

7- Days Entrepreneurship Workshop Manual



Created by the Mala Project



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Foreword

This manual has been written by the Mala team to provide skills centre students with a minimum required knowledge about entrepreneurship.

Entrepreneurship in the Gambia is an upcoming phenomenon. Individuals decide to start for themselves and desire to become successful. An entrepreneur is a person that coordinates, manages and is the leader of a business. To be able to stimulate the Gambian economy students should be aware of the possibilities and opportunities that entrepreneurship has to offer.

This workshop will introduce you to the **basics of starting an entrepreneurship in the Gambia**. The program is designed with a focus on the home management department. The manual wants to support skills centres that desire to implement an entrepreneurship course in the curriculum of their students. Hereby the manual tries to contribute to spreading entrepreneurship in the Gambia and make it accessible to all levels.

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Learning Objectives

In this manual, theory lessons are provided specifically focused on skills centres students. In addition, a practical assignment is described in which students can practice the Business Model Canvas to create a start-up business. This will help the students to gain an understanding of all involved aspects while setting up a business.

Different practical tips regarding legalizing your business, and gaining a starting capital will be discussed accordingly to stimulate students to actually take action and start a business. The level of the workshop has been adjusted according to the lessons executed to the second-year students at Presentation Girls Vocational School.

Therefore, the learning objectives of this workshop will be:

- Introducing students to what entrepreneurship entails, and who entrepreneurs are.
- Highlighting the main areas in which students should develop skills to be successful entrepreneurs:
 - Management
 - Marketing
 - Financial Management
- Gain practical experience by developing a Business Model Canvas, hereby considering all the involved different components
- Develop presentation skills during the final presentation.

The manual will discuss:

- Entrepreneurship introduction
- Strategic plan: Introduction to Management
- Commercial plan: Introduction to Marketing
- Financial plan: Introduction to Financial Management.
- Practical tips

All the different chapters are accompanied by assignments and examples to practice with for both the teachers and the students.

1. Introduction to Entrepreneurship

There are multiple diverse explanations and views of what an entrepreneurship is. Below a short introduction will explain what the definition of an entrepreneurship is, the importance of entrepreneurship, what the personality traits of a successful entrepreneur are and what the largest causes of failures of businesses in the Gambia are.

An entrepreneur is:

- An entrepreneur is somebody who manages and starts its own business.
- The entrepreneur is the one who is willing to bear the risk of a new business if there is a significant chance for profit
- An innovator who markets his innovation.
- An entrepreneur is someone that creates and forms new combinations of existing services or products.

Entrepreneurship in the Gambia

- New jobs are being created due to entrepreneurship. Individuals become self-employed and independent from others. Entrepreneurship increases the economic growth of a country, reduces poverty and increases the employment.
- An entrepreneur is considered to be an innovator. Innovation is key to a successful running economy and to further development of a country.
- By generating a profit, the entrepreneurs could become self-sustaining and hereby contribute in addition to the growth of the Gambian economy.

Not everyone has the ability to become a successful entrepreneur. An entrepreneur should possess several personality characteristics to be a good leader and manager. These characteristics are:

- Determination
- Need for accomplishment
- Being capable to deal with risks and failures
- Confidence
- Taking responsibility and initiative
- Be ambitious and honest
- Be able to handle uncertainty
- Communication
- Social
- Leadership skills
- Have financial knowledge

An entrepreneur can have different reasons to start a business:

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



Business Failure

Unfortunately, there is a large percentage of businesses that do not succeed. Around 50% of the businesses start will fail in the Gambia. The main reasons for business failures are:

- Insufficient Capital

A business should be able to generate a starting investment, and earn a profit to ensure the continuation of the business.

- A lack of strategic management qualities

An entrepreneur should possess the right management qualities, and should be able to make the right decisions and act upon this. Leadership is an important characteristic in this aspect. You should be able to give away tasks and know how to grow your business.

- A lack of financial management qualities

Some businesses might be attracted to use the funds of the business for private reasons. If this happens too often the business will not be able to sustain any longer due to a lack of financial capacity and the ability to pay for the monthly costs such as rent of location or electricity.

- Too much credit provided to customers

A business owner can allow customers to pay on a later time. This can lead to customers never paying.

- Not responding to the market demand – a strong competition

A business should always be able to respond to the market demands. This is the demand of the customers. If the business will not develop other businesses will compete and attract more customers.

- Not setting the right price for the provided service or product.

This will make it difficult for the entrepreneur to make profit.

Strategic Plan

At the start of a new entrepreneurship the entrepreneur will have to think of several important aspects.

A business should have a strategic plan. This is the plan that explains exactly **what** the business will do, **why** the business is doing this, and **how** the business will accomplish this.

Mission Statement

The **what** question will be answered by formulating a mission statement. A mission statement explains the mission of the business. What is trying to accomplish? An example of a tailor business could for example be:

“Fatou’s Fit wants to offer fashionable clothing designs to the interested female sector in the Gambia as to fulfill the increasing demand in the Gambia.” Throughout the manual Fatou’s Fit will be the example for using the theory in practice.

Strategy

The strategy will explain how the entrepreneur wants to accomplish the before mentioned mission. *“Fatou’s Fit will attempt to achieve this by doing a market research, hereby researching the newest trends, as well as creating new and innovative bags and slippers that could be used by customers that wish to differentiate themselves from others.”*

The question that follows is: How do you make sure you will succeed in achieve the mission and strategy?

Choosing the right strategy indicates a right use of the:

- Current trends
- What do the customers desire?
- Current Competition
- What are other similar businesses producing?
- Organization analysis
- How should the business be organized?

Goal of the strategic plan

What, why and how will the business work?

Create a timeline to see how much you can achieve in how much time.

The strategic plan will be explained further in chapter 2.

Commercial Plan

The commercial plan is trying to see if there would be a demand for the product the entrepreneur wants to offer.

A five-step plan should be followed accordingly, to identify these possibilities.

1. The identification, analysis, and evaluation of the market and marketing possibilities.

See if customers would be interested in your product.

There are already a lot of different tailors in the Gambia, what makes you different?

2. Market segmentation and position within the market chain

Pick the right customers for your product.

Do you want to develop fashionable clothing for the youth? Or practical dresses for old Gambian women?

3. See how the product would fit in the current supply of the similar products and develop a commercial plan

Creating an identity of your business.

Could you create a brand-mark? A cute little bag you can add to every purchase? A personal label you can sew on the inside of the clothing?

4. Develop a commercial strategy into a commercial plan.

How do you divide all the money over the different important areas?

How much money do you want to allocate to electricity? And buying the materials?

5. Execute and control the commercial plans.

How do you keep your business organized?

The commercial plan will be explained further in chapter 3.

Financial Plan

Another important aspect is the management of money in a business. This includes:

1. How much starting capital will you need?

How much money is needed to start your business?

2. How will you distribute this money?

Where will you use the investment money for?

3. How will you make a profit?

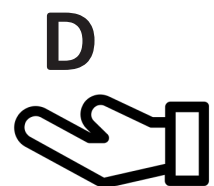
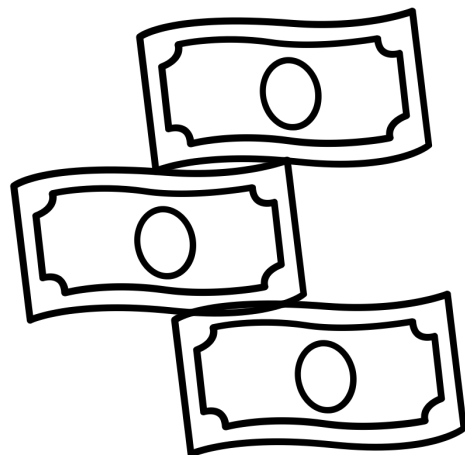
The price should be higher than the total costs

4. How do you make sure you have enough money to pay the costs?

What is the right price for my products?

