

Setting up and managing a small enterprise

A guide for the Pacific



LIVE&LEARN
Environmental Education





Australian Government
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Adapted from the 'Basic Business Management' training program developed by the Cooperative and Small Business Training Institute, Lami, Draunibota, Fiji Islands. Live & Learn Environmental Education acknowledges and thanks the Cooperative and Small Business Training Institution for providing permission to use this workbook in its Sanitation Enterprise training.

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Setting up and managing a small enterprise: A guide for the Pacific

This basic business management workbook is designed to support the establishment of sanitation enterprises in Pacific communities. It has been adapted from the 'Basic Business Management' training program developed by the Cooperative and Small Business Training Institute, Lami, Draunibota, Fiji Islands. Live & Learn Environmental Education acknowledges and thanks the Cooperative and Small Business Training Institution for providing permission to use this workbook in its Sanitation Enterprise training.

Who is this resource for?

This workbook aims to support the establishment of small enterprises in the Pacific, particularly those that seek to improve community-based sanitation.

Objectives of this workbook

- Raise awareness of business fundamentals, processes and risks.
- Guide participants on how to conduct a business operation in order to make a profit.
- Support the understanding of business discipline.

What's in this resource?

This resource explores the following topics:

- What is a business?
- How does a business survive?
- Assessing your business idea
- Business vision and leadership
- Market assessment and developing a marketing plan
- Costing and pricing
- How to get started
- The different forms of small businesses
- Record keeping
- Sales forecasts
- Cash flows; profit and loss projection

This workbook is organised into six modules:

- Module 1: Business awareness
- Module 2: Business ideas and how to find them
- Module 3: Business vision
- Module 4: Marketing

- Module 5: Business models and registration
- Module 6: Record keeping and cash management

How to use this resource

This resource is designed as a workbook for participants to capture and note their key thoughts and points as they work through each module. Each module is organised into three sections: background information, activity/worksheets and reflection. This simple structure aims to support the achievement of the learning objectives of each module, however, the material throughout this resource can be tailored to suit the training requirements and needs of the learners.

This entire workbook (or selected worksheets) can be photocopied and distributed to participants during financial and business training”.

Worksheets

The worksheets included in this resource are practical exercises to start to develop structure around your business ideas. The worksheets can also be used to develop a Business Plan for your business idea.

The worksheets included in this resource are:

- Worksheet 1: What’s your business idea? p.13
- Worksheet 2: Assessing the risk of your business idea p.14
- Worksheet 3: Assessing the Challenges, Opportunities, Weaknesses and Strengths of your business idea p.15
- Worksheet 4: Your Vision and Mission p.18
- Worksheet 5: Customer analysis p.22
- Worksheet 6: Competitor analysis p.24
- Worksheet 7: Developing your Marketing Plan p.26
- Worksheet 8: Start up capital or project costs p.27
- Worksheet 9: Daily cash book p.34

To support the understanding of key business terms used throughout this resource, these terms are italicised and listed in the Glossary on page 38 for reference when required. We encourage that you also record other relevant business terms and share them with your fellow learners when relevant.



Module 1: Business awareness

Learning objectives

At the end of this module you will be able to:

- understand what a business is
- describe why some businesses fail
- understand some of the rules of setting up a small business
- understand how businesses survive.

What is a business?

A business is an activity carried out by a person or group of people in which they manufacture, produce or deliver goods or services to earn an *income*. All businesses exist because they solve a problem and fulfil a need. A business can be described as 'problem-solving for a *profit*'.

What is a 'profit'?

The *selling price* is the price of which something is offered for sale. The *profit* made on the sale is the money left over once you take away what was spent producing the goods or services (such as making the product, marketing and distributing the product).

How do businesses survive?

In order for a business to survive, its *income* needs to be greater than its costs. If *income* is the same as cost then the business will 'break-even'. There are risks to the business if it continues to break even and does not generate a *profit*. These risks include unforeseen expenses such as additional manufacturing, staff or distribution costs. If your business is only breaking even, you might struggle to find the extra money you need to cover unforeseen expenses. Therefore, any *profit* generated from a business needs to be spent wisely and not wasted. *Cash reserves* should always be available to cover unforeseen costs, to grow the business or to invest in research and development in order to keep up with changes in costs and customer preferences.

