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DEVELOPING SMALLHOLDER AGRIBUSINESS AND COMMUNITY FOREST ENTERPRISES IN LIBERIA: A TRAINER'S MANUAL

PEOPLE, RULES, AND ORGANIZATIONS SUPPORTING
THE PROTECTION OF ECOSYSTEM RESOURCES
(PROSPER)



MARCH 2017

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Cover Photo: Oil palm processors in Behwallay around the Big Gio Forest. Mrs. Oretha Nyonton bending down to scoop palm oil processed by a freedom mill.

Photo taken by Marvelous Queejay-Weah (ACDI/VOCA PROSPER staff).

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DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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INTRODUCTION

FOREWORD

The USAID/Liberia People, Rules, and Organizations Supporting the Protection of Ecosystems Resources (PROSPER) Project has been working in Liberia since June 2012 to support community management of forest resources for local self-governance and enterprise development. One of the project's specific objectives has been to enhance community-based livelihoods derived from sustainable forest-based and agriculture-based enterprises. This manual has been developed to address the need for a practical guide that can help government agencies and nongovernmental institutions assist local entrepreneurs in building strong and viable forest- or agricultural-based small enterprises.

This manual is based on a similar one developed by Tetra Tech partner ACDI/VOCA for the USAID-funded Southern Sudan Agricultural Market and Enterprise Development (AMED) Program and draws on ACDI/VOCA's extensive experience developing business training for rural producers. ACDI/VOCA believes that prospective entrepreneurs should themselves undertake feasibility studies to identify and properly develop successful enterprises. The training methodology thus emphasizes the need for participants to think of their farming activities as a business, and to succeed they must explore and understand the requirements for creating successful agribusiness enterprises and community forest-based enterprise start-ups. In this way they will be better able to generate income, provide productive employment, and enhance food production by focusing more clearly on selling their produce to markets in addition to producing for domestic use.

HOW SHOULD THIS MANUAL BE USED?

This manual is designed for the staff of government agencies and nongovernmental organizations involved in supporting the development of new enterprises. Trainers of these institutions can use this manual as the basis of workshops and training sessions to sensitize, inform, and educate would-be entrepreneurs in the basic steps of identifying small business opportunities, and to provide them with skills to start or improve a business.

This manual has been designed for workshop settings with groups of up to 15 persons. To facilitate knowledge sharing and collaboration, trainees should share similar status and goals. We suggest that participants have comparable incomes, ages, and occupations. Single gender groups and groups that plan to market the same products are likely to be more effective.

The manual includes ten modules that can be administered in four consecutive days. To not overburden the participants, trainers should present a maximum of three modules per day and an introduction or recap of the issues of the previous day. The modules vary in difficulty. Trainers should review and adapt them to the experience and education level of their participants.

This manual requires minimal materials—in most cases, only flipcharts, magic markers, and masking tape. Notebooks should be distributed to participants if they are able to use them. However, to implement this training successfully, trainers will first need to gather information concerning local markets and enterprises—described below. They will also need to prepare a number of flipcharts and handouts.

WHO SHOULD PARTICIPATE IN THIS TRAINING AND WHAT WILL THEY LEARN?

This is not a manual on how to run an enterprise. It has been created to help trainers develop the awareness, knowledge, and basic skills necessary for participants to research and identify viable business opportunities. It also walks participants through the planning process for starting an enterprise. In short, it targets men and women farmers who may be interested in taking a more commercial approach to their farm management, or associations in forest-dependent communities that wish to market forests products they are sustainably harvesting.

Each module contains a learning objective, focus points, background for trainers, trainer instructions and learning activities.

Themes and Learning Objectives of Each Module:

1. Why should you start an agricultural business or a community forest-based enterprise?

Learning objective: By the end of this session, participants should be able to:

- Provide several reasons why people start agribusinesses or community forest-based enterprises; and
- Describe their own motivations and articulate the factors that discourage people from starting enterprises.

2. How do you find good ideas for possible enterprises?

Learning objective: By the end of this module, participants should be able to:

- Develop ideas for commercial undertakings; and
- Describe the kind of information needed to make a decision on whether or not an idea can be turned into a successful enterprise.

3. What products have markets?

Learning objective: By the end of this module, participants should:

- Know what a value chain is;
- Understand how important it is for the value chain actors to communicate, coordinate, and collaborate; and
- Understand what it means to “add value” to a product.

4. How to estimate how much you can sell

Learning objective: By the end of this module, participants should be able to:

- Define real market demand;
- Describe product quality and quantity as perceived by prospective and potential customers;
- Describe seasonality of agricultural products;
- Define price variations; and
- Use various methods to forecast demand.

5. How do people learn about the business environment for an enterprise?

Learning objective: By the end of this module, participants should be able to:

- Identify the internal and external factors to be considered when selecting a business.

6. What is profitability and risk analysis?

Learning objective: By the end of this module, participants should be able to:

- Explain the meaning of profitability;
- Describe and explain the value of profitability analysis; and
- Identify potential risk factors in agribusiness or community forest-based enterprises.

7. How do you find and collect resources for your enterprise?

Learning objective: By the end of this module, participants should be able to:

- Identify the sources of key resources for enterprises;
- Describe the importance of resource mobilization;
- Match resources with specific types of enterprises;
- Describe ways to mobilize resources; and
- Look for appropriate resources for an identified enterprise.

8. What is a business plan and why should you make one?

Learning objective: By the end of this module, participants should be able to:

- Describe a business plan;
- List the contents of a business plan;
- State reasons why a business plan is useful; and
- Determine when a business plan is required.

9. What is a farmer association or a community forest-based organization? How could one benefit you?

Learning objective: By the end of this module, participants should be able to:

- Describe the benefits and challenges of being a member of a farmer association or a community forest-based organization.

10. Gender and the Environment

Learning objective: By the end of this module, the participants should be able to:

- Discuss the importance of considering gender and the environment in the planning of a business.



WHAT INFORMATION DO TRAINERS NEED TO KNOW IN ORDER TO USE THIS MANUAL?

It is very important for trainers using this manual to be familiar with the local communities and their economic activities. Observation of the daily life and the businesses operating in participant counties is very important. Trainers should talk to existing business owners such as market women, shopkeepers, small restaurant owners, and timber traders. If possible, they should make appointments to meet and talk to people whose business operations are outside the town, such as chainsaw operators, timber carriers, hunters, non-timber forest product (NTFP) collectors, and inland fisher men and women. Conducting this preparatory research may take one to two days. From these interviews, trainers should learn about:

- Successful agribusiness enterprises and community forest-based enterprises within the county;
- Successful farmers and businessmen and -women within the county;
- Sources of inputs and their prices;
- Location of markets;
- Pricing for products;
- Risks associated with the identified agribusinesses and community forest-based enterprises, such as climate events and drops/jumps in prices;
- Changes in input and product prices from one year and season to another;
- Government regulations for the enterprises;
- Availability and quality of local service providers (such as experts and trainers); and
- Availability and quality of transport for goods and persons, especially in the rainy season.

1.0 MODULE ONE: WHY SHOULD YOU START AN AGRICULTURAL BUSINESS OR COMMUNITY FOREST-BASED ENTERPRISE?

LEARNING OBJECTIVES

By the end of this session, participants should be able to:

- Provide several reasons why people start agribusinesses or community forest-based enterprises; and
- Describe their own motivation and articulate the factors that discourage people from starting enterprises.

FOCUS POINTS

The reasons why a person starts an enterprise influence the success or failure of the enterprise. So do the resources available to the entrepreneur.

- A. Entrepreneurial factors
- B. Compelling factors
- C. Success factors

BACKGROUND FOR TRAINERS

What motivates people to operate agribusiness enterprises and community forest-based enterprises?

The success and continuity of any agribusiness enterprise or community forest-based enterprise depends greatly on the reasons for which it was established. These reasons determine the objectives of the enterprise. They also act to increase the success of the enterprise. People establish enterprises because they are internally attracted to do so and because outward forces encourage them. Studies have shown that agribusiness enterprises started out of internal motivation stand higher chances of survival and growth than those started due to external “forcing” factors.

It is important for any potential agribusiness enterprise or community forest-based enterprise entrepreneur to know the reasons why they have decided to become involved in the enterprise they selected. Ignoring these factors can lead to lack of growth and patience, despair in times of challenge, and eventual collapse of the enterprise.

Factors that motivate people to start businesses can be grouped under the three broad headings. People tend to enjoy a business and have more drive if they start for “entrepreneurial” reasons. If they start because of “compelling factors,” they are more likely to feel forced to start their business. “Success factors” can contribute to an enterprise being successful over time. Trainers should be familiar with the lists below to help in encouraging group discussion.

Entrepreneurial Factors: Who is an entrepreneur?

An Entrepreneur is a person who is “brave” by spending his/her money to do business and make profit.

