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Foreword

Since its foundation in 1905 as a small, regional school of agriculture, the Nova Scotia Agricultural College (NSAC) has evolved to become one of Canada's leading centres for education, research and public service in the science and management of agriculture and related disciplines. Global outreach and exchange programs, industry partnerships and collaborative efforts with major Canadian and international universities and colleges create a dynamic campus environment that brings vitality to the classroom and to our research and outreach activities.

The NSAC has been active internationally for over twenty years. College faculty, staff and students have managed and participated in international development projects in countries as diverse as Colombia, Jamaica, Estonia, The Gambia and China. Today, through the offices of NSAC International, the College takes a leading role in the dissemination around the world of knowledge and expertise in agriculture and agri-food. A key aspect of the College's international activity is developing long term partnerships with other universities and colleges, government agencies, NGOs and the private sector.

The NSAC has a long history of working with Ghanaian partners to assist in the development of the country's agricultural sector. In 1992-1995, for example, the NSAC worked with St. Andrew's College, Mampong-Ashanti to upgrade their staff and facilities. The project was designed to strengthen SAC's ability to train teachers in relating science and agriculture to rural life. Technical assistance allowed the upgrading and development of facilities to enhance productivity and practical teaching of sustainable farming practices.

In 1995 the College began the design of an Agri-Entrepreneurship Project in the Northern Region of Ghana. After extensive talks with the Ghanaian government and potential academic and NGO partners, the NSAC presented a proposal to the Canadian Colleges Partnership Program¹ of the Association of Canadian Community Colleges (ACCC). The proposed project was designed to increase the income of rural families in northern Ghana by introducing entrepreneurial concepts and skills to groups and individuals, especially women, working in the agri-food sector. Specific goals included an increase in the number and diversity of small agri-businesses, improved levels of income in rural areas, greater training capacity at local schools and an increase in community capacity to participate in program identification, design and delivery. The project was approved by ACCC and the National Council on Women and Development, the National Board for Small Scale Industries and Tamale Polytechnic were chosen as partners for the project. A participatory, case study approach in five areas of northern Ghana was used for the research phase of the project followed by the design of training materials in cooperation with the project partners and the case study participants. The Agri-Entrepreneurship Training Manual is a result of this work.

The NSAC and its Ghanaian partners hope the materials in this manual provide a stepping stone for increased prosperity in the rural areas of northern Ghana. We invite readers' comments and suggestions for improving and extending this work.

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¹ This program is funded by the Canadian International Development Agency (CIDA).

Introduction and Project Background²

This collection of training material has been designed for use in northern Ghana. A trainer using this collection can deliver the material in entire modules or select appropriate sections and fact sheets as needed. The choice will depend upon the audience and its needs. In order to determine what training is most suitable for a given audience, the trainer must attempt to answer the following questions:

- Who is the target group?
- What sort of rapport and relationship does the trainer have with the target group?
- What background does the target group have in this subject?
- How will the training be used?
- Is the trainer able to conduct follow-up visits to ensure that the training was understood and is being fully utilized?
- What barriers to training, including seasonal occurrences, may exist?
- Why is this training being delivered?

To help answer these questions, the Participatory Action Research (PAR) method may be useful. PAR is a research method that is increasingly recognized for its application in the international development field. The underlying PAR philosophy is that even poor and marginalized people have, within themselves, the resources to overcome their oppression. The primary objective of the PAR method is to return to people the legitimacy of the knowledge they are capable of producing through their own verification systems, as fully scientific, and the right to use this knowledge – including any other knowledge, but not dictated by it – as a guide in their own action (Rahman 1991:15). This is in opposition to the typical ‘Western’ style of research based on outside expertise and research methods.

According to Narayan, 1996, the participatory approach to data collection should be used when:

- 1) The trainer needs to establish rapport and commitment to study results.
- 2) Staff or community interest and involvement is central to achieving programme goals.
- 3) Information is complex or sensitive.
- 4) Major issues are unknown or relatively undefined.
- 5) Supporting local capacity is important.

² The topics covered by the training modules in this collection were selected based on research completed in five areas of northern Ghana. The researchers involved were from Tamale Polytechnic, the National Council on Women and Development (NCWD), and the National Board for Small Scale Industries (NBSSI). The preparation of the case studies and the development of pertinent training material was part of the Agri-Entrepreneurship Training Program, a development project funded by the Canadian International Development Agency (CIDA) through the Canadian Colleges Partnership Program of the Association of Canadian Community Colleges.

Once the trainer has established that Participatory Action Research will be the best method for determining the most appropriate training for their audience, the answers to the determining questions must be sought. The following discusses each determining question and gives a practical example from the Agri-Entrepreneurship Training project. A summary of each of the five case studies developed through the Agri-Entrepreneurship Training project is attached as Appendix A.³

Who is the target group?

Know your target group. Will all village members be present at training sessions or will it be aimed at only a few? Will there be representatives from more than one village present at training sessions? Has anyone from your agency previously delivered training to this group? If so, they may be able to provide you with information. What is the literacy level of the group? What age groups will be represented? Will the training be aimed at one gender? What language and dialect does the group speak? It may be necessary to visit the training site before developing the entire training plan. For example, in *An In-Depth Study Into the Barriers to Income Generation – The Case of the “Ti Song Taba” Women Group of the Yarn Weaving Section of the Women Farmers Demonstration Home, Nanton Case Study*, the trainer was aware that training sessions for women had been delivered in the past. Visits to the Women Farmers Demonstration Home in Nanton revealed that this was true but also revealed that previous training sessions had not been successful. Once the trainer determined the reasons for this lack of success, the need for training in a variety of topics including group management and marketing became clear.

What sort of rapport and relationship does the trainer have with the target group?

In order to deliver effective training, the group must trust and believe in you. Your training delivery method and mannerisms will help build trust and believability. Have you met with the target group in the past? Has anyone from your agency previously delivered training to this group? How did you become aware of this group’s need for training? Personal visits are the best way to develop trust and a working rapport with a group. For example, in the *Loan Repayment in the Northern Region of Ghana – The Case of the NBSSI*, the training was given credibility because it was delivered by the National Board for Small Scale Industries (NBSSI) trainer and the researcher had worked with the group in the past. The NBSSI, a governmental organization serving all of Ghana, assists small businesses by providing training in business development and financing. If you do not have these advantages, it may be worth taking time to first develop trusting relationships with the participating group.

³ When deciding what training modules to develop in the early stages of the Agri-Entrepreneurship Training project, the need for qualitative data collection in villages in northern Ghana became evident. To collect this data, five case studies were developed using Participatory Action Research methods. Five master trainers were selected from the Ghanaian project partners: Professor Achivieka Ajaari and Ms. Mariama Adama of Tamale Polytechnic, Mr. Richardson Kwarteng and Mr. George Anim of the National Board for Small Scale Industries, and Mr. I.P.S. Zakari Saa Seidu of the National Council on Women and Development. Each master trainer selected a village and, using Participatory Action Research methods, developed a case study that presents a training or business challenge and possible solution. The case studies document the research processes used for data collection. From these case studies, the themes for the enclosed modules became evident. The Agri-Entrepreneurship Training project would like to extend its gratitude to the people of Nanton, Kokopei, Tamale, Yendi, Damango, Walewale, as well as the members of the Suglo Pottery Association, the Wumpini Ground-Nut Extractors Association, the Konikoli Cotton Spinning Group, the Osman Weaving Industry, the Samata Sheabutter Group, the Nabuli Women’s Mobisquad Association, the Adwoa Korsina Kenkey Factory, the Dokes Pito Brewer, and the farmers of the Tono-Navrongo Irrigated Lands.

What background does the target group have in the subject?

At what level do you start your training? You do not want to deliver training that is too elementary as you risk losing participants. However, if you deliver training at a level that is beyond what your target group has been exposed to, or experienced in the past, they will become frustrated and not benefit from the training. Early visits to the training site will allow you to collect this information. For example, in *An In-Depth Study on Fish Smoking – A Case Study on Kokopei Community in the Northern Region of Ghana*, early visits to Kokopei revealed that the women of the village had an in-depth knowledge of the fish smoking process. Training through the Agri-Entrepreneurship Training programme was aimed at improving methods that were in use in Kokopei. The use of Participatory Action Research in Kokopei revealed that training was needed in other areas such as marketing and financial management.

How will the training be used?

In order to provide examples that are relevant and meaningful, you, the trainer, must understand in what context the training material will be utilized. For example, the Participatory Action Research carried out through the *Case Study of Tamale, Yendi, Damango and Walewale in the Northern Region – A Participatory Approach to Identify, Analyse and Solve Problems Associated with Reluctance of Micro and Small Scale Entrepreneurs in Keeping Business Records* revealed, amongst other findings, that there was a high illiteracy rate among the entrepreneurs to be trained. This information was vital to providing training that would be suitable for the trainees.

Is the trainer able to conduct follow-up visits to ensure that the training was understood and is being fully utilized?

One important lesson learned through the Participatory Action Research conducted for the case study development process was the importance of repeat visits when delivering training to a community. Training organizations are encouraged to reach as many trainees as possible. When resources are limited and training needs are high, trainers may be encouraged to deliver training in many sites with little or no follow-up. Unfortunately, while this allows initial training to be delivered to many, it does not allow the trainer to gauge the effectiveness of his training or to reinforce the learning after the participants have attempted to put it into practice. Follow-up visits allow the trainer to establish a rapport with his or her trainees to encourage honest discussion and feedback regarding the training that has been delivered. The trainer is also provided with an opportunity to observe whether his or her training is being utilized. While time consuming and costly, this method will result in training that is suited to and appropriate for the people of the region where it is being delivered, thus increasing its rate of adoption and thus its effectiveness. This was evident in the research that resulted in the case study, *An In-Depth Study on Fish Smoking – A Case Study on Kokopei Community in the Northern Region of Ghana*. NCWD had delivered training in fish smoking to this village in the past but had not conducted follow-up visits to assess the effectiveness of the training. Through this project, the trainer was able to conduct follow-up visits to Kokopei where it was discovered that the training he had given was not being utilized due to design flaws in the fish smokers. Once these flaws were addressed, the new technology was embraced and the effectiveness of the training was increased.

What barriers to training, including seasonal occurrences, may exist?

Attitudinal barriers may lessen training effectiveness. Certain members of a community may be prevented from participating in training. If training requires some level of literacy and the most literate village members are children, they must be encouraged to attend training sessions. There may be times when training will not be well received. Harvest season would not be the best time to attempt to deliver training to an agricultural community. Religious traditions may prevent target groups from attending training sessions. Some regions may be isolated by poor road conditions, especially during the rainy season. The trainer must take all of these into account when planning training sessions. For example, with *An Analytical Study of the Problem of Marketing Tomato Produce From the Tono-Navrongo Irrigated Lands of the Upper East Region of Ghana*, it became evident that training would not be well received during the harvest season when farmers would be too busy with farming activities to attend training sessions.

Why is this training being delivered?

Why are you, the trainer, planning to deliver this training? Did the village request it? If so, what members of the community made the request? Did a government or private agency identify the need for training and contact your organization? Do you, the trainer, feel that there is a genuine need for this type of training? For example, with *An In-Depth Study on Fish Smoking – A Case Study on Kokopei Community in the Northern Region of Ghana*, the women of the area had requested fish smoking training from the National Council for Women in Development (NCWD). As this training fit into the mandate of NCWD and the government of the region, training was developed to meet the request.

The above questions and examples are intended to assist you with applying Participatory Action Research when determining training needs for your group. Once you have determined what those training needs are, please use the enclosed material as best suits your group. You may find that entire modules work well or only certain sections. This material is designed to be flexible in its use. If your training needs are not contained in the modules (since this is not an exhaustive collection) please feel free to use the formats and styles of workshops to develop your own material.

Good Luck!

**Agri-Entrepreneurship
Training Manual**

**Group Formation
and
Strengthening**



**Nova Scotia Agricultural College
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Notes to Facilitator ~ Group Formation and Strengthening

Scope

Many resources are available on the topic of group formation and dynamics. Some present a theoretical look at the topic whereas others offer many practical ideas for trainers. One booklet, which is particularly useful, is published by the International Institute for Environment and Development entitled: *A Trainer's guide for Participatory Learning and Action*. It is a comprehensive guide to training community workers in participatory methods.

The series of fact sheets contained in this module do not constitute a comprehensive discussion of all the issues associated with group formation and strengthening. In fact, this manual is designed to allow the reader to develop a library of information on this topic. Other fact sheets can be added over time. Therefore, this manual merely begins the discussion of group dynamics and community development.

This workshop has been designed to be used in a segmented fashion. However, each section could be presented separately or particular sections could be removed. Mix and match the activities to suit your purpose.

The following topics are covered in this module:

- Treating People with Respect – Establishing Ground Rules
- Valuing Cultural Practices and Beliefs
- Defining Roles and Responsibilities of Group Members
- Defining Roles and Responsibilities of Executive Positions

General Instructions

- Sometimes people feel uncomfortable with the use of exercises as teaching tools particularly when the exercise might be a game. Be sure to explain clearly to the group the intent of the exercise and what will be accomplished. Then give the participants an opportunity to reflect on what has happened.
- This module can be broken apart in a number of ways. Most of the sections can stand alone or the different parts can be spread over a couple of days.
- The outline for this module assumes that the facilitator has had sufficient experience to change or modify the exercise to suit the nature of the group. If you are new to this type of teaching, then just try one exercise.
- The time limits are approximate, and will depend on the number of participants and their willingness to interact. It would be difficult to accomplish the objectives outlined with more than 20 people.

Introduction

A small group of farmers were invited to participate in a community project, which had the intent of promoting livestock production in a small rural community. The university livestock specialists were invited to work on the project with the local farm organization. The local co-coordinator served as the translator. An initial planning day was organized, and many farmers attended. Farmers were placed in groups to discuss possible projects. The livestock specialists began to realize that the local coordinator was spending a lot of time talking and very little time listening. They found out later that he had been telling the farmers what projects they needed.

