

**BUSINESS PLANNING**  
**AND**  
**ENTREPRENEURSHIP SKILLS**  
**FOR**  
**VETERINARIANS AND**  
**PARA-PROFESSIONALS**

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## **Forward**

It is apparent that animal health services are a major felt need of Somali pastoralists. In the light of inadequate provision of animal health services in Somalia, and the fact that prevailing situations have not attracted private veterinary practices to any significant extent, the establishment of community – based animal health service delivery systems has given hope to livestock keepers and pastoral communities in general. However, absence of supervision and appropriate linkages with vet professionals would limit their effective participation in the provision of animal health services.

The key constraint to the sustainability of primary veterinary services in southern Somalia is an insufficient and irregular supply of veterinary medicines. Private veterinary drugs dealers are the most important group involved in this business. They often have good entrepreneurial skills but lack professionally veterinary / pharmaceutical knowledge. Few veterinary professional are running their own private veterinary drugs business. The major problems limiting veterinary professional wishing to start-up or expand private animal health service delivery include lack of access to loan and inadequate business skills. This training is meant to address the latter to provide training to veterinary personnel in aspects of business planning and entrepreneurship skills. The training will assist local veterinary to build their business acumen in running their own private facilities.

Furthermore, any mechanism that increases drug distribution should be considered as a means to improve business viability. Therefore, there is a need to build sustainable linkage between vets and CAHWs as they complement each other. The CAHWs will serve as an outreach component of veterinary clinics and pharmacies in small urban centres. Some CAHWs are already linked to private pharmacies, although the number is relatively small. During the training, drug shop/pharmacy owners already linked to CAHWs will share their experiences on how they managed to develop such linkages.

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## Table of contents

### CHAPTER ONE

#### ENTREPRENEURSHIP SKILLS

1. WHAT IS MONEY?.....	4
2. MONEY MATTERS.....	4
3. HOW DO PEOPLE MAKE MONEY? .....	5
4. WHAT IS BUSINESS?.....	6
5. CATEGORY OF PEOPLE WHO START THEIR OWN BUSINESS.....	7
6. WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF OWNING A BUSINESS? .....	9
7. QUALITIES OF SUCCESSFUL BUSINESS OWNERS .....	11
8. GETTING STARTED IN BUSINESS.....	12
9. MARKETING YOUR PRODUCT OR SERVICE .....	13

### CHAPTER TWO

#### RECORD KEEPING FOR THE BUSINESS

1. SAMPLE CASE STUDY .....	14
2. INTRODUCTION TO RECORD KEEPING .....	16
3. BUSINESS TRANSACTIONS .....	16
4. BUSINESS DOCUMENTS.....	17
5. CASH AND BANK BOOK .....	28
6. PROFIT AND LOSS STATEMENT .....	29

### CHAPTER THREE

#### MARKETING

1. WHAT IS MARKETING?.....	31
2. THE MARKETING CONCEPT (MARKET FOCUS).....	31
3. THE ELEMENTS OF MARKETING MIX .....	33

### CHAPTER FOUR

#### BUSINESS PLAN FOR START-UPS

1. HOW A BUSINESS PLAN CAN HELP IN STARTING A BUSINESS.....	36
2. CONTENT OF THE BUSINESS PLAN.....	36
3. WRITING THE BUSINESS PLAN .....	37

# Chapter One

## Entrepreneurship skills

### 1. What is money?

Money is the medium of exchange  
ie;

1. We use money to buy what we need
2. We get money when selling our product or services

### 2. Money matters

Today almost everything has money value attached to it.

- Items are normally referred by their value of money
- Properties are classified by how much money they would fetch in the market

- Employees' salary is defined by money

### 3. How do people make money?

#### a) Employment

Working for somebody/organization. One is compensated for her/his service with money (salary)

#### b) Owning a business

- This involves producing products for sale
- Buying and selling goods to make profit
- Selling needed service/s to the people who pay money to you in return.

#### c) Investing money

Money can be used as seed that is planted to give more. This is done in buying shares in the capital market, treasury bills etc

#### 4. What is BUSINESS?

Business is an activity operated for the purpose of;

- Earning a profit by providing a service or a product

#### **Profit is..**

- The difference from the cost of giving the service or product and what you get after selling

What services can you offer for profit:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

What are some of the products you can provide to make profit:

1. \_\_\_\_\_  
2. \_\_\_\_\_

3. \_\_\_\_\_  
4. \_\_\_\_\_

## 5. Category of people who start their own business

Business start ups are grouped into two categories

- a) People who know exactly what they want to do.  
People in this category are merely looking for opportunity or resources to do it.

