

Training on IGA management

This manual is an adaptation (and translation) of the Training Manual (« Manuel de Formation de Emprunteurs ») elaborated by the Initiative Développement Savings and credit programme in Cotonou Bénin.

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Introduction

This training is to be given to beneficiaries who are intending or have already started an Income Generating Activity (IGA). It is adapted for a group of 6 to 8 beneficiaries. The training is participatory and at the end of the training, the beneficiaries are asked to give their feedback. They receive a small booklet, summing up all the concepts seen during the training and the trainer has to make sure, they'll be able to understand and use it properly. The training is given in Amharic.

Material required

- one white board or flip chart
- at least 2 benches or chairs
- paper and pens for each of the 2 groups of participant
- trainer's instruction booklet (this document)
- rope and clothes clips to attach and display the flat files
- participants' booklets to distribute at the end of the training
- specific materials for specific modules (see table below: flat files with visual representation of the situations, money boxes for the "saving" module)

Agenda of the training (the agenda can be split into 2 days)

Subject	Detail	Concepts learned	Prepared material required	Estimated Duration (hour:min)
Calculation of the Profit	How to calculate the Profit	<ul style="list-style-type: none"> • Cost price • Profit margin • Selling price 	Images on income & expenses	0:45
Maintaining of the Capital	How to keep Capital at level	<ul style="list-style-type: none"> • Unforeseen costs 	5 flat files	0:45
Family and Activity Budget	How to differentiate family budget and activity budget	<ul style="list-style-type: none"> • Domestic consumption • Activity income 	-	1:00
Stock Management	How to manage a stock	<ul style="list-style-type: none"> • Stock break • Order point • Re-order • Life of a product 	6 flat files	0:45
Necessity of Saving	Why is it important to save	<ul style="list-style-type: none"> • Saving capacity • Saving frequency • Unforeseen costs 	5 flat files 2 money boxes	1:00
Competition	How to react against competition	Take care of the 4 P: <ul style="list-style-type: none"> • Place of the activity • Product (quality) • Price • Promotion (to attract customers) 	-	1:00
Selling the products	Things to do to better sell products	<ul style="list-style-type: none"> • Consumer needs • Complementary products • Market analysis • Purchasing power 	5 flat files * 2 teams	1:00

Module structure

The trainer does not mention the theme of the training to the participants. At the beginning of each module, in the introduction part, a small story or guessing game is presented to the participant so that they have to find out which will be the theme of the module.

The observation part can be transmitted to the participants, in the way the trainer feels it more appropriate.

For each module, the trainer has to make sure that the concepts mentioned in the above table are understood by the participants. It is the role of the trainer to get feedback from the participants at the end of the training and to make sure that they remember and understand all the principles covered by the training.

Calculation of the profit

How to identify my profit?

Observation:

- how to calculate the profit by product or by quantity sold?
- selling more doesn't necessary mean making more profit (the profit margin has to be controlled)
- beneficiaries often don't control their expenses
- beneficiaries don't control the price, they sometimes decrease their price to have more customers but see their profit decreasing
- the capital is partially or totally consumed by the activity

Objective: to be able to know the profit on the quantities sold

Introduction:

Small guessing game:

I make the household happy. Whatever you are sowing, you'll get me during the harvest time. The income generating activity that you started enables you to find me. Who am I?
PROFIT

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

Phase 1: Story

Tigist and Almaz have a small restaurant activity: they buy butter, spice and vegetables and cook them to make spicy sauce that they serve together with *injera*. They feed the family members with the profit of the activity and decide to save money to buy a small place, for each one of them.

Tigist and Almaz have different habits:

- Tigist think she is managing her activity very well but she never makes any calculation to know the amount of her profit
- In opposite, Almaz is following her expenses and her incomes and control everyday her profit. She avoids biting into her capital.

One day, Almaz ask Tigist, how much she was able to save and when she will be ready to purchase the place. Tigist cannot answer because she was not able to make any savings. She doesn't know the amount of her profit and the volume of her activity is decreasing day after day. At the same time, Almaz has double her activity and has saved a lot.

Why isn't Tigist successful?

- she is not managing her activity very well and never knows the amount of the profit she makes

What are the consequences of such behavior?

- she is making various unexpected expenses
- she is using up her capital

What is Almaz's secret?

