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Consultancy Report
***Business Skills for Women's Home-Based Food Processing: A Set of
Training Modules and Special Training Events***

***Egypt: Farmer-to-Farmer Project
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Business Skills for
Women's Home-Based
Food-Processing

A Set of Training Modules
and Special Training Events

Developed and Field-Tested

by Sheila Reines

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Food Processing
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and Special Training Events**

Introduction

This training program was developed to teach business skills to women doing commercial food-processing (pickles, jams, baked goods, etc.) in their homes. It was designed for a group of women living in Bangar Il Sukkar (New Lands in Alexandria Governorate); the sessions were delivered during February - April, 1993, and revised based on delivery. The women already were involved in their business activity to some extent, or just starting out; therefore, the program combines business start-up (feasibility study) and business management topics.

The training package comprises outlines for eight two-hour sessions:

Session 1	Introduction to Feasibility Study: Choosing a Product
Session 2	Studying and Creating Market Demand: Who Will Buy the Product?
Session 3	Costing
Session 4	Pricing
Session 5	Production Planning
Session 6	Financial Management
Session 7	Marketing: Packaging and Promotion
Session 8	Wrap-up: Is My Business a Good Idea?

In addition, there are three "special events," intended to supplement business skills with practical and production-oriented activities:

Session 6a	A field trip to meet a woman entrepreneur and Alexandria shopowners
Session 6b	A demonstration of proper processing techniques: Food Preservation: Canning and Drying
Session 6c	A demonstration of how to make American-style pickles and sweets (banana bread, cinnamon rolls)

The Session Plans

Each session plan contains the following information:

Title

Estimated Duration

Each session lasts approximately 2 hours, except for the "special events."

Objectives	These identify what is to be achieved in the session.
Resources	Books and manuals used to design the session are cited in this section, and can be consulted for background; however, it is not necessary to have these references to deliver the sessions ¹ .
Materials	This section lists the flip charts, handouts and other items needed for the session; <u>all flip charts and handouts are found immediately following the session plan.</u> ² NB: Flip charts and handouts are numbered to show session Number/Flip Chart or Handout Number (eg.: 5/1 = Session 5, Flip Chart 1)
Synopsis	This is the "script"; it provides a step-by-step description of what to do and say, with time budgets for each portion. NB: Time budgets are shown for principal sections, and for sub-sections (in parentheses). Example: 30 minutes Why do a feasibility study (10 minutes) Introduction. (10 of the 30 minutes)
Comments	This section describes what actually happened when the session was delivered, and changes that were made in the session; it is included to provide future trainers with some insight into what worked and what didn't.

The Approach

The sessions were designed for University graduates or wives of graduates with at least a secondary-school education.³ Despite their level of education--which enabled use of graphs and fairly complicated calculations--the women made very basic mistakes in their business activities (for example, beginning to produce without studying the market, not keeping track of money

¹The OEF International books are available in both English and Arabic; the page numbers in the Arabic version of these session plans refer to the Arabic OEF books.

²In some cases, completed charts are provided as samples.

³The sessions will have to be revised extensively for women with little or no formal education. In this case, consult the OEF International books (especially Doing a Feasibility Study and Marketing Strategy, which were designed for a less-educated target group).

coming in or going out). These mistakes are common to women in Egypt and in many other countries all over the world; they indicate the need to stick to basics and keep things simple. In other words, these sessions do not have to be taught by a University professor; any good adult trainer with an understanding of simple business management should be able to implement the program.

The sessions are based on two key principles of adult education:

- trainees participate actively in training
- training is based on practical application, and draws on trainees' knowledge and experience.

Lecturettes are short, usually no more than 15-20 minutes. They are usually interspersed with questions-and-answers and brainstorming activities (see below) to involve participants. Several techniques are used to make training as participatory and practical as possible:

- question-and-answer, to involve trainees by asking about their opinions or experience. Wherever possible, try to ask trainees to give examples or reactions to a point you introduce. In response to questions, the trainer can disagree, but should never criticize or ridicule the trainee. **Try to get the trainees to direct their answers to each other, not to you, the trainer.**
- brainstorming, to rapidly get as much information as possible from participants. In leading a brainstorming exercise, ask a question and record answers on a flip chart. **Record all answers without criticism** (however, record each idea only once). After all responses are recorded, the trainer and trainees can comment on answers, and reject, regroup or rank them if appropriate.
- role playing, to simulate real-life situations. In setting up a role play, make sure that you explain the situation clearly to trainers and trainees. If an outside person is used to play a role, explain to him/her what types of problems and reactions you want them to include.
- small-group exercises, to foster team-building and provide an opportunity to apply principles or techniques presented during the sessions. Try to vary the composition of groups from session to session. If possible, space the groups far enough apart so they do not distract each other.

Training also relies heavily on use of flip charts to make points in the session visually appealing. Flip chart paper is available in most office-supply stores. If you do not have a flip-chart stand, use spring-clips to hold the papers together, and a piece of wood or metal as a backing; **make sure that the stand will allow you to write easily, and to detach papers as you go along**. Prepare flip charts in advance for each session (see samples in session plans). Tape important

charts on the wall during or at the end of the session, and keep them up during subsequent sessions. Be sure to number them for future reference.

- Tips:
- use colored markers if possible to make charts attractive
 - for charts that you do during a session, try to write legibly and large enough for everyone to see. If the chart is important for future sessions, recopy it neatly.

Using the Training Package

It is assumed that an experienced trainer familiar with adult-learning techniques will be delivering the sessions.

1. Review the whole package to become familiar with the sessions. Move elements around if appropriate.

Example: The "Start-up Framework" in Session 8 could be used in Session 1.

2. Rearrange and expand the sessions, depending on the group. If all of the participants are just starting out, spend more time on the feasibility study, and cover business-management topics later.

Example: Deliver Sessions 1-5 and 8, and then have participants do their feasibility study. Once they begin their business activities, review Sessions 3-5, and do Sessions 6 and 7.

3. If possible, add home visits and/or extra sessions to provide individual help in applying what participants learn (for example, completing the "Start-up Costs" and "Operating Costs" worksheets).
4. Arrange the training room to encourage exchange among participants. Place chairs in a semi-circle or horseshoe rather than rows.
5. Do not hesitate to add more practical demonstrations and field trips, especially earlier in the series. Try to find women who have started their own food-processing businesses (preferably small-scale and home-based).

Session 1

Title: Introduction: Choosing a Product (Feasibility Study)

Estimated Duration: 2 hours

Objectives:

- to introduce participants to the basic elements of a feasibility study (e.g., the six steps of the OEF approach)
- to begin collection of information participants need to conduct a feasibility study of a food-processing activity

Resources: OEF International, Women Working Together, (WWT) Chapter 7

OEF International, Doing a Feasibility Study, (DFS) pp. 32 - 58.

Materials: Flip Charts:

1/1: Six Steps of A Feasibility Study

1/2: Amina Poster Story (and narrative)

(The posters can be put up all at once, comic-strip style, be unfolded from an accordion, or be done as flip charts as the trainer feels most comfortable (putting them up in advance worked well).

1/3: Personal Resources List

1/4: Which Product Should I Study?

1/5: Market Question, buyers

1/6: Market Question, sellers

Handout 1/1: Community Resource Survey

Flip Chart and Markers

Pens and notebooks

Synopsis:

10 minutes

Introductions

1. Introduce ACDI and staff
2. Introduce participants; have each woman give:

- name
- village
- product(s) she makes

3. Go over the objectives of the session (and possibly of the whole series of sessions)

10 minutes

Opening remarks: "turning food into money"

Begin by verifying that women are here because they are interested in making money from food they produce. Illustrate that this is not an impossible dream with examples that might include: Mrs. Fields or the Silver Palate (see box); Walleen Donaldson (American pickles, cakes and ready-made meals in Maadi); Heba Il Attar (American brownies in Cairo). Ask the participants if they know of any examples, and ask them to tell their stories.

Stories of Women Food Processors

Debbie Fields is an American woman who had a special recipe for chocolate chip cookies. She started out small, and now has shops all over the country.

In the mid-1970's, two women in New York started a small take-out shop called the Silver Palate. They never opened more than one shop, but they have written three cookbooks and their products (sauces, jams, pickles) are on sale all over the country.

Do you know anyone who has turned their food processing activities into a business?

Explain that all of these stories represent people who somehow "figured out" whether they had the right skills, enough money and were in the right place for people to buy what they wanted. That "figuring out" is called a feasibility study. Some people hire companies to do expensive, complicated feasibility studies. But there are parts of studies every person starting a business can and should do for him or herself.

Stress the importance of going through the steps of a feasibility study:

- choosing a product or service
- finding out if people will buy it
- determining how the business will operate
- calculating business expenses
- estimating sales income
- deciding whether the business is a good idea

- 30 minutes Why do a Feasibility Study (Poster Story/Discussion).
- (10 minutes) Introduction: it is common in Egypt and in other countries for both women and men to begin producing for sale without studying whether the product makes sense for their level of skill, their resources and their market. They invest their hard-earned money and lose it. Or they may not lose it, but they might have put it into an activity that makes a lot less money than another one.
- Example: if you have three hours free time every day, you could do one of several things. You might watch television; it won't earn you money, but it might give you much-needed rest. If you want income, you might sew, raise chickens, make pickles, get a job. Which of these activities will bring in the most money? Hard to tell; it depends on your resources and skills. But you have to figure out whether it's best for you.
- (25 minutes) Introduce the story by explaining that it shows what can happen when someone begins producing without doing a study first.
- Go through the story.¹ Be lively; dramatize without exaggerating. Give participants opportunities to make comments and work through the math.
- 45 minutes Things to consider in identifying a business or product.
- (5 minutes) Bridge from story: choosing the right business or product is a big decision. You need all kinds of information, about the community and about yourselves, to answer a few important questions:
- what do people buy now (or want to buy)?
- what we can do to satisfy their needs?.
- (20 minutes) Community Resources. It is important to know what is available in your community. Resources include many things--people--with their know-how and their buying power--facilities, natural resources. Lack of resources is important to note too, because it points the way to opportunities for needed businesses. How do you identify these opportunities?
- Brainstorm: what are some products or services that are not available in your area now? Use alternative ways to phrase the question if there are difficulties (What do you go to Alexandria or Amreya to buy? In the course of the day, what are the things you miss having nearby?) Record answers on a flip chart. Cut off after 10-15 examples.
- Explain that information about community resources has to be collected in a more systematic way, that lets you

consult the information whenever you need it.

Discuss the Community Resource Survey, and how different sections provide different types of information.

NB: try to familiarize participants with the Community Resource Survey (and ask for volunteers to do it) before the session; doing it during the session will slow things down considerably and probably not allow enough time to explain it correctly).

(20 minutes)

Personal Resources. Bridge: just as your community may have a store, people with trucks, lots of fresh vegetables, you have resources that are as important as--if not more important than--what's in the community. You may have a possession--an oven, a car--or a skill, like making the best pickles in the region. Or, you may be good at talking to people.

Ask participants to take 5 minutes to answer (write down) the question: "What resources and skills do I have that could be useful in a business?"

Ask for examples of things to include (other than the ones you gave):

resources: house, car, family in Cairo or Alex

skills: education, abilities, character traits (eg., good negotiator).

Use the rest to have each participant read her list; record answers on flip charts that can be kept up through subsequent sessions. Comment on complementarities, and how working together might make the best use of skills.

NB: coming right after community resources, this gave participants some trouble (they thought they were to talk about resources in their communities). Possibly start with yourself, citing a mix of material and non-material resources, indicating why they would be suitable for a certain business (e.g., jam-making).

This could be done in pairs, having each woman interview the other and reporting her findings; however, it will take twice as long, and women may hesitate to talk for fear of seeming boastful.

25 minutes

Which product should I study?

(10 minutes)

Have each woman decide on a product--preferably one that she has made or is making now--that she wants to look into as a business (ie., do the feasibility study) in the coming weeks. Record names and activities on flip charts.

NB: if women in nearby villages come up with the same product, ask if they want to work together.

(15 minutes)

Say that the first step is to find out if there are customers, which will be discussed next week. In order to get ready for the session, they have to do an assignment.

Explain assignment: "Find out if people will buy our product or service." Turn to flip charts and go over them.

Talk to five people in your village. Find out:

- do they buy the product?
- if no, why not?
- if yes, how much/how often?
- where?
- how much do they pay?
- are they happy with the product?

Talk to one merchant in your village. Find out:

- do they sell the product?
- if no, why not?
- if yes, how much?
- does the quantity change from season to season?
- does the price change?
- when do they sell the most?
- when do they sell the least?
- where do they get it from?
- are they happy with the quality?

NB: don't turn these into a handout; it makes people think about the questions if they write them.

Comments:

Ten women and one man attended, in addition to four observers (Hamed Khalil, Nargas Abdullah, Sarah Jackson, Mohamed Khafagy).

The session began 45 minutes late, waiting for participants and getting notebooks. Because of an ILO meeting in another village, women were eager to end close to the original time, and things were rushed. This was unfortunate, because we needed all of the time (we made up for all but 10 minutes). There may even be enough material to break this into more than one session.

Discussion of the objectives at the beginning of the session was not included and has been added to these notes and future sessions; it helps focus the session for participants.

Because Sarah was there, I could liven up the Mrs. Fields and Silver Palate examples by leaving out the names and asking her to "guess" them in the end (which drove home how well-known they are). I did not ask for Egyptian examples, but Mohamed gave one from Alexandria which all of the participants knew.

In the lead-in to the Poster Story, the question "which of these activities will bring in the most money?" should be rhetorical, and followed right up with the answer; there's no point in getting bogged down in non-answers.

The story was very well-received, and illustrated that despite the higher education levels of graduates it both entertains and teaches. Don't rush the story, and don't overestimate the audience; leave enough time to go through the math.

Things started getting rushed after the story. The difference between community and personal resources needed to be better defined, which I have tried to do in the revised notes. Also, we went from talking about what is in the community, into what is not in the community.

NB: In recording the answers to what products or services are not available, using the OEF headings of Commerce/Industry/Agriculture confused matters and was dropped immediately.

Again, start the Community Resource Survey before the session, so that this does not become a training-within-a-training on how to fill out the form. If anything, cut down the time spent on community resources to spend more on personal. Or possibly consider reversing the two, since participants thought that personal resources were those in their own communities. Give participants more time, or repeat the exercise in subsequent sessions (e.g., list only non-material resources).

Methodological note: I worked with Nahla Mohamed Fawzy as a co-trainer as much as a translator. In some sections, I would talk and she would translate; for the poster story, she did it directly in Arabic, which aided the flow and contributed to its success.

NB: In scheduling training, make sure no conflicting meetings are planned. I had forgotten about the ILO meeting in Village 16, which was of interest to several participants.

ENDNOTE

1. The story was adapted from the Arabic version of the OEF manual; some of the more obvious discussion questions have been taken out, since the group is almost all university graduates. If working with a group of less-educated women, review the story to see if it needs re-working, and consider expanding its role in the session (or making it the object of a full session).

Notes on selected pictures:

1. Don't bother wondering what she's thinking about (as per the book).
5. This might be turned back into a discussion for a group whose husbands might be resistant to their working.

6. Make sure to ask how much Amina will make; go through the math on a flip chart if necessary.
11. Depending on the experience of the group, and time, possibly brain-storm other things to think about on paper.
- 12-16. For any group, regardless of education levels, ask the math questions. If the answer is right, ask the respondent to go through the steps. If it is wrong, go through the math. Either way, do it on paper (ie., follow along as a respondent explains).

Six Steps of a Feasibility Study

- Choosing a product or service
- Finding out if people will buy it
- Determining how the business will operate
- Calculating business expenses
- Estimating sales income
- Deciding whether the business is a good idea

The Story of Amina

1. This is Amina. She lives in a village like you. One of her big concerns is her children. She would like them to go to school, but she can't afford the school books and pens. She also wants to give them better food. Amina has been thinking about what she can do to solve her problems.
2. Amina has saved LE 100. She wants to use the money to start an activity that can make more money. She remembers that her sister-in-law sews children's dresses. She's watched her sister-in-law sew and thinks she can do it. She says to herself, "I'm going to borrow my sister-in-law's sewing machine and make 5 dresses and sell them for LE 25 each." Ask participants how much she will make (answer: LE 125 total).
3. Amina goes to town and stops at the first store she sees. She buys the supplies she needs and she's surprised that she spends the entire LE 100. She doesn't even have the money to take the bus home.
4. She walks home feeling happy thinking about how successful her sewing will be. When she gets home, she goes right to work. She's never made children's dresses before, and she isn't sure of some of the steps. She worked until she finished the five dresses, which took longer than she thought.
5. Amina's husband is very angry. The sewing took so much time that Amina couldn't watch the children and do work around the house. Amina thinks, "my husband may be mad now, but he'll be happy when he sees the LE 125 I earn."
6. The night before she goes to the market, Amina puts out all of the dresses to look at them. She's shocked to see that although all of the dresses were cut from the same pattern, they all don't look alike. Two didn't turn out at all, and can't be sold. Amina thought she would make LE 125. Ask participants how much will she make now? (answer: LE 75). But Amina already spent LE 100 on supplies. Amina is very discouraged but she's very motivated and knows she made a mistake. She decides to sell the three dresses and do better next time.
7. She gets up early the next morning to go to the market, planning to be home by lunchtime. When she gets to the market, she sees many women selling dresses like hers--for only LE 20. Since people bargain with the women, the actual price is less than LE 10. She won't even make LE 30! Amina sits down to sell the dresses. By sundown she still hasn't sold them.
8. Now Amina is very discouraged. She can't understand what she did wrong. Ask what she should have done differently. Encourage the group to consider these issues:

- She should have learned to produce good quality dresses (she could have worked with her sister-in-law, practiced on an old piece of material, etc.)
 - She should have figured out how much time producing and selling would require
 - She needed to visit the market to know how much the dresses sell for, how long it takes them to sell, how much the women make in a day, week or month or month, who takes care of household chores while women are in the market, where the women buy supplies, why people buy from one woman and not another, etc.
 - Ask participants, "do you think it would have made a difference if people had worked in a group?"
9. Amina wants to try again, and talks to four friends. She tells them what happened. One of her friends wants to try sewing again, but Amina says there are already too many women making dresses. She says, "let's think of something else." Hoda, one of her friends says she knows how to make soap. She points out that everyone needs soap, it can be sold locally, and it is something people use and buy again.
 10. Here is a cake of manufactured soap. It is 500 grams and sells for LE 1.50. The women think they can make good quality soap at a cheaper price.
 11. Two of Amina's friends go to the market. They want to be sure they can make money producing and selling soap. The women find out that the demand for the soap is great, and that it costs LE 1.00 per cake. There is black soap and white soap. The white soap sells better. This is the kind of soap Hoda knows how to make. The sellers say that they sell so much soap that there's room for the women to start selling too. The women also asked the sellers where they get their supplies and found out that there is a source of cheap palm oil nearby. The sellers told them that even selling at LE 1.00, they will make a profit.
 12. The women decide that they need to be careful about how much money they would spend on soap making and how much they would earn. First, they find out the cost of starting soap production. They will need a large steel tub for boiling--LE 27; a small bucket for carrying water--LE 17; three wooden molds--LE 15. The total cost of the equipment is LE 59.
 13. Now the group calculates how much it will cost to produce one batch of soap or three molds full. They need 2 liters of palm oil--LE 14; 500 grams of lye--LE 2; and 10 liters of water which is free. The total cost of supplies is LE 16.
 14. Next the women figure out how much they can earn from each batch of soap. Each mold can make 17 cakes of soap. 17 x 3 molds yields 51 cakes. The women know they must deduct the

cost of the palm oil and lye for each batch. They subtract LE 16 from LE 51, which leaves LE 35 profit per batch.

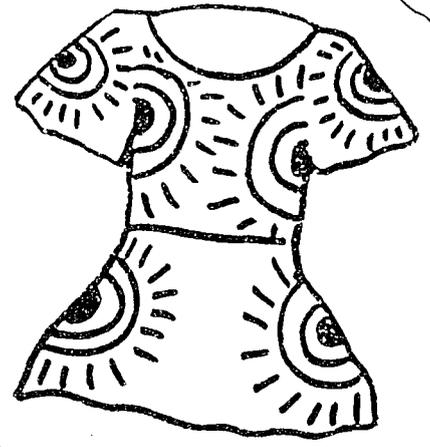
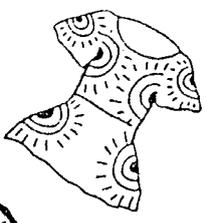
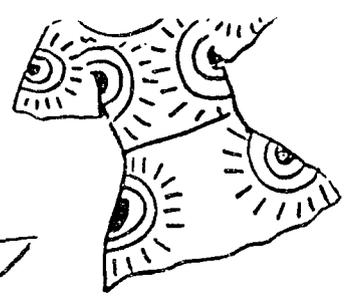
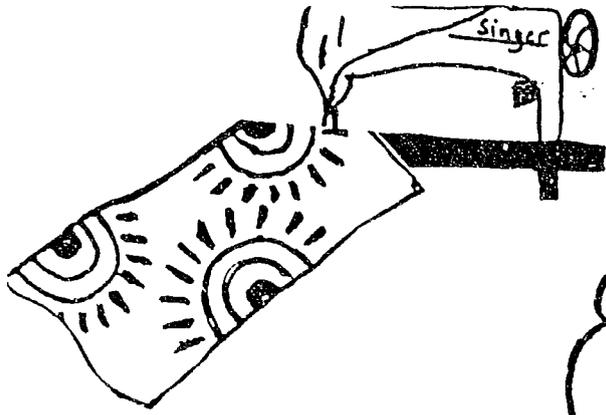
15. However, the women remember the cost of equipment: LE 59 for the tub, pail and molds. How many batches will it take to pay back these costs? The answer is two batches (LE 59 - 35 profit from the first batch = LE 24 left to pay from the second batch with LE 11 left over).
16. The women think some more about their production and sales. Let's say they have already made two batches and paid back their initial investment. How much will they make on 10 batches?

