step 2: Problems in Details	Step 3: Convert into Positive

Example:

Step 1: Problems	Step 2: Problems in Details	Step 3: Convert into Positive
I find difficult to predict my production expenses in the business.	I am not sure of the production process. Each process step has expenses. As I could not estimate my expenses, I could not proceed with my financial planning and profit calculations. Without knowing the profitability of the business, I find it is difficult to proceed with business planning and business start-up.	I know the production process and I understand the details. Therefore, I can calculate the expenses will incur at various stages. This helps me to understand my cost of products. I am very confident on my cost and profit calculations.

3.2 Phase 3 Coaching Session Schedule

Coaching Session Number	Place	Time	Discussion Topic in brief	Name of the Coach	Goal of the coaching session
1			Introduction Marketing Plan		
2			Production Plan		
3			Organisation & Management Plan		
4			Financial Plan		
5			Financial Plan		
6			Packaging of Business Plan and Phase 4 (PECs Training Course) preparations		

3.3 Coaching Session Goals and Outcomes



Coaching sessions are designed to give you benefits. However, your focus and commitments are necessary. Ensure that you provide the time for coaching. Coaching is also a two-way process. Anything you feel the need to inform the coach feel free to communicate immediately.

Characteristics of good coaching sessions are:

- Coaching is non-critical
- Coaching is non-judgemental
- Coaching is confidential



- 1 Identify your coaching session goals with the coach. You have six group coaching sessions related to the development of your business plan. The sixth and last coaching session is also a preparation for Phase 4: PECs Training Course.
- 2 You can plan up to six sessions (each about 90 minutes) for your goals. Use the Coaching Session Schedule in the previous page. Share and discuss the prepared tables with your coach. Discuss with the coach and finalise the schedule with discussion topics.
- 3 Go for each problem one by one.
- 4 Maintain punctuality
- 5 During each coaching session, record the main insights in your coaching logbook. At the end of the coaching session, sign the logbook record together with your coach.



- I understand the concept of coaching and peer learning
- I have completed all sections of my business plan

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 1 – Introduction and Marketing Plan

Session date: Session location:

Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 2 – Production Plan

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 3 – Organisation & Management Plan

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 4 – Financial Plan (part 1)

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 5 – Financial Plan (part 2)

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 3 – Group coaching session 6 – Packaging of business plan and Phase 4 preparation

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

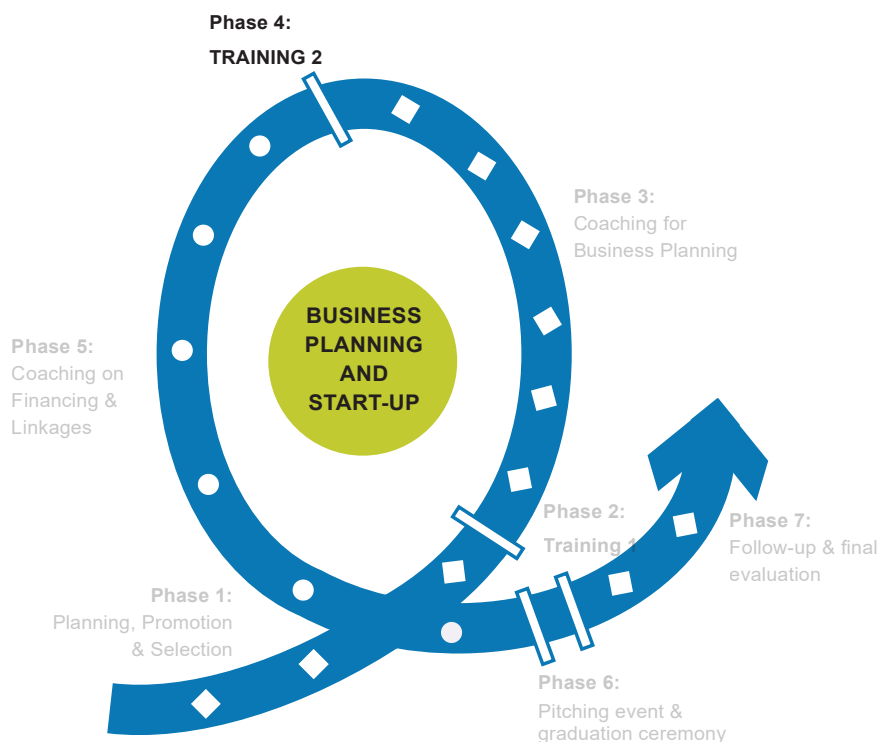
Next coaching session (date and location):

Signature of start-up

Signature of coach

PHASE 4:

Business Plan Packaging and Training on Personal Entrepreneurial Competencies (PECS)



The second training of the Start-up Loop starts with the packaging and completion of the business plans.

Entrepreneurial competencies are individual characteristics include both attitudes and behaviours, enables entrepreneurs to achieve and maintain business success. These entrepreneurial competencies are comprised of the entrepreneur's motives, traits, self-image, attitudes, behaviours, skills and knowledge (Bird; 1995).

The most successful common personal entrepreneurial features are ten in number and fall under achievement, planning and power. These are 'Personal Entrepreneurial Competencies' or 'PECs' which are the central learning outcome for this training module. In fact, entrepreneurial behaviour is learnable through practice as competencies. With enough practice the PECs become the driving force of successful entrepreneurial ventures.

The Phase 4: PECs training tools come in a sequence and style to reinforce and to enhance a set of competencies (PECs) with other business management skills and knowledge. These tools provide guidance so that potential entrepreneurs become aware of their PECs and learn to enhance some of the PECs consciously on their choice to become entrepreneurial.

4.1 Business Plan Packaging

You have prepared a business plan in details following the training and coaching sessions on business planning. It is the time to check the details and package the business plan.

A presentable business plan will have the following:

Item	Details
1 <i>Cover page</i>	Name of the business Date Your name Contact details: address, telephone, mobile and email
2 <i>Content page</i>	Titles with page numbers
3 <i>Executive Summary</i>	One page summary of business plan.
4 <i>Marketing Plan</i>	Detailed marketing plan describing the products, marketing strategies, forecasted sales and volume, pricing list, fixed assets (if any) and total marketing expenses.
5 <i>Production/ Service Delivery Plan</i>	Detailed production/service delivery plan describing the factory/stores/ service delivery location, production process flow chart, fixed assets requirements and detailed expenses.
6 <i>Organisation and management plan</i>	Detailed organisation and management plan describing the form of the business, organisation chart, your profile, fixed assets and total expenses. In addition, the Pre-operating Gantt Chart with costs.
7 <i>Financial Plan</i>	Detailed financial plan including the total investment cost, loan requirement (if any), loan repayment schedule, profit and loss statement, cashflow forecast, balance sheet and the ratio calculations.
8 <i>Annexes</i>	Any additional details that might be relevant These could be: your curriculum vitae, detailed process flow charts, fixed asset quotations and others.

Note:

Remember the business plan serves many useful functions which includes among many being a road map for operating the business and a proposal that describes a business opportunity to financing agencies or investors. Usually the prospective investors may be many with varied requirements. It is therefore important that the business plan is written to meet the most general lending requirements of the operating business environment. After the pitching events, potential investors would have shown their interests in the business plans. The entrepreneurs can then make the necessary minor adjustments in the business plan to meet other specific requirements of the interested investors and financing agencies.

Your most important task now is to show the viability of your business idea to the investors.



- I completed my business plan.
- I understand the details of my business plan and can speak to them.

LEARNING DIARY for BUSINESS PLAN PACKAGING



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

4.2 Personal Entrepreneurial Competencies (PECS)



Competencies can include motives, needs, wants, skills, knowledge, self-concept, values, aspirations and attitudes. These are referred to as Personal Entrepreneurial Competencies as they are the character traits of successful entrepreneurs and can be improved upon. It is important to note that success in entrepreneurship is not limited to the men. Despite the multiple challenges that women face, there are many examples of successful female entrepreneurs in all sectors of the economy.

Entrepreneurial competencies can be classified in to three major categories: Achievement, Planning and Power.

A successful entrepreneur has the following competencies:

Achievement Competencies

1. Opportunity Seeking

- Looks for and acts on new business opportunities.
- Seizes unusual opportunities to obtain financing, equipment, workspace and others.

2. Persistence

- Takes repeated or different actions to overcome an obstacle.
- Makes personal sacrifice or expends extraordinary efforts to complete a job.
- Sticks with own judgement in the face of opposition or early lack of success.

3. Commitment to Work Contract

- Accepts full responsibility for problems in completing a job for customers.
- Expresses a concern for satisfying the customers.

4. Demand for Quality and Efficiency

- Acts to do something that meets or beats existing standards of excellence.
- Strives to do things better, faster or cheaper.

5. Risk Taking

- Takes what is perceived to be moderate risks.
- States a preference for situations that involve moderate risks.

Planning Competencies

6. Goal Setting

- Sets clear and specific short-term objectives.
- Sets clear and long-term goals.

7. Systematic Planning and Monitoring

- Develops and uses logical step-by-step plans to reach goals and evaluates alternatives.
- Monitors progress and switches to alternative strategies when necessary.

8. Information Seeking

- Personally seeks information on clients, suppliers and or competitors.
- Consults experts for business or technical advice.
- Uses contacts or information networks to obtain useful information.

Power Competencies

9. Persuasion and Networking

- Uses deliberate strategies to influence or persuade others.
- Uses business and personal contacts to accomplish own objectives.

10. Self-confidence

- Has strong belief in him- or herself and his or her own abilities.

Recording PECs Self-assessment Questionnaire Score



- 1 You have completed the PECs Self-Assessment questionnaire during Business Orientation coaching.
- 2 From the PECs result given to you by your coach, identify competencies that you rated low. What steps are you going to take to improve on them?

PECs Improvement Plan

You will like to keep improving on your PECs to become better and better in running your business.

A simple template to guide your PECs improvement journey is below.

PECs Improvement Plan		
Areas that need improvement	What will I do to improve it? How?	By when?



- I understand what key competencies of successful entrepreneurs are
- I have done an honest and critical self-assessment of my personal entrepreneurial competencies
- I know which PECs I want to further improve and develop
- I will complete the self-assessment once more at the end of phase 6

LEARNING DIARY for PERSONAL ENTREPRENEURIAL COMPETENCIES



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

4.3 Risk Management Strategies



The entrepreneurial opportunities today are much greater than ever. The cost of entry has never been lower than ever. Now is the best time to start an enterprise. But there will always be risks!

Risks indicate probabilities that some undesirable events can happen in the future. By itself, life is risky. Picking your kids from school, keeping your petty cash safe, and using anti-virus software are just a few indications that we are aware of some risks. Being aware and knowing how to cope with them does not change the risks. However, our acceptance, plans for future actions and how we learn to cope can go a long way to minimize or avoid them.

Starting SMEs anywhere in the world is likewise full of challenges and risks. And this is specially so in Nigeria. Fortunately, starting the enterprise is the best time to think about risks and minimizing their chances of happening. It is the best time to consider possibilities and future actions if and should the inevitable happens.

Managing Risks in Start-ups

So why do many entrepreneurs don't manage risks from the very start? Some think that they are starting too small to anticipate and manage all the risks. Others think that they have very limited resources (i.e. money and people) unlike their larger counterparts. Still a few others claim that they might not be able to start an enterprise, if all the risks are considered. These are common misconceptions. Risk management is an integral part of the enterprises, irrespective of size. Managing risks is as important as managing other functional areas: marketing, operating, organizing, leading. In business, living without risk is impossible. We can however anticipate them and set in motion measures that minimize the pain if they happen.

Some Start-up Risks

Recognizing the risks is a natural first step. What are the risks/critical success factors for starting your business? Are any of these also linked to the constraints women, men, young or old, are likely to face during the implementation of your business particularly in terms of accessing/controlling certain resources?

Here is a list of what experts consider as some startup risks. No order of importance nor likelihood have been factored-in.

1. Loss of Key Person

Almost without exception, many starters assume that they will never be sick. They are immortal. Moreover, starters can get sick, heartbroken, become accident victims, and could depart unexpectedly. But the very existence of the SMEs they started is built around them, their talents

and expertise. Anything that happens to the starters (or other key employees) could prevent day-to-day business as being usual? Yet, many fail to insure the starter—the startups' key success (or failure!) ingredient.

2. Success and Successors

Many SMEs are family-run enterprises. Family and business organizations are more often intertwined. Most have unwritten (or worst!) imaginary succession plans. While this may not be risk to the starters, it is for the future lenders and funders. Who will pay for the loans? Without a successor, future success will be capped. SMEs with successor induction, preparation and training rarely exist. Consider having a team of advisers around the starter.

3. Strategic Risks

The startup's first impression matters. Impression in the market place and among the supply chain. It extends to the starters' personality image. Can the starter be trusted by the buyers? How about the materials, machinery, and even labour suppliers? The new startup needs a clean and unblemished reputation. Impression builds goodwill, an intangible asset that needs nurturing and protecting. This might include market position, branding, performance, words of mouth and social media.

4. Supply Chain

Startups must maintain the constant flow of inputs from their third-party supply chains. These flows can be interrupted (temporarily or permanently) if proper contingencies are not in-place. These days, use of computers, online resources and effective supply relationships can mitigate such risks.

5. Credit and Cash Flow

Building a credit history is not easy. And one loan (or accounts payable) default can severely affect reputation and de-stabilize credit and cash flow patterns. Starters must always check where the money is coming from to keep the lights on workers' payments and invest in future growth. From the very start, they balance the accounts payables with accounts receivables via a well-disciplined budgeting and records keeping practices. Aim for healthy cash reserve always.

6. Poor Marketing and Operations

Poor marketing and operations can also make cash flows unstable. Failure to collect sales proceeds from major customers or unable to meet the payment demands from the supply chain can prevent the enterprise to meet the obligations as they fall due. Too much investment in raw materials (or other unplanned expenses) can suck cash away from workers' salaries. Likewise, too much finished products waiting to be sold can delay the flow of cash from revenues.

7. Business Interruption

SMEs in Nigeria are accustomed to simple interruptions. Electric interruption, generators won't start, high absenteeism, un-scheduled holidays and other unanticipated events can shut down operations. And so with accidental fires, climate change disasters (e.g., flooding, erosion, landslides, etc.) and other force majeure. These events can unleash irreparable damage to the startups' goodwill, operations and workers' morale for extended periods of time.

8. Legal Risk

Unregistered startups may be exposed to legal risks and prevent them from enforcing contracts. They might also be vulnerable to litigations and other legal proceedings. Then there are also risks arising from breach of regulatory (say FDA and CCC) requirements. In general, all startups must start right. They need to comply with legal, regulatory and other acts specified by law. Name registrations, tax compliance intellectual properties, and so on. In many cases, SMEs do not fully exploit their innovative potential because they are not aware of the intellectual property rights or ways to protect and monetize them.

9. Loss of Assets and Data Security

Startups buy, build and hold valuable assets including customers as well as suppliers' data. These physical and intangible assets need protection from theft, fire or other unexpected events. To minimize risks, check the location for climate change hazards, the premises' for fire prevention measures, peace and order, among others.

10. Starting Sick

Startups can start sick by under-estimating the inputs (fixed assets, working capital and other contingencies) needed to start the SME. Often, starters assume that the entrepreneurs can work for six to nine months without a salary. This is myth. Appropriate salary for everyone needs to be established and funds allocated so the enterprise can start with a clean bill of health. Anything missing from the investment structure for example can defray the startup timeline.

Mitigating Risks

1. Plan Well

The best way to mitigate risk is to plan well. Whether it is in a Business Model Canvas or a detailed business plan, it is important to anticipate the risks. Then plan to either: avoid, live with or minimize the possible consequences. Some of these measures requires money, time and commitment that must be considered in planning the startup.

2. Be Legal

Without being legal, startups look like hobbies to the general public and potential investors. Name, logo and websites must be consistent and available in key social media sites. There is no reason not to register businesses in Nigeria's Corporate Affairs Commission (CAC). Processes have become easier with time. The CAC site contains everything that everyone needs to register a name, a company, forms and fees required together with all the instructions needed. Start-up Loop coaches can provide clients with a list of the regulations and obligations.

3. Prototyping

Describing the products is one thing, demonstrating how they actually work is another. The latter is more authentic and honest. Use functioning and three-dimensional prototypes to obtain accurate feedback from the prospective customers, investors and the supply chain. Starters need to prove that their ideas work before making the full investment. Prototypes can reduce the risk of failure. They can convince the lenders of the starters' commitment, sincerity and readiness.

4. Gather Your Team

Ideas and dreams often come from one person, but sustaining businesses require teams. A credible implementation team (of talents, etc.) to complement the starters may be needed. Amateur starters can enlist advisor teams too. They could be friends who have traveled that road before. Listed as part of the team can enhance credibility of the startup.