If you are in this category you need to answer the questions in the table below

Questions	Answer Y/N	-Justify your 'Ys' -How could you change your, 'Ns' to 'Ys'
Do you know who your customers will be?		
Will they pay for your product or service?		
Do you think there are lots of customers for your idea? How many roughly?		
Do you know who the competitors are? How many are there roughly?		
Will people use your product or service rather than your competitors'?		

Do you think you will be able to get more customers in the future?		
Can you think of three advantages you have over your competitors? List them		
Are the resources needed to operate the business available?		
Do you have skills required to operate the business?		

- b) People who want to start their own business but do not have definite ideas about what they would want to do.

If you are in this category answering the questions in the table below can assist you decide on the business you would want to do

	<b>List your answers</b>	<b>Businesses opportunities available</b>
What skills/ experience do you have?		
What do you enjoy doing? (hobbies/interests)		
What are your personal abilities?		
Do you have health problem that could hinder you doing some businesses?		
Is there any family related problem that could prevent you start some of the business opportunities listed?		
Where can you get money to start the business?		



What raw materials are available in you area?		
What business opportunity listed in this table suits my ability?  Why?		

## 6. What are the advantages and disadvantages of owning a business?

- The list below contains statements of both advantages and disadvantages of owning a business.
  - a) You have the chance to make a lot of money than you can if working for someone else
  - b) You will have a chance to put your ideas into practice
  - c) You may end up spending a lot of time attending to the details of running a business and less time on those things you really enjoy
  - d) You may have to take a large financial risk
  - e) You will be able to benefit the local community or even your country eg hiring other people
  - f) You will probably have to work long hours and may have fewer opportunities to take vacation
  - g) You will have a chance to work directly with your customers
  - h) You may have to undertake tasks you find unpleasant eg firing an employee or refusing to hire unqualified friend/ relative

- i) You will be your own boss and make the decisions that are crucial to your business's success or failure
  - j) You may participate in every aspect of running a business
  - k) You will be able to work in the field that you really enjoy
  - l) You may find that your income is not steady and that there are times when you don't have much income
  - m) You may be the boss of others
  - n) You will have job security – no one can fire you
  - o) You may have to learn many new Despines eg bookkeeping, marketing promotion, general management
  - p) You will have the chance to put down roots in a community and to provide a sense of belonging and stability for your family
  - q) You will have a personal satisfaction of creating and running a successful business
- Go through them carefully and list each statement in the correct column of the table bellow.

Advantages	Disadvantages


## 7. Qualities of successful business owners

### Do you have the right stuff?

<b>Essential qualities for Business owner</b>	<b>Do you have it?(Y/N)</b>	<b>-Justify your 'Ys' -How could you change your, 'Ns' to 'Ys'</b>
<b>Willingness to sacrifice</b> (last to be paid, free time)		
<b>Strong interpersonal skill</b> (ability to work with all personality types as staff, customers, suppliers etc)		
<b>Strong leadership skills</b> ( others will be looking to you for answers and direction)		
<b>Strong organization skills</b> ( setting priorities and getting things done)		
<b>Intelligence</b> ( able to anticipate problems before they arise and to solve them if they arise)		
<b>Management ability</b> (managing relationships with customers, staff, suppliers, financiers etc)		
<b>Business experience</b> ( in the field of your business)		
<b>Optimism</b> (Believes in themselves and the business even during tough times)		

## 8. Getting started in business

### Tips towards becoming a business owner

#### a) Where to open your business

- i) Do you need an office or can you work from home

#### Check list to evaluate your choice

Questions	Y/N
Will you be distracted by family and friend if you work from home?	
Will customers come to your home?	
Will you need employees?	
Is there adequate space at home?	
Can you afford to hire a business premises?	

#### ii) Choosing the best geographical location for your business

Check list (Consider the listed factors)	Y/N
Is the place accessible to public transport?	
Are supplies of you business available?	
Are there utilities like telephone, water etc?	
Are there people you could hire?	
Is there space for future expansion?	
Is the traffic flow good enough for the business?	
Are there transportation facilities?	
Is the place near the market place?	