(Answer: sales income is LE 510 [LE 51 per batch x 10]
supplies cost LE 160 [LE 16 x 10]
LE 510 - LE 160 = LE 350

There are other things that the women need to think of: how long it might take to make the soap, how quickly they can earn a profit, whether the demand for soap is constant or varies (ask participants if there are times of the year when soap is used more than others).

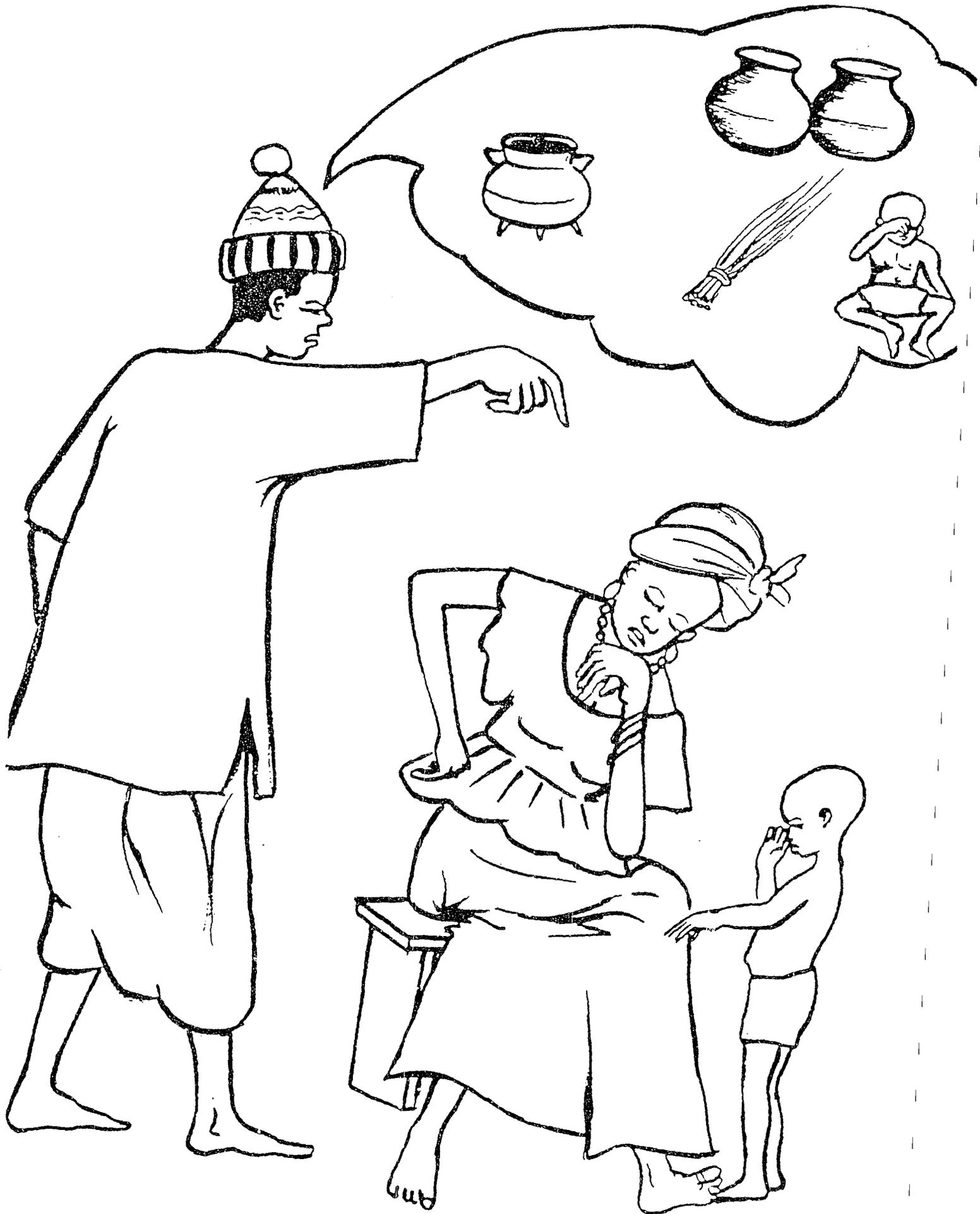
17. The women think they can make money making soap (Ask: "Have they taken all the costs involved into account?" Discuss costs of transportation and their time). The women still think the business can be profitable. Now they discuss how they will work: how might they organize themselves? which tasks will take the most time? how will they take care of their children and responsibilities at home?
18. The women have now studied the soap making idea. They each have LE 20 to use for starting the business, or a total of LE 100. Should they start? Why or why not?

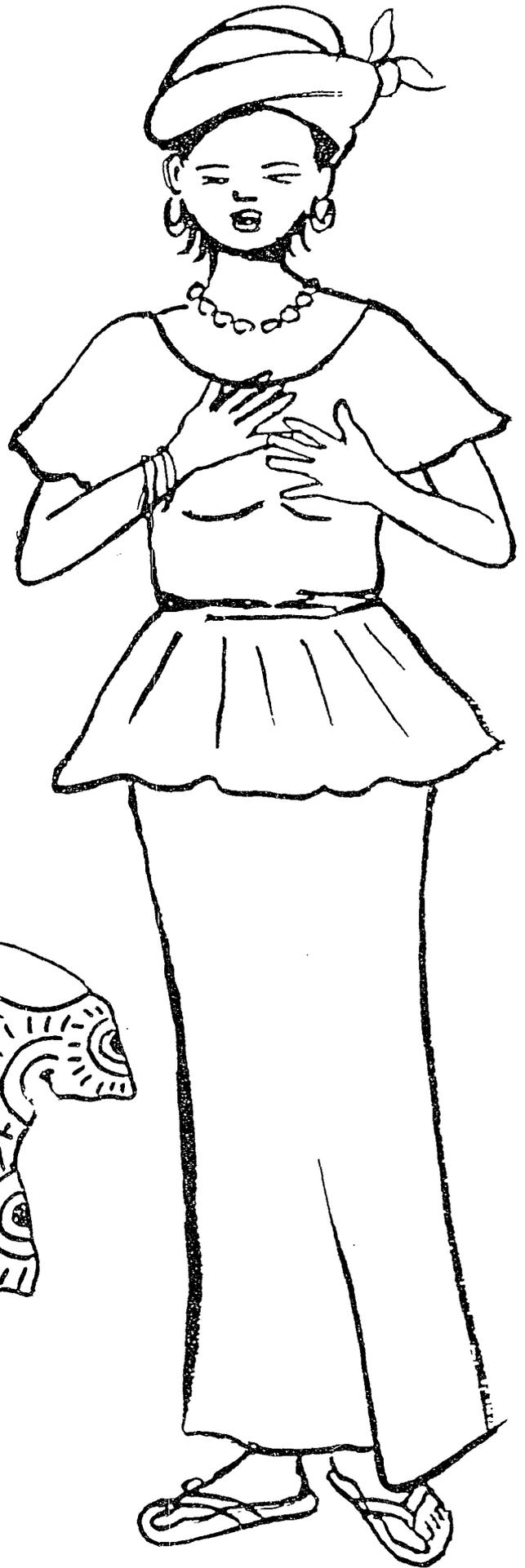
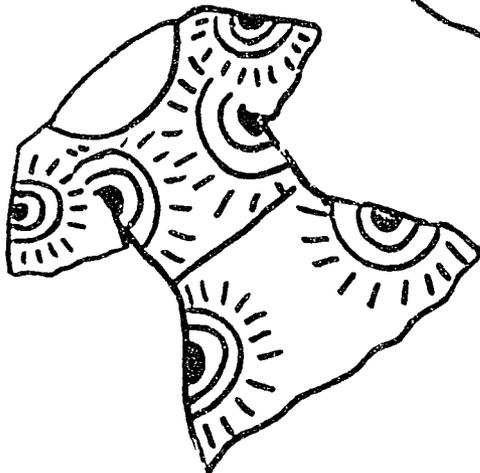
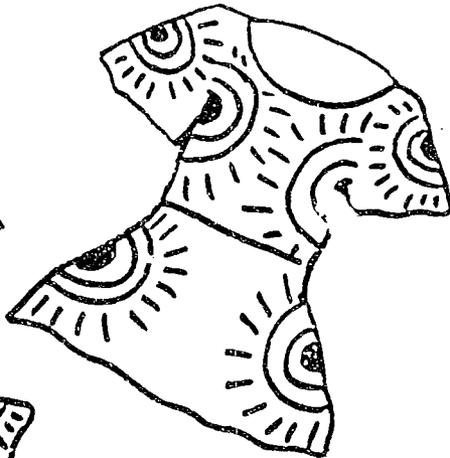
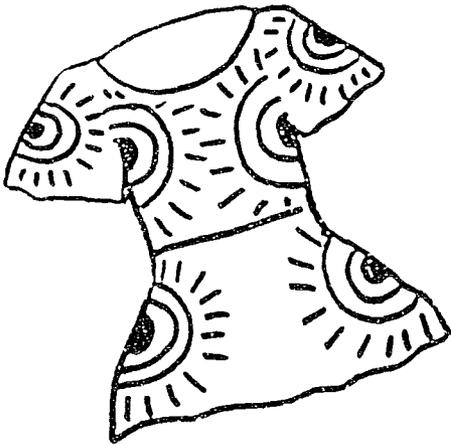
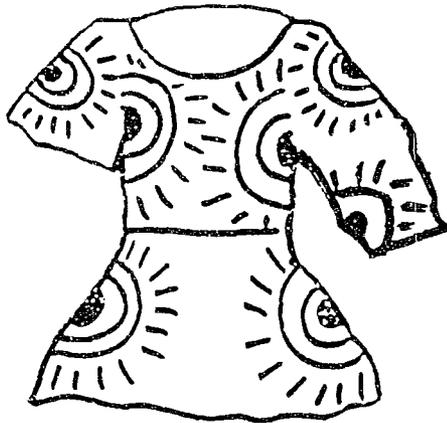
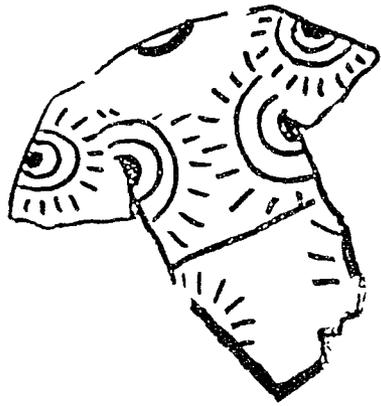




