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CONSULTANCY REPORT ON  
BUSINESS PLANNING  
ACTIVITIES AND RECOMMENDATIONS  
FOR THE  
UGANDA COOPERATIVE CENTRAL UNION  
CAAS PROJECT

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## ACRONYMS

CAAS	Cooperative Agriculture and Agribusiness Support project
GOU	Government of Uganda
KPI	Key Performance Indicator
UCA	Uganda Cooperative Alliance
UCCU	Uganda Cooperative Central Union
ULATI	Uganda Leather and Tanning Industry
USAID	United States Agency for International Development
Ush	Uganda shillings

## EXECUTIVE SUMMARY

The Uganda Cooperative Central Union (UCCU) is Uganda's farm supply cooperative. For a variety of reasons, it has had difficulty in fulfilling its mission and maintaining a viable business. USAID, through Agricultural Cooperative Development International (ACDI), has provided crucial support in recent months through technical assistance and various forms of working capital.

At the beginning of 1990, a team of consultants was assembled to help strengthen UCCU management. They focused on the management information system, organizational development, human resource management, accounting and financial management. Subsequently, these resources were to be marshalled in a comprehensive business plan for the Union.

Through eight planning sessions in March and April, UCCU management (General Manager and five department heads) developed a business plan for the next fiscal year. The planning team began by redefining the purpose of UCCU:

"To be a profitable business providing commodities required by the cooperative movement to meet the needs of farmers in a timely manner and at competitive prices."

The team identified 10 long-range goals consistent with the purpose, agreed on indicators of the cooperative's performance, set standards for performance, recognized current strengths and weaknesses of the business, and developed assumptions about the business environment ahead.

At the heart of the plan are five business objectives for 1990-91:

- I. Increase Business Volume Two-Fold.
- II. Improve Warehouse Efficiency and Productivity.
- III. Build Financial Strength.
- IV. Successfully Complete Four Major Projects
- V. Develop Human Resources.

For each of these objectives, the team established specific targets, many of which are quantifiable.

The department heads then developed a series of 13 detailed action plans to accomplish these objectives:

- I.A. Improve information Sources and Data to Procure Fast-Moving, High-Profit Items.
- I.B. Improve Service to Members.
- I.C. Dispose of Long-Term Stocks.
- II.A. Strengthen Warehouse Control.
- II.B. Computerize Stock Control System.
- III.A. Develop a 1990-91 Operating Budget with Three Profit Centers.
- III.B. Implement a Program to Build Capital.
- IV.A. Make the Jinja Factory Profitable.
- IV.B. Develop and Operate the Farms Profitably.
- IV.C. Complete Warehouse Construction.
- IV.D. Complete Phase I of Headquarters Building Construction.
- V.A. Complete Staff Restructuring.
- V.B. Develop a Training Program.

The action plans include resources required and results expected. They spell out 185 specific actions to be taken, persons responsible to complete each action, and dates for expected completion. The action plans were recast into a month-by-month action calendar which is a step-by-step schedule of work to be accomplished.

The business plan provides for implementing many of the consultants' recommendations on management information, organizational development, human resources, accounting and financial management.

As consultant on business planning and financial management, I was asked to conclude my assignment with comments and recommendations on UCCU and its plan. This was fulfilled through a memorandum to the General Manager spelling out three critical strategies for the Union and five recommendations as starting points for the strategies.

#### STRATEGY I: DEVELOP "TOOLS" TO MANAGE THE BUSINESS

UCCU urgently needs basic information about its business in order to make informed decisions. In many ways, they are "operating in the dark."

Recommendation #1: Develop an Adequate Accounting System.

Action Plans III.A. and III.B. should be a beginning. Good accounting is a fundamental necessity for UCCU to ever get on a sound business footing.

Recommendation #2: Implement Computerized Stock Control.

A program was written by Consultant Kim Glenn and is ready to generate vital reports on stocks and turnover in the warehouse (site of two-thirds of UCCU's current assets). Action Plan II.B. needs to be fully implemented on schedule.

## STRATEGY II: INCREASE EFFICIENCY

Gross revenues barely covered general and administrative expenses in 1989. This year they may also cover interest on debts outstanding. UCCU is doing around \$1 million of business annually yet employs nearly 200 people. Increased efficiency must be a primary goal of management.

Recommendation #3: Accelerate Marketing to Increase Business.

The business plan targets a 100 percent increase in the next year which should improve efficiency substantially. But a number of coordinated steps should be taken: (1) Develop reliable market information. (2) Strengthen customer relations with the district unions. (3) Communicate with district unions. (4) Develop a new image for UCCU.

Recommendation #4: Optimize Staff Productivity.

Consultant Tony DiBella has offered a number of suggestions for streamlining organizational structure. Implementation of his recommendations is contemplated by Action Plan V.A. and is important for more productive use of manpower.

## STRATEGY III: FOCUS RESOURCES ON THE PRIMARY BUSINESS

UCCU is hampered by little working capital. Without funds generated through donor programs, the Union would be in serious difficulty. Thus it is imperative that the limited financial resources be concentrated on the primary (profitable) part of the business.

Recommendation #5: Delay Plans for Three Major Projects.

Three capital projects are diverting limited cash flow from the primary business. These include renovation of a factory in Jinja that currently produces chrome washers for cotton gins, three undeveloped farms and a new headquarters building in Kampaia. I seriously question the timeliness of these projects.

Recommendation #6: Reduce Risk in Doing Business.

Because of limited market information, each decision to import commodities is a substantial gamble. In effect, UCCU is speculating that when commodities arrive, there will be a demand. Risks in currency exchange, inflation, competition, and mounting interest charges makes procurement in this manner all the more problematic. For long-term viability, management needs to find ways to minimize these risks in doing business.

These comments and recommendations were discussed with UCCU management, USAID, and ACDI.

As a final part of this project, I prepared a simple guide for successful business planning called "Business Planning for Uganda Cooperatives."

## SUMMARY OF ACTIVITIES

### BACKGROUND

A UCCU Business Plan Project Team was deployed by the C A A S Project in the first four months of 1990 to help establish "a time frame for effective support of UCCU." The project plan called for development of a "realistic business plan setting the UCCU clearly on a path to viability."

Members of the team were assigned to investigate and support five areas of UCCU operations: Accounting, Information Management, Financial Planning, Organizational Development, and Commodity procurement & Distribution.

I was identified in the plan as the financial planning team member assigned to "develop an operational plan for managing assets, liabilities and cash flow to steadily improve net worth. My larger responsibility, as set forth in the project summary, was to "be responsible for integrating the findings and recommendations of the other team members into an executable overall business plan."

The other members of the UCCU Business Plan Team included:

Accounting:	Michael Cornelius UCA Audit Advisor (RONCO)
Information Management:	Kim Glenn Glenco Associates, Inc.
Organizational Development:	Anthony DiBella Sloan School of Management, MIT
Commodity Procurement & Distribution	William Verner UCCU Input Advisor (ACDI)

In addition, Kim Glenn worked with UCCU staff at the beginning of the year to develop a computerized stock control program.

Each of these studies, to the extent they were complete and available, were considered in the planning process. UCCU action plans for 1990-91 include specific steps to initiate the computerized stock control program, to consider organizational development recommendations in a plan for staff restructuring, and to design and implement key functions of accounting and financial management.

## UCCU PLANNING TEAM

General Manager William Okoroi designated his five department heads to join him in forming the UCCU business planning team. These included Yeko Ococh, Chief Accountant; Andrew Mbangi, Chief Internal Auditor; Henry Onaba, Head of Planning and Production; Joy Binayisa, Union Secretary and Head of Administration; and Sam Ogingwa, Head of Marketing and Warehouse Operations. Bill Verner, ACIDI Input Advisor, intended to be a member of the planning team but, due to illness, was only able to participate in the preliminary sessions. Consultant Tony DiBella joined the group for sessions dealing with human resource management and organizational development.

## PLANNING PROCESS

The business plan evolved through a series of planning sessions that were held over a period of five weeks. The team was enthusiastic about developing a corporate plan and participated freely in the give and take of finding consensus on the future course for the Union.

The first week was used to interview team members to learn their perceptions of UCCU. This helped identify thinking on the cooperative's reason for being, strengths, weaknesses, opportunities and problems. At the first session we held a frank discussion about the current condition of UCCU. Subsequently the group wrote a new purpose statement and identified 10 long-range goals.

A fair amount of the early sessions was devoted to an orientation in corporate planning and how plans can be used to effectively manage a cooperative. We talked about implementation, realistic recognition of limited resources, and the element of time in any plan.

In one session, the team agreed on several assumptions about the business environment UCCU is likely to experience next year. The group also worked at identifying factors that best indicate how the Union is performing--called Key Performance Indicators--and later established standards for the Union's performance in each of these areas.

After agreeing on five operating objectives for fiscal year 1990-91, the team spent the last two weeks or so drafting 13 detailed action plans that include results expected by year end, steps to be taken, individuals responsible, and dates for completion. These were recast into a master action calendar listing actions planned for completion each month.

The product is a comprehensive plan for managing UCCU in the coming year. This is UCCU management's plan of action.

## UCCU TODAY

The following notes are provided to describe UCCU'S current activity, business situation and the environment in which it is doing business. These factors were important considerations in the planning process and the resulting business plan for the cooperative.

The Uganda Cooperative Central Union was organized in 1961 as a national service cooperative for the purpose of:

"procuring and selling of agricultural inputs such as seeds, agro-chemicals, fertilizers, tractors with their implements, hand tools, machinery spare parts and accessories for the cotton and coffee processing industries etc. to mainly the Cooperative Movement in Uganda."

The Union is governed by a seven-member board of directors elected by district union representatives at the annual general meeting. The board hires all paid employees and a General Manager as chief executive.

In addition to its primary purpose of bulk purchasing and selling of agricultural inputs, UCCU is a shareholder in a number of other businesses. It holds a minority interest in the Uganda Cooperative Alliance and three other national cooperative unions. UCCU also has invested in government-owned enterprises and has considered several joint ventures with other organizations.

Because of numerous difficulties in importing commodities, UCCU has concluded that, where it could, it should "manufacture locally" import substitutes. The management has explored a number of possibilities although none has developed into actual manufacturing. The cooperative owns a small factory in Jinja which traditionally has manufactured chrome washers for Uganda's cotton gins. Because of the depressed cotton industry, many gins are not operating and the demand for chrome washers has suffered. Management seeks to convert the Jinja plant to manufacturing alternative leather goods such as industrial clothing--gloves, aprons, overalls, etc.

UCCU has encountered many problems in recent years in fulfilling its primary function. A variety of external reasons have worked against efficient importing and wholesaling to agriculture:

- \* The cooperative is under capitalized to begin with.
- \* Foreign exchange and local cover for importing goods is scarce.
- \* Delivery of goods is usually delayed, up to a year.
- \* Government departments, donor agencies and even banks may sell competing products at subsidized prices.
- \* Farmers receive inadequate prices for their crops.
- \* District unions have inadequate funds to purchase.
- \* Inflation is running at nearly 100 percent annually.
- \* Compounded interest rates are around 50 percent.

Commodities wholesaled by UCCU in recent months have included such inputs as bucket pumps, fertilizers, seeds (vegetables, maize, wheat, beans), bicycles and bicycle spares, vee belts, baling materials, ginning and coffee spares, hardware, hand tools, and feed.

Because of the depressed market for these items among district unions, UCCU management has sought other commodities that might have ready buyers in order to maintain cash flow and preserve the Union. In recent months, for example, substantial amounts of building materials (concrete and steel) have been imported and sold to contractors, many in the Kampala area. This is reflected in recent data that indicates only 23.6 percent of UCCU's sales currently are to cooperatives and the union is actively doing business with only about 6 district unions.

To the credit of management, however, UCCU continues to function, to meet its payroll, and to remain as a resource for revitalized service to cooperatives and farmers. The business plan is intended to get UCCU started on that road to recovery.

Two external forces have significant impact on the day-to-day business of UCCU. One is the Government of Uganda (GOU). The other is the numerous donor agencies that, from time to time and in differing ways, seek to assist the Union.

The Government is significantly involved in UCCU operations and in its business policy, much as the U.S. government was involved in the cooperative farm credit system in the 1930s. Cooperative law in Uganda gives the Ministry of Cooperatives and Marketing broad powers over all cooperatives, including UCCU. It can remove and subsequently appoint a cooperative board and management (A government representative attends all UCCU board meetings, just as was true of U.S. farm credit banks until 1983).

At the same time, UCCU management views the government as supportive of the Union. In the planning process, it was listed by most department heads as one of the Union's strengths. For this reason, management has no apparent desire to establish an arms-length relationship with the government. The current relationship will likely continue.