Rules for small businesses

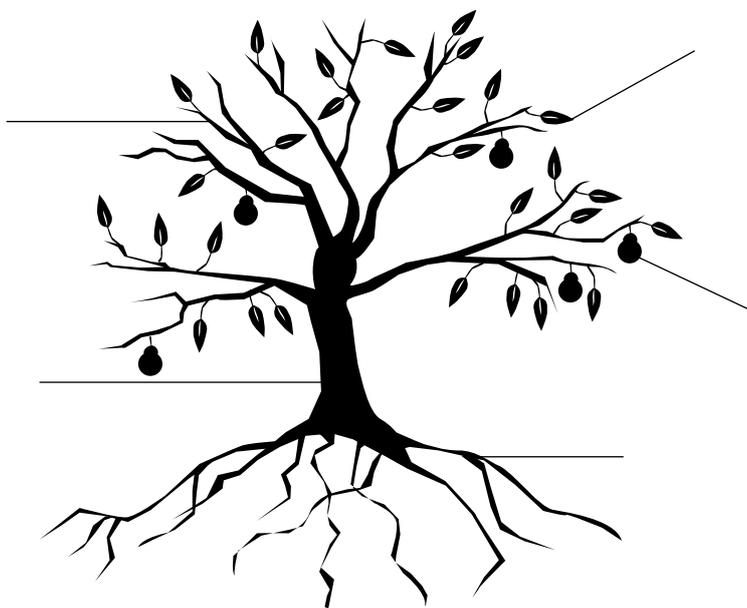
Here are some basic rules to consider when establishing a small business:

- Separate business from family
- Understand your *customers* and provide good service
- Understand the strengths and weaknesses of your *competition*
- Maintain a positive *cash flow* (most businesses fail because they run out of cash)
- Implement an effective *Marketing Plan* based on the *competitive advantages* that the business has. In other words, what is it about the goods or services you're producing and selling that makes them different/better than your competitors'? (More information on how to develop a *Marketing Plan* is presented in Module 4.)

ACTIVITY

Business Tree

This picture of a tree represents a small business. Give your 'Business Tree' a name. Next, write down what you think each part of the tree represents. (If you need help, refer over page for some ideas.)



Possible points that might help

Here are some points that can help you develop your 'Business Tree'.

Roots: Roots are the base, the foundation of a tree. They absorb nutrients. The firmer the roots, the stronger the tree.

Branches/stems: These take nutrients from the roots and carry them around the tree.

Leaves: Leaves absorb light and use it to create food. The leaves reflect the health of the tree.

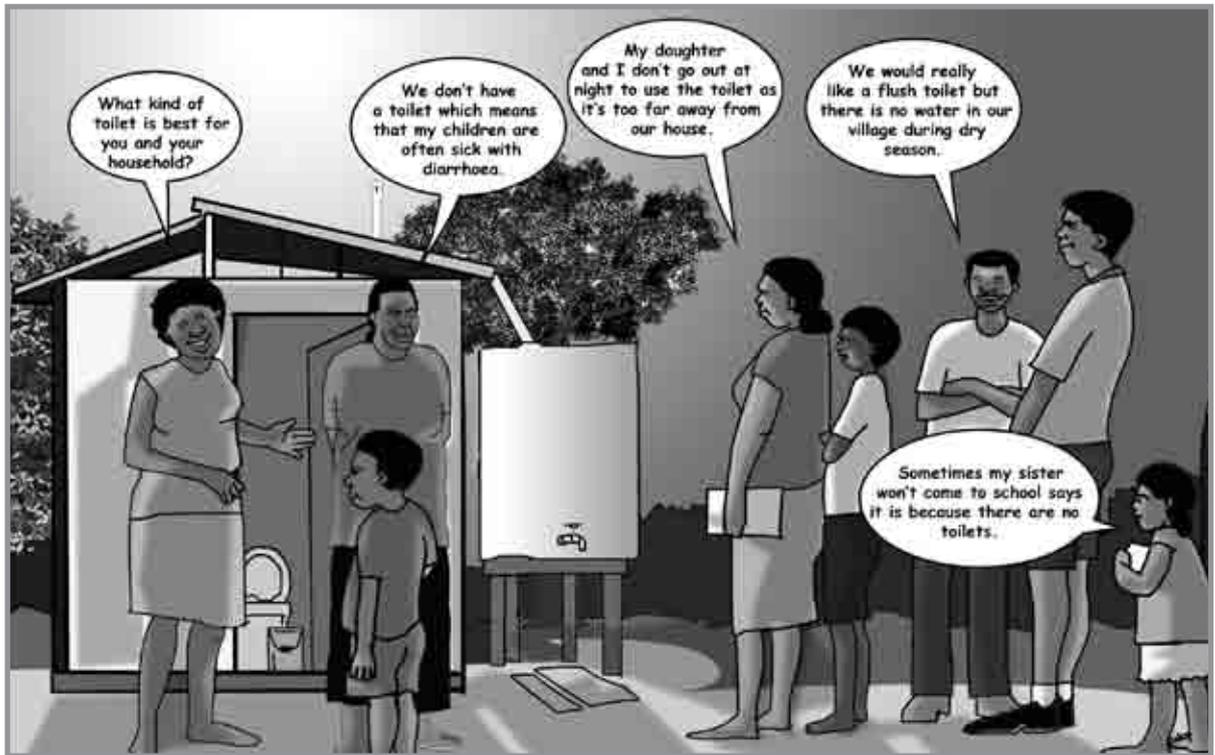
Fruit: The fruit are the results produced if the tree is healthy.