- every day she controls her expenses, income and calculates the profit. She does not touch to the capital

How will Tigist manage to get the necessary money to buy the place?

- she will calculate her profit regularly (every day)
- she will stop doing expenses that will affect her capital

Phase 2: game 1

Objective: calculate the profit based on the images that represent both expenses and income.

I sell tomatoes. I bought 3 big baskets of tomatoes for 100 Ethiopian Birrs (ETB). I took a taxi to transport them back home and it cost me 20 Birrs.

Q1 – How much did I spend?

R1 – $100 \text{ ETB} + 20 \text{ ETB} = 120 \text{ ETB}$

Q2 – I sell every basket for 50 ETB each. For how much will I sell in total?

R2 – $50 \text{ ETB} * 3 = 150 \text{ ETB}$

Q3 – What will be my profit?

R3 – $150 \text{ ETB} - 120 \text{ ETB} = 30 \text{ ETB}$

Q4 – What would happen if I sell the basket at 40 ETB each?

R4 – profit will be equal = 0

Q5- What would happen if I sell the basket at 30 ETB each?

R5 – loss will be equal = 30 ETB

Q6 – What is the lesson learned?

R6 – When, during each supplying (purchase of goods), we calculate the profit, we can avoid selling at loss and we control the expenses and can save more easily.

Phase 3: game 2

I sell *injera* together with a sauce I cook. With this basket of *teff*, I can do around 100 meals. I get the *teff* at the merkato for 50 ETB and charcoal for 15 ETB.

Q1 – How much did I spend to prepare the *injera*?

R1 – $50 \text{ ETB} + 15 \text{ ETB} = 65 \text{ ETB}$

Q2 – What is the cost of one meal of *injera*?

R2 – $65 \text{ ETB} / 100 = 0.65 \text{ ETB}$

I spend 40 ETB to buy vegetables and spice

Q3 – How much does 1 portion of sauce cost (for one meal)?

R3 – $40 \text{ ETB} / 100 = 0.40 \text{ ETB}$

Q4 – How much does it cost me to prepare one meal of *injera* and sauce?

R4 – $0.65 \text{ ETB} + 0.40 \text{ ETB} = 1.05 \text{ ETB}$

Another teff seller is selling me 2 baskets of teff for 86 ETB.

Q5 – How much is the cost of one basket of teff?

R5 – $86 \text{ ETB} / 2 = 43 \text{ ETB}$

I still use 15 ETB of charcoal to cook *injera*

Q6 – What is the cost of cooking one basket of teff into *injera*?

R6 – $43 \text{ ETB} + 15 \text{ ETB} = 58 \text{ ETB}$

Q7 – What is the cost of one *injera*?

R7 – $58 \text{ ETB} / 100 = 0.58 \text{ ETB}$

One portion of sauce still costs me 0.40 ETB

Q8 – How much does it cost me to prepare one full meal: *injera* + sauce?

R8 – $0.58 \text{ ETB} + 0.40 \text{ ETB} = 0.98 \text{ ETB}$

Q9 – Is it advantageous for me to buy teff at merkato (first seller)? Why?

R9 – No because one meal costs me more money when I buy teff at his price

Q10 – Compare the 2 cost price.

R10 – $1.05 \text{ ETB} - 0.98 \text{ ETB} = 0.07 \text{ ETB}$

Q11 – What are the lessons learned?

R 11 – It is necessary to negotiate properly to buy the goods, so that it allows a better profit. Additionally, a lower cost price allows us to better face concurrency.

Phase 4: game 3

Matha is baking dabo in front of her house. She is buying flour for 91 ETB, charcoal for 20 ETB and has to pay 15 ETB to transport her goods from the market.

Q1 – How much did she spend for all the expenses?

R1 – $91 \text{ ETB} + 20 \text{ ETB} + 15 \text{ ETB} = 126 \text{ ETB}$

She can make 600 dabo with that amount of flour.

Q2 – What is the cost price for one dabo?

R2 – $126 \text{ ETB} / 600 = 0.21 \text{ ETB}$

She sells one dabo for 0.25 ETB

Q3 – What is the selling price of the 600 dabo?

R3 – $0.25 \text{ ETB} \times 600 = 150 \text{ ETB}$

Q4 - What is her global profit after cooking all the flour?