The financial plan will be explained further in chapter 4.

All these plans will help and develop an idea to an actual business.



2. Strategic Plan: Management

As soon as the entrepreneur has come up with his or her idea, and knows what kind of product or service he or she wants to sell, you will have to think about all that is needed to achieve this.

If a business wants to expand it will have to face several issues. Management is the key to grow a business, as well as making the business a success.

Management

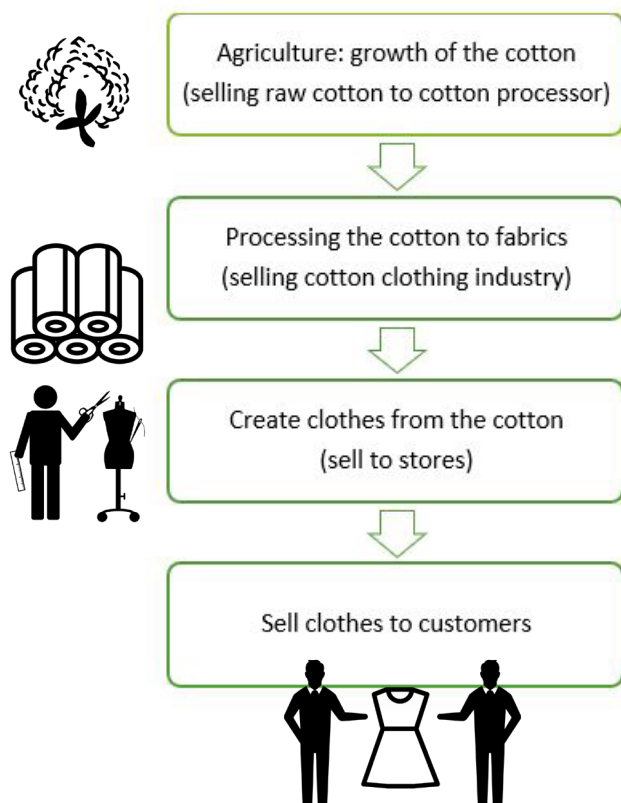
The management of the business includes the following components

- Location
- Machinery
- Production Process & products
- Sales
- Employees
- Administration/Organisation
- Research & Development of the product.

• Location

For starting a business the right equipment and situational materials will be needed. The machinery depends on the position of the business will take in the supply chain of the product.

A supply chain consists of all the chains that are needed to produce a product. An example is given below on the production of clothing.



(Figure 1. Supply Chain of a tailor shop)

The location

When a business is still small, a small rental place, or even starting at home, will be sufficient as a location to practice part of the supply chain. However as soon as the business starts growing it will need a larger location.

Fatou wants to start her own business, first a small rental location will be good for producing the clothes and selling them to the customers. But, if the store becomes bigger she could think about two locations, one for producing the clothes and one for selling the clothes.

But, Fatou should think well about this and calculate if she is able to afford this.

• Machinery

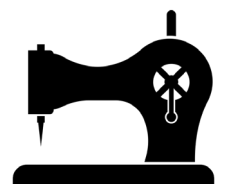
Possessing the right machinery is very important for an entrepreneur. Different products and services require different machinery. If someone wants to start his or her own restaurant for example they will need a clean kitchen including all the materials needed to cook such as pans, an oven etc. This machinery might be very expensive at the start, but is needed to make profit. The money you will spent on the machinery you are able to earn back by making products.

• Investment

An investment is money you spent in the beginning, but will be rewarded in the long run.

Fatou needs a sewing machine to be able to start the business.

A sewing machine is essential in the production of clothes. The sewing machine is an investment. Since they are expensive it would be best to first start with a simple sewing machine. The income you will make in the long run can be re-invested in an electric sewing machine.



• Production Process organization & products

A business can develop different services and products. A few examples of the different products/goods a business can develop are:

- Inferior goods

Inferior goods are goods that are cheap alternatives for normal or luxury goods. Hereby you could think of buying margarine instead of butter. An increase in the income of a person will decrease the demand for this product. The person with a higher income is able to afford more expensive products of a better quality, and will thus buy less of the inferior goods.

- Normal goods

Normal goods are goods of an average price and quality. A normal product is for example clothing. Everyone needs clothing and therefore this is neither inferior or luxury. An increase in the income of a person will increase the demand for this product. *The clothes of Fatou's Fit are normal goods.*

- Luxury goods

A luxury good is a good that a customer will only buy if they have enough money. It is not necessary to have it, but it is a luxury good. An example of a luxury good is a TV. An individual will only buy this after he or she has fulfilled the basic needs of a home, food and clothing. An increase in the income of a person will increase the demand for this product.

Other type of goods that an entrepreneur might have to face are:

- Complementary goods

These are goods that you can use together. A DVD player can only be used if you have a TV. These goods complement each other, they strengthen each other.

Fatou's Fit decides to make complementary clothing. She makes both a pants and a shirt that fit nicely with each other, these two goods are now complementary.

- Substitute goods

These are goods that can replace another good. They are a substitute. Pepsi is for example a substitute for Coca-Cola

Fatou's Fit sews both a skirt and pants. A female customer can now decide if she wants to buy a skirt or pants. These products are now substitutes to each other.

As soon as the entrepreneur has established the location, the machinery and the product/good he wants to make, the production process will start. The entrepreneur should buy all materials needed in the right amounts.

1. Purchase and order the needed materials to start the production.

First the entrepreneur has to establish the quantity (the amount) of products he or she wants to produce. Next the entrepreneur needs to assess how much of the different materials will be needed to achieve this. All these materials have to be ordered and purchased accordingly.

Fatou's fit will start her business off with producing clothing on request of her customers. This means the customers will come to her with the materials and will ask what they wish to have. However, Fatou wants to show her abilities, and therefore already produces some examples of all she can do. She wants to produce 5 clothing pieces to show to her customers. She will need 2 meters of cotton per clothing piece. Fatou orders $(2 \times 5 = 10)$ 10 meters of cotton at the local cotton shop.

2. Divide tasks

Next will be: Who is going to produce the clothing? Is the entrepreneur doing this her/him self? Or is another employee responsible for the production or provision of service?

Fatou has seen a lot of customers are interested in her clothes, she takes an apprentice to help her out. She gives certain tasks to her apprentice. The apprentice can for example cut the fabrics for her in advance.

3. Start the production.

To be able to keep track of all the goods ordered and produced, and the ones that are sold you will need to be able to develop a good inventory system. This involves all the policies, procedures and processes that are involved in the inventory. (Inventory = the amount of goods stored in the store).

Important aspects of a good inventory system involves:

- Clear labeled stack and shelves, It should be clear in what place all the goods belong, this is to ensure a continuity and fast acting if a customer requests a certain product or service.

- Clear description of the inventory items and item numbers, the goods should be described properly and could for example be labeled with a number.

A list will be given to all the employees, as to make sure all the employees know if a certain good is in stock.

Fatou's Fit has assigned every product a number. A short dress with long sleeves is number D04

- Unity of measurement, this is of importance for example for food products. Sugar cubes being measured in boxes, or rice in kilo's. This makes it easier to have an overview of how much you have.

- **Sales**

The next step in the supply chain is to sell the completed products. An entrepreneur who wishes to open a store will thus have to buy or produce a certain amount of products and will display these clothes in the location selected for the store. Displaying the products is highly important for the growth of the amount of sales. The aspects you will have to think of during selling your products will be explained in the following Marketing Chapter.