## 9. Marketing your product or service

<b>Suggestions</b>	<b>Put a tick against those applicable</b>
Advertise in the local yellow pages	
Ask for referrals	
Rent customer lists, or develop customer lists from friends and family members. Can you send mails, email or call them using your list?	
Put a business sign of your business.	
Make stickers and put them on cars and public places	
Give customers free samples to test your product/service	
Get professionally designed business cards	
Put low cost advertisements in the news local news paper	
Get your name out as an expert in your field by writing articles or giving speeches to local business community	

# Chapter Two

## Record Keeping for the business

### 1. Sample Case study

Abdirashid Ahmed operates a Agroveter shop called Abdi Vet at Xuddu Town. Below is the information concerning Abdi Vet in January 2003.

Jan 1: Balance brought forward from the month of December 2002 was cash sh. 5,000 and in the bank sh. 10,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Introduction to record keeping

### a) Why we keep business records.

- ✓ To know what we have in the business
- ✓ To know the amount we got from selling our products or service
- ✓ To know what we owe our creditors
- ✓ To know what we are owed by our debtors
- ✓ To know when something is getting finished so that we could order more
- ✓ To be able to make accurate business decisions
- ✓ To know how much money we have in the bank and at hand
- ✓ To know whether we are making loss or profit

## 3. Business transactions

All business transactions end in two results

Either,

1. They bring in cash in to the business in form of cash and cheques or
2. They take cash out of the business in form of cash and cheques

Selling brings cash **IN** to the business



## Buying takes cash **OUT** of the business

Items for Cash -In	Items for Cash -out
-Receipts from: <ul style="list-style-type: none"><li>• Sales of product</li><li>• Sales of services</li><li>• Training fee</li><li>• Loan</li><li>• Owner capital</li></ul>	-Payment for: <ul style="list-style-type: none"><li>• Materials</li><li>• Salaries</li><li>• Transport</li><li>• Stationery</li><li>• Electricity</li><li>• Tools</li><li>• Other payments</li><li>• drawings</li></ul>

### 4. Business documents

#### a) Receipts and Vouchers usage

**RECEIPT-** When you receive money for products sold or services rendered to customer

**VOUCHER-** When you pay out money, i.e when money goes out of the business

NB: Receipt and Cash sale serve the same purpose and can be used interchangeably.

#### b) Filling Business Documents

**Exercise I: Receipts**

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

<b>ABDI VET SHOP RECEIPT</b>	
No. 01	DATE.....
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____ Cash / Cheque	_____ Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
No. 02	DATE.....
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____ Cash / Cheque	_____ Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 03</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 04</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 05</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 06</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 07</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

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

<b>ABDI VET SHOP RECEIPT</b>	
<b>No. 08</b>	<b>DATE.....</b>
Received from.....	
Payment for.....	
Shillings.....	
Sh. _____	_____
Cash / Cheque	Sign

**Exercise 2 Voucher**

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO. 1</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.2</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.3</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.4</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.5</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.6</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.7</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by



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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.8</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

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

<b>ABDI VET SHOP PAYMENT VOUCHER</b>		
<b>NO.9</b>	<b>Date</b>	
For what require		
A/C	Shs	Cents
Shs.....TOTAL		
Authorized by	Checked by	Received by

**Exercise 3: Invoice**

INVOICE - A document sent to customer demanding payment for goods delivered or services rendered.

Dec 23/2002. A customer Mr. Yazin bought deworming drugs on credit of sh. 8,000, *invoice No. 1.*

<b>ABDI VET SHOP INVOICE</b>			
<b>NO. 1</b>			<b>Date</b>
QTY	Description	Rate	Amount (shs)
Prepared by		Received by	
<b>Accounts are due on demand</b>			

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

<b>ABDI VET SHOP INVOICE</b>			
<b>NO. 2</b>			<b>Date</b>
QTY	Description	Rate	Amount (shs)
Prepared by		Received by	
<b>Accounts are due on demand</b>			