Donor agencies likewise have a significant role in the day-to-day business of the Union. They include assistance efforts from the U.S., Sweden, the U.K., EEC, and others from time to time. Most often the assistance is beneficial although UCCU may have to alter its game plan in order to accommodate the assistance. UCCU must continually adjust to changes in such well-intended programs. There is little question that donor programs have become an important, continuing part of UCCU operations. It has been accepted as a given in the UCCU business culture and management's strategic thinking.

The Uganda Cooperative Central Union has been in difficult financial condition for many years, largely a result of the many years of devastating civil war. Had there not been donor support, it is doubtful UCCU would be in business today. But even with donor support, progress toward financial health is difficult to discern.

As part of this project, Consultant Michael Cornelius reviewed UCCU Financial Statements for Fiscal Year 1988-89. While this was not an in depth audit, he concluded UCCU experienced a loss that year. The Union is having a somewhat better year in 1989-90 and he estimates gross margins may cover expenses plus interest on outstanding debt.

One of the handicaps at UCCU is the lack of a professional system of accounting. This precludes chances for very sound financial planning or constructive financial decisions. This weakness is addressed in the business plan for the year ahead.

The final comment is on the benign marketing program and lack of communication with the district unions. Largely because district unions have been unable to purchase from UCCU, the Central Union has discontinued ongoing marketing to the districts. Positions for regional marketing representatives are vacant. This has resulted in a serious communication breakdown. Personal visits or marketing calls are the only way to effectively communicate with many of the district unions. Without such calls, the Union cannot be accurately informed on the input needs of the farmers. District unions may soon be able to begin some purchasing with the aid of the PL-480 commodity loan program.

A vital part of the business plan addresses this need. Management has designed a strategy for again making such regular calls on the member/customers. Without resumption of business with district unions, UCCU will be unable to return to fulfillment of its primary purpose.

On the positive side, the result of the past five weeks of business planning takes UCCU management into the new year with a detailed strategy that they have designed. It is a series of actions they believe can realistically be accomplished. While the plan will not return UCCU to financial strength in one year, if implemented it should enable management to operate UCCU on a more profitable basis.

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1990-91 BUSINESS PLAN  
of the  
UGANDA COOPERATIVE CENTRAL UNION

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Planning Team: UCCU Management

Facilitator: Jon Greeneisen  
Agricultural Cooperative Development International

March/April, 1990

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## INTRODUCTION

The management of the Uganda Cooperative Central Union has developed this business plan as a strategy to make UCCU an effective force for Uganda's farmers and, at the same, a profitable business.

In seven planning sessions during March and April, 1990, the management team carefully analyzed UCCU's current operations, identified both problems and opportunities, set long-range goals and operating objectives, and mapped detailed action plans to make the cooperative a strong business enterprise.

At the outset, the management team redefined and clarified the true purpose of Central Union. This document sets forth the detailed steps UCCU managers intend to take in Fiscal Year 1990-91 to achieve that purpose.

Participating on the planning team with General Manager William Okoroi were UCCU's five department heads: Yeko Ococh, Joy Binayisa, Andrew Mbangi, Henry Onaba and Sam Ogingwa. Jon Greeneisen, ACIDI business planning consultant, facilitated the planning process. Other consultants completed studies of UCCU's accounting, information management, stock control program, and organizational development. Their reports are listed as appendices to this business plan.

The Uganda Cooperative Central Union has a significant responsibility to provide inputs required by the nation's agricultural industry. This plan should help UCCU fulfill that role while becoming a successful business.

**UCCU PURPOSE:**

To be a profitable business  
providing commodities  
required by the cooperative movement  
to meet the needs of farmers  
in a timely manner  
and at competitive prices.

**LONG-RANGE GOALS:**

(3 to 5 years)

1. Provide the majority of inputs for Uganda's farmers.
2. Develop an efficient branch network for marketing and distribution.
3. Capitalize the organization.
4. Computerize all areas of operations.
5. Develop a workforce that is skilled, professional and honest.
6. Establish profitable, productive farming and industrial operations.
7. Establish effective two-way communication with UCCU members.
8. Construct a headquarters building, modern warehouses, and staff quarters.
9. Export agricultural products.
10. Phase out reliance on donor assistance.

## CURRENT SITUATION

An assessment of the Uganda Cooperative Central Union  
March/April, 1990

### UCCU STRENGTHS

#### HUMAN RESOURCES (the people of UCCU)

- \* Experienced, motivated staff.
- \* Strong Board of Directors.
- \* Technical assistance from consultants.

#### MARKETING (capacity to distribute commodities)

- \* Efficient distribution network.
- \* Adequate equipment and warehouses.
- \* Member support.

#### MANAGEMENT OF THE BUSINESS

- \* Ability to mobilize capital.
- \* Ability to adjust prices in an inflationary economy.

### UCCU CHALLENGES

**FINANCIAL:** Servicing and reducing debt.

Building working capital.

**PERFORMANCE:** Generating profits. Making UCCU a profitable business.

**MARKETING:** Procuring adequate commodities and increasing business volume.

**GROWTH:** Finding profitable new investments/projects and acquiring new fixed assets.

**PERSONNEL:** Developing a skilled, reliable staff.

**ASSUMPTIONS about the Business Environment  
that will have an impact on UCCU in 1990-91**

1. There will be continued improvement in the economy --less inflation, lower interest rates, more liquidity with which farmers and their cooperatives can purchase inputs.
2. Competition will be stronger.
3. Government requirements and restrictions will be reduced:
  - a. Lower taxes.
  - b. Fewer restrictions on imports.
  - c. The Foreign Investment Act will become law.
4. There will be fewer donor assistance programs and/or they will be reduced.

## MEASURING UCCU PERFORMANCE IN 1990-91

<u>Key Performance Indicators</u>	<u>Standards of Performance</u>
PROFIT/SURPLUS	Sh 200 million
BUSINESS VOLUME	Sh 1.0 billion
MARKET SHARE* (percent of total agricultural inputs sold in Uganda that are sold by UCCU)	60 percent
PERCENT OF TOTAL COMMODITIES: PURCHASED BY MEMBERS FROM UCCU	70 percent
DEBT/EQUITY RATIO	Better than 1:1
BONUSES TO MEMBERS	Distributed Annually
SHARE CAPITAL/TOTAL EQUITY	To be Increased
STAFF TURNOVER**	Less than 2.0 percent

\* Begin measuring market share when data becomes available.

\*\* Staff members leaving UCCU employment for any reason-- for other jobs, retirement, terminations, illness, etc.

1990-91 OPERATING OBJECTIVES

- I. INCREASE BUSINESS VOLUME TWO-FOLD
  - II. IMPROVE WAREHOUSE EFFICIENCY AND PRODUCTIVITY
  - III. BUILD FINANCIAL STRENGTH
  - IV. SUCCESSFULLY COMPLETE FOUR MAJOR PROJECTS
  - V. DEVELOP HUMAN RESOURCES
- 

Objective I: INCREASE BUSINESS VOLUME TWO-FOLD

- Targets:
- o Sh 1.0 billion in sales
  - o 70 percent of all commodities purchased by cooperatives
  - o Long-term stocks sold

- Action Plans:
- A. Improve information sources and data to procure fast-moving, high-profit items.
  - B. Improve service to members.
  - C. Dispose of long-term stocks.

Objective II: IMPROVE WAREHOUSE EFFICIENCY AND PRODUCTIVITY

- Targets:
- o Optimum customer service (quality, promptness)
  - o Delivery service provided
  - o No increase in warehouse workers
  - o No theft of stores

- Action Plans:
- A. Strengthen warehouse control system.
  - B. Computerize stock control system.

Objective III: BUILD FINANCIAL STRENGTH

- Targets:
- o Service all loans
  - o Accumulate working capital
  - o Reduce average cost of debt

- Action Plans:
- A. Develop a 1990-91 Operating Budget with Three Profit Centers
  - B. Implement a Program to Build Capital

Objective IV: SUCCESSFULLY COMPLETE FOUR MAJOR PROJECTS

- Targets:
- o Jinja factory profitable
  - o Farms well stocked
  - o Warehouse construction completed
  - o Foundation and first floor of headquarters building constructed

- Action Plans:
- A. Make the Jinja factory profitable.
  - B. Develop and operate the farms profitably.
  - C. Complete warehouse construction.
  - D. Complete Phase I of headquarters building construction.

Objective V: DEVELOP HUMAN RESOURCES

- Targets:
- o Job descriptions for each employee
  - o Staff trained to meet job demands

- Action Plans:
- A. Complete staff restructuring.
  - B. Develop training program.

## ACTION PLAN

**Objective:** I. INCREASE BUSINESS VOLUME TWO-FOLD

**Action Plan:** A. Improve Information Sources and Data to Procure Fast-moving, High-Profit Items

**Plan Manager:** Sam Ogingwa

**Results Expected:** Better market information. Identification of commodities that will be fast moving through better understanding of customer needs. Every active district union visited at least two times in the year.

**Resources Required:** Adequate manpower and vehicles available to conduct visits to district unions. Local funds budgeted for staff travel.

(Action)	<u>Date to be Completed</u>
1. Develop a schedule of visits to district unions each quarter (unions to be visited, dates, and staff members to make visits).	April 15 July 15 October 15 January 15
2. Develop a market survey form each quarter to be used by staff members to gather similar information in visits to district unions	April July October January
3. Visit district unions each quarter to gather market information (also to promote UCCU goods and provide technical information)	MAY AUGUST NOVEMBER FEBRUARY
4. Facilitate and participate in quarterly Input Coordination Meetings (Ministries of Agriculture and Animal Industry, NICU, donors). Survey other competitors to identify competing products and prices.	June September December March
5. Analyze market data collected (from district union visits, input coordination meeting, and competitor surveys) and develop forecasts of demand for commodities. Identify items that have high probability to be fast moving and high profit.	June September December March
6. Distribute market analyses and forecasts to department heads.	June September December March

## ACTION PLAN

**Objective:** I. Increase Business Volume Two-Fold

**Action Plan:** B. Improve Service to Members

**Plan Manager:** Sam Ogingwa

**Results Expected:** Increased number of customers (unions and others). Increased sales. Faster stock turnover.

**Resources Required:** Financing (local and foreign) for two trucks.

(Action)	<u>Date to be Completed</u>
1. Prepare a marketing information folder each quarter for staff members to use in promoting UCCU products during visits to district unions (current price list, new commodities procured and in transit with expected arrival dates, technical information).	April '90 July '90 October '90 January '91
2. Visit district unions each quarter to promote UCCU products and provide technical information (also gather market information).	MAY AUGUST NOVEMBER FEBRUARY
3. Liaise with and develop a plan with UCA to conduct technical workshops for district union personnel.	August '90
4. Purchase two trucks; begin delivery service to district unions (differential prices)	September '90
5. Evaluate effectiveness of advertising during visits to district unions and adjust advertising as indicated. (Kalende)	Ongoing

## ACTION PLAN

**Objective:** I. Increase Business Volume Two-Fold

**Action Plan:** C. Dispose of Long-Term Stocks

**Plan Manager:** Sam Ogingwa

**Results Expected:** Disposal of all stocks more than two years old. Reduce carrying costs of UCCU stocks. Warehousing space for new commodities.

**Resources Required:** Approvals of realistic prices that will attract buyers for the long-term items.

<u>Action</u>	<u>Date to be Completed</u>
-- 1990 --	
1. Obtain current cost information on all stocks over two-years in the warehouse (Ococh/Ogingwa)	April
2. Set and obtain approval of prices for all long-term stocks. (Ogingwa)	May
3. Place newspaper advertisements for tractor spares. (Ogingwa/Kalende)	June
4. Clarify ownership and dispose of Landrover spares from British AID. (Ogingwa)	June
5. Contact donor agencies rehabilitating cotton ginneries to find buyers for ginnery spares. (Onaba)	July
6. Identify and contact potential buyers of ginnery spares, both local and foreign. (Onaba)	July
7. Conduct a public auction to dispose of remaining long-term stocks (cash basis--to be paid in full on day of sale). (Ogingwa)	October

## ACTION PLAN

**Objective:** II. Improve Warehouse Efficiency and Productivity

**Action Plan:** A. Strengthen Warehouse Control System

**Plan Manager:** Sam Ogingwa

**Results Expected:** No increase in warehouse workers. No thefts.

**Resources Required:** Funds in the UCCU operating budget for warehouse improvements in this plan.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Document all warehouse procedures. (Ogingwa, Mbangi, Verner)	April
2. Conduct training session for staff on warehouse procedures. (Ogingwa, Binayisa)	April
3. Complete preparation of a warehouse policy and procedures manual. (Ogingwa/Mbangi)	June
4. Complete wall and erect barbwire.	April
5. Examine and strengthen physical controls.	May
6. Upgrade security lighting.	May
7. Improve communications with headquarters. (telephone, messenger, etc.)	June
8. Initiate monthly meetings with the GM (at the warehouse) on marketing/warehousing issues.	April
9. Develop a plan for major maintenance of stores.	September
10. Rearrange stocks for greater efficiency as long-term stocks are sold (Action Plan I.C)	October
11. Raise with and cooperate with audit staff on audit measures. (Ogingwa/Mbangi)	Ongoing

## ACTION PLAN

Objective: II. Improve Warehouse Efficiency and Productivity

Action Plan: B. Computerize Stores Management System

Plan Managers: Francis Lwanga/Sam Ogingwa

Results Expected: Generating current stock control reports beginning with the 1990-91 Fiscal Year.

