



ENTREPRENEURSHIP WORKSHOP MANUAL

A guide for teachers at the GambiaPartner Skill Training
Center to teach entrepreneurship



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Foreword

A request from the GambiaPartners Skills Center was the reason to write this workshop manual. Today, there is no course in entrepreneurship in the current curriculum. The Skills Center aims to show students that starting your own business (=entrepreneurship) is a possibility after graduating.

This workshop manual is written to support the teachers of the GambiaPartners Skills Center by teaching the students about entrepreneurship. Step by step the teachers are explained how the students can be stimulated to think about starting their own business in an active and practical way. It is important that this course is interactive because starting your own business can no one teach you. Students have to think about their dreams and how they can achieve it. Here, the role of the teachers is only to guide them and give them space and tools to think about it.

The practical and interactive assignments will process and build on the theoretical knowledge. The higher goal of this workshop is to motivate the students to set up their own business and give them a guideline how to do this in real life.

Nowadays many people decide to start their own business. But how do you start your own business? And who can start a business? Everyone! By acknowledging the students' own qualities, they can have insights in what kind of entrepreneur they can be. Students should be aware of the possibilities and opportunities that entrepreneurship has to offer. During this workshop, we will introduce the students to the basics of starting an entrepreneurship in The Gambia.

Every chapter will begin with a learning goal. This is what you expect the students to understand when the class is finished. Inside the boxes, there are exercises. These exercises can be given to the students in order to make the class practical and to let them think themselves.

Before starting this workshop, it is important that it has to be taken into account that groups have to be formed. This is to encourage communication and discussion among the students, and to activate their brains.

When the workshop was given by us, from the November 18 to November 26 (2019), we had a class of 20 students and we made 5 groups. We think that 20 people per class is maximum, in order to give all the students the same amount of attention.

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1. Introduction to entrepreneurship

Learning goal

Students know their own core qualities they can use to become an entrepreneur. The students are introduced to the basics of entrepreneurship. Students are also encouraged to think about their future ambitions.

Introduction

Students need to know what entrepreneurship can offer them when they have graduated school. This lesson is created to show the students that starting your own business is an possibility when they have graduated. The aim of this lesson is to get insights in the students' own abilities and qualities, and how they can use these to create their own business and be an entrepreneur!

What can entrepreneurship offer the Gambian students?

When starting your own business, many questions will come up. It is important to think about these questions, because there are no wrong or right answers only **your** answer!

These questions will be answered throughout this workshop. In this part, the teacher will already introduce some question that might come up. Introduce the students with the six W-questions:

- **Why**

Does anyone know in this classroom why people want to start their own business? (Write down the different answers on the board).

Answers: to make money, learn new skills, invest your time and effort in the future for you and your children, easier than many people think, be your own boss, interesting and satisfying, more control over your life, follow your dream.

- **What**

There are two types of businesses: products and services. Products are things, clothes, food, furniture and so on. Services are other needs people or businesses may have that aren't things, like cooking, taxi-driving, plumbing, carpeting and so on.

- **Where**

Business are run from homes and offices, shops and market stalls. Everywhere in the world. Many businesses, including some of the biggest in the world, start at home then moved into different location when they grew. So it doesn't matter if you start small at your own home, because the business can grow!

- **Who**

Everyone can start their own business! Whether you are old or young, men or women, rich or poor. You can start a business on your own, but you can also combine knowledges and start a business together with others. But everyone who really wants it can start their own business!

- **When**

The right time to set up a business is when you are ready. Getting ready means that you have your equipment and know the basics how to start your own business.

- **How**

How do you start your own business? The coming days we will explain that to you!

Own qualities

Starting up a business starts with you! You are the entrepreneur. An entrepreneur is someone who manages and starts his or her own business. To start, we want to zoom in on your own qualities. This is important because as an entrepreneur you have to know what your strengths are, but also on what qualities you have to work. Self knowledge is important as an entrepreneur.

How can your own qualities be applied to become an entrepreneur?

You will give the students an assignment which focusses on their own personality. Provide every student with **worksheet 1** (can be seen in this manual at the end of this chapter). Worksheet 1 is a sheet of paper on which many qualities and values are written down. The students have to read the different qualities carefully and think about which qualities fits them. **They don't have to fill in the lower table, yet.** Encourage the students to don't be shy to ask any questions if they don't understand something!

Now they have a small overview of your own qualities. You could notice that these qualities are also qualities an entrepreneur needs. Explain that all of the students in the classroom could be an entrepreneur! At the end of this chapter, Now we are going to learn the theoretical definition of an entrepreneur.

Who is an entrepreneur?

An entrepreneur is somebody who:

- Manages and starts its own business.
- The one who is willing to take bear the risk of a new business if there is a significant chance for profit.
- Is an innovator who markets its own innovation.
- Creates and forms new combinations of existing services or products.

Why is entrepreneurship in The Gambia that important? Before, we already thought about this question when we gave answer to the Why-question. But what does entrepreneurship means for The Gambia as a country?

- Creation of employment opportunities. New jobs are created due to entrepreneurship. Individuals become self-employed and independent from others. Entrepreneurship increases the economic growth of a country, reduces poverty and increases employment.
- Contribution of socio-economic development.
- Combination of ideas and resources to produce goods and services. An entrepreneur is considered to be an innovator. Innovation is key to a successful running economy and to further development of a country.
- By generating a profit, the entrepreneurship could become self-sustaining and hereby contribute om addition to the growth of the Gambian economy.

An entrepreneur can have different reasons to start a business:

- Being able to self-sustain and make a profit, hereby increasing your personal financial capacities
- Being independent from others. Making your own decisions and not relying on others.
- Create employment for others. Because they could work in your business.
- Finding an opportunity in the economic market and hereby contributing to development on a social or environmental level.

With the discussed characteristics of an entrepreneur, refer back to the list of qualities and the qualities they have chosen for themselves.

“Who of you think they have chosen a quality what you think you can use when you are an entrepreneur?”

Note: *If no one responds, ask if someone can name any quality they have written down. React how you think that it can be used in being an entrepreneur (in a positive way!). Every quality on the paper is a quality that can be useful when you are an entrepreneur!*

Exercise: Let the students fill in the lower table. In the left column of the lower table, they pick 3 qualities they have chosen themselves from the upper table. Then, in the right column they write down how this quality can help them in being an entrepreneur.

At the end of this chapter, examples how the qualities can be discussed in terms of entrepreneurial qualities (can be found behind worksheet 1).

Business failures

Firstly, the qualities where one strikes out in are discussed. Nevertheless, it is also important to discuss the qualities can be improved, because some lack of qualities can result in business failure. Every entrepreneur has his or her own combinations of qualities that makes ones business successful. No one is perfect, so everyone has to work on some qualities in order to create the most effective and successful business possible.

Discuss together with the students which quality they think can lead to business failure, and maybe how the business failure can be prevented.

A view examples are:

- A lack of planning and time management
 - o You have to make a clear schedule when you want to do something and by when you want to have finished something.
 - o Make sure that you do all the things you have to do in the right order. First things first!
- A lack of capability to make decisions → lack of confidence
 - o You cannot do everything. You are building a business, but has to foreseen
- A lack of money management
 - o Not setting the right price for the provided service or product, which makes it difficult to make profit.
 - o Know your costs and income, balance it.
- A lack of persistence
 - o When you don't want to overcome difficulties, you will never be able to reach the goal you are aiming for.
- A lack of supervising
 - o You have to control and manage your business constantly. You have to be up to date of everything that is happening, including the and what every member of your staff is doing.
- A lack of creativity
 - o Not responding to the market demand.

Group forming

For the continuation of the workshop, it is good to divide the group in smaller groups. The idea behind this group forming is to stimulate the discussion and cooperation. In the groups they can share knowledge and help each other. Also, when you want to set up a business, you'll have to deal with different person with different ideas and thoughts. Let the students know why you think forming groups is better for the outcome of this workshop.

The teachers chooses how the group forming goes, but we want to advise you to put the students who practice the same skills, in the same group. Then it is easier to find a common idea and they can accumulate their knowledge.

Form groups and let the students sit together.

