

# Trainer's Manual



## About us –Udyogini

Udyogini came into existence in 1992, entered the micro enterprise domain through the 'Women's Enterprise Management Training Outreach Program' (WEMTOP), which was initiated and funded by the World Bank Institute. Through this support Udyogini developed the concept and manual for Grassroots Management Training (GMT), which is now a core activity in Udyogini's work in India.

When Udyogini was established, micro credit was a new idea and thus Udyogini's focus on micro enterprise management training was innovative. Udyogini opted to work in what would be considered inhospitable conditions for enterprise development involving socially excluded women at locations with poor access, infrastructure and socio-economic indicators.

Currently, Udyogini is working with about 50k producers in 5 states – Chhatisgarh, Jharkhand, Madhya Pradesh, Rajasthan and Uttarakhand. Udyogini has directly impacted value chains (such as lac, vegetables, Sal, herbs and incense-stick) that show potential for scale in difficult market conditions in remote districts that are affected by poverty, conflict or climate challenges and broken enterprise ecosystems.

Udyogini also provided business services to NGOs, CBOs and Government projects to build their capacity in designing and delivery of business services. EU, ICCO Netherlands, Ford Foundation, Misereor, Geneva Global, Aga Khan Foundation, DFID, SRLM Jharkhand, World Bank, Intel Foundation, ACC CSR, Oracle Foundation have been the major donors for Udyogini's work.

Udyogini's vision and perspective on microenterprises for women has been to empower women to understand and participate in critical enterprise processes. As the market gains prominence, the need for women to become knowledgeable, confident and lead enterprises just as they have led microcredit initiatives becomes critical. The Theory of Change supported by Udyogini to achieve this is If poor, marginalized and vulnerable women are provided customized business services (skill, entrepreneurship training, financial and market linkages) then their income significantly increases due to increase in production and quality of product and services. The increase in economic status enables women to participate in decision making in domestic and public sphere

Udyogini's Business Model is to create enabling environment through customized business services to engage rural women in products and service based enterprises that have high market potential, require low skill level for adoption as well as investment. Business services identified from the analysis of selected enterprises are provided to women to engage and scale up the enterprises. If required at later stages producers are enabled to form and strengthen producer institutions to efficiently manage backend and forward operations for the enterprises.



## Introduction & Background to PSIG –Mahila Udyami Sashaktikaran Program

SIDBI is implementing the “**Poorest States Inclusive Growth Programme**” (PSIG programme) funded by UKAid through Department for International Development (DFID), UK. The programme aims to ensure poor and vulnerable people (especially women) in low income states benefit from economic growth through better access to financial services. This project will ensure that 12 million poor households are reached with financial services and over 5 million women clients testify improvements in social status and mobility.

Analysis of the PSIG program revealed that the poor and vulnerable households which have limited cash flows due to unpredictable and seasonal incomes are dependent on Micro Finance Institutions (MFIs) to borrow money to meet emergent needs. The PSIG program has increased financial literacy of the women clients to manage their limited resources and moreover has created desire to scout and generate business ideas and establish, grow and diversify relevant enterprises.

In the above perspective SIDBI invited Udyogini to share its experiences and learning in enterprise development through training and handholding support to build the capacity of enterprise team of Micro-Finance Institutions (MFIs)-Cashpor and Utkarsh so as to enhance the knowledge, Attitude, Skills and investment capacity of 9000 women clients to screen, identify, establish and manage appropriate enterprises.

Theory of Change: “Business advisory services -skill, entrepreneurship training, financial and market linkages- enable potential and existing women entrepreneurs to establish, scale and diversify their enterprises and significantly increase their income due to enhanced knowledge, attitude and skills to manage the enterprises. The increase in economic status enables women to gain equal space in decision making in domestic and public sphere.”

Goal of Mahila Udyami Sashaktikaran program

To help establish, scale-up and diversify 9000 women led micro enterprises in Ghazipur and Varanasi districts of Uttar Pradesh

### Specific Objective of Mahila Udyami Sashaktikaran program:

–Udyogini will provide training and handholding support to Enterprise team (comprising of 34 master trainers & 12 other members of Enterprise team) of Cashpor and Utkarsh MFIs to build the capacity- knowledge, attitude and skills, investment capacity -of the 9000 women clients to;

- Enhance the skills and knowledge of women clients of MFIs from basic money management skills, their rights and entitlements to understand “why and hows” of managing small business /enterprises.
- Capacitate women with skills to generate income and manage enterprise
- Enhance the income and employment of women in enterprises and in turn the living standards of their household
- Give women opportunity to participate in the economy, manage incomes, own and run businesses – the benefits extend to their children and families, to their communities, to societies and economies at large



## SESSION 1 : ICE BREAKING & INTRODUCTION

Rapport building, sensitization and orientation of participants

### SESSION DESCRIPTION

In the first day of training most of the participants are not acquainted with each other. So they are little uncomfortable in mixing with each other. Since the learning has to be done in a group it is very much necessary that the participants get to know each other well and are at ease throughout the training period. So it is necessary to start this session with certain exercises which will help the participants to gel up easily. Before this, however, the participants need to be told about the objectives of the training programme. Their expectations from the programme have to be assessed and together define the boundary of the training programme.

### OBJECTIVE

- To create a conducive environment for learning
- To get acquainted with each other
- To ensure better participation of all the participants
- To understand the objectives of the training programme
- To get the expectations of the participants

### PLANNING

Duration : 2 Hours

Pedagogy: Group Exercise and Discussion

Training Materials: Card Sheet, White Board, Marker, Bowl, Chits/Jigsaw pieces having pairs, ribbon, scissor, cello tape, I card thread, plastic ball, Mobile projector, Video of „Case study on Importance of training

Preparation : The trainer should prepare a card carrying the participants' name and village name to be given to them at the starting of the session. It would be advisable that the training team prepares I-card for the participants to be used by the participants in each session. These I-cards worn by the participants around their neck. The trainer should try to know the profile of each candidate before the beginning of the training programme.

### PROCEDURE

#### Step-1

To commence the programme in a formal way ribbon cutting can be done by the participants themselves under the guidance of the trainer.

#### Step -2

The trainer greets the participants and introduces himself/herself and the other trainer(s). Then s/he asks the participants to express their expectations from the training programme through an activity.

#### Activity -1

The trainer distributes 1 card to each participant and asks them to jot down their expectations in 7-8 minutes. Their cards are taken back. One of the participants is called voluntarily and is asked to jot down the different expectations on the white board without writing the name of the participants.

#### Step- 3

Now the trainer, keeping in view the expectations of the participants, put forth the objectives of the training programme and tries to make an alignment of the objectives of the training programme with the expectations of the participants so that the participants can see meaning in the training programme. Any question on this discussion should be answered by the trainer very patiently. After discussing the objectives the trainer discusses the main contents of the curriculum and various training methodologies to be used in the learning process.

#### Step -4

Now that the participants are clear about the objective of the training programme, it is time for them to know each other. So to break the ice few activities can be done.

### ACTIVITY- 1 (JIG SAW PUZZLE)

Each participant is required to pick oine piece of chit/jigsaw from the bowl and step back to their positions.

Once all the chits/jigsaws are distributed, the producers will look for their pairs by calling them by the name/type of the jigsaw he/she has got. For example, the participant who has a ball would call for ball loudly and his/her pair would follow him/her.

The participant would introduce themselves to their partner and try to know each other. The general questions to be asked from the partner could be name, place, likes & dislikes, hobbies and any talent which could be utilized further in the training for re-creation purpose etc.

The introduction would carry the object in the jigsaw as title. For example a person who has got lion as a pair could introduce himself with Lion as a title like Sanjay Lion. In such a way all the participants will introduce their respective pairs.

## ACTIVITY -2 (BALL GAME)

Place a ball in a participant's hand. Ask him/her to throw the ball to that participant whose name he wants to know. The one who receives the ball speaks out his/her name. And then s/he repeats the process. The game shall continue till everyone is comfortable with each other's name.

### Step-5

Now that everyone has an idea about other participants distribute I-cards to be worn around their neck. They would put on their I-cards everyday during the session.

### Step -6

The trainer should run the video of Case study on importance of training and after it discuss the importance of training programme.

## PROCESS

Participation in unusual activities and unexpected task performance often generates a lot of curiosity and interest. Participants develop strong desires to express their feelings and seek clarification. The facilitators encourage them to express by raising questions such as:

- How did they feel about the whole exercise?
- Was there any learning or gainful experience?
- What did they discuss?
- What had been their gain?
- What happened to their expectations?
- 

Generally, the spontaneous responses to such questions are presented in the form of:

- They came closer to one another.
- They know more about one another.
- They feel free to talk anything to anybody. They learnt that others also have some strength and some weakness. So do I.
- They developed confidence that they can talk and do things as others do.
- They experienced that there are many things that they can learn from others and during training.
- They gathered that there are certain qualities and competencies that they lack but are necessary to become successful businesswoman.
- They are convinced that they can acquire knowledge and skills by actively participating in training activities.

Trainer/facilitator records the proceedings of group presentation on some flip charts. Later on categorize them under different categories and help participants to internalize. This follows the briefing about the purpose of this session. Reinforce their sense of achievement by elucidating that their expe-



## SESSION- 2 : ORIENTATION OF SIDBI-Mahila Udyami Sashaktikaran PROJECT

### SESSION DESCRIPTION

Orientation of SIDBI-Mahila Udyami Sashaktikaran project-Enterprise and market led approach for women empowerment. Discuss the role of JLG in economic empowerment of women and that of MEDOs in SIDBI-Mahila Udyami Sashaktikaran project

### OBJECTIVE

- To acquaint the MEDOs with project strategy and approach for women empowerment with emphasis on economic empowerment
- To enable MEDOs to understand the SHG led approach in economic empowerment
- Who is a MEDO,Qualities of MEDOs ,Advantages of being a MEDOs
- Why enterprise against labour

### PLANNING

Duration : 2 Hours

Pedagogy: Presentation and discussion by SIDBI official OR Resource person,

Training Materials: Case study of Anita Chunari

Procedure : Conduct the session in 2 steps

Step 1 : Keep the list of objectives chart in front of and share with participants about the objectives of the training programs- “why we have gathered over here?”

Step 2 : Afterwards ask participants “What norms would you like to frame for yourselves i.e. for the group to be followed during the entire programme?” Ask them the importance of framing group norms.Note the norms on the chart paper and paste the chart on the wall of the training hall.

## SESSION- 3 : REFLECTIONS ON PARTICIPANT EXPERIENCES IN SCOPING EXERCISE OF ENTREPRENEUR AND THEIR ENTERPRISE

### SESSION DESCRIPTION

Experience sharing on, “what has worked in establishing, scaling up or diversifying an enterprise” Experience sharing on, “what has not worked in establishing, scaling up or diversifying an enterprise”. Entrepreneurship & competencies of an entrepreneur. Monetizing women’s labor in Household and enterprise

### OBJECTIVE

- To enable MEDOs to reflect on successful experiences of women entrepreneurs
- To enable the MEDOs to reflect on constraints and the challenges in managing the enterprises
- To enable women clients to understand the monetary value of women’ household and enterprise tasks

### PLANNING

Duration : 2 Hours

Pedagogy: Exercise and presentation,Group Discussion and Presentation. Boat game, discussion with examples

### BOAT GAME :

## TRAINER'S NOTE ON ENTREPRENEURIAL COMPETENCIES – BOAT GAME

The process of establishing and managing an enterprise is substantially governed by entrepreneurial competencies, which are primarily behavioral. It is this group of competencies which enable person to initiate and manage enterprise successfully. Many may have the ideas, resources and opportunities but these are never acted upon in the absence of entrepreneurial competencies. Some of the critical competencies are aroused during training particularly through simulation exercises. Experiences generated through such simulation exercises are very close to real life situations and therefore very relevant.

- Participants are told that they are going to participate in an exercise in which each one of them will perform as an entrepreneur e.g. owner-manager of a micro enterprise. I
- In their enterprise they will produce 'paper-boats'. Special type of papers, which are the raw materials for production of 'paper-boats', can be purchased from the store (Trainer) by paying set price.
- They will get 5 minutes time to complete production.
- Paper-boats thus produced, will be sold to a contractor who will pay the set price only for those boats, which meet the set standards.
- To start their micro-enterprise, a bank (trainer again) will give them loan on fixed rate of interest, which they have to return to the bank at the end of the exercise.

### Raw Materials:

- Glossy paper coloured one side and cut into 6" square size.
- It is available only in one store (Trainer).
- The unused raw materials become wastage, since it can't be used or sold in the market. The cost of raw material is 2 coins (Equal to Rs 200) each, but there is discount for purchasing more than 2 pieces as indicated in the cost return chart given below.

### Sale price for finished Products:

The paper-boats produced by the participants are inspected for the quality standard. The contractor (trainer) purchases those paper boats that meet the set standards for 4 coins (equivalent to Rs 400) each.

### Specify the quality requirement of the boat

1. The colored side of the boat should be out side portion of the boat.
2. The three corners of the boat should be pointed and not flat.
3. There should be sharp folds with edge falling on other edge.
4. Unscrambled paper

If these quality standards are not met, their paper-boat will not be sold and therefore they may not be able to earn profit.

A sample of the paper-boat is circulated to explain the quality requirement.

### Information about average production time

For production of one boat

- An average worker takes 50 seconds
- A faster worker takes 40 second, and
- A slow worker takes 60 seconds



### Initial Finance

Participants can borrow money from bank (Trainer) on a fixed rate of interest, which is one coin (Rs 100) for a loan of 12 coins (Rs 1200). They are required to pay their loan along with interest at the end of the exercise. In case they incur loss they will be given 'red card'. This money they will use for buying raw materials.

### Estimates

The participants make first estimate after they see the product and the rules of game are explained to them. They make the entry of the estimate in the record sheet.

They make the second estimate after taking the 'trial time'. In case of change in the first and second estimates, the participants are required to pay the bank additional 1 coin, which is termed as 'penalty'.

### Profit and Loss

On the basis of number of boats sold after meeting the quality standard, the cost incurred in purchase of raw materials, amount paid as penalty for difference in first and second estimates if any and the interest paid for the loan taken from the bank, participants should be assisted to calculate the profit or loss that they made during the exercise.

Profit or Loss = Price of total boats sold - (cost of raw materials purchased + penalty paid if any + interest on loan paid to the bank)

In case the total return is equal to total cost, there is neither profit nor loss. In case total return is more than the total cost, there is profit otherwise enterprise is running on loss.

### Repeat the Exercise

After completing the profit and loss statement followed by processing the data of the first exercise, trainer may ask the participants whether they want to try again to improve their performance. Very often they express such desire. In case they want, trainer may announce another exercise not with the same product but with similar product, i.e. 'knife boat'. Total process, right from starting the first practice, till calculation of profit and loss would be similar. The steps in making a 'knife boat' are explained to them. Quality standards, cost of raw materials, penalty charge and interest amounts are the same. Participants are given loan of 12 coins (for Rs. 1200) and one time interest of 1 coin is announced. Before making first estimate, they are informed that this model will take 3 to 4 seconds more time. After giving time for preparation, the exercise should be repeated. As in case of first exercise, participants are suggested to record their data in the second column of the record sheet.

### Processing

Processing is very important and it should be participatory. Participants are facilitated to learn from their own experiences. Let them realize that although the conditions for the exercise were the same for all, yet results differ in terms of profit /loss. This is primarily because of the variations in entrepreneurial characteristics of individuals. Help them to relate their experiences to various entrepreneurial characteristics (as described under trainer's note on 'Women & Micro enterprise').

### Entrepreneurial Competencies

For performing all entrepreneurial functions women are required to develop some qualities. These are also called competencies since these are to be practiced to attain success.