Why do community projects not succeed? What do we as community facilitators need to know to help rural communities? One of the common complaints with any type of community development project is that people have difficulty working together. There are many reasons why groups do not achieve their objectives. These include:

- Lack of clear objectives
- Conflict over objectives or purpose
- Personal differences among members
- Lack of standards for behaviour
- Unwillingness or inability to contribute
- Poor leadership

Perhaps the most important thing to understand about groups is why they exist. Essentially, groups exist only to satisfy the needs and interests of their members. Therefore, translating individual needs and concerns into group priorities is important. Group members should clearly see what the end goals will be and how these will meet their objectives.

When working as community facilitators, we need to understand why people want to participate. This understanding contributes to the development of viable groups and facilitates conflict management. There are a number of reasons why people join groups including:

- If an influential member of the community or a respected elder participates, then, others will join because of the status associated with belonging to this group.
- On the same note, people don't like to be left out of things, particularly if a programme is perceived to be successful.
- Some people join because of the social element. It is an opportunity to be with friends.
- Others join because they may receive a financial benefit or some other type of reward.
- Another reason is that some people have a strong desire to help others and their community. This makes them feel good.
- And some just like to learn new things.

The strength of a community group is a function of the individuals in the group, the interactions of the group members and the influence of the group on the community. Trainers need to understand all these factors to understand why a particular group succeeds or fails. The personality and approach of the community facilitator is a major factor as well.

Trainers often ask: Why do communities form groups to take advantage of available financing and then disband when the financing dies? The answer to this question is not simple, and there are many possible reasons.

Several of these reasons are listed below:

- Who has made the funding available? It is not uncommon for a central government to decide on a particular programme with the aim to improve the quality of life of rural people. The idea may be conceived at a central location in the country, and then implemented by people who have little concept about what life is really like in small rural communities. The project will often not be a success because the planners have not considered the needs of local communities, and because the people have had little input in the planning process.
- Two extremes can exist with the regulation of funding programmes. Some projects may have many rules and regulations, which are designed to strictly control the project but can stifle creativity. Other projects can have too little control and result in a misuse of funds. This can cause funding agencies to become reluctant to implement new projects, and local people become cynical about the process.
- Trainers or project managers can take the decision-making away from the community. The group then becomes totally reliant on the funding agent to manage the process. When the money is spent, then the group has not developed the structure to allow it to function without help. As a project manager, it can be very difficult to trust the community to complete the task or design a process by themselves.
- A fundamental concept in community development is helping people help themselves. The community needs to take ownership of the programme, the activity or the process. Otherwise, no matter how good the project is, it will not endure.
- The attitude of the trainer or the funding agency has a tremendous role to play. Prejudicial and stereotypical attitudes hinder the relationship between the trainer or the agency and the community. A good working relationship based on trust and respect between the facilitator and the community is vital to the success of the project.
- Communities are not all the same. Each has its own set of abilities and constraints. The type of local leadership and power structures have a tremendous effect on the ability of a community to change.

A useful exercise for community facilitators is to hold discussions with communities to find out why projects have failed in the past. Encouraging community groups to visit other communities that have implemented successful projects is also be useful.

Any activity, which promotes a better understanding of why some projects work and others do not, is a valuable training exercise.

Finally, the role of the trainer cannot be discounted. Good working relationships are built on trust and respect. Frank discussion of how good relationships can be achieved with communities is needed. Listed below are some of the questions that we should ask ourselves before working in rural communities:

- Who am I and how does my personality affect my ability to work with others?
- What are my strengths and weaknesses? How do others see me?
- What do I believe about rural people's ability to change, and do my actions reflect my beliefs?
- What are my prejudices and stereotypes about rural people (or ethnic groups, religions, gender etc.)? How do these impact on my work as a community facilitator?

This manual has been designed to generate discussion about how to develop functioning and viable groups. It includes a number of fact sheets that contain ideas on how to form and strengthen groups. A workshop is included after each fact sheet, which serves to reinforce the concepts discussed in each of the fact sheets, and offer a framework to train community facilitators. This manual is by no means a comprehensive look at this topic but rather a collection of techniques that have worked in other places. Over time, new fact sheets and workshops can be added as you build your library of reference material relevant to your country and people.

Therefore, the objective of this project is to provide you, the community facilitator, with some useful tools and techniques to assist and avoid common problems found in groups during their initial establishment.

Notes & Time Lines ~ Group Formation and Strengthening

Module	Anticipated Time
Group Formation and Strengthening ~ Warm Up and Overview	45 minutes
Treating People with Respect ~ Fact Sheet <i>Establishing Ground Rules</i>	30 minutes
Treating People with Respect ~ Workshops <i>Establishing Ground Rules</i>	1 to 2 hours
Valuing Cultural Practices and Beliefs ~ Fact Sheet	30 minutes
Valuing Cultural Practices and Beliefs ~ Workshops	1.5 to 3.5 hours
Roles of Group Members ~ Fact Sheet	30 minutes
Roles of Group Members ~ Workshops	1 to 3 hours
Roles and Responsibilities of Executive Positions ~ Fact Sheet	60 minutes
Roles and Responsibilities of Executive Positions ~ Workshop	1 to 2 hours
Wrap-up and Evaluation	30 minutes
Total Estimated Contact Time Required	8.25 to 14.25 hours

Notes ~ How to Use This Manual

Each component in this module can be used in the following ways:

1. A lecture based upon each fact sheet, followed by the corresponding workshop, which would serve to reinforce the concepts discussed in the lecture. The timelines listed beside the fact sheets above will be helpful if you choose this method.
2. The fact sheets can also be used as background information for facilitators, and not presented in a lecture format. With this method, facilitators would conduct each workshop with participants, and impart the information from the fact sheets as needed for the participants to complete each exercise.

The fact sheets are intended to provide stand-alone information for use as reference materials. The workshops, however, are not intended for use without the support of the fact sheets.

This manual has been designed to facilitate learning with both literate and illiterate learners. The facilitator may decide what print materials are appropriate for dissemination to participants.

It is expected that facilitators will have some prior knowledge of the concepts and practices being taught in each component.

General Workshop Guidelines are provided on the next two pages. These guidelines are intended to provide general information that will help ensure the effectiveness of workshops. Read these over prior to proceeding with the programme.

General Workshop Guidelines ~ Group Formation and Strengthening

The Approach

- The workshop is meant for adults. Adults have their own experience and knowledge and they want to be treated with respect. Their time is limited because they have many other commitments. Adults choose to participate in a workshop or series of workshops because they feel that the workshop contents are relevant and useful to them. Therefore, it is important to build, step by step, as much as possible on the experience and knowledge of the adult learners.
- Adults learn best when they participate actively in the learning process. The participatory approach is used as a guideline throughout each workshop. Each workshop has a number of steps to encourage participation through discussion, small group exercises, role-plays and individual exercises.

Time

- Time will vary from one workshop to another. However, 1.5 to 2 hours should be sufficient for most.
- If you have a group that plans to meet regularly to discuss a series of Agri-Entrepreneurship topics then you should discuss how many times per week they want to meet and which time is most suitable for them. Repetition and frequency of meetings is very important to a successful course. The group should meet at least two times per week. Participants may find it difficult to concentrate for periods longer than one and a half to two hours - particularly if they have just finished a day's work.

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Preparation

- Prepare yourself before each meeting. Read the Fact Sheets and prepare the exercises. This will make it easier for you to lead the discussion and it will save time during the workshop.

General Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Note: Materials specifically relating to each workshop are listed in the individual workshop descriptions.

General Workshop Programme

- 5 minutes of introductions and explanation of the purpose of the workshop.
- Discussion to make each participant think about the problems and objectives of the particular workshop and to relate the topic to their own experience and knowledge. In some cases, questions are provided with possible answers. The answers are given to help guide the discussion but they should not be considered as the only correct answer.
- Explanation of the workshop topic including issues raised during the discussion. The explanation should give the participants a clear understanding of what they will learn during this workshop.
- Break for 10 minutes (if appropriate).
- Present examples, which illustrate the topic and relate it to participants' daily situations.
- Practise the lesson to be learned through group exercises, role-playing, discussion or individual exercises and homework. The objective is to ensure that the principles and concepts are understood and that the participants will feel confident in practising their new knowledge in their own work and life. Groups of 2 to 3 persons provide an effective learning environment. Try to change the composition of the group so that slow learners can benefit from the help of fast learners and the fast learners avoid getting bored.
- Summarize the workshop to make sure that everybody has understood the lesson. If you find that the participants have problems with some of the issues, you may have to do more exercises and try to explain it in a different way. You may have to provide some individual assistance or you could ask some of the fast learners to spend some time helping the slow learners.
- Require participants to go home and practise their new knowledge. All homework exercises should be related to the personal situation of the participant so you must be discreet when discussing the homework in the workshop.

Workshop Follow-up

- It is important to follow-up on each participant's business site or at each participant's community organization as soon as possible to correct mistakes, answer additional questions, and discuss suggestions for improvement.

Warm Up & Overview ~ Group Formation and Strengthening

Purpose

To welcome participants and help them feel at ease, and to discuss with participants both the learning objectives and the format of the course.

Expected Outcomes

After participating in this session, participants will:

1. Have become familiar with the other participants in the course
2. Understand the topics to be covered and the process of the course
3. Understand what the objectives are for the course
4. Understand what the learning outcomes are for the course

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 45 minutes

Warm Up

To help participants feel at ease, start off with a get-to-know-you exercise. This is particularly useful if the group members are not familiar with each other or with you.

Exercise

- Ask each member of the group to introduce himself or herself and to briefly describe a hope, fear, or expectation for this workshop.
- Write down on a flipchart (or blackboard) the participants' hopes and fears.
- Depending on the size of the group, this exercise may take longer than 20 minutes.

Outline

Present the outline of the activities for the workshop and indicate to the group what you hope to accomplish. Be sure to invite questions or comments (10 minutes).

- Introduction
- Treating People with Respect - Establishing Ground Rules
- Valuing Cultural Practices and Beliefs
- Roles of Group Members
- Roles and Responsibilities of Executive Positions
- Wrap Up and Evaluation

The sessions in this module can be mixed and matched as desired, and even spread out over a period of days or weekly meetings.

Objectives of the Workshop

- To help participants establish an effective group
- To develop strategies for dealing with possible conflict
- To establish the ground rules for the group
- To clearly define the roles and responsibilities of all the group members and the executive

Outcome

Explain to the group that the purpose of this workshop is to help their group establish the basis for a good working relationship. At the end of the workshop, they will have developed a group contract that defines the terms of their relationship together and clearly explains the roles and responsibilities of each group member. Try to relate the fears, hopes and expectations mentioned in the first exercise to what will happen in the workshop.

Discuss with the group why it is important to deal with these issues before beginning to work together.

Reasons

- Helps reduce potential conflicts
- Members know exactly what they are supposed to do
- People have a better understanding of the characteristics of the other members of the group



Treating People with Respect ~ Fact Sheet

Establishing Ground Rules

Purpose

To discuss the importance of establishing ground rules for use within a group context, and to understand the factors that must be taken into account when establishing rules.

Expected Outcomes

After participating in this session, participants will understand the following:

1. Why group standards help prevent conflicts
2. Two ways to help groups develop standards

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 30 minutes

Overview

A common complaint we hear from group members is that their ideas or culture are not respected within the group context. They may feel discriminated against because of their culture, language, disability, gender or religion. The same feelings may affect the group's relationship with the community facilitator particularly if this person comes from a dominant culture or different religion. For example, a common problem in many countries is that rural people feel that they are not understood by those living in cities. So how can we make sure that group members become more sensitive to the feelings of others?

One way to do this is to establish ground rules at the beginning of the training programme or at the initial formation of the group. Ground rules are clearly defined guidelines that the group agrees to follow. These rules can help establish how the group functions and what behaviours it will not tolerate. Rules can also help regulate how decisions are made and how information is shared.

Why Develop Group Standards

- Helps groups deal with possible conflict areas before they become a problem
- Makes groups think about group norms and acceptable behaviour
- Helps establish a mechanism to discourage unacceptable behaviour

Development of Group Standards

Two ways to facilitate the establishment of group standards are:

Facilitator Oriented

The facilitator can develop a list of suggested rules and then present them to the group. Discussion of the rules can then take place, and rules can be dropped or added.

There are two main disadvantages to using this format. The facilitator must be very knowledgeable of the cultural norms; otherwise, the group might be offended by the suggestions. It may also stifle creativity.

When this method is used, it is important to indicate that these are only suggestions, and that comments or additions/deletions are encouraged.



Group Oriented

Another way to establish ground rules is to ask the group to develop the ground rules or codes of conduct. This would be particularly useful if you were not familiar with the culture or the context. Keep the following points in mind when using this method:

- The leader must be sure to explain the purpose of the rules; for example: To make sure that everyone is treated with respect and that everyone feels that his/her contribution is valued, we need to establish some group rules. These rules will help make sure this group will get the job done. Does anyone have any suggestions?
- If nobody offers any suggestions, the facilitator can ask if anyone had any bad experiences working in a group, or they could be asked how they want to be treated.

Sample Ground Rules

The following is a list of some of the ground rules that groups may choose to help ensure that meetings and group work are conducted as effectively as possible:

- Focus on interests and ideas not positions or solutions.
- Listen and understand each idea or interest. Ask questions in a positive way.
- Respect different viewpoints.
- All ideas count even wild ones.
- Everybody participates.
- Everyone shares responsibility for following the ground rules.

After the Rules are Established

- Post the rules in the meeting area to ensure that everyone remembers them.
- If group members are not literate, illustrations of the group rules would be useful.

What to do with Rule Breakers

The next stage is to establish how to deal with people who break the rules. Since the rules are written down and agreed to by everyone, it then becomes easier to remind the group member of which rule he or she is breaking.

Another way to do this is by asking the group to establish the penalties. Depending on the nature of the group, the penalties might involve doing something silly like the following: the person has to imitate an animal when the group collectively has decided that he/ she has broken the rules. There may be more serious repercussions considered which will depend on the situation e.g. if someone uses the money of the group inappropriately.

It is very important that the group, not the facilitator, makes these decisions because the group will have to enforce the rules.