Every group will create their own business. By making a business a simulation you (teacher) want to guide them how to create a **business plan**. When creating a business plan, it is first smart to dream. Dare to dream big! Therefore, create an assignment for the future.

Ask the students if they want to think about the future.

“Imagine that you, as a group, have your own business in five years. How does your business look like? Where is the business located? What products or services do you sell?”

Provide every group with worksheet 2 and pencils. The worksheet will guide them through the exercise. Inside the box where they have to draw ‘the future’ are words written down. Let the groups know that these aspects needs to be included in the drawing.

After the drawing, the questions can be answered.

Take all the drawings home and see what aspects they have drawn. What did they forgot to draw? Is everything in there?

Worksheet 1: Personal values and abilities

Acceptation	Friendliness	Optimism
Accomplishment	Giving Advice	Patience
Ambition	Good Listener	Perfectionism
Autonomy	Hard worker	Persistence
Clear Speaker	Honesty	Planning
Communication	Initiative taking	Problem Solving
Compassion	Kindness	Punctuality
Concentration	Knowledge	Respect
Creativity	Leadership	Responsibility
Decision making	Loyalty	Self-confidence
Determination	Money Management	Sharing
Dignity	Motivation	Solidarity
Enthusiasm	Negotiating	Supervising
Fast Learner	Objectiveness	Teamwork
Focus	Openness	Tolerance

Qualities I am good at	Qualities I want to improve
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

From my own qualities, which qualities can I use when I have my own business?	
1.	
2.	
3.	

List of qualities

Quality	Description of quality as an entrepreneur
Acceptation	Sometimes things don't go as you planned it. Then, acceptance is a good quality. Accept that this path you have taken, doesn't work. You'll have to find a different path, in order to achieve your goal.
Accomplishment	You aim to achieve your goal and you want to work hard for it.
Ambition	To have ambition gives you as an entrepreneur the quality of daring to dream big and willing to do whatever you think you have to do to achieve it.
Autonomy	When you have autonomy, you are capable of making decisions on your own. As an entrepreneur it is very important to know what you want and as a result it is more easy to hold everything together.
Clear speaker	When you are good with words, it is easy to speak to big crowds and it is also easy to speak to your staff and customers. Therefore, the staff and customers know exactly what they can expect from you .
Communication	Communication is key to everything. Not only as an entrepreneur but also in life. In order to get things done, you need the knowledge or help of other people. If the communication is good, already half of the work is done! Always be transparent, but not too transparent.
Compassion	As an entrepreneur it is important that your staff, but also customers, feel safe and comfortable with you. That increases the working environment and also the vibe within your business.
Concentration	Keep your attention to the goal! Stay focused!
Creativity	An entrepreneur has to bring new things on the market or has to think of how you can make your business different from other businesses!
Decision making	As an entrepreneur you need to sometimes make difficult decisions. A decision can never be in favour of everyone. It is your job to make those decisions and be the one responsible
Determination	You need to hold on to your goal otherwise you cannot achieve your end goal. Having your own business is not always that easy, but then you must go on and think about alternatives.
Dignity	Believe in yourself and stay focuses on your own value. Learn from your failures, and don't see them as a reason to stop your business. Failures are good, because you can learn from them!
Enthusiasm	When you are enthusiastic about your business, you will affect your customers with your enthusiasm.
Fast learner	As an entrepreneur you must be aware of the changes and development in the market. For that you have to learn about and react fast on these changes. Your product or service will develop all the time, thus being informed is needed.
Focus	It is good to stay focused on your goal, because it is easy to get distracted with everything what is happening around you.
Friendliness	People love to shop but they hate to be 'sold at'. This is all about the presentation of you and your product. The customers don't only buy the product, they are also buying you(r service). You only get one change to make this first impression. Start with a good mood, a friendly smile. Try to build a comfortable atmosphere! If people like you, they are more likely to buy the product or service!
Giving advice	Your customers will not only buy your product or service, sometimes they will also ask your advice about the product or

	service. As an entrepreneur you will be seen as the expert, so giving advice is an important quality to have.
Good listener	Always remember to make your customers feel important. As an entrepreneur you have to take the time to listen to the needs and questions of your customers, so that you can give them the best service.
Hard worker	Business is also busy-ness! You have to work hard to achieve your goal. When you are lazy your business will not be a success.
Honesty	When you are honest, your customers and business partners will trust you. They will recommend you to others, because you will do whatever you claim to do.
Initiative taking	As an entrepreneur it is good to take initiative. Don't wait or rely on others, but start on your own when you have a good idea.
Kindness	It is important that you have a social and friendly attitude as an entrepreneurs. Being kind will attract customers, because they like your service. Every Gambian living on the 'smiling coast of Africa' knows the power of a smile!
Knowledge	When you have knowledge, you can assure the quality of your product or service. Therefore it is important to learn a lot about your product or service.
Leadership	When your business grows, you may have employees. As an entrepreneur it is good to have leadership skills, because you have to manage and lead your employees.
Loyalty	When you are loyal to your customers, employees and business partners, they will come back to you. You will receive back from them, because they will reward your loyalty with buying your product etc.
Money management	Money management is very important as an entrepreneur! Good business is about controlling what happens with the money. Business will make money, but they also need money to grow. If the money disappears (or you don't invest in your business), the business will also disappear.
Motivation	You need motivation to go on with your business. The ongoing of your business depends on you, so every day you have to be motivated to go to work! When you are motivated, you will have the energy.
Negotiating	As an entrepreneur you have to convince your customers that you and your product and service are trustworthy. Also with business partners or producers you have to negotiate about prices or products. Make sure that people can trust you and that you stay professional.
Objectiveness	Successful entrepreneurs make an objective assessment up front regarding how much time money and personal commitment they want to invest in their business. They know that they have to take care of themselves and their families, and they already figured out how they are planning to do that.
Openness	When you have an open attitude, people find it easy to approach you. You attract customers, because they like your attitude. Beside, it is good to be open about your product or service, so that people know its background.
Optimism	Sometimes the plan will not work out as you have planned, but with optimism you can always see the light and determine how you still can achieve your goal. With optimism you create happiness, and when you are happy your staff and customers are happy.

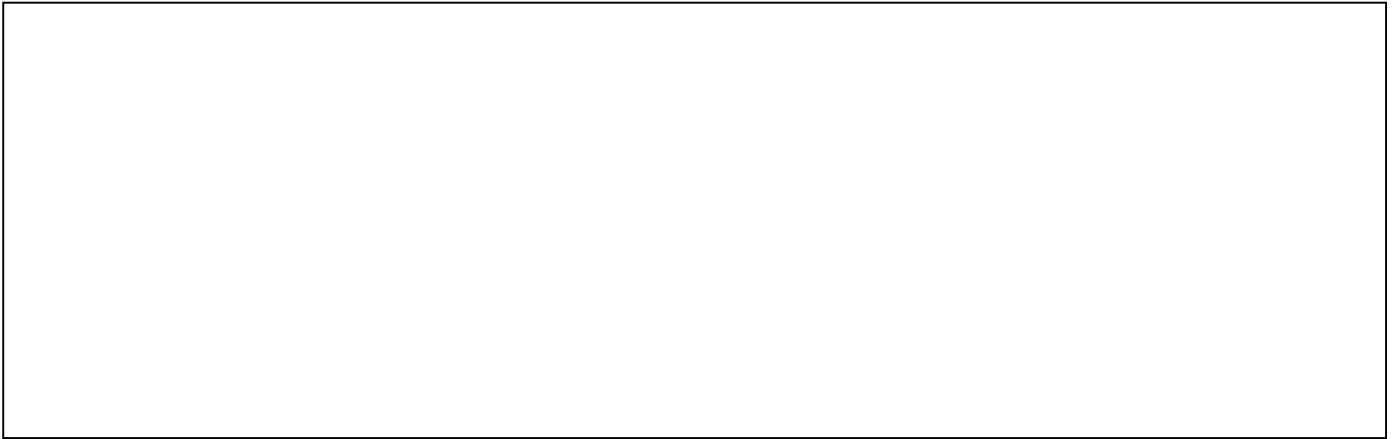
Patience	To set up a business it is good to have patience. It costs time and setbacks, but you will overcome by having patience.
Perfectionism	Being a perfectionist gives you the ability to strive for high performance standards, together with critical self-evaluation but also other evaluations!
Persistence	When you have the ability to stick to something. Sometimes you have to do things that are not your favourite thing to do, but also less nice things come with setting up a business! But stick to it, it has to be done eventually.
Planning	Any business is a busy-ness, you will need to plan! Many tasks are needed and it is important to do the right things first so you can make sure that everything is finished on time!
Problem Solving	The willing to improvise will give you the ability to solve problems, which are a good quality to have as an entrepreneur.
Punctuality	Make sure you come on time, then your staff will come on time. Only than the maximum can be made out of your business.
Respect	Listen to others, then they will listen to you. If people listen to you they respect you as an entrepreneur and you will be able to fulfil your goals.
Responsibility	As an entrepreneur it is important to feel responsibility for everything that your staff does, but also take responsibility for your own decision.
Self-confidence	It is your business. When you are confident about your plans
Sharing	Willing to share your knowledge will give publicity, and will improve your position on the market.
Solidarity	Your position on the market will be improved when you are kind to your staff and customers. The image of your business is everything!
Supervising	As an entrepreneur you have to keep everything under control and you have to know whatever is happening.
Teamwork	You are the entrepreneur, but you also have to include your team in your decisions. You have to work in teams.
Tolerance	When you have the ability to tolerate the existence of different opinions or behaviour that you dislike, makes you capable of dealing with different difficult situations.