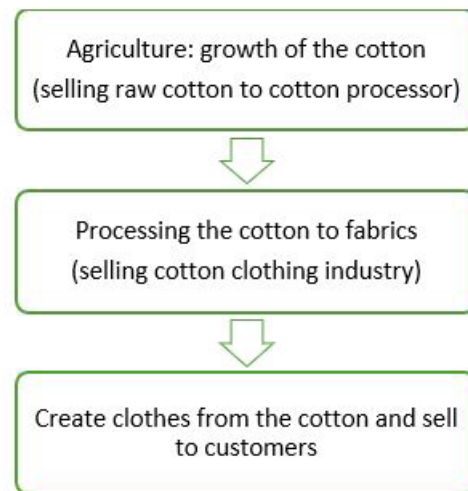
The different parts of the supply chain can be either vertically or horizontally integrated.

- **Vertical integration:**

A vertical integration of the supply chain means that a business will be responsible for multiple parts of the supply chain. Not only for example will he produce clothing, but will also sell it.

Fatou's Fit could decide to buy the fabrics already in wholesale and let the customer make the decisions what they want to make of this, hereby Fatou uses vertical integration and makes the supply chain shorter.

The new supply chain will be:



(figure 2. Vertical integration in supply chain)

- **Horizontal integration:**

A horizontal integration of the supply chain means that the entrepreneur decides to integrate/combine two complementary goods. Complementary goods are the goods that strengthen each other. By expanding production to not only TV's but also DVD's there will be a greater revenue. The two are needed to complement each other. By making for example the DVD relatively cheap but the TV more expensive an entrepreneur can generate more profit.

• Employees

A micro-enterprise (a very small business) will often start with only one or two persons. However, if the business is successful and desires to expand new employees will be needed.

Hiring an employee:

Internal: promote an existing employee. This is less costly than external, and will be a motivation for the employees to be motivated and productive.

External: hire an employee from outside one's own business. Hereby advertisement might be needed.

A job interview should be taken with the employee, hereby reviewing the qualities of the potential employee. Previous experiences should be important.

An entrepreneur cannot discriminate in terms of:

- Race
- National Origin
- Religion
- Gender

Selection criteria

1. Application form or Curriculum Vitae: Hereby the entrepreneur will gain general knowledge of the applicant, including previous work experiences.

2. Interviews: A personal interview used in many businesses and organizations during a selection process.

During the interview, the entrepreneur should discuss the wage, labour conditions, work hours and qualifications of the applicant. The agreement should, if possible, be written down to formalize it. This is called creating a **contract**.

Employment contract and rules

Clear rules should be set between you and the employee. These rules should be set beforehand and should cover the following.

Payment.

The payment of the employee should be agreed upon before hiring. The employee should receive a fair wage for the work he or she provides but should not be too high since this would decrease the profit of the business. It should be at least the minimum wage.

The weighting points on which the payment will be established should be:

- Skill
- Effort
- Responsibility
- Working hours.

The working hours of the employee should also be discussed. If the employee for example is to be expected to work from 9.00 in the morning to 18.00 in the afternoon this should be discussed by with the employer and the employee and should be written in the contract. This also includes the amount of breaks the employee has for lunch and other free periods.

Labour environment

The labour environment should be discussed. This involves the termination process of the employment. The employee will be informed in what conditions he or she can be fired.

Human Resource Planning

Part of managing your employees is taking care of the human resource capital. This involves thinking about the following questions:

- Will the business grow in the upcoming years?
- How much do you wish to expand? Is there a demand in your business sector you could respond to? Could you improve the quality of your products?
- Would you want extra employees to help you?
- Are some people specialized in a specific technique, or quality?
- What is the competition doing?

- **Research & Development**

An aspect that one should keep in mind is the research and development department of your business. Research & Development focusses on finding new products, innovative solutions or ideas that would improve the services or products of your business. Innovation and creativity are key to let your business grow and improve.

Fatou's Fit has decided to invest some of revenues of the business in Research & Development. She conducts a market research in which it appears her customers would really like for her to expand to shoes and slippers in her store. To make them different from the other shoes and slippers that are being sold she decides to make them fashionable by the use of ribbons and other decorations. Now Fatou has introduced a new product in her store, and has helped her store to develop.

- **SWOT-i Analysis**

To analyze if the business is strong and if it has the qualities it needs to become successful you can make use of the SWOT analysis. This can be used to assess the management of the business.

- S** = Strengths
- W** = Weaknesses
- O** = Opportunities
- T** = Trends
- i** = Issues

	Opportunities (O)	Threats (T)
Strengths (S)	S, O	S, T
Weaknesses (W)	W, O	W, T

(S, O) = Strengths & Opportunities:

The economic market might offer some opportunities for a business, in areas which it is also strong. Fatou sees her customers like to have different dresses than they normally have, Fatou is very good in sewing in an original way. She combines her strengths with an opportunity.

(S, T) = Strengths & Threats

A threat is something that might be bad for the business, but since the business is strong in this department, it is not a very big threat. The business should take it into mind, but not too much. Competitors of Fatou have decided to also create alternative dresses, but Fatou is the best in doing this. Therefore the threat is not very big.

(W, O) Weaknesses and Opportunities.

Although there is an opportunity in the economic market, the business cannot make full use of it because it is weak in this department. The income of the customers of Fatou grows, and they wish to buy more shoes. However, Fatou does not sell shoes.

(W, T) Weaknesses and Threats

A threat is something that is bad for the business, and the business is also weak on this department. This combination is very threatening for the business. This situation should be avoided or prevented. Less customers go to the town in which Fatou sells her clothes which is a threat, the weakness is that fatou will sell less clothes.

Keywords:
 Management, Location, Machinery, Production Process, Sales, Employees, Research & Development, SWOT-i Analysis

3. Marketing

Marketing is the area of entrepreneurship where you can **identify** and **differentiate** yourself from others. Marketing consists of the activities you and your business do to stimulate selling your product or service. Tailoring is a competitive market, there are many tailors and you as an entrepreneur want to differentiate from these other tailors and attract many customers.

Marketingmix

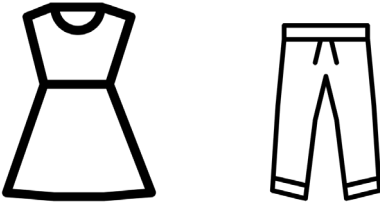
Marketing can be defined by the 4P's, Product, Price, Place and Promotion. Every P can be linked to questions about your business, we will discuss each P and the questions.

Product

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

Questions that you might think of are:

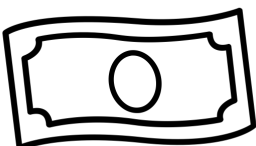
- What products/services do I sell?
- Why did I decide to sell these products?
- Do I have the products customers want?
- Do any of my products not sell well?



Price

This is what you ask your customer to pay for your product or service. When deciding the price you have to take the market into consideration and what prices others might ask for your product. Your price must be giving profit but also attract customers.

- What are my costs?
- How much are my customers willing to pay?
- What are the prices others ask?
- How do I make my prices more attractive?

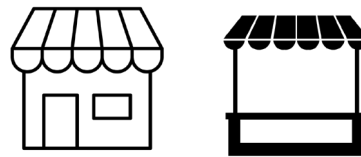


Place

This is the location of your business and its environment. This location must be attractive and approachable for the customers.

- Where are my customers located?
- From where do I want to distribute my products/service?