Resources Required: Access to another computer at the head office to implement the computerized stock control program. Purchase another computer and generator for the warehouse.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Obtain the services of a computer programmer from UCA business Services to complete the program for generating reports.	April
2. Produce the first (test) stock control reports from January 1990 stock data input.	May
3. Reconcile and confirm contents of the test reports with manual stock returns.	June
4. Install D-base IV program in Computer B (to be done by the UCA Business Services programmer).	April
5. Input stock data from February through June.	June
6. Begin generating periodic stock control reports: Weekly Storekeepers Report Monthly Activity Report Periodic Source Stock Report Weekly Farm Supply Shop Price List Weekly Sales Office (Kawempe) Price List Monthly Stock Valuation Report	July
7. Procure computer and generator for the warehouse.	June
8. Identify/train warehouse staff on inputting data.	July
9. Begin preparing to install a full-featured integrated stock control and accounting system to be implemented on 1 July 1991 (Kim Glenn recommendations).	February '91

**Objective:** III. Build Financial Strength

**Action Plan:** A. Develop a 1990-91 Operating Budget with Three Profit Centers.

**Plan Manager:** Yeko Ococh

**Results Expected:** By year end, management will have monthly income and expense information for UCCU administration (overhead) and three profit centers: Marketing and Warehousing, Jinja Factory, Demonstration Farms.

**Resources Required:** Full and prompt cooperation of all department heads in preparing the operating budget.

<u>Action</u>	<u>Date to be Completed</u> -- 1990 --
1. Prepare actual/projected expenses for UCCU operations in 1989-90. (Ococh)	April
2. Develop assumptions about probable economic changes in 1990-91 that will impact UCCU--inflation, interest rates, availability of foreign exchange, rate of exchange, credit sources, wages, etc. (Ococh)	May
3. Prepare 1990-91 sales plan for commodities-- anticipated goods and projected sales. (Ogingwa)	June
4. Prepare sales and gross revenue projections for the Jinja Factory. (Onaba)	June
5. Project sales from demonstration farms. (Onaba)	June
6. Prepare anticipated expenses and cost of goods for the Marketing/Warehousing Dept. (Ogingwa/management)	June
7. Forecast operating expenses and cost of materials for the Jinja Factory and ranches (Onaba/management)	June
8. Prepare a month-by-month expense budget for UCCU administration by department. (Binayisa/management)	June
9. <u>Develop the 1990-91 UCCU Operating Budget.</u> (Ococh)	June
10. Develop separate accounting for the Marketing and Warehousing Department. (Ococh/Ogingwa)	June
11. Develop separate accounting for the Jinja Factory. (Ococh/Onaba)	June
12. Prepare and distribute monthly reports of income and expenses--cash flow. (Ococh)	Begin August
13. Develop separate accounting for demonstration farms. (Ococh/Onaba)	January '91

## UCCU ACTION PLAN

**Objective:** III. Build Financial Strength

**Action Plan:** B. Implement a Program to Build Capital.

**Plan Manager:** Yeko Ococh

**Results Expected:** UCCU management informed on the current financial position of the union. Assets/liabilities managed to build financial strength. Increased working capital at year end.

**Resources Required:** Commitment of management to prepare a realistic capital budget, review UCCU's asset/liability position each month and make difficult choices to use the limited capital resources for greatest financial benefit.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Prepare a detailed accounting of assets (current and fixed), receivables, and liabilities and update monthly. (Ococh)	April
2. Finance Committee meet monthly to review current assets and liabilities and make decisions to strengthen UCCU's financial position. (Okoroi)	Begin in May
3. Each department submit capital budget requests for 1990-91. (Department Heads)	May
4. <u>Develop a 1990-91 Capital Budget</u> (to include approved capital needs, priority of each need, date when need is anticipated, probable source of funds, how funds will be acquired). (Ococh)	June
5. Develop a Debt Management Plan for reducing and repaying each outstanding debt. Modify the plan each month following the Finance Committee meeting. (Ococh)	July
6. Develop a strategy for building UCCU capital-- from net margins, shareholders, lenders, others. (Ococh/Management)	August
7. Seek long-term loans for capital expenditures.	Ongoing

## UCCU ACTION PLAN

Objective: IV. Successfully Complete Four Major Projects

Action Plan: A. Make the Jinja Factory Profitable

Plan Manager: Henry Onaba

Results Expected: (1) Improved quality and quantity of washers. (2) Exporting washers. (3) Manufacturing other leather products and protective clothing. (4) The Jinja factory is profitable.

Resources Required: (1) Availability of adequate financing from local and foreign sources. (2) An AID technical adviser. (3) New equipment. (4) One additional worker.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Create a profit center and operating budget for the factory (Ococh/Onaba)	June
2. Determine how to improve quality/quantity of chrome washer production and use of personnel.	June
3. Feasibility study: Analyze alternative manufacturing enterprises (e.g. gloves, work clothes, belts, bags) and identify most profitable ventures. Collect information for new business operations (on equipment, raw materials, markets).	June
4. Locate funding for capital equipment, operations, and a resident technical adviser.	October
	-- 1991 --
5. Recruit a technical adviser for a one-year assignment to develop production processes and train staff.	January
6. Evaluate equipment and develop a plan to upgrade and modify for new processes.	March
7. Market the new products (introduce/promote)	April
8. Train and recruit for a skilled workforce.	(ongoing)

## UCCU ACTION PLAN

**Objective:** IV. Successfully Complete Four Major Projects

**Action Plan:** B. Develop and Operate the Farms Profitably

**Plan Manager:** Henry Onaba

**Results Expected:** (1) Two farms will be productive. (2) Lwamagembe farm operations will be profitable by end of 1991. (3) Nabisisi farm will be profitable by end of 1993. (4) A total of 500 cattle by June, 1991.

**Resources Required:** (1) Additional staff to operate Nabisisi Demonstration Farm. (2) Availability of adequate funding, both local and foreign.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Begin stocking the Nabisisi Farm.	May
2. Create an operating budget for the farms. (Ococh/Onaba)	June
	-- 1991 --
3. Create a profit center (separate accounting system) for the farms. (Ococh/Onaba)	January
4. Complete funding for full development of the demonstration farms.	June
5. Complete stocking of the Lwamagembe Farm.	June
6. Complete clearing of the productive part of the Nabisisi Farm and evict squatters.	December
7. Develop infrastructure on the Nabisisi Farm (buildings, roads, fences).	December

## UCCU ACTION PLAN

**Objective:** IV. Successfully Complete Four Major Projects

**Action Plan:** C. Complete Warehouse Construction

**Plan Manager:** Henry Onaba

**Results Expected:** Construction of the warehouse completed by the end of May, 1990.

**Resources Required:** Amount and cost of materials as determined in carrying out the plan.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Assess current status of the construction and determine what is yet to be done. Identify needed materials and estimate costs.	April 15
2. Purchase construction materials.	April 15
3. Supervise the work to completion.	May 31

## UCCU ACTION PLAN

**Objective:** IV. Successfully Complete Four Major Projects

**Action Plan:** D. Complete Phase I of Headquarters Building Construction

**Plan Manager:** Henry Onaba

**Results Expected:** Foundation and first floor of headquarters building constructed.

**Resources Required:** (1) Long-term financing. (2) Construction manpower and machinery. (3) Construction materials.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Complete hoarding of the site.	April
2. Construct site office.	June
3. Test soils.	August
4. Get all plans approved.	September
5. Construct retaining wall.	October
6. Arrange long-term financing.	December
	-- 1991 --
7. Develop site facilities. (water, sewer, electric power)	February
8. Begin construction of foundation and first floor.	February

## UCCU ACTION PLAN

Objective: V. Develop Human Resources

Action Plan: A. Complete Staff Restructuring

Plan Manager: Management Team

Results Expected: Staff placed according to qualifications. Staff allocated to meet human resources required to accomplish the business plan.

Resources Required: Existing staff and some additional staff as required by the plan.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Review current organizational structure and propose appropriate changes to achieve the Union's goals and to increase efficiency. (Okoroi)	June
2. Identify key operational functions necessary to achieve Union's set goals and appropriately place them in the new structure. (Management Team)	June
3. GM communicates to all employees proposed new organizational structure, subject to Board approval, and that this will not reduce staff. (Okoroi)	July
4. Review qualifications of present staff and recommend placement in new structure. (Binayisa)	August
5. Obtain Board approval, as needed, of proposed changes. (Okoroi)	
6. Revise job descriptions for existing positions and prepare descriptions for new positions. (Binayisa)	September
7. GM communicates to employees final, approved changes. (Okoroi)	October

## UCCU ACTION PLAN

**Objective:** V. Develop Human Resources

**Action Plan:** B. Develop Training Program

**Plan Manager:** Joy Binayisa

**Results Expected:** Staff trained to meet job demands. Staff working more productively.

**Resources Required:** Training coordinator and additional outside trainers/advisers as needed.

<u>Action</u>	<u>Date to be Completed</u>
	-- 1990 --
1. Identify measures to make employees more responsible and productive, and improve staff supervision. (Binayisa/Management Team)	May
2. Departments update training needs. (Management)	May
3. Coordinate departmental training needs into a master training program. (Binayisa)	June
4. Coordinate training as required by business plan - (Action Plan I.A. - Marketing skills for senior staff; II.A. - Warehouse procedures; II.B. - Computer training for warehouse staff.) (Binayisa)	July
5. Identify resources (internal, local, foreign) to conduct training. (Binayisa)	July
6. Coordinate training with UCA. (Binayisa)	July
7. Develop schedule for training and prepare attendance plan. (Binayisa)	July
8. Monitor and evaluate effectiveness of training program. (Binayisa)	Ongoing
9. Modify training program in line with structural changes. (Binayisa)	October

**ACTION CALENDAR**

**1990-1991 BUSINESS PLAN  
of the  
UGANDA COOPERATIVE CENTRAL UNION  
MASTER ACTION CALENDAR**

- I.A.1. Develop a schedule of visits to district unions each quarter (unions to be visited, dates, and staff members to make visits). Ogingwa by 15th
- I.A.2. Develop a market survey form each quarter to be used by staff members to gather similar information in visits to district unions. Ogingwa
- I.B.1. Prepare a marketing information folder each quarter for staff members to use in promoting UCCU products during visits to district unions (current price list, new commodities procured and in transit with expected arrival dates, technical information). Ogingwa
- I.C.1. Obtain current cost information on all stocks over two-years in the warehouse. Ococh Ogingwa
- II.A.1. Document all warehouse procedures. Ogingwa/Mbangi/Verner
- II.A.2. Conduct training session for staff on warehouse procedures. Ogingwa Binayisa
- II.A.4. Complete warehouse wall and erect barbwire. Ogingwa
- II.A.8. Initiate monthly meetings with the general manager (at the warehouse) on marketing and warehousing issues. Ogingwa
- II.B.1. Obtain the services of a computer programmer from UCA business Services to complete the program for generating reports. Lwanga
- II.B.4. Install D-base IV program in Computer B (by the UCA Business Services programmer). Lwanga
- III.A.1. Prepare actual/projected expenses for UCCU operations in 1989-90. Ococh
- III.B.1. Prepare a detailed accounting of assets (current and fixed), receivables, and liabilities and update monthly. Ococh
- IV.C.1. Assess current status of the construction and determine what is yet to be done. Identify needed materials and estimate costs. Onaba by 15th
- IV.C.2. Purchase construction materials. Onaba by 15th
- IV.D.1. Complete hoarding of the site. Onaba

MASTER ACTION CALENDAR

MAY, 1990 \*\*\*\*\* MAY, 1990

- |          |   |                        |
|----------|---|------------------------|
| I.A.3.   | Visit district unions each quarter to   | Management             |
| I.B.2.   | gather market information, promote UCCU goods and provide technical information.  |                        |
| I.C.2.   | Set and obtain approval of prices for all long-term stocks.   | Ogingwa                |
| II.A.5.  | Examine and strengthen physical controls.   | Ogingwa                |
| II.A.6.  | Upgrade security lighting.  | Ogingwa                |
| II.B.2.  | Produce the first (test) stock control reports from January 1990 stock data input.  | Lwanga                 |
| III.A.2. | Develop assumptions about probable economic changes in 1990-91 that will impact UCCU— inflation, interest rates, availability of foreign exchange, rate of exchange, etc. | Ococh                  |
| III.B.2. | Finance Committee begin meeting monthly to review current assets and liabilities and make decisions to strengthen UCCU's financial position.                              | Okoroi                 |
| III.B.3. | Each department submit capital budget requests for 1990-91.   | Ococh<br>Management    |
| IV.B.1.  | Begin stocking the Nabisisi Farm.   | Onaba                  |
| IV.C.3.  | Supervise warehouse construction to completion.   | Onaba                  |
| V.B.1.   | Identify measures to make employees more responsible and productive, and improve staff supervision.   | Binayisa<br>Management |
| V.B.2.   | Departments update training needs.  | Management             |