R4 – $150 \text{ ETB} - 126 \text{ ETB} = 24 \text{ ETB}$

Q5 – What is her profit per dabo?

R5 – $24 \text{ ETB} / 600 = 0.04 \text{ ETB}$

Q6 – What would be the profit if she sells only 300 dabo?

R6 – $0.04 \text{ ETB} \times 300 = 12 \text{ ETB}$

Q7 – Every day, she is selling at least 200 dabo. What is her profit?

R7 – $0.04 \text{ ETB} \times 200 = 8 \text{ ETB}$

Q8 – She wants to save 1.50 ETB every day. How much can she spend maximum?

R8 – $8 \text{ ETB} - 1.50 \text{ ETB} = 6.50 \text{ ETB}$

Q9 – Would she be able to save 1.50 ETB if she spends 7.00 ETB per day?

R9 – No

Family and business budget

I learn to differentiate the family budget from the activity budget

Observation: it has been observed that in many cases

- beneficiaries don't make the difference between family budget and activity budget
- mix (confusion) between personal and professional expenses
- domestic consumption is not clearly quantified
- difficulties because of illiteracy

Objective: make the participants understand and adopt the principle of separation between family budget and activity budget. Quantify and take domestic consumption into account.

Introduction:

The trainer introduces the session (this can be done with a song, a short story, a joke...)

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

Phase 1

The trainer presents the different sequence of activities. Each team selects one representative to translate the sequence into a small drawing/sign (1 Birr is represented by a "I" sign and 10 Birr by a "X" sign). If the sequence is represented correctly, the team gets 2 points. If not, the other team with the help of the trainer, gives the correct answer. Each team plays after the other.

- A. Aragua has a capital of 80 ETB
- B. In order to prepare dabo, she buys flour for 50 ETB
- C. She buys salt for 1 ETB
- D. She buys 1 L of oil for 10 ETB
- E. She buys spice for 7 ETB
- F. She buys charcoal for 12 ETB

With all what she bought, she'll be able to make 380 dabo that she will sell 0.25 per piece.

Phase 2

Each team answers one of the following questions

Q1 – What is the potential income of Aragua?

R1 – $0.25 \text{ ETB} \times 380 = 95 \text{ ETB}$

Q2 – What is the potential profit of Aragua ?

R2 – Profit = Income – Costs = 95 ETB – 80 ETB = 15 ETB

Phase 3

Similar to phase 1, there is two situations to translate and similar to phase 2, there is three answers to be asked to the teams.

Q3 - Aragua is using 44 *dabo* to feed her family and gives 26 *dabo* to her friends. How much did she spend?

R3 – $(44+26) \times 0.25 = 17.5$ ETB

Q4 – She sells the 340 remaining *dabo*. What is the amount of her income?

R4 – 0.25 ETB \times 310 = 77.5 ETB

Q5 – How much of the capital did she spend?

R5 – Profit = Incomes – Costs
 $= 77.5$ ETB – 80 ETB
 $= - 2.5$ ETB (negative which means a loss)

Initial Capital – Loss = Final Capital

80 ETB – 2.5 ETB = 77.5 ETB

Q6 – How much of the capital would she have used if she had consumed 40 *dabo* and distributed 24 *dabo* only?

R6- In that case she would sell the 314 remaining *dabo*: 0.25 ETB \times 316 = 79 ETB

She would have spent 1 ETB of her capital 80 ETB – 79 ETB

Final Capital = 79 ETB

Q7 - With the first situation (Q3) what is the value of the auto-consumption?

R7 – $(44+26) = 70 \times 0.25$ ETB = 17.5 ETB

Q8 – What is the lesson learned from this experience?

R8 – Auto-consumption reduces the profit and can even have negative effect on the capital

The points gained by each team are added to determine which team has won.

Conclusion

To avoid bankruptcy, it is necessary to estimate and quantify the family consumption, in order to better control it and to compensate for it.

Maintaining the Capital

How to better manage my capital?

Observation: : it has been observed that in many cases:

- beneficiaries don't know why their capital is decreasing
- beneficiaries have unexpected personal expenses

Objective: to understand the role of the capital for the viability of the activity. The Capital is like a treasure and it should be protected.

Introduction:

The trainer reads the story of La Fontaine "The ploughman and his sons"

Work hard because this is a fund you are not in lack of...