Worksheet 2: Our business in 5 years

Title:

Type of business, customers, product/service, location, yourself (the whole group), etc.

1. Describe the scene of your work place that you have drawn



2. Where is the team and what are you doing?



3. Describe the doubts that you have about the realization of this vision?



4. Why do you think that this business can be successful?



2. Management

Learning goal

Students know what is necessary for them to make their idea into a business. They are able to find out how to manage the business. Management is the key to grow a business and to make it a success. Students know how to deal with planning, organizing, leading and controlling. With knowledge about these factors, student is able to set goals.

Introduction

In this part of the workshop, students learn about management. Management includes the activities of setting the strategy of an organization and coordinating your employees. It is important for the students to know how to **plan, organize, lead and control**. Here, all these aspects are taught in a practical way.

Remind the students that lots of questions come up when setting up a business. There are no wrong or right answers, the teacher has to let the student think in the logical way.

- Plan → What is your idea? What do you want to achieve?
- Organize → Will you be the only one working in your business? Do you need extra employees in your business to help you? How do you maintain your staff? What will be the working ours? Where do you want to have your business (location)?
- Lead → How do you want to lead your business? How is the communication managed between leader, staff and customer?
- Control → Think of how you can check that the customer is happy with the service or product? How do you want to control your employees?

Refer back to the drawn businesses from last session. Did you find any management aspects that were missing or can be improved? Discuss it through letting them think about product/service, production, location, investment and employees. Guide them through it by giving examples.

Guide the student by giving an example.

For example: 'I (teacher) want to start my own tailor shop/selling fish/bakery/restaurant.'

Note: Choose a type of business that they don't expect, so the answer to the question is not common. Activate their brains. (e.g. do not choose a shop in their working area, because then you will give them hints. They will make that up themselves after the theory).

Plan: to go from A (beginning) to B (higher goal)

In order to create a business plan, you need to start a goal. It is very important to let the students focus on the higher goal. When setting a higher goal, it is more clear for the entrepreneur to rank the activities that needs to be done in the right order.

To get to the higher goal, a plan needs to be made. Several things need to be done so it helps to create a plan to be sure that everything can be done on time. Guide the students by making such a plan.

First, the students need to be aware of what they have to know and do to achieve this goal.

For example: I have to find out how I get the skills to become a tailor.

Second, the students must know which capabilities and experiences already have.

For example: I took some classes at the tailoring skills centre.

Then, the students need to think about which obstacles will face and how they will deal with it.

For example: It will be difficult to buy a tailoring machine and to find a location. Therefore I will ask friends and families if they have a machine I can borrow or a place I can work at.

Lastly, the students need to decide which steps they have to and want to follow.

For example: After finding the machine and the place, I will make sure that people know me, my skills and my business. From there, I can start tailoring and make my customers happy with the result so they will come back.

So now, guide the students by making such a plan. To achieve the higher goal, it must be divided into short term sub goals. Every goal you set for yourself, must be SMART.

		Bad example	Good example
S	Specific	I will be rich	I will earn D100 000 every month
M	Measurable	I will follow lessons after school hours	I will follow lessons after school to times a week
A	Achievable	I will be president next year	I will be president of my village next year
R	Realistic	Next week, I will be playing in the national football team	Next week, I will be playing in the football team of my village
T	Time-bound	I will organise fundraising to prepare next school year	I will do fundraising in the beginning of the month of August.

After this, students are aware of the fact that the goals need to be SMART and clear. Make it clear to the students that a long term goal can only be achieved when you set short term goals.

Short term goals can be created through the following checklist:

- Make a list of what you need to do
- Estimate how many hours or days each thing will take
- Put each task in order of importance → do the right things first!
- Add some extra time in case there are delays

Provide the students with an example of the planning of your *tailor shop/bakery/restaurant*.

Long term/ higher goal: In the coming five years, I want all of the villages in Brikama to know my tailor shop.		
Short term goal 1: Get information how to start a tailoring shop		
Steps	When	Resources/ requirements
Meet other tailors to get advise	Before the end of November	Human resources
Get into contact with the local authorities to know what papers I need	Before 14 th of December	Transportation to the authorities
Fill in documents	Before the end of December	-
Short term goal 2: I want to create clothes and other stuff that can be made of fabric		
Steps	When	Resources/ requirements
Find out what machines are necessary		
Find/ buy the machines		
Find a location		
Short term goal 3: To be known in my own village		
Steps	When	Resources/ requirements

Get customers		
Quality		

Assignment

Provide the groups with worksheet 3 so they can fill in the upper table themselves. Walk around the classroom to check whether the goals are SMART.

Organize

Like we just discussed, it is important to make a planning in order to achieve the higher goal. Within this planning, it is necessary to discuss whether you will do this alone, or if you need staff. When 'organizing the business', the operational hours, staff and inventory have to be discussed.

- Operational hours

It is very important for the customers to know what they can expect. Only there are fixed opening hours, the business will be able to service the customer.

Give the students two scenarios

Scenario A: "I open my tailor shop whenever I wake up and feel like going. When I have no customers I will go home. I will be open every day of the week but I can close the shop or take a day off whenever I want."

Scenario B: "I open my tailor shop every morning at 8 o'clock and will close at 6 o'clock in the afternoon. I will be open every day of the week, except for Friday."

Which scenario will have the most numbers of customers?

Explain the students that scenario B will have the highest amount of customers as a result. Customers who come to your shop ready to purchase or are counting on your service, can get very annoyed if the shop should be open but isn't or can get very annoyed when they are paying you the whole they to do your service but you will only be there half a day.

Give the groups the opportunity to think about their own operational hours:

1. What will your business hours be?
2. How will customers know your business time?
3. Are you there when your openings hours say you are?
4. Discuss when you expect that your business will have the highest number of customers. Does the amount of work depends on the season?

Write down these questions on the board.

- Staff

When organizing your company, the entrepreneur have to decide how the team is organized. Some people work best by themselves, others works best in a group. The students have to find out what fits them best, but also if they can do it themselves or if they need employees.

In most cases, people start their company with one or two. A small group is easier to organise and has lower costs. When a business is successful and grows, it is a possibility to get employees.

Let them know that they have to think carefully about how many people they need, because people are the biggest costs (salary!).

T Together
E Everyone
A Achieves
M More

Working with employees can provide company, support and encouragement. It is important to let the students know that they have to choose their team that is best for their business. Not just because they are friends, family or youths from the same village.

How do you hire an employee?

- **Application form or Curriculum Vitae.** These documents will give the entrepreneur general knowledge of the applicant, including previous work experience
- **Interviews.** A personal interview is used in selection processes. Especially when many people want to apply for the job. In an interview stuff like the salary, labour conditions, work hours and qualifications of the applicant are discussed.