1. Desire to make a decent living or improve your living condition
2. Desire to continue a family business
3. Desire to secure self-employment or independent living
4. Desire to gain social prestige or status in society
5. Desire to create employment for others
6. The desire to do something creative/innovative
7. Desire to feel productive or fulfilled

Compelling/Force Factors

- Unemployment
- Dissatisfaction with present job
- Existing technical or professional skills
- Need to maintain a large family and dependents
- Revival of a collapsed business in formal employment
- Retrenchment or retirement from formal employment
- Desire to reduce human pressure on the forest
- Desire to increase the value of the forest
- Lack of family support after the war when some young people parents died, they had to make vegetable farm as a form of business

Success Factors

- Success stories from other entrepreneurs
- Association with people who had undertaken the same enterprise
- Previous employment in a similar activity

- Inherited or self-acquired property
- Availability of advice from other people
- Family background
- Gained knowledge or skills through education/level of formal education (elementary, junior & senior high or tertiary, etc)
- Availability of assistance from financial institutions
- Availability of technology
- Availability of raw materials
- Realization of possible high profit margin made by others in the same business
- Encouragement from big businesses
- Demand for the product
- Utilization of excess money
- Availability of assistance from government
- Market contacts
- Attended formal vocational training classes/hands on training or acquired practical skills through e.g. an apprenticeship
- Received formal/informal training in entrepreneurial skills/business skill training
- Successful role models
- Fertile land to grow your crops
- Character of the entrepreneur
- Customer relationship management

Reasons Why People Do Not Undertake Businesses in Which They Are Interested

- Lack of start-up capital or other required resources
- Lack of market knowledge or familiarity
- Lack of a viable concept or applicable guidelines
- Lack of technical skills
- Lack of motivation
- Lack of time (time pressure and distractions)
- Legal constraints and regulations
- Social stigma
- Monopoly and protectionism

- Lack of business know-how
- Poor health condition
- Migration from one community to another due to marriage to join your partner in the next community
- Peer pressure
- Poor infrastructure (e.g. bad roads)
- Personal greed (i.e. somebody wants to get fast money)

TRAINER INSTRUCTIONS

IMPORTANT NOTE: Although participants may not all be able to read and write, it will be useful to identify one person in the group who speaks the local language. This person can write on flip charts in English so that the most important points expressed in a local language during the group discussion can be recorded in (Liberian) English.

Methodology: This module consists of a series of questions for the participants through which they can explore and share their own experiences. Trainers can design sessions depending on their own skills, group size and experience, and time available. They can facilitate discussions with the whole group, or create small groups to report out to the larger group. Relevant handouts include Handout Task 1.1A-1.6.

Tip: The instructions in the manual's annex ask that you to identify people who have had a business. If your group contains no one who thinks they are a business owner, encourage them to use this definition broadly—in one sense, anyone who has sold something has had a business.

2.0 MODULE TWO: HOW DO YOU FIND GOOD IDEAS FOR POSSIBLE ENTERPRISES?

LEARNING OBJECTIVES

By the end of this module, participants should be able to:

- Develop ideas for commercial undertakings; and
- Describe the kind of information needed to make a decision about whether or not an idea can be turned into a successful enterprise.

FOCUS POINTS

- A. How to come up with business ideas
- B. Processing the business ideas generated
- C. Introduction to ranking ideas
- D. Sources of information

BACKGROUND FOR TRAINERS

Generate Many Business Ideas

Business idea development is the process of coming up with information that could lead to a viable business enterprise. People who want to start an enterprise should come up with ideas for different businesses and then search out information to help rank ideas and select the strongest one. This should be done before committing to one business idea. Information needs to be gathered from many different sources.

The Difference between a Business Idea and a Business Opportunity

First, participants want to define a Business Idea and a Business Opportunity:

What is a business idea?

A business idea includes the following:

- What kind of business you want to do, where to do it, how to do it, and when to do it
- All the knowledge and ideas you gather from others, as well as your own experience
- Information about a particular business and how it will improve your life
- It is the way in which a business is run or operated

What is a Business Opportunity?

- *A Business Opportunity is a “good chance” that exists or is available for a product to be sold in a community or market*

A “business idea” is a concept about a possible business enterprise. A “business opportunity” is a business idea that has been proven to be viable after being evaluated and ranked against other possibilities. Not all business ideas are business opportunities. For example, one can have the business idea of rearing and selling pigs in a village, but this may not be a business opportunity because feed may be unavailable and there might be no market for pork. As a result, other ideas would need to be explored.

How to Screen and Rank Business Ideas

What Are the Strengths of a Business Idea?

To explore business ideas and identify opportunities, entrepreneurs gather knowledge about possible business enterprises. They generate a number of business ideas and then seek out all possible information related to them so they can rank them and select the best opportunity—this is how the best business opportunities are identified. It also helps entrepreneurs learn about the strengths and weaknesses of the opportunity they have identified.

Qualities of a Good Business Opportunity

NOTE TO TRAINER: The first of these was discussed in Module One. The rest will be discussed in greater detail in later modules. At this point, participants may be able to think of many of them themselves. This session starts that discussion.

1. **Motivation.** Entrepreneurs tend to be more successful when they want to start an enterprise, than when they feel forced to start an enterprise.
2. **Market Demand.** Entrepreneurs have to be able to sell the product or service. Is there a local market for their product where people want to buy it? Is there a potential market for a new product?
3. **Competition.** Are other people providing this service or product? Are they doing well? What challenges are they having? What price do they charge? Are they selling all they can produce? Can you provide the same product for a lower cost or at higher quality, or a different type of the same product?
4. **Legal Requirements.** What are the legal requirements for creating an enterprise and producing and selling this product or service? Can you meet these requirements?
5. **Risk.** What kinds of things go wrong when producing and selling this product or service? What are the challenges (e.g., weather, pests and disease, and rotting crops)? How will you pay for these problems?

6. **Inputs.** Can you get what is needed to produce the product? Inputs are all the things you need to produce a product or service, including seeds, tools, and land, as well as money or credit. For forest-based enterprises, they also include rights to the forest product. Are you allowed to take them? Are they easy to buy and transport?
7. **Associations.** Is there an association that you can work with? Will being a member of an association help your enterprise? Is it better produced as a group of people?

Sources of Information about Business Ideas

There are many people and documents that can help entrepreneurs learn about business ideas. Some are:

1. Successful local farmers or forest entrepreneurs and successful business people;
2. Universities and community colleges;
3. Agribusiness and forest-based business consultants;
4. Industrial, forestry, and agricultural publications;
5. Prospective and potential customers;
6. Brokers and traders within a region;
7. Agricultural research organizations;
8. Agribusiness staff;
9. Government agencies, such as the Ministry of Agriculture, the Ministry of Commerce, and the Forestry Development Agency;
10. Agricultural shows and fairs;
11. Published forest inventories and other forest studies, as well as agricultural surveys;
12. Media (radio, newspaper, television, etc)/ Town crier; and
13. Market places, workshops/ Seminars.

TRAINER INSTRUCTIONS

Materials: In addition to a flip chart, masking tape, markers, cards, notebooks, and sufficient handouts (Handout Tasks 2.1 – 2.5) from Annex 1, trainers will need a wall where cards can be taped for this module.

1. **Recap Module One.** Make sure that the important lessons from Module One are well understood.
2. **Introduce the concept of “business idea” as different from “business opportunity” in open discussion.**
 - a. Ask the participants if they have ever had an idea for a business, and if so, to describe the idea. Encourage more answers by asking the group if they have ever seen a product or service and thought “Mmm ... that is something I could do better and more efficiently,” or if they have ever seen a case where people were looking for a product on the market that they could not find (for example, a carpenter building a neighbor’s house said he/she was looking for pre-cut wood to make door frames but could not find them).
 - b. As people answer, write a few words describing each business idea on a separate card. Review the cards as you stick them on the wall. Make sure everyone understands each one. Ask for additional examples.
3. **Explore additional ways to come up with ideas for businesses.**
 - a. Split the large group into smaller groups of 5–6 people. Give each group a small stack of cards and a marker or have them write together on a flip chart.
 - b. Ask participants to list ways in which they can generate business ideas. Have them write these methods and sources on cards or on the flip chart.
 - c. Have groups report out their ideas. Ask the larger group if there are other sources not already suggested.
4. **Present the qualities of business opportunities.**
 - a. Ask: “If we tried these ideas, would they all work? Are some better than others? How do we know?” Let people respond if they have ideas.
 - b. Really good ideas are called “opportunities.” Make a list of what qualities participants think make an opportunity. Present the seven qualities of a good business opportunity (listed above). Say: “We have already talked about one of these in our first session, in the rest of the training we will talk about the others.”
5. **Further explore where business information comes from.**
6. **Discuss with participants what is meant by information gathering.** “Everyone can find information on business ideas and qualities. Making more effort and gathering more information will make your enterprise more successful. Why?”
7. **Either in the large group or in small groups, ask participants to discuss the question above and then report out on it to the rest of the participants.** Ask for suggestions about where good information about enterprises can be found.
8. **Harmonize the results from groups, summarize results so far, and add any sources that have been overlooked from the list above and your experience.**

9. Discuss how to use different sources.

- a. Review the different sources from step 5 (either on cards or flip charts) and ask participants to talk about information that each might provide that would be beneficial when deciding whether a business idea is good or not. Refer to the list of seven qualities of a good business idea presented earlier.
- b. Go back over the seven qualities of a good business opportunity. If the group has not identified two to three sources for each, ask for more suggestions. For example, “What are good sources of information to learn about competition and other people selling the product/service of a business idea?” Use the specific ideas the group has proposed as examples.

10. In open discussion, ask participants to rank the enterprises in order of preference based on idea development and sources of information.

Some Business Opportunities in Forest communities:

- Oil palm production/farming
- Cocoa cultivation/farming
- Animal husbandry
- Saw mill
- Vegetable farming/production
- Plantain and banana farming
- Beekeeping
- Swamp rice farming, etc.

3.0 MODULE THREE: WHAT PRODUCTS HAVE MARKETS?

LEARNING OBJECTIVES

By the end of this session, participants should:

- Know what a value chain is;
- Understand how important it is for value chain actors to communicate, coordinate, and collaborate; and
- Understand what it means to “add value” to a product.

FOCUS POINTS

- A. Understanding of the value chain concept and its relevance to agriculture and community forest-based enterprises
- B. How to conduct a value chain analysis
- C. What are value addition activities for farm- or forest-based produce?

BACKGROUND FOR TRAINERS

What is a value chain?