One day, a wealthy ploughman, who felt he will die soon, called his sons and talk to them without witnesses. Avoid selling the heritage that our parents left to us. Guard well and keep every single field. Inside there is a treasure hidden.. I don't know where exactly but if you are courageous, you'll find it. When the harvest past, work and plough your land as much as you can. Search with plough and spade and rake everywhere and don't let one centimeter of soil unsearched.

Once the father died, the sons went to their land, they turned over the soil and plough every centimeter of it. That year, the soil was of such quality that it could produce better and more grain than ever.

There was no money hidden in the soil but the father did well to wisely show them, before he died, that hard work to take care of one's land is a treasure.

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

Phase 1

The trainer displays the 5 flat files on the rope one at a time, explaining the following story. The trainer doesn't give any judgment but only describes in a neutral manner the situation:

Azeb has just received a credit of ETB 500 to start an IGA

1. she buys a new dress which costs ETB 100
2. she gives vegetables to some customers who can not pay her the ETB 80 they owe for the vegetables they purchased. They agree to pay after one week but when the time has passed, they still haven't paid her back.
3. she buys ETB 90 of flour, oil, spice, sugar and makes sweet bread. She decides to leave her 6-year old daughter to sell the bread alone. The small girl eats some of the bread and is not careful while selling the bread
4. Azeb saves ETB 2 daily
5. she borrow an additional ETB 120 to make a ceremony for her child's birthday

Phase 2

Each group can observe the charts during 2 minutes, and have to list all the wrong behaviours.

Phase 3

The representative of each group, one at a time, gives behaviours they listed and explain why. The trainer writes the list on the board.

Phase 4

The trainer circles the correct answers and the group who identified most of the bad behaviours receives applause. Possibly, the trainer adds the missing elements.

Phase 5

Group discussion on the identified mistakes

Q1 – what is the direct consequence of the bad behavior of Azeb?

R1 – she'll have difficulties to rebuild the capital and to make the activity continue

Q2 – For each of all mistakes she made, propose a better behaviour

R2 – Use the capital only for the activity, not for personal reason

Avoid or limit the credit sale

Handle its activity by its own and control thieves

Not getting into debt, otherwise it will be necessary to use part of the capital to reimburse

Q3 – Can Azeb easily reimburse the credit she received?

R3 – No, because she took several risks:

- the 100 ETB spent on a new dress will not make the capital yield profit (fructify)
- if all customer do not reimburse their loan to her, she will lose part of her capital and profit
- her small daughter is not old enough to take care of the activity alone

Q4 – what does your capital represent for you?

R4 – it's like a treasure that brings profit when we work on it

Q5 – what has to be done to maintain one's capital or even to increase it?

R5- be rigorous on any credit sale I make to my customer and control them

- work on the activity myself
- do not get into debt (or reduce it to the minimum)
- invest all the capital in the activity
- invest part of the profit in the capital to increase the business.

Conclusion:

The trainer asks each of the two teams to find the missing word:

- the activity has to be held by ...
- I have to limit and control sale to keep my capital safe
- If I want to increase my activity, I have to invest part of ... in the activity
- All my capital has to be ... in the activity
- I have to avoid getting into ... in order not to use the capital for reimbursing it

(response: MYSELF – CREDIT – PROFIT – INVESTED – DEBT)

Stock Management

How to manage the stock?

Observation: in many cases it has been observed that:

- beneficiaries don't manage the selling of the products
- they do not know when to replenish their stock (when to buy new stock)
- they don't know the lifespan of the product
- they are not familiar with the notions of storage, stock control and stock inventory.

Objective: to transmit the essential notions that will enable the participant to manage and take care of the stock in order to satisfy the needs of her/his customers in the shortest possible time.

Introduction:

Small guessing game:

I'm the baby of the seller. She buys me on the market. On the way back, she carries me but not her back. When she is back home, she has to take care of me because by doing so, she will get back the capital invested in me and additional profit. Who am I?

THE STOCK

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

Phase 1

The trainer distributes 2 flat files for each of the 2 teams. The first file constitutes the beginning of the story and the second file represents the end of the story. The middle file is missing.

Phase 2

The trainer explains to each team that they have 10 minutes time to invent, create the story that happens "in between". He first describes the two files that the teams received.