Reflection

To ensure that you have absorbed the key concepts in this module, consider the following questions:

- What is a business? How do businesses survive?
- What are some of the different businesses that exist in your community?
- Why do people want to go into business?
- What's your understanding of the following statements: 'A business is a living and breathing thing', 'A business has its own unique character.'
- A business can have many risks and problems. What are some of the reasons businesses fail?





Module 2: Business ideas and how to find them

Learning objectives

At the end of this module you will be able to:

- understand how to look for business ideas
- understand that some of the reasons for starting a business may not be the right reasons
- understand how to choose the 'right' business ideas
- prepare a COWS analysis
- understand what business ideas might work best over others

Why do people want to start a business?

You must be very clear about the reasons you want to set up a business. Setting up a business requires investment of your time, cash and of other people's cash. The reasons for setting up a business must be well thought-out before you decide to proceed.

ACTIVITY

Place a tick (✓) next to the reason why you might want to start a business

Reason you might want to set up a business		✓
1.	Because someone else is doing it	
2.	Because the community wants you to do it	
3.	It looks easy	
4.	Easy money	
5.	You feel you have the skills needed and can use them effectively	
6.	There is a need in the community	
7.	You want to make a success of your life and be self-reliant	
8.	You are prepared to put in the effort and hard work to get the rewards	

If you answered 1–4, you might want to reconsider your reasons for setting up a business. If you answered 5–8 then your chances of success are greater!

Developing your business idea

Your business idea will depend on a range of factors including your skills, access to other people's skills, the need for the business, the opportunities that exist and what you like to do. All these elements can combine to strengthen your business idea.

Assessing your business idea

- What are the main reasons you want to set up a business?
- Do you often make firm decisions?
- Do you possess the technical skills needed?
- Does your product(s)/service(s) have a place in the market?
- How many businesses will you be competing with?
- Is it easy to implement your business ideas?
- Could your business idea have a negative impact/effect on the environment?

Risk assessment

It is important that you assess the risks, effects and solutions of your proposed business to determine its feasibility. Risks are an inevitable part of any business. How the risks are identified and managed determines the success of your business.

WORKSHEET 2

Assessing the risk of your business idea

Use this worksheet to identify the risks and potential problems of your business ideas and ways to minimise and eliminate these.

Risks/problems	Ways to minimise/eliminate risks

Assessing Challenges, Opportunities, Weaknesses and Strengths

The Challenges, Opportunities, Weaknesses and Strengths (COWS) analysis tool is a good way to further analyse your business ideas and work out which ones are worth pursuing.

WORKSHEET 3

Assessing the Challenges, Opportunities, Weaknesses and Strengths of your business idea