**Goal setting** - Articulates long-range vision and goals  
 - Continuously sets and revises short-range objectives

**Risk Taking** - Takes personal responsibility  
 - Welcomes challenges  
 - Willing to take calculated and moderate risk

**Initiative Taking** - Does things before being asked or forced to  
 - Takes action that goes beyond job requirement or the demand of the situation  
 - Acts to extend the business into new areas products or services

**Persistence** - Takes repeated actions to meet a challenge or overcome an obstacle

**Sense and Acts On opportunity** - Sees and acts on new and unusual business

**Information Seeking** - Takes action on her own to get information to help achieve objectives or clarify doubts.

**Concern for Quality, Innovation & Efficiency** - Look for or find ways to do things better, faster, or cheaper  
 - Takes action to improve things or achieve standards of excellence.

**Problem Solving** - Generates new and potentially unique ideas or innovative solutions to reach goal  
 - Switches to alternative strategies to reach a goal.

**Self-confidence** - Have a strong believe in own ability

**Systematic Planning** - Develop and uses logical, step by step plans to reach goal  
 - Makes plans by breaking a large task into sub-tasks

**Persuasion & Influencing strategies** - Uses a variety of deliberate strategies to influence or persuade other

These competencies can be acquired and developed through training.

Processing may start with analysis of participant's experiences & data related to

- Making first estimate;
- Response and use of information about average production time;
- Reaction to stress experienced during time trial;
- Use and application of data gathered during time trial in making final estimate;
- Planning done prior production;
- Defining and setting purpose of the self;
- Stress experienced during production of boats;
- Reaction to the results;
- Responsibilities for the results; and
- Final motivation

These experiences are to be related to entrepreneurial characteristics such as:

- Goal setting
- Risk taking
- Initiative and persistence
- Information seeking and feedback
- Systematic planning
- Concern for quality and commitment
- The discussion and the exercise may be concluded by summing up the learning and helping participants to resolve to develop these qualities further.

DATA RECORD SHEET

Information	Trial 1	Trial 2
1. Your initial estimate of the boats you propose to make in a 5 minutes period	-----	-----
2. Time taken by you in making one boat during 'time trial'		
3. Your revised and final estimate of the boats you propose to make in the 5 minutes period		
4. Penalty for change in estimate (coin 1) in case your first and second estimates are different		
5. Cost of raw materials as per your final estimate		
6. Total cost (cost of materials + penalty if any)		
7. Number of boats that you completed in 5 minutes		
8. Number of boats that were sold meeting quality		
9. Total price of boats that you received		
10. Profit or loss that you incurred (Deduce the total cost as in item 6 from the total receipt as in item 9)		



## SESSION- 4 : BUSINESS IDEA GENERATION

### SESSION DESCRIPTION

Ideas and opportunities for business come from the environment. There has been constant change in the environment. May it be food, cloth, fashion, entertainment, communication, or style of living itself, all are changing fast. In order to adjust to the new, emerging socio-cultural changes, people need new goods and services. Such needs offer business opportunities to an entrepreneur. Sensitivity to perceive people's need and convert it into a business opportunity is the part of the entrepreneurial function and need to be developed through training.

### OBJECTIVE

Producer women attending will be able to:

- Sense the existing as well as potential need of people and the area
- Generate project ideas from which they can select a product or service for self or group enterprise

### PLANNING

Duration - 2 Hours

Pedagogy - Brain storming, simulation exercises and group discussion

Training Materials - Brick, Gram seeds, chart papers, markers and paper cut outs

### PROCEDURE

The procedure of conducting session on 'Business Idea Generation' involves following steps:

Step- 1

- Introduce the subject of sensing business opportunity based on 'needs of people'.
- Ask the participants to recollect any body in the areas started selling or producing any new product or service for the first time.

Ask them to guess the reasons that encouraged that person to start up that enterprise.

Possible Responses:

- People of the area needed that product or service but it was not available
- Person was having required raw materials
- Enterprise was very profitable
- The person had the skill
- The product/service offered lot of comforts, so others would go for it.

Cost & Return Chart

Quantity of Paper pieces	Cost of raw materials Cost in coins (Rupees)	Price for product (Boat) Number of boats sold after quality test	Price earned in coins (Rupees)
1	2	1	4
2	4	2	8
3	5	3	12
4	7	4	16
5	9	5	20
6	10	6	24
7	12	7	28
8	14	8	32
9	16	9	36
10	18	10	40

Discuss the need of people; categorize them into broad categories such as food, clothing, household, entertainment, health and education etc. Divide participants in as many groups as the number of broad categories. Ask the group to brainstorm and list (or draw pictures) of as many items as they can for finding out needs of people.

Allow 10-15 minutes time before asking them to present the list (or pictures) before the whole group. Others may be asked to add to the list. All lists put together present enormous list. Trainers help participants to draw conclusion that each item offer business opportunities. Since needs of people are enormous the business opportunities are also enormous.

#### STEP -2

Multiple use of same resource offers multiple business opportunities.

Conduct channa dhan exercise as described in the trainer's note.

- There are buyers for four products, which are produced from same raw material- channa (horse gram).
- All participants are given the same quantity of gram and have the choice to either process or not process and to sell their material to any buyer on the price they are going to pay for the product.
- At the end, help participants to calculate the return and profit. Explain the way business opportunities were created at every point processing point and the income is enhanced proportionately.

#### STEP – 3

Sensitivity to different Types of Opportunities

- Participants are invited to think and name as many enterprises as they have seen.
- From their responses make list on the chart paper. Draw different types from the list:

##### 1. Agricultural

- Land based- vegetable, flower, grains, fruit cultivation etc.
- Animal based- goatry, poultry, piggery, dairy etc.
- Insect based- honey, silk etc.

##### 2. Processing

- Drying, powdering, packaging or preserving seeds, fruits, vegetables, grains etc.

##### 3. Manufacturing

- Manufacturing dresses, shoes, fancy items, toys, household items, tools, mates, furniture, chindi, dari, decorative items etc.

##### 4. Trade

- Stationery, grocery, vegetable and fruits shops etc.

##### 5. Services

- Hotel, tea, sweets, pan, cycle repair shops, hair cutting saloons, beauty parlor, tailoring, laundry etc.

- Now divide participants into groups of 4 to 5 persons. Suggest them to select any one type and generate as many project ideas as they can out of it.
- Allow them ten minutes time to list or draw picture of the products.
- Let each group present their work before plenary. Others are allowed to add to the list. Explain to the participants that now each of them is a very big list of projects to choose one out of it.

Conclude by explaining to the participants that through brainstorming they can generate innumerable project ideas.

They can continuously generate project ideas by thinking and discussing with others about:

- Changing needs of people in areas of food, fashion, habit, comforts and style of living
- Availability of raw materials
- Availability and use of skills
- Existing demand in the markets
- Emerging problems in the society

#### TRAINER'S NOTE ON BUSINESS IDEA GENERATION

The project ideas can be generated thinking and discussing with others about:

1. Changing needs of people due to constant change in culture and environment. Such changes may be in the areas of food, fashion, cloth, comforts, communications, entertainment, habit, or/and total style of living. To adjust with the change people need new products and services. This offers business opportunities to many to set up enterprises to meet such needs.

2. Another approach to generate more project ideas is to think of new use of the existing resources. The existing resources are subjected to processing, preserving, packaging, grading or are ingredient to produce some other products. Examples may be many- jam, jellies, pickles, 'bari', processed spices, rugs from waste wools, sweets, candy and many more.

3. A third way of generating ideas is to think of different project- types and discuss what is latest in that type or what they can add to it. Let them look for the problems that people are facing or going to face in those areas. They will find the business opportunity in the form of product or services as tools or aids to solve these problems.



## CHANA DHAN EXERCISE

- Participants will play the game individually.
- Each one will be given one hand full of black gram.
- They have to assume the weight of it as 1 kg and this has the cost of Rs. 10. This is a resource with them for starting up an enterprise.
- They have a choice to sell it on higher price or process it and sell the products to four buyers who are sitting there.
- The four buyers have displayed the product they want to buy and the rate they will pay.
- There is a shop nearby from where participants can buy other materials or get gram converted into 'besan' (gram powder).
- Participants get time to think.
- Afterwards they are advised to sell the product in any form they decide to sell.
- They collect the price in cash (may be symbolic coins made of some seeds).
- They are suggested to calculate their profit by deducting the cost of gram and other material if they have opted for selling gram as processed products.

The following table will be referred for calculating the cost and profit.

Cost of 1 kg gram (1)	Choice of 'forms' it is to be sold/ quantity of finished product	Cost of conversion of gram into chosen form (2)	Total cost	Price paid by buyers Rate/kg	Total (Rs.)	Total Gain (Rs.)
Rs. 10	Gram as it is – 1Kg	Nil	Rs. 10	Rs. 15	Rs. 15	Rs. 5
Rs. 10	Besan (Powdered gram) – 1 Kg	Grinding- Rs 2/kg + packaging Rs 0.5	Rs. 10	Rs. 20	Rs. 20	Rs. 7.5
Rs. 10	Chhole (cooked with masala) – 15 plates	Cooking- Rs. 2 Onion- Rs. 2 Masala- Rs. 5	Rs. 19	2/plate	Rs. 30	Rs. 11
Rs. 10	Laddu (a kind of sweet) – 2 Kg	Cooking- Rs. 5 Sugar- Rs. 8 Ghee (Oil)-Rs. 10	Rs. 33	35/kg	Rs. 60	Rs. 37

Participants are facilitated to observe that every processing point offers a business opportunity with potential higher rate of return.

## SESSION- 5 : SELECTION OF AN ENTERPRISE

### SESSION DESCRIPTION

Selection of an enterprise is very crucial. The future success and failure largely depend on the quality of selection. Besides economic and commercial viability, the enterprise should suit the socio economic and personal profile of poor women as well as the locations peculiarities of the environment. Scientific selection process helps women to decide in favor of an enterprise that satisfies their expectations and ensure profit.

### OBJECTIVE

Producer women will be able to:

- Describe the process of selection of an enterprise
- Select an enterprise out of many business opportunities sensed during the previous session

### PLANNING

Duration - 1 Hour

Pedagogy - Group exercise and discussion

Training Materials - Chart papers, markers, posters

### PROCEDURE

The procedure of conducting session on 'selection of an enterprise' involves two steps:

#### STEP – 1

1. Display the project ideas that have been prepared by the participants in previous session on 'Idea Generation'. Also display on a flipchart the prices and profit per unit of the various selected products as illustrated.

Items	Price	Profit/unit
Cushion Cover	Rs. 25	Rs. 5
Papad Packet	Rs. 12	Rs. 2
Envelops	Rs. 1	Rs. 0.25
Decorative Pot	Rs. 10	Rs. 5

2. Participants are told that they need to make a choice of product/ service for their individual or group enterprise.

3. Participants are encouraged to discuss the merits and demerits of each item. They are also suggested to analyze openly whether these items are suitable or not suitable for their group.

**STEP-2**

- Participants are divided into smaller groups of 4 to 5 women. These groups will now undertake an exercise to understand the process of selection of an enterprise.
- It is announced that each group is going to get Rs. 10,000. They have to discuss and select a product for their enterprise. Let them have 10 minutes time to discuss.
- Participants are encouraged to express the reason for selecting the product for their enterprise. These points are noted and presented on chart paper.

**PROCESS**

With the help of participants' views, trainers will summarize the process of selection of enterprise by highlighting several factors under three major categories:

Factors	Very suitable	Suitable	Not suitable
<b>a) Enterprise Related</b>			
<u>- Types of Activity</u>			
Agricultural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Processing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manufacturing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trades	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Size of Investment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Technology involved</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Resources required</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>b) Location/ Environment Related</b>			
<u>- Infrastructure</u>			
Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Power etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Competition</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Resource Availability</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Economic Condition</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Socio – cultural factors</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>c) Women Entrepreneurs Related</b>			
<u>- Background</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Interest</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Resource</u>			
Financial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>- Preferences</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Participants are advised to repeat the process in respect to other products. One for which maximum score is obtained found most suitable.

**TRAINER'S NOTE ON SELECTION OF AN ENTERPRISE**

All enterprises emerge out of ideas present in the environment. The success of an enterprise depends on how well and systematically it is selected.

Selection of an enterprise involves the following:

- Looking at the various opportunities for profitable enterprise and determining their form
- Checking that the opportunities are practical
- Evaluating which options, that are short – listed are most suitable to entrepreneurs and their environment / location

The suitability of an enterprise is determined by analyzing factors related to the three major areas:

a) Women Entrepreneur Related	Very Suitable	Suitable	Not Suitable
- Background	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Resource			
Financial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Preferences			
<b>b) Location/ Environment Related</b>			
- Infrastructure			
Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Power etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Resource Availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Economic Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Socio-Cultural Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>c) Enterprise Related</b>			
- Types of Activity			
Agricultural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Processing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manufacturing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trades	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Size of Investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Technology Involved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Resources Required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For selecting an enterprise, entrepreneurs rate these factors as very suitable, suitable, and not suitable. Combining all ratings will give comparative scores for different project ideas.

**THE PROCESS OF SELECTION**

Once suitability has been assessed, there will be need to check the viability of the enterprise from various angles. This is required to ensure that the product will generate a profit. This assessment is made at three levels:

**LEVEL 1:**

First the listed opportunities are broadly categorized as per their type and characteristics such as:

- Agricultural- Food based, Animal based, Forest based, Insect based enterprise
- Processing
- Manufacturing
- Traders
- Services

#### LEVEL 2

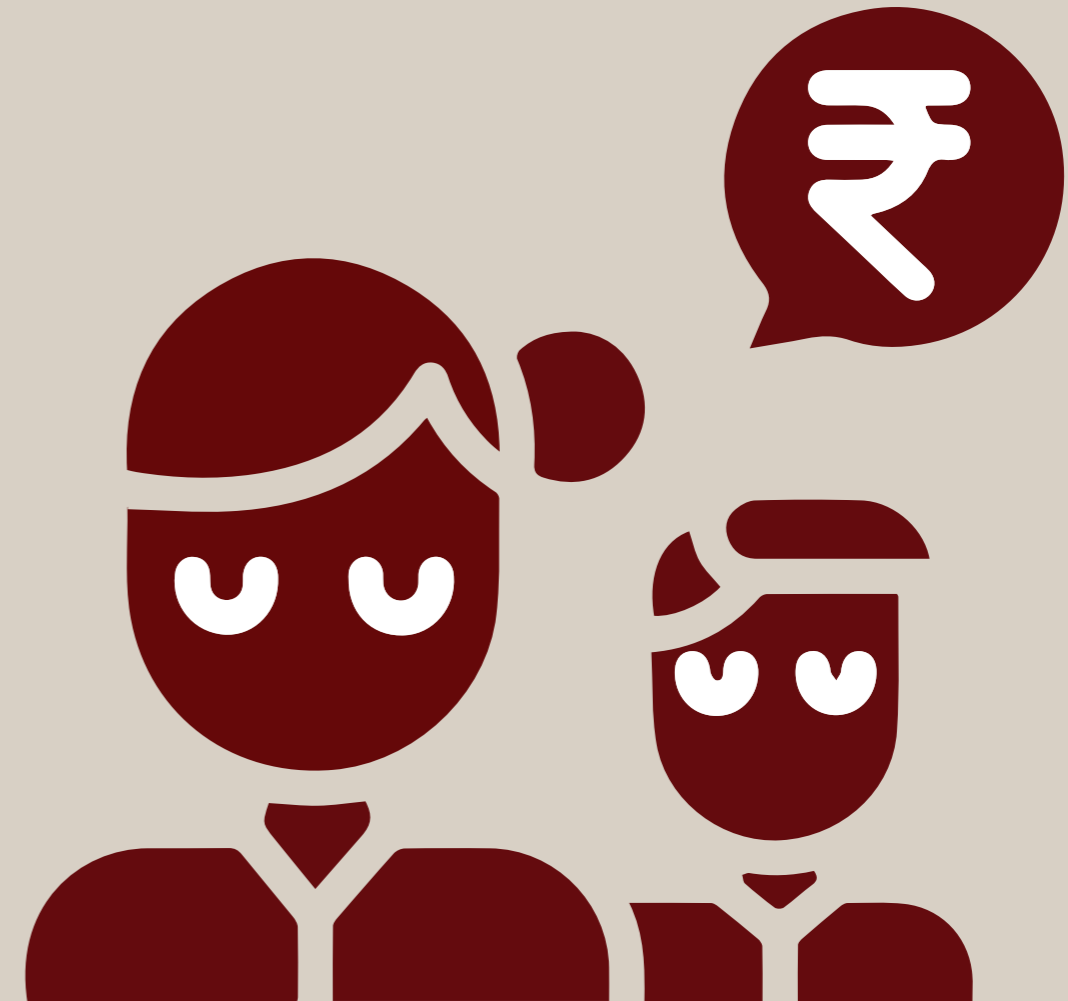
At this level each of the listed ideas are tested against the following indicators:

1. What is the nature of the market for the product?
  - What type of market is there for the product? Is it local, rural, etc? What is its potential?
  - Can the market be further categorized?
  - Can the product meet the current demand?
  - Who are the competitors? What is the competition – current and future?
  - What are the other services that can be made available to the consumers?
  - What is the potential for establishing identity for the product in the market?
2. What is the future market situation likely to be?
  - Is the demand for our product likely to increase?
  - Can this business be run in future?
  - What is the potential for profits?
  - Will there be profits in face of competition
  - What is the likely impact of product on the consumer
3. What is the cost involved in the production and promotion of the proposed product?
  - Raw materials
  - Labour
  - Promotion and distribution
  - Production capacity
  - Costs after sales (warranty/guarantee etc.)
  - Cost for patents/ licenses
4. The risk factors lined to the cost of the product?
  - Possibility of increase or decrease in the demand for the product
  - Possibility of a continuing demand for the product
  - Possibility of raising resources for the fixed costs
  - Possibility of increasing competition
  - Possibility of technological changes

#### LEVEL 3

For compact analysis the products analyzed in the context of the following:

1. Needs analysis
2. Resource analysis
3. Demand analysis
4. Supply analysis
5. Demand and supply analysis
6. Business opportunity analysis
7. Business competitors analysis
8. Technical feasibility and
9. Financial feasibility



## SESSION-6 : FEASIBILITY OF AN ENTERPRISE

### SESSION DESCRIPTION

After preliminary selection of product it is necessary to assess the feasibility of the project from various angles. By scanning the environmental factors like market, technical and commercial viability one can be sure for attaining success. It further makes entrepreneur aware about the potential strength and weakness and emerging opportunities as well as threats. Besides adding confidence it considerably reduces risk.

### OBJECTIVE

- Explain the importance of selecting an enterprise based on feasibility study
- Check whether the enterprise could be earning profit
- Plan business and guide its operation

### PLANNING

Duration - One hour thirty minutes

Pedagogy - Group exercise, case study and discussion

Training materials- Case on Ramvati pickle, posters on case, Chart Papers, Markers

### PROCEDURE

#### STEP – 1

1. Trainer begins the session by stating the need for feasibility study as conducted in the previous session.
2. It is emphasized that every business has some strengths and some weaknesses. Similarly all opportunities have some threats. Before launching an enterprise it is wise to understand and prepare to face them.

#### STEP – 2

1. Describe the case of 'Ramwati Pickle', while displaying the pictorial charts ensure that the participants have understood the story.
2. Display to them the Strength, Weakness, Opportunities and Threat (SWOT) chart and one point related to each category is illustrated in the class.
3. Participants are divided into sub-groups of 4-5 women.  
They are suggested to discuss in each group:
  - a)The strengths, weaknesses, opportunities and threats as they see in the case
  - b)The ways and means to overcome weaknesses
  - c)The ways and means to convert threats into opportunities
- 4.Participants are allowed to discuss and prepare the list of suggestions either in words or through pictures or graphs as the case may be.

#### STEP – 3

1.Each sub-group is allowed to present and explain the list and chart prepared by them before the whole group. Others may be encouraged to add to the list.

Possible outcomes:

The strengths of the product could be

- 1.Tasty pickles can be made
- 2.Low investment
- 3.Skills easily available
- 4.Simple technology

The weaknesses could be

- 1.Seasonal availability of raw material, leading to keep large stocks
- 2.The product is perishable if not prepared properly
- 3.Licensing formalities are cumbersome

The opportunities could be

- 1.Large market
- 2.Once the brand is established, selling is easy
- 3.Variety of pickles can be made to suit customer taste, e.g. sweet pickles, extra spicy etc.

The threats could be

- 1.There are large number of competition
- 2.Establishing a brand is difficult
- 3.Customers' tastes may change

### PROCESS

Outcome of the discussion may be summarized under different headings.

1.Weaknesses can be overcome by various ways –

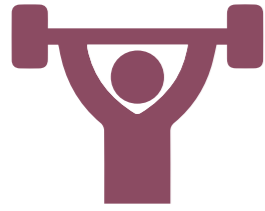
- Different raw materials are available in different seasons. Instead of making one pickle throughout the year, they can make different pickles with the materials available in different seasons
- Extra care can be taken in production process to ensure that it would not get spoiled. In addition, finished pickles lying with them should be tested periodically

2.Threats can be converted into opportunities -

- A number of different varieties can be introduced to meet the different taste requirements of various customers
- To face the large number of competitors, they could focus more on quality and on special type of pickles
- Emphasizing on the brand name, as customers would get used to hearing about their product
- They could also keep asking the liking of customers and make necessary changes

After having a clear picture of strength and weakness that an enterprise is bound to have participants are given experiences that the weaknesses can be overcome through some efforts. Similarly all opportunities will be accompanied with some sort of threats. But threats can be converted into opportunities by understanding the environment. To ensure the customer's response it is necessary to go to the market and collect information, which will help finalizing the project. Besides market study there will be need to assess technical requirements, expenses, revenues and extent of profits. For this, before launching an enterprise, producer women need to carry out feasibility study.

## The "SWOT" Chart Format (Ramvati Pickle)



### STRENGTH

- Very tasty pickle can be made
- Low investment
- Skills locally available
- Simple technology
- Both local and outside demand



### WEAKNESS

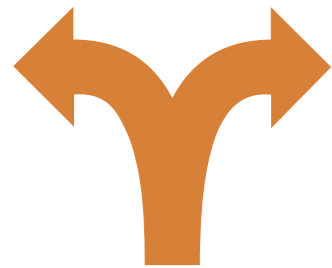
- Seasonality of raw material
- Raw materials to be stocked in large quantities
- Raw materials perishable
- Licensing formalities cumbersome

### OPPORTUNITIES

- Large market
- Scope for variety of Pickles
- Chances to establish brand
- Once people like the taste, they always look for the same brand

### THREATS

- A large number of competitors
- Establishing brand is difficult
- Customers' tastes may change
- High quality standards are required



## CASE STUDY: "RAMVATI PICKLE"

Ramvati comes from a village of Uttar Pradesh and was married to Sanatan of Rajasthan.

She always wanted to do some work to earn money to increase family income. After seeing the women of her village involved in some activity or the other, Ramvati thought of making pickles and selling it in the market.

She thought it was a good idea, for she knew how to make tasty pickles. Ramvati thought of visiting the market and found out more about the demand for pickle. For making pickle she may not have to go outside her house. She would not need to invest a lot of money. The technique for making pickle, she thought, was very simple.

There was a potential market nearby her village. Ramvati thought she could brand her pickle (perhaps "Ramvati Pickle") so that selling becomes easier.

She also found that the people in the town and nearby villages ate a lot of pickles out of habit. She thought she could make many types of pickles to suit different tastes – "extra spices", "sweet pickles", and "mixed pickles".

But Ramvati realized that the material needed for making pickles was seasonal, and she would need a larger stock. There was also the problem that the pickle could get spoiled if not prepared properly. It may get spoiled even if not stored properly. She would therefore have to sell it very fast.

Her husband Sanatan also told her that she needed a license, as it was a food item.

Ramvati decided to visit the market to find out more about the product.

She found there were many women making and selling pickles. She also saw that people who buy pickles mostly purchase brands that are common and popular.

After returning home, Ramvati started thinking whether she should go-ahead with her pickle making plan or not.

## SESSION 7: COSTING & PRICING

### SESSION DESCRIPTION

Costing is the process of determining the total cost required to produce and sell a product or service. While pricing is the process of determining the amount to be charged from the customer for a product or service. Pricing is the key element of marketing. It is often based on the cost of production, competitors' price and the extent of profit producer want. Both costing & pricing are used to decide the minimum that can be charged to draw customers and still to cover all costs or the maximum that can be charged in order to optimize profit without driving customers to competitors.

### OBJECTIVE

Participants will be able to:

- determine cost of their product
- assess the break even point,
- make decision related to pricing the product.

### PLANNING

Duration - Two hours thirty minutes.

Pedagogy -Case studies, Exercise, Group Discussion.

Training Materials -Case study on Shanta Jutti, Pictorial form of the case, Exercises, Posters and Charts papers & Markers.

### PROCEDURE

The session would be completed in three parts. The first part will deal with costing, while the second part will focus on break even point and the third part will concentrate on the process of pricing.

#### STEP – I

Participants are invited to discuss the necessity of costing.

Likely responses are :

- To be able to determine selling price of the product,
- To be able to estimate profits,
- To be able to assess the capital requirements for running enterprise,
- To be able to control the cost of production, cut down overhead expenses and wastage etc.

—Having elicited their responses, distribute the case study entitled “Shanta Jutti”. Ask one of the participants to read it aloud.

Participants are suggested to read the case carefully and find out the answers of following questions:

- 1.How much a pair of jutties costs to Shanta?
- 2.How to estimate the cost of a pair of Jutti?
- 3.What factors to include in estimating the cost?
- 4.Does the sale price (Rs 126pc) cover the cost & earn profit?

—Possible answers often omits the cost of one's labour from the cost of the product. Trainer helps them to include such costs. List out the costs enumerated by all participants under two separate headings – *fixed costs and variable costs*. Explain the difference between the two costs.

- Fixed costs are overhead costs that have to be incurred and do not vary with the scale of production (e.g.: machinery, rent, interest on loans are expenditures that are constant irrespective of the scale / amount of production)
- Variable costs are costs that are incurred on production & vary directly with the sale of production. ( e.g.: raw material, transportation costs, daily wages will increase as the scale of production increases.)

Based on the information given in the case on Shanta Jutti, participants in the class are assisted to estimate the following:

- a) fixed cost,
- b) variable cost,
- c) unit variable cost,
- d) total cost and
- e) cost per pair of Jutti.

For practice the cost estimates are done at two levels of production i.e. for 10 and 20 pairs of Jutti per month. Participants are assisted by trainer to generate a table as illustrated. They were asked to remember the factors that are considered for calculating fixed and variable cost. They should also learn to compute per unit variable cost, total cost and put unit total cost month and sell at the price of Rs. 126.

#### STEP – 2

After understanding the method and process of costing, participants may like to know the method of estimating the minimum and maximum price or volume of production necessary to earn profit. This is possible if one learns the process of estimating 'point of no profit no loss' commonly known as Break even point.

- Trainer explains that 'Income' is that amount which entrepreneur receives by selling the product.
- If the 'total income' is greater than the 'total cost' the entrepreneur earns 'profit'.
- Contrary to it, if the 'total income' is less than 'total cost' the unit incurs 'loss'.
- When the 'total income' is equal to 'total cost', that point is the 'point of no profit no loss' or 'the break even point'.

It is possible to estimate such BEP. In Shanta Jutti case we estimated total cost, unit variable cost and fixed cost.

Using the previous data, participants are suggested to estimate the total cost, profit and loss at various level of production i.e. for 10, 12, 14, 16, 18 and 20 pairs of Jutti per month. As illustrated in appendices – II. Such estimates should be displayed on the chart.

From the table it is evident that when Shanta is producing & selling 16 pairs of Jutti at a price of Rs 126 per pair, she is neither making profit nor incurring loss. But for the same price when the production level is less than 16 pairs she is incurring loss and if the production goes beyond 16 , she start earning profit.



Conclude by illustrating that the Break Even Point can also be estimated by applying the following formula:

	Fixed Cost	
Break Even Point -----	-----	
Selling Price	-	Unit Variable Cost
640		640
e. BEP = -----	or	----- or, 16 pairs of Jutti.
126 - 86		40

**This means for ensuring profit at this sale price (Rs 126 per pair), Shanta has to produce & sell more than 16 pairs of jutti in a month.**

### STEP-3

In a business, it is not enough to break-even or make no losses. It is necessary to generate enough profits to reinvest in the business as well as some surplus. One way of doing this is by increasing turnover. As experienced at step –2 in case of Shanta Jutti where loss gets converted into profit by raising production from 10 to 20 pairs per month.

The other way is to adjust price of the product. Trainer explains that the price must be adequate to generate a surplus margin, at the same time being competitive in the market.

The price of a product is the amount of money a consumer must pay to the profitability of an enterprise.

Trainer explains the factors that should be considered while fixing the right price. These are:

- On what price other produces are selling the same product?
- What is the total cost of the product?
- How people are buying the product?
- How much profit producer wants to earn?
- Is it a seasonal product?
- Like to offer special price to some selected customers?

Divide participants in small groups of 4 to 5 members and ask them to discuss and decide the sale price of Shanta Jutti considering the above factors, methods and strategies.

Guide them to estimate the amount of profit as well as BEP at selected price.

Participants can also be assigned to work out cost, break-even point and price of their own products.

End the session by asking participants to review briefly the learning from the session on costs, break-even point and pricing.

### PROCESS

Processing is to be done at the end of each step. After completing the first step, trainer, should help participants to remember all types of cost that are to be considered either as fixed or variable cost. They should be further assisted to calculate per unit variable cost, total cost and per unit total cost.

At the end of second step they should be assisted to understand the need & importance of break – even point. They should be able to see the relationship between cost, price and volume of production.

At the end of third step, participants must learn to use various methods and processes of determining the price. All methods of price determination which have been illustrated in the trainer's note, Marketing, must be discussed and where ever possible illustrated by the data available in the Shanta Jutti case.

While concluding, the relationship between price, cost and profit should be highlighted.

### CASE STUDY SHANTA JUTTI (Shanta Fancy Footwear for Ladies)

Shanta Devi of Chasku village in Rajasthan, belongs to a family engaged in making Jutti - fancy footwear for ladies. Male members of the family are involved primarily in shaping, cutting and stitching. Whereas female members are responsible for cleaning, washing and processing of leather and doing colourful embroidery on shoe uppers. Shanta's father –in-law, being eldest in the joint family, kept account of the income & expenditure.

About an year ago, her father-in-law died and the family got separated. Shanta Devi and her husband decided to take up Jutti making as their main occupation. They had the skill. Shanta was very good in designing and doing colourful embroidery on shoe upper. Besides, during family partition they had got the tools worth Rs 500 as their share. To begin with, they started making 10 pairs of jutti per month. For that they used leather worth Rs. 500, fancy thread for embroidery of Rs 100, oil for leather of Rs 50. They also experienced that for procuring raw materials like leather, threads etc they had to to the town. Each trip to would cost Rs 10. For selling jutties they hired a small room on rent of Rs 600 per month.

Jutties produced by Shanta used to be very attractive and sold quickly on an average price of Rs 126. People started demanding and referring her jutties as "Shanta Jutti". Shanta started jutti making with the money she got by selling her silver jewelry. This provided the capital for purchasing raw materials which however, never lasted for more than 5 days in a month. Initially she had thought she would be able to save from the profit and increase production. But her last six months experience showed her that she was not in a position to save beyond 20 per pair which she kept as their wages.