A value chain includes all the people and activities in the lifetime of a product, from the time someone thinks of making it to the time it is consumed. Value chain actors include input suppliers, producers (farmers, pit/chain sawyers, honey producers, carpenters, etc.), processors (rice millers, pit/chain sawyers, etc.), market vendors, aggregators (those who buy in small quantities and sell in large quantities), traders, transporters (truck owners, motorbike operators, etc.), distributors, wholesalers (those who sell in large quantities, mostly to other retailers), retailers (shop owners and walking sales persons), and vendors who provide services that are needed to get the product to the final consumer.

EXAMPLE OF AN AGRICULTURAL VALUE CHAIN

What are the steps of a cassava value chain?

1. This may start when a farmer thinks about growing cassava.
2. The farmer prepares the land.
3. The farmer purchases or organizes the collection of cassava cuttings.
4. The farmer plants cassava cuttings on mounds or ridges.
5. The farmer weeds the plot. (fence the farm to protect the crops from rodents/ pests)
6. The farmer harvests the cassava after 1 to 1½ years.
7. The chain continues with the transportation of the tubers to the grinder (or the farmer may organize the grinder to be taken to the farm).
8. The cassava is ground and processed into *farina* or *acheke* or other value addition activities to produce other cassava products (e.g., *gari*, cassava flour, and deep fried chips).
9. The processed cassava is packaged into a standard size to be sold.
10. The cassava is sold and then consumed by the consumer.

EXAMPLE OF A FOREST PRODUCT VALUE CHAIN

What are steps of a forest product value chain?

1. This may start when a community forest management body (CFMB) thinks of selling a few trees to pay for the repair of the village water pump.
2. The CFMB contacts a timber trader.
3. The CFMB and the trader select the trees to be sold.
4. The trader contacts his timber/plank wholesalers to find out what their needs are for planks and what sizes they want to purchase.
5. The CFMB negotiates conditions: the trader will be responsible for bringing in a chainsaw group and paying for their labor. The CFMB also requires that young men from the village carry the planks from the community forest to the road for a fixed amount per plank.
6. The trader pays the CFMB for the trees. One CFMB member will oversee the timber harvesting.
7. The trader has contacted two carpenters constructing houses in the town. Because they need smaller lengths of planks than the timber wholesalers, the trader has these sizes cut from the pieces that are too short for the wholesalers.
8. When the trees are cut and sawed into the plank size required by the timber wholesalers and carpenters, the planks are taken to the road and loaded on a truck hired by the trader to transport the wood.
9. The trader delivers the wood to the wholesalers in a town 20 kilometers away and the two carpenters on site. The trader receives his money at each delivery.

A value chain should be driven by market demand (customers who want to buy something). A value chain can be limited by supply; markets adjust for what value chain actors are able to deliver. Therefore, consistency of delivery and product quality are important. Everyone in a value chain, including farmers and forest product harvesters, needs to respond to the market by delivering the quantity needed by the buyer at the time it is needed. They also need to meet buyer quality standards. Strong cooperation, communication, and coordination help make this happen.

What is a value chain analysis?

A value chain analysis is the exercise by which one looks closely at the different activities, processes, and key players in a value chain to establish the amount of value added to a product at each stage and the accompanying costs. The farmer or entrepreneur should understand the product value chain in order to avoid exploitation by middlemen and maximize income from sales of his/her produce.

What is product value?

The term “product value” has more than one meaning. To the producer, it refers to income from the sale of a product and includes all the costs of production, as well as the desired profit from selling it. To the consumer, product value refers to the benefits a buyer gets from the use of a product, as well as their satisfaction with it.

What is value addition?

Value addition can occur along the value chain and consists of an activity that makes a product more valuable. For example, a farmer adds value by drying a crop or packaging it for sale. Value is added to timber when it is cut into boards or transported to a market. Branding, packaging, storing, and transporting are all ways to add value to a product. Products with added value can be sold at a higher price. Cocoa beans that are fermented, dried, and packaged can be sold for more than raw harvested beans.

What is the importance of value addition?

Value addition that makes products more useful to customers is important for producers because it helps increase income and profit. Effective value addition can help producers to:

- Get higher prices for their products;
- Sell to different, more demanding customers; and
- Establish permanent contracts, regular orders, and increased sales volume.

How can producers add value?

Farmers and entrepreneurs can add value to their products through one of the following approaches:

1. Make and sell a product that is not already found on the market;
2. Produce a high quality product that meets food safety and/or quality criteria. Good quality is very important;
3. Respond to a specific consumer demand in the region. Targeting a specific consumer need can add value;
4. Reduce production and operational costs. Producers who cannot raise their prices can still raise income by working efficiently and producing the same product with less expense, labor, or time; and
5. Ensure overall quality of production. Producers who reliably deliver high quality products on time and consistently meet the needs of buyers build a reputation and increase the value of their product.

Can producers reduce value?

Yes they can. Producers have to pay attention and be vigilant to avoid, if possible, instances that reduce the value of their labor and capital invested. One of the major factors that affect product value is post-harvest loss. It affects both the producers and the consumers alike.

Post-harvest loss refers to the damage or spoilage of crops (vegetables, fruits, tubers, cereals, etc.) between the time of harvest to consumption. Smallholder farmers experience loss of crops during and

after harvest due to many factors such as lack/unreliable electric power supply, lack of transportation, limited/lack of storage facilities and/ or packing materials, etc. In order to manage the loss after harvest, there is the need to carry out post-harvest management practices to reduce post-harvest losses. In communities around Community Forests (CFs), some methods of handling post-harvest loss include solar drying [drying vegetables (pepper, bitter-ball, okra, cocoa beans, etc.) on drying platforms, processing or value addition (e.g. making cassava into fufu, gari, flour, etc.).

Value addition and post-harvest management should be integral component of the strategy to improve agricultural productivity and linkages between farmers and markets/consumers.

TRAINER INSTRUCTIONS

Materials: In addition to a flip chart, masking tape, notebooks for participants, and markers, you will need five examples of very similar fruits, crops, or common products.

Methodology: The handouts at the end of this module (Handout Tasks 3.1 – 3.5) can be used in combination with the following steps in a large group discussion.

1. **Recap Module Two.** Make sure that the important issues of Module Two are well understood.
2. **Introduce the idea of a value chain.**
 - a. Ask participants to name a range of products. Make sure they list products that have different value chains (different final consumers, transportation, bulking, processing etc.). List these on a flip chart.
 - b. Have each participant pick a product and ask them where the product comes from and where it ends up. Ask them what people do to produce and change the product along the value chain. For each product on the flip chart, list the stages of the value chain as they are mentioned.
 - c. Do this with each product with different value chains. Pick at least one in which the producer also processes, packages, or markets the product.
 - d. Explain that this series of activities is what is known as a “value chain.”
3. **Introduce the idea of value and value addition**
 - a. “We can see how this is a chain. Why it is called a ‘value’ chain? Use your last example of a value chain. How much would someone pay for the product at the beginning of the chain? Is that what they would pay at the end? What has changed? The price has changed because it is more valuable. What has caused the increase in value?”
4. **Explore ways producers can add value**
 - a. Point out that for one of the products you have discussed, the producer herself/himself adds some of the value (by drying, packaging, or transporting). Why would someone be willing to pay more for something that is further along the value chain? In what way have they all changed? People tend to pay more for products that are closer to meeting customers’ wishes. The less it costs to increase value, the more efficiently they do their jobs and the more money people make along the chain.
 - b. Improving a product is only one of many ways for producers to add value. Hand out the product to five participants. Ask each participant to try to sell the product to you. Have fun, but give them

TIP: Ask participants to stand in a line at the front of the room as they name the different stages of the chain. (For example: “I am the trader that buys from the farmer and brings the crop to the market.”) Ask each to “act” like that actor with a motion or hand gesture. When the chain is complete, they can act out the whole process.

the following responses (based on “how can producers add value” above) and discuss the ways of adding value for each case. With each response, ask for similar examples people have experienced themselves.

- Responses:

- i. “I have many of those. But I’ll pay a lot more for a blue one!”
- ii. “It looks perfect! I’ll pay you an extra dollar because it is of such high quality.”
- iii. “We don’t have those here! I’ll pay you double.”
- iv. “I’ll buy it for the same price as always. How much did it cost you to make?”
- v. “Can you bring me one tomorrow and the day after that? I’ll pay you more if you promise to bring one every day for the next month, as long as they are as good as this one.”

5. What makes a value chain strong?

- a. Ask participants: “What makes this chain strong? Value is added not only by improving a product, but also by improving how efficiently it reaches the final consumer. What makes the chain work well? What needs to happen between the people in a value chain for products to get from one end to the other quickly and more economically?”
- b. As people list things, write “Communication, coordination, and cooperation” on the flip chart.
- c. Once people have listed all their suggestions, ask for examples for each (communication, coordination, and cooperation). Ask participants how each of them add value.

4.0 MODULE FOUR: HOW TO DETERMINE HOW MUCH YOU CAN SELL

LEARNING OBJECTIVE

By the end of this module, participants should be able to:

- Define real market demand;
- Describe product quality and quantity as perceived by prospective and potential customers;
- Describe seasonality of agricultural products;
- Define price variations; and
- Use various methods to forecast demand.

FOCUS POINTS

- A. Real market demand
- B. Why market demand is important

BACKGROUND FOR TRAINERS

Real market demand is the total quantity of products that an entrepreneur expects to be bought:

- By a defined customers group;
- In a defined geographic area;
- Over a specific time period; and
- In a defined marketing environment.

The real market demand for a product is not a fixed figure. It changes depending on various factors. Some of the factors that help determine market demand may be explored through the questions contained in the table below.

Questions	Factors	Elements
Who are my customers?	Demographics	Population (numbers, growth, decline, migration, average age, percent married, education levels, and family size and structure), income and professions, housing type and ownership or rental patterns.
What do they require?	Product type, quality, and characteristics	Vary depending on the product; can be discovered through formal market surveys and/or informal observations.