The agreements that are discussed in the interviews should be written down to formalize it. This is called creating a **contract**. At the end, if everyone agrees to the contract, it should be signed by the boss and the applicant. Whenever you have made agreements on for example in what way the applicant has to behave, and he behaves differently, you can refer to the contract and say that he or she is wrong. Then, you as a boss has the right to, for example, fire him or her.

Contract consists of:

- Labour environment
 - o The employee will be informed in what conditions he or she can be fired.
 - Not being on time
 - Not even being there
 - Unfair
 - Stealing
 - Rude to customers
 - Not delivering good work
 - Making a bad name to the company (talk dirty about the business among your friends and family)
- Payment
 - o The boss decides in what amount and at what times you are getting paid. The salary depends on:
 - Skill
 - Effort
 - Responsibility
 - Working hours
- Operational hours

Let the students think of how they want to hire staff and where they can find the advertisement. Is there even an advertisement or is it mouth-to-mouth? Do you want the clients to give you their Curriculum Vitae? Do you require a certain amount of knowledge (school grade), experience etc.

Also, create a little contract which includes the following aspects:

- Labour environment
 - How do you want your employees to behave? When do you want to fire someone.

- Payment
 - Will every employee have the same salary? (skill, effort, responsibility etc.)
 - Payment for each item produced or per hour?
 - Will people be paid daily, weekly or monthly? What are the risks with each choice?
- Operational hours
 - When do you want your business to run. (be specific, hours and days).

- Inventory

Now we discussed the working hours and the staff, but before the service can be done, machinery is needed.

Write these questions on the board and let the students think about it

- What machinery/products do you need to provide your service and in what amount?
- Where do you get your machinery/products?
- How do you get it at the place you have to provide your service?
- How will the whole staff be informed about where the machinery is

Lead

Clear agreements and good communication with everyone in a team are needed at all times. As mentioned in the 'organize' part, it is the job of the entrepreneur to divide the tasks among the team. It is important that everyone does his or her own task and that you divide the tasks clearly. Besides the different tasks, it is important to listen and learn from each other. Sometimes it is good for an entrepreneur to widen his or her ideas.

It is important to be very clear about what your expectations are and very clear about what the consequences will be if they are not fulfilled .

Exercise

Discuss within the group how you want to lead your business and let them write down in their notebooks.

Aspects that need to be thought of:

- What are your expectations of your staff? (maybe qualities?)
- Do you only want to be the leader or do you want to be part of the team?
- How to get people do their job?
- What happens when an employee gets sick?
- Does someone knows what to do in case you are not around or there is a problem?
- What are the consequences if the tasks are not fulfilled?

Control

The owner of the business has to constantly stay up to date of everything that is happening between the staff and within the business. Before starting the business, the students have to think about how to stay up to date and how to control everything that is happening.

- How will you deal with conflicts
- How will you handle lazy behaviour
- How will you respond to people who are not trustworthy
- How will you cope when the business is not going well

SWOT-i analysis: how good is your company

How can you test if your company is strong and if it has the qualities it needs to become successful? Make SWOT-i analysis!

S	Strengths	The aspects that your company is very good at
W	Weaknesses	The aspects that your company still has to work on
O	Opportunities	Events that can have a positive result on your company
T	Treats	Event that can have a negative effect on your company
i	Issues	Obstacles the company has to deal with

Assignment:

Let the students make a SWOT-i analysis. What are their strengths, weaknesses, opportunities, treats and issues?

Worksheet 3: Goals

Long term goal		
Short term goal 1:		
Steps	When	Resources/ requirements
Short term goal 2:		
Steps	When	Resources/ requirements
Short term goal 3:		
Steps	When	Resources/ requirements

3. Marketing

Learning goal

Students know why marketing is important for their business. They are able to find out how they can distinguish their business from other businesses through the five P's of the marketing mix: Product, Price, Place, People and Promotion. The students are stimulated to think in an innovative way about their products or services and they have knowledge about different types of innovation. With help from a design cycle students can think out of the box.

Introduction

This part of the workshop focusses on marketing. Students need to know the importance of marketing, because marketing is the way you identify and differentiate your business from other businesses. It is possible you set up your business in a very competitive market, where the offer of the same product or service as yours is big. Why are customers willing to buy your product or service? Good marketing could provide more customers.

Competition

Students need to be aware of their competition. They are not the only ones in the market. Competition means other businesses selling the same product or service. Let the students think about the advantages and disadvantages of competition before you will explain it to them.

Exercise. Let the students fill in:

Competition can be **good** when...

Competition can be **bad** when...

You can write the sentences above on the board. Let the students copy it in their notebook. The students can discuss with their group mates, but it is important that they actively think about it themselves. React on their answers by providing the theory below.

Sometimes competition helps. For example, a clothing or food market with lots of sellers will attract lots of customers who like to browse and choose from a bigger selection.

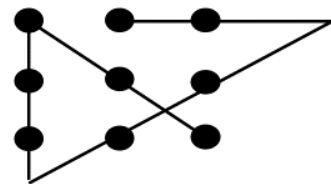
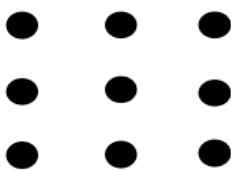
But too many sellers or too few customers is a problem. For example, if you bake more bread in one village than it needs each day, you will need to think of other products.

Exercise: think out of the box.

Draw on the board 9 dots. Give the students the task of crossing all the dots with only 4 straight lines. These four lines have to be drawn without lifting the pen from the paper, that is: the four lines must be connected.

The students will not be able to complete the assignment if they draw the lines within the square formed by the outer dots. They have to draw the line outside the square, as is shown in the solution below. They have literally to "think out of the box".

Explain the students that you don't always have to think the regular way, but you can also be innovative and think out of the box! When setting up your market strategy, that is a very important aspect.



Marketing Mix

Marketing consists of the activities you and your business do to stimulate selling your product or service. Marketing is about getting seen by potential customers, and it's a way to find products and services that many customers are willing to pay for that fits with the market you target. Marketing is to design the perfect product or service with the right design, the right price.

The marketing mix can be defined in five P's: Product, Person, Price, Place and Promotion. Below we will discuss every P.

Guide your students through the five P's by giving examples for each of the P's. After you explained a P and supported your explanation with an example, you let the groups think about how they can distinguish themselves from their competitors. Let them discuss and write it down. It is important that the students have clear in mind what products or services they want to sell, because this lesson will zoom in on their company. At the end students have developed their own marketing mix.

In the final course, all the P's that are written down on the papers will be used in the practical course about Business Plan. So the answers must be saved carefully.

Note: Choose examples that are simple and not examples from the students discipline (like construction or plumbing, but choose something like a restaurant or tailoring shop). Stimulate the students to think about the five P's in an innovative way: what doesn't exist at the market? How can they distinguish themselves from their competitors?

- **Product**

The product is what you sell or what service you offer your customers.

- **Products** are the things people buy. A product can be something you buy and resell or something you make yourself.
- **Services** are things people do for money. Like construction, gardening, plumbing and driving.

Exercise: Let the students discuss and write down in their notebook:

- What products or services do I sell?
- Why did I decide to sell these products?
- Do I have the products customers want?
- In what way could my product or service be different from competitors?

Explain the students that you can find out what makes your product or service special or unique. One way to do that is to start selling and receiving feedback from the most important persons in your business: the **customer/client**.

- **People**

People include the potential and current customers of the business and how they make their buying decisions. As said before, the customer plays an important role in the marketing. They are the ones that will buy your product or service. It is needed to do research about your customers. You must know the customer! If you really knows who your customer is, you know what they like and then you can sell more.

Exercise: The students now know what kind of business they want to start. Let the students close your eyes and let them imagine their customer. How does he or she looks like? Are they old or young? Where do they live? In what kind of houses? Is it just one person or a company?

Let the students discuss and write down:

- Who are my customers? How do they look like?

- How can I get their advice/feedback or opinion about your company or product?
- Why do the customers need your product or service?
- When do they need your product or service?

- **Price**

This is what you ask your customer to pay for your product or service. When you set up your price there are multiple factors that you have to take into account. You have to take the market in consideration: what prices do others ask for the same product? So you see again that competition is important. It is also important that the price is more than your material costs, because you have to make profit. In the chapter Finance we will deepen more in the prices and costs.