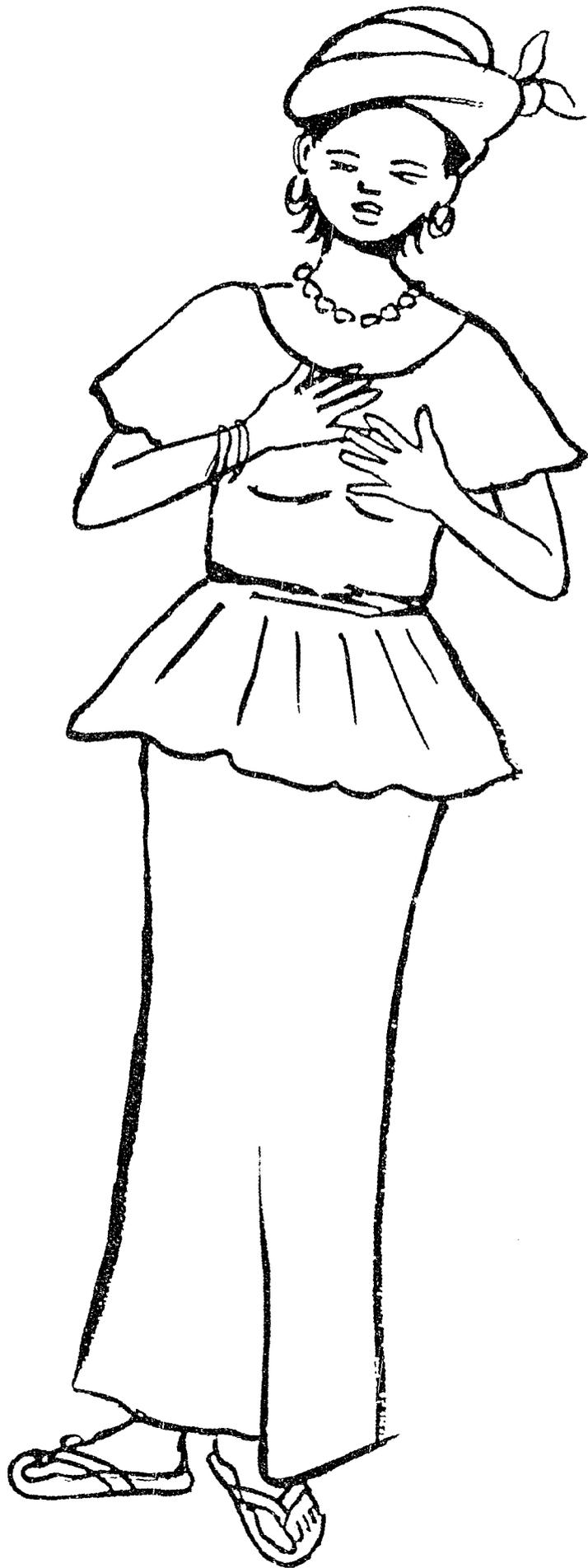


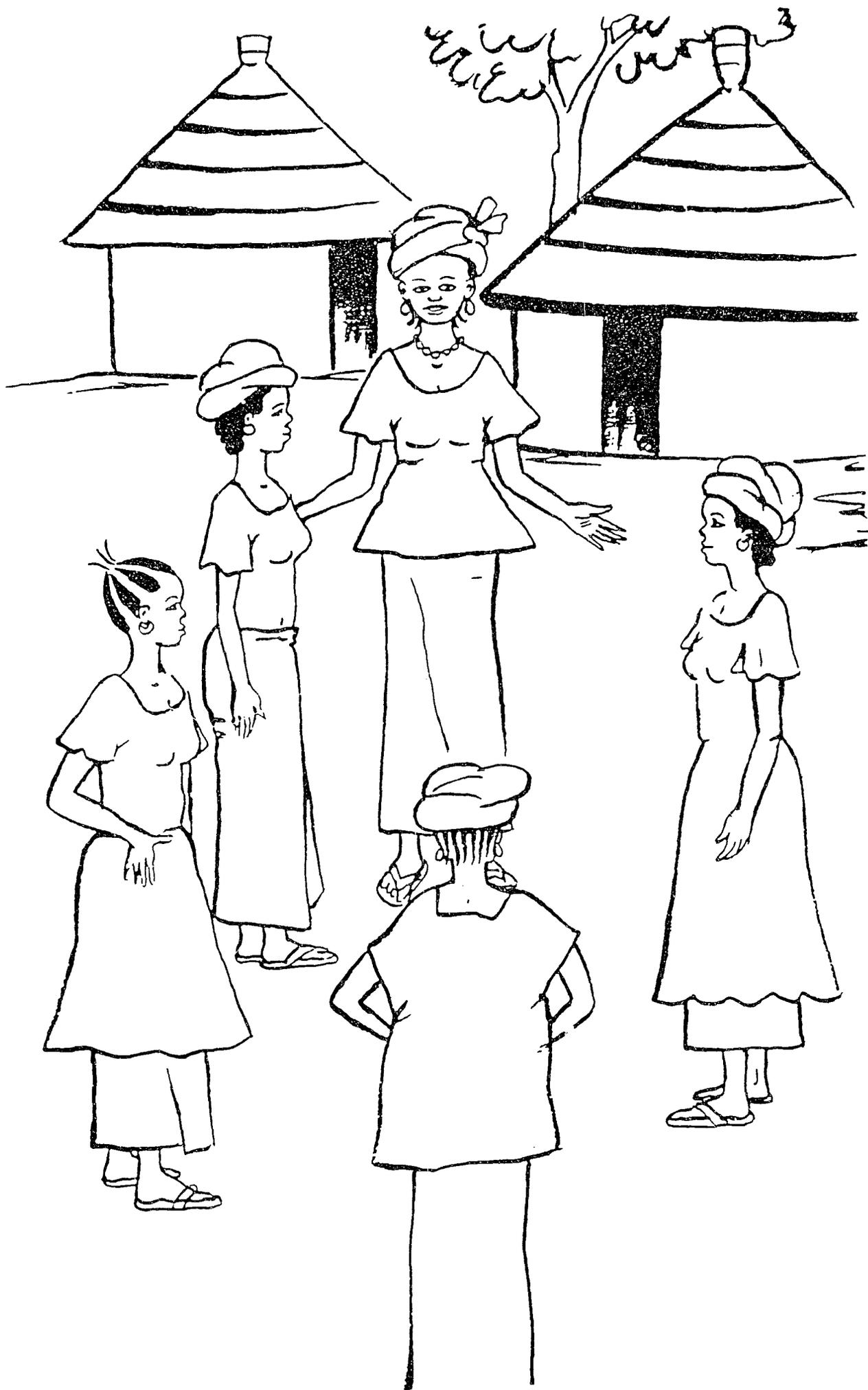


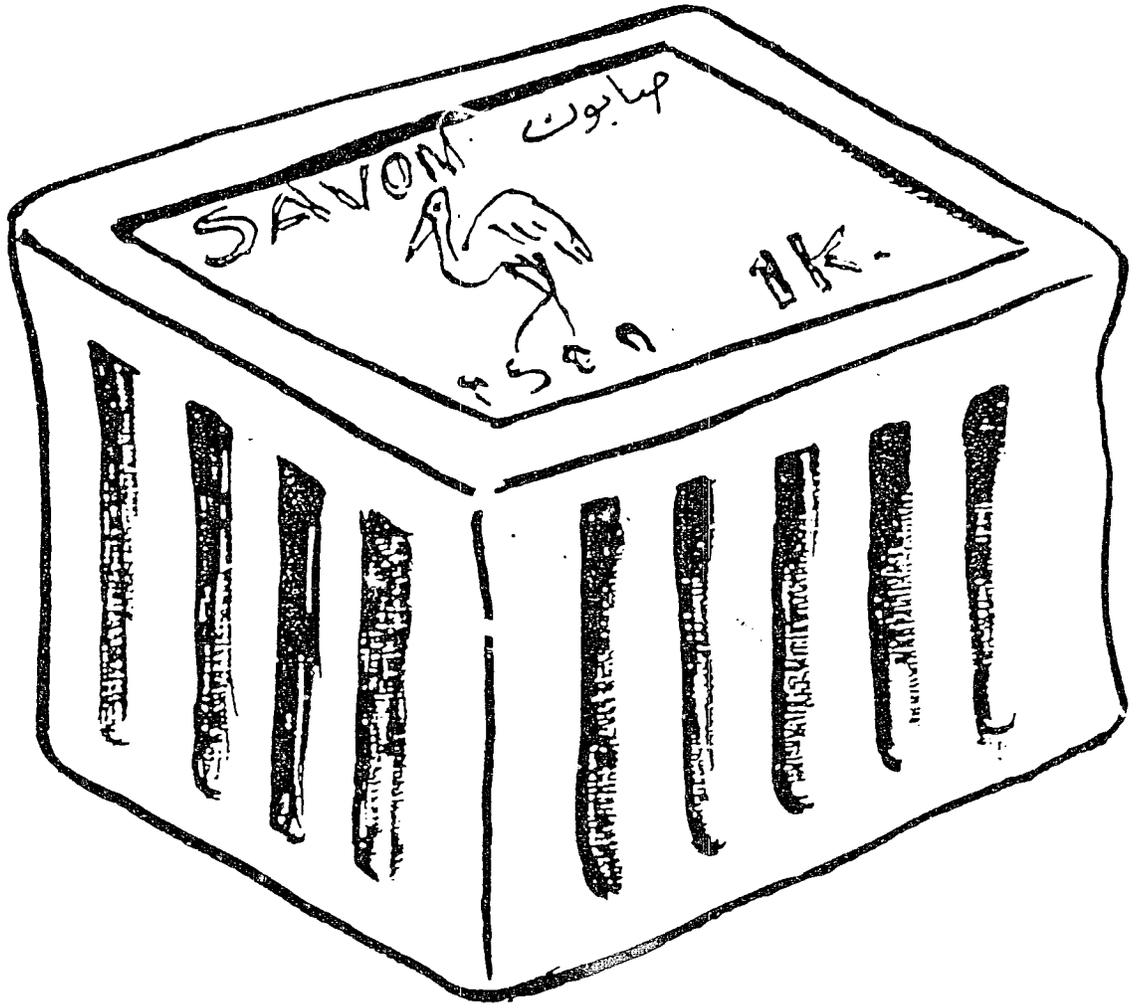




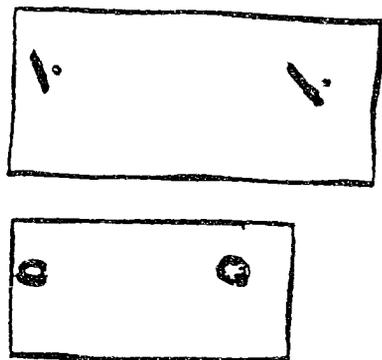
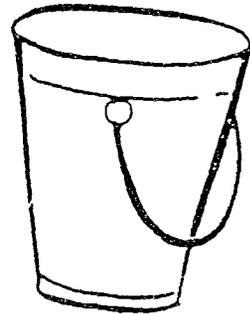
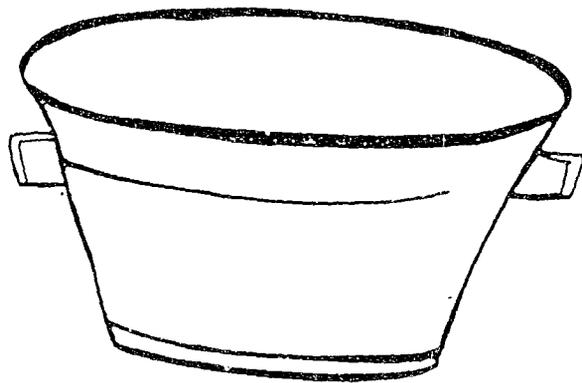
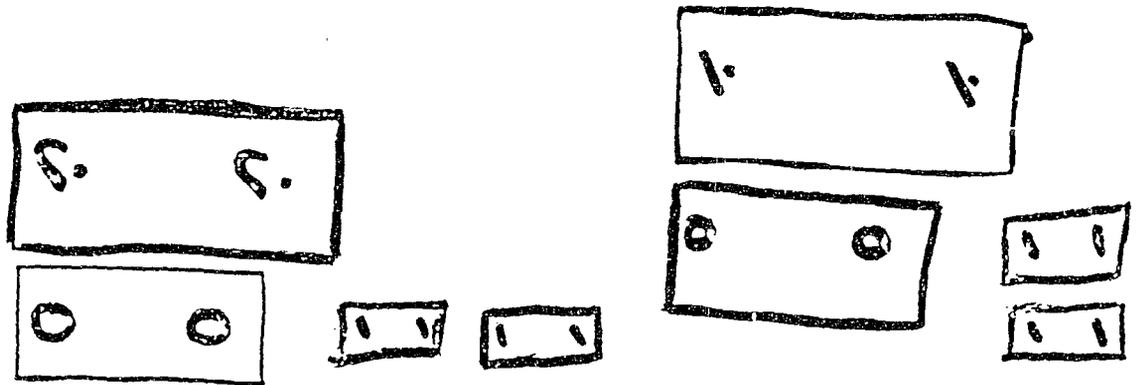


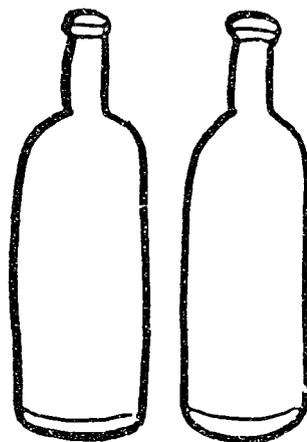
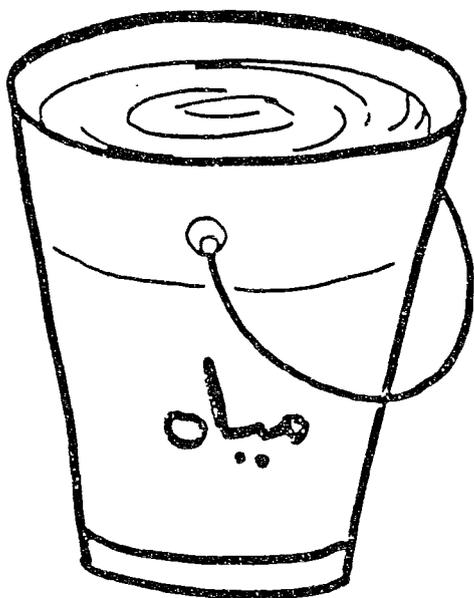
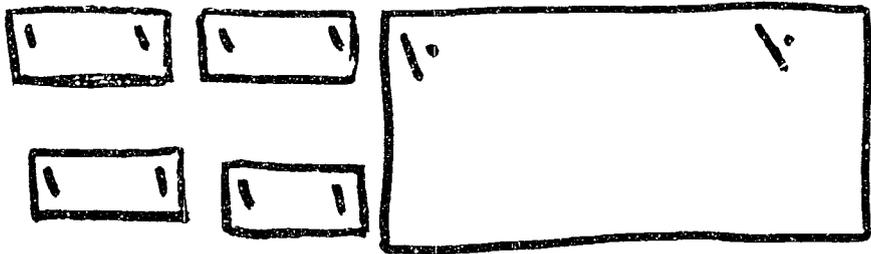




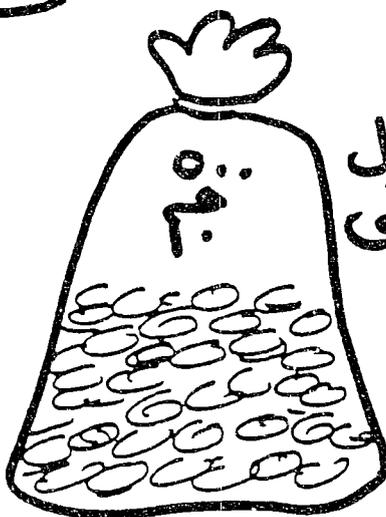




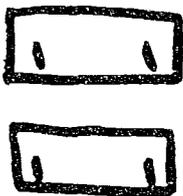




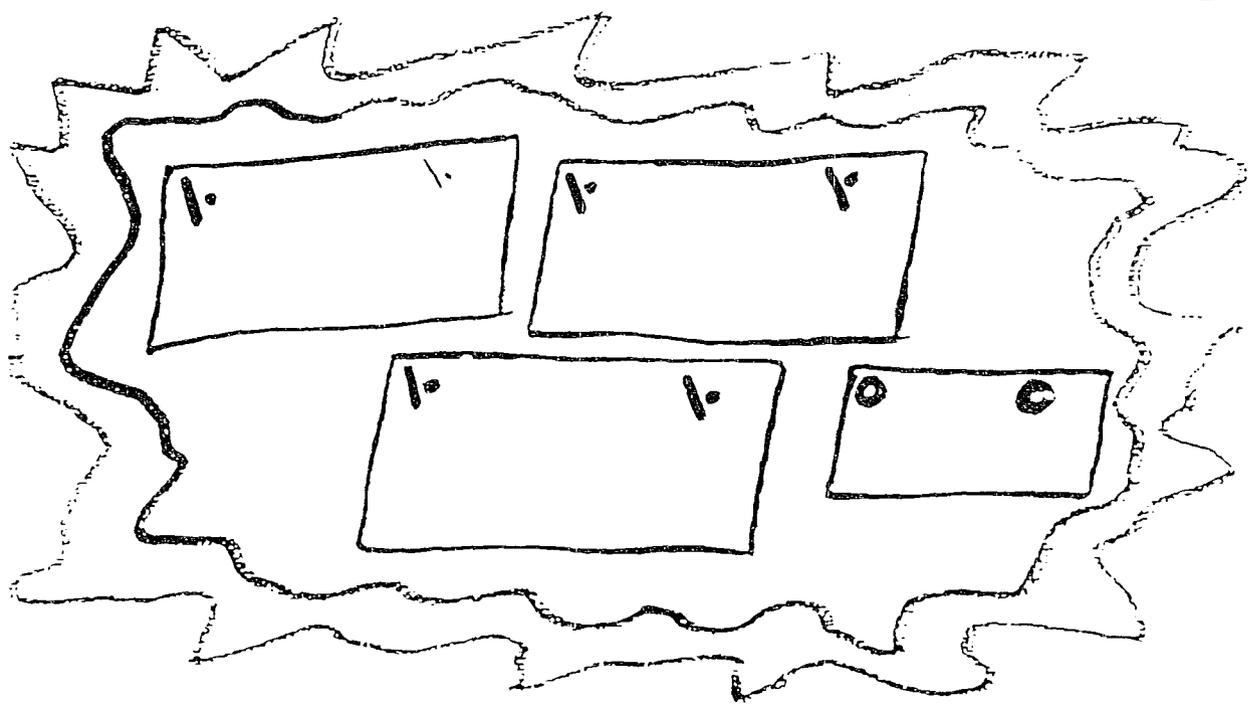
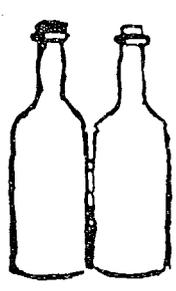
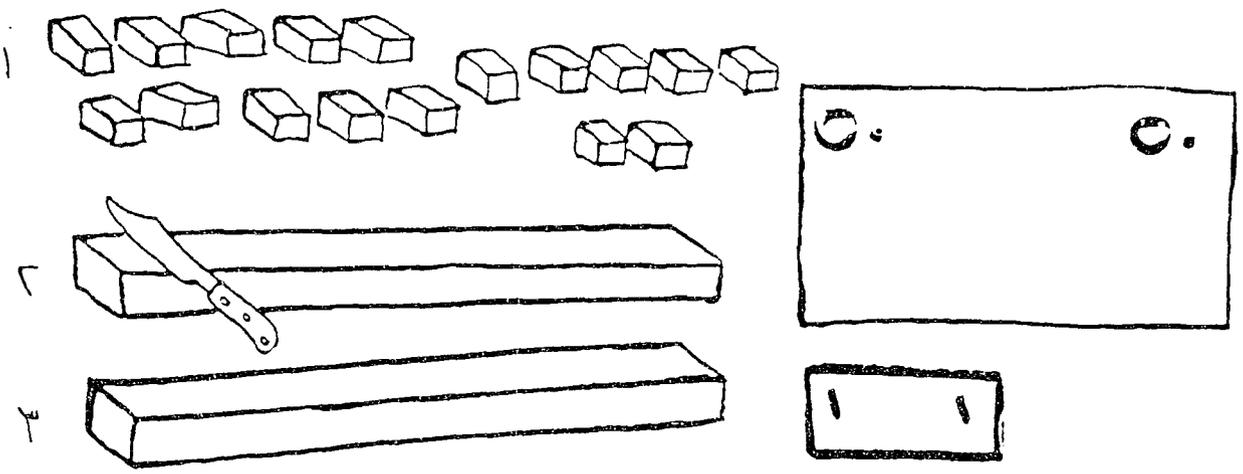
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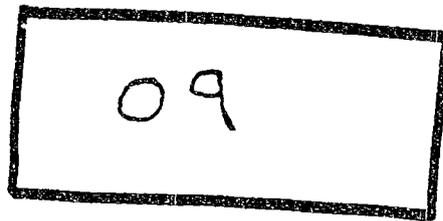
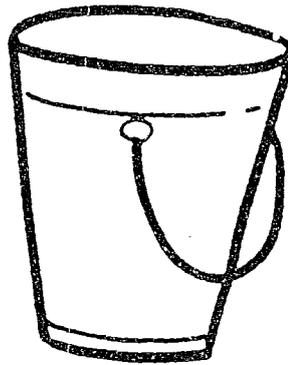
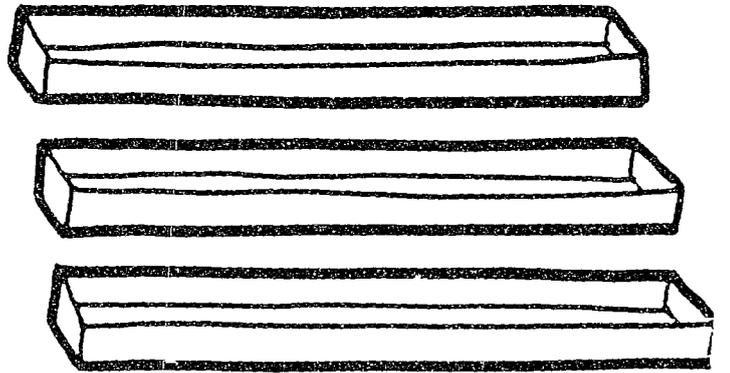
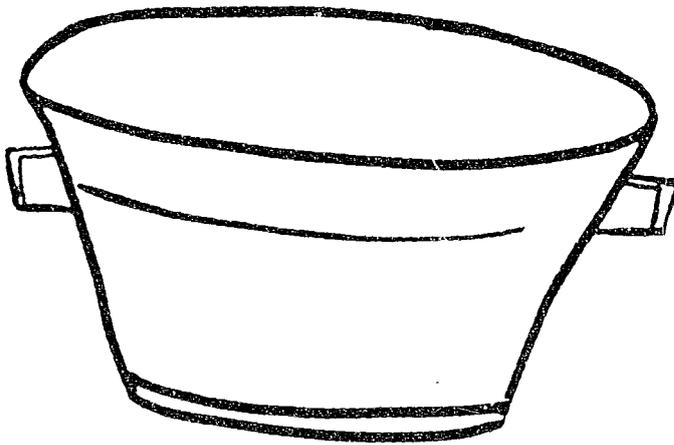


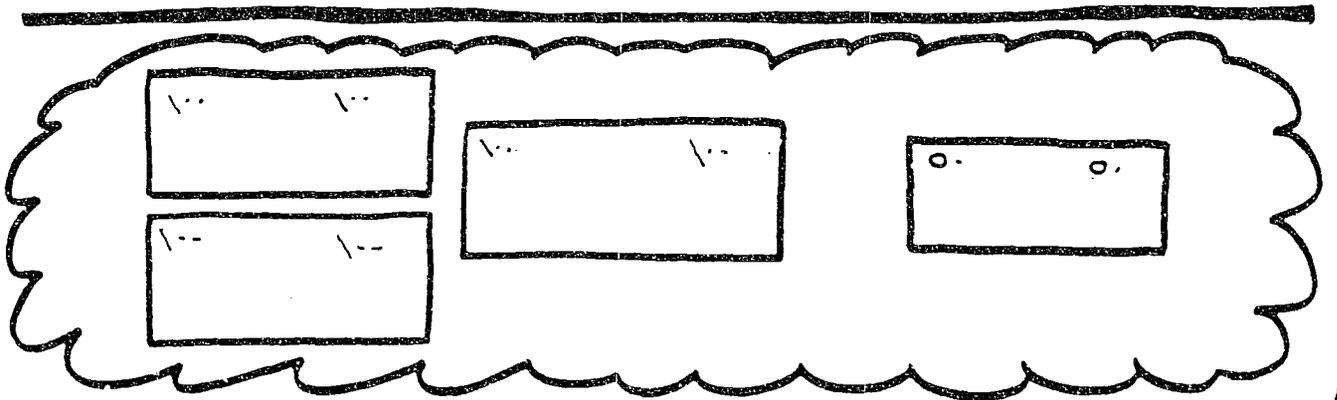
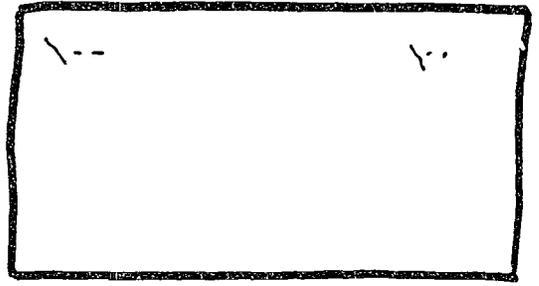
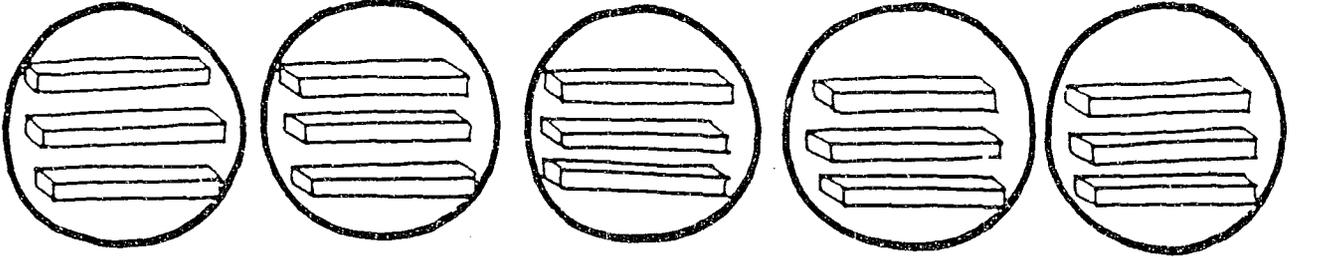
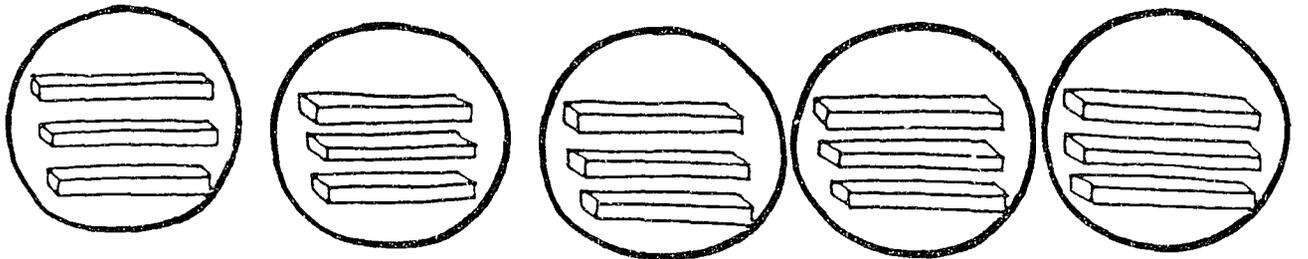
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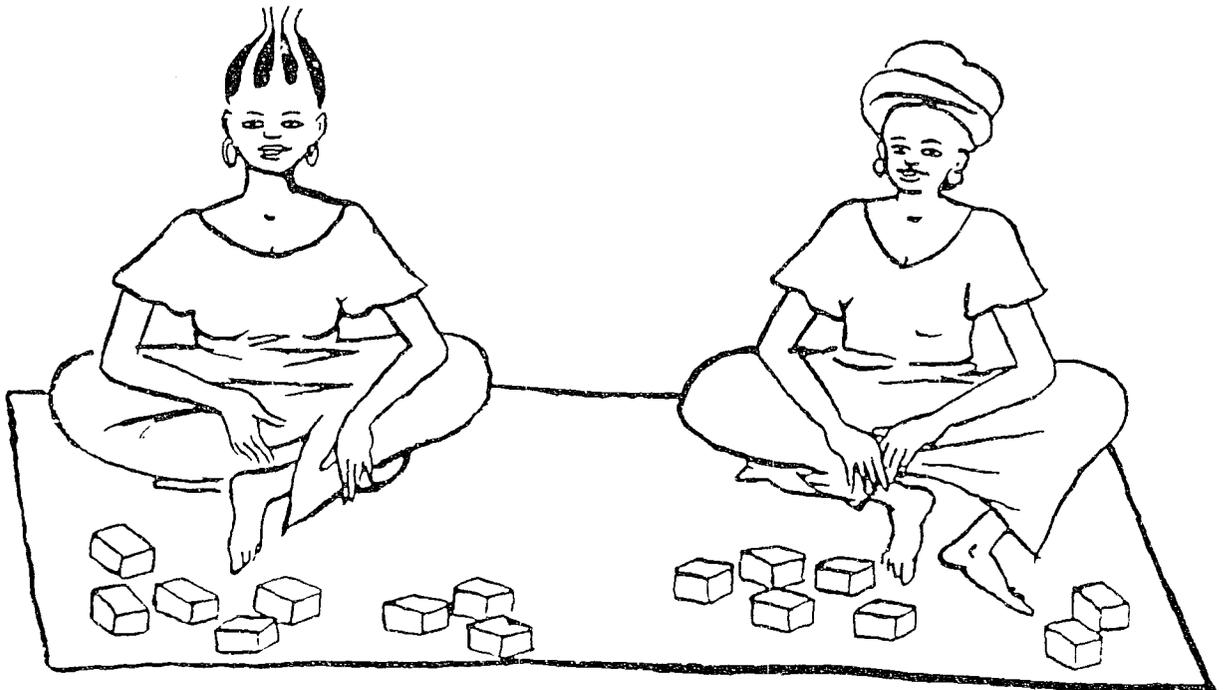


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FC1/3
What are the things that are available?