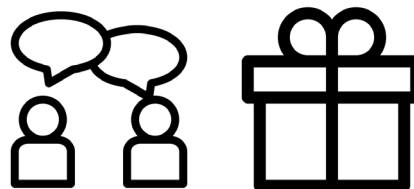
An example of the effect of the location is when you buy a drink at a shop or restaurant. *Where is the drink more expensive? And why is it more expensive?*



Promotion

This is the way you display your service or product. This is important to reach and attract your customers as well as how you display yourself to your customers. It establishes your identity. Some ways to promote your business are:

- Ensure you maintain attractive displays.
- Let customers try new products.
- Have designing/cookery competitions
- Sell complementary products (products that go together)



These questions can be answered by a market research as discussed earlier in chapter 1.

Marketing strategies

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

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

- *Specializing in women dresses for festivities*
- *Designing a new type of sandals*
- *Making a new type of dish.*

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

- *Fast service*
- *Friendly service*
- *Good delivery of product/service*

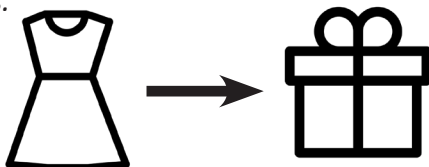


Characteristics of an innovative thinker

In the previous paragraph we explained the marketing strategies. But how do you decide what strategy you want to apply for and how will apply this?

To generate an idea you should become an innovative thinker. Innovative thinkers are **curious**, you want to find new possibilities, are eager to learn more and to be able to use this knowledge in your business. As an innovative person it is a good characteristic to be a good **listener**, listening is knowledge and more information that might be useful for your business. **Creativity** is also key, coming up with solutions for products and services to fill in the gap in the market. Where is the tailoring market lacking? What could be of use? What can you apply in your business? This could be from simple small ideas to big changes.

For example, adding packaging to your product, adding extra detailing to your clothing or coming up with a completely new way of producing your products.



It is also key to stay focused and not to want too much. You might want to apply several innovations to your tailoring shops but stick to one or two to specialize in these improvements. An idea or innovation must be useful and feasible. To check these factors the design cycle could be applied, this will be explained in the following paragraph.

Types of innovation

Innovation can also be specified in four types,

Business model innovation is an innovation in your business model, the business model is explained in chapter 5. By analyzing your business model and adjusting it to your business model canvas you can find gaps in the way the business is done or create value.

Process innovation, when innovating in this area you will analyze the process to producing your product, this is from buying your materials to finalizing your product and handing it to the customer. You could industrialize your production by working in bigger groups and saving money and reaching more customers. Or one to one production by focusing more on the product and adding more value and quality to your product.

Product innovation, this focusses on your final product. What will you deliver your customer? Could you add value to it? Can you make it a better quality? This could be something as little as adding more quality zippers to your products.

Service innovation, innovating in this area focusses on the service. This means that you want to improve what you are offering to your customer. This could be in the quality of the speed of your work, the way you treat your customers, good communication and listening to the demands of your customer. This could also be by adding something materialistic when handing the product, like packaging or a receipt. You could also extend your service by assuring your quality and having a certain time set that your customer may adjust the product or have it fixed for free in that period.

Designcycle

The design cycle will help you to come up with ideas and innovations. You can use the designcycle to test and adjust these ideas and find out if they will work for your business.

The designcycle is a four-step cycle. The cycle is a circle so that means you will always come back to the first step.

1. The first step is **investigating**, this means doing research, gaining knowledge and information about your product or service.

- *What changes would you like and could you apply to it?*

2. The next step is **designing**, specify your product with the new added information you gained. So write or draw the new idea you have with all the information you have researched.

3. Following is the step of **creating**, create the product you designed and put it into practice.

4. This brings us to the next step, **evaluating**.

During this designing proces you might face some obstacles you did not think about of when designing or things you have not researched yet. Evaluating is analyzing your results.

- *How did the creating process go? What went well and what went bad?*

- *Did the customers like your new idea or not?*

All that you have evaluated will be used when investigating again and this way you repeat the cycle. You just keep repeating this cycle until you are happy in the last evaluating step. Which means that your results are good.

We will show you an example of how to use the designcycle;

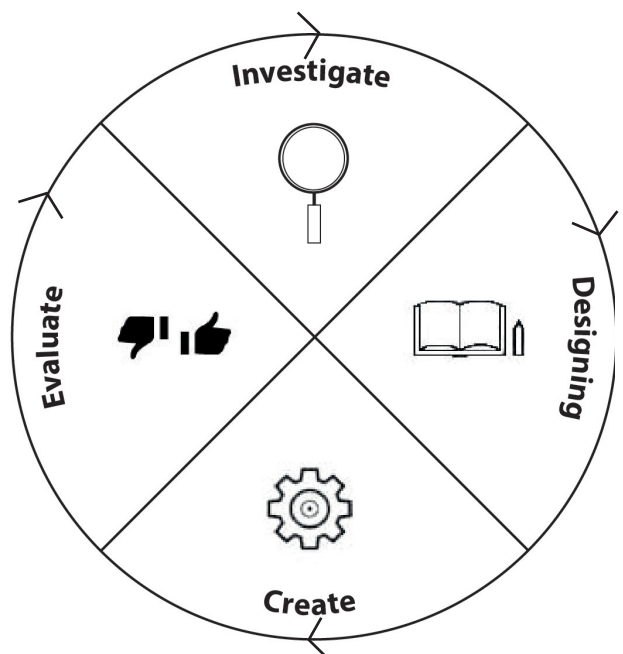
Tailor Fatou wants to offer her customers a new type of clothing.

1. **Investigate**, Fatou will research her clothing, ask customers and other tailors.

2. **Design**, Fatou has found out through her research that zippers on dresses break fast and the customers complain about it. She will design a new type of dress with buttons.

3. **Create**, Fatou will now make the dress with the buttons.

4. **Evaluate**, Fatou will now analyze her results and she will see if the customers liked it or not and if the buttons really are stronger then zippers. If the results are good she can start selling the dress, if it is not good she will go back to step 1 and research again.



Out of the box thinking

There is a lot of the same in The Gambia, this is why out of the box thinking is very important when you start working with the design cycle. You have to be different from others, this also will come back when you are working on your business model canvas.

Branding

Branding is adding a name to your business, making your business something that can be recognized.

Key Words: Marketing mix, innovative marketing, service marketing, idea, innovation, design cycle

4. Financial Management

Setting up a business will be accompanied with managing your finance. In this part of the manual you are taught the basics of bookkeeping. This chapter will discuss a few of the most important financial terms.

Financial book-keeping essentials

Selling price

The selling price is the price for which you sell your product or service, which will be addressed by the letter **P**.

Quantity

The quantity is how many products you sell per day/week/month/year, which will be addressed by the letter **Q**.

Revenue

The revenue is the money that comes into your business by selling your product or service. It is calculate with the following formula:

$$\text{Revenue} = P \times Q$$

The unit of time you use for your quantity decides what the unit of time of your revenue is going to be. For example if you fill in you quantity per day, it means that you calculated the revenue of that specific day for P. If you fill in your quantity per year, it means that you calculated the revenue of that year for P.

Costs

The costs you make is the money that goes out of your business by for example buying materials. You have different kinds of costs.

Starting costs

These are the costs you have to pay once when you start your business. You could think about a sewing machine for a tailor shop, chairs and an oven for a restaurant and so on. After your business has started you do not have to make these costs again, unless something like your sewing machine, oven or chair breaks. If this happens, these costs will either belong to the unexpected costs or the depreciation costs, which will be explained later.

Fixed costs

These are costs that are independent of sales volume, which means that is does not matter how much you sell, these are costs you will make anyway.

Costs you pay monthly/yearly like rent, taxes and electricity

Unexpected costs

This is an amount of money that you keep separated every month to save in case for example your chair breaks and you have to buy a new one.