Exercise: Let the students discuss and write down:

- What are their possible costs?
- What are the prices my competitors ask?
- What are the customers willing to pay?

- **Place**

Place refers to the real or virtual place from where a product or service can be bought by the customers. It is also called the distribution channel. It is important that the place is attractive and approachable for the customers. The location of your business is very important if you want to sell products in your shop. Then you need a location that have lots of people passing and in the mood to buy. But when your business sells services, location can be less important, because you will go to the locations where they need you.

Exercise: Let the students discuss and write down:

- Where are my customers located?
- From where do I want to distribute my products or service? Why this place?
- Are you selling the right thing in the right place? Is there actually demand to your product or service in the area you want to have your business?

- **Promotion**

Promotion is the way that a product will be communicated to the general public. Not only the way you display your product, but also the way you display yourself to your customer is important. There are various ways to promote your product.

- **Advertising** is all about getting attention. Tell the students that when you think about advertising your own product, you can learn from other advertising methods; when does a product or service gets your attention? You need to raise awareness for your product.

Interaction with students: ask the students which advertisements they like the most; which advertisements do get their attention? Ask them how they can advertise their product or service. Write down their ideas on the board. Complete their answers with the different examples below:

Business cards, word of mouth, events, product testing day, music, free samples, flyers, sale promotions, newsletters, posters or T-shirts. There can also be advertisement on gates, banners or vehicles etc.

Business cards are a good advertisement, because when you hand them out to potential customers, they will remember you!

- **Personal selling** is an important part of promotion. You build an customer relationship up over a period of time. You don't only sell your product, but you also sell yourself. How you treat your customer is very important: a customer that feels

special comes back. Therefore it is important to be friendly to your customers, that you listen to them and that you act professional.

Exercise: At this point the students know more about the promotion of their product or service. Let them discuss and write down in their notebook:

- 3 ways of how they could promote their product or service

Now, the students have developed their own marketing mix; they have thought about and written down how their five P's can stimulate the selling of their product or service.

Marketing strategies

Being innovative is key to have a successful business. Innovation means producing something new, creating value in the form of a service or product. Innovation does not only mean coming up with something completely new, it could also be improving a product or service.

There are different types of marketing, also called the marketing strategies. Of course you can also use both

- **Innovative marketing.** In this strategy your focus lies on innovative development. You want to attract customers by giving them something different in the terms of materials. What are innovations you can come up with? It is about differentiation and ideas, which means being different from other.

Interaction with students: Stimulate the students to think about different types of innovative marketing. Give them time to think about it. React to their response by explaining the service strategies that are not said by the students or make their answers more complete. Examples for a tailor shop:

- *Specializing in making wedding dresses.*
- *Designing new T-shirts.*
- *Combine two services: sell trousers, shirts and shoes that you can combine, so that customers can buy an whole outfit at your place.*

- **Service marketing.** This strategy focusses on the relationship with the customers. You as an entrepreneur create a strong connection between you and your customer, this will be your brand. You differentiate from others by the high quality of this service. What are service strategies you can come up with?

Interaction with students: Stimulate the students to think about different types of service marketing. Give them time to think about it. React to their response by explaining the service strategies that are not said by the students or make their answers more complete. Examples:

- *Friendly service. You know your customers well and you do your best to fulfil their wishes or ideas. You take the time to listen to them and to talk to them.*
- *Fast service. You work hard to deliver your product or service as fast (but also as good) as possible. When people buy your product, they know they will have the service or products in a short time.*

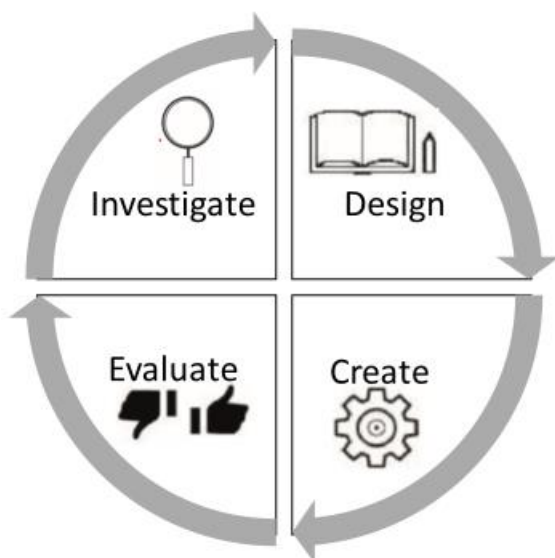
Types of innovation

Innovation can also be specified in different types:

- **Process innovation** is an innovation where you analyse the process to produce your product: this is from buying your materials to finalizing your product and handing it to the customer. You could industrialize your production by working in bigger groups and saving money and reaching more customers. Or at the other hand one to one production by focussing more on the product and adding more value and quality to your product.
- **Product innovation** focusses on your final product. What will you deliver to your customer? Could you add value to it? Can you make it a better quality?
- **Service innovation** is innovation in the service. This means that you want to improve what you are offering to your customer. This could be in the quality of the speed of your work, the way you treat your customers, good communication and listening to the demands and wishes of your customer. You could also extend your service by assuring your quality and having a certain time set that your customer may adjust the product or having special offers (on Monday 20% discount for example).

Design cycle

The design cycle will help students to come up with ideas and innovations. They can use it in the different types of innovation you have taught them before. They can use the design cycle to test and adjust these ideas and find out if they will work for their business.



The design cycle is a four-step cycle. The cycle is a circle, so you always come back to the first step. This is because innovation is an ongoing process.

1. First step is **investigating**. This means doing research, gaining knowledge and information about your product or service.
2. The next step is **designing**, specify your product with the new added information you gained. So write or draw the new idea you have with all the information you researched.
3. Third step is **creating**, create the product or new idea you designed and put it into practice.
4. The last step is **evaluating**. You will analyse your results. Did you face some obstacles during the design process or is there something you still have to do research on?

Extra exercise:

When you have extra time, let the students create their own advertisement. It is important that their advertisement is unique and that their company is recognizable. They can create their own business card, poster, commercial; whatever they want. This advertisement can be used in the end presentation the last day of the workshop.

4. Finance

Learning goal

The students know why finance is important for a company. They have a global understanding of finance of a company. They know how to set a price for the product or service. They know what financial parameters are key metrics and they know how to calculate them.

Setting a price

Coming up with a price is very important for the company's competitiveness and professionalism. If the price is too high, nobody will want to buy from the company. If the price is too low, customers might think the product is not of high enough quality.

Interaction with the students:

"Let's say that you are a soap seller. You produce your soap for 6 Dalasi per piece. For how much would you sell the fruit?"

It is important that the students come up with their own answer.

The expected answer is that the soap seller should sell his soap for a price higher than 6 Dalasi per piece, to make profit. If the students suggest that the soap should be sold for less than 6 Dalasi, it should be made clear that this is not smart since the seller would lose money. If the student would propose a selling price of 6 Dalasi, they should realize that, although no loss is made, no profit is gained either. So this might also not be the best option.

Now, the students could be asked the following question:

"The same seller stills produces his/her soap for 6 Dalasi. He/she sees that the competitors sells their soap for 9, 13 and even 15 Dalasi sometimes. For how much should the seller sell his/her fruit now?"

Here, again, it is important that the students come up with their own answer.

It is expected that the students say that the fruit should at least be sold at a price higher than 6 Dalasi. If the students propose a price higher than 15 Dalasi, they either need to have a good reasoning, or they should be made clear that this would not be competitive. A price of 7 or 8 Dalasi is the best option in terms of competition. However it only provides a small profit.

Furthermore, as a seller (of product or service), it is desirable to increase the price as much as possible: this makes more profit for the company. From the perspective of a buyer however, one would prefer the prices to be low.

A compromise needs to be found.

Example: Selling soap

If you were to produce and sell soap, you need to consider all the ingredients every soap is made of in order to calculate the price. Below is a worked out example of price calculation.

Note that only variable costs (see below) are taken into account. No fixed costs (rent of the workshop, etc) are taken into account.