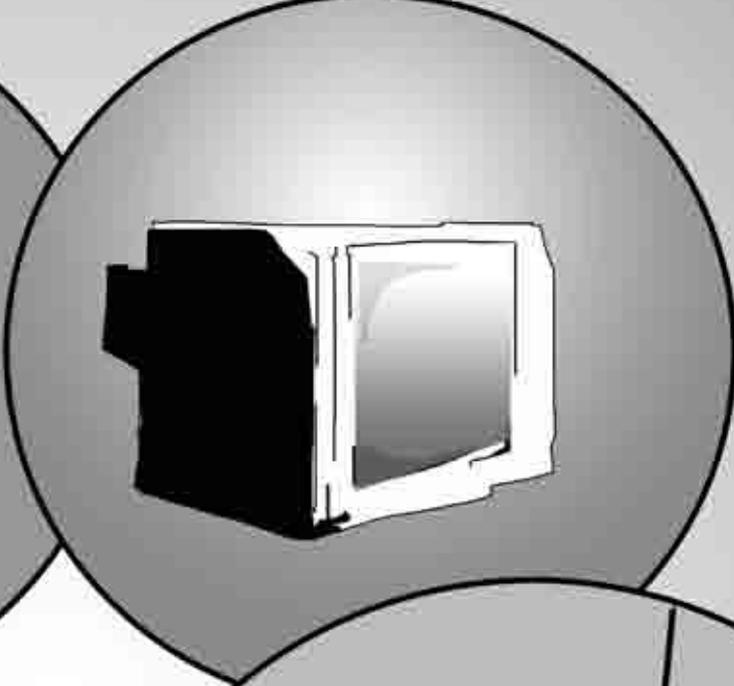
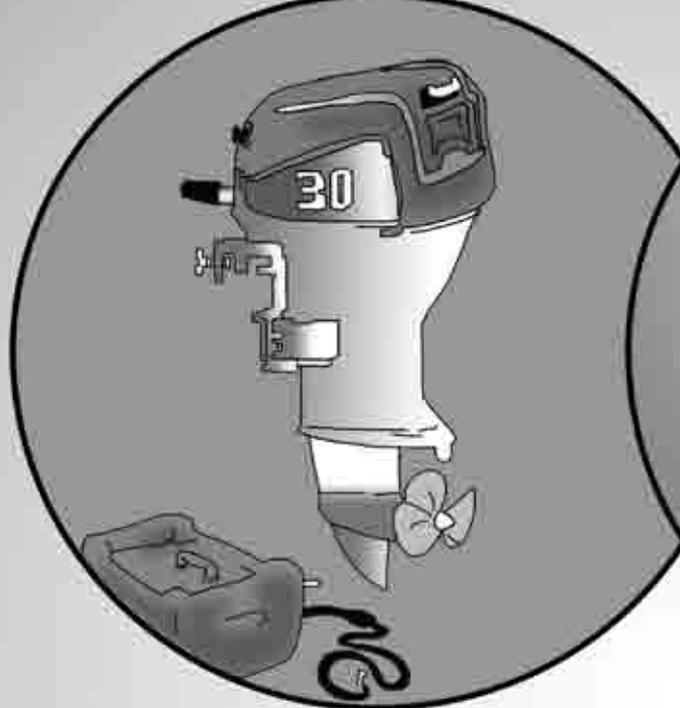
Use this worksheet to assess the COWS of your business idea.



Reflection

To help ensure you have absorbed the key concepts in this module, consider the following questions:

- Where is the best place to start looking for business ideas?
- What are some reasons you might want to start a business?
- What are the 'right' reasons to set up a business?
- What business ideas might work in your community?
- What are some ways you can assess the risk of a business idea?





Module 3: Business Vision

Where there is no vision the people perish.

Learning objectives

At the end of this module you will be able to:

- describe your business *Vision* and *Mission*
- identify business values
- understand the fundamentals of good leadership.

Developing your business Vision (business aims)

A business *Vision* is a broad picture of what the owner wants his or her business to become in the future. It presents the business aims, and highlights beyond what the business is to what the business could be. A *Vision statement* outlines your *vision* for the business. Because it presents your dreams and your passions, a *vision statement* will also serve as a leadership vision.

E.g. *Vision statements*

A tailor's *vision* might be to: 'To be the best tailor in the town.'

A computer company's *vision* might be: 'To present affordable computer solutions for the whole community.'

Mission (objectives)

A *Mission* helps a business define its present nature as well as what it needs to do in the future. For example, a *Mission Statement* should say WHO the business will serve, WHO is involved in the business, WHAT the business will offer, and HOW the business will provide the product or service to the *customers*.

WORKSHEET 4

Your Vision and Mission

Use this worksheet to write your business' *Vision Statement* and *Mission Statement*.

Write the Vision Statement for your business in the space below:

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Write the Mission Statement for your business in the space below:

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Business values

Values are what we uphold and treasure most in life. Business values are those principles we adhere to in our business.

Life/business values

Life values	Business values
Quality	Consistency
Honesty	Efficiency
Friendliness	Timeliness
Respect	Quality
Cleanliness	Friendliness
Integrity	
Transparency	
Who are the leaders in your community? List the life and business values they uphold that you most admire.	

What is leadership?

Owning and running your own small business means that you will have to show leadership. Although you may not feel comfortable being a leader, the success of your business depends on your leadership *vision*, strength, skills and ability to give direction.

Here are five key points to help you strengthen your leadership skills:

1. A leader plans.

A key leadership skill is having the ability to be proactive rather than reactive. Proactive means creating or controlling a situation by causing something to happen rather than reacting, or responding to it after it has happened. Leaders are good in a crisis – but they also need to ensure that they plan ahead in order to minimise the risk of a crisis occurring. Good leaders analyse, plan and adapt their plans to suit new circumstances and opportunities.

If you fail to plan, you plan to fail.

2. A leader has a *vision*.

Vision is essential to good leadership. *Vision* provides direction, and without direction, there's not much to plan for.

3. A leader shares their *vision*.

Sharing your *vision* helps it to grow and develops your leadership. As you share your *vision* with others, you will strengthen your own belief in it. This will strengthen your determination to make your *vision* become a reality. Other people will start to see you as successful. Your leadership skills will grow as you and other people recognise your leadership potential.