5. Insurance

Generally, knowledge about insurance is still low. Many starters will not be convinced to take out insurance. So many lenders ask this as a condition for loan applications. The consequences of not having any could be tremendous. Property insurance policy will protect physical assets in case of theft, fire or other covered events. Supply chain insurance can also cover losses resulting from delivery interruption. Finally, a key person insurance to cover any eventuality and insure business survival. Everyone can access insurances and protect themselves, the family and their business. Women and men should be informed equally about insurances, since the more they are aware of the benefits, the more likely they are to buy an insurance.

6. Plan B

Despite the efforts spent on risk management, there will always be a chance that the starters can fail. A good way is always to keep a Plan B open. What if a lender asks one final question: What is your plan B in case this does not work?

Anticipating and Managing Risks

Here is a five-step process for managing risks for startups.

1. Create a Risks List

Brainstorm and create list of all the risks considering your startup's objectives, goals, and vision. No matter how improbable they may be, they should be in a "wild" list. Don't overthink when creating this list, include whatever comes to mind. If needed consult the community for risks you may overlook. Refine and review in the next steps.

2. Check the Likelihood

Next, review your list. Add more, if necessary. Check the likelihood of the risks in your place of business. Use rough criteria such as: almost certain, likely, possible, unlikely, and rare. Rate each risk (e.g., robberies, holdups, typhoons, electric interruption, fire, succession horror stories, etc.). Omit the "less and not at all" in the next steps.

3. Assess the Consequence

Assume that each risk in the short list happens, what are the consequences? For each risk, itemize the consequences. Loss (or damage) of assets, negative image and reputation, unstable cash flow, inability to sign contracts, loss of revenues, incapacitation of key workers (or at worst, the entrepreneur), starting sick, etc. are some examples.

4. Rate Your Tolerance

The fourth step is to examine your risk tolerance. You may rate each risk event by its magnitude (extreme, high, medium and low). Rate Low or Moderate those that you can tolerate. They may not need mitigation measures. They can be managed by some routing procedures. The other two deserve more attention and action.

5. Create Risk Action Plans

For the high risks, include the mitigation measures in the business plan's financials so that proper funding will be provided for. Completing tasks in your plan over long periods of time can be difficult if you don't have a plan for how you're going to complete them, so sit down and begin working on a schedule. Use a calendar to remind you of the deadlines of doing the mitigating measures.

LEARNING DIARY for RISK MANAGEMENT STRATEGIES



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

4.4 Record-Keeping



(An extract from the GIZ SEDIN Financial Literacy Factsheets)

Background

Most entrepreneurs do not write down how much money comes in and goes out of their business. They keep everything in their head. As a result, they do not know exactly how much money they are earning, how much they buy and sell on credit and how they could improve their business. In Nigeria, a major cause of business failure amongst micro, small and medium enterprises is poor accounting practices. Improper and insufficient recordkeeping has become a regular feature of most small businesses in the country.

What is Recordkeeping?

Recordkeeping means two things: it refers to writing down all the money that comes into your business and household and all the money that goes out of your business and household.

Recordkeeping also refers to keeping in a safe place all official financial records (statements, documents) which you receive when making financial transactions (e.g. buying or selling goods, rendering services, withdrawing or transferring money etc.).

Why is Recordkeeping Important?

- You will know how much money you have received.
- You will know how much money you have spent and how you have spent it.
- You can calculate whether you are making a profit or a loss.
- You will be able to make better decisions on what to buy and sell and when.
- You will be in a better position to avoid falling short of cash by comparing and knowing how and when money is coming in and going out. This way, you can take better financial decisions.
- You can keep records of buying and selling on credit, so that you have evidence of how much people owe you and how much you owe. You will be better able to pay and receive money on time.
- Once you know your position at any given time, you can plan for the future.
- You can keep records of money coming in and going out of a group project and thus prevent abuse of funds and avoid mistrust amongst group members.
- Banks look at your cash flow when you apply for a loan to understand how you want to use the loan and if you will be able to pay back.

What do You Need to Keep Your Records Well?

Pen, paper and calculator are all the things you need. One way to keep your records is the weekly money management system. To get an overview for the whole year, you can transfer the weekly records to the annual summary.

What Records Can You Use to Prove Payments Made?

You can create your own documents using duplicate books (see samples below).

- **Order form:** for items/services to be delivered in future, e.g. seeds, hiring tractor.
- **Invoice:** confirming that service/product was supplied.
- **Receipt:** confirming payment.

Organise duplicate copies and keep them in separate labelled envelopes/folders.

Keep your copies for items you have bought in separate envelopes/folders.

Using non cash payment options (see Module “Financial environment”) automatically generates a record which can be used to prove payments made.

What are Best Practices in Recordkeeping?

- Write all money that comes in and goes out immediately in your cash book. You are advised to have two separate ledgers: one for household, one for business items.
- Write in the cash book only the items that are paid for in cash. Set aside a portion in your cashbook to record buying and selling on credit.
- Also include items given out to family and friends for free.
- Count your cash when the day begins and again when the day ends.
- When you take money for the household or yourself from the business money, write it in your cashbook under ‘money out’, because it is money that goes out of the business.
- Go through financial records together as a family.
- Encourage low-educated women and men, or young and old, to join with women and men, or young and old with higher education and ask them for explanations.
- Go through your book at the end of the day/week and see how much you have earned and spent. Calculate the balance. Remember the balance should always be written at the start of a new page. Check if there are expenses you can reduce or do without, or if there are ways that help you increase your income.
- If you keep your money with a bank, ask for your bank statement to see how much money has been coming in and how much is going out. Have separate bank accounts for personal and business purposes.

What do You Have to be Aware of When Selling on Credit?

- Selling on credit can be profitable, but it involves risk as people do not always remember who owes them money and to whom they owe, and how much. Therefore, it is important to keep records of who owes, since when and how much.
- Selling on credit is good to keep a reliable customer but there are many disadvantages:
 - Your customers may delay in repaying, or may not repay you at all.
 - There may be quarrels over repayment.
 - Selling small items on credit, easily adds up to a considerable amount.
 - Don't sell on credit to irregular customers.
 - You cannot spend money you don't have. The money owed cannot be used to buy new inputs for your business.
 - Selling on credit can disrupt your cash flow and make your business come under financial stress if any urgent expense comes up.
- Establish rules for selling on credit: for example, only to reliable customers who will pay back on time, ask for part payment of the total amount, always keep sufficient cash to buy new stock.

What do You Have to be Aware of When Buying on Credit?

- Similarly, buying on credit may help your business by enabling you to buy stock in season when it is cheap, preserve and store it and sell when prices are high. It can also help you to buy in bulk and cover seasonal high expenses see Module "Borrowing (Loans)".
- However, it also comes with challenges:
 - You may quarrel over repayment.
 - You may forget about it.
 - You might buy unnecessary things.
 - Sometimes you have to pay more than the actual price because of the interest/ additional costs.
 - In most cases you need to be a regular customer of the supplier, this denies you opportunity of alternative/competitive options.
- If you decide to buy on credit, be sure that you will be able to repay your credit on time!
- Buying goods and services on credit for yourself or your household could put you in trouble. Before buying on credit find out how much profit you will make with your business. The profit should be enough to repay your credit, and still leave some money for savings.

How do You Record Selling and Buying on Credit?

- The credit book keeps record of all the money that customers owe you and the money you are owing to suppliers.

4.5 Financial Ratio Analysis and Break-Even Point



Financial Ratio Analysis

Ratios can be expressed as a decimal value, such as 0.10, or given as an equivalent percent value, such as 10%.

More common financial ratios in SMEs are ratios that measure: profitability, liquidity, management efficiency, and leverage.

Liquidity ratios measure the availability of cash to pay debt.

Activity ratios measure how quickly a SME converts non-cash assets to cash assets. Debt ratios measure the SME's ability to repay long-term debt.

Profitability ratios measure the SME's use of its assets and control of its expenses to generate an acceptable rate of return.

Market ratios [excluded in this discussion] measure investor response to owning a SME's stock and also the cost of issuing stock. These are concerned with the return on investment for shareholders, and with the relationship between return and the value of an investment in SME's shares.

Financial ratios are categorized according to the SME's financial aspects which the ratio measures.

Here is a list and brief descriptions of various financial ratios:

1. Profitability Ratios

1. Gross Profit Rate = $\text{Gross Profit} \div \text{Net Sales}$ [Evaluates how much gross profit is generated from sales. Gross profit is equal to net sales (sales minus sales returns, discounts, and allowances) minus cost of sales.]
2. Return on Sales = $\text{Net Income} \div \text{Net Sales}$ [Also known as "net profit margin" or "net profit rate", it measures the percentage of income derived from dollar sales. Generally, the higher the ROS the better.]
3. Return on Assets = $\text{Net Income} \div \text{Average Total Assets}$ [In financial analysis, it is the measure of the return on investment. ROA is used in evaluating management's efficiency in using assets to generate income.]
4. Return on Stockholders' Equity = $\text{Net Income} \div \text{Average Stockholders' Equity}$ [Measures the percentage of income derived for every dollar of owners' equity.]

2. Liquidity Ratios

1. Current Ratio = Current Assets ÷ Current Liabilities [Evaluates the ability of a SME to pay short-term obligations using current assets (cash, marketable securities, current receivables, inventory, and prepayments).]
2. Acid Test Ratio = Quick Assets ÷ Current Liabilities [Also known as “quick ratio”, it measures the ability of a SME to pay short-term obligations using the more liquid types of current assets or “quick assets” (cash, marketable securities, and current receivables).]
3. Cash Ratio = (Cash + Marketable Securities) ÷ Current Liabilities [Measures the ability of a SME to pay its current liabilities using cash and marketable securities. Marketable securities are short-term debt instruments that are as good as cash.]
4. Net Working Capital = Current Assets - Current Liabilities [Determines if a SME can meet its current obligations with its current assets; and how much excess or deficiency there is.]

3. Activity (or Management Efficiency) Ratios

1. Receivable Turnover = Net Credit Sales ÷ Average Accounts Receivable [Measures the efficiency of extending credit and collecting the same. It indicates the average number of times in a year a SME collects its open accounts. A high ratio implies efficient credit and collection process.]
2. Days Sales Outstanding = 360 Days ÷ Receivable Turnover [Also known as “receivable turnover in days”, “collection period”. It measures the average number of days it takes a SME to collect a receivable. The shorter the DSO, the better. Take note that some use 365 days instead of 360.]
3. Inventory Turnover = Cost of Sales ÷ Average Inventory [Represents the number of times inventory is sold and replaced. Take note that some authors use Sales in lieu of Cost of Sales in the above formula. A high ratio indicates that the SME is efficient in managing its inventories.]
4. Days Inventory Outstanding = 360 Days ÷ Inventory Turnover [Also known as “inventory turnover in days”. It represents the number of days inventory sits in the warehouse. In other words, it measures the number of days from purchase of inventory to the sale of the same. Like DSO, the shorter the DIO the better.]
5. Accounts Payable Turnover = Net Credit Purchases ÷ Ave. Accounts Payable [Represents the number of times a SME pays its accounts payable during a period. A low ratio is favored because it is better to delay payments as much as possible so that the money can be used for more productive purposes.]
6. Days Payable Outstanding = 360 Days ÷ Accounts Payable Turnover [Also known as “accounts payable turnover in days”, “payment period”. It measures the average number of days spent before paying obligations to suppliers. Unlike DSO and DIO, the longer the DPO the better (as explained above).]

7. Operating Cycle = Days Inventory Outstanding + Days Sales Outstanding [Measures the number of days a SME makes 1 complete operating cycle, i.e. purchase merchandise, sell them, and collect the amount due. A shorter operating cycle means that the SME generates sales and collects cash faster.]
8. Cash Conversion Cycle = Operating Cycle - Days Payable Outstanding [CCC measures how fast a SME converts cash into more cash. It represents the number of days a SME pays for purchases, sells them, and collects the amount due. Generally, like operating cycle, the shorter the CCC the better.]
9. Total Asset Turnover = Net Sales ÷ Average Total Assets [Measures overall efficiency of a SME in generating sales using its assets. The formula is similar to ROA, except that net sales is used instead of net income.]

4. Leverage Ratios (Debt ratios)

1. Debt Ratio = Total Liabilities ÷ Total Assets [Measures the portion of SME assets that is financed by debt (obligations to third parties). Debt ratio can also be computed using the formula: 1 minus Equity Ratio.]
2. Equity Ratio = Total Equity ÷ Total Assets [Determines the portion of total assets provided by equity (i.e. owners' contributions and the SME's accumulated profits). Equity ratio can also be computed using the formula: 1 minus Debt Ratio. The reciprocal of equity ratio is known as equity multiplier, which is equal to total assets divided by total equity.]
3. Debt-Equity Ratio = Total Liabilities ÷ Total Equity [Evaluates the capital structure of a SME. A D/E ratio of more than 1 implies that the SME is a leveraged SME; less than 1 implies that it is a conservative one.]
4. Times Interest Earned = EBIT ÷ Interest Expense [Measures the number of times interest expense is converted to income, and if the SME can pay its interest expense using the profits generated. EBIT is earnings before interest and taxes.]

Conclusion

Here's a tip. When computing for a ratio that involves an income statement item and a balance sheet item, make sure to average the balance sheet item. This is because the income statement item pertains to a whole period's activity. The balance sheet item should reflect the whole period as well; that's why we average.

There are other financial ratios in addition those listed above. The ones listed here are the most common ratios used in evaluating a business. In interpreting the ratios, it is better to have a basis for comparison, such as past performance and industry standards.

(Note: These are not ratios, but values in currency.)

COGS = Cost of goods sold, or cost of sales.

EBIT = Earnings before interest and taxes

EBITDA = Earnings before interest, taxes, depreciation, and amortization

EPS = Earnings per share

BREAK EVEN POINT

Description

The Break Even Point (BEP), also known as cost-volume-profit analysis, calculates the point where the total sales cover all costs in doing the business. Usually expressed as a percent of total sales or the total capacity utilised, BEP is an important benchmark for MSME entrepreneurs. At Break Even Point, the MSME neither makes profits nor losses. BEP can also determine various sales and cost relationships. It can establish the level of operations the MSME must maintain to recover all fixed and variable costs and to derive profitability from each sales level.

Fixed costs do not change even if production or sales volume changes; for example, depreciation expenses, salaries of administrative personnel, rental expenses, and so on. Variable costs vary directly with sales or production volume; for example, raw materials, direct labour, electricity, sales commissions, sales tax.

Below is a graphic presentation of the Break Even Point.

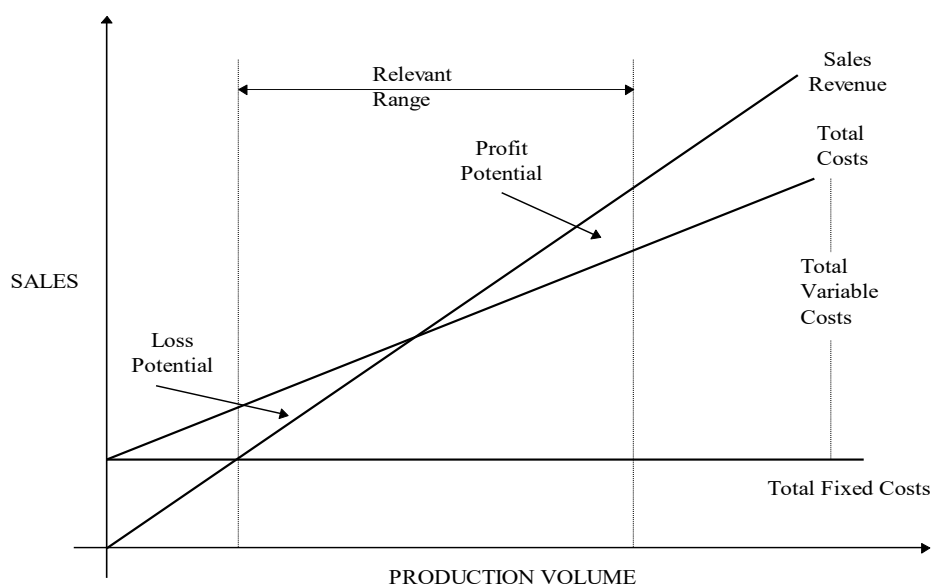


Figure 8: The Break-Even Point

The BEP formulas are:

$$\text{BEP Sales (Qty)} = \frac{\text{Total Fixed Costs}}{\text{Unit Selling Price} - \text{Unit Variable Costs}}$$

$$\text{BEP Selling Price} = \frac{\text{Total Fixed Costs} + \text{Total Variable Costs}}{\text{Total Sales Volume}}$$

$$\text{BEP Sales (Amount)} = \frac{\text{Total Fixed Costs}}{1 - (\text{Total Variable Costs} / \text{Total Sales})}$$

$$\text{Cash BEP (Sales Volume)} = \frac{\text{Total Cash Fixed Costs}}{\text{Unit Selling Price} - \text{Unit Cash Variable Costs}}$$

MSMEs use the Break Even tool to make decisions about

- new products in terms of the minimum sales volume to achieve given expected selling prices and costs.
- the effect of changing prices and volume relationships on total profits and pricing.
- modernisation or automation whereby certain variable costs could be made into fixed costs through automation programs.