Story one:

1.1 Tigist goes to the market and buys tomatoes.

1.2 TO CREATE

1.3 Tigist didn't manage her stock very well. It is the tomatoes season and tomatoes don't costs much. She makes losses.

Story two:

2.1 Almaz goes to the market and buys maize.

2.2 TO CREATE

2.3 Almaz managed her stock very well. It is maize season and it doesn't cost much. She makes profit.

Phase 3

Each representative of the groups, one at a time, tells the “between story” and the trainer and the other team judge if the reconstitution is acceptable and well presented.

Phase 4

The trainer reveals the missing flat file and attach the sequence of files on the rope, so that each participant can see them and he tells the whole story.

Story one:

1.1 Tigist goes to the market and buys 100 ETB of tomatoes. She bought a lot, more than necessary.

1.2 During the day, she is happy and welcomes her customers. She is displaying tomatoes that are dirty.

During the evening, the tomatoes are all over another, the green ones, the red ones and even the rotten ones. She is going to sleep without doing any counting

1.3 Tigist is sad and crying, she has 150 ETB in her hand and still a lot of rotten tomatoes that she will not be able to sell

Story two:

2.1 Almaz goes to the market and buys for 100 ETB maize. She buys 5 bags of maize.

2.2 During the day, the maize is drying and the buckets are well in order. She is smiling and welcoming her customer.

During the evening, the bags are well arranged. She sorts the maize (between the green ones and the yellow ones) and counts it. She is already planning when she has to go back to market to replenish her stock.

2.3 Almaz is very happy, she has 350 ETB and has only half a bucket of maize in front of her.

Phase 5

Discussion all together on the 2 stories

Q1 – how do you qualify the product of the first seller – Tigist : perishable or not? (perishable means that cannot be kept for a long time: give examples...)

Q2 - what are the lessons learned from Tigist's behaviour?

- importance of the quantity bought – not create stock for perishable goods
- control the evolution of the stock and make arrangement of stock (to sell mature vegetable first)

Q3 – how to judge Almaz’s behaviour?

- replenishment system – she took the nature of the product into account
- stock arrangement – she counts and sets the stock in order
- management of the quantity

Q4 – does Almaz have problem of being “out of stock”? Why?

- no, because she closely follows the evolution of the quantity she is selling, she can replenish her stock regularly

Conclusion:

The trainer makes the synthesis of all points seen during the training and put a stress on the important notions by making them repeated by the participants:

- make a stock inventory and arrange the stock every evening
- do no wait to be out of stock to go and buy new product
- know the quantity you have to buy
- know for which product you can create a stock (non perishable)
- know the level of replenishment

The importance of saving

I need to save money

Observation: in many cases it has been observed that:

- lack of saving habits
- unconsidered expenses on the family budget or the activity budget
- profit margin not sufficient to cover the usual expenses

Objective: to convince the participants of the advantages of saving and understand the possible uses of savings

Introduction:

Two money boxes are presented to the participants. The first one belongs to Tseganet who is smiling and the box contains a lot of money. The other one belongs to Taka who is sad and the box is almost empty. Why the money boxes' faces are represented like this? The participants have to guess the theme of the training session.

Main part:

Some pictures which represents situation are shown to the participants, the trainer asks the questions to the participants who have to select the correct answer (bold one).

Phase 1

Tseganet and Taka are two friends who are sellers in the small merkato near their houses. Tseganet is a member of an Ekub group and she is asking Taka to do the same. Taka refuses.

Q1 – Why is Tseganet member of an Ekub group?

R1 –

In order to get access to credit from the Ekub sebsabi

In order to keep money safely

In order for the sebsabi to make interest

Q2 – Among the following use of savings, choose the ones that are good and the ones that are not good

R2 –

Purchase of a beautiful gabi chosen between friends for an happening

Invest in a big ceremony to celebrate the certificate of the child

Investment in the activity's capital in order to increase income

Purchase of things that the friends are buying to do the same

Payment of a debt

Pay the school rehabilitation fee or the health treatment for the children

Phase 2

Taka comes back home after having bought a chicken for dinner and few new personal items: a pair of shoes and a scarf. Tseganet comes home and count her money in order to identify the amount that she has to save.

Q3 – Why did Taka buy all those things?