Depreciation costs

The machines you have in your shop have a certain value at the moment you start using them, but after a while this value will decrease. Most of the time you can estimate when your sewing machine will stop working properly, which means that the value is close to zero. At this point you have to buy a new sewing machine, which costs a lot of money. To not be surprised by this amount of money and to make sure you have the amount of money, one should always keep in mind this decrease in value.

The decrease of value is also called the depreciati-on. Depreciation costs are the costs you set aside every month so you will have enough money to buy for example a new sewing machine as soon as the other one will not work properly anymore (value is almost zero).

To put this in numbers, Fatou's sewing machine for example costs 5000 Dalasi and she knows that it will take approximately three years to depreciate. This will give her the following calculation of the depreciation costs per month:

$$3 \text{ (years)} \times 12 \text{ (months per year)} = 36 \text{ months}$$

$$\frac{5000 \text{ (P)}}{36 \text{ (Months)}} = 140 \text{ Dalasi}$$

Variable costs

These are costs that are dependent of the sales volume, they give you an overview of how many costs you make one product or service. The total variable costs are thus depending on Q. Variable costs could be for example materials and promotion.

Total costs

Your total costs are the costs you make while producing your product and owning your shop. This includes all the costs talked about except for the starting costs, because you only pay those once. The total costs are calculated as followed:

$$\text{Total costs} = \text{Fixed costs} + (\text{Variable costs} \times \text{quantity})$$

You multiply the variable costs with the quantity, because the variable costs are given per product and you want to know the variable costs per certain time unit. The total costs can be per day/week/month/year depending in what time unit you fill in the fixed costs and the quantity. For example if you calculate your fixed costs per month and you use the quantity of that month, than you calculated the total costs for that specific month for P.

Profit

The profit is how much money your business made after spending all the costs and receiving a certain revenue. The profit is calculated as followed;

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

You can calculate your profit per day/week/month/year, depending in what time unit your revenue and your total costs are calculated. On their turn these two depend on the time unit of the quantity and the fixed costs.

Using the terms

As mentioned before in the chapter management, with your financial management your business will fail. These terms are very important to be able to keep an overview of the finance system of your business. If you do not know what your costs and revenues are, than you do not know what your profit is. After all, you open a business to make profit, to earn money. You need the money to develop, to produce and sustain your own business. For this it is very important first of all to write down and think about what your costs and revenues are and second to be able to calculate with them. Below are two examples of a calculation of the profit of a certain business that you could use as an example to understand the use of the previous elaborated terms.

Example one

Fatou is a very talented tailor specified in woman dresses. To calculate her profit of the day Fatou will use the following values:

Price for one dress: 450 Dalasi

Quantity that day: 5

Fixed costs per month: 3000 Dalasi

Variable costs per dress: 300 Dalasi

First she will start with looking how much her fixed costs are per day. She knows that there are 30 days in a month on average. This will bring her to the following calculation:

$$\frac{\text{Fixed costs per month}}{\text{Days in a month}} = \frac{3000}{30} = 100 \text{ Dalasi per day}$$

Next Fatou will calculate her revenue and total costs in order to eventually calculate her profit of that day. The calculations she made are as followed:

$$\text{Revenue} = P \times Q = 450 \times 5 = 2250 \text{ Dalasi per day}$$

$$\text{Total costs} = \text{Fixed costs} + (\text{variable costs} \times Q) =$$

$$100 + (300 \times 5) = 100 + 1500 = 1600 \text{ Dalasi}$$

So this means that Fatou's profit of this certain day is 650 Dalasi.

Example two

Kawsu owns a bakery on turntable and is specialized in baking beautiful decorated cakes. To calculate his profit of the day, Kawsu will use the following values:

- Price for one cake: 500 Dalasi
- Quantity that day: 10
- Fixed costs per month: 4200 Dalasi
- Variable costs per dress: 350 Dalasi

First he will start with calculating how much his fixed costs are per day. He knows that there are on average 30 days in a month. This will lead him to the following calculation:

$$\frac{\text{Fixed costs per month}}{\text{Days in a month}} = \frac{4200}{30} = 140 \text{ Dalasi per day}$$

Next Kawsu will calculate his revenue and total costs in order to eventually calculate his profit of that day. The calculations he made are the following:

$$\text{Revenue} = P \times Q = 500 \times 10 = 5000 \text{ Dalasi per day}$$

$$\text{Total costs} = \text{Fixed costs} + (\text{variable costs} \times Q) =$$

$$140 + (350 \times 10) = 140 + 3500 = 3640 \text{ Dalasi}$$

$$\text{Profit} = \text{Revenue} - \text{Total Costs} = 5000 - 3640 = 1360 \text{ Dalasi}$$

So this means that Kawsu's profit of this certain day is 1360 Dalasi.

Setting a price

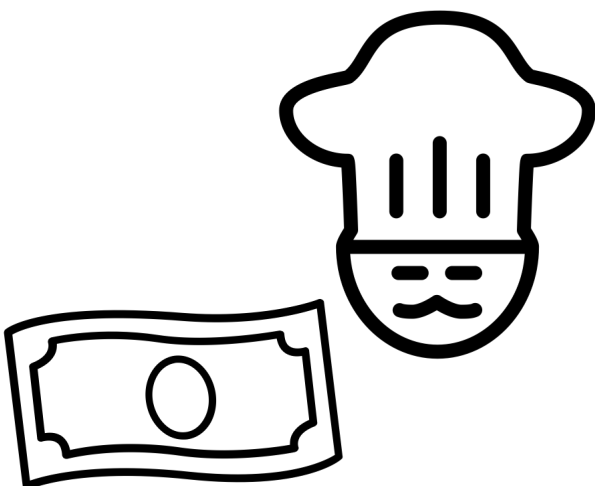
To come up with a price for your product or service, you have to go through the price setting progress. The price usually depends on the costs of its production and the distribution costs, but there are more factors involved like the value to the customer, the price of competitors and where the market is heading.

While taking into account these factors, you should base your price on the costs you make while producing and distributing it. For example if you buy a banana on the streets for 10D, make sure that you do not sell it for less than 10D otherwise you will lose money. You should also not sell it for more than 25D, because then your product will be overpriced and not interesting for your customer. You have to find the right balance, not underprice and not overprice. A good price for the banana could be 15D, so you make 5D profit per banana.

The point on which your business does not make a profit, but also not a loss is the **breakeven point**. The breakeven point is given as a number of sales that is necessary to make the expenses equal to the sales. This is calculated as followed:

$$\frac{\text{Fixed costs of the entire business per day}}{(\text{Price per unit} - \text{Variable costs per unit})} = \text{breakeven point in units}$$

After you have set the price it is always useful to calculate the breakeven point and see if the number of sales is realistic. If not, you should consider resetting your price.



Managing your finance

As shown in the previous paragraphs you can see that there are different types of costs. To be able to manage these costs and to know if you are generating enough income to pay them. The next three-step plan could be repeated on a weekly base to manage your finance successfully.

1. Firstly you will have to **write down** all the income generated from the customers. Everytime a customer pays his or hers consumption you will have to write this down. The same goes for the expenses, everytime you go and buy materials you will have to write down how much you spent and the transport costs of going and buying your materials. Try to buy your materials in bulk, this will be cheaper on an average and will save you transport costs.

2. Secondly, **schedule time** to manage your finance. Schedule at least an hour every week to sit down and have an overview of all your incomes and expenses that you wrote down that week and if you are on track by saving enough for your monthly and yearly expenses.