Summary ~ Treating People with Respect

- By ensuring the rules are in place early in the establishment of the group a lot of difficulties will be prevented later on.
- Rules can be added or changed as the group progresses.
- Remember the rules also apply to the facilitator!

Treating People with Respect ~ Workshops

Establishing Ground Rules

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

If, during the initial stages of formation, a community group establishes what is considered acceptable and unacceptable behaviour and practice, then the group is more likely to succeed. Essentially, the group is establishing its own set of values and beliefs. Conflict arises when the values of the group and the values of the individual differ.

For example, if the group decides that humour about religion would not be acceptable, then, the individual can clearly see whether he or she fits within the group. Individuals can then be reminded when they have broken the group rules. It becomes a lot easier to remind someone when he or she has broken a group rule than to deal with the problem later. This process also assists the group to consider what type of group they want. Of course, rules can be changed, added and deleted during the entire lifetime of the group. These initial rules can become part of the group contract or constitution.

Time

- 60 minutes/workshop

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Note

Two exercises are provided below. The first addresses development of rules by a facilitator, and the second provides an opportunity for the group to develop a set of ground rules. You may choose to conduct either one or both of the exercises with the group, depending on the individual group's situation.

Process – Workshop #1

Develop a list of suggested rules. Some sample rules could be:

- Focus on interests and ideas, not positions or solutions.
- Listen and understand each idea or interest. Ask questions in a positive way.
- Respect different viewpoints.
- All ideas count even wild ones.
- Everybody participates.
- Everyone shares responsibility for following the ground rules.

Conduct the following activity with all participants:

- As a group, discuss all of the suggested rules.
- It is important to indicate that these are only suggestions and that comments or additions/deletions are encouraged.
- Remind participants that once the rules are developed, they must be posted in the meeting area for all members to see. Use symbols if group members are not literate.

Process – Workshop #2

Gather all participants and conduct the following activity:

- Ask the group to develop a set of ground rules or code of conduct.
- Explain the purpose of the rules: For example:
 - To make sure that everyone is treated with respect
 - That everyone feels that his/her contribution is valued
 - These rules will help make sure this group will get the job done
- Remind participants that once the rules are developed, they must be posted in the meeting area for all members to see. Use symbols if group members are not literate.

Valuing Cultural Practices and Beliefs ~ Fact Sheet

Purpose

To discuss the importance of valuing the impact of cultural practices and beliefs when developing community projects and groups, and to provide some tools for encouraging the discussion of their impact.

Expected Outcomes

After participating in this session, participants will understand:

1. How local knowledge, values and beliefs can impact on community projects
2. How local knowledge, values and beliefs can impact on the relationship between group facilitators and the people living in the community

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 30 minutes

Overview

When you live in a country populated with people from many different ethnic and cultural backgrounds, organizing community development projects can be particularly difficult. A common reason for the failure of these projects is a lack of understanding of a community's value and belief systems.

Becoming sensitized to the cultural practices and beliefs that are present in a community or group is an essential requirement for the facilitator and group members. This module presents some techniques for encouraging this sensitivity.



What are Values?

The term, values, refers to our conception about what is good, true, right and moral. Our values have a direct impact on our beliefs and behaviour. These values are derived from what we know.

What we know is influenced by our culture, our community, our parents and our experiences. Values will influence what we believe. Therefore, the connections between our values, knowledge and beliefs are powerful. Our values affect how we interact with others.

It is easier to have friends with the same values then it is to be friends with those who do not. For example, culture and religion with their characteristic value systems can be perceived as hindrances to group interactions. Yet, many fundamental values such as fairness, loyalty, and health underlie all our cultures and traditions.

Impact of Local Knowledge, Values, and Beliefs:

Lack of awareness can cause:

- Misunderstandings and resentment
- Promotion of inappropriate technology or ideas
- Resistance to change
- Damage to future relationships
- Impact on the environment or economy



Increasing Awareness

Answers to the following questions regarding a specific cultural practice or belief that is characteristic of a culture or a community will serve to increase the level of awareness of, and respect for, a particular group's cultural practices and beliefs:

- What is the origin of this particular practice or belief?
- Why has this belief or practice arisen?
- What are the characteristics of the people holding this belief?
- What impact has having this practice or belief had on the people's lives?
- What would be the impact of ignoring this belief?
- Is there any scientific basis for this practice?

Summary

- Providing groups with the opportunity to consider how cultural values and beliefs influence the group members' relationships with each other will promote better communication and tolerance.
- Developing group guidelines will encourage a commitment to cultural sensitivity.

Valuing Cultural Practices and Beliefs ~ Workshops

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

For groups to function effectively members must understand and appreciate how cultural practices and beliefs affect the interactions that take place in groups. This exercise helps expand the awareness among group members of the beliefs and values of others. It has the potential to reduce the opportunities for conflict among members. It can also assist in illuminating the difficulties that might arise when attempting to promote change within the community.

Note: This exercise could be modified to determine farming cultural practices that could impact on farmers' willingness to make changes.

Have group members take the rules and guidelines generated in these workshop exercises and incorporate them into their group contract or constitution. They may want to post them as well.

Time

- 60 to 90 minutes/workshop

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Note

Three exercises are included in this module. Choose the exercise(s) appropriate to the audience and level of comfort of the facilitator.

Process ~ Workshop #1

Objective

To sensitize trainers to the importance of recognizing local traditions and customs.

Audience

This exercise is designed for use in the training of community field workers.

Exercise

- Ask participants to describe a specific cultural practice or belief that is characteristic of their culture or of the community in which they are working.
- Have them answer the following questions about their example.
- Note: The group facilitator should have examples prepared as well.
 1. What is the origin of this particular practice or belief?
 2. Why has this belief or practice arisen?
 3. What are the characteristics of the people holding this belief?
 4. What impact has having this practice or belief had on the people's lives?
 5. What would be the impact of ignoring this belief?
 6. Is there any scientific basis for this practice (optional)?
- Then as a group, develop a list of possible impacts the lack of knowledge about the cultural practices and beliefs of the community would have on a project.
- Individually and then as a group, ask the participants to come up with ways to determine how to find out what values, beliefs and practices are important in a community.

Process ~ Workshop #2

Objective

To sensitize group members to the importance of recognizing how values and beliefs affect the functioning of a group.

Audience

This exercise is designed for group members particularly when there is a mixture of cultures, age groups, genders, or religions.

Exercise

- Ask each group member to describe a situation where a conflict or problem has occurred as a result of disrespect shown to a cultural tradition or belief.
- Ask them to relate a situation that had some type of resolution; for example, the group dissolved (Caution: the facilitator should ask the participant not to discuss situations that reflect badly on other members of the group. Ask them to frame the problem in more generic terms).
- Have them answer the following questions in their description.
 - What is the origin of this particular value or belief?
 - What impact did the conflict have on the individual and the group?
 - What were the long-term consequences?

Then ask the group to brainstorm ways to encourage sensitivity to others' values, beliefs and traditions.

Process ~ Workshop #3

Objective

To sensitize group members to the importance of recognizing how values and beliefs affect the functioning of a group.

Audience

This exercise is designed for group members particularly when there is a mixture of cultures, age groups, genders, or religions.

Exercise

Place participants in groups of three, and give them 30 minutes to do the following activity:

- Ask them to develop a short skit or role-play that illustrates a conflict between cultural traditions, beliefs or values.
- Issues related to gender sensitivity could be discussed as well.
- Ask them not to provide a resolution to the conflict.

After 30 minutes have elapsed, do one of the following two activities:

Skit Presentation Method 1

- Have each group present their skit.
- Then ask the audience to help resolve the problem.
- Do this by asking the following questions:
 - What exactly has caused the problem?
 - What issues will affect the resolution of the problem?
 - What should be done to resolve the problem?

Skit Presentation Method 2

- Have each group present their skit.
- Ask the audience to suggest ways for the actors to resolve the problem.
- The actors then act out the suggestions.
- Audience members can yell "STOP" to stop the skit at any point and offer suggestions for improvement to the group.
- Note: This type of activity can take a long time, so you may only want to do this when there are only a few groups in the session.

After the skits have been presented (either by Method 1 or by Method 2), do the following:

- Have the group members develop a list of guidelines, which indicates ways to promote cultural sensitivity.

Roles of Group Members ~ Fact Sheet

Purpose

To discuss the different types of personalities and behaviours that appear in groups, and how to deal with them effectively.

Expected Outcomes

After participating in this session, participants will:

1. Have increased understanding of the many personalities involved in group work
2. Understand the different types of roles that group members can assume.
3. Have developed strategies for dealing with unproductive behaviour.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 30 minutes

Overview

Many personalities appear in groups. We often do not realize how our behaviour affects group performance. There are many positive roles people can play in groups. Some people are really good at getting tasks done. Others have lots of good ideas.

Sometimes people are given tasks within the group that do not make the best use of their skills. The makeup of the personalities in the group has a direct effect on the success of the project. Successful groups have a mixture of many different personality types.



Different Types of Group Members

Many people do not realize how their behaviour affects the way the group functions. Some people if given the opportunity will dominate the group. Others will work quietly in the background. Every group has a different mix of people. Yet groups seldom think about the personalities of the group members until a problem or conflict arises.

Group members need to clearly understand what each person contributes to the group. A successful group will have a mixture of different personalities and roles. A collective understanding of group strengths and weaknesses helps reduce the incidence of conflicts.

The different types of roles individuals can play in groups include the following:

- Information seeker or giver
- Opinion giver or seeker
- Listener
- Harmonizer
- Compromiser
- Organizer
- Analyzer
- Standard setter



Personalities of Group Members

The following is a list of personal descriptions of individuals' personalities, and reflects some of the personality types that can exist within a group

- I tend to be very quiet in group discussions, but I will speak if I have something important to contribute.
- I hate confrontation, so I will often try to smooth things over or attempt to find a compromise position.
- I feel comfortable in a leadership position.
- I don't want to lead anything, but will happily contribute to the completion of tasks.
- I like to make sure that things get done, and hate it when it takes forever to make a decision.
- I like to make sure things are done carefully, and that the group gets it right the first time.
- I am not concerned with picky details. I like to be creative.

Roles of Group Members

The following is a list of personal descriptions of what individuals perceive their roles to be in a group situation.

- I like discussions that have structure.
- I like to make sure everyone's opinion is heard.
- I have lots of good ideas.
- When things get tense, I like to promote harmony.
- I get annoyed when there is too much talk and too little action.
- I like to get my point across. Sometimes this means interrupting people.
- I like to try for a group consensus.
- I think the majority vote should win.
- I like to make sure that I have lots of information before I make a decision.
- I find it very stressful to work in groups.
- I often like to take a leadership position.
- I like to make sure that all the rules are followed.
- I think a little humour is useful in group work.

Negative Behaviours

This list refers to individual group members' behaviours that can have negative effects on groups.

- Always has to win the argument.
- Talks too much and too long.
- Is disruptive and does not pay attention.
- Is sarcastic and makes critical comments.
- Is too defensive.
- Believes he/she knows everything.
- Is too aggressive.
- Is very negative.
- Takes on too much and accomplishes little.



Summary

- The roles we play in groups can depend on a number of factors such as:
 - The size of the group
 - The group purpose
 - Our own personal experience
- Remember that all of us tend to exhibit characteristic patterns of behaviour within groups. The important thing is to recognize and encourage the helpful behaviour and reduce the negative.
- Groups need many personalities to be successful. A few of the personalities needed are:
 - Creative thinkers
 - Practical planners
 - Doers
 - Leaders
- Groups with too many of one type of personality will get little accomplished.

Roles of Group Members ~ Workshop

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

This workshop offers a number of exercises that will assist groups in determining their strengths and weaknesses, and help them take steps to reduce problems. This exercise will also help the group members to consider carefully the makeup of their group.

Participants will be asked to consider what strengths and weaknesses are prevalent in the group, and what possible areas of conflict may arise. This exercise may remind participants to add or delete rules prepared in the last exercise.

Time

- 60 minutes/workshop

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used
- Make up these sets of flash cards by referring to the lists of characteristics in the fact sheet:
 - Personalities of Group Members – One set per participant (for Workshop #1)
 - Roles of Group Members – One set per participant (for Workshop #2)
 - Negative Behaviours (for Workshop #3)

Note

You may choose to conduct either one or all of the exercises provided, depending on the audience and the need of the group.

Process ~ Workshop #1

Personalities of Group Members

If the group is large, break members into smaller groups of 8 to 10 people, and do the following activity:

- Briefly discuss the personalities that are commonly found in groups.
- Using the flash cards that show “Personalities of Group Members”, ask group members to select which type of behaviour best represents them (most of the time).

After all participants have selected their cards, do the following:

- Collect all the cards and then shuffle them.
- Lay them on the floor face up.
- Have the group answer the following questions:
 - What strengths does the group have?
 - What types of conflicts are likely to occur?
 - What types of personalities are missing? What impact will this have on the group?

Process ~ Workshop #2

Roles of Group Members

Note: This exercise requires group members to honestly evaluate their contributions to the group. Some people may not have had a lot of experience with this type of self-analysis. Keep the identity of those choosing specific cards a secret to allow people to speak freely.

If the group is large, break members into smaller groups of 8 to 10 people, and do the following activity:

- Briefly discuss the different types of roles that individuals play in a group setting.
- Using the flash cards that show “Roles of Group Members”, ask group members to select three cards that reflect the roles they have played in other groups.

After all participants have selected their cards, do the following:

- Collect all the cards and then shuffle them.
- Lay them on the floor face up.
- Have the group answer the following questions:
 - What strengths does the group have?
 - What types of conflicts are likely to occur?
 - What types of roles are missing? What impact will this have on the group?

The cards chosen will help indicate the overall strengths and weaknesses of the group.

Process ~ Workshop #3

Negative Behaviours

If the group is large, break members into smaller groups of 8 to 10 people, and do the following activity:

- Briefly discuss the different types of negative behaviours that affect group work.
- Randomly hand out the flash cards that show “Negative Behaviours”, one to each participant.

Ask participants to discuss with the group the following questions:

- How would this type of behaviour impact the group?
- What would need to be done prevent this behaviour from causing a real problem in the group?