## Test 1

1. Mention one reason why a small businessman needs to keep records (1 point)
  - ✓ To know his sales, cash, credit, etc
  - ✓ To satisfy financier conditions
2. Mention two items that may bring in cash into the business (2 points)
  - ✓ Sale,
  - ✓ Loan,
  - ✓ Owner's capital
3. Mention two items that may take out cash from the business (2 points)
  - ✓ Materials
  - ✓ Salaries
  - ✓ Rent etc
4. Name the document written for the customer to sign indicating that goods have been received in good condition. ( 1 point)
  - ✓ Delivery
5. Name the document used to record details of the the products/ service tat a customer may order to be made/rendered ( 1 point)
  - ✓ Order
6. Name the document that is used to demand payment from a customer ( 1 point)
  - ✓ Invoice
7. Name the document written to show receipt of money in payment for products or services rendered. ( 1 point)
  - ✓ Receipt
8. Mention the document that is written to show that money has gone out of the business. ( 1 point)
  - ✓ Voucher

*Total out of 10*

**5. Cash and bank book**

**Important of Cash Book**

- Cash –in / Cash –out transactions need to be recorded in a permanent form. This is achieved by writing them on a book called CASH AND BANKBOOK.
- Cash and Bank Book is only used for money paid out or received in by the business.

**ABDI VET SHOP**  
**Cash and Bank book as at 31/1/2003**

Date	Details	Ref	CASH			BANK		
			In	Out	Balance	In	Out	Balance

## 6. Profit and loss statement

- Profit is money received from sales ( revenue) minus money paid by the business (cost)
- Therefore Profit = Sales revenue – Costs
- Profit is calculated every month.

**ABDI SPARE SHOP  
PROFIT AND LOSS FOR MONTH OF 31<sup>st</sup> JANUARY 2003**

	<b>SHS</b>	<i>SHS</i>
<b>Sales Revenue</b>	_____	
Other Revenue ( Training)		_____
<b>TOTAL REVENUE</b>	_____	
<b>LESS: <u>Costs</u></b>		
	<b>SHS</b>	
Drugs& Materials	_____	
Wages	_____	
Drawings	_____	
Loan service charge	_____	
Other expenses	_____	_____
<b>NET PROFIT</b>		_____

**ABDI SPARE SHOP : PROFIT AND LOSS FOR MONTH OF JANUARY 2003**

		<i>SHS</i>
<b>Sales Revenue</b>		<b>78,500</b>
Other Revenue ( Training)		<u>10,000</u>
<b>TOTAL REVENUE</b>		<b>88,500</b>
LESS: <u>Costs</u>		
	<b>SHS</b>	
Drug & Materials	27,000	
Wages	11,000	
Drawings	30,000	
Loan service charge	1,000	
Other expenses	<u>3,500</u>	<u>72,500</u>
<b>Net profit</b>		<b>16,000</b>

# Chapter Three

## Marketing

### 1. What is marketing?

#### **Marketing is;**

- Finding out what consumers want and also who your target market is.
- Deciding on the prices that should be charged to the customers.
- Planning and developing a product or service that will satisfy needs and wants of target market.
- Making decisions on the best methods of informing, attracting and selling to customers and ensure they buy.
- Deciding on the best ways of distributing or making sure the products reach to the targeted customers.
- Looking for marketing information in order to make the correct decisions.

### 2. The marketing concept (market focus)

- Marketing concept is making an effort to ensure all decisions in marketing that focus on satisfying the customer needs and want.
- This is by finding out what the customers need and offer what will satisfy the need while making **profit**.

#### **i) Distribution**

Products can be distributed to consumers in different ways. Some are best distributed through the manufacturer's own retail outlet, some through a network of wholesalers and retailers, other by direct mail-order.

### Simple Distribution problems

1. You are in the business of livestock health care in the pastoralists community. How will you reach the market?
2. An Agro Vet shop imports drugs from Sweden. Its based in Xuuddu but targets the rural areas. How will owner ensure its product is accessible to the people?
3. You have been appointed as the only dealer of a new vet drug that's very effective in addressing most of the livestock problem in Somali South. You have been given a target of making a sale of 500,000 bottles in a year. How will you achieve this?

#### ii) Pricing.

Successful Business people should always be in close touch with market conditions so that they can advise on the best price (not necessarily the highest) to charge for products.