3. Thirdly, **study and adjust** your finance and adjust when needed. When discovering that you are not saving enough money to pay your rent the next month adjust your savings to reach your goal. Make sure to do this at least on a weekly base and really take the time for this, managing your finance is the key to saving your business on time and finding out if your business needs financial adjustments.

4. Make sure that at the end of every month you check your bookkeeping/finance and calculate your profit of the month.

An entrepreneur needs a business model plan beforehand to structure their idea, and attract potential investors. In this section we will explain to you how a young entrepreneur could build up this business plan step by step.

5. Make sure that you keep the money that is running inside your business, for your business. Do not spend your money for personal things, the money is not yours it is money for the business. You could for example give yourself a salary, but you have to make sure that this is in the ur cost and that it does not make your business lose money that it does not have. If you want to keep your business running, you have to make sure that there stays enough money in your account to cover all the costs your business makes.

Key Words: Cost, Revenue, Profit, Total Cost, Price

5. Practical: Business Model Canvas

Business model plan

A successful entrepreneur needs a business model plan beforehand to structure their idea, and attract potential investors. In this section we will explain to you how a young entrepreneur could build up this business plan step by step.

Idea creation

If you are thinking about starting your own business, you should always start by creating a successful idea. Without an idea there will be no business. To create an idea you could ask yourself a few questions like:

- What industry am I interested in?
- What does this industry look like (short overview)?
- Where in the market is space for me?
- What is going to make me different from other businesses

All these questions are questions to orientate yourself and get a general idea of what you would like to accomplish or solve in the market of your choice. If you work in a group it is always good to brainstorm together after these first few questions. In this way you will get more and more information about your market of choice and more ideas of what you as a group could add to this market.

Eventually all together you can start to elaborate upon your ideas by creating a business model canvas. Make sure that you brainstorm again at every single building block with the entire group. For example you could throw around a little ball. Everyone will name an idea, or something else that comes up in his/her mind considering the subject.

The next chapter we will talk about all the different parts of the entire business model.

Business Model canvas

In the picture on the next page you can see the format of a business model canvas. The business model canvas exists out of nine main building blocks. These building blocks are the guiding lines for your business plan to make your own business successful. We will discuss every main building block in the order they should be filled in. With every block we will start with a short definition of

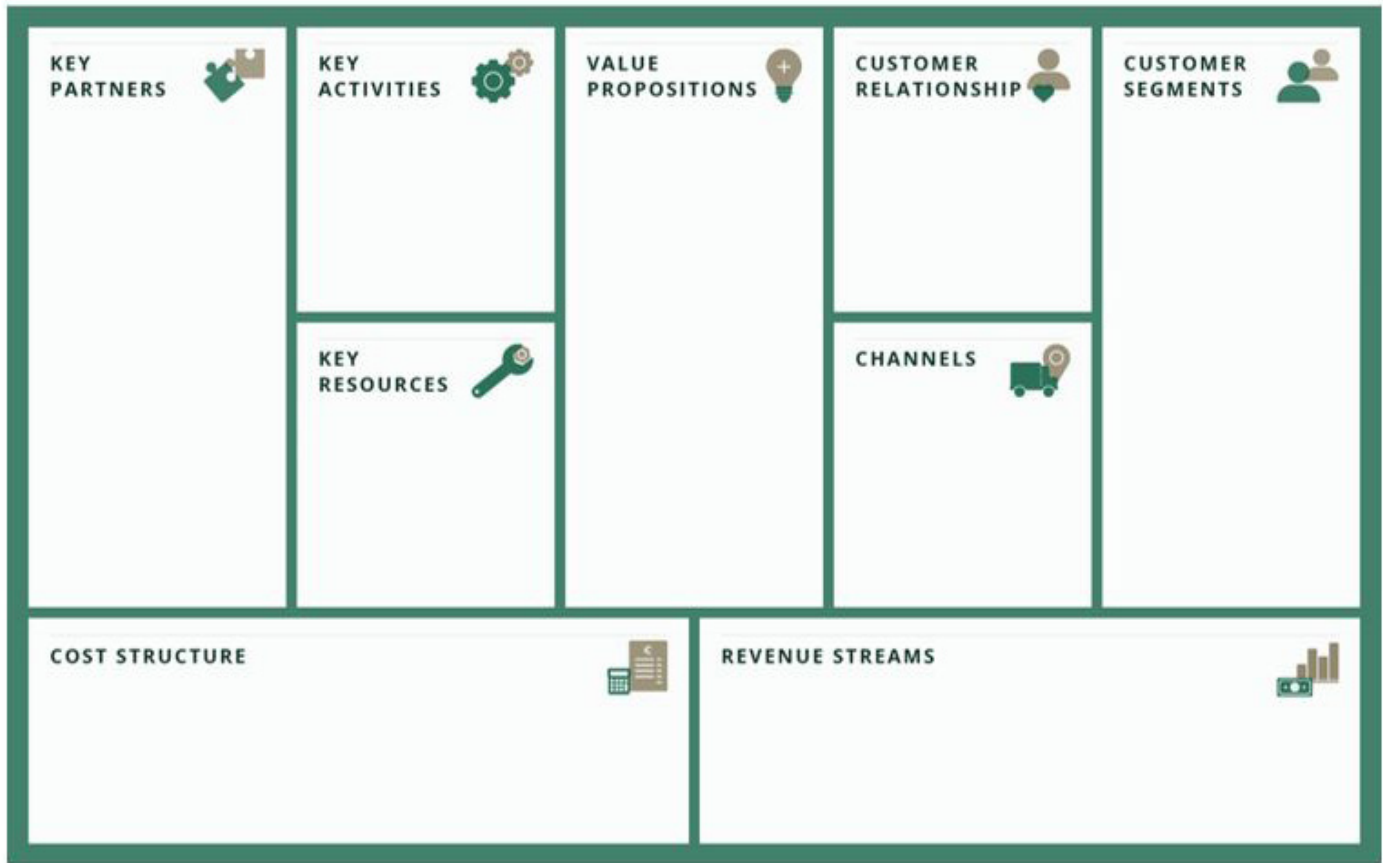
the book “Business model Generation” (Osterwalder & Pigneur, 2010), than a brief explanation and as last an example.

Customer segments

Definition: “The customer segments building block defines the different groups of people or organizations an enterprise aims to reach and serve” (Osterwalder & Pigneur, 2010, pg. 20).

Explanation: In simple words your customer segments are the people you are going to sell your product or service to. First you will start with your macro analysis. With this macro analyses you create the customer base in different segments. What do you know about a segment, how many are there etc. After dividing them in segments, you can start with your micro analysis. With your micro analysis you start looking at your individual customers within a segment. Visualize what kind of people these personas are, what do they want, what do they need? To help mapping different personas you could use an empathy map (see example).

Example: Fatou opens a tailoring shop by the name Fatou’s Fit (F&F). By performing her macro-analysis she concluded that she had only one customer segment; the middle-income citizens of the Gambia. Next she looks at how many customers there are in this segment and what she knows about them. After this step she started with her micro analysis by using an empathy map from one of her potential customers Kawsu the baker. This is only one customer; if there are different segments always make sure that you map down more individuals. The pains and gains of your customers are very important for the next block that will be filled in.



Business Model Canvas



Empathy Map

Value Propositions

Definition: “The value propositions building block describes the bundle of products and services that create value for a specific customer segment” (Osterwalder & Pigneur, 2010:22).

Explanation: Your value propositions are the products and services you offer your customer and what in that fact will make you different from others. Your value propositions are based on the pains and gains of your customers, concluded in the microanalysis of your customer segment.