4. A leader takes charge.

At this stage of leadership, you put together your planning and your *vision* and take action. Whether this means implementing a specific plan to improve your business' *profits* or responding to a crisis, you, as the leader, are the one who makes the decisions and ensures that the appropriate actions are carried out.

5. A leader inspires through example.

Leadership is defined through action. Therefore, in developing your own leadership skills, you need to act in ways that are fitting to your leadership *vision* and yourself. We can all list the actions of people whom we admire, but what inspires us is the integrity that gives these actions meaning.

Becoming a leader isn't easy because it takes a conscious commitment and consistent effort to develop one's leadership skills. But on the positive side, anyone who is willing to make the effort can become a good leader.

And because good leadership is critical to business success, your efforts to improve your leadership skills will be rewarded. By working on these five key points of leadership, you can become the leader your small business needs.

Source: <http://sbinfocanada.about.com/od/smallbusinesslearning/a/leadership1.htm>

Reflection

To ensure you have absorbed the key concepts in this module, consider the following points:

- The *Vision* of the business should be clear and understood by everybody involved.
- Your *Vision Statement* or *Mission Statement* should focus on your desired destination or *Vision*.
- Values should be upheld and put into practice.
- When stormy weather and rough seas come your way, look to where you last saw the light!



Module 4: Marketing

Learning objectives

At the end of this module you will be able to:

- identify potential *customers* and how they will need and use your products or services
- understand the importance of developing a *Marketing Plan*
- find out how to assess the strengths and weaknesses of your competitors.

What is marketing?

Marketing is the delivery of products or services to satisfy the needs of your *customers* at a *profit*. Its core function is to satisfy and maintain existing *customers* and win new ones, resulting in a *profit*.

Two key marketing considerations are: the CUSTOMER and the COMPETITION.

What are 'customers'?

Customers are the people who buy your products or services. They generate your *cash flow* by purchasing what you are selling – no *customers* means no cash. *Customers* are your business' most important *assets*. Your business decisions need to revolve around your *customers*.

Who are your customers?

Your *customers* are the people who already buy your product/service and those who will buy your product/service.

Customers buy for a number of reasons:

- quality of the product
- authenticity or validity of you as the provider
- reliability of the services
- attractiveness of the packaging
- price
- customer service
- other factors, such as relatives, religious and personal beliefs.

WORKSHEET 5

Customer analysis

Use this worksheet to work out what who your customers are and what they will want to buy. This will help you plan and manage production of your goods and services.

Place a tick (✓) inside the box that best describes your customer.

Who will your *customers* be?

- Individuals
- Families
- Communities
- Businesses
- Other: (please list) _____

Age

- Elderly
- Adults
- Parents
- Children

Gender

- Mostly male
- Mostly female
- Both

Location (live/work)

- Nearby
- At some distance
- Far away
- Children

Income levels

- High
- Medium
- Low

Number of customers:

How often will they buy this product or service?

- Once
- Daily
- Weekly
- Monthly
- Yearly
- Other: (please list) _____

How much will customers buy each time? (please list) _____

Future size of market (Will the market/or number of customers increase?)

- Increase
- Decrease
- Stay the same

Why do your *customers* want/need this product or service?

.....

.....

.....

Preferences of *customers*:

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> Size | <input type="checkbox"/> Colour |
| <input type="checkbox"/> Price | <input type="checkbox"/> Convenience |
| <input type="checkbox"/> Other features: (please list) | |

.....

.....

Understanding your competition

Your *competition* are those people, organisations or businesses that are producing or selling similar goods and services and are competing for your *customers'* money. This means that your *customers* may prefer to buy from your competitor rather than from you - which means fewer *customers* and less *profit* for your business.

It is critically important to know your *competition*, to find out the goods or services they sell, their *selling prices* and where they sell. It is also important to know the weaknesses of your competitor's businesses. These might actually present opportunities that you can use to strengthen your business.

Who are your competitors?

- Those who sell exactly the same product or service.
- Those who sell similar products.
- Those who may want to copy your product.
- Those who are hoping to divert the cash your *customers* pay you for your product/service to support their business instead.

WORKSHEET 6

Competitor analysis

Use this worksheet to assess your competitors.

Characteristics	Competitor 1	Competitor 2	Competitor 3
Name of competitor			
Type of product			
Prices			
Quality			
Equipment			
Staff skills/pay			
Location			
Distribution			
Promotion			
Other products/services			
Major strengths			
Major weaknesses			
Given this information, I can improve my business in the following ways:			

What is a Marketing Plan?