### Pricing problems

- You have discovered some of your old customers are going to your competitor. After investigation you have found your competitor is offering a better price than yours. If you lower your price like him you wont make any profit. What will you do?
- You sell Xexun vet drug at sh 200 making a profit of sh30. In a month you sell on average 15 pieces. You decided to add your price to make a profit of sh 50. Your average sales dropped to 13. Which price should you consider ( shs 30 or 50) and why?
- You stock generators that you import from Dubai. Your selling price sh 15,000 for 2.2 kilowatts where you make a profit of sh 2000 from a sale of one generator. If you sell on cash you will sell 3 generators in a month. But if you hike your price to sh17,000 and then allow your customers to pay on 3 monthly installments you can sell 5 generators in a month. As a businessperson make a decision on what will be suitable for you?



### iii) Advertising

- If customers do not know about new products, they will never buy them.
- They also need to be reminded, from time to time, of the existence of established products or a particular service.
- Successful Business people are expected to know the best ways to advertise products.
- This involves choice of media (for example, radio, television, press, billboards etc).
- It also involves knowing the best form of advertisements should take, and the advertising slogan to be used.

#### Advertising problems

1. You have never advertised your business but you want to start. How will you know the methods to use?
2. You have just brought new vet drugs in your store. How will you advertise them?
3. You have started a new business in Xuddu dealing in car repairs. How will you attract customers?

## 3. The elements of marketing mix

### a) The marketing Mix

- Marketing in your business involves planning and making decisions that will make you sell your products in large quantities as possible.
- To be able to do this there are certain key areas of input which require planning and decision making by combining them.
- These combinations are normally called the “P” of marketing mix and related to each other.

The marketing mix can be summarized as the *fours* P’s:

- The **product** itself (that is, its nature, design, brand-name, packaging),

- The **price** at which it is to be sold,
- The **place** at which it is sold,
- The **promotion** (that is, the means and style of advertising and selling).

## **b) The 4Ps**

### **PRODUCT (Or SERVICE)**

- What do customers want? (What will appeal to them?)
- Deciding what to make and what to sell
- Finding out if similar products are sold, how they are made, their price and what customers like about them.
- Finding good suppliers at a good price.
- Improving the quality of your products
- Making packaging and the finish more attractive.

### **PRICE**

- Your selling price compared to your costs
- Competitors prices
- Special prices to attract customers to visit your business
- Knowing the local population – Do they buy on Price or Quality?
- If you improve your quality perhaps you can make a higher profit if there are no competitors selling the same quality.
- Quantity discounts, Seasonal prices.

### **PLACE (WHERE YOU SELL and DISTRIBUTION)**

- Deciding where to sell – In popular market, quiet area away from competition, house to house, in a shop.
- Getting your product from place of production to place of sale
- Cost of transport.

- Selling products to wholesaler or other middlemen.

### **PROMOTION (PERSUADING CUSTOMERS TO BUY YOUR PRODUCT)**

- Display of your products at place of sale – can people see them?!
- Signs with information on product – who made it, where, materials used.
- Signs on pricing, special offers.
- Manner (Behaviour) of person selling the product.
- Things to persuade a customer to visit business – attractive premises.
- Free samples for introducing new products.
- Ways to advertise – signs, leaflets, letters, announcements
- Demonstrating use of product
- Creating an image of your business in customers minds.
- Creating messages about your product –

#### **Problems for group discussion**

- (a) You are in a business of selling solar systems. You give free transport to your customers when they buy using your Toyota pick up. The pick up has broken down and it may take long time to be back on the road. Hiring a pick up to give free transport will be too expensive and will be a loss to your business. What are you going to do?
- (b) One of your main competitor is giving false information about your products. You heard from a reliable source that he is telling people that your products are fake, counterfeit factory reject and other false information. As a result your sales is going down of rate. What are you going to do?
- (c) You have only sold three (3) pieces of your newly imported 50 solar systems. Unfortunately all the three were returned in the first month because of poor performance. There is one year guarantee to your products. Returning them to your distributor in Dubai who will then contact the manufacturer in Japan will take six (6) months. What are you going to do?
- (d) You make furniture and one of the big hotels in town gave you an order of making 15 beds. The delay by timber distributor has affected your production. The manager has come as agreed with a lorry to carry the beds and organize them before the arrival of guests from abroad. The beds are yet to be joined and painted. The manager is very angry with you as a result. What are you going to do?