Questions	Factors	Elements
When do they buy?	Timing	Fluctuation and cycles by time of day, day in the week, week of the month, month, season, year.
Where do they buy?	Location	Local or distant market; retail or wholesale.
Why do they buy?	Type of demand	Basic needs, entertainment, status, luxury purchase, social pressure.
How much are they going to buy?	Volume	The quantity that can be bought daily, weekly, monthly, etc.

TRAINER INSTRUCTIONS

Methodology: Trainer presentation and discussion in large group. Small group discussion and presentation.

Example Module Design

1. **Recap Module Three** and earlier modules.
2. **Introduce and learn about market demand.**
 - Entrepreneurs are in the business of selling things. Ask participants in large group how an entrepreneur knows who will buy a product. “What are the things that influence how much he or she can sell? How much an entrepreneur can sell at one time in one place is called ‘market demand.’”
 - Ask: “Why it is important to know how much of a product you can sell?” Mention a specific product people are familiar with. “Has anyone ever produced too much, or too little? Has the demand changed over time? Is it different in different places?”
 - Present the points in Focus Point 4A and discuss.

FOCUS POINT 4A: What Influences Demand?

Write the following points on a flip chart ahead of time. Explain them one by one, drawing on examples from participants.

- Price of product
- Prices of similar products from other producers
- Population changes, such as shifts in age distribution
- Change in consumers’ incomes
- Cultural and religious factors
- Poverty level/general financial situation of customers
- Consumer awareness
- Changes in lifestyles and attitudes
- Available credit for purchases
- Overall education level of the population
- High rate of inflation/increase in prices

3. **Explore market demand for specific products.**
 - In a large group, pick a product that someone in the group is trying to sell. One at a time, discuss the following questions. For each one, ask the participants what influences income for the enterprise.

- i. Who are your customers?
 - ii. Are there sub-groups with different demands?
 - iii. What kind/type of product do they need?
 - iv. When do they buy? –Timing (rainy season, dry season, Christmas and New year, etc.)
 - v. Why do they buy? Because of the value, need, quality, etc.?
 - vi. What price can they pay for the product?
 - vii. Where are they found?
 - viii. What is their socio-economic background?
 - ix. What is their purchasing behavior/degree of loyalty/price sensitivity?
 - x. What quality and quantities do they require?
 - xi. What value addition would be required?
 - xii. How can the product be promoted?
 - xiii. What kinds of brokers/middlemen are there for the product?
 - xiv. What are the customers' tastes, preferences, and attitudes toward the product?
- Explain that all these things that you have discussed influence demand and prices. Farmers and entrepreneurs should carefully watch for changes taking place within their market and plan how to respond to them. Entrepreneurs need to keep modifying and refining their marketing plans. Keeping up with and predicting changes in market demand are very difficult but important. It is necessary to collect and analyze market information continually.
 - Ask: “How can you use this information to estimate demand in the future?”

4. Explore market demand in smaller groups.

- Explain that when going into a business, entrepreneurs should be able to answer each of the questions below. Have them answer them, using the handouts, in small groups (2–3 people) for products they are interested in.
 - i. What is the type of the product? (Handout 4.2)
 - ii. What are the methods of promotion you will use? (Handout 4.3)
 - iii. How will you get the product to your customer? (Handout 4.4)
 - iv. How will you determine the price you will ask for your product? (Handout 4.5)
 - v. What are important questions about your customer? (Handout 4.6)

5.0 MODULE FIVE: HOW DO PEOPLE LEARN ABOUT THE “ENVIRONMENT” FOR AN ENTERPRISE?

LEARNING OBJECTIVE

By the end of this module, participants should be able to:

- Identify the internal and external factors to be considered when selecting and planning a business.

FOCUS POINTS

- A. The meaning of “business environment”
- B. Internal and external factors that make up business environments

BACKGROUND FOR TRAINERS

Business Environment

The characteristics of the place and time in which a business operates strongly affect its chances for success. These characteristics include banks, regulations, weather, and natural resources. Together these characteristics are referred to as “business environmental factors.” The success of every business is largely determined by these factors. This is true for agribusinesses as well as community forestry enterprises. To understand them better, the different types of business environments are discussed below.

The Different Types of Business Environments

Internal business environment. The following factors within a business affect performance. They can be controlled and managed by a business to help achieve its objectives.

The internal business environment can be divided into three sub-types:

- a) **Enterprise environment:** These environmental factors found within the business enterprise can be managed by the entrepreneur. They include staff, management of funds, marketing, machinery, and tools.

- b) **Operating environment:** These are outside of the enterprise environment but can still be selected and influenced by the enterprise. They include targeted customers, input providers, transporters, and buyers.
- c) **Industry environment:** An industry is a composition of similar enterprises producing the same type of product. The industry environment can be managed by the entrepreneurs of the industry.

External business environment. The factors outside of the control of an industry and its constituent enterprises can affect their operations and success. Because an enterprise cannot control these factors, enterprises must change operations to adapt to these factors. These factors include:

- a) **Economic factors** – National saving levels, inflation rate, income per capita, dependency ratio, debt availability, investment level, domestic and world market prices, and domestic and world input and energy prices.
- b) **Technological factors** – Advances in technology such as access to the Internet, availability of computers and mobile phones, availability and reliability of network coverage, quality of transportation infrastructure, and development of the banking and financial sector.
- c) **Demographic factors** – Population growth rate and urbanization.
- d) **Socio-cultural factors** – Laws and regulations affecting the industry, rule of law, and protection of ownership and other rights, and the effective enforcement of rights.
- e) **Natural and ecological factors** – Climatic conditions, the status and availability of natural resources, and topography.

TRAINER INSTRUCTIONS

Methodology: Various methodologies can be used for this session: brainstorming, discussions with the entire group, discussions in small groups, question and answer sessions, and role play and demonstration.

The tasks for participants in Module Five can be carried out by subgroups that document their findings and then present to the larger group. You can also choose to give each sub-group a different task to discuss, write down the answers and present to the larger group. This will save time. The least preferred method is for the trainer to lead the entire group in the tasks. However, this option allows the trainer to ask follow up questions and provide examples of situations with which participants are familiar. In particular, Tasks 5.4 and 5.5 might be difficult and not successful in independent groups. Consider discussing these two tasks with the whole group. If you do so, you can solicit answers by giving examples that will lead them to discover own answers.

1. Recap the previous modules.
2. Give a brief explanation of the meaning and importance of understanding the environment for a business.
3. Explain the distinction between internal and external business environmental factors.
4. Focus on the external environment, as the internal environment has been largely addressed in previous modules.
5. In working groups, ask the participants to identify the internal and external environmental factors and present their findings in the combined group session.

6.0 MODULE SIX: WHAT IS PROFITABILITY AND RISK ANALYSIS?

LEARNING OBJECTIVES

At the end of this module, participants should be able to:

- Explain the meaning of profitability;
- Describe and explain the value of profitability analysis; and
- Identify potential risk factors in agribusiness or community forest-based enterprises.

FOCUS POINTS

- A. Profit and gross margin
- B. Types of costs
- C. Projecting profit and loss
- D. Meaning and types of risk
- E. Impact of different types of risk on profit margins
- F. Ways of minimizing risks

BACKGROUND FOR TRAINERS

Categories of Business Costs

It costs entrepreneurs to produce and sell their products. These costs can be categorized by ~~four~~ two main types: Fixed costs and variable costs.

FIXED COSTS

Fixed costs consists of *preliminary costs* and *capital costs*. Preliminary costs are the costs an entrepreneur is responsible for when their business begins. They occur only once over the lifetime of a business. They should be seen as an investment that the business will recover over time. Examples include:

- The fee for a license;
- Any legal fees paid to establish the business;
- Any fees paid to professionals or experts for advice;

- The cost of learning about the business and the market;
- Travel and other costs necessary for start-up of the enterprise; and
- The cost of purchasing and preparing the site for the enterprise.

Capital costs are costs that do not change even when a business produces more of a product. They include things like the cost of equipment and tools that are not purchased frequently. For example, fixed costs for a cassava production enterprise would include the purchase of machinery, buildings, tools, and land.

VARIABLE COSTS

Variable costs includes *operational costs* and *marketing and sales costs*

Operational costs: These costs vary with the level of production. The more of a product an enterprise produces, the higher the operational costs. For example, operational costs for a cassava production enterprise may include labor (bush clearing, removing stumps, leveling land, digging ridges and mounds, applying manure, and planting), processing (grinding, patching, drying, and bagging), transportation, and marketing and sales. Operational costs for a wood-based production enterprise could include chainsaw gas, chain bar oil, grinding, transportation, labor for loading, and marketing and sales.

Marketing and sales costs: The costs of marketing and selling a product include packing materials, advertising, transportation, licenses to transport or sell a product, and communications.

These two categories make up all the costs of running an enterprise. The sum of all the costs of running an enterprise is called **total production costs**. To be successful, entrepreneurs need to be able to compute the total production costs to know how much they will need to start up and run their businesses.

Profitability Analysis

In planning a business, successful entrepreneurs estimate their costs and profit. They do this through profitability analysis. This step-by-step process allows entrepreneurs to identify the major costs in their business and what prices they will need to charge to make a profit. These calculations also help entrepreneurs understand how profits would rise or fall if costs or prices changed. Because these events take place in the future, these calculations are called “projections.” They are used to estimate, or project, possible future profits and losses.

In profitability analysis, entrepreneurs focus on what is called the “gross margin.” The gross margin in a business is the amount of money remaining from sales after production costs have been paid. A more formal definition for gross margin is: revenue – total production costs. The table below illustrates how businesses calculate their gross margins. The columns in the table indicate how many items were sold or bought, and what each one cost. Totals are on the right (number × unit price or cost = total revenue or cost). These calculations can help entrepreneurs decide whether or not to start a particular business.