R3 –

- To cook a delicious dinner for her husband, so that he will lover her more
- To make herself beautiful for her husband
- Because she does not care about the evolution of her business
- Because she is not aware of the risks she takes**

Q4 – What are the risks that Taka took?

R4 –

- No risk because she will be well dressed, she will eat well and her husband will lover her more
- No risk because the material goods she purchased are also part of her wealth
- Her activity might go bankrupt because she spent without having calculated her profit**
- She is will not be able to face unexpected expenditures**

Q5 – What are the advantages of Tseganet?

R5 –

- She will not have to bite on her capital if she has unexpected expenses**
- She can achieve some specific objectives which require money**
- She will be able to invest part of her saving in her activity and increase her income**
- She has no advantage because her saving can be stolen

Phase 3

Tsegaye, the son of Taka, has been rejected from school because he didn't pay the school fee. Taka does not have enough money to pay it. Her activity has decreased and she is thinking back about all the new items she bought recently.

Q6 – Select the correct and the wrong statements

R6 –

- The future of Tsegaye is not secured**
- Taka is not regretting her behaviour
- Tseganet can take over the customer of Taka and increase her profit
- Taka's husband will give her a new capital
- To start again, Taka needs to change her behaviour**

Phase 4

Taka cannot handle her problems. She asks advices from Tseganet and asks her some money to re-build her capital. Tseganet tells her that she absolutely needs to participate in Ekub or to save money in a money box and that it is risky to spend without control. She advices Taka to change her behaviour in order to evolve.

Q7 – Why can we say that Tseganet’s advice is good?

R7 –

Because she points out Taka’s weaknesses

Because it will enable Taka to be aware of her mistakes and to correct them

Because Taka’s behaviour is truly damaging and have led her to bankruptcy

Phase 5

Finally Tseganet gives a loan to Taka under strict conditions, which Taka accepts smiling.

Q8 – What enables Tseganet to help Taka by giving her money?

R8 –

Compassion

Her activity level

The saving that she made

Q9 – How to determine the level of saving?

R9 – I can calculate the level of saving by calculating the profit I make daily.

Then I make the difference between that profit and the usual expenses that are necessary and that cannot be avoided (food, rent, school)

The frequency of the saving dependings on the wish and the possibility of the person who is saving

Q10 – How can I increase my saving capacity?

R10– by increasing the selling capacity with a reasonable/acceptable margin profit

- by reducing the unnecessary expenses
- by managing the stock correctly

Q11 – What are the good use of the saving?

R11- increase the capital of the activity

- achieve only precise objectives which requires money (school, purchase of a house, land,...)
- face unforeseen costs (death, health problems,...)

Conclusion

The trainer makes the participant be aware of the importance of saving money and the appropriate use for it.

Competition

I turn competition to my advantage

Observation:

- fatalistic attitude, lack of reaction in front of competition
- lack of originality in the choice of the activity
- no knowledge about selling techniques

Objective: to enable the participant to understand competition and turn it to their advantage (competition can also be opportunity)

Introduction:

Small guessing game:

Since a second seller has come next to Tizeta activity, she is only able to sell half of her injera production. What is Tizeta's problem? COMPETITION

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

The trainer asks one question to each team alternatively. If the team gives a correct answer, it receives 2 points. If the team is not able to answer, the adverse team has a chance to give an answer, which, in case it is correct, will bring them 3 points. The delay for every answer is 30 seconds.

The trainer writes the points for each team on the board. Wrong answers are represented by a red circle. After the game, the total is calculated for each team.

Phase 1: The choice of the place where the business is developed

Q1 – While looking for a market place to sell my production of injera, I found one place where 3 injera sellers are already selling their product and another place not occupied yet. In which of the 2 places do I have to install my business? Explain why

R1 – The second one because the first one will reinforce a competition situation which is already existing.

Q2 – What other things should I check to validate the choice of the second place?

R2 – Is the area pleasant and busy? Are there other shops/business that will attract/provide potential customers?

Q3 – In reaction to new sellers coming to sell next to my business place, what can I do?

R3 – door-to-door sale in the morning, and stay longer than the other do in the afternoon

Phase 2: The product or the service offered

Q1 – I sell injera, another seller is coming next to my place, what can I do to keep my customers if I don't want to move place?