Ingredients	Recipe amount	Price Batch (Dalasi)
Palm oil	3 kg	150
Lye/coastic soda	0.5 kg	20
Honey	30 ml	6
Beeswax	100 g	20
Fragrance	30 ml	60

Label/wrapping	40 pc	20
Total cost for a batch		276
Qty of soap made		40
Cost price per soap		6.9

Now, the seller needs to sell each soap for at least 6.9 Dalasi if he/she wants to keep selling soap. If the seller decides to sell his/her soap at exactly 6.9 Dalasi, then he/she won't earn any money. So the price has to be higher than 6.9 Dalasi, but how much higher depends on how much profit the seller wants to make, on the customers and on the competition.

Some sellers would be happy to sell for 15 Dalasi (a profit of about 8 Dalasi). Others, if the competition and customers allow, would rather sell for 25 Dalasi (a profit of 18 Dalasi). The most important is that the seller is able to save some money for unforeseen circumstances and to have some money for himself/herself.

Exercise: Simulation

Aim: This game will simulate a starting company's evolution. It will allow the students to think about how they should make sure that the company survives financially, without them having any knowledge of the topics that are discussed later. It will also allow the teacher to get a feeling of the students' current preconception about the finance of a company.

The Problem:

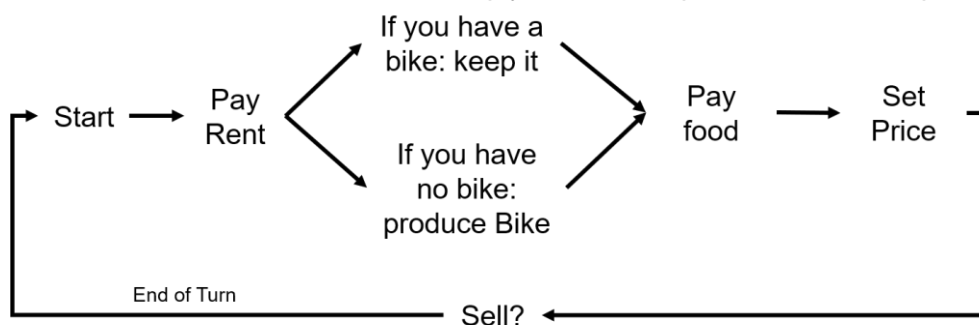
The students should be sitting in 5 to 6 groups. Every group will be "starting" a bicycle producing company. Every team is building their own company from the ground up, with a starting capital.

It is best if false Dalasi are made out of paper to be used by the students during the class. It would also help if a bicycle is drawn on small papers. Similarly, if a workplace is drawn on a paper, the students would have something to touch to make the activity less theoretical and abstract.

The following should be written on the board:

Production costs of a normal bicycle	1,000
Rent of the Workplace	200
Cost for food, water and for the housing (for the whole group)	100

This diagram is useful for the teacher to understand the steps of the game. It could also be written on the board, or the teacher could simply write bullet points for each step.



Explanation to the students

The following should be said to the students:

“Every team will start a company which produces bicycles. These bikes will then be sold.

The game will proceed turn by turn. Every company can produce one bike per turn.

However, they can only own one bike at a time. If the company did not sell the bike, they cannot produce a new one.

It costs 1,000 Dalasi to produce the bikes. This is therefore the production costs.

To be able to produce the bikes, every company must have a workplace. This is rented for 200 Dalasi per turn.

To sustain themselves in food and water, the whole team uses 100 Dalasi per turn.

The way the game will proceed is as follows:

Every student starts with 2,000 Dalasi

- 1. Every company pays the rent of his workshop (200 Dalasi).*
- 2. Every company gives the money for food, water and the housing (100 Dalasi) to the employees.*
- 3. Every team must produce their bike if they do not have one anymore. The corresponding costs (1,000) must be paid (to the teacher, who is the Bank).*
- 4. Every team chooses the price of their bike. Note that the prices can only vary by increments of 50 Dalasi.*

Now starts the selling part of the turn:

- 1. One teacher will be a customer who looks for a cheap bike. A low price will be very important for him/her. That teacher will buy one or two bike(s) (if the teacher buys two bikes, then those must of course be from different companies).*
- 2. Another teacher will be a customer who looks for a good quality bike. Here, it is important that the company explains very well why their bikes are very good quality vs price. Argumentation is key (and will create active participation in class) The teacher will buy one or two bikes.*

At this point, we are at the end of the first turn. Then the second turn begins. Let's play.”

The game:

The game evolves turn by turn. Producing a bike takes 1 turn. Every team starts with 2,500 (false) Dalasi

Turn 1: Every team “repairs” a (imaginary) bike. Every team can choose if they want to upgrade their bike. Every team chooses the price at which they want to sell the bike. Every team then pays to the teacher the cost they need to pay. Every team says how much money they have now and the teacher writes it on the blackboard.

End of Turn 1: The teacher then first takes the role of a customer looking for a very cheap bike (it does not matter if it has the extra improvements, as long as it is very cheap) and buys the one he/she thinks fits best the criteria. Then, the teacher takes on the role of a customer looking for a medium priced bike possibly with some upgrades. The bike must be sold by sellers who can explain best why their bike is of good quality (class interaction is encouraged).

Turn 2: Every team that did not sell their bike cannot make a new bike, but still have to pay the living costs. The teams that did sell their bike have to “repair” a new (imaginary) bike and can “upgrade” it if they want. These teams must also pay the required costs. All teams can choose again the price at which they want to sell. Every team says how much money they have and the teacher writes it on the blackboard. Note: if they cannot pay enough, then they are disqualified.

End of Turn 2: The teacher proceeds as explained in the section End of Turn 1.

Turn 3: Proceed in a similar fashion as in Week 2.

End of Turn 3: Proceed in a similar fashion as in End of Week 1.

Continue with more Turns if it is thought that this could have interesting results

In some turns, just before the End of the Turn (before the selling begins), tell the students that a close family member or a friend fell sick, needs money for school fees or has an emergency and that they urgently need a total of 500 Dalasi. They need to be made clear that it is a very important family member or friend. The teams can then choose if they give money and how much. This should not be done frequently, but should be done from time to time.

Discussion with the students:

Students should compare the amount of money they have now (after all the turns) with the amount of money they had in the beginning. The teacher should make them reflect on how it comes that they have more or less than the original amount.

It could also be interesting to draw a graph of the amount of money per week.

Practical guides for the finance of a company

Controlling the money of a company

Money is like blood for a business. If you take out too much, the business will die. In The Gambia, there will always be people who will want to take your company's business money for shoes, a naming ceremony, an emergency, school fees and so on. You have to be strong and say No to other people. You have to protect yourself and your business

It is very important that the money received by the company is split in "money to invest", "money to save" and "money to use." A simple way to this is to have 3 boxes with "invest," "save," and "use" written on it and then put money in it. It is also possible to open bank accounts.

- 1- Put in the "invest" box the amount of money it will cost to produce the product or to deliver the service. Making sure that there is always enough money in this box will make the company stays alive. It will also ensure that your company will be able to buy the basis materials needed to create the product or service.
- 2- Add as much money as you can afford into the "save" box. This will allow you to expand your company over time.
- 3- The rest of the money can be placed in the "use" box. This is your salary. You can use this money for your own purposes.

The goal of a company

A company should *survive and thrive*. On a daily basis, the company should be able to sustain itself financially (*survive*), but it should also in the future have good financial prospects (it should *thrive*). To do so, the company has:

- To be profitable
- To be efficient
- To have money
- To manage risk

To be profitable

Interaction with the students

The teacher could ask: "Is revenue (or income) the same as profit?"

The aim is to make the students think about what needs to be done with the revenue they get from their product or service. That is, they need to realize that they must subtract all the costs from the revenue in order to find out how much money they gained or loosed (profit).

Revenue

The revenue (or income) is the money that comes in from the sales of your products or services. It is calculated as follows:

$$\text{Revenue} = \text{Selling Price} \times \text{Number of products or services sold}$$

It is important to note that the revenue is not the same as the profit made, since the total costs must still be subtracted from it.

Profit

A company should make profit to survive. Profit is how much money your company made after paying for all the costs. It can be summarized in the formula below:

$$\text{Profit} = \text{Revenue} - \text{Total Costs}$$

It is possible to calculate profit per day, week, month and/or year, depending on the time span you prefer to use. Usually, the time span is chosen based on the time span over which the Total Costs or Revenues are paid or received.