LEARNING DIARY for RECORD-KEEPING & FINANCIAL RATIOS

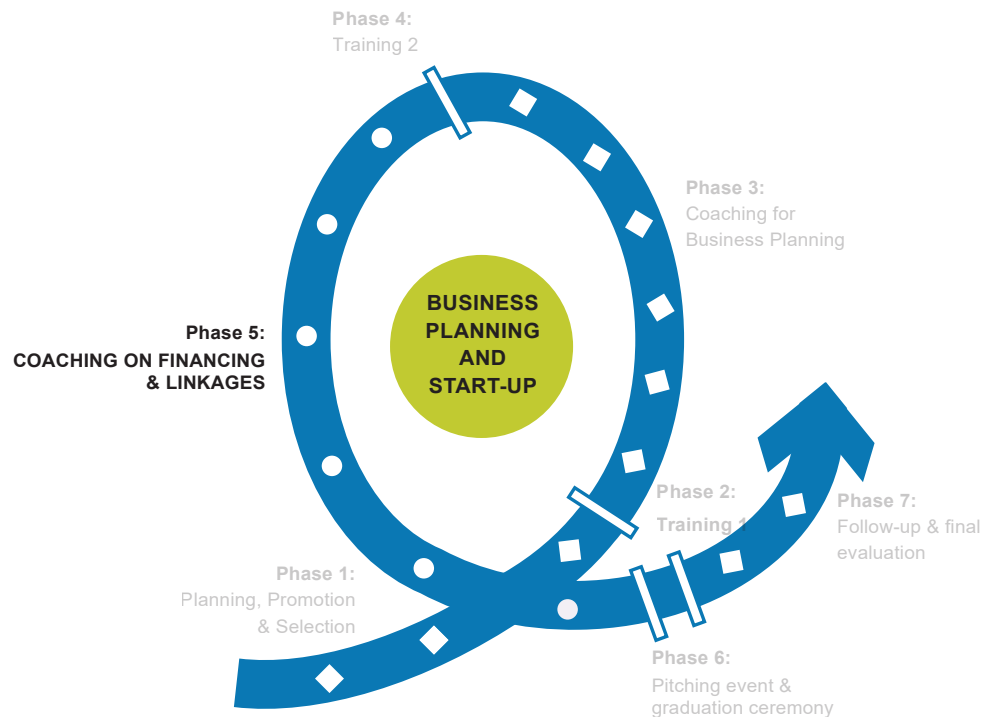


What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

PHASE 5:**Coaching for Financing and Linkages**

Phase 5 consists of a series of six individual coaching sessions related to financing and linkages.

Participants are business oriented, have prepared their business plans, and have forecasted costs, investment and financing requirements. They also have enhanced their personal entrepreneurial and managerial competencies.

As entrepreneurs, you may face challenges to start your businesses due to various other reasons and factors outside the thresholds and your control. One example could be access to business start-up loans. There are various business financing sources including the banks and cooperatives for business start-ups in Nigeria. These business financing opportunities vary from state to state and business to business. Loans from family members and friends, your own savings, borrowing from local institutions, buying raw materials on credit, using your credit card and bank overdraft are some of the financing sources.

In this phase, entrepreneurs receive coaching support mainly on how to access financing via various sources. Participants can also use the coaching sessions to improve their personal entrepreneurial competencies, work on critical success factors and any other issue important for their business start-up goal.

In this phase, entrepreneurs also receive coaching on other SME support linkages that can help them start their business. For example: NAFDAC, CAC, SON.

5.1 Phase 5 Coaching Session Schedule



In phase 5, you can use the coaching sessions to build your finance and other linkages, to improve your personal entrepreneurial competencies, to work on the identified critical success factors and any other important issue related to your business start-up.

- 1 Please use your coaching sessions relevant to your needs appropriately. Planning your coaching sessions in advance helps to use your coaching sessions and which needs some planning. Use the below schedule to plan your coaching sessions.
- 2 During each coaching session, record the main insights in your coaching logbook and sign the logbook record afterwards together with your coach.

Coaching Session Number	Place	Time	Discussion Topic in brief	Name of the Coach	Goal of the coaching session
1					
2					
3					
4					
5					
6			Preparation for business plan presentation		



- I understand what financing options I have and what their advantages and disadvantages are
- I understand how to build my networks and take advantage of available (SME support) linkages that can support my business
- I am confident to present my business plan to financial institutions and peer entrepreneurs

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 1

Session date: Session location:

Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 2

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 3

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 4

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 5

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 5 – Individual coaching session 6

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

PHASE 6:**Pitching Event & Graduation Ceremony**

Phase 6 completes the Start-up Loop. In a pitching event, entrepreneurs present their business plans to officers from commercial banks and other financial institutions, as well as to successful entrepreneurs or representatives of regulatory bodies, to test and prove the viability of their business ideas and plans. All Start-up Loop participants are encouraged to use to opportunity to present their business plans.

Successful entrepreneurs receive their Start-up Loop completion certificates at the graduation ceremony.



- I have a better understanding of what bankers and investors look for
- I presented my business plan to officers from financial institutions
- I received an assessment on the viability of my business plan and understand which parts/sections of the business plan need further strengthening and fine-tuning
- I received the Start-up Loop completion certificate

Presenting Your Business Plan



In general, presentation is one of the entrepreneurs' routine tasks. They need to present their ideas, views and opinions to lenders, supply chain actors, government representatives, community, etc. Presenting the business idea (or plan) to potential partners, investors, stakeholders, lenders and bankers is one of the most nerve-wracking (if not nightmarish!) experience for many prospective entrepreneurs. It need not be so. Successful entrepreneurs see themselves as ambassadors of their respective business. They believe that being nervous is good. Successful presenters have learned to embrace it and use its energy to propel into new directions and experiences.

What is a presentation?

Put simply, presentation is communicating a specific message with an audience. Prospective entrepreneurs require presentation to persuade the listeners to buy the products, lend or invest funds or other important actions for the enterprise. It should communicate the positive work of the proposed MSME: what you could offer as a new borrower, or why you should receive additional funding for an enterprise expansion.

Do not present when you are not ready. However, no one can be 100 percent certain that they are ready for presentation. So what can one do to be "ready." Presentation is 70 percent preparation. The balance is evenly shared between the delivery and post-delivery actions.

Best practices for presentations

1. Preparation

- Stay with your audience. What do they need to know?
- Aim for the action you want from the audience. The persuasion content and intensity depend on the actions you need for the audience to do after the presentation. The presentation need not be too convincing if you only want their ears. More persuasive one is needed when you want the audience to approve your loan application.
- Prepare a script. Use a two-column sheet. One column for headlines and the other for details. Possible headlines may include: Brief enterprise description, products or services, marketing, production (technology), organization and management, financials, managing risks. Avoid jargons in the script.
- Find your speaking style and tone. Read (but not memorize!) your script loud. In front of a mirror, if you want. Which voice is better for the script?

Where will your emphasis be? Speak as natural as you are. Be authentic!

- Practice in front of people. Practice with distractions.
- Anticipate questions. Add the answers in your script.
- Prepare your props (drawings, images, prototypes, etc.). If you need to, prepare your Powerpoint slides. Less is more. Else use other props.

2. Delivery

- Relax. Breathe three times.
- Open effectively by:
 - Restating the relevance of the topic to the listeners' needs
 - Asking questions to stimulate thinking
 - Sharing a personal experience or story
 - Beginning with a joke or humorous story
 - Projecting a cartoon or colorful visual
 - Quoting a stimulating or inspirational statement
 - Giving a unique demonstration
 - Stating why are you passionate about the idea. Cite the benefits. Mention that you studied. Cite your special skills. Make every statement, convincing! End with your vision.
- Convince the audience to support your enterprise. Go back to this, when making your concluding statements.
- State the facts. Don't exaggerate. Focus on the truth. Do not bluff.
- Eye contact throughout the delivery is essential for authenticity.
- Repetition is your friend. Use it sparingly. In other words, "Tell them what you're going to tell them. Tell them. Then, tell them what you told them."
- Reduce (or avoid) using words and phrases like, "um," "well," "really," and "you know."
- Show (not describe!) your Minimum Viable Product (MVP) or prototype. If you're starting a coffee shop, bring cups and let them sample the coffee. A recipe is good but not as interesting as the real cup of hot coffee. Let them see. Let them taste. Let them feel.
- In marketing emphasize the Proof of Concept. Anyone can have ideas. However, few can prove the idea will work. Demonstrate, at the lowest possible cost, the concept of what you intend to produce or deliver, both technically and at the level of the business model, that your startup (not the idea) has the potential to grow over time will scaleup.

- In finance, emphasize how much you intend to borrow and for what use (equipment, working capital, etc.), your equity (and even collateral), sales capacity, cash flow and when you intend to repay the loan. Likewise, tell them the total amount of interest you intend to generate for the lenders.
- Fill in the details depending on the time allowed. If time is limited, handout on others except, marketing and finance.
- During the delivery, answer the audience' questions, before they're asked.
- Watch the time.
- Don't live without a persuasive ending. Conclude your presentation by reinforcing the main ideas you communicated. Remember that listeners will not remember your entire presentation, only the main ideas. Your last sentence will linger the longest.
- A word of thanks will be in order.

3. Post-delivery

- If time allows, ask the audience some questions too. How may they improve the product or deal with the enterprise's vulnerability points, if at all.
- Collect all the audience's comments and use them to improve the plan.
- Share your card. Ask for an appointment.

If at this time, you did not get the audience's attention and interest in your enterprise, this is not the end of your business plan. A revision or refinement may be needed. Listening to the audience's comments should make the plan better.

Good Luck!

Note: After the pitching, take time to reflect on the comments and inputs you received. Use them to make further improvements to your business plan.

Typical Questions a Banker or Investor Will Ask You



Every investor wants to make money. Every banker wants to see loans paid back.

Put yourself in the shoes of a potential investor or a banker: would you give money to anyone? What are the questions you would want to get answers to?

Investing money in a business, especially in a young business that has not started very long ago, is risky. There is no track record yet and the owner might not have enough experience in running a business yet. With your pitch, you should make them comfortable to invest in your business: show them you have thought through your business, what you need to borrow money for and you know how much you need to borrow to cover your business need.

Make sure you know your business idea and plan very well!

Talk passionately about your business idea and plan!

To ensure that your idea is not only attractive to the banker/investor, but also financially viable, you should be able to explain in detail:

- What is your business model?
- What is your product or service? If possible, bring samples along.
- What problem(s) are you solving with your business idea? Which gap in the market are you filling?
- Where do you see your business in the long run?
- Who are your target customers and how do you plan to approach them? What is your marketing strategy?
- Who is your competition? What makes you different from your competition?
- What is unique about your product or service?

As preparation for the pitching event, go through these questions and make sure you have an answer to each one of them:

- How much money do you need?
- How will you use the money? What do you need the money for?
- If you receive the loan: what difference will it make in your business? What impact will it have on your business?
- How do you intend to pay back the loan?
- What is the Total Investment Cost?
- How much is your equity contribution?

- If you do not get the loan: what other options do you have to get access to finance?
- If something in your business model or plan does not work out: what is your plan B?
- How much revenue do you expect to make?
- What does your cash flow look like?
- What is the Return on Investment?
- What are the key risks in your business? What are critical factors that could make your business fail? How do you intend to manage or mitigate the risks?

LEARNING DIARY for PITCHING EVENT



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

LEARNING DIARY for GRADUATION CEREMONY



What I learnt in this session / phase of the Start-up Loop:

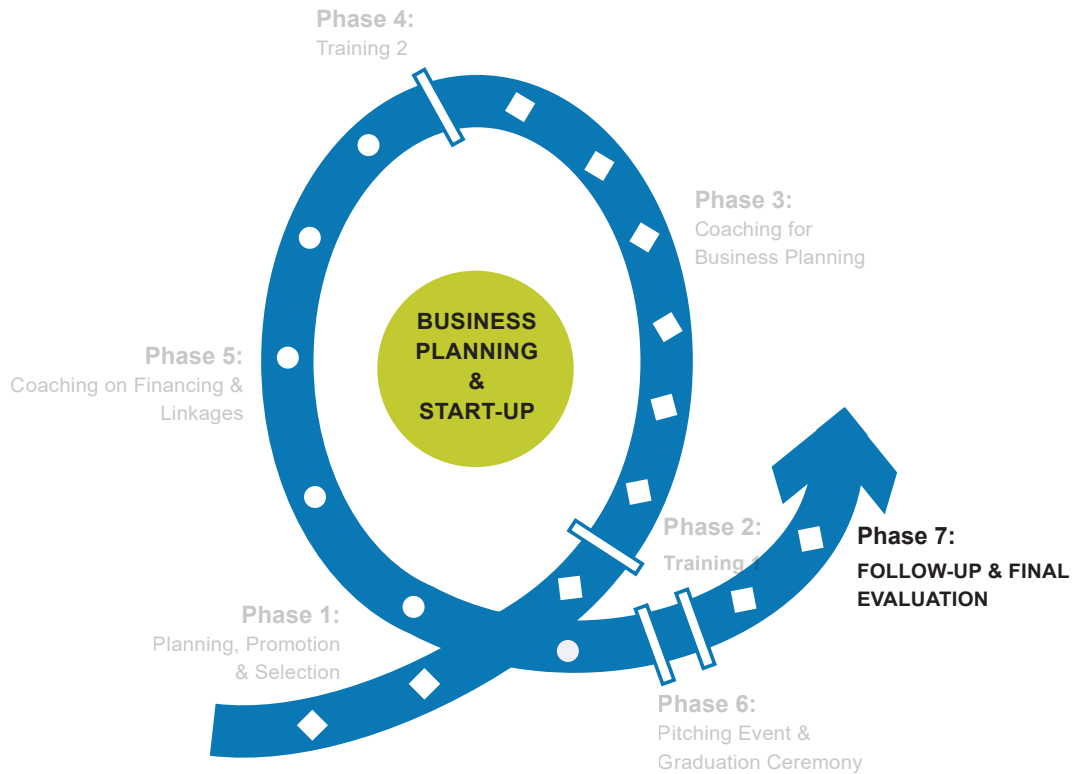
Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

PHASE 7:

Follow-Up and Final Evaluation



Phase 7 consists of two group coaching sessions. These are a follow-up mechanism to Start-up Loop participants, both those who successfully started business operations and those who did not start their business. Participants of the Start-up Loop have the possibility of exchanging experiences among each other and talk about their difficulties in starting a business, change of goals, current status or circumstances.

The Start-up Loop formally ends one year after the beginning of phase 1 (business orientation) with the final evaluation. The final evaluation is done in a participatory manner and provides a snapshot in relation to results achieved through the Start-up Loop training and coaching sessions.



- I kept in touch with the Start-up Loop trainers and coaches, as well as my fellow participants, since the graduation ceremony
- I understand the importance of monitoring the performance of my business
- I keep records in my business

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 7 – Group coaching session 1

Session date: Session location:

Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

COACHING LOGBOOK

Name of coachee: Name of coach:

Name of business: Type of business:

Phase 7 – Group coaching session 2

Session date: Session location:

Level of implementation of action plan from last coaching session	
Goal of the coaching session	
Main conclusions	
Actions to implement	
Remarks on situation of business	

Next coaching session (date and location):

Signature of start-up

Signature of coach

LEARNING DIARY for FOLLOW-UP & FINAL EVALUATION



What I learnt in this session / phase of the Start-up Loop:

Why this is important for my business:

How I will apply this new learning in my business:

In addition, I would like to learn (in the next training or coaching session or on my own):

Further Reading

1. Definition of MSMES

As in developed economies, Nigeria with the introduction of the National Policy on MSMEs has addressed the issue of definition as to what constitutes micro, small and medium enterprises. The definition adopts a classification based on dual criteria, employment and assets (excluding land and buildings) as shown below:

	Size Category	Employment	Assets (=N= Million)
1	Micro Enterprises	Less than 10	Less than 5
2	Small Enterprises	10 to 49	5 to less than 50
3	Medium Enterprises	50 to 199	50 to less than 500

Explanation:

- Micro Enterprises are those enterprises whose total assets (excluding land and buildings) are less than Five Million Naira with a workforce not exceeding ten employees.
- Small Enterprises are those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten but not exceeding forty-nine employees.
- Medium Enterprises are those enterprises with total assets (excluding land and building) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total workforce of between 50 and 199 employees.