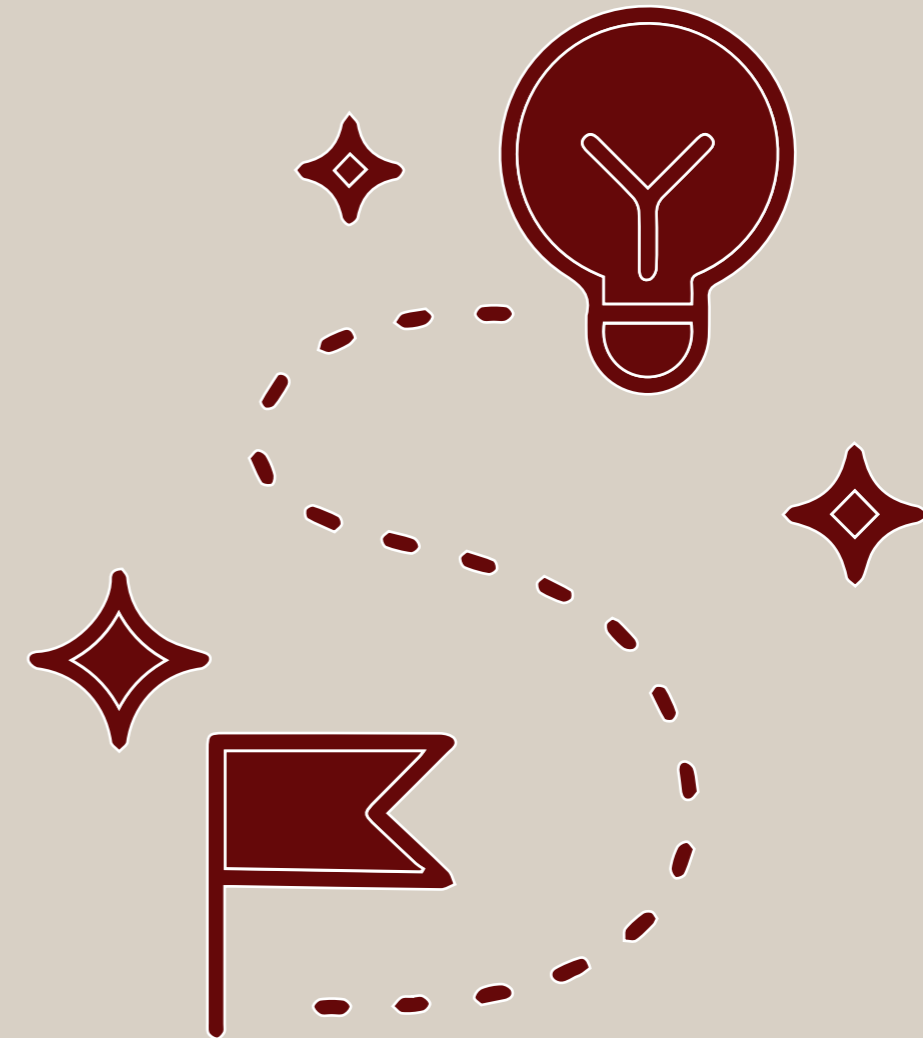
She could not understand the reason for not making saving. In her own way she calculated the expense on raw material for one pair of Jutti was not more than Rs 65 (Rs 50 for leather + Rs 10 for thread + Rs 5 for oil), which was much lesser than the sale price (Rs 126) per pair. In spite of this she could not understand why she was not in a position to add to her savings.

Attracted by the demand and reputation of Shanta Jutti, a local organization contacted Shanta and discussed in detail about Jutti making. The representative of the local VO suggested that she should do proper costing and price the pair of jutti accordingly. In order to get regular and real profit she should know the minimum price and minimum volume of production of her product. The representative further suggested that there was a trader in the city who, impressed by the quality & demand for Shanta Jutti, was ready to buy at least 20 pairs of Shanta Jutti, was ready to buy at least 20 pairs of Shanta Jutti every month. Also agreed to advance 80% of the total price, provided she ensured monthly supply.

Shanta got motivated and decided to join a short training arranged by the representative to learn about the marketing management, particularly the process and methods of costing and pricing to ensure profit. After the training she started producing 20 pairs of jutti and supplying them to the trader. By the end of the year she employed two more workers and doubled her production.

Table Illustrating Types of Costs To Be Considered For Costing

Types of Cost	Cost at the production level of 10 pairs of Jutti per month	Cost at the production level of 20 pairs of Jutti per month
1. Fixed Cost	Rs. 600	Rs. 600
a) House Rent @ Rs 600pm		
b) Depreciation 8.% of Rs.500 (price of tools)	Rs. 40	Rs. 40
Total fixed cost	Rs. 640	Rs. 640
2. Variable Cost		
a) Raw Materials		
• Leather	Rs 500	Rs.1000
• Fancy Threads	Rs.100	Rs. 200
• Oil	Rs. 50	Rs. 100
b) Labour Wage	Rs. 200	Rs. 400
c) Selling Transportation expenses	Rs. 10	Rs.20
Total Variable Cost	Rs. 860	Rs.1720
Unit Variable Cost	Rs. 86	Rs. 86
<b>TOTAL COST</b>	Rs. 1500	Rs. 2360
4. Unit cost (per pair of Jutti)	(1500/10) Rs. 150	(2360/20) Rs. 118
5. Total Revenue	(10x126) Rs. 1260	(20x126) Rs. 2520
6. Total Profit or Loss	(Total Revenue 1260-Total cost 1500) Loss of Rs. 240	(Total Revenue 2520-Total Cost 2360)Profit of Rs 160



## SESSION 8 :PREPARATION OF A BUSINESS PLAN

### SESSION DESCRIPTION

A business plan is the blue print of an enterprise. Before actual launching of an enterprise, women group prepares it to know clearly the volume and type of product/ services to be produced, the kind of resources required, the investment needed, marketing strategies to be followed and the profit expected. Besides adding confidence, it is often required to secure finance and other resources for the enterprise.

### OBJECTIVE

- Prepare a simple business plan of selected enterprise
- Describe all aspects of business – technical, financial, marketing and commercial related to the proposed enterprise.
- Identify the various resources - man, machine and money required to run the proposed enterprise. Estimate the profitability of the enterprise at proposed level of production

### PLANNING

Duration -Three hours

Pedagogy -Group exercise, case study

Training Materials - Case on 'Kalahandi Masala', Posters on case, Business plan proforma

### PROCEDURE

#### Step- I

- Trainer briefly introduces the need and importance of a business plan. Objectives of the session are explained by giving suitable examples.
- Six steps involved in preparing the plan are explained with the help of business plan proforma which consists of both words and pictures (drawings).

#### Step – II

- To provide practice for preparing business plan, participants are divided in small groups of 3 to 4 women. Each group is given copies of the case on "Kalahandi Masala".
- Each group is advised to fill up the proforma by picking up the data from the Kalahandi Masala case. Trainer helps these groups to pick up relevant information from the case.

#### Step- III

Participants of all groups are called at one place. Trainer displays the business plan proforma (both with words and picture) on a chart or black board.

The proforma is filled in by involving all participants. For each item in the proforma, first the response is sought from various groups.

The Kalahandi Masala case is read repeatedly to illustrate each point and also to calculate the figure if needed. The plan is prepared jointly by participants with due assistance by the trainer.

#### Step- IV

Towards the end participants are assisted to calculate the profitability of the enterprise.

In case the rate of return is less than desired level, they are counseled to adjust or determine the minimum volume of production and sale. The plan is modified accordingly.

### PROCESS

- The trainer explains all aspects related to the business. Every step involves discussion by participants.
- The 'Kalahandi Masala' case is used to illustrate the process of preparing business plan.
- The trainer ensures that participants must understand both the 'why' and 'how' aspects of each item in the proforma.
- Participants are asked to search the answer of each item mentioned in the plan proforma from the case.
- Wherever calculation is required it is done openly by involving the participants.
- Major findings under each part of the plan is summarized and repeated so that participants remember them.
- Once the participants get the initial practice in the process of preparing the business plan, another full three hour session may be arranged to develop the business plan for the enterprise selected by participants.
- They are assisted to make use of the information collected during market survey.
- Further counseling is done to calculate the profitability of the proposed enterprise. Proper interpretation of profitability should be made to find its relationship with costing, pricing and volume production.
- To ensure the desired rate of return participants are assisted to adjust and determine the volume of production and sale price.
- The entire session is conducted as a practice session and emphasis is laid on practicing the skill of preparing the business plan.

### TRAINERS NOTE ON BUSINESS PLAN PREPARATION

A business plan is a blue print of enterprise. Before actual launching of an enterprise, women group prepares business plan to clearly know:

- what is to produce or offer as service;
- determine how to produce;
- decide the quantity and type of product/ services to be produced;
- enlist the kind of resources required for the enterprise;
- identify the market and needed marketing strategies;
- assess the required capital; and finally estimate the profit expected

A business plan is necessary to ensure success. It enables potential women entrepreneurs to perceive and mobilize all resources well in advance. Finally it builds confidence to them that they can produce, can sell the product and can earn profit.

For preparing a business plan, information is collected from various sources. Market survey yields much of the information related to customers, competitors, and prevalent prices. Besides the potential women entrepreneurs need to collect information related to production process, raw materials, machinery and equipment, sales and cost price etc.

To practice preparation of business plan the case on 'Kalahandi Masala' has been used to illustrate the process of culling out information for filling up the proforma.

For preparing business plan, these information is presented in a business plan proforma that comprises of following six major headings:-

1. General Information about proposed enterprise

This includes information related to individuals and/ or group owning the enterprise, location and type of enterprise, and brief description of product/ service

2. Production details

Under this section all products/ services to be produced or offered are listed, the production process or list of activities are described, the quantity/ number of product to be produced and sold are recorded.

3. Required resources and their sources

It describes the various resources such as raw materials, machinery and equipment, and other utilities etc required for the enterprise.

All raw materials required for production, packaging and testing are described in terms of their types, quantity, value, and source of availability

Machinery and equipment are described in terms of type, number, capacity, price including taxes and freight, installation & erection cost.

4. Market and Marketing of Product

It refers to all information collected during market survey - the description of customers, competitors, prevalent prices, packaging, location of market, nature and extend of demand and estimated sale.

5. Capital for enterprise and cost of product

Under this the total investment required for setting and running an enterprise are estimated. These are represented in terms of capital cost and working capital. This also helps in working out the cost of the product.

Capital cost refers to one time capital needed to meet the cost of land, building, machinery and equipment, furniture and fixture required for production, storage and other purposes.

Working capital for the enterprise is estimated on the basis of the amount required to stock raw materials, semi finished goods or finished goods. It also includes the credit, which may be given to the customers.

Cost of the product is estimated on the basis of fixed and variable cost.

The total cost for the enterprise is estimated on the basis of capital cost and working capital. This portion of the plan indicates the source of the total cost

6. Estimates of Profit

All the expenses involved in production, marketing and administration are estimated. As a general rule of thumb, marketing expenses are calculated at 3% the sales revenue estimated. All expenses are deducted from total sales to obtain profit. Based on profit estimates 'the point of no profit no loss' also known as Break Even point is also estimated.

A balance sheet is drawn as part of the business plan. The whole exercise is practiced by using the proforma of business plan as illustrated in the append

BUSINESS PLAN PROFORMA

1. Proposed Enterprise/ Income Generation Activity .....

.....

2. NAME/s of Individual/ Group Members Owing the Enterprise .....

.....

3. Age, Sex and Education of Owners/ Promoters .....

.....

4. Skills available with Owners/ Promoters .....

.....

5. Proposed location of the enterprise .....

6. Type of Enterprise –  Individual Ownership  Informal Group

Registered Group  Co-operative  Any Other Form .....

7. Brief Description

- Product/ Services
- Activities

8. Proposed Quantity of Production

Sl. No	Items to be Produced Per month	Quantity/ Number

9. Machinery & Equipment required for the enterprise

10. Raw materials required for production, packaging and testing

Sl.No.	Name of the Item	Quantity Required		Total Value
		Monthly	Annually	Monthly/Annually

11.	Utility Material Required		
Sl.No.	Utility Material	Quantity Required	Total Value
Monthly/ Annually			
Monthly/ annually			

12.	Sources of Obtaining Materials	Machinery/ Equipment	Price + Taxes +	Number required	Total value	Source
		Name, Type & Capacity	Freight			
Raw Materials	Utilities					

13.	Proposed Sale Price of the Product/ Services .....		
-----	--	--	--

14. Quantity of Products/ Services Proposed to be sold

Sl. No.	Products / Services	Quantity to be sold	Sales Amount
Monthly/ Annually			
Monthly/ Annually			

15. Brief description of customers to whom products/ services are proposed to be sold

.....  
 .....

16. Reasons / purpose for which Customers will buy the products/ services .....

.....  
 .....

17. Brief mention of the expected or existing competitors of the products / services .....

.....  
 .....

18. Brief description of proposed methods and strategy for selling, distribution and promoting products/ services .....

.....  
 .....

19. Working Capital

Sl.No. Items Total Value per month

I  
 II

III  
 IV Cost of raw materials  
 Production/ Manufacturing Cost  
 a) Utility Cost  
 b) Labour Cost  
 Administrative Cost – Pay  
 Miscellaneous Cost  
 a) Selling Cost  
 b) Other Cost

TOTAL

20. Cost of Project

a) Capital Cost	.....
b) Working Capital Requirement	.....
c) Any Other	.....
.....	.....
Total	.....

CASE STUDY KALAHANDI MASALA (SPICES GRINDING UNIT)

Five women Malati, Sunita, Kajol, Runa and Sarswati belonging to village Bolba in Kalahandi district, jointly decided to start a small unit of grinding ‘Masala’ – Turmeric and Chilli powder.

They all are in their thirties, illiterate except Saraswati who recently picked up reading and writing, belong to Scheduled Caste and their annual family income is less than rupees twelve thousand (below poverty line).

Turmeric and chilli are locally grown in abundance. Drying and grinding of species indigenously is a common family practices of the area.

Six months ago, these women met a social worker of local VO who talked of them the possibility of having income generating activity by organizing tem into groups. They formed a group of 20 women and decided to raise common resources – ‘Rojgar Nidhi’ (fund for IGA) by contributing atleast rupees twenty per month per person. They also received Grassroots Management Training which empowered them to select and plan a microenterprise. They want to earn Rs. 200 each as wage per week besides share in profit.

Out of 20, these five women decided to form a sub group to start Masala Grinding Unit. They were assured a loan of Rs. 2000 from Rojgar Nidhi at interest rate of Rs. 1/- per month per hundred. They think they can raise another Rs. 2000 from their family sources. For purchase of pulveriser/ grinder the local SC Corporation has agreed to give Rs. 9,000/- as grant. The local rural bank officer told them that those who have received GMT can be given loan with 12% interest.

As part of the GMT , these women went to the district town to conduct market survey. They found many shopkeepers are ready to buy turmeric and chilli powder. Four of them promised to buy more than a quintal every week. They informed that last year the price for turmeric powder varied between Rs. 25 to 30 a Kg. And that for chilli powder between Rs. 40 to 45.

They were further informed that they would get 50 paise extra per packet if they supply in polythene bag of 250 gm, 500 gm and 1 Kg.

Shopkeepers told them that people within and outside the state prefer Haldi (Turmeric) powder from Kalahandi since it has special flavour and bright colour. For this reason these women decided to name their unit and the product as “Kalahandi Masala”.

One of them, Sunita has a covered baranda of 20 ft x 10 ft size, which she is offering free of cost as

common place to work. They recollected that the minimum and maximum process for raw turmeric and raw chilli last year varied between Rs. 12.5 to Rs. 25 to 30 respectively. Because of the time and money limitation they decided to produce on six days and one day they will go to the market to sell their product.

Saraswati and Runa went to the city to find out the details of machinery and equipment. They selected 2 Hp pulveriser/ grinder for Rs. 6000/- which was capable to grind 20 Kg an hour. Besides the cost additional Rs. 420 will be the tax and Rs. 580 will be required for installation. They also selected a heater to seal the polythene bags which was available at the rate of Rs. 25 per 250 gms consisting of about 100 bags. They also selected a balance with weights for Rs. 500/-.