(sample)

- big oven
- refrigerator
- heat-sealing machine
- egg beater
- brick oven
- vegetables
- butagaz oven
- jars
- plastic bags
- snack bar in social club to sell things

(sample)

FC 1/4

Name	Village	Product
Nadia El Fouly	16	tomato paste
Zeinab Abdelaziz	16	pickles
Nadia Singer	Zohoor	frozen vegetables
Sahar El Mohammed	Markazeya	pastries
Sabah Galal	21	ready-made meals
Nadra Lotfy	18	rice pudding
Wafaa Fawzy	Selama Hegazy	pastry
Ahmed Kamel	16	raisins
Samia Gado	7	jam
Azza Abdel Wahab	15	pastry
Kawsar Abdel Mawgoud	17	baking

Talk to 5 people in your village -

1/5

- Do they buy the product?
- If no, why not?
- If yes, how much / how often?
- Where?
- How much do they pay?
- Are they happy with the product

Talk to a merchant in your village

1/6

- Do they sell the product?
- If no, why not?
- If yes, how much?
- Does the quantity change from season to season?
- Does the price change?
- When do they sell the most?
- When do they sell the least?
- Where do they get it from?
- Are they happy with the quality?

Community Resource Survey

Name of Village _____ Region _____

Population (Official) _____

Estimated Full-Time Population: Male _____ Female _____ Total _____

Graduates: male _____ female _____ # Settler Families _____

Distance of village from: Central Village _____ km. Nubariya City _____ km. Amreya _____ km.
 Alexandria _____ km. Bourg El Arab _____ km.

Is there public transportation from the village to: If yes, how often/day? Price

Central Village ___ yes ___ no ___ bus ___ minibus _____

other villages ___ yes ___ no ___ bus ___ minibus _____

Alexandria ___ yes ___ no ___ bus ___ minibus _____

Menoufiya ___ yes ___ no ___ bus ___ minibus _____

other places:
 _____ ___ bus ___ minibus _____
 _____ ___ bus ___ minibus _____

of people with: cars _____ trucks _____

of houses with: butagaz stoves _____ commercial stoves _____ bread ovens _____

refrigerators _____ deep freezers _____

Is there electricity in: ___ all houses ___ most houses ___ some houses

Are there power cuts: ___ frequently ___ sometimes ___ rarely

Is there running water in: ___ all houses ___ most houses ___ some houses

Is the water supply cut: ___ frequently ___ sometimes ___ rarely

H/H

Put a check if found in the village:

- nursery school primary school (open closed) religious school
 mosque secondary school (open closed)
 training workshop (If yes, what kind? _____)
 hospital clinic doctor's office
 bank police station post office
 social club women's club community development association

Commerce, Services and Light Industries

<u>Type</u>	<u>Number</u>	<u>Location (shop, apartment, home)</u>	<u>Size (S,M,L)</u>
<u>General Store</u>	_____	_____	_____
<u>Food Store</u>	_____	_____	_____
<u>Clothing Store</u>	_____	_____	_____
<u>Butcher</u>	_____	_____	_____
<u>Produce Seller</u>	_____	_____	_____
<u>Milk/Cheese Processor</u>	_____	_____	_____
<u>Bakery</u>	_____	_____	_____
<u>Restaurant</u>	_____	_____	_____
<u>Hotel</u>	_____	_____	_____
<u>Grain Mill</u>	_____	_____	_____
<u>Hardware Store</u>	_____	_____	_____
<u>Carpenter</u>	_____	_____	_____
<u>Metalworker</u>	_____	_____	_____

Vegetables:

Fruits and Nuts:

Flowers/Plants:

Grasses:

Other Crops:

Total estimated number of:	buffaloes _____	sheep _____	goats _____	cows _____
Number of people raising:	chickens _____	ducks _____	geese _____	turkeys _____
	rabbits _____			
Number of dairy farmers:	_____	# of cows or buffaloes per farm	_____	_____
			_____	_____

Name(s) of Surveyor(s) _____ Date of Survey _____

Agricultural Calendar

Village: _____

Date: _____

Crop

Time of
Season¹

Origin of
Product²

Market Price
Maximum Minimum

Quality

Quantity

¹B = Beginning M = Middle E = End

²L = Grown Locally I = Imported (brought in from another region)
It is possible to have both answers.

Session 2

Title: Studying and Creating Market Demand:
Who Will Buy the Product?

Estimated Duration: 2 hours

Objectives:

- to introduce basic notions of market demand and market survey
- to introduce essential principles of marketing

Resources: OEF International, Doing a Feasibility Study, (DFS) pp. 53 - 58

OEF International, Marketing Strategy (MS), pp. 8 - 9, 33 - 62.

ILO, Grassroots Management Training, (Daniel Bas) pp. 17 - 33

Materials: Flip Charts:

2/1 Marketing Pyramid

2/2 "Marketing Is..." (MS, p. 8).

Data from last week's exercise

Notebooks and Pens

Synopsis:

10 minutes Opening. Ask for a volunteer to summarize last week's session. Explain objectives for this week's session. Ask if there are any questions.

25 minutes Assignment de-brief. Last week participants were asked to interview five people in their villages and one merchant, to get specific information on buying habits for their product.

Have each person report their findings, first on consumers, then on merchants.

For consumers, ask the following questions and discuss how each factor might be significant:

- What is their gender? (Factor in buying decisions, actual shopping, etc.)
- What is their age? (Factor in preferences, buying power, etc.)
- How big are their families? (For consumption)
- What is their (rough) income bracket? (For buying power, tastes)

Where are they from? (For tastes, buying habits)

If participants can't answer these questions, ask them if they think their information is complete.

For merchants, ask the following questions and discuss how each factor might be significant:

- Where is the merchant located? (large town/small village, main road/hidden away)
- How many customers come per day? Does the number vary by season?
- Does the merchant have a refrigerator? A freezer?

Discuss how each of the above is significant in terms of number of customers and types of products carried.

Wrap-up: What does this information tell you about the market for your product?

Bridge: What information do you still need to know? Brainstorm this question, recording answers on flip chart. Add ideas if participants do not suggest them, including information on:

- total population to find out how representative your sample is;
- buying/selling habits in neighboring or nearby places (Bourg El Arab, Amreya, Damanhour, Alexandria, etc.)
- market networks from distributors
- who else is producing (competition)? Is there enough demand for another business?

25 minutes

Market survey.

(5 minutes)

Begin by reiterating that last week's exercise gave only a small part of the picture: the local market. Draw a bulls' eye and show:

- inner circle: the local market (eg., Bangar)
- next circle: the regional market (eg., Bourg El Arab, Amreya, Boustan)
- outer circle: urban markets (usually more distant; eg., Alexandria, Damanhour).

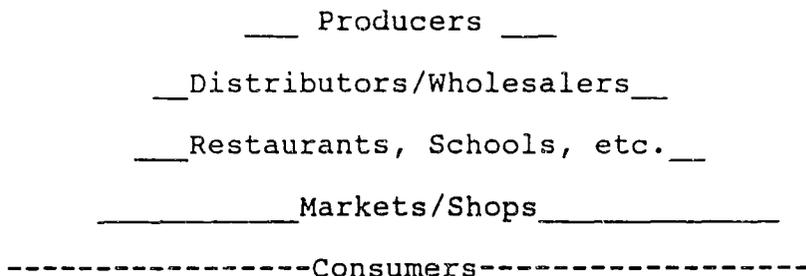
A producer needs to know the whole market picture because:

- the local market may be too small to absorb a large part of your production (although it's usually bigger than people think);
- the local market may not be appropriate for your product (in terms of tastes, price, etc.);
- there are links between the local and outside markets that facilitate moving products (eg., distributors).

(10 minutes)

Stress that "the market" is not just stores. Brainstorm: what makes up the market (local or external)? Record answers; most should be the elements in the "Market Pyramid" (see following page). Turn to the "Market Pyramid" flip chart.

As you can see, marketing is more than finding a place to sell a product. It is a process of getting the product to customers. There are direct customers--those who buy a product to use ("consumers") and indirect customers--those who buy it to sell to others. These include wholesalers, distributors, retailers and even other types of service industries. For example, a restaurant, a school or a hotel may buy pickles to serve with its meals. All of these are part of your market?



(10 minutes)

What do you need to find out from each one? How can you find out?

- Keep talking to people, keep asking questions.
- Keep a notebook; record names of interested buyers.
- Keep your eyes open. What do people buy in stores? What do people have in their houses?

Assignment for the coming weeks:

- ask the same questions to 5 people where

you're from when you go home for the feast
(ask people where they're from)

ask the same questions to a distributor in
your area, and to 2 merchants when you go
home for the feast.

**If time allows, have each participant take 5-10
minutes to define the market for his/her product in
terms of gender, age, family size, income and market
(local, regional, urban)

50 minutes

Marketing/Creating market demand.

(10 minutes)

Up until now we've talked about studying existing
market demand. But we also have to think about
creating the demand for our product. This is part of
marketing. Turn to "Marketing Is..." flip chart, and
go over each element.

Marketing is:

Getting the attention of potential buyers (through
surveys and contacts).

Letting them know about your product (through advertis-
ing, samples, and presenting your product in a way that
shows its advantages over other products).

Making the product available at the right places
(matching the product and the buyer. For example,
selling sweets near schools, expensive products in rich
neighborhoods. Ask for other examples).

Making your product attractive to the buyer.

Making your product more attractive or different than
similar products.

(on the above two points, mention that we will be
covering packaging and promotion in a later session).

Setting the right price so people will buy.

Setting the right price so you can make a profit.

(on the above two points, mention that we will be
covering costing and pricing next week).

(35 minutes)

Exercise. Have each participant take 10 minutes to
list all of the reasons that people would buy their
product rather than an existing product. Also have
them list reasons that people might not buy their
product right now, and indicate what they could do to
change it (eg., no label with expiry date; start
labelling).

Use the rest of the time to go over reasons. Make sure

they include the following factors: quality (of ingredients); care (of preparation); convenience (locally available); attractiveness; price.

10 minutes

Preparation for next week. Repeat that costing and pricing will be covered next week. To prepare for the session, bring a list of the costs of making one batch of your product (make a batch if possible to figure them out).

If there is time, brain-storm the types of costs (materials, transport, equipment and facilities, utilities such as electricity and gas, labor, packaging, promotion).

Comments:

Once again we started late (this time 50 minutes), waiting for cars to bring participants. All but one (Iman from Tanmiya) of the women who attended last week were present, and were joined by three women from Village 19. The addition of the new women was jarring at first, since they had not done the assignment and asked questions that were off track; this smoothed out by the end of the session (and interestingly showed a difference between women who had been at the last week's session and had not, suggesting that some learning is taking place).

Originally I was going to go over last week's session myself, but having a volunteer do it proved more effective since it gave some indication of what had been absorbed.

The assignment de-brief took much longer than expected (almost 1 hour), to give each person time to report findings and allow for discussion. Also, it is important to discuss characteristics of buyers.

People had difficulty with "what information do you still need to know?" (they thought we meant in addition to data about the market). Rather than taking the time to brainstorm this point, give out the information, and make time to discuss the consecutive geographic layers that make up the market (local, regional and urban markets)... and the need to get information from all layers.

NB: The "bull's eye" originally was not in the session plan; I added it because there was the need for a conceptual bridge from different markets (local, etc.) to different market components (shops, distributors, etc.).

There is no need to dwell either on the bull's eye or market pyramid; the 25 minutes allotted for the market survey should be compressed into a 10-minute lecturette in order to allow participants to identify their market.

NB: The "identify your market" exercise was not in the original session plan, and was not done in the session. It was added because of participant reaction, which indicated a need for something to pull the different parts of the session up to this point together.

"Marketing is..." helps pull things together, but it is repetitive and

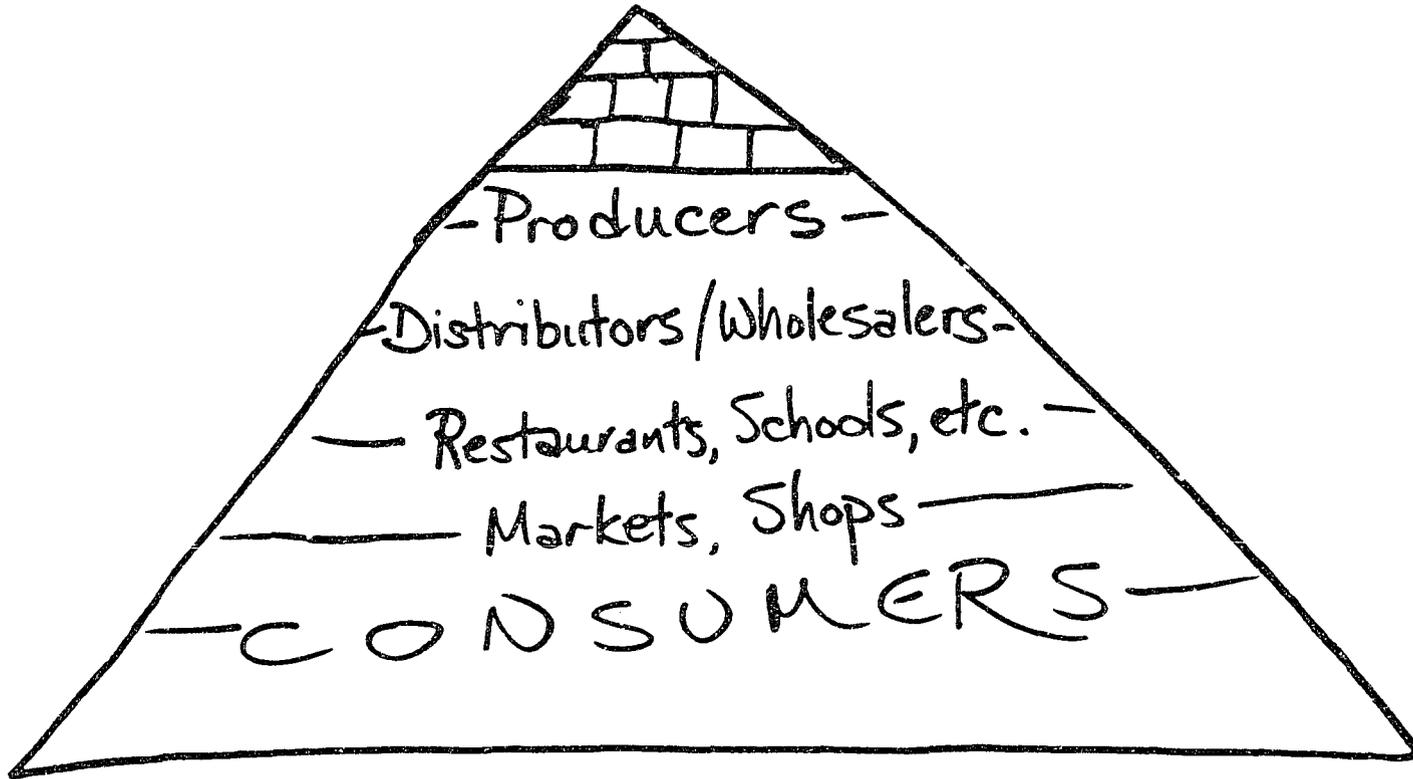
the distinctions somewhat specious. Participants cited the same actions for getting the attention of buyers and letting them know about the product; also for making the product attractive and more attractive than others. The chart might be compressed into 4-5 points.

NB: Add "making the product available at the right time" (a new Edfina pickle jar released just in time for Ramadan helped make the point).

Unfortunately the exercise was rushed, and participants did not quite understand that they were to cite reasons people would or wouldn't buy their product as it is presently being made...as a basis for identifying the areas of business development that need the most work. I asked them to work on their lists in the coming week, for us to discuss at the next session.

Even though we went nearly an hour over the scheduled end, there were few signs of fidgeting or other indications of boredom. Participants were attentive throughout and were actively involved; also, they are starting to talk to each other more, and to the trainers less.

The Marketing Pyramid



Marketing 2s...

2/2

- Getting the attention of potential buyers
- Letting them know about your product
- Making the product available at the right places
- Making your product attractive to the buyer
- Making your product more attractive or different than similar products
- Setting the right price so people will buy
- Setting the right price so you make a profit

Session 3

- Title:** Costing
- Estimated Duration:** 2 hours
- Objectives:**
- to familiarize participants with the different costs entailed in producing and marketing a food item
 - to enable participants to calculate the costs of producing their food item
- Resources:**
- OEF International, Doing a Feasibility Study (DFS), pp.64 - 97.
 - ILO, Simple Guidelines for Income-Generating Activities, pp. 3-22.
 - ILO, Grassroots Management Training, pp. 37 -51.
- Materials:**
- flip chart and markers

Flip Charts:

3/1: "Samiha thinking" and "Samiha's ruined restaurant" (based on Daniel Bas, pictures 62 and 62a)

3/2: "Carving Chart" based on costing of take-away chicken: a cut-up chicken with each different part representing: material costs; indirect costs (fuel, rent); equipment replacement; labor; blank for profit (to be filled in during the next session).

3/3: Flip chart with headings: material costs, overhead costs, labour costs (see sample)

3/4: Flip chart of costs for grilled chickens

Handout 3/1: Start-up costs worksheet

Handout 3/2: Operating costs worksheet

(adaptation of the OEF form, pp. 88-89).

Synopsis:

10 minutes

Opening. Ask a volunteer to summarize last week's session. Go over the objectives of this session. Ask if there are any questions.

Introduction. Begin by saying that there are a lot of different types of costs involved in starting a business and keeping it going. Some are obvious, but some may not be apparent right away.

45 minutes

Start-up costs. Before we can start producing, there are things we need to have. (optional: go back to the Amina story, and ask what they needed). Show picture of Samiha thinking and introduce exercise:

(15 minutes)

Imagine Samiha is starting a take-away shop for grilled chickens). What are all the things she would need to spend money on?

Brainstorm and record answers. Record items as far over as possible, to add columns to record quantity and price after. Make sure participants include:

- grill, pots and pans (S)
- place to cook and sell (S)
- people to help (S)
- packaging materials (O)
- gas, electricity or fuel (O)
- chickens, oil, tehina, etc. (O)

(15 minutes)

After all items are listed, ask which items are needed to start up and which to keep going; indicate by marking an "S" or "O" next to each (as shown above).

NB: some items will be both start-up and operating costs, such as materials; start-up costs for materials is what is needed for one production cycle (e.g, three months' ingredients).

(15 minutes)

Ask how many of each start-up item is needed, and how much they cost. If participants don't know, provide illustrative numbers (eg., one grill, 2 workers). Tell participants that at the beginning, Samiha's plans to keep the shop open 5 days per week, and will serve 10 customers per day. Each serving will be a whole chicken (to make things easy)--ie., 10 chickens/day.

Note that some of these costs are:

fixed--they are the same no matter how many of the product you make (eg., you pay the same monthly rent for the place whether you make 1 or 100 chickens);

variable--they change depending on how many you make of the product (eg., the amount you pay for chicken, onions, etc.).

Discuss where the money will come from for start-up costs, and how to cut costs (eg., by using equipment you already have).

NB: note that using one's own equipment and even materials is common in a home-based business. If

participants do it, the cost of the equipment has to be considered a business investment, and the cost of replacing equipment and materials has to be included in the price of their product.

60 minutes

Operating costs. Explain that once you start a business, production has to cover the cost of materials, rent, workers and replacing equipment (ie, all of the costs that have been put up during the brain-storm). Turn to the "carving chart" and show the different "parts" of the chicken. Announce that you now will be spending some time on calculating firsts how much each day's work, and then, the sale of each chicken will contribute to paying these costs.

(10 minutes)

Production costs generally include three types of costs (turn to flip chart with three headings). All have to be calculated as accurately as possible in order to determine a price for your product that will keep the business going.

Go over the flip chart. For each heading, explain the meaning; ask which of Samiha's costs fall into that category and transfer them from the brainstorm sheet.

- **material or direct costs**

(includes all of the materials you use to produce your product, including ingredients you use for making and packing it)

- **overhead costs**

(includes: (1) indirect costs--such as transport, fuel, electricity, water, rent, etc.; (2) equipment replacement costs)

- **labor costs**

(cost of your effort and that of your workers)

(45 minutes)

Explain how to calculate each type of cost, using the example of Samiha's chicken take-out

- **Material:** everything directly involved in production and packing (chickens, onions, etc.)