Interaction with the students

It is best to first discuss very briefly what the Total Costs include, before going to the next paragraphs and to the Revenue. Ask the students: "What do you think is included in the total costs?"

In most cases, any answer is correct (as long as it is a cost the company has to make). Do not go yet into the theory of the Fixed and Variable Costs, but simply write down all the (good) answers.

If "salary of employees" is not mentioned, make sure to add it to the lists of costs. Make a side note, to say that even a starting entrepreneur should put himself a fixed salary that corresponds with the capabilities of his/her company. A fixed salary makes it easier to define how much money the company is gaining.

This list of costs will serve as examples for the Fixed Costs and the Variable Costs.

The Profit is the money that goes in the "pocket" of the company. The formula above could be written in the following (more intuitive) way:

$$\text{Money in the pocket of the company} = \text{Income} - \text{Expenses}$$

Unexpected costs always appear, therefore the company must have some money reserved for those costs (instead of giving everything away to the employees). The company would also not be able to grow very much if it does not have any extra money. That is why the money in the pocket of the company must be divided in money to "invest" again in the company, and money to "save" for emergencies.

Total Costs

The costs can be mainly split into fixed costs and variable costs. Together, they make the total cost, as can be seen in the following formula:

$$\text{Total cost} = \text{Fixed Cost} + \text{Variable Cost}$$

Fixed cost

Fixed costs are costs which are 'fixed': they do not change with the number of sales made. They could be for example the rent of the workshop or of machines. Similarly, they could also be the rent of a domain name for a website.

Since these are independent of the revenues made (one has to pay them whatever income one gets), these costs could be seen as risks: Even if the company only gets little income, it still has to pay the fixed costs.

Variable costs

Variable costs are costs which are proportional with the number of sales made. They increase as the number of sales grows. In most cases, these costs relate to the raw materials needed for the creation of the product (or service). As the customers buy more, more raw material have to be bought, therefore this variable cost increases.

Another variable cost could be wages. As the number of sales increase, the number of salesperson, each with their own wage, will also need to increase. Similarly, as one needs to produce more (because of a higher demand), one will want more workers in the company.

Break-even point

Note to the teachers:

This topic might be very theoretical and the formula might be unintuitive for the student. Therefore, it could be best to explain this using the following example:

A person wants to sell peanuts without their shells and wants to know how many peanuts he has to sell per month in order not to make any loss. He buys peanuts with shell from another seller at a price of 5 Dalasi per bag of peanuts. He sells the same bag of peanuts, but without shell at 10 Dalasi. He also rents a workshop in which he removes the shell. This rent costs 500 Dalasi per month.

To summarize:

Variable cost per unit: 5 Dalasi per bag

Price per unit : 10 Dalasi per bag

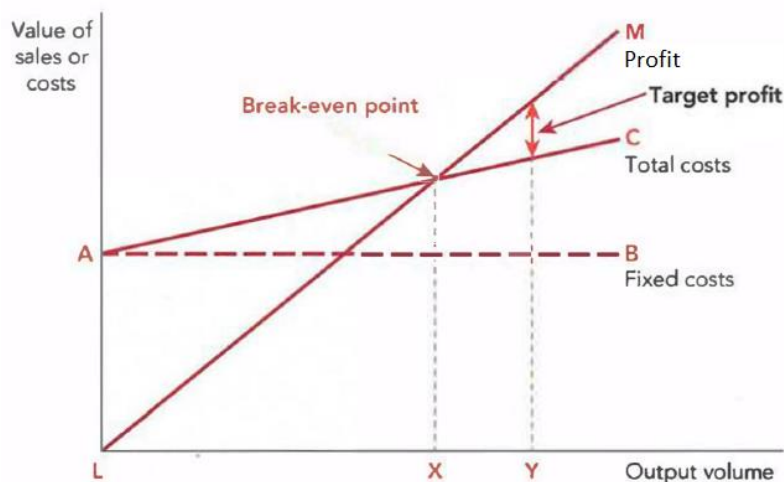
Fixed cost: 500 Dalasi per month

This means that this person needs to sell at least 100 peanut (without shells) bags per month in order not to make any losses. His break even point is 100 peanut bags per month.

The break-even point is the number of sales a company needs to do in order not to make any loss. It is the point where the profit made is equal to the total costs. Depending on the business, it might be more useful to compute the break-even point of one day, or of one month, or of a year. It can be calculated as follows:

$$\text{Break even point} = \frac{\text{Fixed cost}}{\text{Price per unit} - \text{Variable cost per unit}}$$

The graph below shows a schematic representation of the break-even point.



It is important to make more sales than this break-even point, to ensure that the company makes profit. It is therefore an important metrics to check the financial health of the company. It can be used on a daily, weekly, monthly or yearly basis

Interaction with the students:

At this point, it is interesting to ask the students the following question:

“Two companies (company A and company B) both generate 10,000 Dalasi in profit. Are they equally valuable?”

The students should think themselves about this. The teacher might guide them a bit in their thinking process by giving them hints, if need be.

There is no exact answer to this question. The suggested answer goes as follows:

Company A could have a team of only 5 people, with very little machines, computers, or other devices. It therefore only has a few ‘assets’ and still manages to have 10,000 Dalasi as profits.

Company B, on the other hand, could have a very big team of 20 people, with a lot of machines, computers, and other devices. It has therefore a lot of ‘assets’, but manages to make “only” 10,000 Dalasi. This company could do better with the means it has.

Company B has less value than company A, because despite its advantage in number of assets, it is not able to create more profit than company A.

This question makes a smooth transition to the following subsection

To be efficient

In subsection 1-Profitable, only the Profit and Loss are discussed. These do however not say anything about the ‘assets’ that generate profit.

Asset: An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide a future benefit. (Definition by Investopedia.com).

A company is efficient if it manages to make the profit with as little assets as needed. Any company should aim to be as efficient as possible.

If a company has one employee who often finds himself without anything to do, or if the company has a machine that is rarely used, that company is not efficient. The company would be paying the wages for the employee or would be paying the maintenance of the machines. The company could be more efficient and more valuable (see the interaction question above) if it would not have that needless employee or the machine.

Interaction with the students:

At this point, it is interesting to ask the students the following question:

“Two companies (company A and company B) both generate 10,000 Dalasi in profit.

They have the same sets of assets.

Company A gets paid for the product immediately, the other gets paid in 3 months.

Which one do you prefer?”

Similar to the previous interaction question, the students should think themselves about this.

The teacher might guide them a bit in their thinking process by giving them hints, if need be.

There is no exact answer to this question. The suggested answer goes as follows:

From the point of view of the customer, there is not a lot of difference between the two companies: the only difference is the moment you would pay them. This is only a matter of agreement between the company and the customer.

However, from the point of view of an investor, Company A is more interesting. This company will receive the money from a customer purchase immediately. Company B on the

other hand will have to wait three months between customer order to actually receiving the money.

Company B will have to make sure it has enough money to survive for the three months waiting period. It has thus a higher risk of failing.

To have money

One of the most important things to watch out for, as a company, is the cash flow. That is, how much cash goes into the company and how much cash goes out. Ultimately, the key factor to monitor is whether the company has cash money now and in the coming time.

Students should remember the following: *No cash = End of company*

This might be an oversimplification because one might get loans from friends, families or contacts. However, that would only be short-term solution. In the overwhelming majority of the cases, not having any money into the pocket means that the company cannot survive.