Notes:

If there exists a conflict on classification between employment and assets criteria (for example, if an enterprise has assets worth 7 million Naira (N 7M) but employs 7 persons), the Employment-based classification will take precedence and the enterprise would be regarded as micro.

2. Business Registration in Nigeria

How to Register a Business Name in Nigeria

I. Choose Your Business Name

Take your time and be sure that your business name is highly related to the product you want to produce/sale and/or services you want to render. Choose your business name wisely.

II. Visit Corporate Affairs Commission (CAC)

At the CAC, you will be given a business name search form (Form008). This form is used to search for business name availability. Fill in the form appropriately and submit it. This form acts as an application for business name registration and should clearly state the business name that you intend to register.

III. Visit CAC After Some Days

Business name search usually takes about a week but with the new online platform this can take place in less than 24hrs. If your business name is not available you repeat step 1-3. If your proposed business is available, Collect another form called Registration of Business Name (Form001), fill it and proceed to payment of the registration fee. Upon payment of the registration fee, collect affidavit/attestation form and proceed to any magistrate court nearer to you for endorsement by the court magistrate.

IV. Collect Your Business Name Certificate of Registration

You are done with business name registration in Nigeria. You can then think about incorporating in a Ltd or PLC.

Incorporating Your Business

After the business name is approved, the next step to register a business in Nigeria to a full incorporation is to “incorporate the business.” This can be done by the business owner or better handled by a lawyer. Incorporating procedures are assessed under:

I. Type of Company

Private Limited Company (LTD) or Public Limited Company (PLC). The major difference between the two is that PLC companies can quote shares in stock exchange market, but LTD companies cannot.

Whereas an LTD company is more interested in making profits, a PLC company is more interested in services and goods for public to have good reputation. All the legal objects of the company must be contained in Memorandum of Association and Articles of Association (which are constitution and policies of the company that you have prepared).

II. Objects of the Company

Legal objects are the major framework and business dealings which indicate how a company intends to run within the acceptance of the law. They are set of goods and/or services a company intends to go into dealing or providing in its day to day activities and it must be legal.

III. Tax Requirements (Refer Paying Tax Handout)

There is also an employee tax (PAYE) backed by Tax Act of 1993 which is charged on salaries of workers of the company. These taxes are paid to Federal Inland Revenue Service and/or State Board of Internal Revenue. When companies file their returns, they are given Taxpayer Identification Number (TIN). This helps companies to access government loans, do bank transactions, import and export goods into/out of the country, and do foreign exchange business.

Foreign investors are allowed to fully or partly own their businesses in Nigeria. This is backed by the Nigerian Investment Promotion Act of 1995, Securities Act 1999, and Foreign Exchange Act 1995.

Benefits of MSMEs Registration in Nigeria

Getting on Record

One great advantage of having your company registered with the local, state or federal government is to ensure your company name is not registered by someone else. Always strive to register your company name before someone else snaps it from you. Being registered puts you also on the CAC database.

Certificate of Incorporation

You will be issued certificate of incorporation by the appropriate government agency. In Nigeria the Federal Government of Nigeria issues through Corporate Affairs Commission (CAC), government agency empowered to register companies and issue certificates.

Reputation with Customers

Building reputation especially from customers and clients you've never done business before is very difficult. Registering your business gives your potential customers confidence that they are dealing with a reputable organization. If your business is online based and you have the option of customers paying to your company account before you can ship the goods or services, having a registered business together with a corporate account give more credibility and trust.

Account Opening in Your Company Name

Another great benefit of registering your company name is to use it to open corporate account in your company name. Having corporate account give you more credibility and trust from your customers, bank, suppliers and other business partners

Legal Liability Protection

When you register your business as Limited Liability Company, you are a different entity from your company and get legal liability protection. If you incorporate, you will not be held personally responsible for certain accidents and other liabilities. If you obtained loan and you defaulted in payment, your bank will not seize your property except the company asset because you are protected from such incidence.

Getting Loans

When your company is registered, accessing loan becomes very easy compare to personal loan application. With your documents, you are going to have to prove that you're actually a business. This gives credibility and trust and also ensures confidence and your investors or lenders will see that they are dealing with a company and will be willing to do lend you money if other terms and conditions are made.

Continuity

When you register your business, one of the benefits is that even if you're dead or become incapacitated, your business continues especially when you have the right structure in place.

Source:

SMEDAN and National Bureau of Statistics collaborative survey 2013; Nigerian Cooperate Affairs Commission official website.


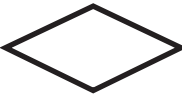


3. Depreciation Rates Used in Nigeria

Assets		Depreciation rate (%)
1	Furniture and fittings	20
2	Office equipment	25
3	Motor vehicle	20
4	Plant and equipment	25
5	Building	5
6	Other assets	10

4. Production / Service Delivery Flow Chart

The production or service delivery flow chart is a simple diagrammatic tool that shows how the steps in a production or service delivery process fit together. It allows you to break any process down into individual activities and shows the flow of the process as well as the relationship between its activities. It pinpoints actions that can be eliminated, combined or rearranged to achieve efficiency and economy. It is often used for documenting how to do a particular job and can be found in procedures and quality manuals. It helps team members to understand the activities and decisions involved in a process and thus perform the task correctly and in the right order.

Flowcharts are typically drawn with arrows and shapes of various kinds. There is no specific format for a flowchart, however, there must be an agreement of symbols used to ensure they are drawn in a consistent manner. The most common symbols that are applicable to most situation are:

	A process step which represents an activity (denoted as a rectangular box). In most flow charts this will be the most frequently used symbol
	A decision which represents a decision point (denoted as a diamond). This symbol will require a yes/no (pass/fail) response.
	The Start and the end of a process (denoted as ovals)
	Arrows that connect the symbols and show process flow

You may use other symbols to describe the type of activity(ies) in the chart more clearly. However, remember that you have to keep things simple in order to gain people’s understanding. Colors and shading can also be used to call attention to different types and steps. Some flowcharts even demonstrate more information such as: who is responsible for each specific step and how much each step takes.

How to Construct a Production or Service Delivery Flowchart:

- Flowcharts are easy to understand and simple to construct through the following steps:
- Describe the process and its objectives.
- Determine the level of detail, the scope and the boundaries of the flowchart.
- Identify all major process steps, decisions and the sequence of completion.
- Using the above information, draft a flowchart using the standard set of symbols then label each symbol appropriately (whenever possible, use only two words: a verb and a noun).

FURTHER READING

- Prepare the final flowchart and add further details as necessary (e.g., the cycle times and the responsibility information).
- Test the flowchart to make sure that it represents the process accurately and completely.
- Review the 'big picture' then identify problem areas and improvement opportunities.

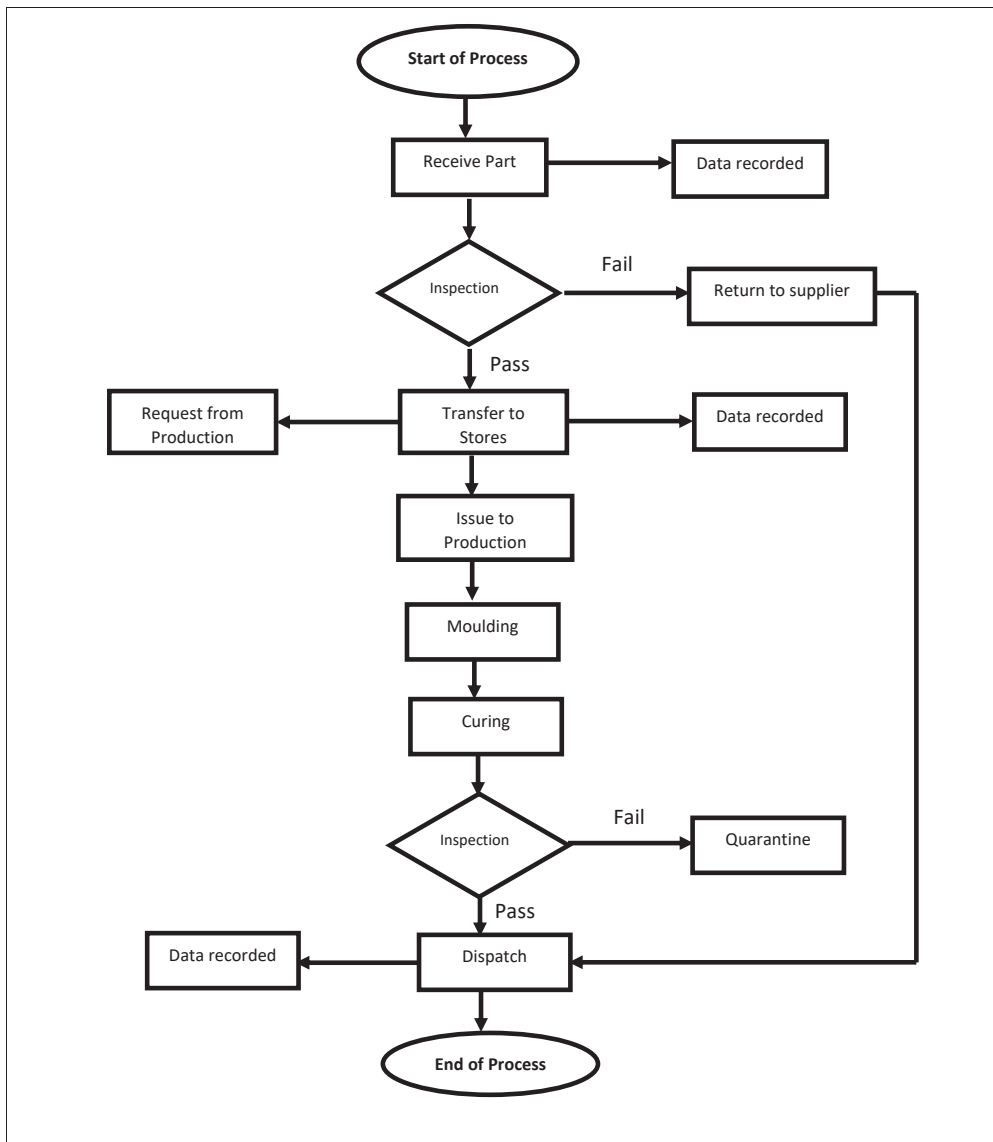


Figure 9: Example of Production Flow Chart

5. Paying Tax

(An extract from the GIZ SEDIN Financial Literacy Factsheets)

What is Tax?

- Tax is compulsory levy imposed by Government on individuals, entities, transactions or properties to generate revenue for the support of Government and for all public needs.
- Tax is computed basically on three bases:
 - i. Incomes
 - ii. Consumptions
 - iii. Capital gains

What Types of Taxes are Paid by Companies and Individuals?

The most important taxes for companies and self-employed individuals are:

Personal Income Tax (PIT)

- Persons on paid employment pay their personal income tax through the Pay-As-You-Earn (P.A.Y.E.) system. The tax is deducted from employee's salary by the employer and paid directly to the SBIR or FIRS in case of FCT residents every month.
- PAYE is charged on actual year basis (AYB)
- A self-employed individual or enterprise uses the direct assessment system to pay their income tax.
- Under the direct assessment system the income tax is computed on Preceding Year Basis not later than 31st March of the succeeding year.
- PIT rate is applied on a graduated scale on taxable annual income as set out below:

First N300,000	7%
Next N300,000	11%
Next N500,000	15%
Next N500,000	19%
Next N1,600,000	21%
Above N 3,200,000	24%
- A **minimum tax** of 1% of total gross income is imposed where an individual has no taxable profit or the tax payable is less than 1% of total gross income.

Company Income Tax (CIT)

- All registered companies have to pay CIT equalling 30% of total profit.
- 20% of total profit is applicable to small companies that engages in manufacturing and those engaged wholly in export, within the first five years of operation, and where the turnover does not exceed N1 million.
- This tax is charged on the preceding year basis (PYB), i.e. the profit for year 2015 will be taxed in 2016.
- **Minimum tax** is imposed where a company has no taxable profit or the tax payable is less than the minimum tax computed as follows:

The highest of:

 - 0.5% of gross profit
 - 0.5% of net asset
 - 0.25% of paid up share capital
 - 0.25% of turnover up to N500,000
 - Plus 0.125% of turnover in excess of N500,000.

Education Tax (EDT)

- All companies operating in Nigeria are required to pay an Education Tax of 2% of assessable profits, in addition to the payment of CIT

Value Added Tax (VAT)

- Individuals and companies that are VATable persons are required to remit VAT on a monthly basis.
- VAT of 5% is paid by the consumers at the point of purchase.
- The seller remits all VAT payments on a monthly basis to FIRS through a bank and is issued an e-ticket.
- The monthly return and the e-ticket are submitted to the Integrated Tax Office (ITO) to obtain an e-receipt.
- VAT is deducted at source for supplying to government bodies or petroleum operators.

Capital Gains Tax (CGT)

- This is tax on gains from the disposal of business assets.
- The rate is 10%
- The exemptions includes gains from disposal of shares and stocks, Nigerian government securities, life assurance policies, main residence or dwelling house of an individual, compensation for wrong or injuries suffered by an individual

Withholding Tax (WHT)

- This is not a separate type of tax but a means of collecting a portion of income tax at source, such as CIT or PIT.
- WHT is an advance payment of income tax deductible at source on specified transactions. It can be applied as tax credit against income tax liability. The relevant provisions are in the CITA, PITA, PPTA, and WHT Regulations.
- The rate varies given the nature of the transaction. It could be 5%, 7.5% or 10%.
- It is remitted within 21 days of deduction to FIRS in the case of companies and 30 days to IR in the case of individuals and unincorporated entities.
- Failure to remit WHT due to the FIRS: a penalty of 10% per annum and interest at Central Bank rate in addition to the principal tax.
- Failure to remit WHT due to SBIR: a fine of N5,000 or 10% of tax due, whichever is higher, in addition to the principal tax due and interest at the bank lending rate.

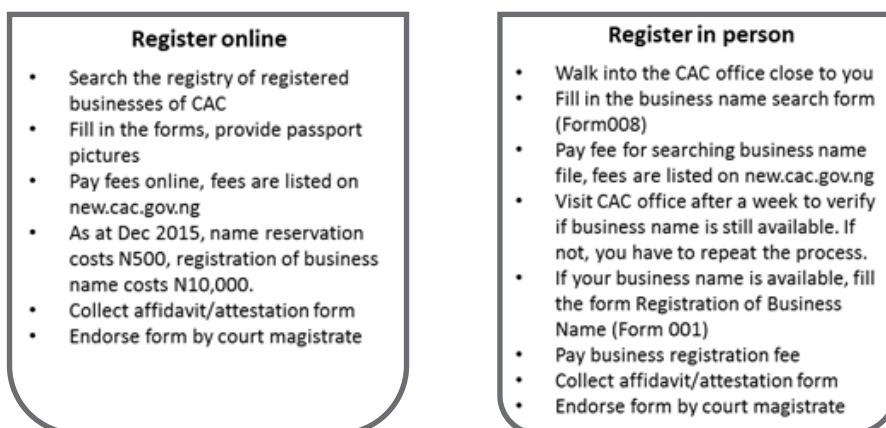
National Information Technology Development Fund (NITDF) Tax

- NITDF Tax is payable by specified companies with turnover of N100 million and above at 1% of profit before tax
- The companies are:
 - i. GSM services providers and all telecommunications companies;
 - ii. Cyber companies and internet providers
 - iii. Pension managers and pension related companies;
 - iv. Banks and other financial institutions; and
 - v. Insurance companies.
- The tax when paid is tax deductible for company income tax purposes

The most important taxes for bigger companies to pay are company income tax (CIT), value added tax (VAT) and personal income tax (PIT).

How do You Register Your Business Name?

- If you want to make your business official, you register it with CAC.
- The first step is to think of a business name. To indicate that you are running a sole proprietorship, you can put "... Ventures", "... & Sons", "... Enterprises" or "... & Co." at the end. Avoid names that contain words like consult, expert, and technician etc. You could be required to provide a certificate backing to prove that you are trained in the area.
- Individuals/sole proprietors can register business names without the services of the legal practitioner, Chartered Accountant or Chartered Secretary.
- After the registration of the business, the next step could be to incorporate your business as a company, which comes with more responsibilities.