Go through prices of ingredients for serving 10 customers (ie., one day):

10	chickens	LE 60.000
1 kg.	onions	00.350
150 gm.	oil	00.500
1/4 kg.	salt	00.800
150 gm.	pepper	00.125
75 gm.	hot pepper	00.250
1 pkt.	zaatar	00.250

20 loaves bread	1.000
10 tray, paper & bag	2.500

NB: prices are based on an actual carry-out in Alexandria. For ingredients which are hard to calculate, estimate how long it takes to replace them (eg., cost of 1 kg. salt ./ 200 chickens [20 days/month x 10 chickens/day] = cost/chicken)

Overhead: gas, electricity, water, rent, transport, cost of using equipment

(1) Indirect costs are difficult to calculate, since they usually are spread out over time or several "production cycles" (making one batch of the product). Usually you estimate costs over a week, month or year, and divide by the number of products produced in the period:

weekly, monthly or yearly cost
 #of products produced/week, month or year

Example: if Samiha uses a butagaz bottle about once a week divide the cost of LE 3.00 by 5 days to get the price per day, or by 50 chickens (5 days x 10 chickens/day) to get the cost of butagaz/chicken (pt. 6)

NB: if home producers do not want to attribute 100% use to business, they have to know how much of materials or equipment are used for work. Therefore, they have to keep track of their time. Encourage participants to keep a log in their notebooks, of:

date	time start	time finish	total hours
------	------------	-------------	-------------

Example: if only 50% of the gas bottle is used for work and the rest for home consumption, divide the cost by 1/2 first, and then by the number of products.

Repeat with other costs:

Rent	LE 40/month
Electricity	LE 20/month

NB: water was not counted, because there still is no charge for it in Bangar.

Remember that you are figuring the cost of a day's production right now (ie., 10 chickens, not the price of each chicken)

(2) Replacement cost is the price of using the equipment--or in other words, saving for replacing it when it breaks. Note that it is not the same as figuring the initial equipment investment. Figure the replacement cost by dividing the price of the equipment by the number of years it will

last. To be safe, add something because the price will go up:

price of equipment
of years it will last

(+ 10% for inflation)

Example: Samiha buys a grill for LE 600 and it will last 10 years. The equipment cost is LE 600 \div 10 = LE 60 + 10% or LE 6 = LE 66 per year.

Repeat for other equipment; show that different types of equipment will have different life spans. For example, a cooking pot may only last for 3 years, so the replacement cost might be LE 17 \div 3 + 10%.

NB: to keep things simple and save time, we only included the price of the grill.

- Labour: take 5 minutes to discuss before calculating. Explain that labor is the cost most often overlooked. If it is counted, it usually is a lump sum that has nothing to do with the time put into production (eg., LE 1/day). Stress that the purpose of a business is to make a living and make a profit (ie., labor costs are not taken out of profits).

Ask what you would use as a basis for valuing labor. Answers might include:

- minimum wage
- salaries paid in factories
- salaries paid to agricultural workers
- salaries of government workers
- current salary

Stress that salary expectations must be realistic. You probably are not going to make the salary of a government worker or a current job at first, but you can raise your salary as you go along, adjusting for skill levels as you gain experience.

To decide on the cost of labor for a product, divide annual or monthly salaries by the number of days and hours actually worked.

Example: Samiha decides to begin by paying herself the same amount as a worker in a restaurant who makes LE 150 per month. She will work 5 days/week, approximately 4 weeks/month:

LE 150/month \div 20 days = LE 7.5/day

LE 7.5/day \div 10 hours/day = LE 0.75/hour

or LE 7.5/day \div 10 chickens = LE 0.75/chicken

(5 minutes)

Summarize production costs for Samiha per day:

Material costs:	LE 66.90
Overhead costs:	LE 3.90
Labour costs:	LE 7.50
Total:	LE 78.30

The total is for 10 chickens, so the cost for each chicken is LE 7.83.

5 minutes

Pass out and go over the "Start-up Costs" and "Operating Costs" worksheets.

Explain the "Start-up Costs" sheet. Participants need to list:

- what they will need in each category
- the quantity needed
- where they will get it
- the price

for the following categories:

- facilities (rent)
- equipment (purchase)
- workers (salaries)
- materials (1 production cycle)
- transport (" " " ")
- packaging (" " " ")
- promotion

NB: Highlight the information participants don't have now (especially prices); explain that getting this information may take several weeks, and will be their job. If participants want to use things they already have rather than buy them, they will should be counted in costs and noted in parentheses (as a business investment).

Explain the "Operating Costs" sheet. Participants will work it out on a per-batch or per-day basis as makes most sense for their activity.

If there is time left over, start work in class; have participants continue at home during the week.

Remind participants to bring their cost information with them next week, since it will be the basis for figuring out prices.

Comments:

The session was attended by 8 women and one men; all three of the women from Village 19 who joined the course last week did not return (also one

of the government employees had other work to do).

Once again, the session started 45 minutes late, because of waiting for participants coming by MOA car. We spent the first 15 minutes going over the Community Resource Survey, because of problems noted in filling them out. Hamed Khalil went through the form and discussed problem areas; participants took the forms back to complete.

The session was dense with information; even though costing and pricing have been broken into two sessions, costing could be broken down further, into a session on start-up costs (with time to work on the attendant worksheet), and one on operating costs. This may seem overly drawn-out, but most of the information is new to participants, even university graduates.

NB: in the original session plan, the "Start-up Costs" worksheet was to have been given out after the lecturette on start-up costs, and participants given time to work on it. All of the participants expressed a strong desire to keep going with the presentation and work on the form at home, reflected in the revised structure.

In the original plan, the transition from start-up to operating costs was somewhat unclear; these notes reflect revisions which should result in a more smooth presentation. The "carving chart" should help illustrate the concept that all costs, however minute, have to be covered by the selling price.

NB: at this point, I did not go into much detail on fixed and variable costs (defining, identifying, etc.). The concepts have been transmitted, and we will go into them more carefully in the session on pricing.

The example of Samiha and the chickens was effective. Preparatory work, which included Nahla's visit to a grilled-chicken seller to get actual costs, paid off; being able to provide costs rather than having participants guess them saved time.

NB: To further save time, provide the costs of equipment and materials for the brain-storm chart.

At first participants seemed to think it silly to calculate costs down to the salt used for the chickens. However, as we went along, they began to see the need to consider everything in production. Attention levels stayed high throughout the session, and with this group there was no problem with the math. Some of the participants had different ways of arriving at monthly or per-piece costs; I tried to stress that any way you calculate is okay as long as you get the accurate cost.

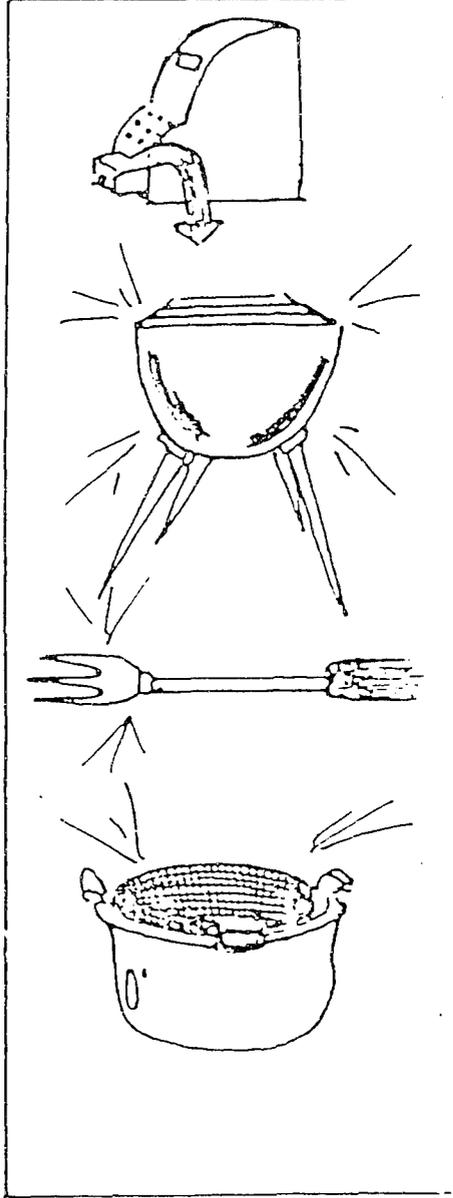
The issue of calculating labor was of considerable interest, since this is the area in which participants usually have difficulty. All agreed that two extremes are common in Egypt when starting a business: omitting or underestimating labor costs (especially by taking a lump sum out of "profits"); or, starting out with grandiose salaries and quickly bankrupting a business.

We finished within the estimated 2 hours, but there was no time to work on the sheets; this was unfortunate, especially for the women who have not really started production. In the future, there should be classroom

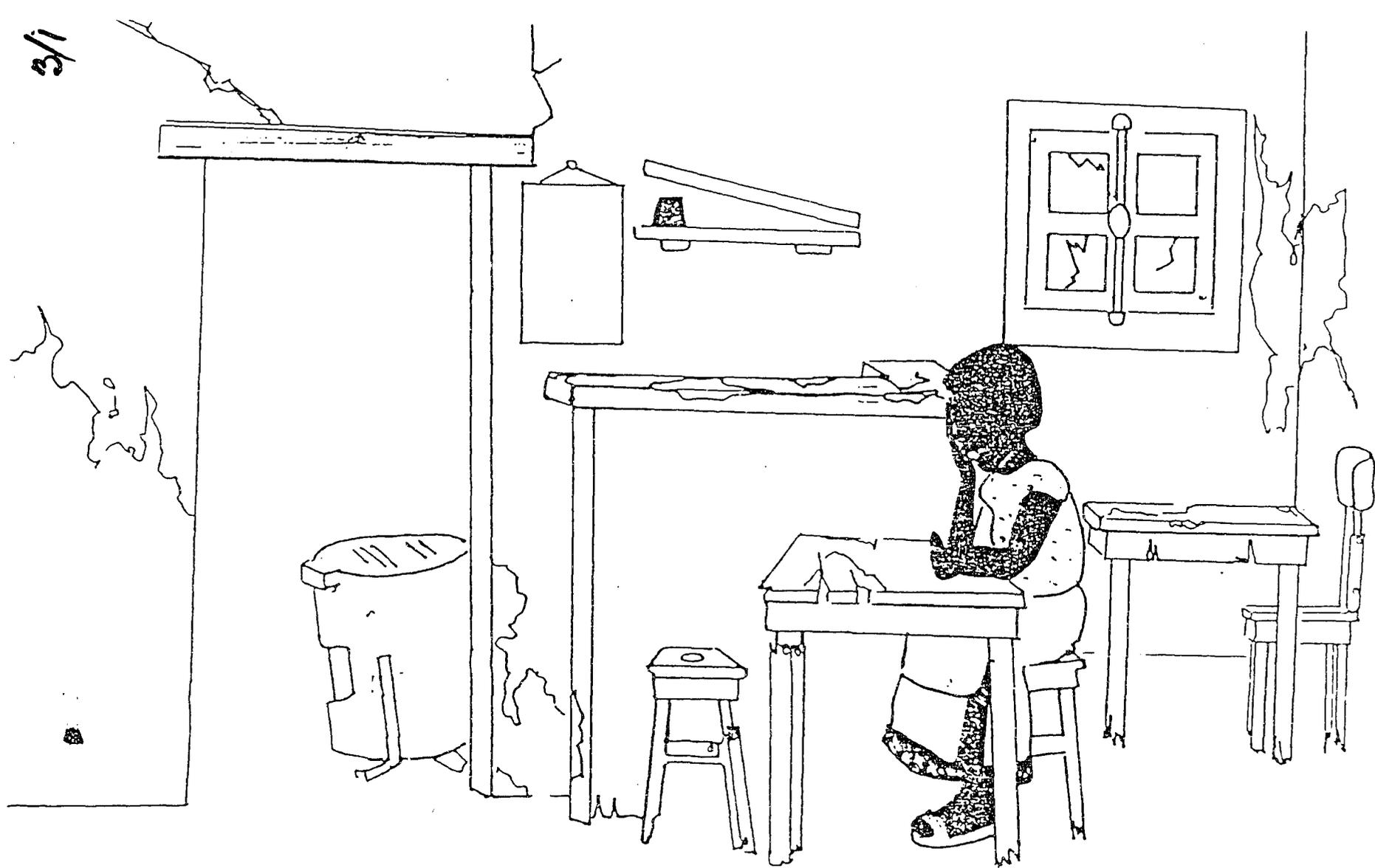
time for at least one of the sheets; if possible, women doing the same product should work together (especially if one or more is actually producing and knows the costs).

NB: if nobody in the class is producing, refer them to resource people who are (e.g., Wafaa in Salama Hegazy for pastries, Zeinab in Village 16 for pickles, Nadia in Village 18 for ready-made meals).

3/12



3/1



3/2

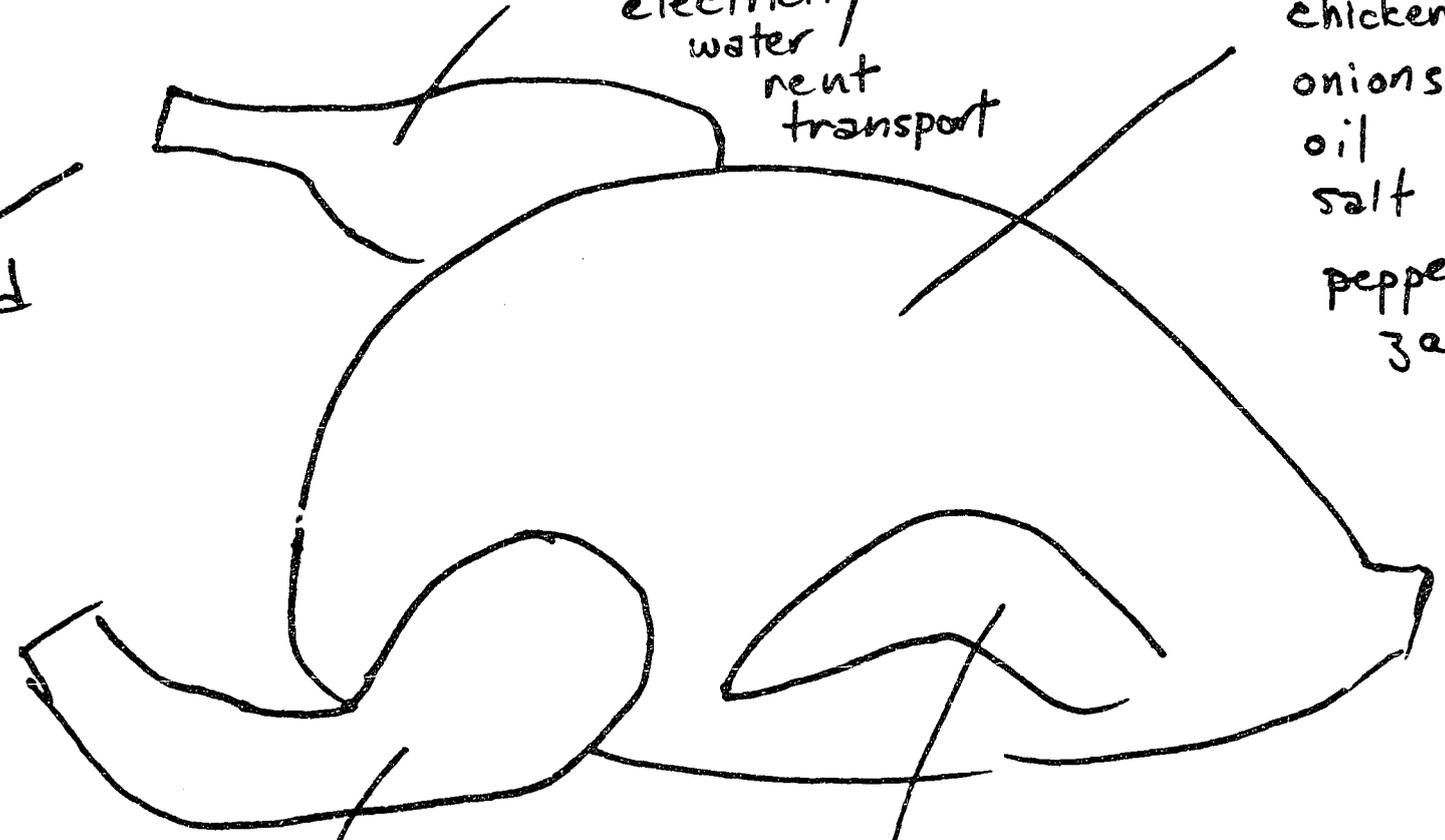
indirect costs

gas
electricity
water
rent
transport

materials

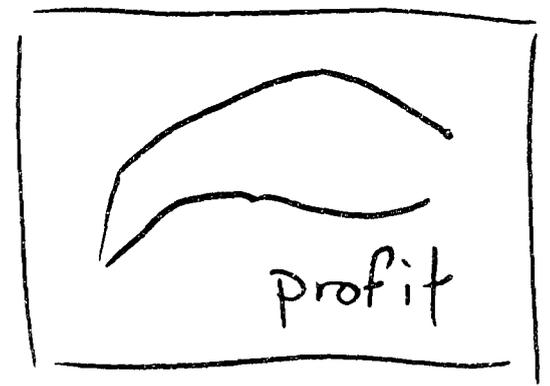
chickens
onions
oil
salt
pepper
zaatar
hot pepper

overhead costs



equipment replacement

labor



profit

Material or direct costs

- chicken
- oil
- spices
- plastic bags

Overhead costs

- Indirect costs
 - transport
 - fuel
 - rent
 - electricity
- Equipment replacement
 - grill
 - pots

Labor costs

Samika

Cost of producing 10 chickens

3/4

Materials

	<u>LE</u>
10 chickens	60.00
1 kg. onions	.35
150 g. oil	.50
1/4 kg. salt	.80
150 g. pepper	.125
1 pk zaatar	.25
75 gm hot pepper	.25
20 loaves bread (2/chicken)	1.00
10 trays, papers, bags	<u>2.50</u>
	66.90

Labor

7.50

Indirect Costs/Overhead

Butagas	.60
Electricity	1.00
Rent	2.00
Equipment	<u>.30</u>
	3.90

TOTAL

78.30

7.83 1 chicken

Start-up Costs

(Sample; allow more space between lines)

Item	Quantity	Source	Price
------	----------	--------	-------

Facilities

Equipment

Materials

Labor

Transport

Packaging

Promotion

Operating Costs

Item	Quantity	Unit Cost	Cost/Production Cycle	Cost/Year
------	----------	-----------	-----------------------	-----------

Materials

Indirect Costs (Facilities, Transport)

Labor

Session 4

- Title:** Pricing
- Estimated Duration:** 2 hours
- Objectives:**
- to introduce participants to the basics of costs + profit = price
 - to enable participants to set realistic, market oriented prices
 - to familiarize participants with principles of break-even
- Resources:**
- Simple Guidelines for Income-Generating Activities (ILO), pp. 16 - 22.
- Grassroots Management Training (ILO), pp. 30 - 50.
- Doing A Feasibility Study (OEF), pp. 90 - 97.
- Small Business Projects: A Step by Step Guide (PACT), pp. 148 - 149.
- Materials:**
- Costs for producing grilled chickens (recopied if necessary) from Session 3 (3/4)
- "Carved chicken" chart from Session 3 (3/2) posted on the wall
- Flip charts:
- 4/1: Calculations for break-even at different prices
 - 4/2: "Profit depends on..."
 - 4/3: "Samiha Fixes Her Price" poster (based on "Simple Guidelines; p. 18)
- Synopsis:**
- 5 minutes Ask for a volunteer to summarize the last session. Go over the objectives for this session. Ask if there are any questions.
- 30 minutes Review of "Start-up Costs" and "Operating Costs" worksheets. Go over worksheets that participants have been doing at home. Ask for a volunteer to read first her start-up costs sheet and then her operating costs. Ask the group:
- is there anything she seems to have forgotten?

- does she need most of the things, or does she have them already?
- how long will it take to get the things, and can she start before she has them?

Ask for other volunteers as time allows.

Reminder: if participants use their own equipment, count it as a business investment; do not calculate it in the cash needed for start-up, but do include it in equipment replacement costs (ie., operating expenses).

NB: if participants seem to have trouble calculating these costs, make appointments to see them individually, after class or during the week.

35 minutes

Pricing, profit and break-even

(5 minutes)

Introduction. Today we're going to talk about pricing and profit. Brainstorm: why should there be profit in a business? Record answers if possible. Make sure they include:

- providing emergency funds if you cannot work, lose production (burn a batch of cookies, spoil a batch of pickles), need to make repairs;
- providing funds to expand the business, cover increases in the price of materials, give samples;
- increase your reward for working hard.

Where does profit come from? From selling enough to cover our fixed costs (review fixed costs if necessary), or from adding something extra to our costs.

(30 minutes)

First, let's talk about "selling enough" to cover our costs. Quickly review the list of costs for 10 chickens from the last session, and ask again for the cost of one chicken (if the costs of 10 chickens is LE 78.30 the cost of one is LE 7.83).