Profit = Sales - Expenses

Revenue and Costs	Number	Unit Price or Cost	Total Revenue or Cost
Money from sales	100	\$4	\$400
Less fixed costs (<i>preliminary costs</i> and <i>capital costs</i>)			
Less variable costs (<i>operational costs</i> and <i>marketing and sales costs</i>)			
Total Gross Margins			

Cash Flow Analysis

It is also useful for entrepreneurs to know how much cash their business generates. To do this, they calculate their costs and sales revenue over a specific period of time. They look at the outflow and inflow of cash. Different businesses make this calculation differently; nevertheless, cash flow analysis is the inflow (revenue from sales) minus outflow (operational costs and marketing and sales costs). Projections of cash flow in the future can be important in convincing financial institutions, like banks, to loan money to a business. The table below provides one example of how to conduct a cash flow analysis over a four-month production season.

PRODUCTION SEASON [write year here]					
	[Write month here]	[Write month here]	[Write month here]	[Write month here]	TOTAL
Opening balance					
CASH IN					
Cash sales					
Sales of fixed assets					
Loans taken					
Collection from debtors					
Additional investments					
Other income (specify)					
Total					
CASH OUT (Costs)					
Transport					
Loan repayments					
Interest on loans					
Labor					
Inputs, such as packaging materials					
Telephone					
Stationery					
Advertisement					
Licenses					
Others (specify)					
Total					
CASH SURPLUS or (DEFICIT)					

Risk

What is a risk? When creating a business, it is also important to take risk into account. Risks are the possible unexpected and unwanted things that might happen to a business. They include increases in costs in the categories presented above, for example, higher production costs resulting from an increase in the cost of inputs or labor. Damage to products is another risk. Businesses also risk potential drops in the prices they can sell their product for, or a drop in how many units of their product they can sell. A more complete list of risks businesses face includes:

- Unexpected competition;
- Change in what consumers want to buy;

- A weaker economy;
- A drop in demand for the product;
- Unexpected technological advances;
- Unexpected changes in laws and regulations; and
- Potential losses due to the unpredictable natural environment, with increasing erratic weather patterns (flooding, drought), pest and disease outbreak

Analysis of risk. Entrepreneurs make calculations to understand the impacts of the risks they face. Different types of risk have different impacts, and businesses will need to plan for them. The previous table can be used to calculate the impact of risk on the gross margin. The table below shows a drop of 5% in the amount of a product sold, compared to the table above. As a result, the total revenue or cost category has dropped by \$40. If costs have not changed, the total gross margin would also drop by \$40. (However, if the business has also produced fewer units of its product, operational costs may have also dropped and the reduction in total gross margin would then be less than \$40.)

Revenue and Costs	Number	Unit Price or Cost	Total Revenue or Cost
Money from sales	90	\$4	\$360
Less fixed costs (<i>preliminary costs and capital costs</i>)			
Less variable costs (<i>operational costs and marketing and sales costs</i>)			
Total Gross Margin			

Ways to manage risks. As entrepreneurs cannot avoid risk, they must plan for it and develop strategies to minimize or manage negative changes in their business. Some important ways businesses can manage risk include:

- Maintain a healthy information network;
- Identify risks before they arise and develop plans to adapt to them;
- Produce several products that face different risks;
- Identify multiple sources of inputs and labor;
- Sell to different markets; and
- Remain flexible in new situations.

TRAINER INSTRUCTIONS

Methodology: Module Six covers several important and challenging topics. Trainers should schedule ample time for this module and pause regularly to give the participants time to refresh. It is recommended to split and present module 6 in two sessions. The first part of session six covers the profits and cash flows. The second part of session six addresses risk.

1. Recap the previous modules.

Profit analysis

2. Explain the following types of costs to participants. Use specific examples, and ask participants for several examples of each from businesses they know well.
 - Preliminary costs
 - Fixed costs
 - Operational costs
 - Marketing costs
3. Explain the meaning of gross margin and profit for business. With the participants, apply this concept to businesses they know, preferably agribusiness enterprises or community forest-based enterprises.
4. In open discussion, rank the enterprises in order of preference based on profitability.
5. Explain the idea of a cash flow analysis. Present the cash flow analysis table, explaining the various elements. As in previous steps, ask for and apply examples of businesses familiar to the participants.
6. In open discussion, rank the enterprises in order of preference based on cash flow projections.

Risk

7. Ask participants to give examples of factors in the external business environment. Ask if participants have ever seen any of these change. “What would such a change mean for a business?” Explain the idea of business risk. Develop examples from agribusiness enterprises.

7.0 MODULE SEVEN: HOW DO YOU FIND AND COLLECT RESOURCES FOR YOUR ENTERPRISE?

LEARNING OBJECTIVES

By the end of this module, participants should be able to:

- Identify the sources of key resources for enterprises;
- Describe the importance of resource mobilization;
- Match resources with specific types of enterprises;
- Describe ways to mobilize resources; and
- Look for appropriate resources for an identified enterprise.

FOCUS POINTS

- A. Businesses need resources.
- B. Entrepreneurs need to find the right resources.
- C. There are many ways to get financing.

BACKGROUND FOR TRAINERS

What do we mean when we say enterprises “mobilize resources”?

Just as farmers need seed, land, labor, and other resources to produce their crops, entrepreneurs need resources to produce products. There are six basic types of resources for businesses: inputs, equipment, skills, knowledge, labor, and financing. Entrepreneurs need to figure out what resources they need, when they need them, and where they are going to get them from. Resources should come from providers that have enough of the resource, can provide it at a low price, are not difficult to work with, and, if they charge interest, charge a low rate.

Where do business get financing?

Financing is perhaps the most important resource for enterprises. It is used to purchase most of the other resources used by businesses. Entrepreneurs should be aware of all the possible sources of financing and the advantages and disadvantages of each, and should carefully consider which to use to finance their activity. The table below lists a number of possible sources of financing for agricultural and community forest-based enterprises.

Sources of Financing for Enterprises	
Personal resources	a. Personal savings b. Sale of farm or forest produce c. Contributions from relatives and friends d. Sale of personal assets (things they own) e. Sale of labor/skills (employment/services performed for others) f. Lease of property
Farmer groups	Cooperatives Smallholder associations and self-help groups
Government organizations	Agricultural Development Bank (ADB)
Commercial banks	Liberian Bank for Development and Investment (LBDI) Eco-bank Afriland Bank International Bank (IB) GN Bank Access Bank, etc.
Other formal sources	Non-banking financial institutions Nongovernmental organizations Micro-finance institutions Farmer-based organizations
Informal financing	Susu club savings and credit associations Rally Time Market Nimba United Savings and Credit Association (NUSCA) Financial savings associations (FSAs)

How do entrepreneurs gather the financial resources they use?

Entrepreneurs use many approaches to gather, or “mobilize,” the resources they use for their enterprises. For individuals, there are three basic strategies that can be used to build enough savings to use in an enterprise:

- ***Saving up.*** People can save small amounts of cash in a safe place until they have enough to be useful in their enterprise.
- ***Saving down.*** People can also take out a loan that they will pay off with future savings.
- ***Saving through.*** People make their own savings and then obtain a loan based on the money they have saved and will save in the future.

How do entrepreneurs decide which physical resources to use?

Deciding which physical resources (e.g. machinery, tools, building structures, etc.) to use in a business is not easy. As entrepreneurs often need to change the physical resources they use, identifying and selecting physical resources is an important skill. Some of the things entrepreneurs take into account when they gather physical resources include the following:

- Quality of the physical resource (Is it exactly what is needed?)
- Durability of physical resource (Will it last?)

- Cost to buy, operate, and maintain the physical resource
- Are there spare parts and repair services?
- Efficiency (Does it get the job done?)
- Adaptability (Will it still be useful as the business changes?)

TRAINER INSTRUCTIONS

Methodology: Like Module Six, this module covers a lot of difficult points. Schedule sufficient time to cover them all well.

1. Recap the previous modules. Select a few focus points from previous modules and discuss them with participants.
2. Discuss with the participants the difference between financial and physical resources. Ask participants to name some of the physical resources farmers need to produce their products. “What are the physical resources a palm oil processing enterprise (or other local small-scale enterprise) needs?” Do the same with another enterprise. Make sure to include money where it is appropriate (cash/loans/savings). List the responses on a flip chart. Once there are three lists of five or so resources, point out that there are differences but also common categories resources—equipment, labor, and repair services. Spend some time grouping the resources with participants. Note that different enterprises use the same types of resources.
3. Ask where different resources come from, and how people or enterprises get them. Make sure to identify financing and discuss its sources and conditions.
4. Financing is very important to enterprises. Ask participants to list all the different sources of financing they can. (This can be done in the large group, or in separate small groups.)
5. Once all local sources of financing have been listed, discuss in greater detail what people need to do to get each. “What are the conditions? Are they loans? How much can you get from each resource? Can you use it more than once? What are the associated obligations? What happens if you do not repay?”
6. List a number of enterprises and facilitate an open discussion about which type of financing is best for each enterprise and why. Why is that type of financing best for that type of business? Would it be the same for a farmer? For a timber company? For a small cassava or palm oil processing enterprise?

8.0 MODULE EIGHT: WHAT IS A BUSINESS PLAN AND WHY SHOULD YOU MAKE ONE?

LEARNING OBJECTIVES

By the end of this module, participants should be able to:

- Describe a business plan;
- List the contents of a business plan;
- State reasons why a business plan is useful; and
- Determine when a business plan is required.

FOCUS POINTS

- A. Defining a business plan
- B. Meaning of a business planning
- C. Contents of a business plan
- D. Purpose of a business plan
- E. When a business plan is required

BACKGROUND FOR TRAINERS

What is a business plan?