Roles and Responsibilities – Executive Positions ~ Fact Sheet

Purpose

To discuss the selection of group members for executive positions, and the responsibilities of group executives.

Expected Outcomes

After participating in this session, participants will be able to:

1. Determine the roles and responsibilities of each member of the executive.
2. Understand the problems associated with selection of the executive.
3. Take responsibility for determining the functions and roles of the executive.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 60 minutes

Overview

To ensure that a group functions well, all members of the group need to have a clear understanding of their roles and responsibilities. Selection of the executive is also important, since they are instrumental in helping the group reach its goals. Yet many people have not had the opportunity to play leadership roles and thus lack the experience or training to work effectively and efficiently. This fact sheet describes how group members can define the roles and responsibilities of the executive.

Every executive position has certain responsibilities that are common to any group. However, every group needs to refine these responsibilities to meet its particular objectives and needs. A recent trend in group management literature has been to define the limitations of the position as well. This fact sheet briefly outlines the responsibilities of each position and gives reasons for setting limits as well.

Executive Responsibilities and Governance

It is not uncommon for people who join groups to have little understanding of the roles and responsibilities of the executive. Often the executive learns how to work in the position by trial and error. This can create problems especially in vital positions such as the Treasurer. Because the positions are not clearly defined, people may have difficulty determining the boundaries of the position. People who are not suited for the position may also be selected. Therefore, all group members need to understand and define the responsibilities of each executive position.

One theory of governance that has become popular is the Carver Model. It offers an interesting look at how Boards of Directors should function. One concept that has useful applications for all groups involves defining the limits to each executive position. If a group defines what it considers to be unacceptable behaviour for the executive, then, the potential for conflict should be diminished. Essentially this means that the group agrees to the boundaries for each position. Two examples are:

1. The Treasurer will not use group funds for personal purposes.
2. The entire group must approve expenditures over a certain amount.

Reasons for Defining the Limitations of the Executive Positions

- Sets clear limits on the responsibilities of the position.
- Defines unacceptable behaviour.
- Encourages group members to reflect on the characteristics of a good leader.



Common Problems with Selecting the Executive

- People are unwilling to offer for leadership positions because they do not feel that they have the experience to handle the position.
- Sometimes people are selected for leadership positions not based on their abilities but on family or business connections.
- The group has not formally defined how selection and turnover of executive positions will take place. It, then, can be difficult to remove people from these positions if they are not capable of the task.
- Difficulties may be experienced when the group is made up of different cultures or religions. There may be problems when particular segments feel that they are not adequately represented. Selecting the executive can then become a problem. It is also possible to have groups that do not adequately represent the community.
- The roles and responsibilities of the executive have not been clearly defined, and the new executive has difficulty determining how to function.

Responsibilities of Executive Positions

Chair

Responsibilities:

- Organizes and chairs the meetings. The group should define how much formality is required. Some groups use very formal procedures such as using Robert's Rules of Orders. Others are much less formal. Most community groups would probably prefer the more informal approach. Yet some basic rules are needed.
- Sets the agenda. If the group has subcommittees, then the chair should confer with each subgroup to determine what issues they want to discuss at the meetings.
- Supervises the activities of each subgroup to ensure it has the resources needed to complete its tasks and to monitor its progress.
- Assists the group to set a direction and helps the group achieve its objectives.
- Delegates responsibilities to group members and checks to ensure they are carried out.
- Provides support for the contributions of the group members by soliciting their views, providing encouragement etc.
- Ensures policy is formulated and decisions are made in an efficient and democratic manner.
- Represents the group to the larger community.
- Is an ex officio member of all committees.

Vice Chair

Responsibilities:

- Organizes and chairs the meetings in the absence of the chair.
- Serves as the head of at least one subcommittee.
- Assumes specific duties at the chair's request.

Secretary

Responsibilities:

- Takes the minutes of the meetings. Clearly defines in the minutes the actions to be undertaken by the group and each group member.
- Is the keeper of the permanent records of the group.
- Handles the correspondence for the group.
- Advertises the meeting times and makes sure everyone has copies of the minutes and any other material required for the discussion.

Treasurer

Responsibilities:

- Keeps track of the financial records.
- Participates in preparing the annual budget.
- Monitors the expenditures of the group.
- Makes certain an official audit is done (where required).
- Reports on the financial status of the group at meetings.
- Ensures that financial records are accurate.

Summary

- It is easier to attract new people to leadership positions when there are clear descriptions of each position.
- Group members also have a greater degree of comfort when the limitations of each position are acknowledged and agreed upon.
- It is always useful when seeking to fill executive positions to be able to explain exactly what the position requires.

Roles and Responsibilities – Executive Positions ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Selection of the executive is very important, since they are instrumental in helping the group reach its goals. Yet many people have not had the opportunity to play leadership roles and thus lack the experience or training to work effectively and efficiently. This workshop provides an opportunity for group members to discuss questions relating to executive responsibilities, and to define the terms of office.

The group records the responsibilities for each position and its associated limits as part of the group contract or constitution. Indicate that periodic review would be useful.

Time

- 1 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Process

Select groups of three to five (depending on the number of members in the group) and choose one person to be the recorder. Do the following activity:

- Give each group one of the following positions: chair, vice chair, treasurer, and secretary.
- Have each group answer the questions listed below.
- Encourage them to be as precise as possible.
- Ask them to consider carefully what the group hopes to achieve. The group can start with the information contained in “Responsibilities of Executive Positions” from the fact sheet.
 - What are or should be the specific responsibilities of each position?
 - What exactly can the person in the position not do? Example: Authorize expenditures without the authority of the group, or use the resources of the group for personal use. Note: The facilitator should briefly explain why this is an important concept. (See “Responsibilities of Executive Positions”).
- Next, ask each group to define the term of office.
 - Explain that it is very useful not to allow someone to serve in a position longer than two years.
 - This will encourage the development of other members and is one way to remove incompetent people from positions.

When the groups have completed their tasks, ask a representative of the group to describe their results to everyone.

- Collate each member’s opinions.
- Have the total group review and approve each position description.
- When the group has agreed on each position, have the information become part of the group's record.

Wrap Up and Evaluation ~ Group Formation and Strengthening

Participants will need time to process the information discussed. The facilitator should briefly review the accomplishments for the session and discuss how the group contract can be used within the group.

He/she should ask the group the following types of questions:

- What is the next step?
- When should they meet again?
- What other preparatory work needs to be done?

When this task has been completed, the facilitator needs to conduct some type of evaluation. This final exercise will help the facilitator and group obtain the feedback necessary for judging the success of the workshop. The following exercise can be undertaken:

The group is asked to consider the following questions. They can either write down their responses or the facilitator can ask the questions of the group.

- Things I liked
- Things I did not like
- Suggestions for improvement
- The most important lesson I learned
- What I found the most difficult
- What is the main obstacle our group will face putting what we have decided to work

References ~ Group Formation and Strengthening

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**Agri-Entrepreneurship
Training Manual**

**Post Harvest
Handling System**



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Notes to Facilitator ~ Post Harvest Handling System

Scope

The series of fact sheets contained in this module provide the foundation for understanding the concepts and practices related to post harvest handling of produce. This manual is designed to allow facilitators to develop a library of information on this topic, and other fact sheets can be added over time.

This workshop has been designed to be used in a segmented fashion. However, each section could be presented separately or particular sections could be removed. Mix and match the activities to suit your purpose.

The following topics are covered in this module:

- Maturity and Harvesting of Fresh Produce (Still in the Garden)
- Preparing Vegetables for the Market (Out of the Soil and Getting Ready to be Sold)
- Grading and packaging (Packing up for the Trip to Market)
- Transport and Handling of Produce (Getting Them to Market)

General Instructions

- Sometimes people feel uncomfortable with the use of exercises as teaching tools, particularly when the exercise might be a game. Be sure to explain clearly to the group the intent of the exercise and what will be accomplished. Then give the participants an opportunity to reflect on what has happened.
- This module can be broken apart in a number of ways. Most of the sections can stand alone or the different parts can be spread over a couple of days.
- The outline for this module assumes that the facilitator has had sufficient experience to change or modify the exercise to suit the nature of the group. If you are new to this type of teaching, then just try one exercise.
- The time limits are approximate, and will depend on the number of participants and their willingness to interact. It would be difficult to accomplish the objectives outlined with more than 20 people.

Understanding the Role and Responsibilities of Facilitators

The first module in the Agri-Entrepreneurship manual addresses Group Formation and Strengthening. The information provided below is, for the most part, directly from that module. It has been included here to provide you, the facilitator, with an understanding of the dynamics of working in groups, your role as a facilitator, and how you can best ensure effective group work.

Why do community projects not succeed? What do we, as community facilitators, need to know to help rural communities? One of the common complaints with any type of community development project is that people have difficulty working together. There are many reasons why groups do not achieve their objectives. These include:

- Lack of clear objectives
- Conflict over objectives or purpose
- Personal differences among members
- Lack of standards for behaviour
- Unwillingness or inability to contribute
- Poor leadership

Perhaps the most important thing to understand about groups is why they exist. Essentially, groups exist only to satisfy the needs and interests of their members. Therefore, translating individual needs and concerns into group priorities is important. Group members should clearly see what the end goals will be and how these will meet their objectives.

When working as community facilitators, we need to understand why people want to participate. This understanding contributes to the development of viable groups and facilitates conflict management. There are a number of reasons why people join groups including:

- If an influential member of the community or a respected elder participates, then, others will join because of the status associated with belonging to this group.
- On the same note, people don't like to be left out of things, particularly if a programme is perceived to be successful.
- Some people join because of the social element. It is an opportunity to be with friends.
- Others join because they may receive a financial benefit or some other type of reward.
- Another reason is that some people have a strong desire to help others and their community. This makes them feel good.
- And some just like to learn new things.

The strength of a community group is a function of the individuals in the group, the interactions of the group members and the influence of the group on the community. Trainers need to understand all these factors to understand why a particular group succeeds or fails. The personality and approach of the community facilitator is a major factor as well.

Trainers often ask: Why do communities form groups to take advantage of available financing and then disband when the financing dies? The answer to this question is not simple, and there are many possible reasons. Several of these reasons are listed below:

- Who has made the funding available? It is not uncommon for a central government to decide on a particular programme with the aim to improve the quality of life of rural people. The idea may be conceived at a central location in the country, and then implemented by people who have little concept of what life is really like in small rural communities. The project will often not be a success because the planners have not considered the needs of local communities, and because the people have had little input in the planning process.
- Two extremes can exist with the regulation of funding programmes. Some projects may have many rules and regulations, which are designed to strictly control the project but can stifle creativity. Other projects can have too little control and result in a misuse of funds. This can cause funding agencies to become reluctant to implement new projects, and local people become cynical about the process.
- Trainers or project managers can take the decision-making away from the community. The group then becomes totally reliant on the funding agent to manage the process. When the money is spent, then the group has not developed the structure to allow it to function without help. As a project manager, it can be very difficult to trust the community to complete the task or design a process by themselves.
- A fundamental concept in community development is helping people help themselves. The community needs to take ownership of the programme, the activity or the process. Otherwise, no matter how good the project is, it will not endure.
- The attitude of the trainer or the funding agency has a tremendous role to play. Prejudicial and stereotypical attitudes hinder the relationship between the trainer or the agency and the community. A good working relationship based on trust and respect between the facilitator and the community is vital to the success of the project.
- Communities are not all the same. Each has its own set of abilities and constraints. The type of local leadership and power structures have a tremendous effect on the ability of a community to change.

A useful exercise for community facilitators would be to hold discussions with communities to find out why projects have failed in the past. Encouraging community groups to visit other communities that have implemented successful projects would also be useful.

Any activity, which promotes a better understanding of why some projects work and others do not, would be a valuable training exercise.

Finally, the role of the trainer cannot be discounted. Good working relationships are built on trust and respect. Frank discussion of how good relationships can be achieved with communities is needed. Listed below are some of the questions that we should ask ourselves before working in rural communities:

- Who am I and how does my personality affect my ability to work with others?
- What are my strengths and weaknesses? How do others see me?
- What do I believe about rural people's ability to change, and do my actions reflect my beliefs?
- What are my prejudices and stereotypes about rural people (or ethnic groups, religions, gender etc.)? How do these impact on my work as a community facilitator?

Keep these questions in mind as you prepare, conduct, and reflect upon opportunities for facilitating community and business group work.

Notes & Time Lines ~ Post Harvest Handling System

Module	Anticipated Time
Post Harvest Handling System ~ Warm Up and Overview	45 minutes
Maturity and Harvesting of Fresh Produce ~ Fact Sheet (Still in the Garden)	90 minutes
Maturity and Harvesting of Fresh Produce ~ Workshop (Still in the Garden)	1.5 to 2 hours
Preparing Vegetables for the Market ~ Fact Sheet (Out of the Soil and Getting Ready to be Sold)	90 minutes
Preparing Vegetables for the Market ~ Workshops (Out of the Soil and Getting Ready to be Sold)	4.5 to 6 hours Plus travel time
Grading and Packaging ~ Fact Sheet (Packing up for the Trip to Market)	90 minutes
Grading and Packaging ~ Workshops (Packing up for the Trip to Market)	3 to 4 hours Plus travel time
Transport and Handling of Produce ~ Fact Sheet (Getting Them to Market)	90 minutes
Transport and Handling of Produce ~ Workshop (Getting Them to Market)	1.5 to 2 hours Plus travel time
Total Estimated Contact Time Required	17.25 to 20.75 hours

Notes ~ How to Use This Manual

Each component in this module can be used in the following ways:

1. A lecture based upon each fact sheet, followed by the corresponding workshop, which would serve to reinforce the concepts discussed in the lecture. The timelines listed beside the fact sheets above will be helpful if you choose this method.
2. The fact sheets can also be used as background information for facilitators, and not presented in a lecture format. With this method, facilitators would conduct each workshop with participants, and impart the information from the fact sheets as needed for the participants to complete each exercise.

The fact sheets are intended to provide stand-alone information for use as reference materials. The workshops, however, are not intended for use without the support of the fact sheets.