Explain that if Samiha sells each chicken at LE 7.83 up to a certain point, she will receive only her expenses and something for her labor. But at a certain point, the business will begin to return a profit after covering all fixed costs. It is called **the break-even point**, and depends on the selling price and the number of customers per day that the selling price attracts.

Right now, Samiha is planning to serve 10 customers per day each one chicken, and to work 20 days/month. So, she expects to sell 200 chickens/month x 12 months--or 2,400 chickens per year.

If she sells each chicken at LE 7.83, she will cover

her materials and fixed costs with the 2,400 chickens. In other words, contributions to rent, equipment, etc. come out of every one of the 2,400 chickens (illustrate with the "Carved Chicken" chart).

Imagine Samiha sells 2,401 chickens. What do the contributions of rent, equipment and electricity for Chicken # 2,401 go to (point to the appropriate parts on the chart)? Try to get answers, and then tell participants: the answer is profit--for Chicken #2,401, 2,402, etc.--since she has covered these costs. In other words, at the price of LE 7.83, Samiha's break-even point is 2,400 chickens.

How do we calculate the break-even point? One way is:

Total amount of fixed costs

Contribution of each unit to fixed costs

Example: Samiha's sale price LE 7.83

Samiha's variable unit costs are: LE 6.75
(materials + butagaz)

Annual fixed costs are:

Labor	(LE 150/month x 12 months)	LE 1,800
Rent	(LE 40/month x 12 months)	480
Electricity	(LE 20/month x 12 months)	240
	<u>Equipment</u>	<u>(LE 600)</u>
	<u>./. 10 yrs. + 10%</u>	<u>66</u>
Total		LE 2,586

# of customers/day	10
x # of days/year (20/month x 12 months)	<u>240</u>
= # of customers/year	2,400

Selling price	LE 7.83
- <u>Variable Unit Costs</u>	<u>6.75</u>

= Contribution of each unit (chicken) to fixed costs & profit	1.08
---	------

x <u>Number of customers/year</u>	<u>2,400</u>
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= Annual contribution to fixed costs and profits	2,592
--	-------

- <u>Fixed costs</u>	<u>2,586</u>
----------------------	--------------

= Profit or loss	6
------------------	---

Break-even:	<u>LE 2,586</u>	=	2,394
	1.08		

NB: there is a problem from rounding during costing, which throws this off by 6.

In other words, at the price of LE 7.83, with 10 customers per day, Samiha will have to sell 2,400 chickens to break even.

But, let's say she decides that she wants more money before she sells 2,400 chickens in one year, to replace things if they break, or to pay herself a little more for her hard work? She can increase her number of customers or increase her prices.

Let's imagine she increases her price to LE 8.00.

# of customers/year (240 days x 10/day) =	2,400
Selling price	LE 8.00
<u>-Variable unit costs</u>	<u>6.75</u>
=Contribution of each unit to fixed costs & profit	1.25
<u>x # customers/year</u>	<u>2,400</u>
=Annual contribution to fixed costs & profit	3,000
<u>-Fixed costs</u>	<u>2,586</u>
	+ 414

$$\text{Breakeven} = \frac{2,586}{1.25} = 2,068$$

At this price--only 17 pt. more--Samiha will cover her costs--and have a small profit--after she sells 2,068 chickens. This means if she sells 200 chickens a month, she will "break even" in about 10 1/2 months rather than 12 months (2,068 ./ 200/month = 10.34 months).

Points to note:

- prices can be reduced, but they always need to cover variable costs and leave over something to contribute to fixed costs.
- demand is not always responsive to price changes (ie., elastic); if you reduce the price by 10% it is no guarantee that you will sell twice as many of your product.
- you can calculate the break-even price if you know your total cost of production and how many units you will produce:

$$\frac{\text{Total cost of production}}{\text{Number of units produced}} = \text{break-even price}$$

30 minutes

Profit margins: how much is reasonable?. At LE 8, we see that Samiha's profit is small. Her risk is high; if something goes wrong--for example the grill breaks--

the business may be in trouble. We call this operating
close to break-even.

How do we reduce the risk? Possibly by raising prices (turn to flip chart of prices, and show how the profit margin widens at LE 9.00--if Samiha keeps the same number of customers per day).

How much profit is reasonable? There is no fixed rule; it depends on how much the market is willing to pay for your product. In some places the profit margin might be 10%; in others it might be 100%.

"Profit depends on" (go over flip chart):

- where you are selling (rich/poor, isolated/populated area, etc.);
- how many other people are producing and selling the same product in the area;
- what price shops or other producers are charging;
- what people are willing to pay (especially for new products or products which are superior to what is currently available).

Even if there is no competition or the product is far superior to others, the profit and the price should be kept at a reasonable amount so that people will buy. For example, fix a provisional sale price of

costs + 20% profit

and test it with shops and consumers (illustrate with "Samiha Fixes Her Price" poster).

Different products have different profit margins. One example from Missouri:

In a small town in America, women produced a product like Chipsys, made of corn. They were 12 cents higher than the kind in the supermarket, but they were fresher and tasted better and people were willing to pay the price. The profit margin was 40%. So the women decided they could do the same with a kind of sauce used on the chips, made of tomatoes, onions and peppers. But their sauce tasted just like one in a can from another part of America, which was much cheaper. The women had to lower their price, and the profit margin was only 9%.

Points to cover:

- If you are selling in different markets, you might add different margins, for example for pickles--

5% for the local market

20% for Amreya and Alexandria

or: 0% for the local market
25% for Amreya and Alexandria

--especially if your greater production will be sold in the external markets. But...keep in mind that the costs for the external markets will be higher as well, because of transport and most likely better packaging.

- If someone is buying large quantities, they will want a low price, which may lower your profit (but cut down on time and money spent on marketing).
- If your price is higher than the competition, why will people buy your product?
- If your price is lower than the competition, will you be able to make a profit (and are you sure you're covering costs)?
- Note that profits are yours to do with what you choose, but successful businesspeople reinvest profits in their businesses.

Point out that you can increase your profit margin by decreasing fixed and variable costs, for example:

- making maximum use of production time to ensure full use of equipment, either by increasing production of one item or diversifying into other items (eg., different types of cookies & cakes);
- buying ingredients and packaging materials in bulk once production has risen to a high level.

20 minutes

Exercise. Note that you can also reduce risk by attracting more customers, for example through promotions.

Samiha decided to sell her chickens at LE 9.00 each. She has done well in her first year, and decides to do an end-of-the-year promotion. In December, she reduces the price of her chickens from LE 9.00 to LE 5.00. Will she lose money?

Give 5 minutes to work out the problem, individually or in teams. Discuss in large group.

Answer: no, she will not lose money.

If she sells at LE 9.00, the **break-even point is 1,149 chickens** (LE 2,586 in fixed costs ./ LE 2.25 unit contribution to fixed costs and profits).

If she sells 200 chickens/month as she plans (10/day x 20 days per month), she will break even in about 5 3/4

months (i.e., June). Consequently all of the contribution to fixed costs and profits from sales in July - November will be to profit:

LE 2.25/unit x 200 chickens/month x 5 months = LE 2,250
Even if she sells double the number of chickens in December, she will not lose money, but she will dip into her profits to make up the difference between the sale price and variable unit costs:

Sale price	LE 5.00
<u>Variable unit costs</u>	<u>LE 6.75</u>
Loss/sale	LE 1.75

400 chickens x 1.75 loss/sale = LE 700.

LE 2,250 - LE 700 = LE 1,550 profit left over for the year.

Note that this is a form of reinvesting profits in the business, by getting new customers. We will discuss other forms of promotional investment (eg., "buy one, get one free") in later sessions.

5 minutes

Explain assignment. Based on the start-up and operating cost worksheets, participants are to determine several possible prices and calculate the break-even point.

Comments:

The session was attended by 12 women (including two from Village 16 who hadn't come before and probably attended as a one-time event). It began only 20 minutes late, but 25 minutes were devoted to "business," including the decision to have two sessions per week (the other session being dedicated to guests, either through visits to Bangar or field trips). I also introduced VOCA volunteer Jeanne Schwaller, who will be doing home visits to advise women on their production activities (we set up a calendar of visits after the session).

A volunteer quickly summarized the last session, and seemed to confuse start-up and operating costs. Because of time constraints, we did not stop to clear it up, since we would go into detail in going over the forms. This part of the session went according to plan; however, the original plan--to have several participants go over their start-up costs, and then go over their operating costs--makes the session too choppy. It has been adjusted accordingly.

The design of the pricing section was difficult, especially covering break-even in a way that isn't too confusing. It didn't really succeed. Participants had no problem with the section on profit, and the discussion of how much profit is reasonable. But when we got to break-even they got lost. They could go through the mechanics of the math, but did not seem to understand why they were going through it. I think this is because I first talked about an added profit margin, and then started talking about making profits even if you don't add anything (ie., after the break-even point is reached).

The essential point to make in discussing break-even is that at a certain point, the business starts "paying for itself." If you lower the price or the profit margin, you need to increase production; if you lower your variable costs, you can increase your profit margin.

NB: the session originally began with the section on profit margins and then went into break-even. To avoid this confusion, it has been completely restructured. Now, in effect, the break-even is based on selling at cost, in effect working backward from the costing exercise (so we already know the break-even point)--but this will keep participants on terra firma. Then it goes to an example above break-even. What has been dropped is an example where there is a loss--that is, where the number of chickens that has to be sold is greater than the number of customers per year (eg., at LE 7.00, she would have to sell 10,344 chickens!!). This just seemed to muddy the waters.

Since it has not been tested, the new design may have to be further modified.

There was not enough time for the exercise, so it was given as homework.

4/1

Variable unit costs

Materials	6.69
Butagas	0.06
Total	6.75

Annual fixed costs

Labor (150 x 12)	1,800.00
Rent (40 x 12)	480.00
Electricity (20 x 12)	240.00
Equipment (600 / 10 + 10%)	66.00
Total	2,586.00

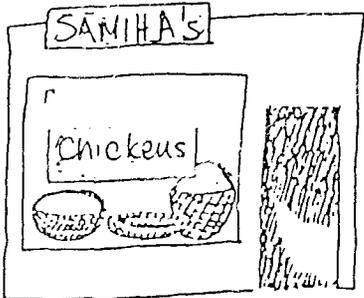
Selling Price	5.00	6.00	7.00	7.83	8.00	8.50	9.00	10.00
-Variable costs	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Contribution of each unit to fixed costs and profit	(1.75)	(0.75)	0.25	1.08	1.25	1.75	2.25	3.25
#Customers	40	20	15	10	10	10	10	6
x 240 days/year	9,600	4,800	3,600	2,400	2,400	2,400	2,400	1,440
x Annual contribution to fixed costs and profit	(16,800.00)	(3,600.00)	900.00	2,592.00	3,000.00	4,200.00	5,400.00	4,680.00
-Annual Fixed Costs	(19,386.00)	(6,186.00)	(1,686.00)	6.00	414.00	1,614.00	2,814.00	2,094.00
Break-even	never	never	10,344.00	2,394.44	2,068.80	1,477.71	1,149.33	795.69

Profit Depends On...

4/2

- Where you are selling
- How many other people are producing or selling the same product in the area
- What price shops or other producers are charging
- What people are willing to pay

My costs are LE 6.50, so I could sell each chicken for LE 8.00.



CHECK THE PRICE IN THE SHOPS OR WITH OTHERS SELLING SIMILAR PRODUCTS

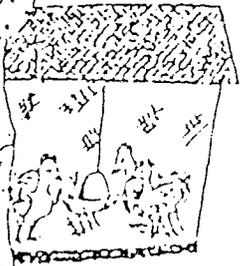
Excuse me sir, if I made chickens like this, would you and other people buy them for LE 8?

CHECK WHAT BUYERS ARE PREPARED TO PAY IF THERE ARE NO OTHER PRODUCERS



Even though nobody else sells chickens, I'll sell them for LE 9.00 and that way I'll sell a lot.

DON'T PUT YOUR PRICE TOO HIGH OR NO-ONE WILL BUY YOUR PRODUCT EVEN IF THERE IS NO COMPETITION



Session 5

- Title:** Production Planning
- Estimated Duration:** 2 hours
- Objectives:**
- to enable participants to track availability of raw materials and plan estimated production over the course of a year, taking into account seasonal variations
 - to enable participants to track actual production and sales over a year
- Resources:** OEF International, Doing a Feasibility Study, pp. 62 63; 97; 106
- Materials:**
- "Post-its" (optional)
- Flip charts:
- 5/1: sample order form
 - 5/2: price chart, vegetables
 - 5/3: averaging exercise
 - 5/4: blank tracking chart
 - 5/5: production & sales graph
 - 5/6: Production Planning Checklist
- Handouts:
- 5/1: calendars
 - 5/2: tracking charts
- Synopsis:**
- 5 minutes Opening. Ask for a volunteer to summarize last week's session. Explain objectives for this week's session. Ask if there are any questions.
- 25 minutes Review break-even/go over exercise. First ask, "why did we try to figure out the break-even point?" See if participants understand. If not, go back to Session 4 and go over break-even (the point where the business starts to pay for itself).
- Go over exercise. See Session 4. Ask if any of the participants tried to calculate break-even for their own products (although at this point it is doubtful).
- 30 minutes Production planning.
- (5 minutes) Introduction. Many people in home-based businesses treat their business activity like other household

activities: they get up in the morning and do what they think of. Very few plan in advance what they have to do in the day or week--buying, producing, selling, repairing, contacting new customers, etc. Even fewer look ahead over a whole year, to see when they will be busiest producing (especially different items as raw materials are available), and selling--and these may be different times of the year.

The first year may be difficult to plan, since you don't know how much you'll be producing and when. That's why it's important to keep good records, so the future, you can base plans on what actually happens.

(15 minutes)

Daily/weekly/monthly planning. Some people make lists of things to do every day, or every week; some people never make lists at all (optional: ask participants how many of them are organized in their personal lives). In business, it helps to at least have a monthly calendar where you can see a few weeks ahead, and pencil in important events, such as:

- holidays, especially if they affect your production levels;
- dates for suppliers to deliver materials, or customers to pick up orders;
- days workers will be off (if you have them).

Also add:

- production activities (for example, the days you plan to make different products)
- times to check stocks and reorder
- marketing events (weekly markets, arrival of distributors as production targets)
- promotion activities (for example, set aside one day a week when you contact merchants in different places)

Pass out blanks of monthly calendars (two per participant; one to start filling in and one to copy). Have participants start filling them in, with holidays and other major events. Point out that people might want to put up calendars for two or three months at a time.

NB: since graduates are from big cities, they may be familiar with "post-its," which can be used for calendars and moved as needed.

Point out that it is important to keep track of what you actually do (recall the notebook in which participants should record date -- # of hours -- activity), to compare it to your planning. Then in future months, you can adjust your planning (for example, allowing more time for shopping or marketing if that's what you

end_up doing).

(10 minutes)

Orders. One way to help your planning is to take orders in writing, and mark a due date that can be transferred to a calendar. Ask how many people do this now. If someone does, ask what they put on an order form; if nobody does, brainstorm and record elements, which should include:

- date
- name & address of customer
- description of items
- quantity
- unit price
- total price
- deposit taken
- balance
- delivery date

Turn to flip chart that shows these items set up in order. Have participants copy them across two pages of a notebook. Suggest that they might invest in buying an order book.

45 minutes

Seasonal/yearly planning.

(10 minutes)

Conditions change in the course of a year. You might you have to be ready to buy ingredients in advance, work more in some months and less in others, sell more in some months and less in others. In order to know what your activities and income will be, it is necessary to keep track of:

- availability of raw materials
- costs
- level of production
- sales

Brainstorm: in the beginning, Samiha decided she would have 10 customers per day, every day, all year. Are there things that maybe she didn't think about that would possibly increase or decrease her number of customers? Responses might include:

- holidays, when people eat more/less from take-away shops
- seasons (people might eat more take-out in summer when they don't want to cook)
- availability of products (might not affect chickens).

(15 minutes)

If you have a business that depends on seasonal raw materials, especially fruits and vegetables it is important to keep track of when they are available and the prices. Collecting information on materials will help us plan in advance, and compare prices from one year to the next to see if we should raise our prices.

Turn to flip chart of vegetables, for pickling carrots, lemons and onions. Go through the calendar, and show how availability and prices are noted. This calendar helps us know when the raw materials are most available and cheapest--which will help to plan peak production periods.

In cases where prices fluctuate, you can't change your sale price every time the price of vegetables go up and down. What do you do? You can average over the year. For example, if you keep track of prices every month and production every month, you can figure out prices. The first year, you have to guess; after that you can base it on actual prices.

Example: let's say you make pickled lemons and you want to find an average price for the cost of lemons.

Month	Production	Price/kg.	Total price
Jan.	5 kg.	LE 1.00	LE 5.00
Feb.	7 kg.	LE 1.00	7.00
June	30 kg.	LE 0.20	6.00
July	25 kg.	LE 0.20	5.00
Aug.	25 kg.	LE 0.30	7.50
Sept.	20 kg.	LE 0.30	6.00
Oct.	12 kg.	LE 0.40	4.80
Total	124 kg.		40.00

Average price of lemons/kg. = pt. 32

But you also have to take into account:

- when the peak buying season is
- how long the product will last
- what your storage capacity is.

(20 minutes)

To do this, you have to keep track of production and sales. Record how much you make and how much you sell every month.

NB: pass out tracking charts for participants to follow along, and go through an example on the flip chart of the tracking chart (make up production and sales numbers based on availability of raw materials). At the end of a year, transfer the figures to a graph (turn to flip chart of production/sales graph).

NB: ask if participants know what a graph is, and how to make one. Since they are university graduates, they should know, but if not, take some time to show how to construct a graph that plots months and production levels; ask a participant to do one with month and sales levels.

Go over graph. Discuss differences in peak production and planning periods. Discuss how these may differ for each product. Discuss what to do during slow periods:

- make other products
- test new products
- make new marketing contacts
- repair equipment/renovate

15 minutes Wrap-up/Review. Go over "Production Planning Checklist"

How often do I need to get raw materials?
 Where will I store raw materials?
 How long will they keep?
 Are there times when raw materials will not be available? When? Do I need to get them in advance?

Where will I store finished products?
 How long will they keep?
 How will I get products to sellers?
 Are there times when people buy more of my product? Less? When? How can I prepare?

Where will I work?
 Do I have enough space for production? Packaging?

When will I work (how long every day/week/month)?
 Are there times of the year I can't work?
 Do I need someone else to work with me? To do what?
 Where will I find that person?
 Will she be available when I need her?

Pass out additional tracking charts, to be used for production planning. Ask participants to try to estimate production for the coming year, based on orders, past experience or guessing.

Comments:

The session was attended by 10 women and 1 man. It began 25 minutes late, but ended on time. This session was much less concentrated than the two previous (on costing and pricing), which enabled coverage of all the material.

Review of break-even indicated that participants had understood the concept, but not really the connection between the concept and the math. Review before going over the exercise helped make the point that if you know your fixed and variable costs, you can calculate your break-even point for different numbers of customers (ie., levels of production) and prices.

All of the time budgets were followed as estimated. Participants only filled in the days of the week and dates on the calendars; trying to plan production on the spot would add considerable time to the session. Development of an order form was of considerable interest; in the revised session, a prepared flip chart is included to avoid taking too much time ruling pages in a notebook. There were no problems with understanding graphs.