A business plan is a document containing a business' objectives and how it plans to achieve them. It is a tool entrepreneurs use to think through all the challenges of starting and running a successful business. The modules covered in this training so far have focused on questions that need to be answered in a business plan. Business plans include strategies to reduce costs, manage risk, and make the most profit for a company. Entrepreneurs use these plans to decide what they need to do to start their business. They can be either simple or long and complicated. Sometimes businesses show banks or investors their business plans to prove that they are serious and can make money.

What are the parts of a business plan?

Business plans describe the business environment. They include the expected costs—fixed, operational, and marketing. Sources of financing are also included. They describe clients, how much is expected to be sold, and how sales are expected to grow over the years. Calculations of profits are included. They also describe who will be working in the enterprise, and what they will do. They reveal where inputs come from. Most of the information and details that make up a business plan have already been discussed in detail in the previous modules. A basic business plan contains the following seven topics:

1. Company description: A description of the main activity of the business (e.g. timber felling and processing).
2. Overview of the products/services: A description of the product or services the business operation including description of the source and delivery of raw material(s), the processing, packaging (if applicable) and storage requirements.
3. Market analysis: A description of the market/customer to whom the end product will be sold. This includes an analysis of current products, availability, prices and, if applicable, seasonal availability.
4. Strategy and implementation: A plan on how to get the goods/products to the market (wholesale or retail). This part describes e.g. incentives for re-sellers, pricing structure, advertising, product qualities that differentiate the product from other, similar products.
5. Organization and management team: Description on who will do what and provide information about the labor requirement.
6. Financial plan and projections: Shows a forecast of anticipated revenue, production and marketing costs. These projections include a breakeven point and future growth scenarios of revenue and production costs.
7. Executive summary: A short summary of the above six points that will be presented on the first page of the business plan.

Why do entrepreneurs develop business plans?

Entrepreneurs develop business plans to make their businesses stronger. Specifically, people use business plans to:

- a. Determine if an enterprise could be successful;
- b. Prove to banks that the business is a good candidate for a loan;
- c. Help the business determine that it is performing as expected;
- d. Determine what is the most important area of focus;
- e. Determine what may happen to the business in the future and describe possible measures that can guide the business in various future scenarios.
- f. Help make sure that loans are paid back;
- g. Determine how much money the business could borrow; and
- h. Think through all the resources needed for the business.

When is a business plan required?

Developing a business plan is always a good idea, but sometimes it is necessary. A business plan is required when an entrepreneur is:

- Planning to start a new enterprise;

- Planning to expand an enterprise; and
- Seeking finance from external sources.

TRAINER INSTRUCTIONS

1. Recap the previous modules. List the topics of each of the modules already covered. Ask a few questions about the topics participants had the most difficulty learning. Ask if there are questions.
2. Explain that a business plan is a document that describes what a business plans to do. State that it includes many of the things talked about in this training. Ask participants to list what some of the contents of a business plan might be. Ask how writing out a business plan might be helpful for entrepreneurs.
3. Summarize for participants what a business plan is, what it contains, and why it is developed and used.

9.0 MODULE NINE: WHAT IS A FARMER ASSOCIATION OR CFBO? HOW COULD ONE BENEFIT YOU?

LEARNING OBJECTIVE

At the end of this module, participants should be able to:

- Describe the benefits and challenges of being a member of a farmer association or community forest-based organization (CFBO).

FOCUS POINTS

- A. Definition of a farmer group/CFBO
- B. Benefits of working as a group
- C. Characteristics of a well-performing farmer group/CFBO
- D. Groups as enterprises

BACKGROUND FOR TRAINERS

Associations and Groups

Farmer associations and community forest-based groups are created by people closely associated with each other, who trust one another, and who have common interests. People organize and join farmer associations or community forest-based groups because these institutions provide a number of benefits to members. Although the purposes of different groups may differ, one important reason people join them is to be able to make their resources work together. As a group, people can buy inputs in bulk at lower prices, get a larger loan, and share knowledge, information, or labor. Associations and groups may also allow people to sell all their products together, so that they attract a buyer more quickly or can ask a higher price. Some additional benefits that groups may provide members include:

- Members can achieve tasks that only groups can achieve;
- It is easier for people to help others and receive help from other people;

- Members feel like they belong to something, like a family. Groups provide companionship and a sense of belonging;
- Groups provide rules as well as guidance, so people know what is right to do; and
- Groups provide a way for people to share common interests and discuss common problems. Through groups, people share information, knowledge, skills, and experiences.

What are the disadvantages of being in a group?

Trying to get things done in groups can also create challenges. Some common challenges are:

1. Decision-making can be delayed if members disagree;
2. Conflicts can arise between members;
3. Meetings can take time and not be productive;
4. Managing groups costs money, and members may have to pay fees to maintain them;
5. When decisions are made by the majority, decisions can be made that affect some members negatively;
6. Money management can be difficult and lead to corruption;
7. Sometimes strong individuals take over groups or influential members manipulate other people in the group; and
8. Shared responsibility for failure.

Characteristics of a group that works

A group should have the following characteristics to work well:

- a. It should have a good constitution, enough members to implement basic group tasks, and be well managed.
- b. Members should be from the same geographical area.
- c. Decision-making should be conducted democratically.
- d. Members should be engaged in economic activities.
- e. The group should be formally registered.
- f. The group should be financially sound.
- g. Officials should be selected democratically.
- h. Members should have a common purpose.
- i. Members should hold meetings regularly.
- j. All members should actively participate in group activities.
- k. Groups should hold regular education and training for the members and officials.
- l. Groups should cooperate with other groups within the same industry or geography.
- m. Members should exhibit trust and credibility

Trainer Instructions

1. Recap the previous modules. Ask a few questions about what has been learned, and ask if there are any questions.
2. Ask if any participants are members of associations or groups. If they are, ask them what the benefits of a group are. List the responses. (As with other modules, this can be done in a large group or in several small groups.) Ask pointed questions to make sure all the possible advantages of groups are listed. Propose additional advantages if they are not listed by participants.
3. Repeat the exercise, this time asking about the challenges of working in groups.
4. Repeat the exercise, this time asking what makes a group work well. What does a group need to do to work well?

Groups as enterprises

5. Ask participants if any of the groups they participate in sell anything. Are they enterprises?
6. Ask participants what they have learned in the training that they think should be used in their groups that are also enterprises? Do the enterprises of their groups have business plans?

10.0MODULE TEN: GENDER AND THE ENVIRONMENT

BACKGROUND FOR TRAINERS

Gender

It is important for entrepreneurs to think about the ways we see women and men differently when planning an enterprise. Paying attention to gender when developing an enterprise can be important for a number of reasons:

- Women and men may bring different strengths and different skills.
- Women and men have different responsibilities in society and different perspectives on issues.
- Women and men customers often have different needs and tastes.
- Enterprises composed of people of only one gender may put off service and input providers, or even clients.
- Enterprises composed of people of only one gender may have a harder time obtaining support from government, nongovernmental organizations, or other potentially helpful organizations.

By thinking carefully about gender and drawing on the skills, knowledge, and resources of both men and women, entrepreneurs can build stronger businesses.

Ecological Services and Products

It is important for entrepreneurs to think about the impact of their business on the environment. Businesses take many of their resources from nature; they also return unwanted waste to nature. If too many resources are taken, or if businesses create too much pollution, the future of the business could be affected. Some principal reasons as to why it is important for businesses to take their impact on the environment into account are:

- Businesses depend on natural resources. If they are all harvested or destroyed, the business will not be able to continue.
- Families and communities of entrepreneurs depend on the environment. Business leaders should work to keep the environment healthy for their families and friends.
- Businesses that are known to be serious polluters naturally lose customers, while environmentally friendly businesses can gain new clients or even charge higher prices.
- Working to maintain the environment is the right, good, and moral thing to do.

TRAINER INSTRUCTIONS

Gender

1. Explain to the participants that this module includes some topics that are important but not always considered as such by businesses.
2. Discuss the ways gender can be important in developing a business. We think of men and women differently. Ask participants why it may be useful to have members of both genders in an enterprise or group. “Why should entrepreneurs think carefully about gender? How can including men and women in a business help it be stronger and sell to more clients?”
3. Ask participants to describe meaningful roles for men and women in enterprises. Do they know of strong, effective women leaders? What is their understanding of concepts such as gender equality, gender equity and gender mainstreaming?

Businesses and the Environment

1. Ask participants what is meant by the term “environment.” “How is the environment important in our lives? What does it do for us? What are some specific things we take from the environment that enable us to live?”
2. Ask participants what resources businesses take from the environment. List them on a flip chart. Ask participants how long it would take for each type of resource to grow back, or return to a natural state.
3. “What are some possible ways that businesses they know are destroying the environment?”
4. Break the participants into smaller groups and ask them to each make a list of reasons it is important for businesses to be aware of their impact on the environment.
5. Ask participants to list enterprises they are familiar with. List them on a flip chart. Go through the list and ask participants to identify ways each enterprise impacts the environment. Brainstorm ways to reduce the most negative impacts.

ANNEX: HANDOUTS

HANDOUT TASK 1.1A

PARTICIPANTS ACTION TASK 1.1

Break the group up into two groups. Group ONE consists of people who have or have had a business. Group TWO consists of people who never had a business before. Ask the participants group in Group ONE to list some major reasons why they started a business, and the ones from Group TWO to list reasons why persons they know started a business.

Group ONE (people that have or had a business)

Question: List some major reasons why you started a business.

[illegible]

HANDOUT TASK 1.1B

Break the group up into two groups. Group ONE consists of people who have or have had a business. Group TWO consists of people who have never had a business. Ask the participants in Group ONE to list some major reasons why they started a business, and the ones from Group TWO to list reasons why persons they know started a business.