This manual has been designed to facilitate learning with both literate and illiterate learners. The facilitator may decide what print materials are appropriate for dissemination to participants.

It is expected that facilitators will have some prior knowledge of the concepts and practices being taught in each component.

General Workshop Guidelines are provided on the next two pages. These guidelines are intended to provide general information that will help ensure the effectiveness of workshops. Read these over prior to proceeding with the programme.

General Workshop Guidelines ~ Post Harvest Handling System

The Approach

- The workshop is meant for adults. Adults have their own experience and knowledge and they want to be treated with respect. Their time is limited because they have many other commitments. Adults choose to participate in a workshop or series of workshops because they feel that the workshop contents are relevant and useful to them. Therefore, it is important to build, step by step, as much as possible on the experience and knowledge of the adult learners.
- Adults learn best when they participate actively in the learning process. The participatory approach is used as a guideline throughout each workshop. Each workshop has a number of steps to encourage participation through discussion, small group exercises, role-plays and individual exercises.

Time

- Time will vary from one workshop to another. However, 1.5 to 2 hours should be sufficient for most.
- If you have a group that plans to meet regularly to discuss a series of Agri-Entrepreneurship topics then you should discuss how many times per week they want to meet and which time is most suitable for them. Repetition and frequency of meetings is very important to a successful course. The group should meet at least two times per week. Participants may find it difficult to concentrate for periods longer than one and a half to two hours - particularly if they have just finished a day's work.

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Preparation

- Prepare yourself before each meeting. Read the Fact Sheets and prepare the exercises. This will make it easier for you to lead the discussion and it will save time during the workshop.

General Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Note: Materials specifically relating to each workshop are listed in the individual workshop descriptions.

General Workshop Programme

- 5 minutes of introductions and explanation of the purpose of the workshop.
- Discussion to make each participant think about the problems and objectives of the particular workshop and to relate the topic to their own experience and knowledge. In some cases, questions are provided with possible answers to help guide the discussion. The answers are given to help guide the discussion but they should not be considered as the only correct answer.
- Explanation of the workshop topic including issues raised during the discussion. The explanation should give the participants a clear understanding of what they will learn during this workshop.
- Break for 10 minutes (if appropriate).
- Present examples, which illustrate the topic and relate it to participants' daily situations.
- Practise the lesson to be learned through group exercises, role-playing, discussion or individual exercises and homework. The objective is to ensure that the principles and concepts are understood and that the participants will feel confident in practising their new knowledge in their own work and life. Groups of 2 to 3 persons provide an effective learning environment. Try to change the composition of the group so that slow learners can benefit from the help of fast learners and the fast learners avoid getting bored.
- Summarize the workshop to make sure that everybody has understood the lesson. If you find that the participants have problems with some of the issues, you may have to do more exercises and try to explain it in a different way. You may have to provide some individual assistance or you could ask some of the fast learners to spend some time helping the slow learners.
- Require participants to go home and practise their new knowledge. All homework exercises should be related to the personal situation of the participant so you must be discreet when discussing the homework in the workshop.

Workshop Follow-up

- It is important to follow-up on each participant's business site or at each participant's community organization as soon as possible to correct mistakes, answer additional questions, and discuss suggestions for improvement.

Warm Up & Overview ~ Post Harvest Handling System

Purpose

To welcome participants and help them feel at ease, and to discuss with participants both the learning objectives and the format of the course.

Expected Outcomes

After participating in this session, participants will:

1. Have become familiar with the other participants in the course
2. Understand the topics to be covered and the process of the course
3. Understand what the objectives are for the course
4. Understand what the learning outcomes are for the course

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 45 minutes

Warm Up

To help participants feel at ease, start off with a get-to-know-you exercise. This is particularly useful if the group members are not familiar with each other or with you. Discuss with the group why it is important to address these issues before beginning to work together:

- Helps reduce potential conflicts
- Members know exactly what they are supposed to do
- People have a better understanding of the characteristics of the other members of the group

Exercise

- Ask each member of the group to introduce himself or herself and to briefly describe a hope, fear, or expectation for this workshop.
- Write down on a flipchart (or blackboard) the participants' hopes and fears.
- Depending on the size of the group, this exercise may take longer than 20 minutes.

Outline

Present the outline of the activities for the workshop and indicate to the group what you hope to accomplish. Be sure to invite questions or comments (10 minutes).

- Introduction
- Maturity and Harvesting of Fresh Produce (Still in the Garden)
- Preparing Vegetables for the Market (Out of the Soil and Getting Ready to be Sold)
- Grading and Packaging (Packing up for the Trip to Market)
- Transport and Handling of Produce (Getting Them to Market)

The sessions in this module can be mixed and matched as desired, and even spread out over a period of days or weekly meetings.

Objectives of the Workshop

To help participants understand the following:

- Harvest maturity, indices, and practices
- When and how to harvest
- Who should harvest
- What containers should be used
- Grading practices and methods
- Packaging operations and methods, and labeling
- Considerations for local, national, and international transportation of produce
- Mechanical damage during transport (causes and reduction of)

Outcome

Explain to the group that the purpose of this workshop is to help them understand and implement effective post harvest handling practices.

Try to relate the fears, hopes and expectations mentioned in the first exercise to what will happen in the workshop.



Maturity and Harvesting of Fresh Produce ~ Fact Sheet

Still in the Garden

Purpose

To discuss the importance of maturity and proper harvesting techniques in maintaining the quality of fresh produce.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand the various growth stages in the life of fresh produce.
2. Relate the maturity to post harvest life of produce.
3. Develop proper harvesting and handling techniques for fresh produce.
4. Relate maturity and handling to post harvest quality of fresh produce.

Materials

- If possible, visit a small farm or garden. Collect samples of produce at various maturity stages.
- Prepare samples of various maturity stages for the lecture period.
- Pen, paper, and containers

Time

- 90 minutes

Overview

Maturity is an essential component of quality. Commercial or harvest maturity refers to any stage of development when the plant or plant part meets requirements for a particular utilization. This implies produce can be matured at any stage of development. Physiologically, this refers to a stage in the development of a plant or plant organ prior to senescence.

This includes the stage of harvest maturity that is concerned with the characteristic stage required by the market; it does not necessarily mean ripe fruits or vegetables. It is also noted that maturity, particularly of fruits, also includes the stage of development that will ensure the quality will be at least the minimum required by the consumer.

Harvest Maturity

Harvest maturity is defined by the requirements of the market, the intended use, transport time or distance to the market. The stage of maturity influences the following:

Quality

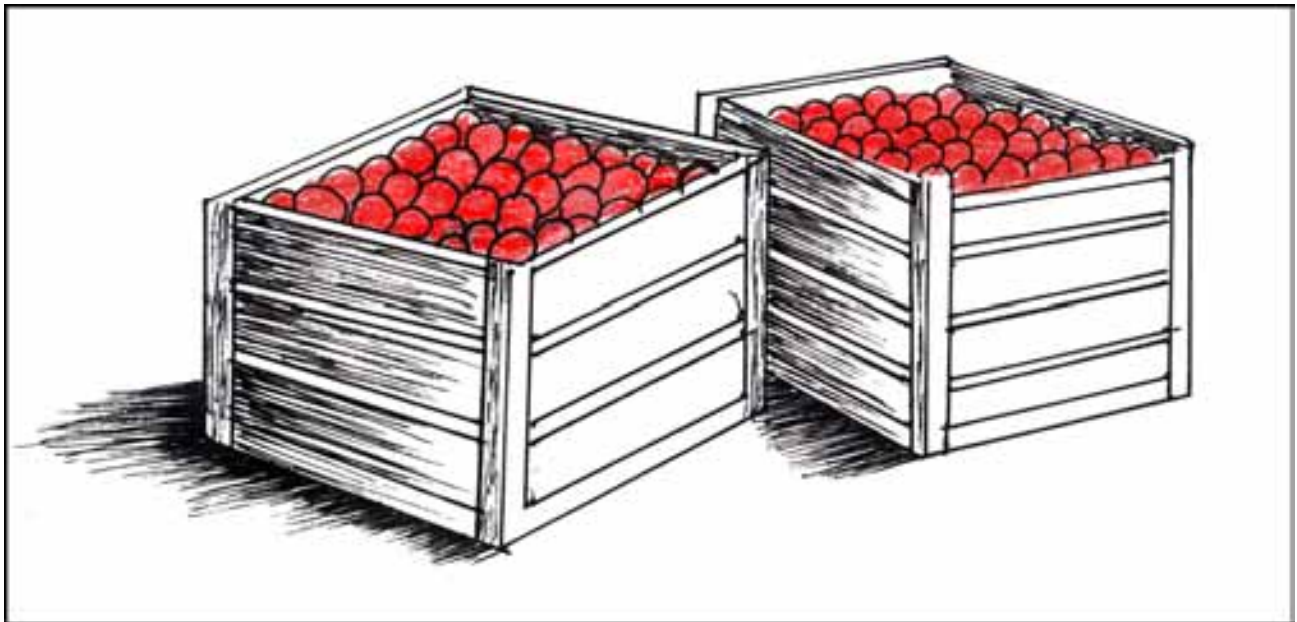
- Parameters affected are rate of ripening - slow for immature produce, fast for mature produce
- Shelf-life (life in the market) is long for immature but short for mature produce
- Susceptibility to damage and disease is high for immature but low for mature produce
- Shriveling is moderate to severe in immature, none to slight for mature produce
- Peel colour uneven for immature fruit but uniform for mature produce
- Aroma is weak for immature but full for mature fruits or vegetables
- Flavor is inferior for immature while it is superior for mature produce

Potential Transit and Market Life

- Mode of transport and loading
- Impact and vibration bruises
- Distance to market, temperature and ventilation

Susceptibility to Diseases and Disorders

- Condition at harvest and in transit
- Temperature and humidity

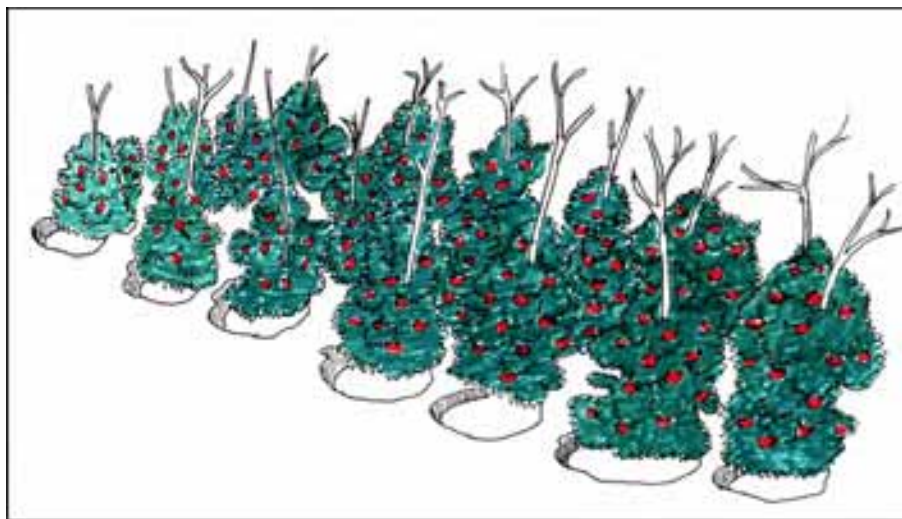


Maturity Indices

Harvest maturity index is a measurement or measurements that can be used to determine the characteristics known to change as the plant or plant organ matures. These involve decisions on levels of market and consumer acceptability that necessitate objective (a measurement) and/or subjective (an evaluation) judgments.

Methods of Determining Maturity

- Subjective methods depend on the individual's sense, but are useful if applied consistently.
- Visual method
 - Change in peel (non-destructive) or pulp colour (destructive)
 - Presence of bloom
 - Change in shape and size
 - Texture (softening)
 - Aroma (development of characteristic aroma)
- Objective methods
 - Physical methods e.g. specific quality (especially fruits)
 - Chemical methods e.g. sugar and starch content
 - Physiological methods e.g. respiration
 - Phenological methods e.g. days in full bloom
 - Chronological methods e.g. days from planting or days from flowering
- The phenological and chronological methods are influenced by:
 - Temperature
 - Moisture
 - Light intensity
 - Other environmental factors
 - Cultural management
- The common indices used are:
 - Heat units (summation of daily temperature above a base temperature) e.g. peas
 - Days from anthesis (reckoned from flower opening to harvest) e.g. okra



Maturity Illustration with Tomatoes

Maturity at harvest can be related to the colour of the fruits. The degree of ripeness depends on the purpose for which the crop is grown and the time, distance and the method of transporting and marketing. For long distance transport, fresh market tomatoes must be picked at mature green or breaker stage to allow ripening during transit. Fresh tomatoes for roadside retail sales are picked at the advanced mature stage i.e. from breaker stage onwards.

Stages of Maturity in Tomato Fruits

- Immature-green ~ Seeds are not fully developed, no jelly-like material surrounds seed, fruit colour is pale green and flesh is hard
- Mature-green ~ The fruit is fully grown, light green colour at blossom end has turned to a yellow cast; seeds surrounded by jelly-like material and the flesh is hard
- Breaker ~ About one-quarter of the surface at the blossom end shows some pink color
- Pink ~ About three-quarters of surface is pink and the flesh is firm
- Full-ripe ~ The fruit is nearly all red or pink and the flesh is still firm
- Overripe ~ The fruit is fully coloured and the flesh is soft

Harvesting

Some simple but essential rules of correct manual harvesting:

- Fruits should be picked and placed carefully in the harvesting basket, pail, bags, or box. Use pads or liners in containers.
- All containers and hands of the harvester must be as clean as possible.
- Pick fruits and vegetables that are within the demonstrative maturity range.
- Transfer produce carefully into delivery containers.
- All subsequent handling must be done carefully. Avoid dropping and other causes of injury.
- Use appropriate harvesting tools.
- Avoid excessive heat.
- Keep produce in a protected place and avoid direct contact with sunlight.