Date

Name of
Customer

Address of
Customer

Item

Quantity

Unit
Price

Total
Price

Deposit

Balance Def
Date

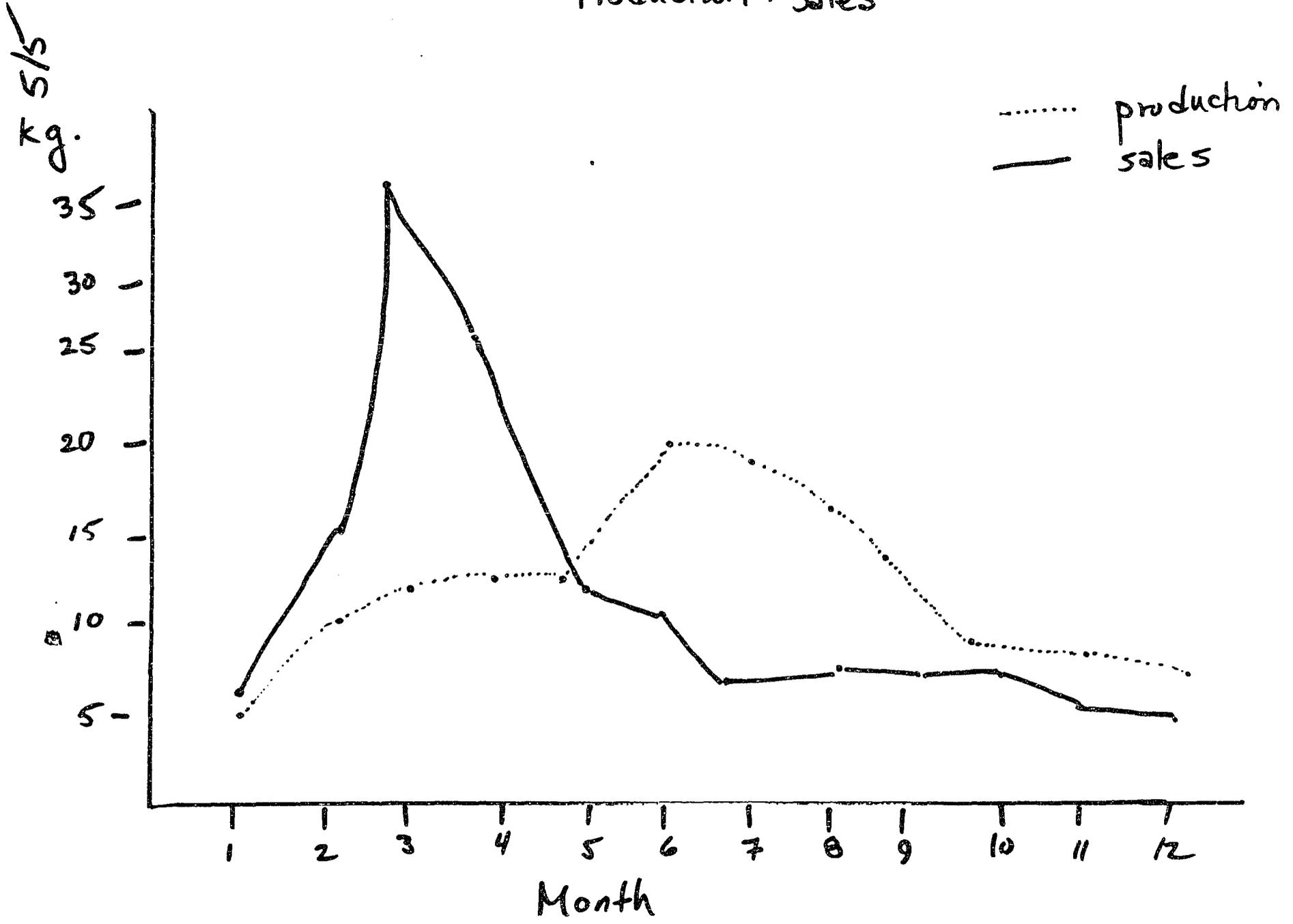
Item	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
 (carrot)	.40	.40	.25	.20	.20	.25	.50	.50	.50	.50	.50	.50
 (lemon)	1.00	1.00	3.00	3.00	1.50	.20	.20	.30	.30	.40	1.00	1.00
 (onion)	.60	.50	.40	.40	.35	.30	.15	.15	.20	.20	.30	.60

Month	Production	Price/kg.	Total Price
Jan.	5 kg	LE 1.00	LE 5.00
Feb.	7 kg	1.00	7.00
June	30 kg	0.20	6.00
July	25 kg	0.20	5.00
Aug.	25 kg	0.30	7.50
Sept.	26 kg	0.30	6.00
Oct.	12 kg	0.40	4.80

Total 124 kg LE 40.00

Average price lemons/kg = pt. 32

Production + Sales



Production Planning Checklist

5/6

- How often do I need to get raw materials?
- Where will I store raw materials?
- How long will they keep?
- Are there times when raw materials will not be available? When? Do I need to get them in advance?
- Where will I store finished products?
- How long will they keep?
- How will I get products to sellers?
- Are there times when people buy more of my product: less? When? How can I prepare?
- Where will I work?
- Do I have enough space for packaging? Production:
- When will I work?
- Are there times of the year I can't work?
- Do I need someone else to work with me?
To do what?
- Where will I find that person?
- Will she be available when I need her?

A5/1

Session 6

- Title:** Financial Management & Record-keeping
- Estimated Duration:** 2 hours
- Objectives:**
- to provide participants with simple techniques for tracking incoming and outgoing cash
 - to enable participants to track expenditures, income, raw materials and finished products
 - to enable participants to do a cash flow projection
- Resources:** Doing a Feasibility Study, OEF International; pp. 104 - 107.
- Simple Guidelines for Income Generating Activities, ILC; pp. 35 - 49.
- Materials:** Flip chart of costs for Samiha s chickens from Session 3 for reference (3.4)
- four envelopes, each marked with one of the following: materials, overhead, labor, profits
- Flip Charts:
- 6/1: cash flow format (OEF DFS, p. 107)
 - 6/2: simple cash book format
 - 6/3: inventory format
- Handouts:
- 6/1: cash flow
- Synopsis:**
- 5 minutes Opening. Ask for a volunteer to summarize the last session. Go over objectives for this session. Ask if there are any questions.
- 50 minutes Financial management.
- (5 minutes) Introduction. Point out that costing is a form of financial planning, by thinking of all of the things you'll have to spend money on for the business. Now, how do you ensure that you actually do spend the money for these things?
- One of the biggest problems with small businesses--especially home-based businesses--is the failure to

keep money for the business separate from money for personal use. The money that the business generates should go back to the business; what you take out as salary is all that should be used for personal expenses. If you take money other than salary out of the business for personal use--even to give your child 5 piastres to buy candy--it should be treated as a loan from the business that you have to pay back. Otherwise, money will go out...and out...and out...until there is no more.

(15 minutes)

Making sure that money goes towards expenses intended. Ask participants how they think they can ensure that money is spent as it should be. Record answers if appropriate.

Show the envelope system as an example, but point out that boxes, jars or other containers can be used. Show how to label them according to categories for costing. Note that "overhead" can be broken into separate envelopes for rent, electricity, etc. Show how to divide beginning money among them, and how to take in money in using a cigar box, tin can, etc. as the main "register." At the end of the day or week, divide money among the marked envelopes or containers, and use money from each envelope to pay for the respective expenses:

materials should be where most of the operating expenses come from;

overhead should be used for paying for fuel, transport, repairs, etc. If you have a big repair, you might have to take money out of profits;

labour is where personal income should come from, based on the salary you calculated in your price (paid weekly, every two weeks or monthly);

profit should stay in the business; it is not income. You might hire a worker out of profits, buy a new piece of equipment...or give yourself a bonus. But it is good to keep a reserve for emergencies.

(30 minutes)

Managing money/cash flow. In the last session, we saw that there are times of the year when you will produce more, and might need more cash on hand (for example to buy large quantities of raw ingredients when they are cheap); or, when sales are low, and you will need cash to cover expenses. **Cash flow projections**, when you try to estimate when you will have the most money coming in and going out help plan for these times. **Cash flow analysis**, based on actual sales income and expenses, will help you see when your real periods of cash availability and cash scarcity occur.

Turn to flip chart (and pass out blank cash-flow planning charts). Explain that cash-flow planning

entails trying to estimate sales income and business expenses for each month, to see how much profit builds up over a year. It can be done quarterly, semi-annually or yearly. Cash-flow analysis does the same with actual figures. It also lets you see how close your planning is to reality.

Use the following example, based on the pickling production and sales graph from the previous week to show how to calculate cash flow.

	Sales income	Expenses	Accumulated P or L
January	10	- 6	= 4
February	+ 36	- 12	= 28
March	+ 70	- 20	= 78
April	+ 40	- 40	= 78
May	+ 26	- 10	= 94
June	+ 20	- 70	= 44
July	+ 18	- 70	= - 8
August	+ 20	- 30	= -18
September	+ 20	- 10	= - 8
October	+ 26	- 30	= -12
November	+ 22	- 22	= -12
December	+ 25	- 10	= 3

Analysis: for the example year, there are times when there will be cash on hand (February - May), but it will be needed to buy raw materials in quantity during peak season (June-August). At this time, there will be a **negative cash flow**. The business will have to take a loan from somewhere in order to survive. Note that if this pattern holds every year, the business will be in trouble. Discuss how to improve cash flow (by cutting costs, increasing production, adding products with a positive cash flow at the same time as cash is short for this one).

60 minutes

Record-keeping

(5 minutes)

Introduction. Good records of cash coming in and going out are the best tools of financial management as well as management of other aspects of the business. Very often, home-based businesspeople think they don't need to keep records. Or, they are afraid to keep records, thinking that some day, the tax collector will come and use the records to take all of their money. Usually bad management takes more money from a small business than the tax collector!

(25 minutes)

Cash book. Discuss needs to record money coming in and going out. A basic cash book does exactly that. Turn to flip chart of cash book, and go through example for Samiha, filling in the lines:

Date	Item	Cash in	Cash out	Balance
------	------	---------	----------	---------

4/12	Opening balance		LE 120
4/12	buy 15 chickens	90.00	30
4/12	buy salt	1.50	28.50
4/12	sell 9 chickens	81.00	109.50

Note that this is a simple cash book (it would make an accountant cry). Participants could use a more complicated system, but if they use only this cash book it will be a vast improvement over not recording money coming in and going out at all. Points to cover:

- sales on credit should be considered cash out; credit repayments are cash in
- **all transactions must be recorded**, including taking money out to use for non-business expenses (eg., if you decide to use money from the business to buy a dress for your daughter, it can be considered a "loan" and recorded as cash out; repayment would be recorded as cash in).
- balancing (every week, two weeks, etc.). draw a line across and reconcile with cash in hand or in the bank.

NB: if participants have accounting backgrounds, ask them for ideas on how to set up books.

If time allows, have participants take 5 minutes to set up their cash books.

(15 minutes)

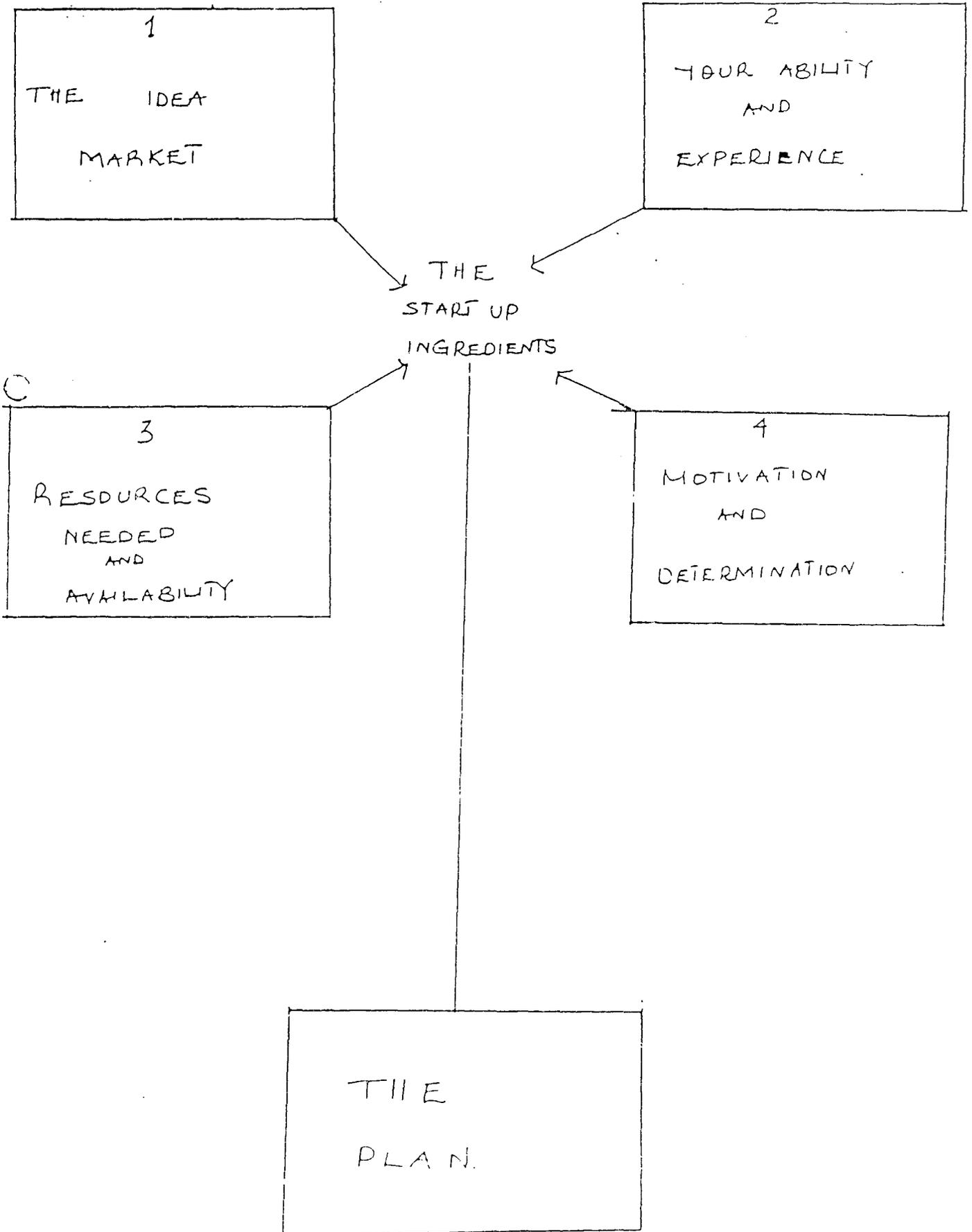
Non-financial records. Brainstorm: what other types of records do you need to keep track of what happens in your business? Record answers, which should include:

- keeping track of raw materials
- keeping track of finished products
- orders
- receipts

Remind participants that a format for order forms was covered in the last session. Discuss use of a receipt book, either pre-printed or in a notebook with carbon paper.

Inventory for **raw materials**. Point out that it might not make sense for all small businesses at this point, especially if producers buy ingredients as they are needed. But it is useful for bakers, even on a small scale. Set up a sample inventory format:

START UP FRAMEWORK.



date	item	price	amt. in	amt. out	amt. left
------	------	-------	------------	-------------	--------------

Go through using the example of flour. Suggest that each ingredient be tracked on a separate notebook page or inventory card.

Inventory for finished products. This should be kept especially by producers who do not sell all their production as soon as it is made. Set up a sample inventory format:

date	item	quantity in	quantity out	quantity remaining
------	------	----------------	-----------------	-----------------------

Go through using the example of cookies. Suggest that each batch or product be tracked on a separate page of a book or on index cards.

Stress that inventory records are not accounting records. For example, the price you paid for raw materials is only to help keep track for pricing (you don't have to keep track of the value of what's left).

(15 minutes)

Exercise. Explain that the format of records may vary according to the needs of the business. Have each participant develop inventory formats that make the most sense for her business. Circulate among participants to check their work, and make sure they are not developing accounting forms.

Comments:

The session was attended by 10 women, including one who had not attended before. It began 20 minutes late, but ended on time. This was one of the least concentrated sessions, which permitted all of the material to be covered, and to include the exercise on setting up records. None of the participants seemed to have any trouble grasping the basic ideas behind cash flow analysis or record-keeping; however, the revised session plan makes the distinction between cash-flow analysis and cash-flow projection more clear.

The exercise pointed up the need for such activities in a classroom setting (as opposed to having the women do the work at home on their own). It seemed fairly straightforward, but women seemed to confuse accounting and inventory forms, and seemed more intent on tracking the value than the quantity of raw materials and finished goods. Checking their work during training time enabled instant correction of mistakes.

The session went according to plan overall, except for a math error in the original cash-flow projection which resulted in a negative cash flow for most of the year. Since this was not very helpful in illustrating ebbs and flows, the numbers have been changed.

NB: since there seems to be enough time, have participants set up their cash books as well as inventory forms.

6/1

Cash Flow

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales Income	10	36	70	40	26	20	18	20	20	26	22	25
Expenses	6	12	20	40	10	70	70	30	10	30	22	10
Accumulated Profit or Loss	4	28	78	78	94	44	-8	-18	-8	-12	-12	3

Cash Book

6/2

Date	Item	Cash In	Cash Out	Balance
4/12	Opening balance			LE 120
4/12	Buy 15 chickens		90.00	30.00
4/12	Buy salt		1.50	28.50
4/12	Sell 9 chickens	81.00		109.50
4/15	reconcile (9.50 missing)		9.50	100.00
4/16	loan to sister		20.00	80.00
4/17	loan repaid	20.00		100.00

Finished product inventory

Date	Item	Quantity In	Quantity out	Total Remaining
4/13	Strawberry jam	5 kg		5 kg
4/20	Sell		3 kg.	2 kg

Title: Field Trip

Estimated Duration: 5 hours minimum

Objectives: to introduce participants to home-based producers and supermarket owners

Resources: Madame Nabila, owner of "Riham" sweets
Mr. Nooman, owner, Shaheya Supermarket

Materials: samples of Mme. Nabila's products

Synopsis:

I came across Mme. Nabila's products in Shaheya, and made contact with her through Mr. Nooman. It was exciting to meet a woman who has turned her talent for baking into a home-based business which supplies Shaheya and other markets. Originally, we had thought about bringing her out to Bangar, but decided that a field trip to Alexandria would enable women not only to meet her (and possibly see where she works), but also visit Shaheya to talk with Mr. Nooman about what he looks for in products. However, a field trip posed quite a logistical challenge, since we were dependent on ACDI transport and could only see Mme. Nabila in the afternoon. The best solution was to leave one day after a presentation (by 1:00 p.m.), and try to leave for Bangar before 5:00 p.m., to allow the driver to take women back.

The session with Mme. Nabila took place in my house, the only available quiet space that would hold everyone. It lasted about an hour and consisted of: introduction of participants; introduction of Mme. Nabila and a short presentation on her activities (how she got started, how she branched into commercial production, how she identifies markets; production and packaging); tasting of her products, which I had purchased in advance; questions and answers. Participants were very interested, and did not want to leave; their questions ranged from how she markets to the type of butter she uses in different recipes.

We next went to Mme. Nabila's house to see her kitchen. This was not very useful since no work was in progress, but it did enable the women to see a kitchen used for semi-commercial purposes (for example, a scale was in prominent evidence, suggesting more rigorous work habits than the women currently have). Also, it gave the women more time for questions, which they used to full advantage. We stayed about 20 minutes.

NB: if there had been more time, Mme. Nabila was willing to do a baking demonstration.

Our last stop was Shaheya, where women saw Mme. Nabila's products on display and got a chance to talk to Mr. Nooman. He briefly described what he looks for in quality, packaging and price, and then took questions. The women asked good questions, especially about the interest of an upscale Alexandria storeowner in products from rural homes, Ministry of Health regulations and prices. After about 20 minutes, the women left (by 4:45 p.m.).

Comments:

Overall, the afternoon was one of the most successful events of the WID training program.

First, it gave the women a chance to meet a woman very much like themselves, who is doing what they want to do (interestingly, Mme. Nabila also really enjoyed meeting other women who are doing similar things, albeit at a more nascent stage). She also had a clear advantage over me or other Americans, knowing local ingredients and the local market. The women's hunger for this type of information was evident in the barrage of questions, and copious notes taken.

Second, it provided the first chance for many women to talk to a storeowner as potential suppliers rather than customers. This single encounter may have given them the confidence to make contacts on their own, especially after hearing Mme. Nabila describe how she walks into shops cold with samples to make new market contacts.

The only drawback to the day was the time constraint. We needed to finish to get back to Bangar before dark, and enable the driver to return at a reasonable hour. The women were kept on a strict timetable and felt rushed throughout. If such a trip is arranged in the future, I would suggest that it be given a whole day (Mme. Nabila might be willing to take a day off), and include a baking demonstration. A Saturday might be preferable, when office space might be made available at ACDI or another organization (eg., University of Alexandria Home Economics Department).

The sequencing of the trip relatively late in the training program (ie., after Session 6) was a function of logistics more than anything else. The contact with a businesswoman could come earlier, but contact with storeowners is probably preferable late in training, when women have begun to think of themselves as businesswomen.

Factors to keep in mind:

- just because a woman is in business doesn't mean she's doing everything right. Mme. Nabila sounds like she might benefit from some training in pricing--although without an idea of her income, it's difficult to know whether she's making as much as she thinks she is (especially for labor, which is calculated as a percentage of ingredients). Remind participants that they might not want to emulate all they hear and see before and after the session.
- contacts for Mme. Nabila and Mr. Nooman are available through ACDI/Cairo. In approaching Mme. Nabila or any other home-based producer, one should respect the reluctance of informal-sector businesses to share information about their operations.

Session 6b

Title: Food Preservation: Canning and Drying

Estimated Duration: 2 hours

Objectives: To demonstrate:

- proper methods for sterilizing jars, processing foods in hot water bath and sealing jars
- use of a simple solar dryer for drying vegetables and fruits

Resources: Jeanne Scwaller, VOCA volunteer

solar drying) handouts (recipes and information sheet on

Materials: for canning--

pot large enough to cover several glass jars completely with water

old pot for melting paraffin

used glass jars and metal lids*

new glass jars and metal lids*

tongs

clean dish towel

supply of jam already made (use commercial if necessary)

paraffin (available in Alexandria)

pickles, dill weed, salt

for solar drying--

solar dryer

finished dried onions, tomatoes, apple slices, banana slices

1 apple, 1 lemon

the French jars with red rubber rings ("le Parfait") can be used but they are expensive. If ever Mason or Ball jars with replaceable lids become available in Egypt, these might be used as well. For now, however, it makes the most sense to sterilize old jars, since that is what most women use.