A *Marketing Plan* is a strategic document that helps you concentrate your limited resources on the greatest opportunities to increase sales and achieve a sustainable *competitive advantage*. A *Marketing Plan* is comprised of the 4 Ps – Product, Price, Place and Promotion. In order for your business to make a *profit*, it needs to have the right Product (What are you offering for sale?), at the right Price (What is the customer willing and able to pay?), available for purchase in a Place that the customer can easily access, through effective Promotion (The ways in which the key features of the product are 'sold' to the customer).

What is 'pricing'?

Pricing is one of the most important, if not the most important, decisions in business. In the 4 Ps discussed above, pricing is one of the factors that will help you to convince your customer to buy your product. However, sales alone are not enough. Your price should also give you enough *profit* to help your business grow and develop.

What are 'business costs'?

'Business costs' include all the money spent by your business to make and sell your products or services.

Costing is the way you calculate the total costs of making and selling a product or providing a service.

Every business has costs. Businesses vary in their costs and costings.

Importance of costing

A costing is how you work out what your expenses will be and how much you need to sell your product or service for in order to make sure your business makes a *profit*. It is important to list all the money spent in the production/making of your product or service. Setting your *selling price* will help you to know how much you can afford to spend and how much you need to sell. This will help you to control costs, make better decisions and plan for the future.

How to cost your products/services

If you have more than one product or service, determine your *break-even cost* of production by dividing the total costs by the quantity of products you are producing:

$$\frac{\text{TOTAL COST}}{\text{Quantity/number of products}}$$

Your *selling price* should have a *profit margin*. This is the amount of money that will be left over after your costs have been covered. This money can be reinvested into the business or can act as a safeguard in case of unforeseen costs. Your *selling price* will also be determined by the following factors:

- your *customers* (market)
- the buying power of your *customers* (market)
- the level of *competition*
- innovation in how you produce and distribute your products. Innovations that reduce these costs will enable you to reduce your *selling price*, which will result in more people buying your goods or services, leading to greater *profit* for your business.

WORKSHEET 7

Developing your Marketing Plan

Use this worksheet to develop your *Marketing Plan*.

Product and price

Product/service	Mode of sales (How you will sell your product/service?)	Unit <i>selling price</i> (What will you sell the product/service for?)	Competitor's <i>selling price</i> (What will your competitor sell their product/service for?)

Promotion: How will you 'sell' or promote your product or service? What media or promotional tools will you use to sell the product or service (e.g. community meetings, posters, TV or radio advertising, market stalls, etc.).

Promotional tool (E.g. posters, radio, community presentations, newspaper etc)	Where?	When?	Estimated cost

Place: Where will your *customers* be able to buy your product or service? Is the location convenient, close to your *customers*?

.....

.....

WORKSHEET 8**Start-up capital or project costs**

Use this worksheet to work out your start-up *capital* (this is the amount of money you have to spend on getting your business started) and project costs.

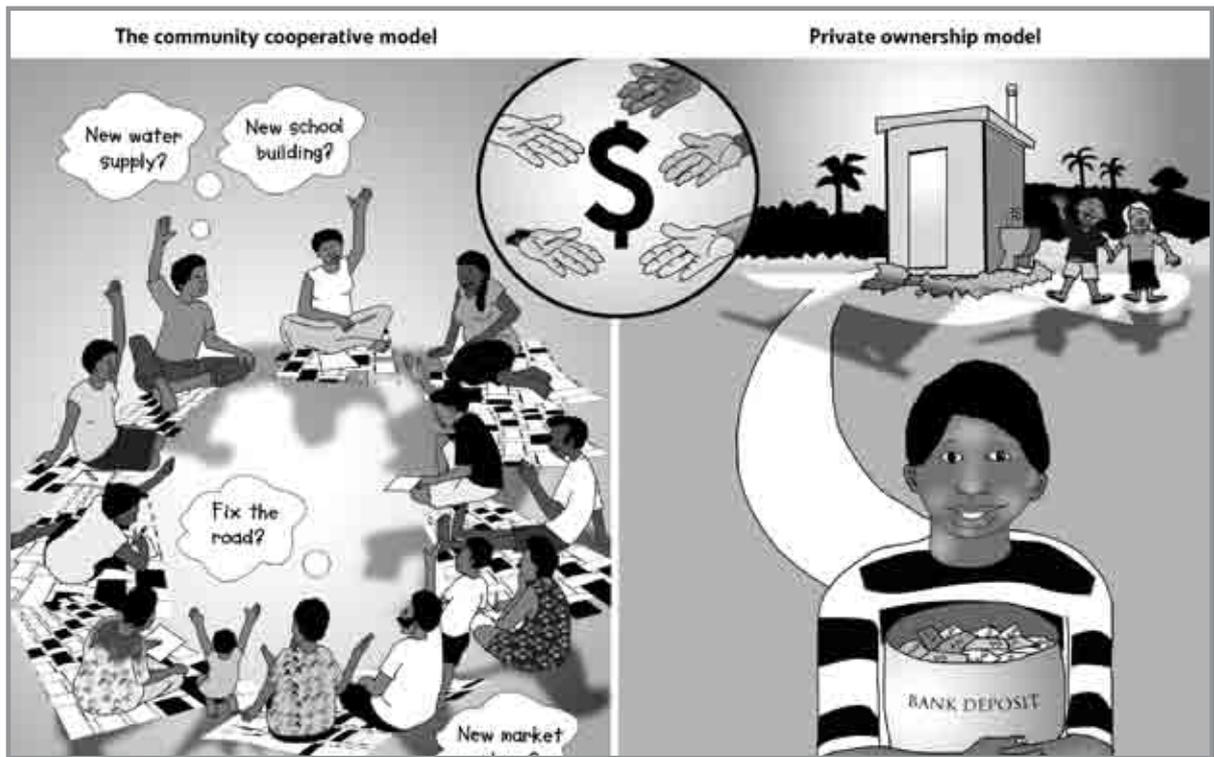
No.	Description of items	No. required	Unit cost	Total cost	Owner's contribution	Loan or external source
A.	Fixed assets you have					
1						
2						
3						
4						
5						
6						
7						
8						
9						
	Total fixed assets					
B.	Pre-operational cost (costs the business incurs to get it up and running)	Daily	Weekly	Total per month		
1						
2						
3						
4						
5						
6						
7						
8						
	Total pre-operational cost					