MASTER ACTION CALENDAR

JUNE, 1990 \*\*\*\*\* JUNE, 1990

- |          |  |                        |
|----------|--|------------------------|
| I.A.4.   | Facilitate and participate in quarterly Input Coordination Meetings (Ministries of Agriculture and Animal Industry, NICU, donors). Survey other competitors to identify competing products and prices.                 | Ogingwa                |
| I.A.5.   | Analyze market data (from district union visits, input coordination meeting, and competitor surveys); develop forecasts of demand for commodities; identify items with high probability to be fast moving/high profit. | Ogingwa<br>Onaba       |
| I.A.6.   | Distribute market analyses and forecasts to department heads.  | Ogingwa<br>Onaba       |
| I.C.3.   | Place newspaper advertisements for tractor spares.   | Ogingwa<br>Kalende     |
| I.C.4.   | Clarify ownership and dispose of Landrover spares from British AID.  | Ogingwa                |
| II.A.3.  | Complete preparation of a warehouse policy and procedures manual.  | Ogingwa<br>Mbangi      |
| II.A.7.  | Improve communications with headquarters. (telephone, messenger, etc.)   | Ogingwa                |
| II.B.3.  | Reconcile and confirm contents of the test reports with manual stock returns.  | Lwanga                 |
| II.B.5.  | Input stock data from February through June.   | Lwanga                 |
| II.B.7.  | Procure computer and generator for the warehouse.  | Ogingwa                |
| III.A.3. | Prepare 1990-91 sales plan for commodities-- anticipated goods and projected sales.  | Ogingwa                |
| III.A.4. | Prepare sales and gross revenue projections for the Jinja Factory.   | Onaba                  |
| III.A.5. | Project sales from the farms.  | Onaba                  |
| III.A.6. | Prepare anticipated expenses and cost of goods for Marketing/Warehousing Dept.   | Ogingwa<br>Management  |
| III.A.7. | Forecast operating expenses and cost of materials for Jinja Factory and farms.   | Onaba<br>Management    |
| III.A.8. | Prepare a month-by-month expense budget for UCCU administration by department.   | Binayisa<br>Management |

MASTER ACTION CALENDAR

JUNE, 1990 (Continued) \*\*\*\*\*

- III.A.9. Develop the 1990-91 UCCU Operating Budget. Ococh
- III.A.10. Develop separate accounting for the Marketing and Warehousing Department. Ococh  
Ogingwa
- III.A.11. Develop separate accounting for the Jinja Factory. Ococh  
Onaba
- III.B.4. Develop a 1990-91 Capital Budget (to include approved capital needs, priority of each need, date when need is anticipated, probable source of funds, how funds will be acquired). Ococh
- IV.A.1. Create a profit center and operating budget for the factory. Ococh  
Onaba
- IV.A.2. Determine how to improve quality/quantity of chrome washer production and use of personnel. Onaba
- IV.A.3. Feasibility study: Analyze alternative manufacturing enterprises (e.g. gloves, work clothes, belts, bags) and identify most profitable ventures. Collect information for new business operations (on equipment, raw materials, markets). Onaba
- IV.B.2. Create an operating budget for the farms. Ococh  
Onaba
- IV.D.2. Construct site office. Onaba
- V.A.1. Review current organizational structure and propose appropriate changes to achieve the Union's goals and to increase efficiency. Okoroi
- V.A.2. Identify key operational functions necessary to achieve Union's set goals and appropriately place them in new structure. Management
- V.B.3. Coordinate departmental training needs into a master training program. Binayisa

MASTER ACTION CALENDAR

JULY, 1990	*****	JULY, 1990
I.A.1.	Develop a schedule of visits to district unions each quarter (unions to be visited, dates, and staff members to make visits).	Ogingwa by 15th
I.A.2.	Develop a market survey form each quarter to be used by staff members to gather similar information in visits to district unions.	Ogingwa
I.B.1.	Prepare a marketing information folder each quarter for staff members to use in promoting UCCU products during visits to district unions (current price list, new commodities procured and in transit with expected arrival dates, technical information).	Ogingwa
I.C.5.	Contact donor agencies rehabilitating cotton ginneries to find buyers for ginnery spares.	Onaba
I.C.6.	Identify and contact potential buyers of ginnery spares, both local and foreign.	Onaba
II.B.6.	Begin generating periodic stock control reports: Weekly Storekeepers Report Monthly Activity Report Periodic Source Stock Report Weekly Farm Supply Shop Price List Weekly Sales Office (Kawempe) Price List Monthly Stock Valuation Report	Lwanga
II.B.8.	Identify/train warehouse staff on imputing data.	Ogingwa Lwanga
III.B.5.	Develop Debt Management Plan for reducing and repaying each outstanding debt. Modify monthly after Finance Committee meetings.	Ococh
V.A.3.	GM communicates to all employees proposed new organizational structure, subject to Board approval, and that this will not reduce staff.	Okoroi
V.B.4.	Coordinate training as required by business plan: (Action Plan I.A.- Marketing skills for senior staff; II.A.- Warehouse procedures; II.B.- Computer training for warehouse staff.	Binayisa
V.B.5.	Identify resources to conduct training.	Binayisa
V.B.6.	Coordinate training with UCA.	Binayisa
V.B.7.	Develop schedule for training and prepare attendance plan.	Binayisa

MASTER ACTION CALENDAR

AUGUST, 1990 \*\*\*\*\* AUGUST, 1990

- |           |  |                     |
|-----------|--|---------------------|
| I.A.3.    | Visit district unions each quarter to  | Management          |
| I.B.2.    | gather market information, promote UCCU goods and provide technical information.                       |                     |
| I.B.3.    | Liase with and develop a plan with UCA to conduct technical workshops for district union personnel.    | Ogingwa             |
| III.A.12. | Begin preparing and distributing monthly reports of income and expenses--cash flow.                    | Ococh               |
| III.B.6.  | Develop a strategy for building UCCU capital--from net margins, shareholders, lenders, donors, others. | Ococh<br>Management |
| IV.D.3.   | Test soils for headquarters construction.  | Onaba               |
| V.A.4.    | Review qualifications of present staff and recommend placement in new structure.                       | Binayisa            |
- 
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MASTER ACTION CALENDAR

SEPTEMBER, 1990 \*\*\*\*\* SEPTEMBER, 1990

- |   |                  |
|---|------------------|
| I.A.4. Facilitate and participate in quarterly Input Coordination Meetings (Ministries of Agriculture and Animal Industry, NICU, donors). Survey other competitors to identify competing products and prices.                 | Ogingwa          |
| I.A.5. Analyze market data (from district union visits, input coordination meeting, and competitor surveys); develop forecasts of demand for commodities; identify items with high probability to be fast moving/high profit. | Ogingwa<br>Onaba |
| I.A.6. Distribute market analyses and forecasts to department heads.  | Ogingwa<br>Onaba |
| I.B.4. Purchase two trucks; begin delivery service to district unions (differential prices).  | Ogingwa          |
| II.A.9. Develop a plan for major maintenance of stores.   | Ogingwa          |
| IV.D.4. Get all plans for headquarters building approved.   | Onaba            |
| V.A.6. Revise job descriptions for existing positions and prepare descriptions for new positions.   | Binayisa         |

MASTER ACTION CALENDAR

OCTOBER, 1990 \*\*\*\*\* OCTOBER, 1990

- I.A.1. Develop a schedule of visits to district unions each quarter (unions to be visited, dates, and staff members to make visits). Ogingwa by 15th
- I.A.2. Develop a market survey form each quarter to be used by staff members to gather similar information in visits to district unions. Ogingwa
- I.B.1. Prepare a marketing information folder each quarter for staff members to use in promoting UCCU products during visits to district unions (current price list, new commodities procured and in transit with expected arrival dates, technical information). Ogingwa
- I.C.7. Conduct a public auction to dispose of remaining long-term stocks (cash basis-- to be paid in full on day of sale). Ogingwa
- II.A.10. Rearrange stocks for greater efficiency as long-term stocks are sold (I.C.7). Ogingwa
- IV.A.4. Locate funding for capital equipment, operations, and a resident technical adviser for Jinja factory. Onaba
- IV.D.5. Construct retaining wall for headquarters building. Onaba
- V.A.7. GM communicates to employees final, approved changes in UCCU structure. Okoroi
- V.B.3. Modify training program in line with structural changes. Binayisa

MASTER ACTION CALENDAR

NOVEMBER, 1990 \*\*\*\*\* NOVEMBER, 1990

- I.A.3. Visit district unions each quarter to Management
- I.B.2. gather market information, promote UCCU goods and provide technical information.

MASTER ACTION CALENDAR

DECEMBER, 1990 \*\*\*\*\* DECEMBER, 1990

- I.A.4. Facilitate and participate in quarterly Input Coordination Meetings (Ministries of Agriculture and Animal Industry, NICU, donors). Survey other competitors to identify competing products and prices. Ogingwa
- I.A.5. Analyze market data (from district union visits, input coordination meeting, and competitor surveys); develop forecasts of demand for commodities; identify items with high probability to be fast moving/high profit. Ogingwa  
Onaba
- I.A.6. Distribute market analyses and forecasts to department heads. Ogingwa  
Onaba
- IV.D.6. Arrange long-term financing for headquarters building. Okoroi  
Onaba

MASTER ACTION CALENDAR

1991   \*\*\*\*\*   1991   \*\*\*\*\*   1991   \*\*\*\*\*   1991   \*\*\*\*\*   1991

- |   |          |
|---|----------|
| II.B.9. Begin preparing to install a full-featured integrated stock control and accounting system to be implemented on 1 July 1991 (Kim Glenn recommendations). | February |
| III.A.13. Develop separate accounting for farms. (Ococh/Onaba)  | January  |
| IV.A.5. Recruit a technical adviser for a one-year assignment to develop production processes and train staff. (Onaba)  | January  |
| IV.A.6. Evaluate equipment and develop a plan to upgrade and modify for new processes. (Onaba)  | March    |
| IV.A.7. Market (introduce/promote) the new products from the Jinja Factory. (Onaba)   | April    |
| IV.B.3. Create a profit center (separate accounting system) for the farms. (Ococh/Onaba)  | January  |
| IV.B.4. Complete funding for full development of the demonstration farms. (Onaba)   | June     |
| IV.B.5. Complete stocking of the Lwamagembe Farm. (Onaba)   | June     |
| IV.B.6. Complete clearing of the productive part of Nabisisi Farm; evict squatters. (Onaba)   | December |
| IV.B.7. Develop infrastructure on the Nabisisi Farm (buildings, roads, fences). (Onaba)   | December |
| IV.D.7. Develop site facilities for headquarters construction.  | February |
| IV.D.8. Begin construction of foundation and first floor of headquarters building.  | February |

MASTER ACTION CALENDAR

<u>ONGOING</u>	*****	<u>ONGOING</u>
II.B.5. Evaluate effectiveness of advertising during visits to district unions and adjust advertising as indicated.		Ogingwa Kalende
II.A.11. Warehouse staff raise with and cooperate with audit staff on audit measures.		Ogingwa Mbangi
III.A.14. Seek short-term loans for operating financing.		Ococh
II.B.7. Seek long-term loans for capital expenditures.		Ococh
IV.A.8. Train and recruit for a skilled workforce at the Jinja Factory.		Onaba
V.B.8. Monitor and evaluate effectiveness of training program.		Binayisa

## RECOMMENDATIONS

April 18, 1990

### MEMORANDUM

To: William Okoroi, General Manager  
Uganda Cooperative Central Union

From: Jon F. Greeneisen, Planning Consultant  
Agricultural Cooperative Development International

Subject: Strategies for UCCU Business Success

As you know, my engagement as planning facilitator for your management team stipulates that I conclude my work by providing observations and recommendations on the UCCU business strategy. I am fulfilling the requirement in the form of this memorandum in hopes it will be helpful to you and your department heads.

First, let me say how much I have enjoyed working with your planning team. The group has been responsive and enthusiastic about the planning process and has cooperated throughout.