What is a Tax Clearance Certificate and What is it Used for?

- A Tax Clearance Certificate (TCC) is a written confirmation from the tax authority that the taxpayer's tax affairs are in order at the date of issue of the certificate. It might be required to secure business contracts, e.g. to land lease and purchase of land, government tenders or visa application.
- Tax Clearance Certificate (TCC) is issued to validate the status of a taxpayer. A TCC is issued free of charge without any cost.
- After all taxes payable in any year of assessment have been paid, you can obtain a tax clearing certificate (TCC) from FIRS or SBIR/SIRS.

How do You Apply for a Tax Clearance Certificate (TCC) for Your Company?

- Complete the Application for Tax Clearance Certificate Form.
- Present the following documents: your official revenue receipts and tax returns.

How do You Avoid Multiple Taxation?

- Federal government collects CIT, VAT, EDT and CGT. State governments collect Personal Income Tax of individuals and unincorporated entities, while local governments are only allowed to collect levies and rates but not income tax.
- Be clear about which taxes apply to you, when to pay and pay them on time.
- Make sure that you always keep evidence of the tax payments you make.

How Can You Resolve Tax Disputes?

- Write a letter of objection to the Tax authority within 30 days of receipt of the notice of assessment stating your ground for objection and requesting for amendment.
- If the tax authority is comfortable with your objection, it will issue a notice of amended assessment to you. But if not, it will issue a notice of refusal to amend the assessment.
- Where the tax authority issues a refusal to amend notice and the taxpayer is still aggrieved, write to the Tax Appeal Tribunal (TAT) attaching your letter of objection and the refusal to amend notice received from the tax authority. The TAT website is <http://www.tat.gov.ng/node/8>
- If any of the parties is aggrieved with the decision of the TAT, the next step is to direct the case to the Federal High Court.
- If any of the parties is aggrieved with the decision of the Federal High Court, the next step is to direct the case to the Court of Appeal.

6. Contract Management Guide for MSMES

Introduction

From the moment we open our eyes in the morning to the moment we shut them again at night, our day-to-day dealings are governed by contracts: both in business and in our personal lives. From taking a taxi to our shops or getting a bus to take our goods to the market, to selling them to our customers, to taking on a new employee and negotiating a deal with a supplier, contracts bring order and organisation to our world. However, despite the fact that we enter into contracts with such regularity, many of us, especially the small businesses, do not know what actually constitutes a contract and how best to manage their contracts for the growth of their businesses. Dealing with contracts is very much a part of small business management. Once in place, contractual requirements largely dictate the way in which small businesses operate. In short, they underpin the viability and security of any business, large or small. This module is designed to help small businesses and entrepreneurs have a clearer understanding of all things contractual so that they can better manage their business agreements and avoid making any common contract mistakes.

Managing Contracts

Managing contracts involve a couple of things including the **what, how and when** of business interactions. There are contracts that are completely bad from their structure in terms of obligations and rights that businesses enter into sometimes because they do not fully understand the contract and its implication or other times because they chose to deliberately overlook the warning signs because of the immediate gains derivable from such contract.

The “**what**” in managing a contract refers to what the contract is about. What rights and obligations are created under the contract? Are they realisable, performable? Are they legal? It is important for a business to pay attention to the what question in contract management. The general question here is, “what is this contract about?”.

The ‘**how**’ of entering into contracts is very important. The truth is, whether you are aware of it or not and whether or not you see it as such or not, each time you enter into a business relationship, a possible contract is created. The question is ‘how’ did you enter into the contract? Many times, small entrepreneurs enter into contracts or manage the contractual relationship without any form of documentation. While the lack of documentation does not in itself make a contract bad, oral contracts or management of contractual relationship without documentation often leads to conflicts and disagreement. This happens/ occurs because such contracts or their implementation and management are not properly documented, therefore proving them or proving the details becomes difficult.

Finally, the ‘**when**’ is also a very important factor in managing contracts. Often, entrepreneurs, especially artisans, negotiate for price and what is to be paid only when the job is already done,

thereby negotiating from a very weak and disadvantaged position. This also creates room for conflict as one of the parties has fully performed their obligation under the contract while the other party is at liberty to act as they please.

A Contract and its Key Ingredients

Simply put, a contract is a legally binding agreement between two or more persons or entities. It is a binding agreement that is an essential part of business dealings. If one party does not hold up their end of the bargain, the other party has legal recourse for any resulting damages. Any agreement between two parties to do certain things in return for something is a contract. For a contract (agreement) to be valid and enforceable in law, it must have all the vital ingredients of a contract.

These ingredients include;

- **Offer:** An offer is the invitation to perform an act, which is the basis of the contract. This could be an invitation to buy goods or to supply specified goods or produce specified products.
- **Acceptance:** Acceptance means that you agree to what is offered, without any changes or variation. If you make changes to the offer, it is typically considered a “counter-offer” which must itself be accepted.
- **Consideration:** Consideration means something of value, which is usually money, bargained for in exchange for the product or service that is being offered. This is the “price” each party is paying for the contract. This may be money, services, goods, promise to do or not to do etc. This is one key ingredient that separates a contract from a mere gratuitous promise.
- **Intention to create legal relations:** This means that for there to be a contract, parties at the time of making the promise or commitments must have the intention to be legally bound by the it.
- **Capacity:** Capacity here talks about legal capacity to enter into such contract by reason of age and mental status.

Does a Contract Need to be in Writing?

Typically, a contract can be written or oral. Additionally, a contract can be a mixture of both. A contract does not have to be written for it to be valid and enforceable, contracts could as well be verbal (oral).

Note however, that some types of contract must necessarily be in writing to be valid. For instance, the contract for sale of land must necessarily be in writing to be valid.

Even though, generally, a contract does not need to be in writing to be valid, it is advisable (where possible) to make sure that your business arrangements or contracts are in writing, to avoid

problems when trying to prove that a contract existed. It is very common to hear people ask the question; “don’t you trust me?” when you ask that what you have agreed orally should be put in writing and endorsed by both parties. As an entrepreneur, this should not throw you off. As much as possible and where practicable, having all business dealings and contractual agreements in writing with both parties signing is highly advisable.

Contract Format

There is no specific format that a contract must follow. It is important for it to contain the name and details of parties and all the necessary terms of the agreement. **Leave nothing to chance.** Spell out in your contract all the information that is relevant to your agreement. What is obvious to you may not be so obvious to someone else.

Before and After You Signed a Contract

As an entrepreneur, when the other party requires you to sign a contract, it is very important you do not treat it as a mere ritual. **Signing a contract presupposes that you have read and understood the content of the contract you are signing.** It will not generally be a defence to claim that you did not read the contract very well before signing or that you did not see a portion clearly or you did not understand it very well before signing except you can prove fraud on the part of the other party, duress (i.e. you signed it by force and against your will) or undue influence.

Therefore, it is important to carefully read and understand every bit of a contract before signing it.

Once a contract is signed, performance or enforcement is expected. Having signed a contract therefore, ensure the following:

- Obtain a copy of the signed contract for your records.
- Keep your copy of the contract. Keep it somewhere safe for future reference.
- Read the contract from time to time especially within the period of its performance to ensure compliance with the terms and specifications.
- Ensure you perform your obligations under the contract

7. Business Ethics

Ethics is about differentiating right from wrong. It is the reflection on and definition of what is right, what is wrong, what is just, what is unjust, what is good, and what is bad in terms of human behaviour. It helps us develop the rules and principles (norms) by which we judge and guide meaningful decision-making.

Business ethics, also called corporate ethics, is a form of applied ethics or professional ethics that examines the ethical and moral principles and problems that arise in a business environment. It can also be defined as the written and unwritten codes of principles and values, determined by an organization's culture, that govern decisions and actions within that organization. It applies to all aspects of business conduct on behalf of both individuals and the entire company.

Ethics are a central concern for businesses, organizations, and individuals alike. Behaving in a way that adds value without inappropriate conduct or negative consequences for any other group or individual, organizational leaders in particular must be completely aware of the consequences of certain decisions and organizational trajectories, and ensure alignment with societal interests.

The Importance of Ethics

Ethical behaviour, be it at the organisational, professional or individual level, is a direct representation of the principles and values that govern the individual and the organization they represent. Organizations create an internal culture, which is reflected externally as organizational values. These values impact the relationships within the organization, productivity, reputation, employee morale and retention, legalities, and the broader community in which they operate.

As a result, most organizations generate a statement of organizational values and codes of conduct for all employees to understand and adhere to. Motivating and reinforcing positive behavior while creating an environment that avoids unethical behavior is a critical responsibility of both managers and employees.

Ethical Principles: These are ethical values translated into active language describing the kind of behaviour an ethical person or organisation should engage in. the following are some ethical principles:

- Honesty
- Integrity
- Promise-keeping & trustworthiness
- Loyalty
- Fairness
- Concern for others
- Respect for others
- Law abiding
- Commitment to excellence
- Leadership
- Reputation and morale
- Accountability.

Glossary

Accounts payable	A current liability representing the amount owed by a business to a creditor for the merchandise or the services purchased on the open account (i.e. without the giving of a note or other evidence of debt).
Accounts receivable	Money owed a business enterprise for merchandise bought on open account.
Accrual basis	The practice of record keeping by which income is recorded when earned and expenses are recorded when incurred, even though the cash may not be received or paid out until later.
Accrued income	Income earned during a fiscal period but not actually received during the fiscal period.
Accrued liability expenses	Expenses incurred during a fiscal period but not paid at the end of the fiscal period.
Administrative expenses	Expenses chargeable to the managerial and policy-making phases of a business. They include General Accounting Expenses, etc.
Aging accounts receivable	Grouping customer accounts according to due dates.
Allowance (reserve) for depreciation	The allowance for depreciation is the accumulation of amounts charged to expense to write off the cost of a fixed asset over its estimated useful life. The allowance account does not necessarily measure the decline in value of the related asset nor does it represent a specific fund of cash or other assets set aside to replace the related asset.
Amortisation	The gradual reduction of a debt by means of equal periodic payments sufficient to meet current interest and liquidate the debt of maturity. When the debt involves real property, often the periodic payments include a sum sufficient to pay taxes and hazard insurance of the property.
Appreciation	The increase in the value of an asset in excess of its depreciable cost which is due to economic and other conditions, as distinguished from increases in value due to improvements or additions made to it.
Asset	Anything owned by an individual or a business, which has commercial or exchange value. Assets may consist of specific property or claims against others, in contrast to obligations due to others. (See also "Liabilities.")
Average daily balance	The average amount of money that a customer keeps on deposit. It is determined by adding the daily balances of an account for a given length of time, and dividing the total by the number of days covered.
Average inventory	The approximate amount of merchandise on hand during a certain period. The picture or profile of the business and its operations showing the total assets and how these assets are financed through either debt or equity at a particular point in time.
Bad debts	Bad debts are the amounts due to an open account that have been proved uncollectible.

Balance sheet	An itemized statement which lists the total assets and the total liabilities of a given business to portray its net worth at a given moment of time. The balance sheet gives a picture or profile of a business and its operations showing the total assets and how these assets are financed through either debt or equity at a particular point in time.
Bank reconciliation	Verification of a bank statement balance and the depositor's checkbook balance.
Cashflow statement	Shows the business cashflow where prepaid expenses are considered, and the actual cash movements are shown. The statement highlights the cash inflows and outflows yearly, quarterly, monthly or weekly basis.
Competency	Mastering of knowledge, skills and attitude related to a certain expertise and context. This results in a certain behaviour appropriate to the context.
Corporation	A type of business organisation chartered by a state and given many of the legal rights as a separate entity.
Cost of goods sold	The amount determined by subtracting the value of the ending merchandise from the sum of the beginning merchandise inventory and the net purchases for fiscal period.
Current assets	Current assets represent value of all assets that can reasonably be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses. It's usually included in the balance sheet.
Current assets	Current assets are those assets of a company which are reasonably expected to be realised in cash, or sold, or consumed during a normal operating cycle of a business (usually one year). Such assets include cash, accounts receivable and money due usually within a year, short term investments, U.S. government bonds, inventories, and prepaid expenses.
Current liabilities	Liabilities to be paid within one year. Current liabilities are company's debts or obligations that are due for payment within the next 12 calendar months, appearing on the company's balance sheet and include short term debt, accounts payable, accrued liabilities and other debts.
Deficit	Occurs when the cumulative losses and dividend distributions exceed earnings. Due to these, the retained earnings account will have a debit balance and will be shown in the balance sheet as a deduction from the stockholders' equity under the caption deficit.
Depreciation	The amount of expense charged against earnings by a company to write off the cost of a plant or machine over its useful life, giving consideration to wear and tear, obsolescence, and salvage. If the expense is assumed to be incurred unequal amounts in each business period over the life of the asset, the depreciation method used is "straight line".
Depreciation rate	Depreciation rate is the percent rate at which an asset is depreciated. A business determines the depreciation rate by dividing the depreciated cost of an asset by the number of years of its useful life. It is the periodic transfer of cost to expense.

Direct labour	Refers to wages to employees who work on the product with tools or who operate machines in the process of production.
Discounted cash flow	Discounted cash flow is a method of computing the rate of return of a project. Under this method, the actual net cash flow back (after-tax earnings plus depreciation) is discounted annually until the present worth of the discounted cash flow back over the life of the project is equal to the cost of the project.
Dividend	That portion of a corporation's earnings which is paid to the stockholders.
Entrepreneur	One who assumes the financial risk of the initiation, operation and management of a given business or undertaking.
Equity	Equity is the amount of cash contributed by the owners (the shareholders) into a business.
Expenses	These are outflows of assets or the increases in liabilities that take place in connection with products and services transferred by an enterprise to its customers during a period of time and in connection with other income-directed activities of the enterprise.
Fair market value	The price at which a willing seller will sell and a willing buyer will buy in an arm's length of transaction when neither is under compulsion to sell or buy and both have reasonable knowledge of relevant facts.
FIFO (First in First Out)	The term relates to inventory valuations and the balance sheet figure for inventory should be qualified accordingly. This simply means that the cost known for the first shipment of the respective item is used for valuations.
Fixed assets	Fixed assets are company properties such as building, vehicles, plants and machinery use for production and income generation. Fixed assets cannot be easily converted to cash. It's usually included in the balance sheet.
Gross profit	The profit earned for a period after deducting the direct and indirect operational costs (production expenses) and before deducting marketing, management, financial and other costs.
Liabilities	Debts of a person or a business.
LIFO (Last in First Out)	The term has accounting significance as it relates to valuation of inventories. This simply means that the price shown on the last shipment of the particular item is the one which will be used for current valuations and cost. With fast moving items this should be close to market value.
Line of credit	An agreement between a bank and a customer whereby the bank agrees to lend the customer funds up to a previously agreed maximum amount. A line of credit is widely used by large organisations for future commitments and purchases of inventory.
Liquidating value	The anticipated value of a particular asset that will be realised in case of liquidation of a business.

Liquidity	A measure of the extent to which an organisation has cash to meet immediate and short-term obligations, or assets that can be quickly converted to cash. It describes the solvency of a business and makes reference to the degree of readiness in which assets can be converted into cash without loss.
Long term liabilities or debts	These are liabilities or obligations that are not due for payment within the next 12 months.
Manufacturing costs	Consists of the raw materials, direct labour and manufacturing overhead costs.
Manufacturing overhead	Includes all costs incurred in production, that cannot be classified as materials or direct labour. It includes among others, indirect labour, depreciation of factory buildings and manufacturing equipment, power, factory supplies used, taxes, repairs and upkeep of factory buildings and equipment.
Margin	The difference between the cost and the selling price of merchandise; expressed as a percentage with the difference as the numerator and the selling price as the denominator.
Market coverage	The area covered by the business marketing within a market place. Normally how much of a particular location is covered by the company's promotional strategy of a product.
Marketing Mix	The marketing mix is a foundation model in marketing. The marketing mix is defined as the "set of marketing tools that the firm uses to pursue its marketing objectives in the target". These tools include product, price, place and promotion.
Markup	The difference between the cost and the selling price of merchandise; expressed as a percentage with the difference as the numerator and the selling price as the denominator.
Materials cost	Includes only those that enters into and become part of the finished products; supplies used in the operation of the factory are not classified as materials because they do not become part of the finished product.
Materials inventory	Items that are not yet even in the stage of production.
Merchandise inventory	Goods held for sale, aside from the finished goods inventory which is found in manufacturing concerns.
Mortgage	A written obligation to pay a debt with property pledged as security. In other countries, some terms used are "Collateral", "Guarantees".
Net income	The excess of the total income over the total expenses for a fiscal period.
Net loss	The excess of the total expenses over the total income for a fiscal period.
Net profit before tax	The profit earned for a period after deducting all costs and before deducting the tax payable to the authorities.
Net sales	The final amount of sales, determined by subtracting the amount of sales returns and allowances and sales discounts from the total amount of sales for a fiscal period.