Harvesting Practices

1. Recognition of the stage of optimum maturity is essential for highly perishable fruits and fruit vegetables such as tomatoes, melons, etc., but less crucial for species of fruit vegetables such as eggplants or beans, also for the majority of leaf vegetables and root tuber vegetables.

- Considerations for the date of harvest is affected by:

- The delay involved in transport to the consumer. This normally depends on the distance separating the point of production from the retail market and the mode of transport to be used.
- Climatic conditions. Cool temperatures at harvest or harvesting at the cooler part of the day. Temperatures to which the produce will be subjected during transport.
- The type of vegetables and fruits (species and variety involved).



2. Proper and correct handling is crucial because of the perishability of the produce.

- Picking must be done as delicately as possible. This is important for crop species whose maturity and harvesting extend over a certain period, e.g. tomatoes. Thus, harvesting is done over several selective pickings.



- Provide personnel for harvesting with basic orientation/training so that they will carry out their tasks delicately and rapidly and with an economy of movement.
- Insist that there should be no rough handling that damages or bruises the produce. Damage to produce becomes apparent much later in the post harvest life of the produce.
- Pay attention to weather and conditions such as rain, heat and dew, which may damage crops. Limit harvesting to nice mornings or cool evenings.

Methods of Harvesting:

1. Manual

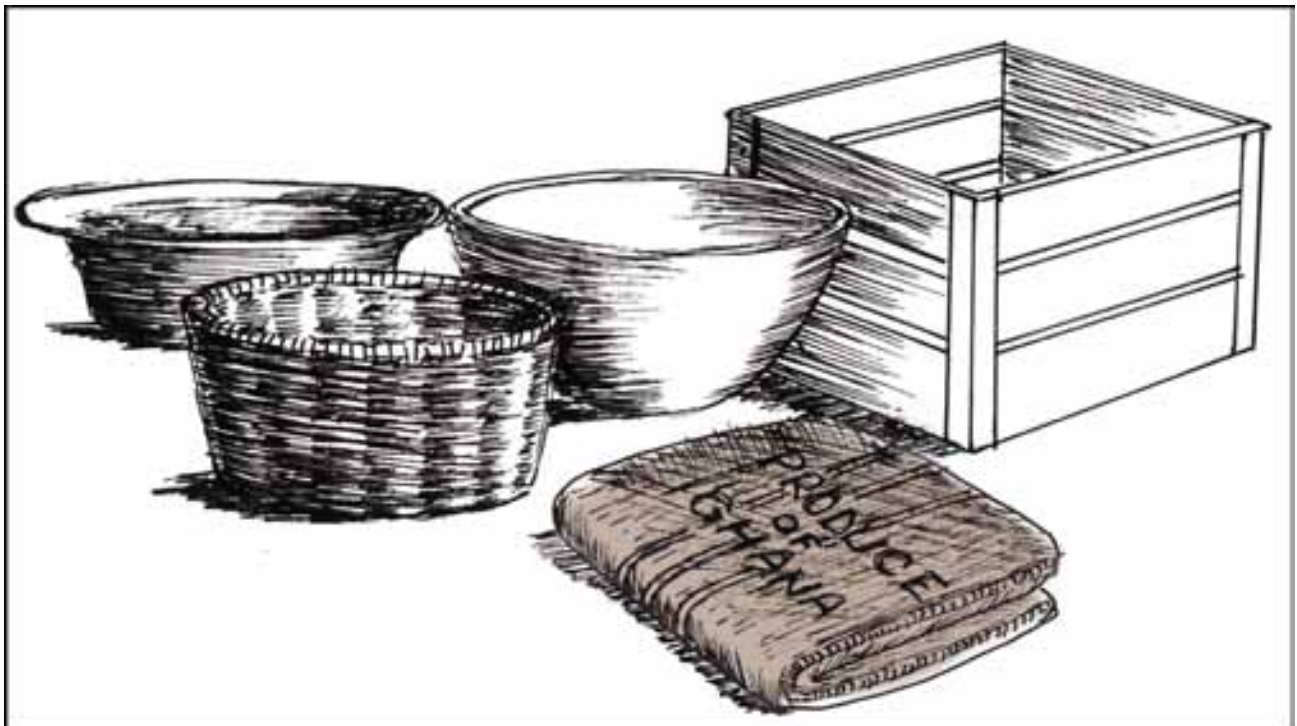
- Pulling (e.g. beans, tomatoes)
- Twisting/jerking (e.g., peppers, papaya, maize)
- Bending (e.g. pineapple)
- Cutting (e.g. okra, eggplants)
- Cutting/digging (e.g. yams, cassava)

2. Mechanical

- Select a field nearby which would have different levels of fruit maturation.
- Demonstrate the proper harvesting techniques.
- Demonstrate the placement in various sizes of containers.
- Not used extensively in local setting because of relatively small farm size (scale of production) and low labour costs. This is not discussed in this manual.

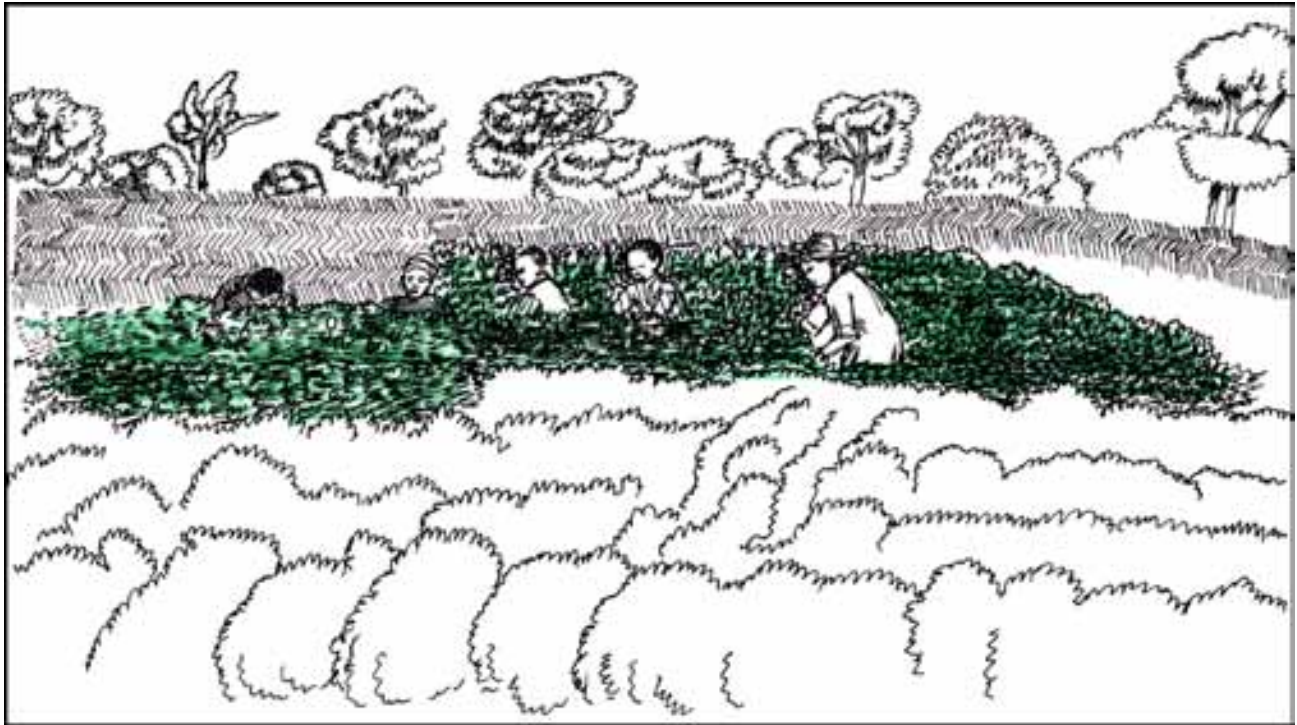
3. Containers

- Use appropriate harvesting containers to protect and preserve the quality of produce.
- Portable baskets, boxes, bags must be used to collect crops and carry them to the packing shed prior to selling.
- Containers must be clean and lined with leaves, foam or films.
- If the operation can afford it, containers with foam and cloth liners are more suitable.
- The shape of the containers must be designed to be functional (e.g. easy to lift, transfer, stack, etc.)



4. Selection

- Careful selection of crop must be done.
- Avoid mixing vegetables unsuitable for consumption with good ones.
- The advantage of manual harvesting is that pickers can pre-grade produce and leave out damaged, immature, malformed and diseased ones.
- The three main operations of good harvesting are:
 1. Complete elimination of all diseased or decayed materials that cannot be left in the field.
 2. Collection of all the healthy produce of good quality that is marketable.
 3. Collection of produce of several grades or quality with some minor damage or blemish, or conditions that diminish market value.
- These are operations which make it possible to avoid grading after picking which is not only tiresome but requires further handling that causes further bruising.



5. Period of Recuperation

- This is the period when produce is left in a cool, slightly humid, clean and fairly dark room for several hours.
- Nearly all fruit vegetables e.g. tomatoes, eggplant, peppers, fresh beans need a rest period.
- After this period, some produce may show bruises previously invisible. These are then removed and market/storage of rest of the produce is extended.

Summary

- Produce maturity is defined by market requirements (quality), intended use, and transport time.
- Objective and/or subjective methods are used to determine maturity.
- Basic considerations for good harvesting include careful picking, and proper placement in containers. Sanitation is critical in maintaining quality of produce.
- Use of proper tools and techniques are desirable to minimize produce damage.
- Manual harvesting techniques include pulling, twisting, bending, cutting and cutting/digging. Mechanical harvesting is not used in small farm settings.
- Careful produce selection includes: avoidance of unsuitable produce, elimination of diseased materials, and pre-grading of produce into main basic grades of appearance and size.
- Produce must be allowed a period of recuperation to allow elimination of product with bruises from handling not noticed previously.

Maturity and Harvesting of Fresh Produce ~ Workshop

Still in the Garden

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. Adults learn best when they participate actively in the learning process, and the participatory approach is used extensively in this workshop.

Time

- 1.5 to 2 hours - plus traveling time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.
- Numbers of participants will be limited, however, to the capacity of the mode of transportation.

Materials

- Pen and paper OR slates where commonly used to record notes during workshops
- Vehicle to transport participants to the farm (if necessary)

Process

Arrange to visit a small farm in your region. While at the farm, do the following activities:

- Observe various maturity stages and quality standards of produce e.g. blemishes, diseases and deformation.
- Conduct an on-farm demonstration of harvesting methods and placement of produce in containers.
- Have participants take notes throughout the entire workshop.
- After each phase of the workshop, and in a group setting, take time to discuss the participants' observations and to answer questions.

Preparing Vegetables for the Market ~ Fact Sheet

Out of the Soil and Getting Ready to be Sold

Purpose

To discuss the techniques of harvesting and preparation of fresh produce to maintain its quality for a reasonable period during distribution and marketing.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Identify when to harvest various vegetables for fresh market.
2. Harvest vegetables with minimal bruises or damage.
3. Give instruction to who should harvest.
4. Identify which containers to use for minimum damage.

Materials

- Various sizes of farm or garden containers
- Samples of tomatoes and other vegetables of different levels of quality and maturity
- Pens, notepads

Time

- 90 minutes

Overview

A crop that looks very good in the field must reach the consumer in good quality. Vegetables produced in northern Ghana are handled and transported on rough roads to southern markets. Therefore, there are reasons to be concerned about post harvest quality.

- Quality in the fields does not necessarily end up in the consumer's hands.
- Consumers, market queens and retailers are more conscious about quality.
- In view of rising production costs, farmers want to maintain produce in good condition for the right price.

The task of ensuring field quality into the marketing chain falls on farmers. Therefore, attention to detail, beginning with harvesting and continuing through packing, transporting, and marketing, is a prime consideration. The first step of the vegetable's trip to the market, which is harvesting, is critical.

When to Harvest?

- Proper maturity or stage of development at harvest assures a successful beginning.
- Over maturity means more mature post harvest breakdown problems while immaturity means less productive sorting out.

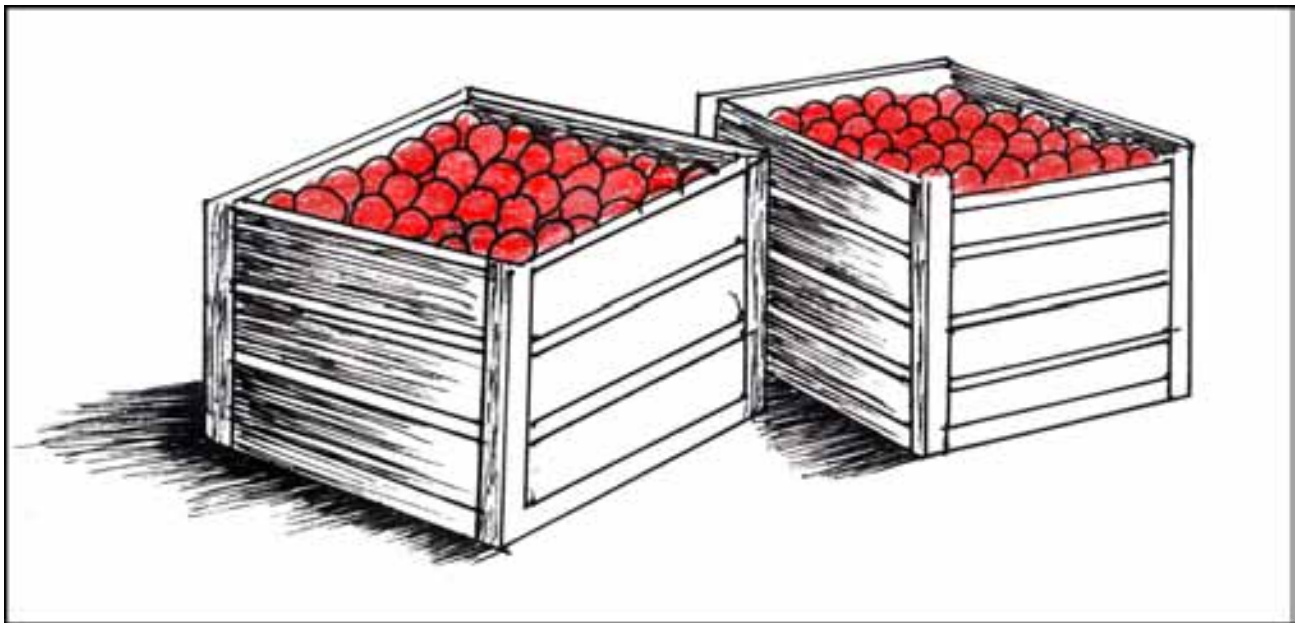
Especially for fruit type vegetables like tomatoes, there are several indicators of proper stage of maturity for harvest. These include size and ripening colour.