The 1990-91 UCCU Business Plan management has thoughtfully designed is a challenging strategy for the next 14 months. Clearly, it will strengthen the business IF it is implemented. As I have stressed at each of our planning sessions, a plan is only a statement on paper of the organizations goals and expectations, scheduled activities and responsibility assignments. It can be of real benefit only to the extent to which it is used to achieve results.

My comments and suggestions, therefore, are more in terms of emphasis and priority in managing UCCU's business. They stem from my experience with fundamental business principles combined with my understanding of UCCU's current situation and goals. These are steps I would take if UCCU were my company.

UCCU needs three things--strategies--to realize its potential as a national cooperative for Uganda's farmers: (1) Develop adequate "tool"s to manage the business; (2) Increase efficiency; and (3) Focus resources on the primary business. The following steps are recommended to meet these needs.

#### STRATEGY I: DEVELOP "TOOLS" TO MANAGE THE BUSINESS

UCCU today suffers from inadequate management information. The weakness is most pronounced in areas of financial accounting and warehouse management. It is an urgent need.

I was asked to study and make recommendations on managing UCCU assets and liabilities but was unable to do so because current accounting information is not available. Individual property and plant costs, for example, are not determinable. Land and building costs are accounted for as one and the same amount. As found in the review of UCCU's assets, liabilities, and accounting principles by Consultant Michael Cornelius, "there is no basis for determining collectability or timing of receivables; nor is there a basis for determining turnover and/or salability of inventories."

An accounting system is urgently needed that will:

- \* show clearly the flows into and out of the balance sheet and income and expense accounts.
- \* reflect inventories and corresponding sales.
- \* enable determination of margins on all sales lines.
- \* show composition, cost, useful life, etc. of fixed assets.
- \* enable complete financial statements to be prepared on a monthly basis.
- \* provide accurate, timely, "real-world" information.

**RECOMMENDATION #1: Establish a Professional Accounting System.**

Action Plans III.A. and III.B in the Business Plan will be an important start. When implemented, they will lead to an operating budget, separate accounting for three profit centers, monthly reports on income and expenses, a capital budget and a documented debt repayment plan. But the need for a comprehensive, current, realistic system of accounting is essential in managing the business. Without it, management is operating in the dark. UCA Business Services has indicated willingness to assist in designing an accounting system and should be taken up on the offer.

**RECOMMENDATION #2: Implement the Stock Control System.**

Nearly two-thirds of UCCU's current assets are in stock inventories. It is the heart of the business. But the current stock control and reporting system is a complex manual operation that yields critical information that often is out of date when received. In the planning process, we learned of long-term stocks most department heads didn't know existed. To manage warehouse operations effectively, UCCU needs current, accurate information on stocks.

Earlier this year, UCCU staff members and Kim Glenn developed a computerized stock control program. Test data has been entered and it is ready to begin generating storekeepers reports, price lists, stock valuation reports, warehouse activity reports, and stock valuation reports.

Action Plan II.B. is designed to start up the program and begin producing the first reports by July. To begin receiving this critical management information should have high priority. The additional computer, which I understand is funded, needs to be acquired for the warehouse and appropriate staff members trained.

Beyond start up of the stock control program, there is the proposal to integrate it with the accounting system. This assumes, of course, that the accounting system has been adequately developed. But only when UCCU enjoys a professional accounting system linked with an effective program of stock control will management have the information it needs--the "tools"--to run the cooperative profitably.

#### STRATEGY II: INCREASE EFFICIENCY

Every manager in the world wants to increase efficiency and probably every business consultant recommends it. But in the case of UCCU the need cries out.

The review of UCCU financial statements for 1988-89 by Consultant Michael Cornelius indicated that gross margins barely covered general and administrative costs of the cooperative. Estimates for 1989-90 point toward a break-even year. Mr. Cornelius concluded: "In our opinion, UCCU's ability to repay its substantial debts depends on its ability to improve its margins and control (reduce) its operating and interest costs. Considerable effort is needed to achieve these fundamental objectives."

How can UCCU become more efficient and on a road to long-term profitability? There are two cutting edges on the efficiency knife. One is in significantly increasing the amount of business. The other is in reducing costs and making company resources more productive. UCCU needs to vigorously do both.

#### RECOMMENDATION #3: Accelerate Marketing to Increase Business.

Marketing must be a top priority to pull UCCU up by the boot straps. New customers must be found. A larger variety of commodities needed by Uganda's agricultural industry must be acquired for sale. UCCU must become more competitive--in products, price and service--and expand its share of the market. It can be done.

\* Develop Reliable Market Information.

Accurate and current market information is an essential base for launching an accelerated marketing campaign. Action Plan I.A. will be a major step in acquiring such data. The plan calls for quarterly marketing calls on all of the district unions. The planning team determined this is the most effective way to gather market information and, at the same time, promote sales of UCCU products. If the quarterly calls on district unions are not carried out, or if they are merely safaris for management, or if the information gathered is not reliable, promptly analyzed, and used in making procurement decisions, the plan will be ineffective.

UCCU must have the best information on current input needs of agriculture. Through dedication and commitment, it can be acquired. Without it, every procurement decision is a gamble.

\* Strengthen Customer Relations with District Unions.

Despite the fact the planning team has defined UCCU's purpose as "providing commodities required by the cooperative movement to meet the needs of farmers," some managers seem to have written off district unions as a viable market. One department head cited the conflict of "profitable activities versus business with district unions." Apparently the district union market, selling to cooperatives, is not considered profitable business. If this view is shared by others, it is an important management attitude.

This may explain why, according to UCA data, UCCU currently is doing business with only about a half dozen of the more than 30 district unions. The CAAS Project assessment team determined that in the past year, only 23.6 percent of UCCU sales were to the cooperative movement.

Whatever the exact statistics might be, obviously UCCU is not serving a large segment of Uganda's cooperatives, UCCU'S member/owners. It may not be an easy market to secure but farmers are obtaining inputs through district unions. There is a market there and it is certain to grow as the national economy improves.

It would seem this is an opportune time for UCCU to "lock up" the cooperative market, when district unions need all the help they can find. This might include counseling on what commodities to stock, assistance in finding credit through such schemes as the PL-480 monetization program, and technical assistance in selling seed, fertilizer, chemicals, etc.

\* Communicate with District Unions.

To do this, however, UCCU needs to significantly step up its communications with the district unions. Today this is largely limited to a weekly radio program and random newspaper advertisements. Low-cost communications should be initiated through such means as a monthly newsletter, direct mail and regional meetings of district union managers.

Another avenue of communicating could be through UCA. UCCU is a significant member of the apex organization. It should be able to recruit UCA's assistance in communicating with the cooperative movement. UCA should be won as a promoter of UCCU and as a listening device for district union input needs.

\* Develop a NEW IMAGE.

Launching an accelerated marketing program undoubtedly would be more successful if accompanied with a message of change at UCCU. The message could be that UCCU has broken out of the survival mode and is now a vigorous business rededicated to serving the cooperative movement and Uganda's agriculture. Things are different now. There is a new UCCU!

In effect, you would be establishing a "new image" for the Union. The new image could be used beneficially in all areas of UCCU's activities and associations. It could be a platform for building staff dedication and increasing productivity. It could be the central theme in advertising, in dealing with the government, lenders, donors and especially with customers.

To undertake a new image, it would be important to define clearly what the new image really means. The concepts, areas of change, and implications for both customers and staff would need definition to keep the message is consistent.

One effective way to signal change is to develop a new corporate name and logo. This might have merit for UCCU. The name Uganda Cooperative Central Union is long and cumbersome. The abbreviation "UCCU" suggests a government agency and is easily confused with UCTU, UCA, UCDB, UCB, etc. It does not communicate what the organization is or does. A new name such as "Farmers Union" or "Farmers Coop" would more effectively communicate the cooperative's business and signal that something is new.

If the name "Uganda Cooperative Central Union" is etched in law or government regulation, possibly UCCU could simply adopt a new trade mark, such as Farmers Union or Farmers Coop, while leaving the official name of the organization unchanged.

These are a few ideas on ways management could establish a new image for the Union. Many others could be developed.

**RECOMMENDATION #4: Optimize Staff Productivity.**

The second approach to increasing efficiency is to increase productivity of the workforce. While this is complex and often difficult, it usually can be achieved.

I am not in a position to know how many people UCCU needs to carry out its business successfully. It does seem, however, for an organization doing roughly \$1 million in sales, or even with the \$2 million optimistically targeted for next year, a staff of nearly 200 employees is on the high side. Certainly any staff increases in the coming year will dilute potential increases in efficiency resulting from increased sales.

Tony DiBella has offered suggestions on streamlining organizational structure that would seem to have considerable merit. Your Action Plan V.A. to "Complete Staff Restructuring" is most important in this regard. Clear, logical assignment of functional responsibility is essential for the business plan to be accomplished.

Your plan to "Identify measures to make employees more responsible and productive, and improve staff supervision" in Action Plan V.B. is tremendously important. It is a difficult task but a crucial one to increase efficiency. There is opportunity for improvement in this area.

**STRATEGY III: FOCUS RESOURCES ON THE PRIMARY BUSINESS**

Before sharing my thoughts in this area, I want to underscore my admiration for management's ability to keep UCCU operating in a terribly adverse business environment. The fact that the Union does provide agricultural inputs to the nation and does regularly meet its payroll is a real tribute to the management team. The obstacles to business success are great.

As acknowledged by department heads in our planning sessions, UCCU is hampered by little working capital. Without funds generated through donor programs, the Union would be in serious difficulty.

In this situation, it seems imperative that the limited financial resources that are available be concentrated on the primary part of the business, where they have greatest possibility of generating margins and profit. If the net revenues are plowed back into the wholesale business of purchasing and selling inputs it can expand the line of commodities sold, increase market share, increase turnover, and, in turn, improve profitability. To do otherwise undercuts the potential of the business.

**RECOMMENDATION #5: Delay Plans for Three Major Projects.**

As you know, I have concern about priorities given today to three capital projects--the Jinja factory, the farms, and construction of a headquarters building.

I understand from our planning that financing is being sought for each of them--a working capital loan for the factory (\$20,000), a development loan from UDB for the farms (\$179,000), and long-term financing for the building (\$14 million). Until such financing is obtained, any funds for these projects must be taken from net revenues. When financing is arranged, there will be the burden of more debt service.

The Jinja factory is difficult to understand. In his 1989 report, CAAS consultant Lowell Steinbrenner says the factory could be profitable in producing quality chrome washers. He asserts there is a market in Uganda and, in fact, chrome washers are being imported. UCCU management disagrees with this assessment. There is agreement, however, that with sufficient quality there is an export market for the washers. The crew at Jinja is experienced in making washers and, according to Bill Verner, the churning drum could be made operational. If chrome washer manufacturing can not be profitable, consideration should be given to shutting down the factory, selling the plant and profitably using the capital in UCCU's primary business, such as to acquire better warehouses.

Plans to convert the factory to manufacturing other leather goods is a big gamble. There is no valid feasibility study as a basis for such an endeavor. UCCU lacks the technical knowhow to begin such processes (recognizing this, the plan calls for an AID technical advisor). A market for such products is unclear (a few days ago we learned ULATI has

similar ideas and will consider UCCU direct competition). There is no assurance UCCU leather products would be competitive. There are too many unknowns.

UCCU has owned the three farms many years that are not profitable and of no direct value to the farm supply business. Even with a sizeable development loan, management agrees it will be another three to five years before they can turn a profit. In the mean time, they will divert working capital from the primary business and thus reduce UCCU profitability.

The desire of management and staff to be housed in a modern building--UCCU's own headquarters--is understandable. I also worked for an agricultural cooperative and was responsible for constructing a similar headquarters building. I am familiar not only with the finances required by such a project but also management's time and effort to supervise such a major undertaking. My concern is about priority and timing. Is this the time for UCCU to begin such a project?

**RECOMMENDATION #6: Reduce Risk in Doing Business.**

In view of its financial condition, it is clear that UCCU is conducting business in a manner that incurs great risk. By relying only on informal needs assessments in making decisions to purchase commodities that take months to arrive, places the Union in the position of speculating in commodities. Combined with the foreign exchange risk and interest obligations, purchasing inputs this way is a substantial gamble. This is verified by the large amount of long-term stocks in the warehouse and the low percent of UCCU goods purchased by cooperatives.

It seems vital to the long-term viability of the Union for management to consider all possible options to reduce cost-price risk. Alternatives may include signed orders from district unions, requiring down payments on orders, payment in advance for items that are high cost and/or slow moving. Better market information from the quarterly visits to all district unions envisioned in Action Plan I.A. is a step in the right direction. But other ways to reduce business risk must be found.

As I stated at the beginning of this memorandum, my recommendations relate to emphasis and priorities in managing the business. With the right "tools," greater efficiency, and resources focussed on the primary business of the Union, UCCU can have a bright future.