The village Bolba has electricity and they can get line to use their grinder. They know that there are 3 to 4 groups in the vicinity who are regularly producing Handi (turmeric) powder. But none of them are packaging in polythene packs of 250 gms, 500 gms and 1 Kg.

Before launching, these women are now busy preparing their Business Plan which will give them clear picture about the activity to be carried out, resources that are required, marketing strategy that are to be followed, and the profitability the unit is going to yield.



## SESSION 9 : RESOURCE MOBILISATION

### Non-Financial Resources

#### SESSION DESCRIPTION

Resources in different forms such as money, machinery, raw materials, human labour and skills etc are required at different stages of enterprise management. Unless these are assessed properly and mobilized in right quantity at right time, the success and profitability of any enterprise can not be ensured. The potential producer women must assess the kind, time and quantity of each resource before launching an enterprise. Further they must develop the skills and insight to mobilize these resources.

#### OBJECTIVE

participants will be able to :

- assess resources (other than financial) that they need to run their enterprise
- identify the ways and means to mobilize non-financial resources

#### PLANNING

Duration - One hour thirty minutes  
Pedagogy - Group discussion and case – based exercise

#### PROCEDURE

##### Step –I

Introduce to the participants the different kinds of resources required for running an enterprise. Illustrate the categories such as money, machinery, materials, means of communications, human labour, technology and skills. Suggest participants to form sub groups 3 to 4 persons.

Each group is suggested to refer to the case (except financial resource) needed under different categories

1. Materials
  - a. Work place - Land, shed etc,
  - b. Raw materials for production, processing, packaging, repairs and maintenance
2. Machinery and Equipment
3. Means of Communications and Transport
4. Human Labour
5. Skills & Technology

Once these groups prepared the list of resources, they are suggested to present the list before all. They discuss and add what they have missed and others have listed. Thus an exhaustive list is prepared. Trainer displays the 'resource inventory' prepared earlier based on the Kalahandi Masala Case.

##### Step – II

Referring to the final list of all resources, each sub groups is suggested to discuss and prepare the information regarding each resource in terms of the following:

- Brief Description
- Quantity Needed
- Needed When
- When to Acquire
- What is Source
- How to Access
- Procedure Involved if any

##### Step - III

Each sub-group is suggested to reassemble and present the information before all.

Encourage discussion and comparison of each other's note to make it comprehensive.

Help evolving a common and comprehensive list. Provide information based on local situations.

Conclude by relating the need to assess properly the requirement of various resources and its timely mobilization to efficient running and success of the selected enterprise.

#### PROCESSING

Participants initially consider the resource mobilization a very simple activity.

They experience the practical difficulty when suggested to practice assessing and mobilizing resources. Working in sub-groups as well as in large group, improves skill and insight.

They are given practice first to assess the need and preparing resource inventory.

Trainer provides information support at this stage.

Following this participants are suggested to think of ways and means of mobilizing resources. Many ideas are generated by the members. Trainer facilitates sharing such ideas.

While locating the availability of resources, trainer suggests to rate them as 'readily available', 'available with difficulty' and 'not available/ banned'. Besides this, nature of availability are also considered in terms of seasonality. This helps determining the quantity and period of acquisition.

Sometimes restrictions are imposed by Government on certain resources like minor forest produces. In such cases, participants are suggested to approach the competent authority to get clearance. There may be exemptions for the producer women's enterprise.

Participants are discouraged to plan using banned resources. It may cause legal implication.

Participants are encouraged to enquire and plan approaching any individual institution and organization to mobilize resources.

Session is concluded by highlighting the need and importance of resource mobilization at right time, in right quantity and reasonable cost to maintain efficiency and continue success of enterprise.

## RESOURCE MOBILISATION

### Financial Resources

Capital is the crucial resource for an enterprise. Not only to start but also to run the enterprise profitably. It is required in certain minimum quantity at appropriate time. Much of the success depends on the realistic assessment and timely availability of capital in reasonable rate of interest.

#### OBJECTIVE

participants will be able to

- assess the capital requirement of the selected enterprise;
- name the possible sources of financing for their business; and
- identify the ways and means to mobilize finance for their enterprise

#### PROCEDURE

##### Step – 1

Explain to the participants that they need money for their enterprise

For this they need to know

- How much money they need, when and for what?
- Where from the money will come?
- How to mobilize money?

They are required to estimate total amount of money needed for the enterprise. Method can be practiced by taking some example.

At this stage distribute the case of 'Kalahandi Masala'.

Suggest to read / listen the case and prepare a list of items for which money will be needed. Also estimate the amount needed for each item.

##### Step – 2

Once the capital requirement for the enterprise is estimated, participants are suggested to think of ways and means to raise capital.

Participants are encouraged to discuss the possible sources.

Trainer may circulate the prepared list of local funding agencies.

Group is assisted to prepare 'capital resourcing plan' on the basis of information provided in the 'Kalahandi Masala' case.

##### Step – 3

After practicing participants are encouraged to work out total capital requirement and prepare 'capital resourcing plan' for the enterprise they have selected for themselves.

Trainer will counsel them in doing so. Provide information about the various local agencies, financial institutions and other non-governmental and voluntary organizations that can offer fund. Emphasis should be to raise their own contribution either through individual or group saving.

#### PROCESS

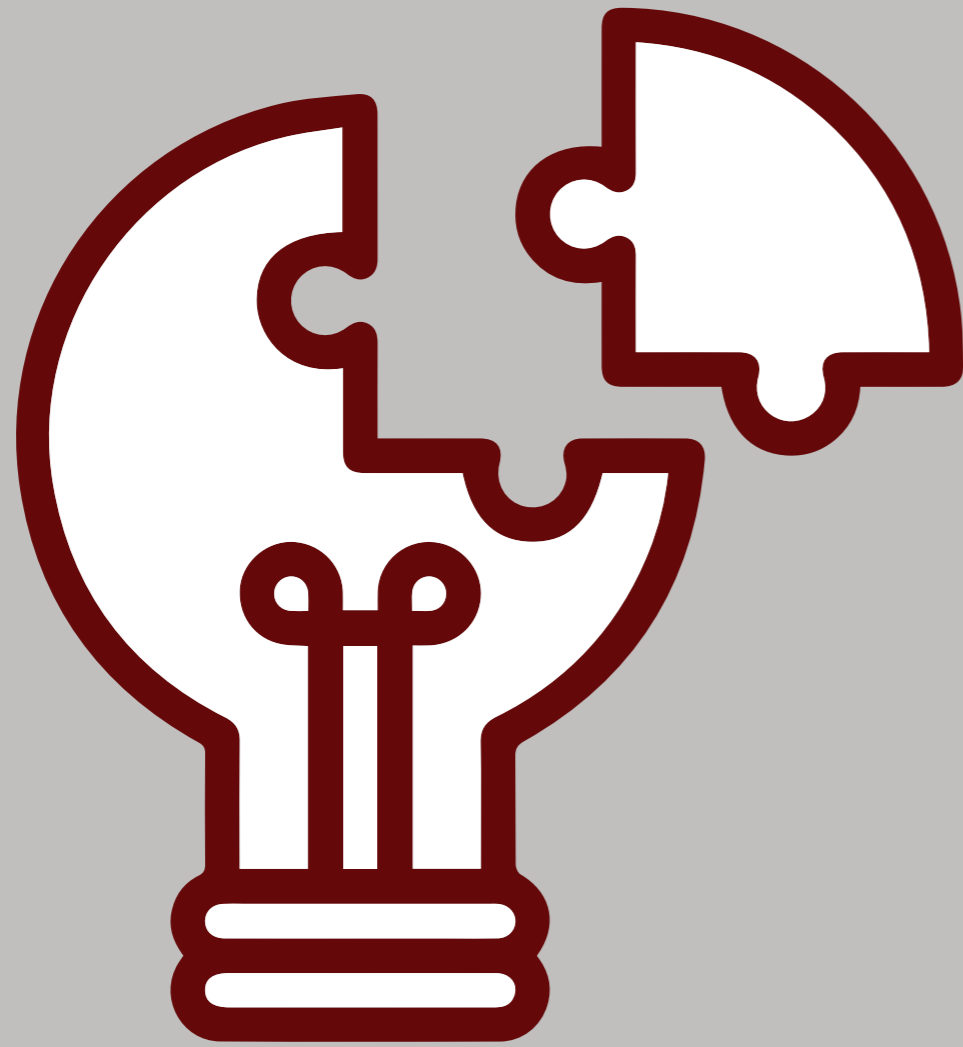
This is an important practice session. Participants are facilitated to acquire skill of assessing capital requirement. The information gathered during market survey are used to estimate the cost of raw materials, machinery & equipment, packaging and transport. Experience of preparing business planning has direct relevance to fund & finance mobilization.

While working out the 'capital requirement' some women have tendency to estimate less money than actually needed. This is risky and may render enterprise economically non-viable. Trainer takes particular care to assist participant to realize that scale of operation below certain limit will not earn profit.

Moreover, money not raised as per capital requirement, may have to be borrowed from informal money lender on very high rate of interest and short repayment period. This may pose problem of availability of working capital and interrupt the production schedule. Also due to high cost the profit may be eroded. These factors are to be highlighted through out the session.







## SESSION 10 :SETTING UP AN ENTERPRISE

### SESSION DESCRIPTION

Setting up an enterprise is a crucial decision and should be taken after serious consideration. Many micro enterprises fall largely because these are launched without proper preparations. Some of them select wrong location for their enterprise; many make serious mistakes in choosing the right kind of machinery and equipment; some other started with outdated technology; a few collaborated with wrong type of business partners and many others started with inadequate fund. Women entrepreneur should be trained to take decision of starting right kind of enterprise at right location with right type of business partners, adequate fund, suitable and modern technology and machinery under right size and under right market prospect.

### OBJECTIVE

Participants will be able to:

- verify the suitability of all preparation prior launching an enterprise
- decide about the kind of ownership for the enterprise
- meet all procedural requirement prior starting enterprise

### PLANNING

- |                      |                           |
|----------------------|---------------------------|
| Time                 | - One hour thirty minutes |
| Training Methodology | - Lecture Discussion      |
| Training Materials   | - Flipchart, backboard    |

### PROCEDURE

#### Step – 1

Trainer helps participants to remember all stages involved in building an enterprise.

There is a chain of functions and decision be taken at different stages of enterprise building.

Involve participants in recollecting all decision that are to be taken in enterprise creation prior to starting an enterprise. Also project all major decision areas which come after starting the enterprise.

Make chart showing pre and post enterprise establishment decision points to suggest the need to check their suitability / sustainability for the enterprise.

Participants are suggested to practice checking all pre establishment decisions not only separately but integrating them to judge the combined effect on post establishment decisions

#### Step – II

At this stage three issues are examined :

*Fund, Friend and Formalities.*

Availability of Fund, as per the project is crucial factor which is examined for both fixed asset as well as fir operating cost.

Friend, here referred to in respect of ownership of the enterprise. The advantage and limitations of all form of organization are examined critically.

Formalities, legal or otherwise are to be met as preventive strategy rather than committing omission and facing loss and some time closure of unit.

#### PROCESSING

Since the training inputs are more of conceptual nature, processing is not relevant. However, the participants should be provided experience of analyzing problems objectively and take decision as the fact suggest. The information base need to be broadened.

#### TRAINER'S NOTE ON ESTABLISHMENT OF AN ENTERPRISE

Setting up an enterprise is a crucial decision and should be taken after serious consideration. Many micro enterprises fail largely because these are launched without proper preparation. Some of them select wrong location for their enterprise; many make serious mistakes in choosing the right kind of machinery and equipment; some other started with outdated technology; a few collaborated with wrong type of business partners and many others started with inadequate fund. Women entrepreneur should be trained to take decision of starting right kind of enterprise at right location with right type of business partners, adequate fund, suitable and modern technology and machinery under right size and under right market prospect. (repetition)

- Accessing Financial Resources
- Establishing an Enterprise"
- Commencing Production of Goods and Services
- Improving Quality
- Marketing of Product
- Managing Money
- Managing Human Resource
- Sustaining Growth



## SESSION 10 :PLANNING & SCEDULING PRODUCTION

### SESSION DESCRIPTION

Whether it is a manufacturing or a service unit, within is a fixed time period, the specified quality of products or services in desired quantity, need to be produced by ensuring the availability of work force, machines and tools, raw materials and power. This is possible only through detail planning and scheduling of all activities from the stage of accepting order to time of delivery.

### OBJECTIVE

At the end of the session participants will be able to:

- enlist all materials, machine and human labour needed to convert inputs into finished product/ operating service
- schedule all activities involved in producing goods and services

### PLANNING

- |                      |                                  |
|----------------------|----------------------------------|
| Time                 | - One hour thirty minutes        |
| Training Methodology | - Group exercise and case method |

### PROCEDURE

Step- I

Trainer/ facilitator presents the concept and need for planning and scheduling production. Participants may be asked to find out answers to the following questions:

- A) Product
- What product(s) to be produced? I..... II.....
  - How much they want to produce?

Per day	Per week	Per Month
Product – I		

Product – II

In what form (packaging) they want to sell these products?

- Packaging units
- Number
- Quantity
- Total
- 

B) Production Activities:

- What production activities are involved? (from receiving the input till delivery of goods)
- How many hours of work is required for each activity?

- Activity
- Labour hour per unit activity
- Total labour

#### C) Workers

- Who are they
- How many hours each will work? Daily ----- Weekly-----
- Who will do that

#### Step - II

Once the information are gathered and shared in open group, participants may be given the concept of drawing a schedule of activities. The exercise of preparing the schedule can be done individually or sitting in small groups. The schedule should clearly indicate which activity is to be done by whom, when and how. For a microenterprise simple production schedule will be as follows:

- Activity
- Hours of work      Who will do itWhen
- How/ sequence

#### Step – III

Help participants to estimate the capacity utilization of machinery of any. Also to verify if there is enough work for each worker and there are worker for each work. Some work can be brought to the schedule by making few changes or by using spare capacity of workers or machines who are ahead of the schedule.

#### PROCESSING

The whole session on production planning and scheduling should be treated as practicing session. Participants are assisted in culling out information from the given case and additional information sheet. The calculation should be made simple by using small numbers. While practicing the participants should be allowed to develop understanding so that they can apply the same in their home institution.

## TRAINER'S NOTE ON ORGANIZING PRODUCTION

In an enterprise, products/ services are made or offered by utilizing raw materials, machine & tools, the services of workers, and the needed technology (production process)

The raw materials (such as leather, rubber, steel, cloth and chemicals etc), parts (handle locks etc.), packaging materials (boxes, bags etc.), and the power (electricity, fuel etc.) are the inputs for production of goods & operating service enterprise.

By adopting the suitable 'production process' (such as cutting, sewing, assembling, printing etc.) involving machines and tools and the services of workers, these inputs are converted into products/ services which are also called output.

An enterprise may be involved in manufacturing of goods such as basket making, shoe or garment making etc. Others may be operating services such as repairing, white washing, transportation, band and theater performance etc. In manufacturing, materials are used but not to make new product but to serve the existing product or person.

Whatever is the product or production process, to run an enterprise profitably, three activities are necessary:

1. Minimize the wastage of all – materials, money, time, energy and efforts.
2. Control the quality of product and services that meets the demand of the customers,
3. Maintain productivity so that the cost of the product must be well below the price that customers are going to pay.

The total efforts of managing these activities efficiently, are referred to as 'organizing production' or 'production management'.

This involves steps like:

- Planning & Scheduling Production
- Ensuring Flow of Materials
- Maintaining Quality, and
- Increasing Productivity

#### PLANNING & SCHEDULING PRODUCTION

In a microenterprise, everybody usually does everything. To ensure timely and quality production, there is a need to planning & scheduling work according to the skill, capacity and the time that members can devote.

As a first step, the demand of various products/ services is estimated in the basis of market survey or actual order. Based on this, inputs needed for manufacturing product or operating service, capacity utilization of selected machinery, and needed hours of human labour are estimated. Such estimates form the basis for planning of supplies and scheduling production work including maintenance of machinery and equipment.