It is important that you fulfill these problems and that your shop is unique compared to the current available shops. There will probably be a lot of value propositions, but don't be scared to have too much. Eventually you can write them all down and rank them. The most important ones will be mentioned in your business model canvas. To find and write down your value propositions you can make use of a value proposition designer (see example).

Example: F&F based her value proposition on the empathy map seen in the previous page. Because Fatou only has one customer segment, she will only have to make one set of value propositions. By using a value proposition design, Fatou will try and fulfill all the problems and needs of her customers like Kawsu the baker. She will provide a very good price and quality and a good relationship with her

customers. The clothes are well tailored and fulfill Kawsu's needs to look nice, but the clothes will be affordable.

Channels

Definition: “The channels building block describes how a company communicates with and reaches its customer segments to deliver a value proposition” (Osterwalder & Pigneur, 2010:26).

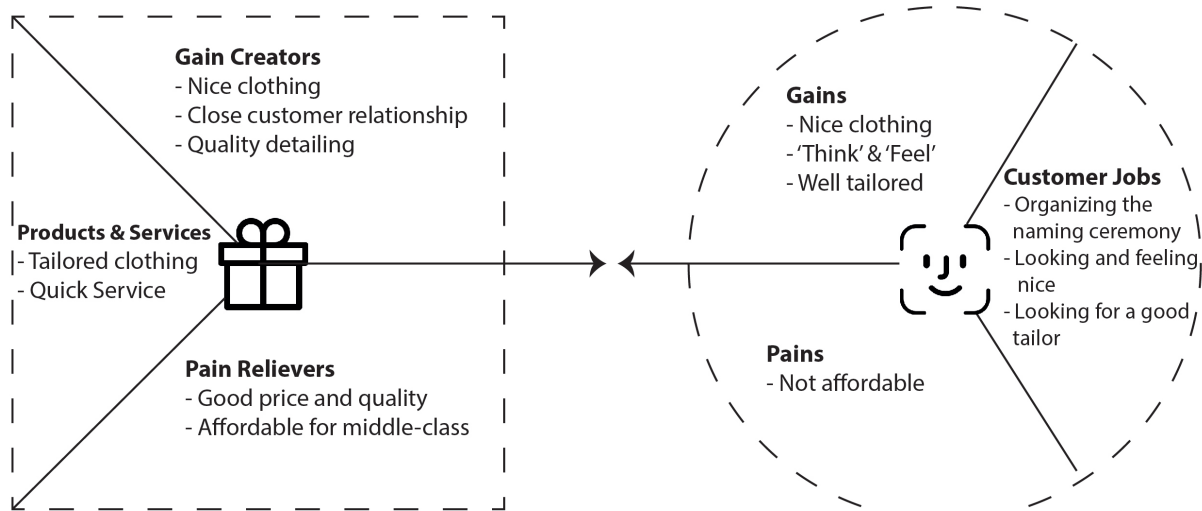
Explanation: This means how a company promotes, sells and delivers their value propositions. You could see this as part of your commercial plan. You could divide the channels into five phases: awareness, evaluation, purchase, delivery and after sales.

Awareness is about branding your product, how will people know you exist, how will people know what your value propositions are?

Evaluation is about talking to your customers and educating them on your value propositions and those of your competitors so they can make a well-balanced decision.

Purchase is the way your customers are going to buy your product and delivery is how your customers are going to get your product.

Finally is the **after-sale**, this is what you provide your customers with after the sale.



Explanation: Fatou's fit raises awareness through personal networking and community networking. She painted beautiful wall paintings on the walls of her shop to get attention from the customers. Her evaluation goes through personal contact and books in her shop to show her customers what her value propositions are.

The purchase will take place between her and her customers at her shop. She will measure them and give them a date on which they can come back. Her delivery will be at her shop where the customers can fit their clothes and take them with them. After the sale Fatou will always give a receipt and a guarantee of 1 month. Beside that she has a guestbook at her shop where customers can write their experiences down. She will be always open for advises and contacts within the community.

Customer Relationships

Definition: "The customer relationships building block describes the types of relationships a company establishes with specific customer segments" (Osterwalder & Pigneur, 2010:28).

Explanation: Your customer relations describe what kind of relations you have with your customers. The relationship is the interaction you have with your customers. Are you nice, do you give them personal assistance and so on? You should always make sure that the customer relations match your value propositions.

Example: Fatou's fit focuses on strong relationships with her customers. She gives personal assistance and listens to her customers through which she achieves co-creation. Co-creation means that she designs the clothes together with her customers by giving them advice but also by taking their wishes into account.

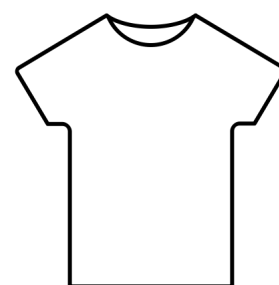
Revenue streams

Definition: "The revenue Streams building block represents the cash a company generated from each customer Segment (cost must be subtracted from revenues to create earning)" (Osterwalder & Pigneur, 2010, pg. 30).

Evaluation: Revenue streams are simply the different ways that money comes into your business. Important with this building block is that you distinguish your different revenue streams and than quantify them. Always keep in mind that the formula for calculating your revenue is as followed; Revenue = P x Q

Depending in which time unit you fill in your quantity, you will know in which time unit your revenue is. Make sure that you explain this in your business model canvas and that you use the same time unit in the entire canvas.

Example: Fatou is going to sell mainly female dresses and men's shirts. For her price she will take into account the price of her competitors and the average price of a dress. She sets her price for a woman dress at 400 dalasi and the price for a man trouser at 250 Dalasi. She expects to sell five dresses a day and five trousers a day. The dress will than give her a revenue stream of $400 \times 5 = 2000$ Dalasi and the trousers will give her a revenue stream of $250 \times 5 = 1250$ Dalasi.





Key resources

Definition: “The Key resources building block describes the most important assets required to make a business model work” (Osterwalder & Pigneur, 2010, pg.34)

Evaluation: To make a business successful you will always need resources to keep your business going, these are called your key resources. The key resources are divided in different domains. You have physical, financial, intellectual and human resources. The physical resources are for example the materials and your distribution point. These resources need to be obtained with the use of financial resources. In short, this is the money one needs to keep a business running. The intellectual resources are the knowledge one should have about his or her industry and the social skills. Human resources are the people working in a business; at the start this will probably be only you and more employees if you expand.

Example: Fatou’s fit will need the financial resources to buy a sewing machine, needles, scissors and so on. A distribution point could for starters be her house and eventually she could expand. For her intellectual resources she needs knowledge about different sewing techniques and she has to have the social skills to achieve her personalized contact (value propositions/customer relationships). For starters, Fatou herself will be the only human resource. Later she could try and see if it is possible for her to expand and employ people to divide tasks.

Key activities

Definition: “The key activities building block describes the most important things a company must do to make its business model work.” (Osterwalder & Pigneur, 2010, pg. 36)

Explanation: To achieve your value propositions through your customer relationships and channels, you will have to perform certain activities. These activities are your main activities, without these your business will not run. The activities have to do with your product as well as your services to keep developing your business.

Key partners

Definition: “The Key Partnerships building block describes the network of suppliers and partners that make the business model work” (Osterwalder & Pigneur, 2010, pg. 38).

Explanation: In order to deliver your value propositions, one should commit to certain partnerships. These partners can help to reduce risks, acquire your key resources and maximize the effectiveness of your company. These partners could be the providers of your production materials but also investors. We call them the key partners of your business, because they will help you to keep your business running.

Example: Fatou’s fit has three key partners. Her first partner is her wholesale textile provider who will provide her with her fabrics. Fatou provides her customer with sustainable fabrics, so the provider should have these same values. The second partner is the manager of the local market. Fatou wants to extend her shop by adding other distribution points like the market so her products will reach more customers. Last Fatou has a partnership with a Micro-finance institute, which provides her with a loan to cover her costs.