I wish to again thank you and the other members of UCCU management for inviting me to be your planning facilitator. There is little question the plan will have substantial benefit in managing the Union in the year ahead. I look forward to receiving news about UCCU's business success.

## APPENDIX A: TERMS OF REFERENCE

1. Review current assets. Recommend in writing which assets, if any should be liquidated and why. Provide reasons for these recommendations. Recommend how assets might be managed, stored or otherwise treated to protect or improve their value.

Detailed recommendations on managing assets were precluded by the absence of current, definitive accounting records as reported in the Review of Financial Statements by Michael Cornelius. Recommendations on asset priorities and steps to acquire more productive assets are included in recommendations to the General Manager of UCCU.

2. Review current liabilities. Review current prioritization of liabilities. Recommend reprioritization if necessary in overall business context. Assess minimum monthly cost of servicing debt.

UCCU liabilities also are reported in the Review of Financial Statements. As footnoted, "A schedule of debt repayment or prioritization of debt based on the cash projection would not be meaningful in present circumstances.

3. Review cash flow activity over the past 12 months. Assess and document actual cost of operations which might be considered "fixed." Assess and document income which might be considered to be reliable and regular over a 12 month period. Graphically illustrate the difference between these fixed operating costs and realistic revenues.

Again, lack of accounting records made impossible a meaningful analysis of the Union's cash flow or to distinguish between current variable and fixed costs. The best estimate of current income is provided by Michael Cornelius's discussion of the Union's probable debt repayment ability in 1989/1990.

4. Review identified needs of member societies and UCCU plans for meeting these needs. Assess whether these needs can be met in a manner that will be affordable to the member societies, yet provide a positive cash flow to the UCCU. Document findings and recommendations.

The team member assigned to investigate and document needs of UCCU member societies was unable to complete this part of the project. The business plan includes an action plan (I.A.) to provide better information on district union needs in 1990-91.

5. Based on cash flow investigation and revenue projections, develop/document an operating budget with monthly break-downs by income/expense accounts. Include debt servicing.

To have developed an operating budget in advance of a business plan would have been unproductive. Action Plan III.A. details steps to be taken by UCCU management to develop an operating budget by the end of June. Action Plan III.B. includes plans to develop a Debt Repayment Plan by a new Finance Committee.

6. Develop and document a capital assets budget showing reasons and strategies for acquisition and liquidation.

Inadequate records again ruled out development of a meaningful capital budget at this time. As commented by Cornelius in his report, "UCCU does not maintain an adequate register of property, plant and equipment. Individual property and plant costs are therefore not determinable." Action Plan III.B. includes steps for creating a capital budget for Fiscal Year 1990/91.

7. Review findings and activities of all other members of the UCCU Business Plan Team and develop a comprehensive business plan which will include, but not be limited to the following components:

- \* Significant assumptions on which business plan is based;

Presented in the Business Plan.

- \* Operating expense budget for the next 24 months;

To be developed by UCCU management in carrying out Action Plan III.A. of the Business Plan.

- \* Schedule of commodities to be procured indicating procurement price, handling costs, sale price to member societies, and total net revenues over at least the next 12 months;

Because the Commodity Procurement and Distribution Study was not completed this was not incorporated into the plan. Action Plan I.A. will be a positive step in obtaining better market data for procurement decisions.

- \* Capital assets budget for the next 24 months;

Action Plan III.B. details steps UCCU management will take to establish a capital budget.

Schedule for repayment of all debt, indicating projected time frame.

Action Plan III.B will develop a debt repayment plan. A comprehensive business plan was developed.

**BUSINESS PLANNING**  
**for**  
**UGANDA COOPERATIVES**

**A Guide to**  
**Successful Planning**

Agricultural Cooperative Development International, April, 1990

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## WHAT IS PLANNING?

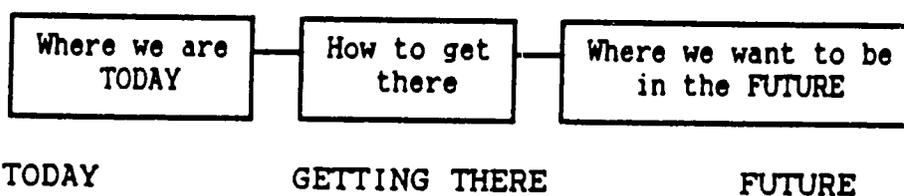
Planning is a systematic approach to business management. It is a management tool that identifies, organizes and allocates the resources available to management in running the business. It is oriented toward objectives. It sets priorities. It clarifies the true business purpose and establishes indicators that tell if the purpose is being accomplished.

Planning is not just a management event that occurs every five years or even every year. Rather, it is an on-going practice, a way to conduct the business. It is a process of determining:

- o Where we are TODAY.
- o Where we want to be in the FUTURE.
- o HOW we're going to get there.

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### PLANNING PROCESS



ALL planning involves these three elements, no matter if it is planning for an individual, a cooperative, or a nation.

EXAMPLE: A man in Kampala has an automobile but few shillings. He has never driven outside of the city and thus is unfamiliar with rural roads. This is his current situation. This is "where he is TODAY."

The man needs to get to Nairobi urgently to visit a close friend. In fact, he knows that if he does not get there in three days, it will be too late. Nairobi is "where he wants to be." His FUTURE, in this case, is in three days.

He examines several travel alternatives. (1) He can purchase an airplane ticket and be in Nairobi in one day. To do this he must borrow a considerable amount. He could sell his car to raise the cash for the ticket. (2) He could take the train but no train to Nairobi is scheduled to leave Kampala until four days from now. (3) He could drive his car to Nairobi. He has enough money for fuel and food. But he is unfamiliar with the roads and is concerned about getting lost. His decision is planning "HOW to get there."

Planning for a cooperative involves the same elements-- determining the status of the cooperative today; agreeing on what the cooperative should be doing a year, two years, five years from now; and then deciding how to use the available resources to accomplish the goal.

## WHY PLAN?

What will be the benefit of planning? How will it help run the cooperative business? If management decides to plan, what will they get for their time and effort?

\* To Set Direction. Planning charts a course for the business. It clarifies the nature of the business today and what it should be in the future. Businesses are impacted every day by changes in the environment: taxes may increase, prices may decrease, customer needs change, competition increases. At the same time, opportunities for doing business change: raw materials are in short supply, new business ventures open up, technology changes.

Each day, management must make decisions in response to these changing conditions. A plan helps assure decisions that keep the business "on track"—profitably involved in the business determined by the board of directors.

\* To Manage Resources. Almost all businesses have limited resources—capital, facilities, equipment, staff. This is painfully true of Uganda cooperatives in the decade of the '90s. The challenge to the cooperative's management team is to accomplish the most with the few resources you have. This makes each decision about using resources a crucial decision for the success of the business. A sound plan focuses attention on the resources available and maps a strategy to maximize their benefit to the cooperative.

A good business plan will guide managers in developing a skilled, productive staff, in spending limited shillings where they will have the greatest economic return, and in maximizing use of the facilities and equipment in achieving the purpose for which the members organized the cooperative.

\* To Communicate Effectively. Floundering businesses often get off the track because honest, informed communication about the business breaks down. This is especially true of cooperatives with so many parties to keep informed. Cooperative communications include communication between (a) management and staff, (b) management and the board of directors, (c) directors and the shareholders, (d) management and government, (e) management and lenders.

The quantity of communication may be adequate—meetings, reports, personal visits. But if it is not realistically focused on the scope and success (or failure) of the business, on problems and steps underway to overcome them, on competition, on significant trends, and on directions, the communications may be ineffective. Both the process of planning and management's use of a plan keeps communications zeroed in on current operations of the cooperative and the real issues that effect it.

\* To Strengthen the Team. A cooperative involves a large team of people--staff, management, board, shareholders. Business planning unifies this team into a strong force for success.

### THREE PHASES OF PLANNING

Business planning involves three distinct phases that are equally important to be of most benefit and usefulness to the business. These include: (1) the process of planning, (2) the plan, and (3) implementation of the plan.

\* The Process of Planning. This is the activity of developing the plan. The act of planning. The plan becomes the product.

Great benefit can result from this process because it requires managers and directors of the cooperative to conduct an honest dialogue about the business. It stimulates members of this group to share their views of the business--how it is doing, the problems, what is needed to succeed, what decisions are needed, what can be achieved. Such a frank, constructive discussion seldom occurs any other time.

At the same time, this process clarifies what each member of the team is to accomplish and gains that individual's commitment to accomplish it. It revitalizes the team by strengthening each team member's contribution to the business. Everyone in the group understands better what the others are to contribute. The objectives of the group and each individual in it are reconfirmed and reinforced.

### PHASES OF PLANNING

The <b>PROCESS</b> of Planning	The <b>PLAN</b>	<b>IMPLEMENTATION</b>
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\* The Plan. The plan is the documented strategy that results from planning. It is the road map. It is the recipe for business success developed by the planning team. It can be a bold plan or a conservative plan. It can be based on hard facts and logic or it can be a reckless course filled with major risks.

The plan may be simple in concept, direct and easy for everyone to understand. On the other hand, it may be complex and so voluminous that it sinks into a file or gathers dust on a shelf. The quality of the plan is revealed by how much it helps the cooperative achieve its business goals.

\* Implementation. The payoff in planning, the bottom line, is in the plan's implementation. Without implementation, planning is only an exercise. If planning is used as a tool in managing the business, implementation of the business plan must be one of the concerns of management every business day.

This requires, of course, that the resources contemplated in the plan (both human and financial resources) are made available as approved. It means that the cooperative manager shows a sincere, continuing interest in carrying out the plan. If the business plan is not important to the manager and the board, it is unlikely the goals in the plan will be achieved.

#### WHO SHOULD PLAN?

When the manager of a cooperative has made the decision to develop a business plan, there is the question, "Who should be involved the planning?" It is an important issue with several things to consider.

First, consider how many people should be involved to have a productive planning team. Obviously, everyone in the organization can't be part of the team. The team needs to be small enough that there can be good give and take in discussing business issues. The group should be able to sit comfortably around a large conference table. A team of 12 or 15 is about the maximum number for most productive use of time in the planning process. A group of 8 to 10 usually works best. Effective planning, however, can be successfully conducted by larger or smaller teams. It just takes longer.

The most important consideration in forming the planning team is in responding to the question, "Who will have responsibility for carrying out the plan?" If the staff members who will be responsible for achieving the plan are not involved, they are less likely to be committed to its accomplishment. So the best way to select team members is to identify the key staff members--department heads, managers, supervisors, others--who will have important roles in implementing the plan. If the plan will involve important policy changes, you may decide to include a board member. Or you may want to have a separate planning session with the board before the management team develops the operating plan.

The primary guideline is to INCLUDE IN THE PLANNING TEAM THE KEY PEOPLE WHO WILL BE RESPONSIBLE FOR IMPLEMENTING THE PLAN.

## THE TIME DIMENSION

Early in the planning process, it is important to clarify and agree on the time dimension in the plan. If the primary objective of the plan, for example, is to return the cooperative to profitability, does the plan allow management one year, two years, or three to accomplish this goal? How much time does the plan contemplate.

Is the team developing a long-range plan or a short-term, operating plan? How long is long-term? Three years? Five years? Ten? If it is an operating plan for the business, is it for one year? For the fiscal year?

When the management team of a cooperative is developing its first business plan, often it is helpful to plan on two time levels--a long-term plan (3-5 years) and a one-year operating plan (next fiscal year). As the planning progresses, you can assign goals and strategies either to the long-range plan or make them part of plan for operations in the year ahead.

However you do it, be sure that everyone on the planning team understands the time parameters of the plan.

## REALISTIC AVAILABILITY OF RESOURCES

Equally as important as the plan's time dimension is a realistic consideration of resources--financial and human. It is easy (and a serious temptation) to make grandiose plans that have no reasonable chance for accomplishment because the resources needed to implement the plans are simply not available.

Yes, a business plan should be challenging to stretch the capability of the cooperative. And it should be reasonably optimistic about the future.

But what new or additional financing will be required by the plan? Can it readily be obtained? How? When?

Will additional staff members be needed to accomplish sections of the plan? How many? With what skills? Are funds available for these people to be added to the payroll?

These financial and human resource implications of the business plan must be recognized and addressed. If finding such additional resources is unlikely, it should be made clear early in the planning process.

## ASSESSING THE CURRENT SITUATION--BEGIN PLANNING HERE

A good way for the team to begin planning is to engage in an open discussion of the cooperative's current operations and business condition. What are the team's honest views on how the cooperative is functioning today?

For such a discussion to be constructive, the manager has to set some ground rules. He has to assure the team members that he welcomes their frank, forthright opinions. He must assure them their comments will be considered "off the record" and there will be no retribution if they criticize constructively current policies or decisions.