Group TWO (people that have never had a business)

Question: *Can you list reasons why persons **you know** started a business?*

[illegible]

HANDOUT TASK 1.2

Make small groups that are a mix of participants (those who do not run businesses and those who are currently engaged in small businesses). Give them the following task: People who go into business do so either because THEY LIKE the business or because some FACTORS FORCED them to do so. For those of you in a business, please explain to the others in the group your own situation in relation to why you started your current business or agricultural enterprise.

Group (people who have had a business)

Question: Can you **state your own situation** in relation to why you started your current business or agricultural enterprise?

[illegible]

HANDOUT TASK 1.3

Small Group (5 persons)

Question: What do **you** consider to be reasons that people start (any type of) a business?

[illegible]

HANDOUT TASK 1.4

Small Group (5 persons)

Question: *Can you list the things that, from your own observations, you would consider to force (compel) people to go into a particular business?*

This image shows a full page of primary-ruled paper. It consists of multiple sets of three horizontal dashed lines, which are commonly used in elementary school notebooks to guide handwriting. The lines are evenly spaced and extend across the entire width of the page. There is no text or other markings on the paper.

HANDOUT TASK 1.5

Small Group (5 persons)

Question: *Of the businesses known to you, which ones tend to succeed more—those that were started by people attracted to the business or those that were started by people forced into it?*

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings present.

HANDOUT TASK 1.6

Small Group (5 persons)

Question: *Have you ever failed to undertake a business that interested you? If so, can you state the factors that made you fail?*

[illegible]

HANDOUT TASK 2.1

Small Group (5 persons)

Question: *A business idea is not automatically a business opportunity.
What is the difference between the two?*

BUSINESS IDEA:

BUSINESS OPPORTUNITY:

HANDOUT TASK 2.2

Small Group (5 persons)

Question: *Name some sources of business ideas and business information. Write each source on a separate piece of paper.*

{Note: Photocopy this sheet in order to have sufficient pieces of paper for all the ideas.}

Cut along the line

Name some sources of business ideas and business information. Write one idea per piece of paper.

Cut along the line

Name some sources of business ideas and business information. Write one idea per piece of paper.

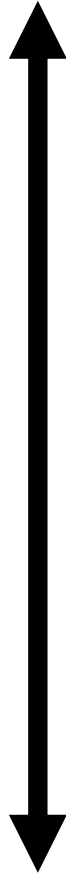
HANDOUT TASK 2.3

Group Session

Question: *List the sources of business ideas and business information that you identified in the previous task (2.2) in the order of importance. Use the 10 variables shown below to rank the sources from most important to least important. Stick your cards on the wall or on the flip chart.*

- 1) **What motivates people** to undertake agribusiness enterprises or community forest-based enterprises? The variables that motivate people to start agribusinesses or community forest-based enterprises fall under three categories—entrepreneurial, compelling, and success factors.
- 2) **Idea development and sources of information** – Information gathering is the process of generating knowledge about a business enterprise. Farmers and entrepreneurs should generate ideas and then solicit all the possible information related to the business for the purposes of ranking and selection of many possible business enterprises. This should be done before choosing the kind of business one should undertake.
- 3) **Value chain analysis** – “Value chain” refers to series of processes and activities that a product undergoes throughout its lifetime. Agricultural and forest-based value chains include three or more of the following actors: producers, distributors, brokers, wholesalers, retailers, consumers, and government institutions.
- 4) **Real market demand analysis** – Is there real demand for the proposed enterprise (products)? Is there market for the proposed enterprise? Are there customers with money who are able and willing to buy the products of the proposed enterprise?
- 5) **Environment analysis** – Are the political, legal, economic, and climatic conditions conducive? How is the competition? Who else is providing this type of product or services? What price do they charge? Can a new business do it more efficiently and charge less to attract customers?
- 6) **Profitability and risk analysis** – What risks does the enterprise face (e.g., perishability, crop failure, climatic conditions)? Enterprise viability is determined by the profitability of the chosen enterprise.
- 7) **Sourcing and mobilization of resources** – Are there locally available inputs or materials to enable successful implementation of the enterprise (e.g., land, tools, equipment, seeds, labor, and capital)?
- 8) **Farmer or forest-based products associations** – Are the farmers or producers in groups/associations? What are the advantages and disadvantages of being in farmer/producer associations?
- 9) **Importance of business planning** – Business planning is the process of preparing and assessing all aspects that will be required to effectively run an enterprise toward a defined business goal. It involves identifying and assessing of all resources needed (i.e., human resources and materials, capital, land, and time) and ensuring that they are optimally utilized to maximize profits and minimize risk and cost, and result in a viable enterprise.
- 10) **Cross-cutting Issues** – Gender and environmental conservation.

MOST IMPORTANT



LEAST IMPORTANT

HANDOUT TASK 2.4

Small Group (4–5 persons)

Write down the type of information that you would need from the sources in order of importance that you have identified in your previous task (2.3). Use the list of Task 2.3 with the ten variables as support.

SOURCE 1: -----

SOURCE 2: -----

SOURCE 3: -----

SOURCE 4: -----

SOURCE 5: -----

SOURCE 6: -----

SOURCE 7: -----

SOURCE 8: -----

Small Group (4–5 persons)

[illegible]

HANDOUT TASK 3.1

Break the group into two random groups.

Two Groups

Question: *What is a value chain?*

This image shows a full page of white paper with horizontal black dashed lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HANDOUT TASK 3.2

Break the group up in two random groups.

Two Groups

Question: *What is a value chain analysis?*

This image shows a full page of white paper with horizontal black dashed lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HANDOUT TASK 3.3

Break the group up in two random groups.

Two Groups

Question: *What is product value?*

This image shows a full page of white paper with horizontal black dashed lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HANDOUT TASK 3.4

Break the group up in two random groups.

Two Groups

Question: *What is value addition?*

This image shows a full page of white paper with horizontal black dashed lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HANDOUT TASK 3.5

Break the group up in two random groups.

Two Groups

Question: *Can you give examples on how entrepreneurs can enhance value chain benefits for their product?*

[illegible]

MODULE 4.0 SUPPORT

Write the following 12 points on a card/piece of paper before this activity. With the group, explain the points one by one and post them on the wall. Make sure to write big enough that participants can read your responses well.

1. Price of product
2. Prices of similar products from other producers
3. Expected price changes
4. Population changes, such as shift in age distribution
5. Change of consumers' incomes
6. Cultural and religious factors
7. Poverty level/general financial situation of customers
8. Consumer awareness
9. Changes in lifestyle and attitudes
10. Availability of credit for purchases
11. Overall education level of the population
12. High rate of inflation/increase in prices

CUT THE INDIVIDUAL PIECES OF PAPER

MODULE 4.0 SUPPORT 1/12

Price of product

CUT THE INDIVIDUAL PIECES OF PAPER

MODULE 4.0 SUPPORT 2/12

Prices of similar products from other producers

MODULE 4.0 SUPPORT 3/12

Expected price changes

CUT THE INDIVIDUAL PIECES OF PAPER

MODULE 4.0 SUPPORT 4/12

Population changes – such as shift in age distribution

MODULE 4.0 SUPPORT 5/12

Poverty level

**General financial situation of
customers**

CUT THE INDIVIDUAL PIECES OF PAPER

MODULE 4.0 SUPPORT 6/12

Cultural and religious factors

MODULE 4.0 SUPPORT 7/12

Change of consumers' incomes

CUT THE INDIVIDUAL PIECES OF PAPER

MODULE 4.0 SUPPORT 8/12

Consumer awareness

MODULE 4.0 SUPPORT 9/12

Changes in lifestyle and attitudes

Availability of credit for purchases

Overall education level of the population

High rate of inflation and increase in prices

HANDOUT TASK 4.1

Break the group up into two random groups.

Two Groups (one sheet per group)

Question: *Can you define/describe the following for a chosen product:*

- Who are the customers (group)?
- Where do the customers live?
- When do the customers need the product?
- How and where would the customers purchase the product?

Please write the answers below and present to the large group on a flip chart.

Who are the customers (group)?

Where do the customers live?

When do the customers need the product?

How and where would the customers purchase the product?

HANDOUT TASK 4.2

Two Groups (one sheet per group)

Question: *Can you define/describe the desired features of a product or produce that is in high demand?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 4.3

Two Groups (one sheet per group)

Question: *Can you describe ways you will promote your product/produce to maximize your sales?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 4.4

Two Groups (one sheet per group)

Question: *What methods will you use to make your product/produce available for the consumer/user within the desired time, at the right quality and price?*

Please write down the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 4.5

Two Groups (one sheet per group)

Question: *What price will you charge for your product/produce, and how will you ensure that you are charging the right price so that you generate a profit and customers are willing to purchase your product?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

PREPARE FLIP CHART FOR TASK 4.6

Copy the following questions to a flip chart. Read the questions and write the answers from the group on a separate flip chart. You will be able to use the flip chart with the questions for multiple training events.

Question: *What are important questions about your customer(s)? Answer the questions below about potential customers for your intended farm product or forest-based product.*

- 1) Who are your customers?
- 2) What price can they pay for the product (their purchasing power)?
- 3) Where are they located?
- 4) What is their socio-economic background?
- 5) What quality and quantities do they require?
- 6) What value addition would be required?
- 7) What are the promotion activities applicable for the product?
- 8) What kinds of brokers are there for the product?
- 9) What are the customers' tastes, preferences, and attitudes toward the product?
- 10) What are the opinions/comments of customers about the product?

HANDOUT TASK 5.1

Small Groups (4–5 persons)

(One sheet per group)

Question: *What are the environmental factors that affect your community forest-based enterprise?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 5.2

Small Groups (4–5 persons)

(One sheet per group)

Question: *Of the factors you identified above, which ones can you control/manage?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 5.3

Small Groups (4–5 persons)

(One sheet per group)

Question: *Of the factors you identified above, which ones are you not able to control/manage?*

Please write the answers below and present to the large group on a flip chart.