Cost structure

Definition: “The cost structure describes all costs incurred to operate a business model” (Osterwalder & Pigneur, 2010, pg. 40)

Explanation: The cost structure is a very important component for new businesses; it describes all the costs that are necessary to achieve the business that is described in the business model. The biggest costs would be the starting cost of the business, after will be the fixed costs and the variable costs talked about in the sector financial management.

Example: On the next page you can see the cost structure for Fatou’s Fit

Tips and tricks

While writing your business model it is very important to stay creative and innovative. You are supposed to make yourself different from other businesses, so keep thinking outside the box. Besides that the presentation of your business model to for example youth empowerment organizations is also very important. Try and make your business model also creative by for example adding drawings, or use some pictograms instead of words. Also the way you present your business model should not be by just naming all your building blocks, make a story out of it. Bring for example samples of your product; turn your presentation into an active pitch that will make people want to invest in your business. The key to successfully present your business plan is to be creative and convincing, without losing the content information of your business. Talk clearly and be self-confident!

6. Practical Information

This chapter will provide you with practical information for when you want to start your business. It will explain how to calculate your needed starting capital, legalising and possible institutions that might be of help.

Starting a business

To be able to start a business the entrepreneur should follow a few steps.

- Think
- Take action
- Register

Think: Generating an Idea

An idea can be created through different processes.

- One can brainstorm with a small group
- Delphi-method: A group of individuals will write an idea on a paper, and this paper will go through every team-member till a coherent idea has been reached.
- Asking an expert. If you ask questions to an expert in a certain area.
- Group discussion
- Looking for new combinations of products.

Lean start-up idea:

Failures are a source of learning. Making mistakes is a learning. Trying and experimenting with the product is a better manner to achieve a successful product. This means that if you have thought about an idea, you should first make that product and go to potential customers, and see what they think about it. Would they use it?

As soon as one has an idea, you should work this out to a realistic and feasible plan.

Generating starting capital

Starting a business requires a starting capital. Firstly you will have to find out how much you already have and how much you need to start your business. We take for example Fatou, she wants to start her own tailoring workshop. First she will set up a balance with the required funds.

Actual Costs

When starting a business the different types of costs must be taken in consideration. The starting costs are the costs you will only have to pay once when you start. You will have to need this money before you start. Below are the costs you will actually need to start a small tailoring shop.

The **yearly costs** are the costs you will have to pay for every single year. That means that you will have to need this money before you start and you will have to make sure to save money throughout the year to be able to pay it again after a year. This process will be repeated every year. Next there are also **Monthly costs**, for your monthly costs you will have to save up every month to be able to pay them. Lastly there are also **unexpected costs** these are cost of unexpected payments that you might have to pay for your business, like new furniture or repairing something that unexpectedly broke in your workshop. That is why it is useful to save up money every month to be prepared for these unexpected situations.

Cost	Price	Type
Sewing machine	D 5000	Starting cost
Materials woman dress	D 300	Variable costs per product
Materials man shirt	D 200	Variable costs per product
Furniture	D 2000	Starting costs
Shop rent	D 2500	Fixed cost monthly
Electricity	D 1000	Fixed cost monthly
Legalizing at municipality	D 500	Starting cost
Taxes	D 5500	Fixed cost yearly
Transport	D 600	Variable cost per product
Unexpected Costs	D 500	Fixed cost, monthly saving
Depreciation Costs	D 140	Fixed cost, monthly saving

The balance on the previous page shows Fatou's estimated balance. This is the money she will at least need to be able to start her business.

Take action

Now you have established how much money you will need to start your tailoring shop you will have to get the money.

This could be done by **saving** money beforehand by yourself, taking a loan from the bank or a combination of these. You can save money by working and setting a part of that money aside. Preferably a job in the sector you want to start your business in to gain practical experience. When you have earned enough money, you can start your own business. You can also get your starting capital by a loan from the bank. This might be difficult because you might not be able to guarantee the bank that you can pay the money back eventually.

Another option is getting **microfinancing**, there are several institutions that might be able to help you by giving a starting capital, which you will be able to pay back once your business has started and you are generating income.

To apply for microfinancing you will need a business plan and a clear vision and goal set for your business. You can set up a business plan yourself by using this manual, but when you might need some help or feedback there are several **institutions** that could help you.

These are institutions such as:

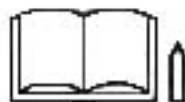
- NEDI
- EMPRETEC
- Startup-Incubator
- GYIN
- Gambia Youth chamber of commerce (GYCC)
- YEP-Gambia
- National Youth Council

Further details and contact information about these organisations will be explained at the end of this chapter.

Register: Legalising

To start your business you will have to legalise it first. For this we will take Fatou's tailoring workshop as an example. You have to follow the following steps:

- Become licensed via NAQAA after graduating
- Register your business in your municipality and pay fees.
- *Fatou wants to locate her shop in Serrekunda so she will register at KMC and pay for each machine in her shop.*
- Register at GRA and you have to pay yearly fees
For Fatou this will be 5500 Dalasi as a tailor.



Useful Institutions and contacts

Provided Activities

NEDI

- Trainings in entrepreneurship
- Provide micro-loans targeting start-ups
- Business development/support service

Contacts

NEDI

Adres: 54, Kariaba Avenue, Opposite US Embassy, KSMD
The Gambia
Telephone: Landing .B. Sanneh,
General Manager
+220 9964 666
+220 7787 332
+220 6686 332
Email: landingb@nedi.gm
Website: www.nedi.gm

EMPRETEC

- Entrepreneurship training workshop
- Local language customized
- Refresher trainings

EMPRETEC

Adres: Entrepreneurship development Center, Bakau
The Gambia
Telephone: +220 449 79 42
Email: info@empretecgambia.gm
Website: empretecgambia.gm
Twitter: @empretecgmb

Gambia Youth Chamber of Commerce

- Organize conferences/exhibitions
- Capacity building
- Fundraising
- Promotion of eco-tourism
- Marketing
- Facilitate partnership and networking
- Employment opportunity creation

Gambia Youth Chamber of Commerce

Telephone: Mr. Baboucarr Kebbeh,
Chief Executive Officer
+220 786 66 40
+220 390 66 40
+220 980 99 79
Email: gyccthegambia@gmail.com
Facebook: www.facebook/gyccthegambia
Twitter: @gyccgambia
Website: www.gycc.gm



Useful Institutions and contacts

Start-up Incubator

- Hands-on working sessions
- Co-working space
- Mentorship and coaching
- Finance and resources

Start-up Incubator

Adres: MSTE Building
Kanifing Institutional Layout
KMSD, The Gambia

Telephone: +220 211 11 48
+220 348 92 13

Email: info@startupincubator.gm

Website: startupincubator.gm

GYIN

- Agricultural 12-day training
- Finance
- Mentorship program
- Sustaining businesses
- Yearly award

GYIN

Adress: 103 Kombo Silah Drive
Churchill's Town
Brikama Highway
Banjul, The Gambia

Telephone: Mamadou Idrissa, Executive Director
+220 393 89 29
+220 618 17 00
+220 250 29 29

Email: gambia@gyin.org
gyingambia2011@gmail.com

Website: www.gyin.org

YEP- Gambia

- Business skills training and support programmes
- Business support services

YEP- Gambia

Adres: Entrepreneurship development
Center, Bakau
The Gambia

Website: <https://yep.gm>

Facebook: <https://www.facebook.com/groups/yepgambia/>

Twitter: @YepGambia