C.	Working capital (1st Month)	Daily	Weekly	Total per month		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
	Total working capital					

Reflection

To ensure you have absorbed the key concepts in this module, consider the following questions:

- How can you identify potential *customers* and their needs or uses for your products or services?
- What is 'marketing'?
- What are the key components of a *Marketing Plan*?
- Why is it important to assess the strengths and weaknesses of your competitors?
- What are some ways you can assess your competitor's strengths and weaknesses?
- Why is it important to cost your products and services?
- What are the different types of costs in a business?
- How can you work out a *selling price* for your product or service?
- What are some factors affecting your *selling price*?



Module 5: Business models and registration

Learning objectives

At the end of this module you will be able to:

- acknowledge that there are different legal forms of businesses
- identify the advantages and disadvantages of each legal form
- identify the most suitable legal form for your business.

Legal forms of business

Legal forms of business must comply with national laws and regulations. The legal form of business you select will be based on:

- your skills
- the needs of the community.

The common legal forms in your country may include:

- Sole Owner/Sole Trader
- Partnership
- Limited companies
- Cooperatives

Sole Owner/Sole Trader

- Only one owner of the business
- Easiest and cheapest form of business
- Sole Owner/Trader makes all decisions, keeps all the *profit* and controls all *assets*
- Little *capital* will be required for setting up
- The most risky form of business
- Owner is responsible for all the debts. Even personal property can be used to pay business debts.

Partnership

- Two or more partners agree to own and run a business. The more partners, the more complicated the business. However, the partners may contribute skills that you do not have.
- A written agreement should be made. A weak agreement or having no partnership agreement at all can destroy a business. The agreement must include:
 - the type of business
 - how *profit/loss* is to be divided
 - duties/responsibilities of each partner
 - how much each partner contributes to the business.

Limited companies

- Complicated and expensive
- Can be established by one person
- Must seek assistance before setting up
- *Profits* taxed
- Shareholders can work and get paid
- Has a Board of Directors who will be responsible for the business
- The Board can appoint one or more managers to run the business
- Shareholders get a share of *profits*
- Decision making can be influenced by many people.

Cooperative

- Community-based business in which each member of the cooperative has equal rights and obligations
- Members volunteer to benefit common goals through jointly owned and democratically controlled enterprises.
- *Profit* could be used for community projects such as building a school or a water supply.

Select the right form of business

You can start as a Sole Trader and later become a partnership, limited company or cooperative.

Selecting a legal form of business affects the:

- cost of starting and registering a business
- simplicity of starting the business
- financial risk of the owner
- how decisions are made
- taxation of business *profits*.

Business registration – compulsory

It may also be important for you to register your business. You will need to liaise with the appropriate agencies in your country to establish the legal and taxation obligations when setting up your business.

Reflection

To ensure you have absorbed the key concepts in this module, consider the following questions:

- What legal forms of businesses exist in your community? Are they successful?
- What are the advantages and disadvantages of each legal form?
- What would be the best legal form for your community or for your business?
- What factors in the community will determine this?

BANK





Module 6: Record keeping and cash management

Learning objectives

At the end of this module you will be able to:

- understand the basic steps of keeping records in the business
- understand the type of records and how to use them
- understand the importance of record keeping.