Net worth	The equity ownership interest of the owners of a company, that is, the common and preferred stockholders. It is the difference between the book value of the assets and the liabilities of a company. In a corporation, net worth or stockholder's equity consists of capital stock, capital surplus, and retained earnings (earned surplus).
Notes payable	Written promises to persons or businesses to pay certain amounts at certain times.
Notes receivable	Written promises from persons or businesses agreeing to pay certain amounts at certain times.
Operating budgets	These are budget allowances that pertain to the expenses and the incomes which are included in the profit and loss statements of a company for the given fiscal period.
Owner's equity	Represents the resources invested by the owner/s; it is equal to the total assets minus the liabilities.
Paid-in capital	May include items other than the par or stated value of the stock. Among these, in addition to the premiums on common or preferred stock, may be donations and amounts arising from assets revaluations.
Preferred stock	Corporate stock which grants its owners certain preference rights on payments of dividends and the distribution of assets.
Present value	The discounted value of a certain sum due and payable at a certain specified future date.
Production Process Flow Chart	Production process flow chart is a diagrammatical representation of a production process indicating steps by steps in a sequential order from start to finish of the process.
Profit and Loss statement /account	A statement showing the gross profit and net profit for a period, normally a year that the business earned on its operation. The yearly expenses are shown, and the taxation computations are made in this statement.
Quick assets	Those assets which, in the ordinary course of business, will be converted into cash within a reasonably short period of time (as within one year).
Retained earnings	Undistributed earnings from regular operating transactions.
Retained earnings (Earned Surplus)	The accumulation of earnings which have not been paid out to the stockholders.
Return on Investment (ROI)	ROI is the ratio between the net profit or loss and cost of investment resulting from an investment of some resource. As used in financial management, it is the ratio of profits (before or after taxes) to net worth or stockholders' equity. It is calculated as a percentage of (Net profit or loss – total investment / total investment).
Revenue	The total of all receipts of an enterprise as a going concern: receipts from sales of products, merchandise, and earnings from interest, dividends, rents, and wages.
Sales	Revenue earned from products transferred by an enterprise to its customers during a period of time.

Sales discounts	A reduction in the sale price which is usually given if the customer pays within a limited period.
Sales returns and allowances	Refers to the value of merchandise returned by the customer because it is not exactly what was ordered, or a reduction of the price, or allowance, due to defective or broken goods which are retained.
Secured loan	A loan which is secured by marketable securities or other marketable valuables. Secured loans may either be time or demand loans.
Self-liquidating loans	A short-term commercial loan, usually supported by a lien on a given product or commodities, which is liquidated from the proceeds of the products or commodities. Example: Loans granted for the growing of crops.
Stockholder	A person owning shares of the capital stock of a corporation.
Subcontracting expense	Cost incurred for work done by an outside firm.
SWOT Analysis	S.W.O.T. is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis is an organised list of a business's greatest strengths, weaknesses, opportunities, and threats.
Target group	The potential customers and clients whose needs the business (or product and services) intends to address.
Term loan	Usually a long-term loan with a tenure running up to ten years. An amortisation programme is worked out in the loan agreement for the liquidation of the loan over its tenure.
Total Investment Cost	How much money required to start up a business, and it varies from one business to another. It comprises of the total cost for capital expenditures and expenses before the business start making income.
Variable cost	It is a set of operating expenses which varies directly and sometimes proportionately with the sales or production, facility, utilisation, or any other measures of activity within an enterprise.
Working capital	It is a short-term capital requirement to run the business operation and varies with the production/service delivery cycle other than the fixed assets investments.

Glossary of Key Terms In 5 Major Nigerian Languages

English	Pidgin	Hausa	Ibo	Yoruba
<p>Amortisation</p> <p>The gradual reduction of a debt by means of equal periodic payments sufficient to meet current interest and liquidate the debt of maturity. When the debt involves real property, often the periodic payments include a sum sufficient to pay taxes and hazard insurance of the property</p>	<p>Jeje Repayment</p> <p>Dis na di jejely payment for wetin persin owe, na di same amount you go pay as per every day/month/year or time wey una gree and di amount go di one wey go fit tek care of the interest wey di loan get and clear di loan finish after the maturity period don reash. If the thin wey persin owe na properti like house or building, the payment go involve di moni wey persin go tek pay tax plus including oda moni like hazard insurance for di house or building.</p>	<p>Kudin da Aka Aika</p> <p>Wannan shine ragewan bashin da aka saba dashi ta hanyar biyan biyan kudi na lokaci-lokaci daidai don biyan biyan bukata na yanzu da saukake bashin a balaga. Lokacin da bashin ya kunshi dukiya na ainihi, sau da yawa lokacin biyan kudi ya haɗa da adadi wanda ya isa ya biya haraji da inshorar haɗari na kadarorin.</p>	<p>Nyeghachi Ego</p> <p>Site na obere ikwughachi ugwo kwuru ugwo site na ikwu ugwo n'oge nke ego iji zuru ezu iji zulte omuru nwa ugbu a ma wepu ugwo nke ntozu. Mgbe ugwo ahụ metutara ezigbo ulo, otutu mgbe kwa mgbe ikwu ugwo na-agunye ego zuru ezu iji kwuo utu isi na mkpuchi mkpuchi ihe mmeru di.</p>	<p>Isanpada</p> <p>Eyi je sisan gbese die die nipase sisan owo ti o dogba deede ti o to lati pe owo ori. Nigbati gbese ba je ohunini gidi, nigbagbogbo sisan awon owo nigbakokan pelu aropo ti o to lati san owo-ori ati iseduro eewu ti ohunini naa</p>
<p>Asset</p> <p>Anything owned by an individual or a business, which has commercial or exchange value. Assets may consist of specific property or claims against others, in contrast to obligations due to others.</p>	<p>Betta Properti</p> <p>Na anything wey persin or business get wey dem fit sell get moni or use am exchange for anoda properti. Betta properti fit be building or machine wey we get or thins wey people de owe us.</p>	<p>Kaddara</p> <p>Kaddara wani abu ne wadda mutum ko sana'arsa ta mallaka, wanda ke da darajar kasuwanci ko musayar kudi. Dukiya na iya zama takamaiman dukiya ko da'awar da aka yi wa wasu, sabanin wajibai saboda wasu.</p>	<p>Aku</p> <p>Ihe o bu la nke mmadu nwere ma o bu azumahia, nke nwere uru ego. Ihe bara uba nwere ike inwe ihe ufodu akowaputara ma o bu nkwuputa megide ndi ozo, na iche na oru diiri ndi ozo.</p>	<p>Ohun-ini</p> <p>Ohunkohun ti enikan tabi isowo kan ni, eyiti o ni iye tabi isowo lori. ohun-ini je asoju iye ohun-ini ti o le di owo (botilejepe owo funrarare tun je ohun-ini).</p>
<p>Bad Debts</p> <p>An account receivable that is unlikely to be paid and as such is treated as a loss for the business.</p>	<p>Bad Debt</p> <p>Na moni wey you borrow pesin, wey e be say dem no go fit pay you back.</p>	<p>Basuka wadda basu Amsuwa</p> <p>Bashi mara amsuwa bashin kudi ne wanda ba zai yiwu a biya shi ba saboda haka ana daukarsa asara ce ga kasuwancin.</p>	<p>Ugwọ Ojọ</p> <p>Ihe nnabata akauntū a na-atughī anya ikwu ma di ka nke a na-ewere di ka mfu maka azumahia ahū.</p>	<p>Awon gbese ti a ko le sagbe</p> <p>Akoḷe kan ti o seese lati ma je sisan atipe iru re je bi adanu fun isowo.</p>
<p>Balance Sheet</p> <p>An itemised statement which lists the total assets and the total liabilities of a given business to portray its net worth at a given moment of time. The balance sheet gives a picture or profile of a business and its operations showing the total assets and how these assets are financed through either debt or equity at a particular point in time.</p>	<p>Balance Report</p> <p>Dis na full record of all di betta properti and wetin you owe or suppose pay others as per ya business, wey de show di true value of di business anytime. Di balance record de show pisho or describe de business and wetin de business de do, e de show all di betta properti wey di business get and how de business de get moni to buy and maintain dem, weda na from loan or part of di business wey di owner don sell/exchange.</p>	<p>Takardun ma'auni</p> <p>Bayanin da aka jera wanda ya lissafa jimlar kadarori da kuma duka nauyin da aka samu na kasuwanci don nuna kimar sa ta net a wani lokaci na lokaci. Takardun ma'auni suna ba da hoto ko bayanin kasuwanci da ayyukanta wadanda ke nuna jimillar dukiyar da kuma yadda ake samun kudin wadannan kadarorin ta hanyar bashi ko adalci a wani lokaci a kan lokaci.</p>	<p>Mpembe Akwukwo</p> <p>Nkwuputa edeputara nke edeputara aku na ngukota ugwo nke azumahia enyere iji gosiputa uru ahia ya na oge. Mpembe ego na-enye ego na-egosi foto ma o bu profailu nke azumahia na oru ya na-egosi mkpokota aku na otu esi enweta aku ndi a site na ugwo ma o bu hara nhatanha n'otu oge.</p>	<p>Alaye owo pelu awon anfani ati adanu:</p> <p>Alaye kan ti o je shoki eyiti o se atoko awon ohun-ini lapapo ati awon gbese gbogbo ti isowo ti o safihan iye apapo ni akoko kan. lwe iko owo ti o wole ati eyi ti o jade safihan tabi so nipa isowo ati bi isise re ti je atipe n safihan awon dukia lapapo.</p>

<p>Break-Even-Point (BEP)</p> <p>The Break Even Point (BEP), calculates the point where the total sales cover all costs in doing the business. Usually expressed as a percent of total sales or the total capacity utilised. At Break Even Point, the MSME neither makes profits nor losses. It can establish the level of operations the MSME must maintain to recover all fixed and variable costs and to derive profitability from each sales level.</p>	<p>BEP</p> <p>When Ground Level (BEP) de calculate when wetin di business don sell fit cover all di moni wey dem don spend to tek do di business. Normally dem de write am as percentage of everything wey dem sell or the total capacity wey dem use. When small business reash ground wey level, dem no lose, dem no gain. Dis calculation de helep to know di level wey di business mus reash and maintain if dem wan recover all di constant and upandan moni wey dem spend, sake of to mek gain unto every level of selling wey dem do.</p>	<p>Batu Na Babu Hasara, Babu Riba / Karya Ko Da(BEP)</p> <p>Batu Na Babu Hasara, Babu Riba / Karya Ko Da(BEP), yana lissafin ma'anar inda jimlar tallace-tallace ya rufe duk farashin kuɗin don yin kasuwancin. Yawancin lokaci aka bayyana a matsayin kashi ɗaya na yawan tallace-tallace ko duka karfin amfani. A Break Koda, MSME ba ya yin riba ko asara. Zai iya tsayar da matakan ayyukan da dole ne MSME ya dawo don dawo da duk tsayayyen farashi mai canzawa da kuma samun fa'ida daga kowane matakin tallace-tallace.</p>	<p>Iha Nhata</p> <p>Iha nhata, gbaƙoƙo isi ebe ngukoƙa ahia na-ekpuchi ugwo niile di na azumaahja ahj. A na-egosikari ya di ka pasent nke ngukoƙa ahia ma o bu iji ike aru oru niile. N'oge nkwusitu, MSME anaghj eme uru ma o bu oghom. O nwere ike igosiputa oru arumoru ndi MSME ga-ak-wughachi iji nwetagha-chi ugwo niile kwusiri ma gbanwee ma nweta uru site na okwa ahia o bu la.</p>	<p>Fifo ojuami ni deede</p> <p>Eyi je nigbati gbogbo isiro apapo ohun to je tita to gbogbo awon owo ti eniyan fi se isowo naa. Nigbag-bogbo a salaye bi ogoron kan awon ohun ti o je tita. Nibiya, isowo kekeke ko je ere tabi padanu. O le se agbekale ipele awon ishe ti isowo kekeke gbodo se lati ri ere lori itaja.</p>
<p>Business Model Canvas</p> <p>The Business Model Canvas (BMC) is a visual template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs. Being visual and flexible, the BMC requires less writing efforts and time but lots of strategic thinking.</p>	<p>BMC</p> <p>Business Formula Design (BMC) na visible plan wey dey useful unto development of new and even to record business formula wey don dey already. Na visible chart wey get list wey de describe wetin be di business value gan gan, physical structure wey dem go get, customer and moni. E de helep business mek all dia activity fall in line bicos e de show where dem fit do deal. As e be say e dey visible and adjustable, di Business Formula Design no need plenty writing, instead na correct brain work e need.</p>	<p>Tsarin Gwanon Kasuwanci (BMC)</p> <p>Tsarin Gwanon Kasuwanci (BMC) shine samfuri na gani don habaka sabbin ko yin rikodin samfuran kasuwancin da ke gudana. Shafi ne na gani tare da abubuwa ke bayyana matsayin kamfanin na darajar, abubuwan more rayuwa, abokan ciniki, da kuma kudade. Yana taimaka wa kamfanoni don daidaita ayyukan su ta hanyar misalta yiwuwar cinikin kasuwanci. Kasancewa na gani da sauyawa, BMC na bukatar lessarancin kokarin rubutu da lokaci amma yawancin dabarun tunani.</p>	<p>Usoro Azumaahja (BMC)</p> <p>Udi azumaahja azumaahja bu ndebiri ngosiputa maka imepe ohuu ma o bu ideko udi azumahja di. O bu eserese a na-ahu anya nke nwere akuku na-akowa atumatu nke ulo oru bara uru, akurungwa, ndi ahia na ego. O na enyere ndi ulo oru aka n'ihazi oru ha site na iji kowaa ahia ga-adi na ahia. N'ibu onye na-ahu anya ma na-agbanwe agbanwe, usoro azumaahja choro obere mbo ederede na oge mana otutu echiche aziza.</p>	<p>Awoşe Awoşe Owo</p> <p>je awoşe wiwo fun idagbasoke tuntun tabi sişe akosile awon awoşe isowo ti o wa nile tele. O je aworan wiwo pelu awon eroja ti n salaye igbero iye ti ile-ishe kan, awon amayederun, awon alabara, ati awon eto-inonwo. O se iranlowo fun awon ile-ishe ni titete awon ishe won nipa isaffhan awon ipa-isowo ti o poju. Jije wiwo ati iroran, Eyi nilo awon igbayanju kiko ati akoko sugbon o nilo opolopo ero.</p>
<p>Budget</p> <p>This is a summary of the money you expect to come in (income) and the money you expect to go out (expenses) over a specific period of time. It is a plan of how you will spend your income to cover all the different expenses during a certain period of time such as a week, month or year.</p>	<p>Moni Plan</p> <p>Dis na di brief gist of all di moni go enter ya hand (income) and di moni wey you go spend (expenses) as e de go, as per particular time. Na plan of how you go spend moni wey enter ya hand wey e be say e go clear all di thins dem wey you suppose do unto week, month or year sef.</p>	<p>Kasafin kudi</p> <p>Wannan shine takaitaccen Kudin da kuke tsammanin shigowa (na shiga) da Kudin da kuke fita (Kashe kudafe) a cikin wani takamaiman lokaci. Tsari ne na yadda zaku ciyar da kudin ku don daukar duk kudin kudin da kuka bambanta a wani lokaci kamar su mako, wata ko shekara.</p>	<p>Mmefu Ego</p> <p>nke a bu nchikota nke ego i na-atu anya ibanye na (ego) na ego i na-atu anya i ga - apu (mmefu) n'oge oge a kapiri onu. O bu atumatu etu i gagesi na-emefu ego gi iji kwuo ugwo niile di iche iche n'oge ufodu dika izu, onwa ma o bu afo.</p>	<p>Isuna</p> <p>Eyi ni akopo owo ti o nireti lati wole wa (owo oya) ati owo ti o reti lati na (awon inawo) lakoko kan pato. O je ero ti bi o se le na owo ti o wole fun o lati bo gbogbo awon inawo orisirisi lakoko kan bii ose kan, oshu tabi odun.</p>