R1 – Take additional care of my activity

Sell additional product together with the injera

Give free water, or lomi water to refresh my customers

Q2 – I sell maize. Because of competition, I can not reduce my selling price anymore otherwise, I risk making losses. What can I do to keep my customers and to increase their number? What can I do to increase the quality of my product?

R2 – Add one service to the product: for example, you can clean the maize from its leaves, so the customer buying your product doesn't have to do it anymore or you can grill it, so the product is ready to be consumed and the customer is saving work.

Phase 3: The price

Q1 – Other sellers have install their activity next to mine and they sell a very low price. What can I do, in accordance with them about the price, in order to keep a good part of my customers?

R1 – To get to an agreement on the price with them

To find a cheaper source to buy my merchandise/stock

Phase 4: The product promotion and advertisement

Q1 – In reaction to the additional sellers in her area, Tizeta is looking for simple advertisement that could attract the potential customers. Give her advice if:

- she is selling tella
- she is selling sweet cakes

R1 – example: "Tella which can most refresh you when you thirsty"

- example: "Delicious sweet cakes, when you eat one, you can't resist to ask for a second one"

Q2 – Besides advertisement, on which element can Tizeta work to increase her sales?

R2 – have a clean and attractive market place

- have clean plastic bags to pack the merchandise
- be smiling and nice to customers
- have clean merchandise to sell (example: wash vegetables before presenting them)

Conclusion

The trainer makes a summary with the new concepts (the 4 “Ps”):

To turn competition to my advantage, I have to care for:

- the **P**lace of my activity: choose a good location to sell my products
- the **P**rice: take the price of my competitors into account
- the **P**roduct: make sure to sell good product (quality, cleanliness,...) and to give additional or complementary services to make it more attractive
- the **P**romotion: choose appropriate advertisement and attractive package for my products.

Selling the products

I want to choose the appropriate activity

Observation: in many cases it has been observed that borrowers:

- lack originality in the choice of the activity
- do not test the activity on a small sample first
- reproduce their family's activity or the activity of their friends and neighbours
- their business does not answer to needs of the population

Objective: to enable the participant to be more original and creative in the selection of their activity

Introduction

Small guessing game:

Last time, I saw a woman in a village, who wanted to start an activity. She decided to sell drinkable water nearby a water point. What are you thinking about it? What will be the theme we will work on?

Training Session:

The participants split in two teams, each team sits on one bench or on chairs, in two separate places of the room. The trainer has to make sure every participant can see the board and the flat files.

Each team selects a representative.

Phase 1

The trainer gives 5 images to each of the team, those images are telling a story but they are not classified chronologically. Each team has to sort the images to put them in the appropriate sequence

Phase 2

The representative of the first team is telling the story. The trainer is intervening whenever a situation has to be further detailed.

1. Agnès is leaving happy with her husband Messele and her children. Messele is working and bringing the money to feed the family.

2. One day, Messele gets seriously sick and dies. Agnès has to take care of the children by herself because her family in law is not helping her.

3. To take care of her family, she decides to start an income generating activity. She thinks a lot about the activity she could start in her environment. One of her friends is visiting her and she advises her to sell personal hygiene products (such as soap, toothbrush, toilet paper...), which requires a big capital as initial investment. Then her friend proposes her to go together to the market.

4. In the market, she notices 3 sellers working near one another. The first one is selling grilled potatoes, the next one is selling beverages and fruit juices and the third one is selling injera.

5. Back home, she is still thinking and she decides to ask the injera seller if she can sell sauce next to her, which will benefit for them both. After negotiation, she accepts and even lend her some money to start. To begin, she tries to sell a very small quantity of sauce, as a test. She can sell this quantity rapidly.

6. The following days, she is increasing her production. In the same way, her income is increasing and the injera seller's as well. To increase her activity, she is making additional sauce during the afternoon. Her income is sufficient to cover all family needs.

Phase 3

The trainer asks a series of questions on the story

R1 – How do you consider the activity of a lady who sells grilled potatoes compared with the one selling water near a water point?

Q1 – The water seller can not sell her product (it doesn't interest any people because they already have access to that product). The grilled potatoes seller will sell her product easily because she developed a complementary activity, that does not overlap the existing products or services provided in the environment.

Q2 – According to you, what has to be done to choose an adapted activity?

R2 – To know the habits of people and their needs

Q3 – What is necessary to know about people (who are potential customers)?