The stages of ripening include the following (caution – know the tomato variety):

- Stage 1 - Green
- Stage 2 - Breaker
- Stage 3 - Turning
- Stage 4 - Pink
- Stage 5 - Light red
- Stage 6 - Red
- Stage 7 - Red ripe

Consideration for Distant Market:

- Tomatoes produced in northern Ghana destined for the southern Ghana markets will be best harvested at Breaker to Pink stages, while Pink to early Red stage are for local/short distance markets. These stages will extend shelf or market life of the fresh produce. Pick vegetables in the early morning when heat load of produce is low.



How to Harvest

- Careful harvesting is the key to the overall post harvest handling process.
- When produce incurs physical damage at harvest, the risk of breakdown by rotting is high.
- Manual harvest mechanisms include breaking off (e.g. twisting off tomatoes by hand), cutting (snipping off with secateurs, knife, etc.).
- Place produce gently into containers -wooden crates, baskets, etc.
- Keep produce cool. Harvested produce must be kept shaded either by natural means (e.g. tree canopy) or artificial means (e.g. tarpaulins, leaves). Exposure of produce to the sun can speed up the breakdown of produce by over-ripening of fruit vegetables.



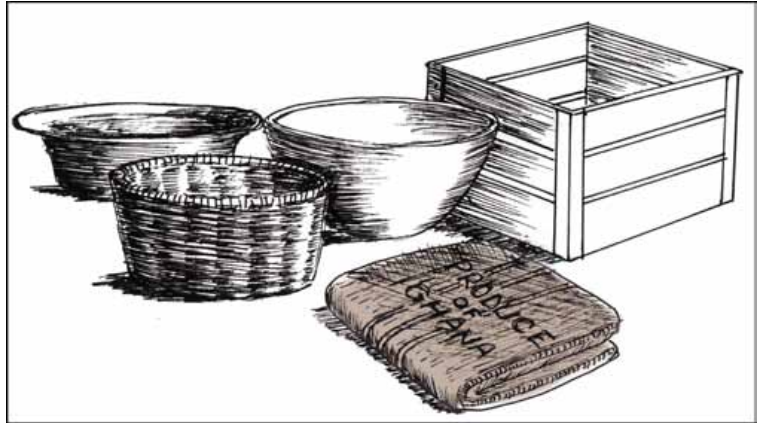
Who Should Harvest

- Careful training and management of harvesting personnel is desirable -even for 'by day' workers.
- Many problems such as decay, visual quality, proper maturity and water loss have their origin in rough, initial handling at harvest.

Note: Internal injuries cannot be detected on the outside. Produce with external bruises will not only discolour but be very susceptible to decay and water loss.

Which Containers to Use

- Containers must protect produce from damage during harvest and in transit.
- Baskets, wood crates and metal or plastic bins, can be used. However, the hard surfaces of transferring containers must be lined with leaves or carton liners to minimize injury.
- Reduce height of drops when transferring produce from small containers to large containers.
- Containers must hold a quantity of produce that can be lifted readily by personnel when loading trucks.
- Avoid excessive weights that encourage dropping of the containers.
- Do not overfill containers especially in volume fill packs. Allow sufficient room for stacking wooden crates during transportation.



Summary

- Fresh produce must be harvested and handled carefully to maintain harvest quality through marketing.
- Proper maturity stage of produce determines the life and quality over the period of marketing.
- The six stages of maturity for tomatoes, i.e. green through ripe stage, are provided to guide harvesting.
- Careful harvesting techniques and keeping produce in the shade are important in maintaining harvest quality.
- It is desirable to provide orientation/training for casual harvesters.
- Elimination of defective and damaged produce enhances market life.
- The use of proper containers minimizes damage to produce.
- Good practices of harvesting, handling and delivery ensure that the consumers obtain quality produce for a decent price.

Preparing Vegetables for the Market ~ Workshops

Out of the Soil and Getting Ready to be Sold

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of these workshops is to reinforce the information learned in the lecture part of this module. Adults learn best when they participate actively in the learning process, and the participatory approach is used extensively in these workshops.

Time

- 1.5 to 2 hours/workshop - plus traveling time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.
- Numbers of participants will be limited, however, to the capacity of the mode of transportation to the farm (if applicable)

Materials

- Pen and paper OR slates where commonly used to record notes during workshops
- Vehicle to transport participants to the farm (if necessary)

Process – Workshop #1

Take all participants to a field nearby that has different levels of vegetable maturation. While there, do the following activities:

- Demonstrate proper harvesting techniques.
- Demonstrate proper placement of produce into various containers.
- Allow each participant to take part in both activities once they have been demonstrated.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Process – Workshop #2

Arrange to visit a small farm or garden in your region. While there, do the following activities:

- Identify produce quality and observe harvesting and handling techniques.
- Identify all the good and bad practices that influence quality of the produce.
- Keep record of all activities and use that to develop a system for the local production of a specific farm operation.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Process – Workshop #3

Arrange to visit a market in your region. While there, do the following activities:

- Observe delivery, containers, transport handling practices and display of produce in the market place.
- Identify all the good and bad practices that influence quality of the produce.
- Have participants take notes throughout the workshop.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Grading and Packaging ~ Fact Sheet

Packing up for the Trip to Market

Purpose

To discuss the importance of grading and packaging in maintaining the quality of fresh produce. Relate produce uniformity and protection to safe distribution and marketing for profit.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand grading standards for local and export markets.
2. Develop a grading process for own produce.
3. Identify proper packaging methods.
4. Understand the purpose of proper packaging.
5. Design and choose suitable packaging.

Materials

- Sizers and scales.
- Packaging materials- wood, plastic films, fiber/paper boards, straw, dried leaves.
- Note: These materials are to be used as visual aids throughout the lecture portion of this module to help participants understand the concepts being taught.

Time

- 90 minutes

Overview

Produce presentation is an important aspect of quality frequently judged on uniformity basis. Uniformity presents a standard product for handling and marketing. Grading is done on the basis of size, weight, colour, defects or decomposition or a combination of these features.

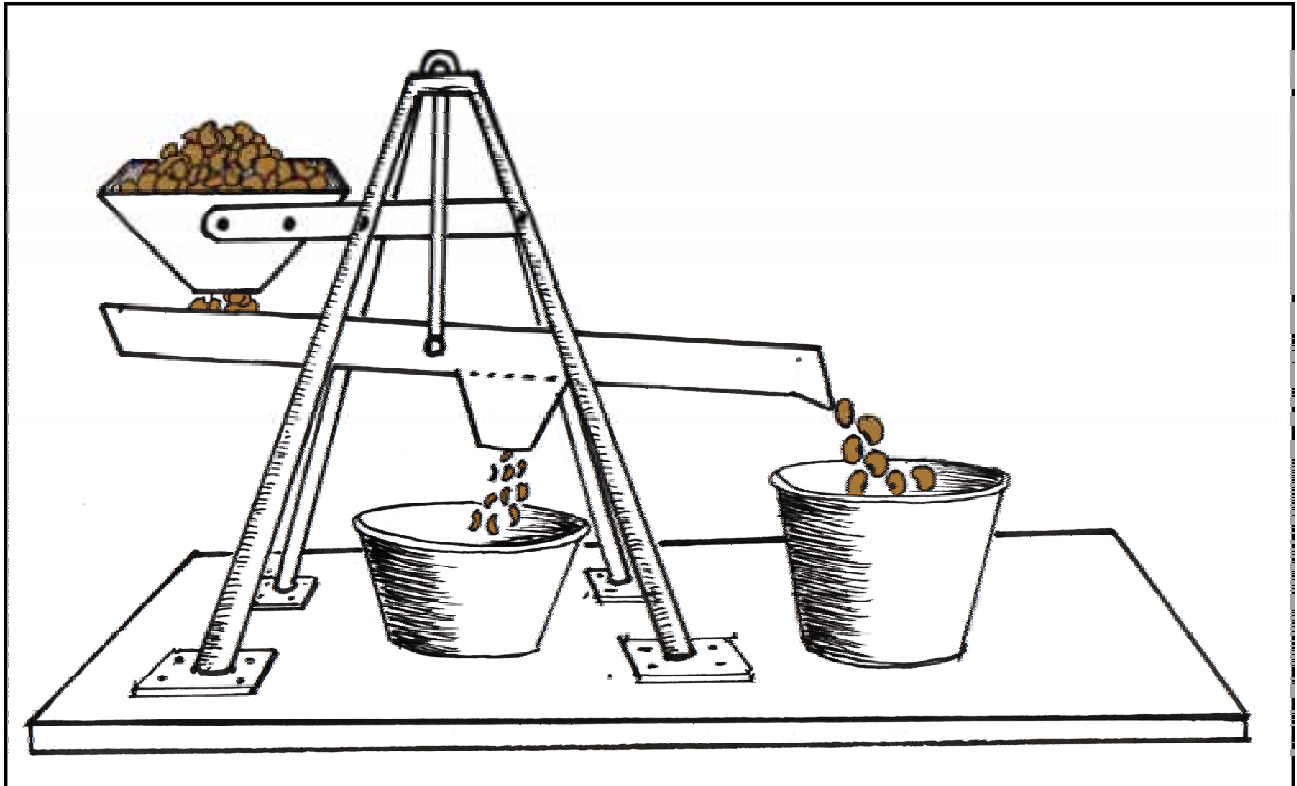
Graded produce can be packaged to ensure that produce retains its quality in a carefully managed distribution. Properly packaged produce can maximize economic return as the market life of produce is extended.

The two main functions of packaging are:

1. To gather the produce into convenient units for handling (unitization).
2. To protect produce during distribution, storage or marketing (protection).

Grading

Grading is the process of grouping produce into categories based on a set of criteria that define quality. Therefore, grading ensures quality to the producer, the buyer, the processor and the consumer. It is important to grade produce going to urban centres and the export market.



Grading ensures the following:

- That the quality of produce is consistent in the pack, with the label, or with what the seller says.
- That price information for the quality means the same to the seller and the buyer.
- That a farmer-member of a group or cooperative receives a just share from the sale of pooled produce.
- That a farmer gets a better price for good quality produce than unsorted produce and establishes a reputation as a supplier of good quality produce.
- That the need for re-sorting and handling is minimized, resulting in less damage to produce.

Who finds grading useful?

- Traders and processors do not have to sort graded produce to the quality needed.
- Lenders or banks will find it easier to assess the capability of farmers to pay loans if the volume and grades of produce are known rather than volume alone.
- Traders, agribusiness members and farmers will find price information meaningful if the quoted price refers to a certain grade.

What specific description of quality does a grade correspond to?

- Level of cleanliness (fairly clean or clean)
- Uniformity of shape (fairly uniform or uniform)
- Tolerance for each kind of defect (no defects, not more than a certain percentage of defects, e.g. maximum 5% defects)
- Description of quality classes

Category	Description
Extra Class	Excellent quality and usually only specially selected produce.
Class I	Good quality produce with no major defect.
Class II	Medium or reasonably good quality but deficient in one or two minor requirements such as shape, or colour, small blemishes and scratches/marks.
Class III	Poor produce of marketable quality that is below the standards of the higher classes.

- Other grade designations include:
 - Letter grade as A, B, C, D
 - Numerical 1, 2, 3, 4
 - Regular, standard, processing grade



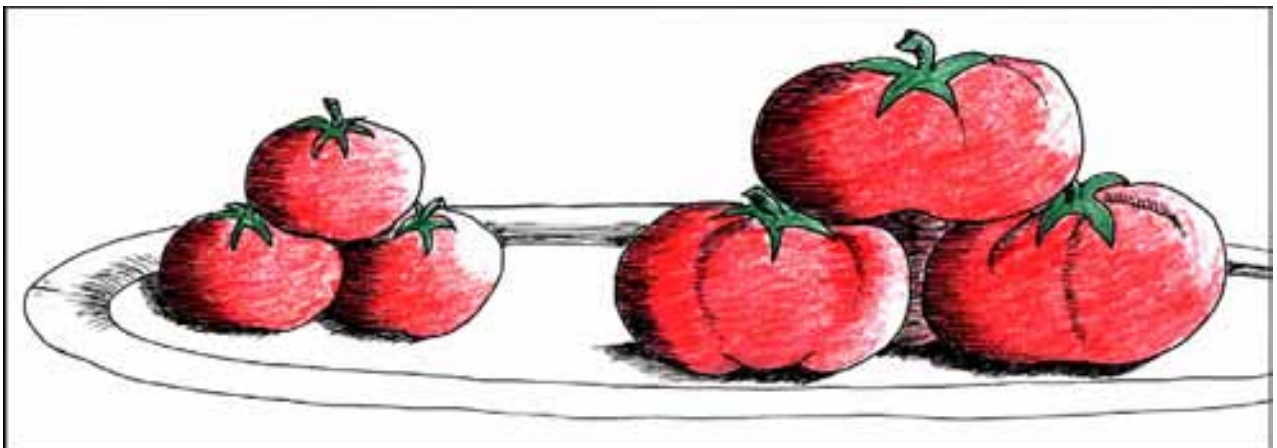
Grading Practices

Produce must be cleaned and treated only as necessary:

- Remove the dirt and debris from harvest operations by brushing, wiping, washing or blowing.
- Remove and discard bruised, cut, decayed materials, insects or insect remains, odd-sized, immature or overripe items.
- Use only recommended and approved fungicides/bactericides to limit decay on certain products, strictly in accordance with the label's instructions.
- Remove field heat (pre-cool) as soon as possible by placing the produce in shade at all times.