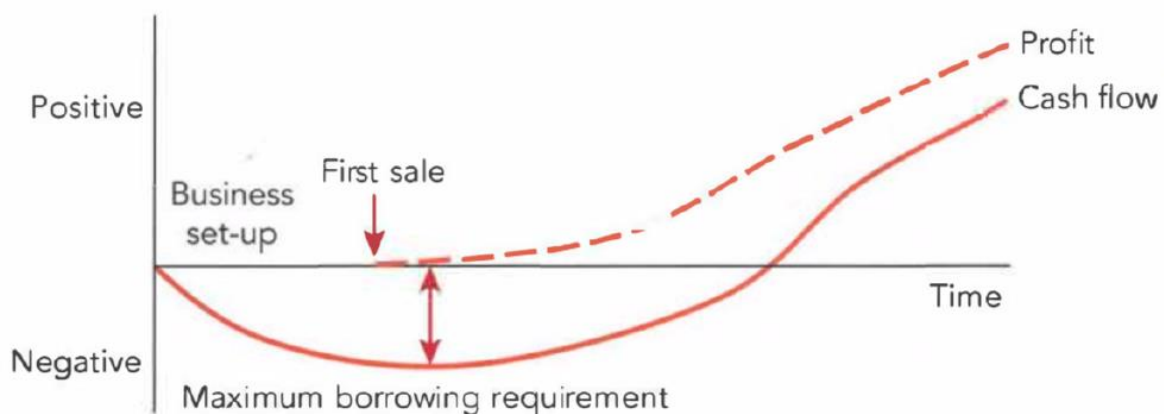
The Death Valley

Beginning a start-up is always very challenging and risky. One has to initially invest a certain amount, hoping that the investment would be gained back in the future. The first months or year(s), no revenue comes in, as the company is still searching for customers. The expenses increase.

It is only after a certain period of time, when the product or service is ready and the customer is found, that the first cash comes in. If everything goes well, slowly but steadily, the net outflow of cash diminishes and comes to a halt. Then, slowly, the company gains back the money it invested.

At some point, the company gained back its original expenses. From that point onwards, the company can be said to have exited the "death valley". This is the moment the company might have passed the most risky part of its early existence.

The picture below shows the graph of the death valley. Note that it may take months or even (and most often) year(s) to pass this 'valley'.



It is important to think ahead to the possible expenses the start-up could expect. It might be needed to look for loans from family, friends or other organizations, although this is risky.

To manage risks

Starting a company is all about managing risks. Some of the most important risks are:

- Product-market fit: One is never sure that the product or service will be bought by the market. Good market research needs to be done to minimize this risk.

- Poor hiring of new employees: it is especially in the start-up phase important to hire the best first employees. Poor hiring might result in an inefficient team.
- High fixed costs: Since fixed costs are independent of the revenues, it is important to think twice about how high the fixed costs should be.
- High debt compared to the money you possess. Although loans might be necessary, they often involve risk.

To reduce these risks, one can do the following:

- Make sure that the product or service you want to offer is actually desired by the customers. To do so, talk with your possible customers. Talk with other companies to know what they do and why they do it.
- Make a list of criteria you want from your new team member. Based on these criteria, you should decide whether a person should join your team or not.
- Make well thought decisions about the (risky) fixed costs. Always look for other alternatives before deciding to choose one particular fixed cost.
- Be careful with debts and loans. Always read the full loan agreement contract in case you want to receive an official loan. If you get a loan from a friend or family, make sure that you at least think you can pay it back in the future.

5. Business Plan

Learning goal

The student knows what elements make up a business plan. The student understand every element and is able to apply it to his/her own business idea. The student know how to fill in the Business Plan.

Business Plan

Note to the teacher

The business plan is the culmination of all the previous lessons. The students should be allowed to think for themselves about how to fill in the business plan below.

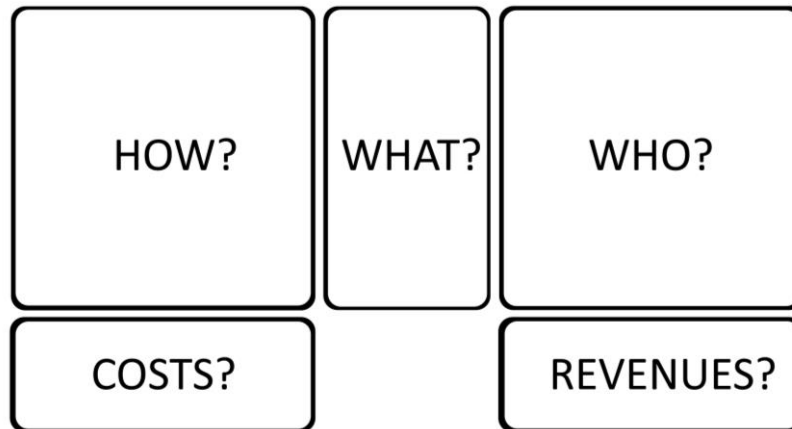
A way to make them do so is by drawing the business plan below on the whiteboard and by filling each box with the explanation of the title. For instance, in the box of Key Partners, one should write (a summary) of the definition of key partners, which can be found below. The students should then be allowed the time to fill in their business plan. The teacher can walk around to see if the students understood the task and to guide them in their thinking, if needed.

A Business Plan allows any entrepreneur to see all the different aspects of his/her company at a glance. It is a very useful tool that has to be updated regularly.

With the knowledge gained in the past chapters, the student should be able to fill in the following business model canvas. The questions written in each cell of the canvas are meant to aid the students in completing the business model.

<p>Key Partners</p> <p>Who are your key partners? Who are your key suppliers?</p> <p>Which key resources are we acquiring from partners? Which key activities do partners perform?</p>	<p>Key Activities</p> <p>Which key activities does our Value Proposition require?</p>	<p>Product/Service</p> <p>What value do we deliver to the customer?</p> <p>Which one of our customer's problems are we helping to solve?</p> <p>What bundles of products and services are we offering to each Customer Segment?</p> <p>Which customer needs are we satisfying?</p>	<p>Customer Relationship</p> <p>What type of relationship does each of our Customers Segments expects us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p>	<p>Customer Segments</p> <p>For whom are we creating value? Who are the most important customers</p>
<p>Key Resources</p> <p>What key resources do our Value Proposition?</p>	<p>Channels</p> <p>Through which Channels do our customer Segments want to be reached? How are we reaching them now? How are our channels integrated? Which ones work best?</p>	<p>Cost structure</p> <p>What are the most important costs in our business model? Which key resources are most expensive? Which key activities are most expensive?</p>		<p>Revenue Streams</p> <p>For what value are our customers really willing to pay? 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.</p>

The Business Plan's structure could be simplified as follows. The key partners, key activities and key resources answer the question: "how does one want to make the company work?" The customer relationship, channels and customer segments answer the question: "whom (what customers) does the company want to reach?" The Product/Service shows what the company wants to deliver. The last two cells show the costs and revenues.



Key Partners

The key partners are all the persons, companies and organizations which form an important role in the delivering of the value created by the company. These partners might have different roles: sponsors, suppliers, manufacturers, advisors, etc. Partners can be very important for the success of a company and must therefore be well chosen.

Key activities

The key activities are the most important activities the company must perform in order to deliver its product or service. These are for example the different steps a company needs to do in order to produce or deliver a product or service. Without these activities, a company would not be able to survive.

Key Resources

The key resources are the most important assets the company needs in order to produce or deliver its product or service. These assets can be physical objects like tools, machines, devices, etc. They can also be virtual things like a webpage, a software, etc. These key assets can also be related to the employees: particular skills, particular educations, a special strength, etc.

Product/Service

The Product/Service shows the particular thing the company wants to offer to its customers. This might be a product, a service, or something very specific to the product of service the company wants to offer. It is the element that distinguishes the company from its competitors.

Customer Relationship

The customer relationship describes the type of relationships the company establishes with a particular customer segment. If the company aims for different customer segments, the company might have a specific relationship established with each segment. These relationships could vary from coaching, teaching, selling, etc.

Channels

The channels are the ways the company communicates with the customer segments to deliver the product or service. Practically, this could be the way in which the company promotes its products, sells its products, or delivers its service. It could be a website, a physical seller, etc.

Customer Segments

The customer segments are the type of customers to which the company aims to sell or deliver its product or service. These segments are groups of people which are the most likely to buy the products or services the company wants to sell. These could be tourists, elderly people, young people, etc. It sometimes needs to be more specific: the young people who do or think something specific.

Cost Structures

The cost structures describes all costs to develop, produce and maintain the product or service. These costs include the fixed costs and the variable costs. These therefore are for instance the salaries, the production costs, the possible rents, etc.

Revenue streams

The revenue streams represent the cash a company generates from each customer segment. They could be the rent of your product/service, the selling of your product