Synopsis:

The main purpose of Jeanne's presentation was to complement business-skills training with some practical food-processing techniques. Sterilization of jars, use of a hot-water bath and sealing with paraffin were chosen based on common problems noted during home visits (especially sterilization of jars by putting them in the oven or over a flame).

Jeanne began by describing the differences between canning in the U.S. and in Egypt, notably use of the Ball or Mason jars with replaceable lids in the U.S.. She made the following important points during the presentation on canning:

- pickles can be put up in plastic jars without processing because of their high salt content. However, the jars should be cleaned first in a Clorox solution (1 teaspoon Clorox to about 5 litres water);
- old jars with the rubber ring on the inside of the lid can't reseal, but if new lids can be bought, old jars can be sterilized and reused;
- paraffin is used for products with sugar (jams, jellies) but not for brined foods such as pickles. Paraffin must be cleaned thoroughly before it can be used. Great care must be taken to keep paraffin away from the flame or too high a heat, or it will ignite.

Jeanne demonstrated how to:

- sterilize jars and lids (put the open jars and lids in a pot of boiling water, boil for five minutes, remove with tongs onto a clean towel without touching the inside of the jars or the lids);
- seal jam with paraffin (pour hot jam into sterilized jar, leaving enough room for about 1 cm. of paraffin, melt paraffin and pour a layer over the jam, let cool completely);
- remove and reuse paraffin (cut paraffin seal in four with a knife, remove first one and then the rest of the pieces, clean and remelt paraffin);
- process pickles in a hot water bath (put cleaned cucumbers in, pour brine over, close jars and put in a pot with water that covers the tops of the jars, bring to a boil and boil for -or the processing time required by the recipe--five minutes for pickles);
- acidulate apples and bananas to keep their color for drying or cooking (squeeze a lemon into a bowl of water, cut pieces of fruit and drop them into the bowl, drain and dry when all the fruit is done);
- cut fruit into uniform slices for drying.

The processing demonstration lasted approximately 1 hour and included a question-and-answer period. Questions ranged from whether different types of jams had to be processed (eg., carrot), to requests for

recipes. It was followed by a trip to the roof to see the solar dryer and the cardboard box solar cooker that Jeanne had built.

Comments:

The session began 45 minutes late due to late arrivals, but there was enough time to cover all of the material. The session was attended by women.

The presentation was excellent for illustrating practical techniques, but somewhat confusing because because of pretending to do some things and actually did others. For example, the water was not actually boiling when the jar was "sterilized," and the paraffin was poured into a jar of Vitrac jam which we were imagining was an old jar with a new lid. Imagining versus actually seeing should not pose a problem for University graduates, but when a session is dense with information and there is a lot of switching between visualizing and reality, there is potential for confusion.

In the future, it would be preferable to go through the whole demonstration as if jam and pickles were actually being done: wash old jars; boil them in front of participants; remove and cool them; fill them (even by transferring commercial jam from another jar). For the items that need to be processed, keep the jars in the boiling for the correct amount of time and then remove them to cool.

NB: the word "processing" is used in English to describe the procedure of putting filled jars in a hot (ie., boiling) water bath to create a vacuum seal that keeps out bacteria. When translated into Arabic, it might create some confusion; it might be better just to use the word "boil."

References to Mason or Ball jars might be dropped completely since they are not available in Egypt.

Participants were very interested in the solar cooker and dryer. In the future, it might be desirable to plan follow-on sessions on how to build and use a solar cooker, and on solar drying (either where to obtain or how to build a dryer).

Title: Baked Goods and Pickles: Demonstration

Estimated Duration: 5 hours

Objectives:

- to introduce participants to a businesswoman involved in food processing
- to demonstrate new products marketed by the businesswoman (American pickles, banana bread and cinnamon rolls)

Resources: Willean Donaldson, maker of American food products, and her assistant Azza Atef

Materials: samples of Willean's pickles and baked goods

baking ingredients

pickle ingredients

Synopsis:

Willean has lived in Egypt for several years; she makes pickles, sweets and frozen meals that she sells to the American community through a grocery store in Maadi. We asked her to come to Bangar to talk about her business and demonstrate selected products. Several weeks before the session, we brought samples of her sweets for tasting (strawberry bread, banana bread, zucchini bread, carrot bread and cinnamon rolls); by vote, participants chose to learn to do banana bread and cinnamon rolls, as well as pickles.

The session began with a brief description of her business, followed by about 4 1/2 hours of demonstration. First dough for cinnamon rolls was prepared; while it rose, Willean made the banana breads and put them in the oven. She made the pickles while the breads baked, and then prepared the rolls and left them to rise again. In the meantime, there was another discussion period, in which Willean described how she plans her work time, how she decides on new products, and how she monitors the sale of products.

Comments:

The session was attended by 10 women. It began about 45 minutes late, but there was ample time to cover everything in 4 1/2 hours. Because there is no kitchen, one of the participants lent us her stove and butagaz; the session took place in the training room with participants watching Willean and taking notes as she went along. No written recipes were given out before or after the demonstration, but this did not seem to pose a problem (her recipes are her trade secret and there is understandable reluctance to share them).

Although Willean produces for an American market, she demonstrated products that can be made with local ingredients and will appeal to Egyptian tastes. Some ingredients are expensive (butter, walnuts), but the products could be sold in on the Egyptian market...albeit with a much lower profit margin (eg., a medium-sized jar of dill pickles sells for LE 6.00, compared to LE 2.00 for local pickles). Willean converted

all American measures to local measures (using a Turkish coffee cup, a soup spoon and a teaspoon).

The session was useful for several reasons:

- giving participants a chance to talk to another woman who is doing what they hope to do, and an opportunity to ask questions about her business. Participants seemed interested to know how she made her market contacts, and how she develops new products.
- reinforcing points from other sessions, ranging from break-even and costing, to sterilizing jars.
- responding to participants' interest in learning new production techniques.

Willean's assistant, Azza, was an excellent addition to the session, enabling the participants to talk directly to an Egyptian woman who has become very familiar with the American products (for example, Azza was amused to hear that the women hadn't liked pickles made with sugar, as she has grown to like them).

NB: At our request, Willean had prepared a batch of American-style dill pickles without pickling spice, since it is not available in Egypt. Participants liked these much better than the bread-and-butter pickles (sweet-sour) and pickles with pickling spices that they had tasted in earlier sessions.

For one kg. cucumbers use: 3 cups water; 3 cups vinegar; 6 tablespoons salt; a small bunch of dill weed washed very well; three cloves of garlic (one per jar). Bring water, vinegar and salt to a boil. Clean cucumbers, slice about 1/2 cm. thick, and pack tightly into sterilized jars (about 3). Add garlic cloves and sprigs of dill. Pour boiling brine over cucumbers and close jars immediately. Pickles are ready to eat in about a week.

The recipes for the cinnamon rolls and banana bread are not important for future trainings, because the objective is not to teach the products, but the specialties of the guest entrepreneur. If Willean comes back--and I would recommend her strongly--she might make these or other items. However, if other women entrepreneurs are invited, they should be asked to make their specialties.

Participants expressed satisfaction at finally getting practical training in production techniques. It could have been done earlier, but I did not want it to overshadow the business-skills training. In the future, there might be more integration of production and business skills training, but keep in mind that the logistics for guests and field trips are extremely time consuming.

Session 7

Title: Marketing: Packaging and Promotion

Estimated Duration: 2 hours

Objectives:

- to introduce participants to the "four P's" of marketing, with emphasis on promotion
- to begin working on actual brand names and labels
- to give participants practical experience with promoting their products

Resources: Marketing Strategy, OEF International; pp. 29-34, 62.

Grassroots Management Training, ILO; pp. 29-35

Materials: Session plan for Session 2 (for review)

"Marketing is..." flip chart (2.2)

Flip charts:

7/1: "4 P's of Marketing"

7/2: Retailer Survey

Handout:

7/1: Retailer Survey

Examples of attractively-packaged products

One or two products made by participants or in demonstrations, for role-playing sales

Synopsis:

5 minutes Opening. Ask for a volunteer to summarize the last session. Go over the objectives for this session and ask if there is any question.

25 minutes The "four P's of marketing".

(15 minutes) Remind participants that in the second session, we talked about "the market"--who will buy the product, and to some extent who will sell the product. Today we are going to talk about "marketing"--the process of getting the product to the people who will sell it and who will buy it. Marketing is made up of four main elements. In English all of them begin with the letter "p," so we call them the "Four P's of Marketing." Turn

to flip chart and explain:

Product: what you are selling. There is a saying, "a good product sells itself." This is true to some extent, in if you offer people something they want or need, and maintain high quality, you are likely to succeed in selling. But you still have to take care of other things, for example...

Price: how much you are selling it for. As we have seen in other sessions, you have to cover your costs and make a profit, while offering the product at a price people are willing to pay.

Place, or distribution: where you sell your product and how you get it there. Remind participants that in some places more than others, they may find people who are interested in the product at the right price (give the example of a high-priced item selling in Rouchdy or Maadi, and ask if it would sell at the same price in Amreya).

NB: at this point, go over transport difficulties and point out that it may be necessary to cut into the profit margin to pay for transport. Discuss sources of transport; ask participants if they have contacted local car or truck owners and have them report their results. Discuss ways to cut transport costs, by transporting as large a quantity as possible at a time, or by grouping together to hire a truck.

Promotion, or getting people--both sellers and consumers--to buy your product. Promotion includes:

- displaying the product in the right place in shops
- providing information about the product and price (signs outside and inside shops, flyers, posters)
- getting salespeople to believe in your product and get other people to buy it
- ways to encourage people to try your product and keep buying it (free samples, sales, etc.)

NB: remind participants of Samiha's promotion in Session 4 (selling chickens at a lower price in the last month of the year), and that promotions are an investment in new customers

- creating an image for your product.

(10 minutes)

Discuss ways of creating an image for products through

posters and flyers. Emphasize that these are things that participants can be doing right now, using a marker and a piece of paper.

Ask if any participants have put up posters or sent out flyers. If so, ask what they said. They are likely to have been straightforward descriptions of what they are selling. Discuss ways to attract attention to the product with catchy slogans, for example:

"The world's best pickles are on sale here!"

"Your mother may be far away, but you can get meals that taste like Mother just cooked them."

Ask participants to come up with their own slogans.

40 minutes

Packaging.

(10 minutes)

One of the most effective ways of creating an image for your product is through packaging. A little touch that costs little or no extra can convince people to buy your product. Show examples of attractively-packaged products. Two examples might be:

- jam jars with pieces of fabric glued onto or tied over the lids. These can be made from scraps, possibly provided low cost or for free from a sewing workshop;
- trays of cookies with a small ribbon or bow (try to get a package of Heba El Attar's brownies from Cairo, with the tiny red bow that is her "trademark"). Point out how many packages can be decorated with one roll of ribbon when it is used as just an accent;
- nicely-lettered labels.

(30 minutes)

Exercise: names and labels. Tell participants that they are going to come up with an umbrella name for all graduates' or New Lands products (if one exists already, suggest that they might come up with something better). Give examples (eg., "Gifts of the Land").

Divide the group into teams of 3-4 and have them try to come up with a name and a design for a label. Allow 10 minutes for work and about 5 minutes for each group to present its work.

45 minutes

Promotion and sales.

(15 minutes)

One of the most challenging jobs in promotion is getting a storeowner to listen to you, try your product and stock it. Discuss pointers for making calls:

- Dress neatly, simply but with style. The producer reflects her product.

- Ask for the shop owner or someone who makes buying decisions. Introduce yourself, where you're from, what you produce and why you are visiting. If you are put off, just ask for a moment of time. Be persistent but not pushy.
- Give a brief summary of your product(s), the price you want, the price you think they can sell for, and why you think people will buy the product(s). Be confident about your product, stating its advantages over similar products, but don't seem like you are bragging. Offer a sample if possible.
- If the Retailer is interested, record information you will need for orders (turn to flip chart of the Retailer Survey and go through it).

(30 minutes)

Role play. Have a co-trainer or someone from outside the training environment play the role of a shopkeeper (a male is possible, since shopowners are likely to be men). Ask for a volunteer to promote a product (her own or one you supply) to the shopkeeper. Give the volunteer about 5 minutes, and then ask participants about the positive and negative aspects of the sales pitch. Points to review:

- Did the "businesswoman" introduce herself?
- Was she knowledgeable and convincing about her product?
- Was she firm on her price without being stubborn?
- Did she push the shopkeeper too much?

Have other volunteers try as time allows.

Comments:

The session was attended by 9 women. It began one hour late due to the unexpected arrival of a video crew. It lasted exactly two hours, which allowed coverage of all material and exercises.

The session plan was followed almost exactly as designed; however, time budgets have been adjusted to allow more time for promotion--to include more attention to slogans for posters and flyers--and less time for the role play.

Brainstorming slogans, the brand-name and label design exercise and the role play made this the most active and participatory session; participants responded very well to all of the activities.

Use of teams for the brand name and label design exercise worked very well; it got everyone actively involved, and helped promote women working together. Earlier sessions might be reviewed to determine if other activities might be done in teams. The exercise also helped bring

out participants' verbal and artistic creativity, which also might be developed earlier on. If it is not appropriate to work on an umbrella brand name, teams might work on flyers or posters (for example, grouping producers of the same product together.

At first it seemed like the role play might be superfluous, since the women had talked to the owner of Shaheya Market and some have made sales before. However, one of the women most experienced in sales volunteered and missed basic things like introducing herself; and, participants felt she did not project enough confidence. Thus it might be useful for more than one volunteer to try "the sell."

Notes on the role play: we used a jar of pickles that had been made during Willeen Donaldson's presentation, which gave the "shopkeeper" and the group a chance to taste them. If possible use a product that has been made during a demonstration.

Hanan from the Alexandria office was with us, and volunteered to act the role of the shopkeeper. We briefed her in advance and she did an excellent job. Ask the person playing the role to be "difficult" and suggest questions they should ask. Be sure to ask the person playing the shopkeeper how s/he felt about the seller's presentation.

4 P's of Marketing

Product

Price

Place

Promotion

Retailer Survey

7/2
A 7/1

Name of Shop:

Address:

Telephone:

Name of Shopowner(s):

Name of Person Contacted:

Do they carry a similar product now?

If yes: How many brands?

Does it sell well?

Are there any problems with quality, price, getting supplies?

If no: Why not?

Would they be interested in carrying it?

GIVE THE MERCHANT A CHANCE TO INSPECT AND/OR TASTE THE PRODUCT. EXPLAIN WHERE IT IS MADE AND ANY ADVANTAGES IT HAS OVER THE COMPETING PRODUCT.

Person's reaction to the product in terms of:

Taste:

Appearance (color, size, etc.):

Cleanliness:

Packaging and labelling:

Price:

Is there anything they would change?

Are they interested in carrying the product?

If no, why not?

If yes, how much do they think they could sell?

Would it differ from season to season?

Would they transport it themselves?

What are the terms of payment?

When would they be interested in a first order?

Session 8

Title: Wrap-Up: Is My Business a Good Idea?

Estimated Duration: 2 hours

Objectives:

- to review contents of the preceding sessions
- to enable participants to synthesize the preceding sessions by completing the feasibility study of their product or business

Resources: Doing A Feasibility Study, OEF International; pp. 121 - 151

member of an existing women's food-processing organization if one has been formed

Materials: "Six Steps of A Feasibility Study" flip chart (1/1)

"Market Pyramid" flip chart (2/1)

Production planning flip charts from Session 5 (5/4, 5/5, 5/6)

Flip Chart:

8/1: "Start-up Framework"

8/2: Flip chart headed "Name" "Date" for setting up appointments to go over business plans

participants' forms for start-up and operating costs, pricing and cash-flow analysis

Handouts:

1/1: business plan form (pp. 129 - 138)

1/2: investment plan form (p. 141)

Certificates of Completion

Synopsis:

5 minutes

Opening. Announce that this is the last session, and that considerable time will be devoted to work on business plans and individual consultations. Ask for a volunteer to summarize the last session. Go over the objectives for this session and ask if there are any questions.

60 minutes

Feasibility study.

(30 minutes)

Go back to the "Six Steps of a Feasibility Study" flip chart, and review what was covered in each session:

- **Choosing a product or service to sell.** Ask participants to think back to why they chose their product, what they have found out that still makes them think it is a good idea, what they have found out that makes them think it is not a good idea, what they think they still need to know.
- **Finding out if people will buy the product or service.** Go back over the "Market Pyramid" from Session 2 and promotion from Session 7. Ask what information participants found out about the market for their product that they did not know before the sessions. Ask if they have enough information yet. Remind them that market studies are on-going; they have to talk to more people, especially outside of Bangar if they want to reach other markets.
- **Determining how the business will operate.** Review production planning from Session 5, and using the calendars that were distributed to plan ahead. Ask whether there still things they have to think about for organizing the business, such as where they will work, when, and who will help them if there is more than they can do alone.
- **Calculating business expenses.** Go back over costing from Session 3 (materials, labor, overhead and equipment replacement; fixed and variable costs). Ask participants if they have completed their costing calculations; if not, ask if there are any problems
- **Estimating sales income.** Go over pricing from Session 4 and cash-flow analysis from Session 6. Have participants completed these exercises? Remind participants that estimates will be very rough the first year, but good records of actual production and sales will help with estimates in future years.
- **Deciding if the business is a good idea.** Go around the room and ask each participant if she thinks the product she has chosen still makes sense for her. The ones who say no will have to start again with a new product; the ones who said yes have to decide what they need to do, and when.

(30 minutes)

Next steps.

Group steps. If a home-based food processing association does not exist yet in the area, discuss participants' interest in creating one. If they are interested, plan for the first step (ie., general meeting and fix a date); discuss interest in other

activities such as presentations or fairs for the first 3-4 months; set dates if possible, so that trainees will know that activities will continue after this series of sessions.

If an association does exist, discuss the possibility of participants joining. Possibly invite members or officers to talk about it and explain how participants can join.

Individual steps. Go over the "Start-up Framework." Point out that training has focused on the idea and the market, and resources needed and their availability. Participants have demonstrated their ability and experience, motivation and determination in the sessions (use examples as appropriate). Now, they must synthesize all information into a plan.

Pass out the business plan and investment plan forms. Go over them. Discuss making a plan to complete them:

List resources you have and those you need

List tasks you need to do; decide which order they have to be done in, who will do them and when (put them on the calendar)

Work on plans/individual consultations.

Have participants begin working on their business plans and lists of tasks. While they are working, call each one aside and spend 5-10 minutes going over their expense and costing worksheets from previous sessions.

Before the end of the session, schedule appointments for women to meet with an extension agent/business advisor to go over their plans as they continue work.

10 minutes

Closing. Thank participants for their efforts and wish them luck in their ventures. Pass out certificates.

Comments:

The session started 45 minutes late. It was attended by 8 women.

Originally 40 minutes was budgeted to go over the feasibility study; this has been expanded in the revised session to meet needs for additional discussion. A considerable amount of extra time was needed for discussing next steps for the group, to reach consensus on points related to forming an association. Future events were scheduled, including an inaugural meeting and presentation by women travelling to America; a presentation on building solar cookers; an exhibition/trade fair (three months from now); a presentation/demonstration by a woman in Cairo who makes American brownies. If a group is being formed, this section may take as much as one hour.

Presentation of certificates and work on business plans was reversed, to accommodate schedule constraints of one of the presentors. It was

difficult to get participants to focus on the plan after the little ceremony, especially since they were anxious to leave for an exhibition. We did not set up appointments for consultation sessions, and felt that this omission should be avoided in the future; consequently it has been incorporated into the revised session.

Although no structured assessment of participants' performance was made, the learning that has taken place over nine weeks was evident in their discussion. Participants indicated a better understanding of their markets, especially market potential at the local level which they previously thought did not exist. They also showed an understanding of the elements which have to be taken into consideration in costing, although several women still have difficulty valuing labor.

Most interesting, two women said that they had changed their product based on the study (for example, dropping frozen vegetables in favor of ready-made meals, because of refrigeration problems); one woman had changed her market from local to Alexandria, realizing that she could not cover her costs and sell at an acceptable price locally.

Women also indicated that they had taken initiatives in looking for raw materials and market outlets. One woman had made a new contact that has resulted in an additional sales outlet for her rice pudding. Another had spent a day in Alexandria making rounds of shops, gaining confidence and learning from each successive experience.

At the same time, participants still talked about cutting into costs to reduce prices (especially labor), about traditional "exhibitions" as ways to attract customers and other notions that will die hard. It is important to remember that changing behaviour and attitudes takes a long time; the process can be initiated during two months of presentations, but it takes longer to complete.

In this last session, as in all others, it is important to emphasize that this training approach emphasizes attitude change leading to self-sufficiency, more than hard skills...and certainly more than development projects that provide inputs and do things for women, without teaching them to do them on their own.