<p>Business Plan</p> <p>A business plan is an accumulation of information and decisions made during the planning process of a business. It is a written tool that helps increase the odds for success. It is a road map to owning and operating a business. A proposal that describes a business opportunity to financing agencies or investors. The preparation of a business plan is an essential step in the starting and financing of any enterprise. It is usually written before starting the business or when an update of certain areas of the business is required.</p>	<p>Business Plan</p> <p>Business plan na when we gather all di info and decision wey shele when dem de plan di business. Na wetin dem write down sake of to mek sure say di business succeed. Na di formula wey de helep persin get im business and manage am well. Na idea wey de show people wey wan put moni inside di business like bank or investors dem, say betta open door dey di business. To do business plan na very important something o, bicos e de helep start business and even show way wey we go get moni run di business. Normally dem de write am bifor di business start or when di business need to enter next level.</p>	<p>Tsarin Kasuwanci</p> <p>Tsarin kasuwanci kasuwanci ne mai tarin Bayani da yanke shawara yayin aiwatar da tsarin kasuwanci. Takardu ne da ke taimaka inganta ci gaba. Bayani ne na yadda ake mallakar kamfani da kasuwanci. shawara ce da ke bayyana damar kasuwanci ga hukumomin samar da kudade ko masu sa hannun jari. Shirya shirin kasuwancin muhimmin mataki ne na farawa da tallafawa kowane Kamfanin ciniki. Mafi yawan lokuta ana rubuta shi kafin fara kasuwancin ko lokacin da ake bukatar sabunta kasuwancin.</p>	<p>Atumatu Azumaahija</p> <p>atumatu azumaahija bu nnakota nke ozi na mkpebi emere n'oge nhazi azumahija. O bu ngwaru edere ede na-enyere aka iwelie ndi isi maka inwe ihe iga nke oma. O bu uzo okporo uzo iji nweta ma ghazie ahia. Ndokwa na-akwa ohere inweta ndi oru ego ma o bu ndi na-etinye ego. Kwadebe atumatu azumahija bu ihe di mkpa iji bido na ego nke ulo oru o bu. A na-edekari ya tupu imalite azumaahija ahu ma o bu mgbe achoro mmelite nke mpaghara azumahija ufofu.</p>	<p>Eto Işowo</p> <p>Eto işowo je ikojoro alaye ati awon ipinnu ti a se lakoko ipalemo fun işowo kan. O je ohun kiko ti o se iranlofo fun aşeyori atipe o je ilana si nini ile işowo. Igbimo kan ti o şapejuwe anfani işowo fun awon ile-işe ti o fe se agbateru pelu owo tabi awon oludokoowo. Igaradi ti eto işowo je igbese pataki ninu bibere ati se inonwo ti ile-işe eyikeyi. O ma je kiko nigbagbobo şaaju ki a to bere işowo.</p>
<p>Cash flow statement</p> <p>Show the business cash flow where prepaid expenses are considered, and the actual cash movements are shown. The statement highlights the cash inflows and outflows yearly, quarterly, monthly or weekly basis.</p>	<p>Report of how moni de waka</p> <p>E de show how moni de waka for di business, e de display wetin di business don spend, and di real waka of di moni. Dis record de show how moni de waka enter and comot, every year, three months, month or week.</p>	<p>Bayanin tafiyar tsabar kudin sana'a</p> <p>Wannan yana nuna tafiyar tsabar kudi na kasuwanci, inda aka yi la'akari da kudaden da aka biya kafin lokaci, kuma ana nuna ainihin motsi na kudi. Bayanin ya yi tsokaci da kudaden kudade da fitowar kowace shekara, da na huɗu, kowane wata ko kuma a mako-mako.</p>	<p>Njikwa Ego Nchikwa</p> <p>Gosiputara usoro ego a na-enweta na ahia ebe a na-atughari ego ezumike, na egosiputa mmeghari ego n'ezie. Nkwuputa ahu na-egosiputa mmba na ntoputa ego kwa afo, kwa onwa, kwa onwa ma o bu kwa izu.</p>	<p>Iwe alaye owo ti o wole</p> <p>Eleyi safihan bi owo n se wole ati jade ninu işowo Alaye naa se afihan awon owo ti o je sisan ni odun, osoosu tabi ipile ose.</p>
<p>Depreciation</p> <p>The amount of expense charged against earnings by a company to write off the cost of a plant or machine over its useful life, giving consideration to wear and tear, obsolescence, and salvage.</p>	<p>Rundown</p> <p>Dis na di moni wey company di comot from dia profit, sake of say di machine dem wey de work get expiry date, dem de calculate di moni wit di understanding say on day one day, dem go spoil, dem go dey outdated and dem still fit re-use am.</p>	<p>Tabarbawan kaddara</p> <p>Wannan shi ne adadin kudin da aka debe daga kudin da tashigo wa kamfani don ragumar darajan injina da kayan aikin bisa la'akar in da tsayin rayuwarsu don mai amfani, da la'akari da kodewa da tsagewa, tsufa, da kuma salwantar.</p>	<p>Mbelata</p> <p>Ego ole ulo oru na-akwu ugwo iji wee dee ego ulo oru ma o bu igwe ga-efu ya maka ndu ya bara uru, na-echebara eyi na akwa, akwa mbibi, na nnwere onwe.</p>	<p>Idibaje</p> <p>Idogo ti wa ni asoye bi inawo ti dukia kan ninu iselopo awon owo ti n wole jakejado igbesi aye iwulo re.</p>
<p>Equity</p> <p>Equity is the amount of cash contributed by the owners (the shareholders) into a business.</p>	<p>Share Contribution</p> <p>Na di amount of moni wey di owner dem contribute unto shares for di business.</p>	<p>Jarin mai sana'a</p> <p>Jarin mai sana'a shine adadin kudin da ma'lakan sana'a (masu hannun jari) suka bayar cikin kasuwanci.</p>	<p>Hara Nhatanha</p> <p>Hara nhatanha bu ego ego ndi nwe (ndi na eketa) nyere aka na ahia.</p>	<p>Iye ti ohun-ini</p> <p>Idogba ni iye owo ti awon olohun (awon onipindoje) se alabapin ninu işowo kan.</p>

GLOSSARY OF KEY TERMS IN 5 MAJOR NIGERIAN LANGUAGES

<p>Expenses</p> <p>These are outflows of assets or the increases in liabilities that take place in connection with products and services transferred by an enterprise to its customers during a period of time and in connection with other income-directed activities of the enterprise.</p>	<p>Spending</p> <p>Dis na record of all di moni, properti/value or all di thins wey we go spend moni on as per di product and di service wey di company de add as per final price give dia customer, per time, and e de follow connect with all di other ways wey moni de enter di business.</p>	<p>kashe kudi</p> <p>Wadannan su ne dukiya ko kara yawan alhaki wanda ke faruwa dangane da samfurori da ayyuka da kamfanin ya zartar ga abokan cinikinsa a cikin wani lokaci kuma dangane da sauran ayyukan da ke shigar da kuɗin shiga na kamfanin.</p>	<p>Mmefu</p> <p>Nɗi a bu uba nke aku ma o bu mmuba nke ugwo a na-ewere n'ihe metutara ngwaahja na oru nke ulo oru nyefere ndi ahja ya n'ime oge na n'ihe metutara ego ndi ozo nke ulo oru na-akpata.</p>	<p>Awon inawo</p> <p>Iwonyi je ishan-jade awon ohun-ini tabi awon alekun ninu awon gbese ti o waye ni asopo pelu awon oja ati ise ti o gbe nipase ile-ise fun awon alabara re lakoko kan ati ni asopo pelu awon ise owo-iworo miiran ti ile-ise.</p>
<p>Financial Plan</p> <p>The financial plan is the financial projection for a business. It is a collection of the financial statements of the business including the Total Investment Cost, Loan requirement and repayment schedule, projected profit and loss statement, projected cash flow statement, Projected Balance sheet and financial / investment Analysis</p>	<p>Moni Plan</p> <p>Moni plan na di financial calculation for di business. Na all de report of moni for di business including di total moni wey investors spend, wetin di business need to service and repay loan on time, profit and loss wey dem calculate de expect, calculated report of how moni de waka, calculation of balance report and moni/investment reasoning.</p>	<p>Tsarin kudi</p> <p>Shirin kudi shine tsinkaye na Kasuwanci. Tarin bayanar Kasuwanci na Kasuwanci gami da kuɗin jimillar saka hannun jari, bukatuwar lamuni da jadawalin biyan kuɗi, sanarwa riba da asarar, sanarwa da aka tsara game da fitar da tsabar kuɗi, takardar kididdigar Balaga da Tsarin Kasuwanci / Zuba Jari</p>	<p>Atumatu Ego</p> <p>Atumatu ego bu amuma ego maka azumaahja. O bu nchikota nke ego gbasara azumaahja gunyere mkpokota ego mkpuchi ego, ugwo mgbazinye na usoro ikwughachi ugwo, nkwuputa atumatu ego na onwufu, nkwuputa usoro ngbanwe ego, amuma atumatu itule na akwukwo nyocha ego.</p>	<p>Eto Owo</p> <p>Eto-inonwo ni isiro owo fun isowo. O je ikojopo ti awon alaye owo ti isowo pelu apapo lye Idoko-owo, ibeere awin ati iseto isanwo, isunawo ati alaye ipadanu, asotele owo, asotele Iduro Iseduro ati iwe isiro / idoko-owo</p>
<p>Fixed Assets</p> <p>Those assets of a permanent nature required to the normal conduct of a business, and which will not normally be converted into cash during the ensuing fiscal period. Example: furniture and fixtures, land, buildings, etc.</p>	<p>Buildings and Machines</p> <p>Na di properti dem wey e be say dem dey permanent, wey business need to run thins on a normal basis, and dem no de normally sell to get moni di following year or period. Example na Furniture, Land, Buildings etc.</p>	<p>Kafaffen Kayan Yadai</p> <p>Wadancan kadarorin na dabi'a na dindindin ana bukata don halayen kasuwanci na yau da kullun, wafanda kuma ba za a canza su zuwa tsabar kuɗi ba a lokacin shigar da kuɗi. Misali: Kayan aiki da kayayyakin gida, kasa, Gine-gine, da sauransu.</p>	<p>Aku Echekwara</p> <p>Aku ndi ahji na-adigide adigide choror ka omume di mma di na azumaahja, nke a na-agaghi ejikari gbanwee ka o buru ego mge oge ego amalite. Ihe atu: arja ulo na ihe ndozi, ala, ulo.</p>	<p>Awon dukia ti o wa titi</p> <p>Awon ohun-ini wonyen ti o wa titi beere fun ihuwasi deede ninu isowo, ati eyiti kii yoo se yipada di owo ni akoko isuna owo kan. Apeere: ile-oso ati awon ohun amorindun, ile, awon ile, abbl.</p>
<p>Goodwill</p> <p>That intangible possession which enables a business to continue to earn a profit which is in excess of the normal or basic rate of profit earned by other businesses of similar type. It might be due to its particularly favorable location; its reputation in the trade; the quality of the employer and the employee relationship; its monopolistic privilege, or a combination of any of these and other conditions. The evidence that goodwill exists is the proven ability to earn excess profits.</p>	<p>Good mind/Goodwill</p> <p>Na di invisible properti wey de helep business mek di kain moni wey oda business wey de do di same trade no de see. E fit be say na bicos of where dem dey; dia character for de business; de betta relationship wey de owner and staff get; weda no only de business de do dat kain trade or sometimes sef some of dis conditions de mix togeda. Evedence of dis goodmind na when di gain plenty well well, and e de be like dat almost every year.</p>	<p>Fatan Alkhairi</p> <p>Wannan ba mallaki na zahiri ba wanda ke ba kasuwanci damar ci gaba da samun ribar da ta wuce adadin da aka samu kamar yadda sauran kasuwancin ke irin wannan. Yana iya zama saboda ta musamman m wuri; martabar-ta a cikin ciniki; ingancin mai aiki da kuma alakar ma'aikaci; damar da zata mamaye kasuwa, ko haduwa da kowane dayan wadannan da sauran yanayin. Hujjar cewa fatan alheri shine tabbataccen ikon samun riba mai yawa.</p>	<p>Nma Oma</p> <p>Ihe nzuzo ahji nke na-enyere azumahja aka inogide na-enweta uru kariri akari ma o bu uru ego uru ndi ulo oru ndi ozu na-enweta. O nwere ike ibu n'ihonondu di mma ofuma; aha ya na ahia; ogo nke onye were gi noru na mmekorita onye oru ya; ikike ya nke ihe ndi ozo, ma obu nnonye nke ndi a na onodu ndi ozo. Ihe akaebe nke na-egosi na ihe oma bu ihe apuru n'egosiputa inweta oke uru.</p>	<p>Ire-rere</p> <p>Ohun-ini ti ko lowo lori pupo ti o je ki isowo n tesiwaju lati je ere kan ni apoji tabi ju osuwon ipile ere ti awon isowo miiran ti iru re lo. O le je nitoripe o wa ni ibi ti o dara; oruko gigi ti o ni ninu isowo naa; didara agbanisise ati ibasepo pelu osise; anfaani anikanjopon re, tabi apapo eyikeyi iwonyi ati awon ipo miiran. Eri pe ife-inu rere wa fi han pe awon ere wa lojolojo.</p>

THE START-UP LOOP

Liability Anything that an SME owes to its creditors.	Gbese Na anything wey small business de owe people wey borrow dem.	Sanadiyyar Duk wani abu da karamin kasuwanci ya ci bashi ga masu bashi.	Ibu Oru Ihe o buƙa nke obere uƙo oru na-akwu ugwo n'aka ndj kwuru ya.	Gbese / Layabiliti Ohun ko ohun ti ile ise kekeke je awon onigbese re
Liquidity This describes the solvency of a business and has special reference to the degree of readiness in which assets can be converted into cash without loss.	Cash ready Dis na di richness of any business and e de show how sharpally dem fit convert di business properti into cash without any wahala like loss.	Kudi a ciki Wannan ya bayyana kansancewa da tsabar kudi a cikin kasuwanci kuma yana da alaƙa na musamman game da yadda za'a iya canza dukiyoyi masu sauƙi zuwa tsabar kudi ba tare da asara ba.	Ego di nfe Nke a kowara na mbubehe nke azumahija ma nwekwaa ogha di iche n'odi ka odi njikere nke aga atughari ihe ya n'enweghi ego.	Emi Eyi se apejuwe ipinnu ti isowo kan ati pe o n tokasi ni pataki julo iwon ti imurasile eyiti awon ohun-ini le je yiyipada si owo laisi pipadanu.
Loan Is money that is borrowed and must be paid back on time, usually with interest and other costs and charges such as processing fee.	Loan Dis na moni wey dem borrow and you mus pay am back on time, normally na wit interest and oda mende mende cost and charges like moni wey dem de charge to arrange di loan.	Aro Wannan kudi ne da aka aro ne kuma dole ne a dawo da shi kan lokaci, galibi tare da sha'awa da kuma sauran tsada da caji kamar su aiwatar da aiki.	Mbinye Ego Bu ego a gbaziri ma ghazie ikwughachi ya n'oge, na-abukari omuru nwa na ugwo ndj ozo na ugwo di ka ego nhazi.	Gbese Je owo ti o ya ti o si gbodo san pada ni akoko, nigbagbogbo pelu idiyele miiran ati awon idiyele bii owo iseto.
Markup The difference between the cost and the selling price of merchandise; expressed as a percentage with the difference as the numerator and the selling price as the denominator.	Increase/Markup Na di gap wey dey between the real cost of wetin company de sell and di price wey dem de sell am; dem de write am as percentage wit di gap on top and di price wey dem sell under (Numerator divide by denominator)	karu Bambanci tsakanin farashi da farashin siyarwa; aka bayyana a matsayin Kashi tare da bambanci da farashin sayarwa azaman babba da kananan bangarorin sashin bi da bi.	Uru Qdjiche dj n'etiti onu ahja na onu ahja ire ahja; kwuputara dika pasent ya na ihe di iche di ka onye onuggu na onuhaja ire di ka onuggu.	Iye afikun Iyatō ti o wa laarin iye ti o na ni ati iye tita oja; eyi shalaye bi ipin kan pelu iyato bi a ti se isiro iye owo ati ta oja bi iyeida.
MVP Minimum Viable Product (MVP). This is a working prototype that starters can give to a small yet diverse group of end-users for testing. The goal is to observe how users are using your prototype and find out if your target buyers will definitely use (and how) what your business will sell.	MVP Minimum Possible Kaya (MVP). Dis na working sample of di business kaya wey persin or business wey de start fit give small group of consumer dem wey comot from different different background, as per testing. The target na to see how de people de use di sample to sabi weda di target customer go use (and how dem go use) di kaya wey ya business go sell.	MVP m samfuri mai yiwuwa (MVP) Wannan salon aiki ne wanda masu farawa zasu iya bawa karamin gungun masu amfani da kayan don gwaji. Manufar shine a lura da yadda masu amfani ke amfani da samfuran ku kuma gano idan abokan cinikin ku masu manufa za su yi amfani da (tabbas kuma) abin da kasuwancinku zai sayar.	MVP Obere lji Ngwaahja Nke a bu udi oru ndj mbido nwere ike inye obere nke ndj oru na - eweta njedebere maka nnwale. Ebumnuche bu lelee ka ndj oru si eji udi akuko gi ma choputa ma ndj ahja gi zuru ahja ga-eji (ma kedu) ihe azumahija gi ga-ere.	Oja to kere julo Eyi je awose ise ti awon alakobere le fun ege kekere ti oniruru fun idanwo. Ibi-afede ni lati se akiyesi bi awon olumulo se nlo afowoko re ati rii boya awon olutaja afojusun re yoo lo dajudaju (ati bii) kuni isowo re yoo ta.
PECs Personal Entrepreneurial Characteristics (PECs) are the expected character traits of successful entrepreneurs which when identified can be improved upon.	PECs Personal Manners of Business Person (PECs) na de kain normal behaviors wey business owners wey don mek am get, and when dem identify am dem fit improve on am.	Halayen 'Yan Kasuwa (PECs) Halayen 'Yan Kasuwa (PECs) sune halayen da ake tsammani na Entan kasuwa na nasara wanda idan aka gano za'a iya inganta su.	Omume Njirimara onye ochunta ego Omume Njirimara onye ochunta ego bu agwa akparamagwa nke ndi oru itumgbere ahia na-aga nke oma mgbe achoputara ya.	Awon abuda ti ara eni O je awon ihuwasi ti a nireti lati odo awon alakoso isowo alaseyori eyiti a le sise to da leluri.