- (1) -----

- (2) -----

- (3) -----

- (4) -----

- (5) -----

HANDOUT TASK 5.4

Small Groups (4–5 persons)

(One sheet per group)

Question: *How can you control and manage the factors you consider manageable?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 5.5

Small Groups (4–5 persons)

(One sheet per group)

Question: *For those factors that you cannot manage, how can you adapt to them?*

Please write the answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

NOTE for the instructor.

PREPARE FLIP CHART (A) FIXED COST

Module 6

Type of Fixed Costs	Quantity
1	
2	
3	
4	
5	
6	
7	
8	

PREPARE FLIP CHART (B) FIXED COST

Module 6

Cost per Unit	Total Cost

Combine chart (A) and (B) for your presentation and explanation on fixed costs.

HANDOUT TASK 6.1

Small Groups (4–5 persons)

(One sheet per group)

Question: *Can you think about an enterprise you know well? Please fill in the table below in accordance to this enterprise. Then calculate the gross margin. (Production costs are included in there.)*

Please fill in the answers below and present to the large group on a flip chart.

GROSS MARGIN = TOTAL SALES – TOTAL PRODUCTION COSTS

Item	Basic requirements	Starting quantity/size	Cost/price of the basic requirements per unit/size LD 5-10% decrease/increase	Total cost/price
1) Total SALES				
2) Less fixed costs				
3) Less variable costs				
4) Less marketing costs				
5) Total gross margins				
Gross margin = total sales less total costs				

HANDOUT TASK 6.2

Small Groups (4–5 persons)

(One sheet per group)

Question: *What is profit?*

Please fill in the answer(s) below and present to the large group.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

PREPARE FLIP CHART FOR TASK 6.3

Below is a simple illustration of a sample profit and loss projection statement for a farming enterprise. **Prepare the profit and loss statement on a flip chart** and demonstrate its use by filling it in following an enterprise chosen by the participants.

The participants provide the information for the statement.

FLIP CHART 6.3	
<i>Projected profit & loss statement for the period (start date) – (ending date)</i>	
ITEM	Amount (\$LD)
Expected income	
Sales
Product 1
Product 2
Others (specify)
Total income	
Direct production cost	
Gross profit (Total expected income less direct production cost)
Operational Expenses	
Transport
Labor
Packaging materials
Telephone
Stationery
Advertisement
Licenses
Others (specify)
Total operational Expenses	
Net Profit

PREPARE FLIP CHART FOR TASK 6.4A

Below is a simple illustration of a sample of cash flow projection statement for a farming enterprise. **Prepare the cash flow projection statement on a flip chart** and demonstrate the use of a profit and loss statement by filling it in following an enterprise chosen by the participants. The participants provide the information for the statement. The participants receive the cash flow projection statement as a handout (6.4B)

FLIP CHART 6.4A					
Cash flow projection for a season (four months).					
Production Season [write year here]					
Month	[Write month here]	[Write month here]	[Write month here]	[Write month here]	
Opening balance					TOTAL
CASH IN					
Cash sales					
Sales of fixed assets					
Expected loans					
Collection from debtors					
Additional investments					
Other incomes (specify)					
TOTAL CASH INFLOW					
CASH OUT					
Transport					
Interest on loans					
Loan repayments					
Labor					
Packaging materials					
Telephone					
Stationery					
Advertisement					
Licenses					
Others (specify)					
TOTAL CASH OUT					
CASH SURPLUS (DEFICIT)					

HANDOUT TASK 6.4B

Complete Group

(One sheet per participant)

Task: Below is a sample of a seasonal cash flow projection statement for an agribusiness enterprise. The participants should select a time period for which this cash flow statement will be made, e.g. a growing season of a crop. Fill in the table with the help of the instructor.

CASH FLOW PROJECTION FOR A SEASON (FOUR MONTHS)

Production Season [write year here]					
Month	[Write month here]	[Write month here]	[Write month here]	[Write month here]	
OPENING BALANCE					TOTAL
CASH IN					
Cash sales					
Sales of fixed assets					
Expected loans					
Collection from debtors					
Additional investments					
Other incomes (specify)					
TOTAL CASH INFLOW					
CASH OUT					
Transport					
Interest on loans					
Loan repayments					
Labor					
Packaging materials					
Telephone					
Stationery					
Advertisement					
Licenses					
Others (specify)					
TOTAL CASH OUT					
CASH SURPLUS (DEFICIT)					

HANDOUT TASK 6.5

Small Groups (4–5 persons)

(One sheet per group)

Question: *What is a risk?*

Please write your group answer(s) below and present to the large group when asked by the facilitator.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

PREPARE FLIP CHART FOR TASK 6.6A

Using the same approach to calculate business gross margin, change the values of one or two factors that affect a product's price and calculate new profit margins (for example, a change of between 5% and 10% in the price of basic requirements per unit/size). Use the risk computing table on the handout as a sample table that can be used to compute risk for any enterprise.

Conduct the exercise by filling the table in by following an enterprise chosen by the participants. The participants provide the information for the statement. The participants receive the risk calculation table as a handout (6.6B)

FLIP CHART 6.6A				
Below is a sample table that can be used to compute risk for any enterprise:				
Item	Basic requirements	Starting quantity/size	Costs/price of basic requirements per unit/size LD 5–10% decrease/increase	Total costs/price
1	Total sales			
2	Less fixed costs			
3	Less variables costs			
4	Less marketing cost			
GROSS MARGIN = TOTAL SALES - TOTAL COSTS				
(Risk computing table)				

HANDOUT TASK 6.6B

Complete Group

(One sheet per participant)

Task: Using the same approach to calculate business gross margin, change the values of one or two factors that affect a product's price and calculate new profit margins (for example, a change of between 5% and 10% in the price of basic requirements per unit/size). Use the risk computing table on the handout as a sample table that can be used to compute risk for any enterprise.

Below is a sample table that can be used to compute risk for any enterprise:

Item	Basic requirements	Starting quantity/size	Costs/price of basic requirements per unit/size LD 5–10% decrease/increase	Total costs/price
1	Total sales			
2	Less fixed costs			
3	Less variables costs			
4	Less marketing cost			
GROSS MARGIN = TOTAL SALES - TOTAL COSTS				

(Risk computing table)

HANDOUT TASK 6.7

Small Groups (4–5 persons)

(One sheet per group)

TASK: Assuming that you operate a business that is facing some of the risks discussed in this training, what ways would you use to manage and reduce the effects of these risks to your business? How would you manage risks?

Use the risk computing table to analyze the risks.

Please write your group answer(s) below and present to the large group when asked by the facilitator.

Item	Basic requirements	Starting quantity/size	Costs/price of the basic requirements per unit/size LD. 5% to 10% decrease / increase	Total costs/price
1	Total sales			
2	Less fixed costs			
3	Less variables costs			
4	Less marketing cost			
GROSS MARGIN = TOTAL SALES - TOTAL COSTS				

HANDOUT TASK 7.1

Two Groups

Question: *What are business resources?*

Please write your answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 7.2

Two Groups

Question: *What are the main reasons for sourcing and mobilizing resources?*

Please write your answers below and present to the large group on a flip chart.

(1) -----

(2) -----

(3) -----

(4) -----

(5) -----

HANDOUT TASK 7.3

Two Groups

Question: *The table below contains sources of financing for an agribusiness enterprise. Can you fill in the type of financing for each type of source?*

Please fill in the table and present to the large group on a flip chart.

SOURCES OF ENTERPRISE FINANCING

	TYPE OF FINANCING	SOURCE
1.	Equity (Shares)	a) Personal Funds b) c) d) e)
2.	Government Grants	a) Poverty Eradication Funds b) c) d)
3.	Government Loans	a) Government Bank b) c) d)
4.	Commercial Loans/Funds	a) Commercial Bank Loans b) c)
5.	Other Formal Sources	a) INGO Grants b) c) d) e)
6.	Informal Financing	a) ROSCAs b) c) d) e)

HANDOUT TASK 7.4

Small Groups (4–5 persons)

Question: *What factors do you think an entrepreneur should consider when choosing resources for an enterprise?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

HANDOUT TASK 8.1

Small Groups (4–5 persons)

Question: *What is a business plan?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

Question: *What are the key components of a business plan?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

(6)-----

(7)-----

HANDOUT TASK 8.2

Question: *What is business planning?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

HANDOUT TASK 8.3

Question: *What is the importance of preparing a business plan for an enterprise?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

HANDOUT TASK 8.4

Question: *When is a business plan required for a community forest-based enterprise?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

HANDOUT TASK 9.1

Small Groups (4–5 persons)

Question: *What does the term “community based organization” (forest or agricultural based) mean to you?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

HANDOUT TASK 9.2

Small Groups (4–5 persons)

Question: *What are the **advantages/benefits** of conducting a community forest-based enterprise as an association rather than as an individual?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

HANDOUT TASK 9.3

Small Groups (4–5 persons)

Question: *What are the **disadvantages** of carrying out a community forest-based enterprise as an association rather than as an individual?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

HANDOUT TASK 9.4

Small Groups (4–5 persons)

Question: *What are the characteristics of a well-managed community forest association?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

(5)-----

HANDOUT TASK 10.1

Small Groups (4–5 persons)

Question (1): *What is gender?*

Question (2): *What is gender mainstreaming?*

Question (3): *What is gender equality?*

Question (4): *What is gender equity?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

Handout TASK 10.2

Small Groups (4–5 persons)

Question (1): *What is meant by the term “environment”?*

Question (2): *How is the environment important in our lives?*

Question (3): *What resources businesses take from the environment?*

Question (4): *What are some possible ways that businesses they know are destroying or harming the environment?*

Please write your answers below and present to the large group on a flip chart.

(1)-----

(2)-----

(3)-----

(4)-----

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