The supply of inputs, raw materials, tools and spares should match the requirement of each production unit or machine. The unit should neither remain idle due to lack of materials nor the 'carrying cost' is allowed inflate due to irrational hoarding of inputs.

The supply of inputs is planned indicating the source, period and mode of procurement.

The plan should have flexibility to suit the changing customers; need.

The scheduling of production work is done considering the type of “line flow” where the production goes in sequence changing the characters of all the items until the final product emerges. The work is scheduled to use maximum capacity of the machines. Each worker at the same time is provided work. Similarly there should be sufficient workers for all functions and all machines (simultaneously or in sequence).

Maintenance of machine is another important aspect of planning to avoid unexpected breakdowns resulting into stoppage of work. A schedule of preventive maintenance wherever machines are involved in production is necessary. Sometimes this can be planned on weekly off-day or on during power cut or even after production hours. The main consideration is that production may not stop when it is needed.

Production Planning & Control covers the full cycle from operation to delivery and not limited to just manufacturing. It broadly includes the scheduling i.e. instruction/ information used for implementation and data collected to plan control at all stages. The successful production control is attended through four major steps:

- a) planning the route, based on the standard capacity of machine and tools (85% capacity utilization is considered very good)
- b) scheduling an ‘instruction procedure’ to ensure that all workers know what needs to be done by whom and when.
- c) Details of all materials required to ensure that these are available at the time of their use in needed quantity and quality
- d) Means of monitoring actual work – output, stocks etc. to compare actual progress with the plan so that appropriate action can be taken. Some work can be brought to the schedule by making few changes or by using spare capacity of workers or machines who are ahead of the schedule.

#### ENSURING FLOW OF MATERIALS

For managing an enterprise – big or micro, it is necessary to ensure timely supply and availability of materials at right time, in right quantity, of right quality and on right price. These materials could be basic raw materials needed for production, packaging & maintenance, spare parts or tools, goods in progress (semi-finished goods) and finished goods – both in stock and in transit. Every enterprise therefore must maintain an ‘inventory of materials’.

The inventory of a microenterprise, however, is simple but significant. It has many advantages:

1. Materials are readily available when required for production/ use;
2. Quantity discounts results in large order;
3. The finished goods inventory allows a firm to meet the requirements of the customers.
4. The demand may fluctuate over time and the finished goods inventory helps in reducing the impact of such fluctuation on the process of production. However the “holding of inventory” has certain costs, called “carrying costs”.

Since the ‘holding of inventory’ has both the “advantages” and “carrying cost” a balance has to be reached.

In order to decide when to order an inventory, the following three considerations are important:

- a) Average time that lapses between the placing of an order and receiving the goods (often called as Order Lead Time)
- b) Average rate at which inventory is drawn over a period (usually termed as Usage

Rate) and

- c) The level at which the order must be placed so than an inventory is replenished before the stock reaches the zero level or ‘stock out’ (recorder point).

A recorder point is estimated by using the formula:

$$\text{Recorder Point} = \text{Usage Rate} \times \text{Lead Time}$$

For Example an enterprise uses 10 bags of straw per day (usage rate), and the supply is made on 15th day after receiving the order (order lead time), a new order must be placed when the inventory level reaches 150 units (reorder point  $150 = \text{usage rate } 10 \times \text{lead time } 15$ ).

The next step is to determine how much to order. If the ordered quantity is large, the order has to be placed less often and the ‘order processing cost’ will be less. But as the order size increases the carrying costs also increases. On the other hand, if the individual orders are reduced, the carrying cost will be less but the number of orders will be more and total order processing cost will increase.

A balance between the two opposing costs – order processing costs and carrying cost is in the basis to determine how much inventory to order. It can be estimated by using the formula -

$$Q = \sqrt{2CS/I}$$

Where ‘Q’ is desired Economic Order Quantity,

‘C’ is the annual usage or demand of the item in the enterprise,

‘S’ is the cost to place an order, and

‘I’ is the annual carrying cost per unit.

For example the annual usage of yarn bundles is 2000 in an enterprise, and the order processing cost is Rs. 50 an order, and the carrying cost is Rs. 500 per bundle per year, the quantity required to be ordered will be 20 bundles ( $\sqrt{[2 \times \text{annual usage } 2000 \text{ bundles} \times \text{order processing costs Rs. } 50] / \text{carrying costs Rs. } 500}$ ).

#### PURCHASING

In a microenterprise, on an average more than half of its sales income is spent on the purchase of materials and components.

Very often production functions in a microenterprise are interrupted or stopped because:

- Women entrepreneurs had forgotten to order new goods to replace those sold or used
- They had ordered too late
- They did not ordered the right quantity
- The goods supplied against the order was not of the quality they needed
- They did not know that their stocks were low
- They wanted to buy when goods were not available in the market.

Most of these problems are related to the purchase policy and practices. Purchasing functions are best performed by buying materials of the right quality, in the right quantity, at the right time for the right price and from the right source. This involves the following considerations:

- a) Working out the requirement of all types of materials, usage rate, reorder quantity, their specification, sources of supply, and stock at hand
- b) Lead time – time difference between placing the order and actually receiving the goods
- c) Mode of transport and place of procuring materials – local, distant or foreign
- d) Fluctuation in terms of price and availability - due to demand, season or government policy.
- e) The source and cost of obtaining finance for buying goods- interest rate of borrowed finance more/ less than likely price rise.

- f) Inspection of goods either complete (each one tested) or partial (sample tested) before placing purchase order,
- g) Developing goods vendor relationships to ensure emergency supply, scope to modify an order, readiness to bear with delayed payments arising out of financial exigencies; and
- h) Ready with alternate sources of supply to minimize the chances of stock outs, and also to avail benefit of cost reduction as per prevailing market price

Purchase practices may be made efficient by adhering to certain rules of stock control. These are necessary to make sure that enterprise does not suffer either from run-out of stock or holding too much stock of any item causing financial loss:

1. Regular checking of stocks,
2. Keeping of stocks in a way to easily see and count
3. Applying 'First In First Out' (FIFO) rule to use stored items before dispatching new arrivals
4. Keeping simple stock cards (Bin Cards) as illustrated, if the number of stocks becomes large

#### MAINTAINING QUALITY

Quality is the performance of the product in accordance with the claim made by the producer to the customers. Quality also refers to the intended use for the price of a product. Quality, thus is a relative term and it must be viewed accordingly.

For attaining quality, all standards with reference to raw materials, components, packaging, workmanship, and performance must clearly be stated. The variation in quality standards of product must be kept within the specified tolerance limit through:

- Prevention of occurrence of fault,
- Deduction of its as soon as it occurs, and
- Rectifying it earlier

Quality control is a process of regular checks through inspections to ensure that product's quality matches the laid down standards of performance. Quality testing and measuring tools and equipment are one of the essentials of an enterprise. For quality testing various methods are used. These are:

- 100 % inspection
- Spot checking, and
- Inspection of samples drawn for the lot.

Quality cannot be maintained unless it is built into the product, which means quality of all inputs going into the making of the product must be checked at all stages of production. It is also easier to correct the defects, if any at the stage of processing rather than waiting to inspect the finished product. Time and money spent on quality control is not a wastage but an investment which pays by minimizing rejection and earning consumers' confidence and credibility

#### INCREASING PRODUCTIVITY

Productivity is the relationship between output and input. The more output from one worker or one machine per day or per hour etc means more productivity. Different production ratios are used to measure cost and efficiency. For example electricity consumed per unit of production, labour utilization per unit of production and rejects per unit of production.

Higher productivity is always a function of higher technology and goods management.



## SESSION 11 :MARKET & MARKETING PRACTICES

### SESSION DESCRIPTION

Marketing is the crucial factor to successful management of an enterprise. Very often goods are produced without studying market. These are not sold or sold without studying market. The prevalent social norms don't provide women adequate exposure to market place and marketing practices. Their marketing management capacity need to be developed to determine - what to sell to whom, how, when and at what prices to ensure profit.

### OBJECTIVE

Participants will be able to:

- describe the types & location of markets,
- adopt various marketing practices, and
- identify & seek solutions to marketing problems.

### PLANNING

Time - - - - Two hours thirty minutes.  
Training Methodology - - Games, Exercise and Discussion.  
Training Materials - - Five to six sets of Risk – Opportunity, Games with a dice and buttons of six colours, Picture Cards on 4 –Ps, Marketing Quiz chits and relevant Instruction Sheets both in word and pictorial form.

### PROCEDURE

Processing has to be done at both levels – at the end of 'Risk – Opportunity Games' as well as at the end of 'Marketing-Quiz'.

When the participants are playing the ROG, they are asked to read the title of each house. While climbing the ladder they should remember the title of house, where from ladder starts. Similarly they should remember the title of the house causing fall. At the end of the game, they are asked to remember the factors causing rise or fall. These factors should be categorized under four categories. Discussion should be generated to relate such factors with actual marketing practices and strategy. Summarize the discussion by providing concepts and practices under four-4Ps aspects of marketing.

#### PRODUCT

What item to sell? What product/service do customers want? Are similar products available? What do customers like or dislike? Whether & where from the raw materials available at right price? How much one can produce within given time? How product can be made more attractive – design, quality, shape, colour & packaging?

#### PRICE

How to set price to make a profit? What price competitors sell the product/service? Whether customers buy to quality or price? What is the margin of profit over cost? Can there be special price for quick sale? What can be special price for attracting new customers? Whether prices need to vary seasonally or periodically? Sale of the product?

#### PLACE

What can be the most suitable place/ way to sell or distributes the product? Where to sell the prod-

uct? – door to door, in retail shop, or to wholesaler. How to get the product to the point of sale? What type of transport & what can be cost? What can be method & cost of storage?

#### PROMOTION

How to attract & sustain interest of customers in the product/ service? What incentives to be given? How to introduce a produce? How to advertise-banners, signs, roving mikes, hoarding, posters, etc? How do demonstrate the use of product? How to create image of the product?

Ask participants to comment. Generate discussion to highlight the marketing problems thus experienced. Relate problems with marketing concept by involving participants and encouraging them to share their life experiences.

#### INSTRUCTIONS ON "RISK OPPORTUNITY GAME"

In the game, each participant will participate as a 'producer women' having to contend and deal with the prospect and peril of the market.

Participants are divided in groups of 4-5 players. Each group represents a mix of experienced and inexperienced, elder and young, and educated as well as illiterate women.

One of the group member is asked to read the instructions loudly.

One set of ROG is distributed to each group. The set consists of a snake-ladder board, a dice and plastic coins of as many different colours as the number of participants in the group.

Each participant gets a turn in rotation to throw the dice.

The coin moves the number of houses as per the number on dice.

In case the coin reach the house in which there is a ladder, it climbs the ladder of opportunity and the player gets additional throw.

In case the house has mouth of snake, the coin falls down to tail of risk.

The player is suggested to read the message/ instruction aloud before passing the dice to next player.

At the close, participants are asked to recollect the aspects that effected business. With the help of trainers the participants may categories these aspects under major marketing concept.

#### INSTRUCTIONS FOR "MARKTING QUIZ"

Marketing system is explained. Concept refreshed. Trainer invites participants to participate in the marketing quiz in which certain marketing questions are posed by the moderate. Team will in turn get chance to reply. If the question is not answered accurately or the team fails to answer, the question is passed to the other group. Points are given as following norms:

For Right Answer group gets --- --- 10 points.

For giving Wrong Answer group gets – (-) 5 points (deduction)

Only 1 minutes time is given to each team to answer the question. Team members are permitted to consult each other before replying any question.

Game is played at least 5 rounds within 45 minute.

## Marketing QUIZ

### I.. Indicate Your Choice

1. Some women in your village want to learn the work you do and this may prove detrimental to your business – What would you do?
  - a) Refuse to teach them your skills.
  - b) Teach them only partially
  - c) Teach them any way and increase your product range
2. People are buying from town goods similar to your product at lower prices, what would you like to do?
  - a) change your product
  - b) stop your product
  - c) Examine ways to reduce your price
3. Your goods were lying unsold for last 4 months. Now a client is willing to purchase the entire stock at cost price. What would you like to do?
  - a) Close your shop
  - b) Examine why customers prefer to go to the other shop and then define your strategy.
  - c) Sell your product to the new client at cost price.
4. What would you do if your customers want credit?
  - a) Give the goods on credit even the customers is new.
  - b) Refuse them categorically.
  - c) Give credit to only your regular customers.
5. The NGO keeps asking you to come for meetings due to which you are loosing business. What would you do?
  - a) go for the meeting anyway.
  - b) Refuse to go for the meetings.
  - c) go for the next meeting and place your problem there.
6. Your family members want to repay a consumption loan from the capital of your business. But your working capital would then run short. What would like to do?
  - a) Refuse to use capital since you had not taken loan from them.
  - b) Keep quiet and let them pay loan and manage the shortfall from elsewhere.
  - c) Refuse to give these amount in the current month, but offer to the contribute for repayment from profit/earning of subsequent months.
7. You have found a regular buyer for your product, but it does not give you the best price. What would like to do?
  - a) Supply some of your product to the buyer but explore other markets.
  - b) Refuse to sell to that buyer in the future.
  - c) Give him all your product since he is the only regular buyer.
8. A buyer has come in the neighbouring town and wants to buy the product in large quantity. But you have only limited stocks ready. What would you like to do?
  - a) Take him to other producers from where she can buy in addition to what you could supply.
  - b) Sell your stocks only

c) Procure goods from other producers and supply to the buyer on a commission from the other producers.

9. You find that the demand for your product is decreasing. What would you like to do?

- a) Close down your business.
- b) Increase your product range
- c) Diversity/change your product range

10. Your community elders disapprove of the women of your group going and selling their goods in the town closely. They feel that an unemployed youth may as well be employed to do this work. What would like to do?

- a) Continue to send your group members to the market, and try and explain to the elders why women must be allowed to move beyond the confines of the village.
- b) Start selling to the middleman who comes and takes the goods from the village, even if the rates are much lower than the market.
- c) Employ an youth for the purpose of selling the product in the town.

### II. Are these statement true or false?

11. One should not waste time in preparing a plan. A new business should be started at as early as possible without loosing time- TRUE/FALSE
12. Market survey is a means to know where to sell the product- TRUE/FALSE
13. You should produce what you are most skilled at, irrespective of what the market demand for - TRUE/FALSE
14. It is much simpler to buy your raw materials from nearest market irrespective of the cost difference in wholesale market- TRUE/FALSE
15. You should only sell your produce through the NGO, since they helped you set up your business by providing you training & credit - TRUE/FALSE
16. New design magazines helps in keeping abreast of the trends overhead and make the product expensive - TRUE/FALSE
17. You should not expand your business beyond what you can manage directly yourself, even if there is a market for your product. - TRUE/FALSE
18. The NGO should continue to support their enterprise groups even once they have learnt to manage their affairs and negotiate in the market, because you never know when things may go wrong. - TRUE/FALSE

## SESSION 12 :PROMOTION & MARKETING PLAN

### SESSION DESCRIPTION

Identical or equally good products not automatically attain same sales. A lot depends on the promotion of the product / service. All such activities that make customers aware of, interested in, and motivated to buy, use & avail product / services on continued basis are promotional activities. Primarily these are direct contact, sales promotions and advertising. Marketing plan is a tool to define marketing strategy to face any marketing problems that may arise. It prepares & provides for alternatives to solve problems.

### OBJECTIVE

Participants will be able to:

- handle successfully face – to –face selling situation,
- plan and implement sales promotion suitable to the product and customers,
- select and use suitable advertising strategy, and
- prepare relevant marketing plan.

### PLANNING

- |                      |  |
|----------------------|--|
| Time                 | - Two hours thirty minutes                 |
| Training Methodology | - Role play, case discussion and exercise. |

### PROCEDURE

This session is divided into three steps – role play, discussion and exercise in preparing marketing plan.

#### STEP – 1

Participants are briefed about the role play in which they will be directly involved in promotional activities.