GLOSSARY OF KEY TERMS IN 5 MAJOR NIGERIAN LANGUAGES

<p>Record Keeping</p> <p>It refers to writing down all the money that comes into your business and household and all the money that goes out of your business and household.</p> <p>It also refers to keeping in a safe place all official financial records (statements, documents) which you receive when making financial transactions (e.g. buying or selling goods, rendering services, withdrawing or transferring money etc.).</p>	<p>To de keep record</p> <p>Dis one na when persin de write every moni wey enter im business and im house and all di moni wey de waka comot from business and house.</p> <p>E also be about how to keep for place wey dey safe ya moni record dem (Observation and detail dem) wey you gather when you de do moni deals (for example when you de buy or sell, you serve persin/people, you de withdraw or transfer moni)</p>	<p>Adana Rubuce</p> <p>Yana nufin rubuta duk kudin da yake shigowa cikin kasuwancinku da gidanku da duk kudin da yake fita daga kasuwancinku da gidanku.</p> <p>Hakanan yana nufin ki-yayewa a cikin amintaccen duk bayanar bayanar kudi (sanarwa, takaddun) wadanda kuka karɓa lokacin yin ma'amala na kudi (misali saya ko sayar da kaya, bayar da sabis, janyewa ko canja wurin kudi da sauransu).</p>	<p>Ideko Ndeko</p> <p>Ɔ na-ezo aka edeko ego niile batara na azumaahija gi na ulo gi yana ego niile na - apu n'ahija gi na ezinulo gi. Ɔ na-ezo aka idebe ebe ndeko ego niile nke goomentɔ (nkwupu-ta, akwukwo) nke i nwetara mgbe i na-azu ahija ego (dika izuru ma o bu ree ngwongwo, inye oru, iwepu ma o bu bufee ego.</p>	<p>Titoju ikosile</p> <p>O toka si kiko gbogbo owo ti o wole sinu isowo ati ile re ati gbogbo owo ti o jade ninu isowo ati ile re kale. O tun toka sise itoju gbogbo awon igbasile owo osise (awon alaye, awon iwe ase) eyiti o gba nigba sise awon isowo owo (fun apere rira tabi tita awon eru, awon ise, yiyokuro tabi gbibe owo ati bebe lo) nibi ailewu.</p>
<p>Risk management</p> <p>Risks indicate probabilities that some undesirable events can happen in the future. We can however anticipate them and set in motion measures that minimise the pain if they happen. Risk management is the process of identifying the risks to which a business is exposed and developing strategies for reducing the impact of the risk on the business. Risk management is an integral part of the enterprises, irrespective of size.</p>	<p>Handle Risk</p> <p>Risk de show say chance dey say some kaind thins wey we no want fit shele later later. We fit plan for dem and begin do thins wey go helep us absorb di shock when e happen. Handling risk na de formula wey de show all de risk wey business dey expose to and to do all di ognonge things wey go reduce di shock of the risk on de business when e happen. Handling risk na di koko of any business o, whether e big or small.</p>	<p>Gudanar da Hadarin</p> <p>Hadarin yana nuna yiwuwar wasu abubuwan da ba a so na iya faruwa a gaba. Kodayake zamu iya tunanin su kuma saita matakan motsi wadanda ke rage zafin idan sun faru. Gudanar da Hadarin shine tsari don gano hadarin da ke tattare da kasuwanci da habaka dabarun rage tasirin hadarin akan kasuwancin. Gudanar da Hadarin shine babban bangare na masana'antar, ba tare da la'akari da girman su ba.</p>	<p>Njikwa Ihe Egwu</p> <p>Ihe egwu di na ego-siputa puru na ufodu ihe ndi n'adighi nma nwere ike ime n'odi n'ihu. Anyi nwere ike na-atu anya ha ma dozie ihe na-ebelata ihe mgbu ma o buru na o mere. Ijikwa ihe ize ndu bu usoro ichoputa ihe egwu di iche iche kpughere na azumaahija na imepe atumatu iji belata ihe oghom di na azumaahija. Ijikwa ihe ize ndu bu akuku di mkpa nke ulo oru, n'agbanyeghi nha.</p>	<p>Isakoso Ewu</p> <p>Awon eewu n toka wipe awon isele kan le fe sele ni ojo iwaju. A le sibesibe fokansi won ki a seto lati din ipa re ku ti won ba sele. Sisakoso ewu je ilana lati mo awon eewu ti isowo kan le dojuko ati awon ona lati din ipa eewu lori isowo na ku. Sisakoso Ewu je apakan pataki ninu awon ile-ise, laibikita iwon won.</p>
<p>Sales</p> <p>Revenue earned from products transferred by an enterprise to its customers during a period of time.</p>	<p>Sales</p> <p>Na di moni wey company get as dem sell dia kaya to dia customer during particular time.</p>	<p>Sayarwa</p> <p>The method of earning revenue from products that the trading company forwards to its customers within a certain period of time.</p>	<p>Ahia</p> <p>Ego ha nwetara site na ngwaahija nke ulo oru nyefere ndi ahija ya n'oge oge.</p>	<p>Tita</p> <p>Owo ti n wole lati inu awon oja ti o firanse nipase ile-ise si awon onibara re lakoko kan.</p>
<p>SWOT Analysis</p> <p>Is a useful tool to assess a business idea and its match to the entrepreneur. SWOT is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis is an organised list of a business's greatest strengths, weaknesses, opportunities, and threats.</p>	<p>SWOT Reasoning</p> <p>Dis na method wey dey very useful to tek look any business idea wey rhyme wit anybodi wey wan start business. S.W.O.T. na abbreviation wey be Strength (Powa), Weakness, Opportunity and wahala (Threats).</p>	<p>Nazarin SWOT</p> <p>Kayan aiki ne mai amfani don kimanta ra'ayin kasuwanci da kuma dacewarsa ga dan kasuwa. S.W.O.T. kalma ce da ke Nuna Karfi, Raunin Hankali, Dama, da Barazanar. Binciken SWOT wani tsari ne na ingantaccen karfi na karfi, rashi, dama, da barazanar kasuwanci.</p>	<p>Ike, Adighi Ike, Ohere, Iyi Egwu Nyocha</p> <p>Bu ihe bara uru iji nyochaa echiche azumaahija na egwuregwu ya na onye ochunta ego. bu acronym nke na -eche maka ike, adighi ike, ohere na ojo. Nyocha bu ahaziri ahazi nke ike kacha ike, adighi ike, ohere, na ihe iyi egwu</p>	<p>Agbara, Awon ailara, Awon aye, ati awon Irokeke</p> <p>Je erongba ti o wulo lati se agbero imoran isowo ati ibaamu re onisowo. O tun duro fun Awon Agbara, Awon ailara, Awon aye, ati Awon Irokeke., je atoko ti a seto ti awon agbara nla ti isowo, ailagbara, awon aye, ati awon irokeke.</p>

<p>Tax</p> <p>This is a compulsory levy imposed by Government on individuals, entities, transactions or properties to generate revenue for the support of Government and for all public needs.</p>	<p>Tax</p> <p>Tax na moni wey government mus collect from persin, business, when we do deal or on top properti sake of to get cash to tek support government and every thin wey dem go do for di public.</p>	<p>Haraji</p> <p>Wannan harajin wajibi ne wanda Gwamnati ta sanya akan kowa, kamfanoni, ma'amaloli ko kadararin don samar da kudaden shiga don tallafawa Gwamnati da dukkan bukaton jama'a.</p>	<p>Utu Isi</p> <p>Nke a bu utu ego goomentij nyere na ndi mmadu, ulo oru, azumahia ma o bu akurungwa iji kpata ego maka nkwado goomentij na maka mkpa oha.</p>	<p>Owo-ori</p> <p>Eyi je edinwo oranyan ti ljoba ti pase lori awon eniyan, awon nkan, awon isowo tabi awon ohun-ini lati se ipin owo-wiwole fun atileyin ljoba ati fun gbogbo awon aini gbogbo eniyan.</p>
<p>Tax Clearance Certificate</p> <p>A written confirmation from the tax authority that the taxpayer's tax affairs are in order at the date of issue of the certificate. It might be required to secure business contracts, e.g. for land lease and purchase of land, government tenders or visa application.</p>	<p>Tax Clearance Paper</p> <p>Dis na di paper from di tax office wey de show say persin or business de pay dia tax, as at de day wen dem issue di paper. You fit need am to get contract for example when you wan rent or buy land, government bidding and to apply for visa.</p>	<p>Takaddar Shaida Haraji</p> <p>Wannan tabbaci ne na tabbatarwa daga hukumar haraji cewa al'amuran harajin harajin suna cikin tsari a ranar fitar da takaddar. Ana iya bukata don amintaccen kwangilar kasuwanci, misali. don bayar da haya da kuma sayan kasa, kirar gwamnati ko aikace-aikacen visa.</p>	<p>Akwukwo Ikike Itu Utu</p> <p>Nkwuputa ederede sitere n'aka ndi utu isi na ihe gbasara utu isi di n'usoro nke akwukwo edemede ahu. Enwere ike ichoro iji nweta nkwekorita azumahia, dika omumaatu. maka mgbazinye ala na ezuta ala, ikike goomentij ma o bu ngwa visa.</p>	<p>Ijerisi Isanwo-ori</p> <p>Ifowosi ti a ko lati odo ase-ori pe owo-ori eni ti o sanwo ori pe ati ojo ti ijerisi naa. O le nilo lati se aabo fun awon ise isowo, fun apeere. fun yiyalo ile ati rira ile, awon asewale ijoba tabi ohun elo fisa.</p>
<p>Total Investment Cost</p> <p>How much money required to start up a business, and it varies from one business to another. It comprises of the total cost for capital expenditures and expenses before the business starts making income.</p>	<p>Total Investment Cost</p> <p>De moni wey go start business de depend on di type of business o, no be di same for different type of business. E de involve all di spending as per de cash wey dey involved for de business to tek start and any spending wey shele even after business don start.</p>	<p>Jimlar Kudaden Zuba Jari</p> <p>Wannan yana bayyana yawan kudin da ake bukata don fara kasuwancin, kuma ya bambanta daga wannan kasuwancin zuwa wani. Ya kunshi jimillar kudin kashe kudade da kashe kudi kafin kasuwancin ya fara samun kudi.</p>	<p>Ngukota Ego A Na-Et-inye Na Ya</p> <p>Ego ole ka ego achoro iji malite azumahia, o na-adj iche n'otu azumahia gaa na ozo. O mejuputara ego nile a choro ka mmefu ya na ego ya na ego ya tupu ulo oru amalite inwe ego.</p>	<p>Apapo iye Idoko-owo</p> <p>Elo ni owo ti o nilo lati bere isowo kan, ati pe se o yatso lati isowo kan si omiran. O je iye owo lapapo fun awon inawo olu ati inawo saaju isowo naa bere si n ri owo.</p>
<p>Unique Value Proposition</p> <p>This is about the core of an SME's right to exist: it has to meet the customers' needs. The UVP will be your competitive edge that allows you to attract and retain more customers than your competitors. It's what sets your business apart. The key questions are: What is the SME offering the target segments? What is that getting done for them? How does this SME distinguish itself from the competition? Is it quantity (e.g., such as price, service, speed and delivery conditions) or quality (such as design, brand status and customer experience and satisfaction)?</p>	<p>Uncommon Benefit Plan</p> <p>Dis na di main di main of wetin go mek small business tey de do business, e de meet customer need. Di UVP go be ya advantage wey go helep to attract and maintain customer pass others wey de drag market with you. Ma im de mek ya business shine pass others. Di important question na: wetin di Small Business de offer dia target customer? Wetin di thing de do for dem? How de small business de tek differentiate demself from dia rival? Na quantity (for example Price, service, speed and how dem de deliver)? Abi na quality (for example design, de way di brand set and how customer satisfy and dia experience)?</p>	<p>Musamman Darajar Ba Da Shawara</p> <p>Wannan shine ainihin mahimancin ikon SME na wanzu, yana haduwa da abokin ciniki bukata. UVP zai zama babban fa'idodin ku wanda zai ba ku damar jawo hankali da riike abokan ciniki sama da abokan gasa. Abin da ya bambanta kasuwancinku ke nan. Tambayoyi masu mahimanci sune: Menene SME ke miƙa wa abokan cinikin da aka kaddara? Me ake yi a kansu? Ta yaya wannan SME ke bambanta kanta daga gasar? Shin yana da yawa (misali, kamar farashi, sabis, saurin yanayi da yanayin isarwa) ko inganci (kamar kira, matsayin alama da kwarewar abokin ciniki da gamsuwa)?</p>	<p>Atumatu Puru Iche</p> <p>Nke a bu ihe bu isi nke ikike SME di adi, o na-ezute ndi ahia mkpa. atumatu puru iche ga-abu mpaghara iso mpi nke na-enye gi ohere idoro ma na-ejigide ndi ahia karja ndi asompi gi. O bu ihe mere azumahia gi iche. Ajuju ndi di mkpa bu: Gini bu SME na-enye akuku a choro? Gini ka a na-emere ha? Kedu otu SME a si di iche na asompi? O buru ibu (dika omumaatu, onuahia, oru, oso na onodu nnyefe) ma o bu mma (di ka imewe, okwa ika na ahumihe ndi ahia na afo ojaju)?</p>	<p>Idalaba alailagbe iye</p> <p>Eyi je idi ti Awon ise owo kekeke fi wa, o ba iwulo alabara pade. Idalaba alailagbe iye yoo je eti ifigagbaga re ti o fun o laaye lati fa ati ni awon alabara die sii ju awon oludije re lo. O je ohun ti o ya isowo re shoto. Awon ibeere pataki ni: Kini awon ise owo kekeke fun awon ipin afojusun? Kini iyen se fun won? Bawo ni ise owo kekeke yii se ya ara re yatso kuro ninu idije naa? Nje opoieye (fun apeere, gegere bi idiyale, ise, iyara ati ipo ifijise) tabi didara (bii apeere, ipo iyasoto ati iriri alabara ati iteloron)?</p>

GLOSSARY OF KEY TERMS IN 5 MAJOR NIGERIAN LANGUAGES

Working Capital	Working cash	Kudaden Aiki	Ego Oru	Owo işe
It is a short-term capital requirement to run the business operation and varies with the production/service delivery cycle other than the fixed assets investments.	Dis na moni wey business need sharp sharp to run things and e de change wit di time wey e de take to mek and deliver kaya, e dey separate from moni wey dem spend to but permanent properti for di business.	Asusu ne na ɗan gajeren loka-ci da ake bukata don gudanar da kasuwancin kasuwancin da canje-canje tare da sake zagayowar samarwa / sabis, daban-daban daga tsayayyen kadarorin, saka hannun jari.	O bu ihe achoro maka obere oge jji mee ka oru azumaahja wee di iche na usoro nruputa / oru ndi ozo karja itinye ego aka ofu.	O je owo ibeere ise kekere isowo ti o yato si iselopo / ifijise ise miiran ju awon ohunini ti o wa titi lo.

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