R3 – their needs and habits

Q4 – How can we know what the people would like to buy?

R4 – To make a small study by asking them questions and to propose them a sample product and see how they react to that product

Q5 – What other thing can be also necessary to know about the target people (potential customers)?

R5 – Their purchasing power. Because it will help me to know if I can sell expensive (luxurious) product or not, if they can afford the products or services I'm proposing.

Phase 4

The representative of the second team is telling the story. The trainer is intervening whenever a situation has to be further detailed.

1. *To start her activity, Tizeta has studied the population through observation, questions asked and answers collected.*
2. *She also asks some advice to old people who have a lot of knowledge about the area and the people living around*
3. *She is buying hygienic products in merkato including: tissue paper, toothbrushes, toothpaste and some other beauty products*
4. *She is exposing her articles in a very busy road and with a small bell, she attracts the potential customer. A lot of curious people are visiting her. She is convincing them of the importance and the necessity to use those products.*
5. *Some of the people have become customers and buy things from her. Some other have said they will come later. Tizeta has seen her income increase in a very short time.*

Phase 5

The trainer asks a series of question on the story

Q1 – What kind of product does the second lady decided to sell?

Q2 – How did she proceed?

R2 – She convince the potential customer of the necessity to buy her products

Q3 – According to you, will she be able to sell? Why?

R3 – The population was expressing a desire but not really a need

Phase 6

To summarize, what is the behaviour to adopt to choose an appropriate activity?

Conclusion

The trainer makes the participants repeat the important stages to choose the appropriate activity:

- survey on the potential customers (their needs and their purchasing power)
- 3 means to develop the activity:
 - o Creates needs there were there is desires
 - o Creates new use for current products
 - o Creates complementary products

Appendix

IGA management guidelines : *Trainee booklet*

Calculation of profit

- Cost price = all what I spent for my product / activity (product, transport of the product, charcoal if I have to cook,)
- Unit cost price = global cost price divided by the number of products I made or I bought (example: number of *injera* I produced or number of kg tomatoes I bought)
- Profit margin = Selling price for one product less unit cost price
- Total profit = Profit margin multiplied by the number of products that I sell

Activity and family budget

- To avoid bankruptcy, it is necessary to estimate and quantify the family consumption.
- If I know the family consumption, I will better control my expenses and to compensate them.

Capital management

- To make sure my capital is not decreasing, I have to make sure that:
 - All the capital is invested in the activity
 - I limit and control the credit selling
 - The activity is held by myself (or by a competent person whom I can trust)
 - I avoid making debts in order not to use the capital to repay it
- If I want to increase my activity, I have to invest part of the profit in the activity

Stock management

- Before creating a stock, I have to make sure the product is not perishable (that it will conserve long enough to be kept in stock). So I have to know the “lifespan” of a product, how many days it can keep in good quality.
- I can make stock for non-perishable products only. For perishable product, I have to buy supply regularly and I cannot have big quantity in stock.
- When creating the stock:
 - I make a **stock inventory** : I count and arrange the products every evening
 - I do not wait until I am out of stock to go and buy new products
 - I have to know the **quantity** I have to buy:
 - not too much otherwise, I will keep my products for a long time and it can deteriorate
 - not too few because I have to be able to satisfy my customers’ needs and cannot fall out of stock

Savings

Savings money is important because it constitutes a safety net that I can use in case I face unforeseen expenses.

- By calculating my profit regularly, I'm able to determine:
 - My saving capacity: the amount in ETB I can save
 - How often can I save: if I can save this amount every day, every week or every month

Competition

- To turn competition to my advantage, I have to care for:
 - the **Place** of my activity: choose a good location to sell my products
 - the **Price**: take the price of my competitors into account
 - the **Product**: make sure to sell good products (quality, cleanliness,...) and to give additional or complementary services to make it more attractive
 - the **Promotion**: choose appropriate advertisement and attractive package for my products

The product / The activity choice

- To choose an appropriate activity, I have to:
 - know the **needs** and the **purchasing power** (capacity of buying) of the potential customers (by conducting a survey, asking question)
 - to start the activity at a sample level (low level) to be able to test it and see if it is attractive for the customers
 - 3 means to develop the activity:
 - Creates needs there were there is desires
 - Creates new use for current products
 - Creates complementary products