Organize a mini-market by dividing participants into two groups – representing buyers and sellers. Divide the participants of seller groups into small sub groups of 3-5 persons in each. Sitting in four corners of the room, seller groups are suggested to discuss for about ten minutes of decide.  
-a product that group is going to produce and sell (they are allowed to symbolically present their product through drawings or paper cut-outs or even they can decide to sell some of their selling price).

The buyer group will consists of one member for corresponding seller groups. They will have marked places to seat.

After ten minutes of planning the first round starts. Buyer goes to the corresponding seller group and inquires about the product. The seller groups try to sell. After some interactions, buyers give feedback (as briefed earlier) like “your product is not good”, “it is very expensive,” “quality is bad”, “product is good but I don’t need it”, looks good, but I am not very sure because I never heard about it earlier,” etc.

After the first round, trainer announces another ten minutes to sellers to do any thing they want to do for promoting sale of their product. In second round the buyers go to the seller groups and experience difference in many cases. In view of the feedback, groups might have changed their selling strategies

by reducing price , improving quality, attributing benefits, or advertising and adding certain incentives etc.

#### STEP - II

Participants are encouraged to share their experiences focusing on factors due to which they could sell or could not sell their product.

Trainers relate these factors with 4Ps.

Sale gets effected due to its presentation, packaging, varieties, design, style, materials etc. (Product related)

Influenced by the source from where it is to be bought, the physical and social barriers in reaching the source, provision for home delivery, transportation, behaviour and care of customers by retailers, decoration and visibility etc. (Place related).

Attracted by the types, means and methods of advertising, publicity, incentives, personal selling, shows, exhibition, in-shop display, discounts, samples distribution etc . (Promotional related).

Facilitated by ensuring status, quality, savings and cheap as meaning of the high or low prices, & credit etc. (Price related)

Trainer illustrates each of these factors in greater details as described under trainer’s note on Marketing. Also elaborate the concepts by giving short lecture.

#### STEP - III

After a short break participants again meet and are asked to recall the problems related to 4Ps. This gives enough information about the product and the customer’s choice. Such problems could have been solved or avoided had producer women developed a marketing plan prior to start production.

Trainer informed that this part of the session is designed to learn the process of preparing Market plan. Saying this, display the chart or transparency of caselet on “The vegetable sellers.” (appendix – 1) Ask one of the participants to read it aloud.

Allow 15 minutes time to discuss and identify the marketing problems in the case. Once they have done so they are assisted to categorize these problems into four categories to have more vivid comprehensive.

The problems may be like:

- 1.a] Price of vegetable drops as quality deteriorates.  
b] Women do not get good quality vegetable through the process of auction.

2. a] The women have limited funds  
b] Problem of time  
c] Very little profit, as women can carry limited quantity of vegetables as head load.  
d] Small scale of operation result in high price of purchase and inadequate profit.  
e] Small quantities of vegetables, limited variety and few customers.  
f] Delay in bringing vegetables of poor quality through the auction, auction process resulting in low sales and few customers.

3. a] Problems of resources  
b] No fixed location

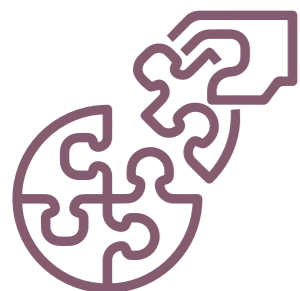


- c] As women sell individually, they do not get a uniform or proper price
- d] Problems of storage and transport.

4. a] significant promotional means are lacking.

After listing the problems participants are suggested to discuss the solutions which may emerge some thing like following:

- Capital can be increased through group saving.
  - Vegetables can be grown jointly on common Panchayat or lease land,
  - Vegetables can be bought collectively by the women so that they can buy in bulk and better quality.
  - fix a place to sell, etc.
- 
- Once the case has been discussed in detail, divide the participants into small groups of 4-5 persons.
  - Ask them to identify marketing problems that have occurred or likely to occur in their own enterprise.
  - Give them 10 to 15 minutes time to discuss and then ask them to make presentation. Note these on fillip chart.
  - Count frequently for each.
  - Initiate group discussion to find possible alternate solutions to those problems which received the highest frequencies.
  - Continue this practice in respect to few more problems.
  - Summarize that this is the process to find solutions to marketing problems.
  - In this process they should identify problems and prepare marketing plan to solve them.
  - Distribute the format for marketing plan. Spend some time explaining & clarifying queries.
  - Divide the participations into small groups according to their enterprise and give them an hour time to prepare their marketing plans
  - Suggest participants to make a 5-7 minutes presentation of their plans.
  - Ask other participants to comment & give suggestions on each other's plan.



## SESSION 11 :WORKING CAPITAL

Assessment & Management

### SESSION DESCRIPTION

Money is needed both for acquiring fixed assets as well as for operating enterprise functions. For operating day-to-day functions money is used for purchasing raw materials, processing these into finished products and finally delivering them to customers. The fund for meeting such operating cost is often referred to as 'Working capital'. Realistic assessment and effective management of working capital ensures profit as well as the continuity of work.

### OBJECTIVE

At the end of the session participants will be able to:

- differentiate working capital from total capital
- assess working capital for an enterprise
- manage working capital

### PLANNING

Time - - - -Two hours thirty minutes  
Training Methodology -Case study, discussion, & exercise.

### PROCEDURE

#### STEP – I

Present the role & importance of money in starting and managing an enterprise. Participants are suggested to think and list all purposes for which they need money. Elicit responses and put these on a flip chart. Through discussion explain that start – up cash is needed for two types of capital:

- for establishing enterprise (long term-fixed capital).
- For running an enterprise (short term – working capital)

Working capital is used to buy raw materials, to pay labour for turning these into finished goods, and to meet the cost for selling to customers & receiving payment as price.

The working capital keeps on revolving and accordingly it is a 'circulating capital'. Explain 'operating cycle.'

#### STEP – II

For assessment of 'Working Capital', distribute the case on 'Chilli & Turmeric Powder'. Assist participants in estimating the following:  
Assist participants in estimating the following:

- Total cash required for purchases raw materials, labour, operating and selling cost
- Cost of finished goods in stock.
- Total receivable prior to end of operating cycle, and
- Period of operating cycle.

Divide total operating cost in a given period of time (say a year or month) by the number of operating cycles completed during the period, to obtain the required working capital.

#### STEP – III

For understanding management of working capital divide participants into small groups and on the basis of the distributed case, ask them to discuss the following stages.

#### TRAINER'S NOTE ON WORKING CAPITAL- Assessment & Management

Money as capital needed in an enterprise for two purposes:

- For establishing an enterprise. It includes long term investment on items like land, shed, tools, machinery and equipment . These are one time expense and accordingly Fixed Capital.
- For running an enterprise. It includes capital used to buy raw materials, to pay labour for turning these into finished goods, and to meet the cost for selling to customers & receiving payment as price. These are short term assets and keeps on rotating as per operating cycle. The fund for meeting such operating is often referred to as 'Working Capital'.

Realistic assessment and effective management of working capital is crucial to ensures profit as well as the continuity of work.

#### ASSESSMENT OF WORKING CAPITAL

Net working capital is the excess of current assets over current liabilities. Current assets are those assets which are converted into cash in a short period of time, where as current liabilities are those liabilities which are to be paid in a short period of time. Many micro enterprise underestimate or even ignore the need of working capital. Many business failures are due to insufficient working capital. It is therefore, necessary to make proper assessment and accordingly raise fund for working capital.

Working capital is assessed after considering the operating cycle. The operating cycle explains the time lag between money spent for acquiring raw materials, meeting operational expenses related to production and sale of finished products and money recovered in the form of sale products. For example it is very short in case of hotel and restaurants as compared to products like dress and shoes. The operating cycles may be completed within a day, weeks, months, or an year. Net working capital, accordingly is estimated for the period in which one operating cycle is completed.

For assessment of working capital, all expenses in terms of production and sale of finished product during a given period are listed.

#### MANAGEMENT OF WORKING CAPITAL.

Working capital is perpetually locked up in the form of current assets. Such as raw materials, work – in – process, finished products, credit given, and overall cash required to sustain operational activities in terms of production and sales. The investment in working capital, however is not fixed and it may vary as per variation in the following conditions:

- Level of production and sales.
- Changes in raw material prices;
- Raw materials
- Processing Time
- Delivery Schedule
- Credit to customers or received from suppliers;
- Variation in wage rate; and

## SESSION 12 :CASH FLOW

### SESSION DESCRIPTION

In a business, cash keeps coming in and going out. If the total cash going out is greater than the total cash coming in for longer period, business may fail due to cash flow crisis. Cash coming in is not the same as profit. Many business which fail, are often profitable but not planned properly the flow of their cash. A cash flow forecast looks at when the payment changes hand and not the goods and services. A regular cash planning is therefore, essential for managing enterprise successfully.

### OBJECTIVE

participants will be able to

- differentiate between and relate cash flow with profit;
- prepare realistic cash flow statement; and
- develop their own cash flow statement for their selected enterprise

### PLANNING

Time	-	-	-	- One hour thirty minutes
Training Methodology	-			- Cash study, discussion and exercise
Training Materials	-			- Cash on 'Anita Papad', Cash flow Statement proforma, exercise, posters Charts and pictorial version of the case.

### PROCEDURE

#### STEP – I

Trainer initiates discussion about various forms of cash moving in & out. Participants often name these as 'income' or 'expenses' in various forms. Trainer displays the use of income & expenses for forecasting profit or loss.

#### STEP – II

- After discussion, participants are told that income is the cash 'coming in' and the expense show the cash 'going out'.
- If the 'cash in' is faster than the 'cash out', there is no problem.
- The problem arise when 'cash out' exceeds the 'cash in'.
- There will be no money available to pay to suppliers, labour and other operating expenses.
- Trainer explains to the participants that this situation may arise in profitable as well as in a loss making business.
- This may happen when a major customer fails to pay the amount when due.
- It may also happen when creditors do not wait or the loan and bank finance is not Processed in time.
- Whatever may be the reason, the cash flow statement helps identifying the problem areas for which corrective actions can be taken.
- For example entrepreneur may then take certain decisions such as selling goods more quick-

ly; or on different (cash) terms; or delaying the payment of some expenses.

#### STEP- III

After discussion, participants may express their desire to learn the process of preparing cash flow statement.

At this point trainer distributes the case on 'Anita Papad'.

Divide participants into smaller group of 3 to 4 and suggest them to identify the 'income' and 'expenses' sources described in the case.

Also display the proforma of cash flow statement. Discuss the items described in the proforma.

Help each small group to enter all items of income and expenses under appropriate headings given in the proforma.

They are suggested to total the cash inflow as well as the cash outflow.

Assist them to estimate the net cash flow by deducting the outflow from total cash inflow.

#### STEP – IV

Following the exercise of preparing Cash Flow Statement suggest participants to work out the followings:

1. Cash-in-hand: how much money is needed in the beginning of the month?
2. Work out the sources of cash. From the sales forecast prepared, estimate how much cash will be generated during each month.  
Remind them to carry forward the cash due in the current month from the credit sales of the previous month.
3. At the end, point out that all participants should prepare the cash flow statement for their own business.

#### PROCESSING

To many producer women financial calculation is very complex things to understand. Besides there is a tendency to ignore the movement of money in and out of business. If money movement is not monitored well, not only the business suffer a cash shortage, but a highly profitable business can also face a critical cash crisis.

It is extremely important for women entrepreneur to understand the different between profit and cash flow. It is equally important to know in advance the cash availability.

A cash flow statement can be made for implementation period i.e. starting a business. Here the sources of cash can be one's own, loans or subsidies and out flow could be money spent towards land building machinery and preliminary expenses etc.

While explaining all concept the care should be taken to simplify the process by giving suitable examples.

## CASE STUDY ANITA PAPAD

Anita, a producer woman from Chasku, Rajasthan, runs a papad making unit. On April 1, 1996 she found that there is no raw material left in the stock. At the same time, she had no money left in the kitty. She borrowed Rs. 2000 from a local money lender with very high rate of interest – Rs. 50 per month. She purchased materials like Mung dal for Rs.1500, Maida for Rs. 300 and Masala (spices) for Rs. 500.

The total papad that she produces in a month are sold for Rs. 6000. Her total produce is purchased by a department in the capital city of Jaipur. She finds it difficult to sale the produce in open market due to competition and lack of marketing place. She pays a commission of 10% of total sale (Rs. 600 for total sale of Rs. 6000) to the purchasing officer of the department. From April onwards the department has decided to purchase papad worth Rs. 6000 but agreed to pay only 50% i.e. Rs. 3000, in the current month and remaining 50% in the next month . She makes frequent visits to Jaipur to deliver goods as well to receive payment. In this connection in April she spent Rs. 250 on travel.

Anita has employed two workers to each of them she pays Rs. 1000 per month. She has taken the premises on rent at Rs. 300 a month, from her friend Madhavi. In addition she pays electricity and water bill which comes once in two months period for an average amount of Rs. 250. Every month Anita requires to spend Rs. 250 on telephone, stationery and refreshment of workers at work premises .

She knows that her business is a profit making unit but she often faces cash crisis.

### CASH FLOW STATEMENT PROFORMA

Months	Jan	Feb	Mar	Apr.	May	June	July,	Aug,	Sep.	Oct .	Nov.	Dec
Opening Balance												
Sources of CASH FLOW												
Income From Sale												
Income From Other Sources												
Total CASH INFLOW [A] Cash Available												
CASH OUTFLOW Sources												
Salaries/ Wages												
Rent												
Supplies/Materials												
Utilities												
Travel												
Telephone/ Stationery												
Loan Installment/ interest												
Insurance												
Other Expense												
TOTAL OUT FLOW [B]												
Cash Needed												
Net CASH FLOW [A-B]												
Closing Balance												

## TRAINER'S NOTE ON CASH FLOW

In a business, cash keeps coming in and going out. If the total cash going out is greater than the total cash coming in for longer period, business may fail due to cash flow crisis. Cash coming in is not the same as profit. Many business which fail, are often profitable but not planned properly the flow of their cash. A cash flow forecast looks at when the payment changes hand and not the goods and services. A regular cash planning is therefore, essential for managing enterprise successfully.

A sale or a purchase need not be the same instant as payment. Credit is given and credit is taken. This is the standard practice in business. For this reason an entrepreneur may find himself between the worst extreme of paying cash with order for its supplies and giving its customers credit for months; and the best extreme where customers pay cash with order and wait for a month for delivery whereas suppliers extend credit for months. The idea of circulating capital has been discussed in the previous session on working capital. Since cash comes into and goes out of the business all the time but it moves in irregular amounts, the cash planning on a regular basis is the essential management function.

There are two direction of cash flow: IN and Out

There are three questions to ask about Cash:

- Where from/ where to?
- When? And
- How much?

Answering these questions enables a cash flow forecast to be drawn up to determine the sources, amount and time for release and receipt of cash in business.

In simple terms, The actual movement of cash in and out of the business is the cash flow. Therefore all income to the business represent cash inflow, whereas all expenses stand for cash outflow. When the total cash outflow is subtract from total Cash Inflow, it gives the Net Cash Flow. The total cash Inflow shows the cash amount with the entrepreneur whereas the total cash outflow represents the cash amount needed to run the enterprise. The net cash flow shows the cash-in-hand.

If the 'cash in' is faster than the 'cash out', there is no problem.

The problems arise when 'cash out' exceeds the 'cash in' :

There will be no money available to pay to suppliers, labour and other operating expenses.

This situation may arise in a profitable as well as in a loss making business.

This may happen when a major customer fails to pay the amount when due. It may also happen when creditors do not wait or the loan and bank finance is not processed in time.

Whatever may be the reason, the cash flow statement helps identifying the problem areas for which corrective actions can be taken.

It is extremely important for women entrepreneur to understand the difference between profit and cash flow. It is equally important to know in advance the cash availability.