# Chapter Four

## Business plan for start-ups

### 1. How a business plan can help in starting a business

- Before you start a business, you need to collect certain information and make plans to be able to see if the new business will be profitable and if you should take the risk to start.
- Lack of planning and preparation is one major cause for the high rate of failure among new businesses.

Putting your ideas and the information you collect together is called making a business plan.

#### **A business plan helps you to:**

- Decide if you should start your business or not
- Organize your ideas so that you will start and run your business in the best way
- Present your business idea to a lending institution such as a bank to get a loan for your business.

You will probably have to work your Business Plan several times before you are happy with it.

It is important to take your time to find all the information you need and think through your ideas.

### 2. Content of the business plan

These are the main parts of a Business Plan:

- **The Executive Summary**

The executive summary gives an outline of your business idea. It contains the most important information from the rest of the Business Plan. You complete all other parts of the Business Plan before you fill the executive summary. It is important that the summary is clearly worked out and looks tidy, because it is the first impression anyone who reads it will get your business idea.

- **The Business Idea**

All businesses are based on an idea. It is an idea about what product you are going to produce, what service you are going to provide or what goods you are going to sell; where and how you are going to sell and who you are going to sell to.

- **The Marketing Plan**

After you have developed your business idea you should think in detail about how you are going to market your products or services.

In your marketing plan you write in detail what products or services you are going to sell, what prices you are going to charge, where your business is going to be located and what method of distribution you are going to use and how you are going to promote your business and your products or services.

- **Form of Business**

There are different legal forms you can choose for your business. They all have advantages and disadvantages and which form you choose depends on the characteristics of your own business.

The different forms you can choose from are;

- i) sole proprietorship,
- ii) partnership, l
- iii) mited company and
- iv) cooperative.

- **Personal**

You need to think about the staff you need for your business.

What skills and experience are needed?

How many employees do you need ?

- **Financial Planning**

All businesses need to plan for the future.

### **3. Writing the business plan**

## **BUSINESS PLAN**

### **a) Personal Information**

Your name:.....

Address:.....

Place of Birth:.....Age:.....

What formal education have you received?

<u>Date:</u>	<u>Level/or Certificate:</u>
.....	.....
.....	.....
.....	.....
.....	.....

Before you started this business what job/s did you have?

<u>Date:</u>	<u>Type of Job:</u>	<u>Location:</u>	<u>Any Training Received:</u>
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

**b) Business Information**

What is the name of your business?.....

Is it registered?.....(Yes/No)

What type of business is it?.....

Where is it located? (Street, No. etc).....

How long have you been operating this business? .....

Are you the sole owner of the business? .....Yes/No

If no, how many partners are there? .....

**c) Product /Service information**

What products or services are sold by the business?

Type of Goods or Services

.....

.....

.....

.....

.....

**d) Market information**

What is the market area of the product?

.....

.....

.....

.....

**e) Sales information**

What were the total monthly sales of the products or services in your Sales ?

Month..... Amount 

Kshs
------

What are the seasonal variations in monthly sales?

	Very Good	Good	Average	Fair	Poor	Total
Jan.						
Feb.						
March						
April						
May						
June						
July						
August						
Sept.						
Oct.						
Nov.						
Dec.						
<b>TOTAL ANNUAL SALES</b>					<b>Kshs.</b>	

**f) Marketing Plan**

How will you make your products more attractive to customers?

Name of Product	What will you do to make more attractive to customers?	Will you need to increase the price

**g) Setting sales price**

Does your sales price compare with your competitors?

goods/services	profit margin	sales price of competitors	My sales price



**h) Finance information**

**Fixed Capital**

Tools and equipment I need to do business	Qty	Rate (shs)	Amount (Shs)
Tools (machinery)			
Furniture			
Fittings (Shop & office repairs/modifications)			
Lease			
Constructions			
<b>Total Fixed capita</b>			

### Working Capital

Item	qty/Unit	Rate	Amount (shs)
Purchases (stock)			
Rent			
Owner's Salary			
Staff salary			
Transport			
Telephone			
Electricity			
Water			
Insurance			
Security			
Others			
<b>Total working capital</b>			

### Financial analysis

	Amount	Comments
Total capital required ( fixed + working)		
Money from my savings		
Balance I need to raise		