One way to organize this discussion is to solicit views on the cooperative's current strengths, weaknesses, opportunities and problems (SWOPs):

o Strengths. These are the inherent strong points of the business. It may be strength in the skilled staff. It may be the loyalty of the cooperative member/customers. Or it may be in the strong support of the board. What are the positive characteristics of the cooperative that contribute to a successful business?

o Weaknesses. These are the negative elements in the way the business is organized or operates. This may relate to the restrictions under which the cooperative operates. It may involve excessive taxes on profits. Weakness may stem from inadequate or poorly trained staff. Insufficient capital often is a serious weakness of an agricultural cooperative. The task is to identify and recognize such weaknesses.

o Opportunities. What are possibilities for the cooperative to grow and be more successful? Where are the opportunities for more profitable business? How can the coop be more competitive? How can the scope of business be expanded? What changes in policy or operating procedures might free up the coop to be a stronger business?

o Problems. What is interfering with good business operations today? What things need now to be fixed? What current procedures or practices are hindering our ability to compete? Are there people in the organization who are holding us back because of lack of skills or lack of motivation? Is staff morale a problem?

By identifying these SWOPs--strengths, weaknesses, opportunities and problems--the team will have exposed a list of things that can and should be done to make the cooperative business more successful. It lays the groundwork for the rest of the planning process.

## ELEMENTS OF A GOOD PLAN

There is no hard rule, no law of management, that says what must be in a business plan. The plan should include whatever will help the organization. It should be a course of action that has been specially designed to improve and advance this cooperative business at this time.

Several elements, however, commonly are included in a plan for an agricultural cooperative:

o Time Frame. The plan should indicate clearly what period of time is covered by the plan. If it is an annual operating plan it should tell what year. If it is a longer-term plan, it should indicate how long and what years.

o Mission Statement. A brief statement of the purpose of the business can be an important guide in making the right business decisions and in planning. It communicates to staff members why they are employed. It explains to member/customers the central reason for the cooperative.

Ideally, a mission statement should be no more than about 20 words. It should describe (1) the type of business, (2) the primary customers served, and (3) for what purpose. The statement may also tell how the service is to be provided. While you might begin planning by writing the mission statement, in many cases it is more productive to write the mission statement at the end of the planning process.

o Goals and Objectives. The FUTURE for the cooperative is defined in the plan by the statement of goals and objectives. They tell about the business direction to be pursued. They spell out how much is to be accomplished in building the business. They describe how the planning team wants and expects the cooperative to grow, expand, change in coming months and years--to fulfill its mission.

(The terms "goals" and "objectives," for the most part, are used interchangeably. The planning team should use the one that is most acceptable. Avoid wasting time with debate over differences in their meaning. We will use "objectives" in this paper.)

Often it is useful to identify two sets of objectives--long-range and short-term objectives. Long range could mean in the next three to five years. Short-term could be for the next fiscal year of the cooperative (annual operating objectives).

Objectives are more meaningful if the list is not too long. A group of 10 long-range objectives is about maximum. Short-term objectives are most useful if limited to not more than five or six.

They should be concise statements that clearly define business intentions. In total, they should explain without questions, "This is where our cooperative business is headed."

## BUSINESS PLAN OUTLINE

MISSION STATEMENT

LONG-RANGE GOALS

CURRENT SITUATION  
(strengths, weaknesses, opportunities, problems)

ASSUMPTIONS ABOUT THE BUSINESS ENVIRONMENT

MEASURING PERFORMANCE (key performance indicators, standards of performance,

OPERATING OBJECTIVES

ACTION PLANS

FINANCIAL PLAN

MONITORING RESULTS

ACTION CALENDAR

o Measuring Performance. During planning, the team should discuss and agree on the factors in the business that tell how well the cooperative is performing. Such factors become the Key Performance Indicators (KPIs).

Among KPIs that might be selected are profit levels, profit margins, sales targets, market share, return on equity, return on assets, debt/equity ratios, percent of equity owned by members, employee retention levels. Select indicators that tell how well the cooperative business is doing.

Second, agree on Standards of Performance for each indicator. These are the levels of performance in each area that the cooperative should achieve under expected conditions. They are the indices by which management and the board can tell if the cooperative is performing up to expectations.

o Assumptions about the Business Environment. The conditions in which the cooperative will be operating in the year ahead will have a significant effect. For this reason, it is important for the planning team to discuss and agree on the most likely business conditions ahead.

How much inflation is likely? What will interest rates be (the cost of borrowed funds)? Will competition be greater or less? How will competition change? How will customer needs most likely change? Will they need more or less? What things will they need that are different from this year? Will wages increase? What new products are expected? Will taxes go up or down? Will government regulations be greater or less?

Answers to such questions must be considered in developing the plan. The plan should anticipate these changes and position the cooperative to deal with them most effectively.

o Action Plans. The connecting link between business objectives and the day-to-day work of the staff is found in detailed Action Plans. These are work plans to achieve the objectives. They describe the "HOW" of the plan.

Action plans have three key elements: WHAT is to be done, WHO is assigned responsibility to do it, and WHEN is to be completed. The plan should have an overall manager responsible for its accomplishment. Each step in the plan likewise must identify the staff member assigned the task.

Sample Format:

#### ACTION PLAN

OBJECTIVE: (Insert here the operating objective this action plan is designed to help achieve.)

ACTION PLAN: (This is the title of this action plan.)

RESULTS EXPECTED: (What you want to accomplish...how you will know if the action plan was successful.)

RESOURCES REQUIRED: (Budget, staff, equipment needed.)

	<u>Actions</u>	<u>Person Responsible</u>	<u>Date to be Completed</u>
1.			
2.			
3.			

An action plan also should spell out the results expected when the action plan is finished. This tells how you will know if it was successful. It also helps in deciding if or how the plan should be changed along the way. If the plan is not producing the expected results, it should be changed.

Finally, an action plan should indicate any special resources that will be needed in order to carry it out. Will special funding (budget) be needed? Or will additional personnel be required? Must new equipment be procured and by a certain date in order to accomplish the plan. Discussion and agreement on these resource needs is important for a clear understanding between the cooperative manager and the staff members responsible for accomplishing the plans.

o Financial Plan. The value of a business plan rest in large part on the quality of the plan for managing the cooperative's finances. The financial plan should include projected income and expenses for each of the coming 12 months, operating expense budget, capital budget, debt management plan (schedule for repaying current debt and list of anticipated new financing needs). Such financial planning, however, depends on a professional, current, "real world" system of accounting.

#### IMPLEMENTING THE PLAN AND MONITORING RESULTS

You can design and automobile and build an automobile. But if it does not run, if it does not take you down the road, it is of little value. The same is true of a business plan. Developing a business plan and having a business plan may bring some satisfaction. But if it is not implemented, it is of little value to the cooperative.

How can management, and particularly the general manager, help assure the plan will be carried out? The answer is found in the basics of business management.

First, recast the action plans into a month by month calendar of the actions to be completed. This will enable management to look at the month of July, for example, and see all of the things scheduled to be completed by the end of that month. The same will be true for August, September, October, etc.

With the monthly action calendar, it is easy to request and receive progress reports each month. The reports should be in writing and discussed with responsible plan managers. The should describe specific steps they will take to accomplish the actions that were not completed on schedule. This is the reporting system for monitoring results.

Finally, the general manager must communicate to the staff his personal, continuing, and serious interest in accomplishing the plan. His commitment to the plan throughout the year is crucial to its implementation.

## ADJUSTING THE PLAN AS CONDITIONS CHANGE

Business conditions will change during the year in ways that could not be anticipated when the plan was developed. Such adverse events may occur as unavailability of materials, loss of key staff members, unexpected competition, market deterioration, or unanticipated increases in inflation, interest rates and wages.

On the positive side, new markets or demand for new products and services may open up. New business opportunities may come along. Competitors may go out of business. Such changes, if significant, may require that the business plan be changed during the year. Modification of the plan is normal and necessary if the plan is to be an effective management tool. Such changes should be made at the monthly progress review meetings of the management team. They must not be made willy nilly by individual staff members or action plan managers. The general manager should approve all changes in the plan.

## EVALUATING THE PLAN'S EFFECTIVENESS

When the business plan has been developed, has been approved and is underway, how can you evaluate its effectiveness? How can you tell if it is a good plan?

The answers to three questions will reveal the true value of the business plan: Is it understood by the cooperative staff? Is it being used by management? Is it helping the cooperative be more successful?

## SUGGESTIONS FOR CONSTRUCTIVE PLANNING SESSIONS

When the planning team has been identified and is ready to begin planning, a few arrangements will help assure productive planning sessions.

1. If at all possible, get away from the office or place of business for planning sessions. This helps avoid interruptions and allows more concentration on the issues.
2. Make planning sessions informal. Relax and enjoy the free give and take, the exchange of ideas with your coworkers. It should be made clear that comments and suggestions from team members are "off the record" (they will not be recorded and there will be no retribution from the general manager).

3. The general manager must be recognized as the planning officer for the cooperative. He must agree with all parts of the plan. It should be "his plan." But planning works best if the general manager is NOT the facilitator or leader in planning sessions. Rather, recruit an individual to lead the planning process, preferably an "outsider." This individual is the referee, proctor, planning "boss."
4. Discuss and agree at the outset what the groups expectations are for the completed plan. Talk about how it will be designed and used. Agree on the time frames in the plan (long-range, short terms, the years, etc.)
5. Someone needs to keep notes on the sessions. Agreements within the team or consensus on issues must be captured on paper for the plan to evolve as the planning sessions move forward. These notes must be used by someone to draft the plan for the team's editing and adoption.
6. Keep plans short and simple. Long, dull, vague plans have little chance of producing results.

Finally, a management team becomes more effective at planning each year. You learn by experience. In time, you'll find your business plan an essential management tool that makes the task of managing more rewarding and even a little easier.

Best wishes for a great time at planning and a banner year of business for your cooperative!

This planning guide was prepared by Jon F. Greeneisen, President, Strategies 2000, Inc., P.O.Box 582, Franktown, CO, 80116, USA, for Agricultural Cooperative Development International (ACDI), Suite 900, 50 F Street, N.W., Washington, D.C., 20001, USA, in April, 1990.

UGANDA COOPERATIVE CENTRAL UNION LTD

REVIEW OF FINANCIAL STATEMENTS

JUNE 30, 1989

I N D E X

Executive

Accounting Terms of Reference

1. Assets/Liabilities
2. Debt Repayment
3. Operational Accounting Principles  
Recommendations

- I (a) Revised Balance Sheet
- I (b) Revised Income Statement
- I (c) (d) Reconciliations
- II (a) (e) Composition of assets/liabilities

March 30, 1990

Mr. William Okoroi  
General Manager  
Uganda Cooperative Central Union

### EXECUTIVE

We were requested to review UCCU's assets, liabilities, applicable accounting principles (in order to estimate the entity's "realistic net worth") prepare a debt repayment schedule and provide pertinent recommendations

We have completed our assignment based on a review of the latest available audited financial statements (June 30, 1989) and more recent information supplied by UCCU's Chief Financial Officer

For the purpose of the assignment we reviewed all material balance sheet and income items for accuracy of presentation and conformity with generally accepted accounting principles

1. We did not conduct an audit of UCCU's financial statements in accordance with generally accepted auditing standards and consequently do not express an opinion as to the origin, authenticity or appropriateness of the individual balances making up the statements. UCCU's books contain many old balances which may or may not hold any significance at the present time. A complete review and adjustment of the books is recommended
2. As referred to later in this report, there is no basis for determining collectibility or timing of receivables; nor is there a basis for determining turnover and/or salability of inventories
3. Almost the entire equity (net-worth) of UCCU is represented by the surplus on revaluation of property, plant and equipment. Without revaluation, UCCU's net-worth would be a substantial negative amount
4. In our opinion UCCU's ability to repay its substantial debts depends on its ability to improve its margins and control (reduce) its operating and interest costs. Considerable effort is needed to achieve these fundamental objectives

The work done and detailed comments are contained in the memorandum and schedules attached

UGANDA COOPERATIVE CENTRAL UNION LTD

ACCOUNTING TERMS OF REFERENCE

(UShs millions)

1. ASSETS (balances)

LIABILITIES (balances)

Schedules I and II attached include a balance sheet, income statement, reconciliations and explanatory notes showing UCCU's book amounts as audited and as revised

Principal reasons for divergences in the original and revised amounts were due to:

(a) accounts receivable

insufficient provision for bad debts  
need to determine current and long-term collectibility

(b) inventories

insufficient provision for slow-moving items  
need to determine current and long-term items

(c) prepaid expenses

not shown on the audited statements

(d) investments

elimination of fictitious profit included in asset values

(e) fixed assets

need to provide for amortization of leasehold property

(f) liabilities

need to segregate current and long-term debts

Our presentation of the financial statements is in accordance with generally accepted norms of reporting. It varies considerably in form from UCCU's statements which were adapted where feasible to show the corresponding equivalents. In addition we made the following adjustments in arriving at the revised amounts:

Inventory amounts were reduced by 16.4, 17.7 and 1.8 as representing items that had already been sold, interest charges that should have gone to expense and an over-valuation of livestock respectively

UGANDA COOPERATIVE CENTRAL UNION LTD

ACCOUNTING TERMS OF REFERENCE

(UShs millions)

Inventory amounts were increased by 9.3 representing merchandise held by field representatives previously reported as accounts receivable

Investments were reduced by 20.0 representing a fictitious profit on exchange

Amortization of leasehold property in an amount 6.9 was charged to income

Expenses included in accounts receivable amounting to 1.2 were written off

An excess provision for income tax on the books at June 30, 1989 amounting to 123.7 was allocated on a 50/50 basis to bad debt provision and provision for slow-moving inventory

Balances on receivables and payables appearing in the books for periods in excess of one year were classified as non-current or long-term. Inventory on hand representing more than one year's sales was also shown as non-current

In the absence of a determination by UCCU as to the collectibility of receivables or the salability of inventories, the provisions referred to above were placed against non-current items

All other differences between UCCU's and the revised statements are attributable to presentation

UGANDA COOPERATIVE CENTRAL UNION LTD

2. DEBT REPAYMENT

Based on discussions with the Chief Financial Officer of UCCU we were able to make the following estimate of available funds for debt repayment in the financial year 1989/90

Bank balance June 30, 1989	25.7
Cash receipts 1989/90	
Cash Sales	312.0
Accounts Receivable	64.8
Commissions	15.0
Total Receipts	391.8
Cash disbursements 1989/90	
Operating expenses	210.4
Accounts payable	10.0
Income tax	12.0
Total Disbursements	342.4
Projected bank balance June 30, 1990	75.1
Total projected cash generation 1989/90	49.4
The debt outstanding as of February 28, 1990 amounted to 450.5 made up of:	
UCB	93.4
Cooperative Bank	28.1
USAID/CAAS	161.0
Government (Kenya/Uganda)	168.0
	450.5

A schedule of debt repayment or prioritization of debt based on the above cash projection would not, in our opinion, be meaningful in the present circumstances

## UGANDA COOPERATIVE CENTRAL UNION LTD

### 3 OPERATIONAL ACCOUNTING PRINCIPLES

In order to be more meaningful this section has been expanded by us to include accounting principles and financial statement procedures as well as accounting department procedures

#### (a) Principles

- \* inventories should be valued at cost
- \* when inventory items are sold before their final cost has been determined, the additional costs recorded should be charged directly to cost of sales and not included in the value of inventory
- \* inventory values should not include interest on bank overdrafts, loans, etc. These are financial not inventory costs
- \* investments should be valued at cost
- \* leasehold property should be amortized annually according to the term of years of each lease
- \* other fixed assets should be depreciated annually regardless of the current disallowance of depreciation on revalued assets for tax purposes

#### (b) Financial Statement Procedures

- \* accounts receivable should be segregated as between regular trade and other major categories such as government, advances to suppliers etc
- \* prepaid expenses should not be included in accounts receivable but as a separate asset category
- \* merchandise in the hands of field sales staff should be reported as inventory
- \* liabilities should be segregated to reflect balances outstanding on loans, accounts payable and accrued expenses, taxes payable etc
- \* current and long-term balances on asset and liability accounts should appear as separate groupings

3. OPERATIONAL ACCOUNTING PRINCIPLES (cont'd)

- \* the income statement should show product cost of sales, operating direct costs, general and administrative expenses, non-cash items such as depreciation and amortization and interest expense as individual line items

(c) Accounting Department Procedures

In order to be effective the accounting system whether manual or automated must:

- \* meet UCCU's accounting, control and reporting requirements
- \* provide accurate, timely, "real-world" information
- \* demonstrate the flows into and out of all the accounts
- \* enable determination of margins on sales
- \* distinguish between cash and journal entry transactions
- \* break-down cash-based transactions according to type of expense (or revenue, if applicable)
- \* maintain a separation between the different kinds of inventories
- \* show the composition, cost, useful life, etc. of property, plant and equipment
- \* enable preparation of financial statements on a monthly basis

Slow-moving accounts receivable and inventories should be physically segregated in the general ledger and monitored directly by the Chief Financial Officer

Provisions for bad debts and slow-moving inventory should be set up in the books based on "real-world" determinations

## UGANDA COOPERATIVE CENTRAL UNION LTD

I(a)

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## BALANCE SHEET

(US\$ millions)

ASSETS	REVISED	AUDITED
Cash and bank balances	25.8	25.8
Accounts receivable	169.5	319.1
Inventories	307.7	425.2
Prepaid expense and deposits	26.9	-
Current assets	529.9	770.1
Long-term receivables less provision 62.6	50.3	-
Long-term inventories less provision 62.6	29.0	-
Non-current assets	79.3	-
Investments	5.0	25.0
Property, plant and equipment (net)	384.5	391.4
TOTAL ASSETS	998.7	1186.5
LIABILITIES & SHAREHOLDERS INTEREST		
Loans payable	280.4	167.1
Accounts payable, accrued expenses, etc	81.2	394.9
Taxes, duties etc	30.0	133.5
Dividends	1.3	1.3
National Cooperative Education Fund	1.0	1.0
Current liabilities	393.9	697.8
Long-term liabilities	180.2	-
Total liabilities	574.1	697.8
Shareholders Interest		
Share Capital	0.7	0.7
Reserve	419.3	419.3
Earned Surplus	4.6	68.7
Total shareholders interest	424.6	489.7
TOTAL LIABILITIES & SHAREHOLDERS INTEREST	998.7	1186.5

The audited statements were analyzed, reclassified and made to conform with our format where feasible

## UGANDA COOPERATIVE CENTRAL UNION LTD

I(b)

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## INCOME STATEMENT

(UShs millions)

REVENUES	REVISED	AUDITED
Gross sales	499.5	499.2
Cost of products sold	246.2	219.6
Operating direct costs	73.4	-
Total cost of sales	<u>319.6</u>	<u>219.6</u>
Gross Margin	179.9	279.6
EXPENSES		
General and administrative expenses	163.4	209.9
Depreciation	4.9	30.6
Amortization of leasehold property	6.9	-
*Provision for inventory losses	25.8	-
Interest expense	65.5	47.8
Total expenses	<u>266.5</u>	<u>288.3</u>
PROFIT (LOSS) FROM OPERATIONS	( 86.6 )	( 8.7 )
Other income	23.1	43.4
Prior year item	( 1.1 )	( 1.1 )
PROFIT (LOSS) BEFORE TAX	( 64.6 )	33.6
Provision for income tax	-	25.8
NET INCOME (LOSS)	<u>( 64.6 )</u>	<u>7.8</u>

\* Reclassification of income tax provision. A tax provision was not needed for purposes of the revised statements

UGANDA COOPERATIVE CENTRAL UNION LTD

I(c)

REVIEW OF FINANCIAL STATEMENTS

JUNE 30, 1989

RECONCILIATION OF AUDITED AND REVISED NET INCOME

(UShs millions)

Net Income per audit June 30, 1989		7.8
Less:		
Decrease in inventory	26.6	
Amortization of leasehold property	6.9	
Increase in general & administrative expense	1.2	
Increase in interest expense	17.7	
Decrease in other income	20.0	
	<u>72.4</u>	
Net Income (Loss) as revised		<u>(64.6)</u>

UGANDA COOPERATIVE CENTRAL UNION LTD

I(d)

REVIEW OF FINANCIAL STATEMENTS

JUNE 30, 1989

DETERMINATION OF REVISED EARNED SURPLUS

(UShs millions)

Revised Equity			424.6
Less: Capital and Reserves			
Share Capital	July 1, 88	0.4	
Reserves	July 1, 88	417.3	
Increase in Share Capital	June 30, 89	0.4	
Increase in Reserves	June 30, 89	1.9	
		<u>          </u>	420.0
Revised Earned Surplus			<u>4.6</u>

RECONCILIATION OF REVISED AND AUDITED EARNED SURPLUS

(UShs millions)

Earned Surplus per audit June 30, 1989	68.7
Net loss per revision	64.6
Undetermined difference	( 0.5) *
Indicated earned surplus	<u>4.6</u>

\* Total equity in the revised statements is the difference between assets and liabilities. In effect it is a balancing figure. Equity consists of share capital, reserves and earned surplus all of which were affected by other accounts during 1989. In order to determine the reason for this difference it is necessary to check all of the asset and liability accounting for 1989

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## COMPOSITION OF SIGNIFICANT ASSETS AND LIABILITIES

(UShs millions)

## Accounts Receivable

Trade and other	36.2
Advances to suppliers	82.1
Government agencies	84.0
Unions and Societies	54.7
Employees	25.4
	-----
	282.4
Provision for bad debts	(62.6)
	-----
	219.8
	-----

## Balance Sheet break-down:

Current	169.5
Long-term	112.9
Provision for bad debts	(62.6)
	-----
	50.3
	-----

## COMMENTS

1. UCCU does not maintain an on-going assessment of the collectibility of its receivables
2. UCCU's control and reporting of receivables does not take into account current and long-term considerations
3. In the revised statements the non-current portion of receivables represents balances on the books for periods in excess of one year
4. Provision for bad debts represents 50% of the excess provision for income tax found on the books at June 30, 1989. It may or may not be adequate
5. Classification of accounts determined by UCASS

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## COMPOSITION OF SIGNIFICANT ASSETS AND LIABILITIES

(UShs millions)

	REVISED	AUDITED
Inventories		
Current turnover	307.7	425.9
Long-term turnover	91.6	-
Provision for slow-moving items	(62.6)	( 0.7)
	<u>29.0</u>	<u>( 0.7)</u>
Total inventories	336.7	425.2

## COMMENTS

1. UCCU does not maintain an on-going assessment of its slow-moving and unsalable inventory items
2. The provision for slow-moving items represents 50% of the excess provision for income tax found on the books at June 30, 1989. It may or may not be adequate
3. At June 30, 1989 the inventory of ginnery spares valued at 106.9 represented approximately 7 years of sales. In the revised statements inventory in excess of one year's requirements has been classified as long-term

## UGANDA CENTRAL COOPERATIVE UNION LTD

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## COMPOSITION OF SIGNIFICANT ASSETS AND LIABILITIES

(UShs millions)

## Property, Plant and Equipment

	<u>COST</u>	<u>VALUATION</u>	<u>TOTAL</u>
Freehold and leasehold land and buildings	-	272.3	272.3
Plant and machinery	-	27.0	27.0
Motor vehicles	6.4	28.5	34.9
Furniture & equipment	3.0	55.3	58.3
	<u>9.4</u>	<u>383.2</u>	<u>392.6</u>
Depreciation per audit			( 29.2)
Amortization per this review			( 6.9)
			<u>356.5</u>
Assets under construction			28.0
Balance as revised			<u>384.5</u>

## COMMENTS

1. UCCU does not maintain an adequate register of property, plant and equipment. Individual property and plant costs are therefore not determinable
2. In accordance with Ugandan custom, land and building costs are accounted for as one and the same amount
3. The revised statements include one year's amortization on the leasehold properties amounting to 6.9. UCCU did not amortize leasehold properties
4. Assets under construction have been on the books for periods in excess of one year

## UGANDA CENTRAL COOPERATIVE UNION LTD

REVIEW OF FINANCIAL STATEMENTSJUNE 30, 1989

## COMPOSITION OF SIGNIFICANT ASSETS AND LIABILITIES

(UShs millions)

## Loans Payable

Uganda Commercial Bank (1986)	122.7
Cooperative Bank (1989)	44.4
USAID/CAAS (1989)	113.3
	<u>280.4</u>

## COMMENTS

1. UCB overdrafts are repayable on demand

## Accounts Payable, Accrued Expenses etc

Trade and other	33.5
Accrued expenses	28.8
Employees	0.3
Members	18.6
	<u>81.2</u>

## COMMENTS

1. Classification of accounts done by UCASS

UGANDA CENTRAL COOPERATIVE UNION LTD  
REVIEW OF FINANCIAL STATEMENTS

JUNE 30, 1989

COMPOSITION OF SIGNIFICANT ASSETS AND LIABILITIES  
 (UShs millions)

Taxes, duties, etc

Provision for income tax	9.7
Import duties	19.4
Payroll taxes	0.9
	30.0
	30.0

COMMENTS

1. Income tax has been assessed and agreed through 1988. No assessment has been received for 1989
2. Classification of accounts done by UCASS

Long-term liabilities

Uganda Treasury - British Aid	4.2
- Stabex Fund Aid	0.4
- Kenya/Uganda Accord	171.6
Other government	4.0
	180.2
	180.2

COMMENTS

1. Long-term determination is based on balances on the books for periods in excess of one year
2. Classification of accounts done by UCASS