What are 'business records'?

A business record is a document that records a business dealing. These records contain essential information that you require to ensure the sustainability of your business. This includes:

- money coming in
- money going out
- people who owe you money
- people you owe money to.

General Ledger

This is where you note down all the transactions you have recorded elsewhere so you can get an overall view of your business.

The rule of double entries applies

It is important that every entry in your record book is balanced out by another entry. For example, if you sell an item you get cash coming in, but the value of the goods you have on hand is reduced by the same amount. This is called the rule of double entry.

Sold goods for cash for \$60.00 = Amount of goods being sold

Cash in of \$60.00 = Amount of goods out of \$60.00

Debit (DR) cash \$60.00 = Credit (CR) goods \$60.00

ACTIVITY

Mrs. J started her business with \$600 cash from her savings. Complete the transaction below to determine the amount of cash she has at the end of the week.

Daily Cash Book				
Date	Description	Cash in	Cash out	Balance
18.08	Opening Cash	600.00		
	Grant - LLEE	1850.00		
	Purchase of materials		600.00	
	Wages – carpenter		128.00	
	Travelling		45.00	1677.00
20.08	Paint		75.00	
	Food for 1 week		100.00	1502.00
22.08	Deposit – Bank		450.00	
	Purchase of farming equipment		125.00	
	Shares received	251.00		
	Deposits – Bank		250.00	928.00

Fill the above transaction into your General Ledger

Bank/cheque account

Use this format when using cheques to pay for items. When you open a current cheque account you will have access to a cheque book. Use this format to record cheque transactions and any *income* received by cheque.

Date	Description	Cash in	Cash out	Balance
18/8	Opening balance*	1,000.00		
20/8	Pay for paint		250.00	750.00
21/8	Cash deposit	450.00		1,200.00
22/8	Cash deposit	250.00		1,450.00

*Money deposited into bank to open a cheque account

Project costing

It is important to estimate your monthly cash *income* to ensure that you can cover all the costs of producing your goods or services. Here is an example of a monthly sales projection.

Sales projection – monthly			
Products	(a) Number to sell (Monthly)	(b) Unit selling price	(a x b) Total selling price Unit selling price Number to sell

Profit and loss statement

The profit and loss statement can tell you a lot about how a business is doing. It can also help you to determine ways in which you can save money.

Here is an example of a profit and loss statement.

Profit Loss Statement	
For dates submitted between 06/01/11 to 05/03/11	
Income Category	
Grant	
Sales	\$579.00
Total income	\$1065.77
Expenses Catagory	
Electricity	\$210.00
Entertainment	\$55.23
Food	\$34.27
Rent	\$115.00
Travel	\$455.00
Total expenses	\$869.50
Net income	\$775.27

Reflection

To ensure you have absorbed the key concepts in this module, consider the following questions:

- What are the basic steps of keeping records in the business?
- What are the types of records and how do you use them?
- What is the importance of record keeping?

Glossary

Assets: Property owned by a person or company (such as equipment, vehicles, land or buildings).

Break-even: When the amount made equals the amount spent to produce the goods or services.

Capital: Cash or goods used to generate income

Cash flow: The total amount of money being transferred in and out of a business.

Cash reserves: The money available to fund expenses beyond what the cash flows provide for a period of time.

Competition: Those products, people or companies who are producing or selling similar goods and services and are competing for your customers' money.

Competitive advantage: The means in which business owners can maintain an advantage over their competition.

Customers: the people who buy your products or services.

Income: The amount of money received in a period of time in exchange for goods, services or labour.

Marketing plan: A process that can allow a business or organisation to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

Mission: A mission helps a business define its present nature as well as what it needs to do in the future.

Mission statement: Outlines WHO the business will serve, WHO is involved in the business, WHAT the business will offer, and HOW the business will provide the product or service to the customers.

Profit: The difference between the money earned and the money spent in buying, operating or producing a good or service.

Profit margin: The amount of money left over after your costs have been covered that can be reinvested into the business or used as *cash reserves* in case of unforeseen costs.

Selling price: The price of which something is offered for sale.

Vision: A broad picture of what the owner wants his or her business to become in the future.

Vision statement: Outlines your vision for the business.

(Most definitions used throughout this resource are from Wikipedia, see www.wikipedia.org).

Feedback

Please help us to improve this booklet. Let us know what you think by answering the questions below and sending them to us. We suggest you photocopy this form or write/type out the questions and your responses, rather than tearing out this page, so other users of these materials can also tell us what they think. You can fax or mail this form to one of the Live & Learn offices listed on the inside of the front cover. Or you can provide feedback via email: resources@livelearn.org

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Was there information that you think was missing?

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