## SESSION 13:KEEPING BUSINESS ACCOUNTS

### SESSION DESCRIPTION

One-important information for every owner of an enterprise is to know whether the unit is making profit or running on loss. In addition entrepreneur requires to balance the cash flow to keep unit running. Micro enterprises need simple accounting but keeping proper business account is a must for monitoring success of enterprises of all sizes.

### OBJECTIVE

participants are able to:

- appreciate the needs and importance of keeping proper business accounts.
- Write simple books of accounts.
- Prepare simple profit & loss accounts.

### PLANNING

Time - Three Hours  
 Training Methodology - Case study, discussion and exercise

### PROCEDURE

#### STEP – I

Participants are invited to think and discuss the needs & reasons for keeping business accounts.

List down the participants' responses on a chart.

The likely answers may be as follows:

- To monitor the success & growth of the enterprise.
- To know the financial condition of the enterprise.
- To assess the current financial position – the cash flow.
- To get the information related to current assets and liability.
- To meet legal (tax & others) obligations.
- To control cost of product.

Summarize the discussion emphasizing the importance of financial planning & control in enterprise management.

Business needs working capital for day to day operation and long term finances for growth. It is necessary therefore, to anticipate their requirement, locate resources and ensure smooth flow. This is however, possible only if the accounts are recorded properly.

Explain to the participants that two statements of accounts are often used to describe the performance of an enterprise.

These are :

1. Balance Sheet
2. Profit and Loss account

Balance Sheet shows what a firm owns and what it owes at a particular date in terms of assets and liabilities respectively.

Profit & Loss Account shows income, cost of sales, gross profit, expenses and net profit during a given period.

For preparing such statements, accounts are recorded in several account books out of which the following are relevant to any micro enterprise:

Purchase Register  
 Sale Register  
 Stock Book  
 Cash Book

Trainer explains that there are definite methods of recording accounts in these registers which can be learnt with little practice.

#### STEP – II

For practice purpose, trainer presents the case of a group of producer women who are manufacturing soap.

Trainer explains that all such transactions are one of the following two types:

1. Showing revenue or cash coming in, i.e., 'receipts'.
2. Showing cash or money going out, i.e. 'payments'.

All transactions resulting into 'receipts' are entered in the left hand side of the cash book.

Where as all those transactions showing 'payments' are entered in the right hand side of the cash book.

Following this system the entries of all transactions are made in the cash book which filled in look like as under:

#### CASH – ACCOUNT

Receipts	Payments																																										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Date</td> <td style="width: 40%;"></td> <td style="width: 50%;"></td> </tr> <tr> <td></td> <td>To balance b/f</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td>To receipts</td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">[details]</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px dashed black;">12,000</td> </tr> <tr> <td></td> <td>By balance b/f</td> <td style="text-align: right;">3,000</td> </tr> </table>	Date				To balance b/f	10,000		To receipts			[details]	2,000			12,000		By balance b/f	3,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Date</td> <td style="width: 40%;"></td> <td style="width: 50%;"></td> </tr> <tr> <td></td> <td>By payment</td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">[details]</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td></td> <td>By payment</td> <td></td> </tr> <tr> <td></td> <td style="padding-left: 20px;">[details]</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td></td> <td>By balance c/d</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px dashed black;">12,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px dashed black;">12,000</td> </tr> </table>	Date				By payment			[details]	4,000		By payment			[details]	5,000		By balance c/d	3,000			12,000			12,000
Date																																											
	To balance b/f	10,000																																									
	To receipts																																										
	[details]	2,000																																									
		12,000																																									
	By balance b/f	3,000																																									
Date																																											
	By payment																																										
	[details]	4,000																																									
	By payment																																										
	[details]	5,000																																									
	By balance c/d	3,000																																									
		12,000																																									
		12,000																																									

Thus both the 'receipts' and 'payments' items are entered in the cash account, and the net effect the cash – in – hand of Rs. 3,000 is taken as balance brought forward for further transactions.

Following this system, participants are suggested to enter all financial transactions of 'Soap Unit' into a cash book. Trainer provides the format.

For practice purpose, participants are divided into small group of 3 to 4 women and a set of cash book form and the copy of financial transactions of 'soap unit', is distributed and explained to each group.

The final version of filled in cash book as illustrated and enclosed in the appendices – I, is displayed in the class. Trainer check with each participant if they understood the system. In case of doubt they should be facilitated to repeat the process by giving suitable example.

#### STEP – III

One of the important information for every entrepreneur is to know whether a business has earned profit or not during a particular period.

From the accounts maintained above, it is possible to work out the followings:

Total Income, and  
Total Expenses (Total Direct Cost + Total Overheads)

With these information, participants can work out the profit & loss account for a particular period. To give practice for preparing Profit and Loss Accounts, participants are given following illustration. For this purpose the data used from the case on Anita Papad referred in the previous session.  
Anita Papad

#### Profit and Loss Account for the Year ending 31 Dec. 1993

Income	Rs.	Rs.
From sales	72,000	
Other sources	3,000	
	-----	
Total		75,000
 Cost of Sales		
Stock Jan. 1, 1993	3,000	
Production cost		
Raw Materials	24,000	
Electricity	1,500	
(-) stock Dec. 31, 1993		
Production cost	2,000	
Total		26,500
		-----
		48,500
 GROSS PROFIT		
Operating & Selling Expenses		
Salaries & wages	24,000	
Rent	3,600	
Telephone etc.	3,000	
Traveling	3,000	

Commission & Adv.	7,200	
Interest paid	600	
Total Operating & Selling Expenditure		41,400
		-----
PROFIT Before Tax		7,100
		710
		-----
NET PROFIT		6,390
		-----

In this context trainer explains the following concepts:

**Income :** The profit and loss account start with the total of all the revenues or income earned during the period. For manufacturing unit, the incomes predominantly from the sales of goods.

**Cost of Goods Sold:** The cost of goods sold is computed by deducting the price of balanced stock from the total cost of old stock and new purchases during the period.

**Gross Profit:** The gross profit indicates the profit earned through the manufacturing operation and is derived by deducting the total cost of goods sold from the income.

**Operating & Selling Expenses:** These are the general administrative selling and financial, not strictly related to manufacturing process during the period. Also stands for overheads.

**Profit Before Tax:** By deducting the operating expenses from the gross profit, one arrives at profit before tax.

**Net Profit:** The figure of net profit is obtained by deducting the tax amount from the profit before tax. This is the balance retained in the business as retained earning.

Before concluding the session, trainer introduces the forms of receipts and vouchers. These are simple but necessary for keeping accounts.



## SESSION 14 : CAPACITY OF MOTIVATING & ORGANIZING WOMEN GROUP

### SESSION DESCRIPTION

Individual poor women, for various reasons, face multiple social, psychological and economic problems in starting, running & sustaining micro-enterprise. By organizing themselves in a group, they acquire strength of unity to fight successfully the social, psychological and gender specific problems. It also facilitates pooling meager individual resources such as capital, competence and labour to a meaningful functional level. Members of enterprise support teams, therefore have significant role & responsibility to motivate and organize individual poor women in functional groups.

### OBJECTIVE

All the end of the session participants may able to

- motivate & organize women to form groups
- develop the sensitivity to the needs for a group.

For starting, managing & sustaining an enterprise.

- provide experience for collaboration & resolving conflict in a group.

### PLANNING

Time - 2 hours

Pedagogy - Lecturette, discussion, simulation ,Exercise and group work.

Training Materials - 'Tiger & Goals' and charts and markers.

### PROCEDURE

Step - I

Trainer initiates discussion by inviting participants to think about the possible problems that may be experienced in setting, managing and sustaining an enterprise by a poor 'individual women.'

The possible answers by participants are listed on a chart paper. This may look like the following:

1. Lack of ideas/ knowledge
2. Lack of skills
3. Lack of capital/ fund
4. Lack of market
5. Lack of experience & competence,
6. Lack of man power/ labour
7. Lack of support from family & community
8. Opposition /hurdle from local interest groups
9. Lack of confidence
10. Lack of social freedom for mobility, and
11. Poor self-concept.

Ask participants to think – what will happen to each of these problems in case individual women organize themselves as a group?

Trainee may summarize the response under two categories:

I.Strength of Unity – useful for fighting all social psychological & gender specific problems  
Such as problems 7 to 11 as listed above.

II.Pooling Meager Individual Resources – to raise capital, competence, human resources (labour) related resources to a functional/operational level as an answers  
to problems 1 to 6 listed above.

STEP – II

In order to motivate and to experience 'strength of unity,' participants are invited to the game of 'Tiger and Goats' (Bagh and Bakarinya).

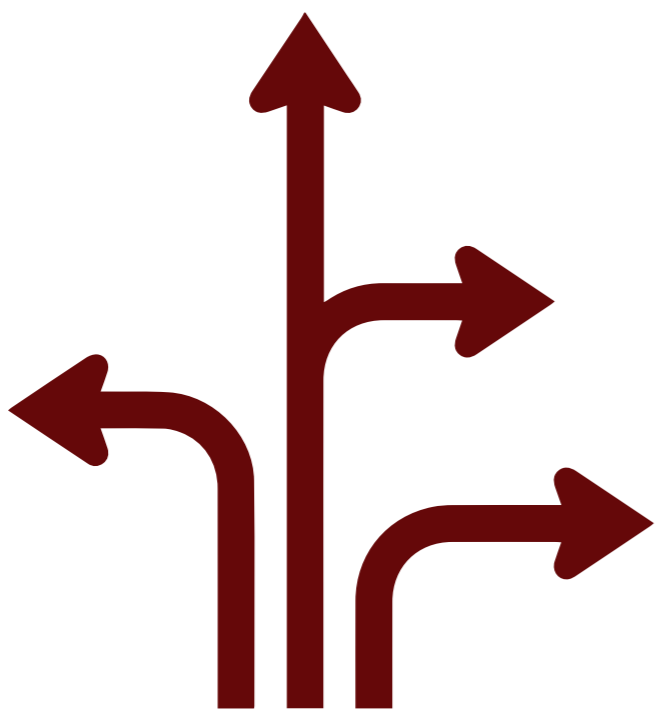
- Participants are divided in two groups – one to represent tiger and other to play goats.
- Both groups get two groups – one to represent tiger and other to play goats.
- Both the groups get different briefings as illustrated in the appendices – 1.
- Members representing goats, form a circle, plan and act upon the strategy for not allowing tiger to enter into the circle.
- On the other hand, tigers make all efforts to enter into the circle.
- Fight goes on. Trainer stops the game after some time and ask the members to share their experiences particularly highlighting the strength experienced in the group forwarding off the tigers. Tigers are identified as forces representing vested interest groups, social, psychological and gender specific problems against women running an enterprise.

PROCESS

In the game Tiger & Goats the emphasis should be on the 'strength of unity'. Experience of participants should be discussed in term of planning strategy, and acting in groups which frustrated the exploitative forces, due to group strength they could overcome the problems. From the enterprise point of view the experiences could be related to social norms preventing women to go to market without male member, building confidence by working in groups and facing vested interests like local traders, money lenders and village feuds.

## 'BAGH & BAKARINYA' (TIGER & GOATS) GAMES

This game is played by dividing participants into two groups – one small group consisting of 3 to 5 members representing Bagh (Tigers); another large group consisting of remaining participants who represent Bakarinya (Goats). Each member of Bagh group is strong, powerful, cunning and capable of deception. Whereas individual members of Goat group are not each group gets separate briefings. Briefings To Bakariyan Group – Each one of you have to play Bakari (Goat). Individually you are not strong enough to face tigers who are roaming around. But tiger will not attack when you are in group. All of you will form circle and one of you will seat in the center and eat away the goat seating there. All of you have to think & plan strategies to prevent tiger entering into the circle. You may organize watching squade, create fire etc to ward off the tiger and apply joint strength to repeal tiger or not allowing the tiger to see the goat seating in the middle of the circle. You, in the group, will think jointly strength to repeal tiger or not allowing the tiger to see the goat seating in the middle of the circle. You, in the group, will think jointly and efforts to frustrate the powerful, cunning tiger. Briefings To Tiger Group – Each one of you playing a tiger who is very powerful, cunning, dominating and roaming around to hunt goat. Yu can hunt a goat when it is alone, One of you at a time make all efforts, either by using force or applying cunning ways to enter in to the circle to eat away the single goat seating there. You may try innovative strategies like hiding and jumping, climbing tree or use space in between two goats and any other that you consider effective for entering into the circle. You can't harm the goats when they are in group and accordingly you are making efforts to reach the goat who is seating alone. The game continue till the trainer stops it. Members of each group share their experiences and also reveal the strategy plan purposed by them with consequences. While processing, trainer helps participants to identify the exploitative forces represented by tigers and the process of repealing or facing hem l actual efforts of starting and running enterprises by poor women.



## SESSION 15 :MOTIVATING & ORGANIZING WOMEN GROUP

Individual poor women, for various reasons, face multiple social, psychological and economic problems in starting , running & sustaining micro-enterprises. By organizing themselves in a group, they acquire strength of unity of fight successfully the social, psychological and gender specific problems. It also facilitates pooling meager individual resources such as capital, competence and labour to a meaningful functional level. Members of enterprise support teams, therefore have significant role and responsibility to motivate and organize individual poor women to form groups.

**STRENGTH OF UNITY :**In creation and management of an enterprise, an individual poor women face multiple and complex social and gender specific problems:

**LACK OF SUPPORT FROM FAMILY AND COMMUNITY:** Certain social norms, particularly under rural context, do not permit or at least not welcome the participation of women in business. Very often village community do not like the ideas of women going to market and negotiating with male members other than from their own family. Women once engaged in running an enterprise, naturally get less time to attend kitchen and children, which is not liked or often vehemently opposed by male members of their own family. In many family women are not supposed to take their own decision related to earning expenses and investment. Their participation in economic activity is considered encroachment in male domain.

Individual poor women always find it difficult to face the opposition / hurdle from local vested interested groups such as local traders, money lender and feudal lots who use to exploit these women as cheap labour, cheap prices of their products and services.

Women being suppressed under male dominated society and predominantly illiterate, lack experiences, confidence and set worth.

In order to overcome all such problems related to social, psychological and gender issues, they need to gather strength. Such strength are realized very easily by forming group. Working in group provides them strength of unity.

**FACILITATE RAISING RESOURCES-FINANCIAL, COMPETENCE & HUMAN:** Another purpose that is served very well by forming group, is in relation to mobilizing resources for organizing, managing and sustaining an enterprise by poor women. For creating and running an enterprise, women need variety of financial, skills & resources. Individually poor women may have some financial resources but this may not be adequate to start and run an enterprise. However, these can be raised to operational level by pooling together the meager individual resources of all group members.

Similarly individual member may have some competence / skill but she lack other competence which is available with some other individual. Group makes it possible to pool together all such resources to run different functions needed for running an enterprise.

Micro-enterprise activity involves procurement of fund, raw materials, organizing production of quality product services and marketing these and realization of sales revenue. To carry out these functions, women need to have inter-face-to-face contact with people in shops, banks, offices, markets and places out side their villages. Rural women find it difficult to carry out these activities individually. Group, however facilitates proper distribution of work for purchase, production, marketing etc. among the group members.

**UNDERSTANDING GROUP FUNCTIONING :** To work in group, requires favorable attitude, concern for others, sensitivity to other's need; effective communication and tendency to sharing resources to attain common goal. To have the full benefit of working in group, women need to understand the functioning of group.

They need to know: 'What is a group?' 'How it can perform effectively?' and 'How group formation results in raising individual meager resources to operation/ functional level?'

Group is not just gathering of people but it is a collection of people having:

- Common purpose and interest;
- Common understanding, and each one participatin activity; and
- A pre-decided rule, procedure and a chosen leader.

In order to get best out of group enterprise, women members need to involve in the followings:

- 1.Effective Participation.
2. Communication.
3. Participatory Decision Making.
4. Resolving Conflicts With Open Discussion

Women need to know these and feel motivated to practice these in group.