Sort and package produce by size, weight and maturity level:

- Use voluntary or recommended grade standards or buyers specifications.
- Place only uniform size or amount in each container.
- Place only products with uniform level of maturity in each container.
- Clearly mark the grade, size, weights or count in the container.



Some guidelines for grading:

- Use two hands to facilitate inspection (especially where commodity is not moved by conveyor).
- Ensure adequate light in the sorting area.
- Use grading aids or equipment.
- Be familiar with defects.



Grading/sizing aids:

- Sorting table (e.g. tomato, papaya)
- Sizers (e.g. onion sizer)
- Colour charts

Current information on the use and regulations of fungicides, bactericides and pesticides are provided by the foreign countries interested in the produce.

Grading Methods

Produce is generally graded on the basis of:

- Size
- Weight
- Colour
- Defects
- Composition
- Or a combination of these features



Sizing

Sizing refers to grouping of produce into size categories. Size is specified for each unit of graded produce. Size is measured as:

- Diameter

(e.g. Philippine size categorized for onions):

Extra large	-	8 cm
Large	-	6.5 - 8.0 cm
Medium	-	4.5 - 6.5 cm
Small	-	2.5 - 4.5 cm

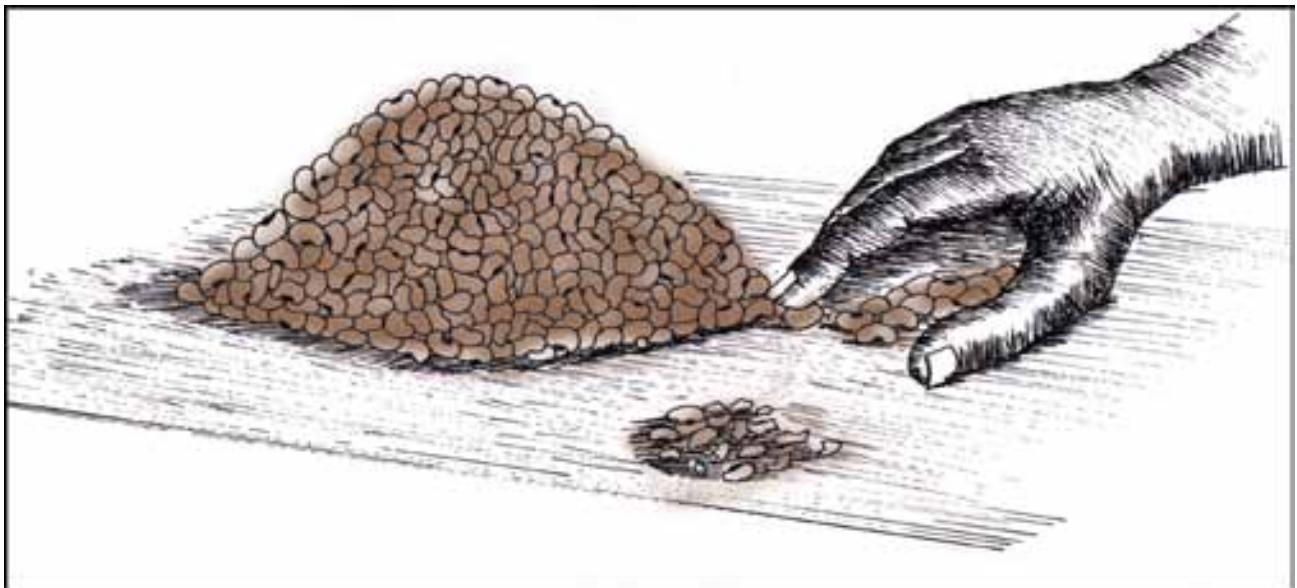
- Weight

(e.g. Philippine size categories of native papaya):

Big	-	2 kg and above
Medium	-	1.5 to 2.0 kg
Small	-	below 1.5 kg

- Length

- Length and Diameter



Grade Standards

This refers to the set of criteria and specifications of quality determining the grade.

For example grade size categories for onions are:

- | | | |
|---------|---|---|
| Grade 1 | - | Mature, of the same variety, clean and free from defects. |
| Grade 2 | - | Fairly mature, fairly clean, of the same variety and free from defects. |

Size classification of onions (according to diameter):

- | | | |
|-------------|---|---------------------|
| Extra Large | - | Greater than 8.0 cm |
| Large | - | 6.5 - 8.0 cm |
| Medium | - | 4.5 - 6.5 cm |
| Small | - | 2.5 - 4.5 cm |

Considerations for the Export Markets

The European Economic Community grade standards include these quality classes:

- | | | |
|-------------|---|--------------------|
| Extra Class | - | Superior quality |
| Class 1 | - | Good quality |
| Class II | - | Marketable quality |

These are respectively equivalent to the following USDA standards:

U.S. Fancy
U.S. No. 1
U.S. No. 2

What Crops Need Grade Standards?

- Crops for markets where buyers are willing to pay a premium for good quality such as supermarkets, restaurants, hotels, airlines and specialized roadside stands.
- Crops that are intended for storage over a reasonable period to ensure that only good quality produce is stored. Generally, a good quality product can remain longer in good condition for the expected storage duration.
- Export crops, to provide an assurance of reliability in supplying the desired quality for inspection.

Packaging

Proper packaging of fresh produce is essential to maintain produce quality during transportation and marketing. Furthermore, for the export market, in addition to protection, packaging in the form of shipping containers serves to enclose the product and provides a means of handling.

Why the Need for Packaging?

Protect the produce at all stages of the marketing distribution process from producer to the consumer to:

1. Eliminate individual handling of produce and speed-up marketing process.
2. Unitize and rationalize the produce so that all traders handle standardized quantities.

Functions of Packaging

1. Must contain produce

- Secures product
- Assures no accidental spillage

2. Should protect produce

- Prevents physical damage
- Keeps out pests/diseases, dust, sand, stone
- Provides ventilation

3. Should sell the product

- Must appeal to the consumer
- Must be easy to handle
- Must be resalable



4. Must inform buyers and warehouse operators/transporters

- Describes content, producer and location
- Special handling instructions
- Recommended storage temperature

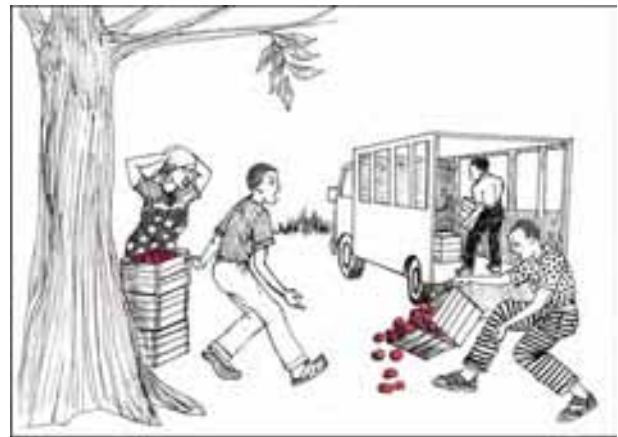
Factors to Consider in Packaging

1. Nature of produce
 - Market or storage life
 - Resilience of produce to damage
 - Shape
 - Size
2. Market requirements
 - Weight of produce preferred in unit packing and handling
 - Approximate value of content
 - Grade
3. Other post harvest operations
 - Produce condition at packaging (wet or dry, hot or cool)
 - Need for cooling produce
4. Transport
 - Transport vehicle
 - Market distance and transport cost
 - Weather conditions during transport

Packaging Materials

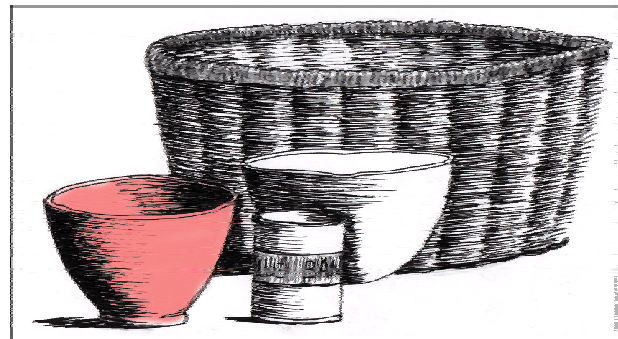
Packaging must withstand:

- Rough handling during loading and unloading
- Compression from weight of other containers
- Impact and vibration during transport
- High humidity during pre-cooling, transit and storage



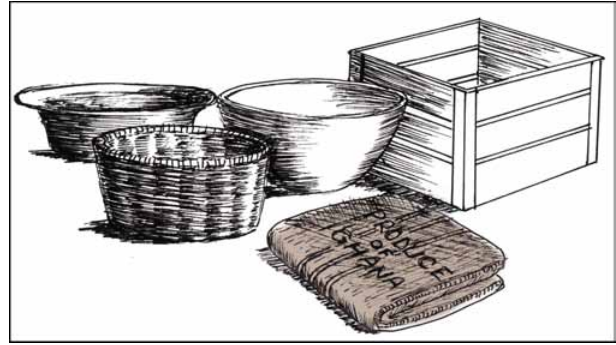
Packaging materials are chosen on the basis of:

- Needs of the product
- Volume of the produce
- Handling requirements
 - Packing method
 - Pre-cooling
- Cost and availability
- Buyer specifications
- Freight rates (weight and bulk)



Materials used Include

- Flexible Materials
- Rigid Wooden Materials
- Plastic Films
- Cardboard/Fibre Materials
- Rigid Plastic Containers
- Other Materials



Flexible Materials

- Straw, dried banana leaf sheaths, bamboo, raffia palm, etc.

Advantages

- Readily available, cheap, light, biodegradable

Disadvantages

- Difficult to clean and easily contaminated, weak, lack rigidity that prevents multiple stacking of baskets, and unwieldy. May damage produce due to roughness of surface, and are often filled too tightly, causing bruising and pressure damage.

Rigid Wooden Materials

- Waste lumber, veneer, plywood fabricated into bins, crates (wire bound, nailed), baskets, trays, lugs, pallets

Advantages

- Stackable, reusable, biodegradable

Disadvantages

- Difficult to clean, easily contaminated, heavy, becoming scarce, rough surface/sharp edges and corners may damage produce

Plastic Films

- Used as liners, wraps, and dividers.

Advantages

- Provide protection against physical stress, reduces moisture loss

Disadvantages

- Added cost, reduced ventilation

Cardboard/Fibre Materials

- Fabricated into bins, boxes (glued, stapled, interwoven), lugs, trays, flats, dividers and slip-sheets. Fibrebox - Could be any of the style illustrated below:
 - One-piece slotted box self-locking
 - Two-piece half-slotted box with a full telescoping cover
 - One-piece tuck-in over box
 - Self-locking tray

Advantages

- Light, clean smooth surface, attractive, easy to label, easy to modify into a wide variety of shapes and sizes, biodegradable

Disadvantages

- Expensive, non-returnable, easily damaged by water, rough handling unless impregnated with waxes at additional cost

Rigid Plastic Containers

Advantages

- Strong or rigid, provides adequate protection, easy to clean, smooth surface, easy to handle and label, stackable (nestable, depending on design), fabrication can be fully automated, returnable.

Disadvantages

- Expensive and a high capital outlay required, not readily available, unsuitable for export, management of container movement difficult, non-biodegradable.

Other Materials

- Paper bags, sleeves, wraps, liners, pads, baskets, excelsiors, labels, foam boxes, burlap bags, plastic mesh bags.

Advantages

- Bins, boxes, crates, trays, lugs, baskets, hampers and bags are regarded as suitable shipping containers. They are easy to stack.

Disadvantages

- Baskets are rather difficult to handle in mixed loads of rectangular boxes. Bags provide limited product protection.

The final operation in the packing station is usually carried-out manually. Each object is carefully placed in the box in a fixed pattern. This procedure is not feasible for irregularly shaped produce, which uses a loose pack of a standard weight.

Principal Operations in Packing

There is the need to distinguish between packing produce for local or national markets and that destined for export or international markets, where severe regulations inflict special conditions before produce is admitted for sale.

Packing for Local or National Market

The recommended operations are summarized as:

- Thorough cleaning of produce (see grading section)
- Simple grading in two categories of quality (see grading section)
- Simple grading according to size
- Packing in boxes or baskets suitable for delivery to retailers.

Packing for Export

It is necessary to obtain complete information on the current regulation of the foreign country for which the produce is intended. All packing requirements must be respected. Generally, the following treatments are required:

- Cleaning (washing, brushing, disinfection)
- Re-grading (in some cases)
- Quality grading
- Protection (further protection against pathogens, dessication and loss of weight)
- Size grading
- Packing (export type)

Capacity and Dimensions of Selected Containers

- Sacks: no more than 25 kg of produce
- Trays and crates
 - Flat trays - 3 to 5 kg of produce
 - Deep trays - up to 20 kg of produce
 - Common sizes: 30 x 40 cm
 - 50 x 30 cm
 - 60 x 40 cm
 - Height: 10 to 30 cm

e.g. large trays (60 x 40 x 25 cm) may contain 4-5 kg and 12, 18 or 24 heads of lettuce. For tomatoes of spherical shape or medium density, use shallow trays measuring 50 x 30 x 15 cm and containing 10 to 12 kg.

The potential to use local resources for packing is high. There is the need for creativity to develop various baskets from the leaves of palm trees, raffia palm and various straws to market locally and for export of such products as sweet peppers, mangoes and fresh beans. Contact Ghana Standards Board or the importing country for standardization of packaging. All containers must be designed for easy labeling and produce inspection in transit and at destination.

Methods of Packing Include

Field Packing

- Products are placed in fibreboard boxes, wood crates or baskets during harvesting. The filled containers are placed in the shade or under tarps or in an open airy area to cool.

Shed Packing

- Products are processed and packed under cover near the farm, or at a location centrally situated near the farm or shed, for the group of farmers at a distant location.

Repacking

- Products are removed from the bulk container, re-graded and packed in another container, usually small ones for retailing or consumer packages.

Containers must be sized and filled correctly. Over filling causes bruising of produce and excessive bulging of containers. This can result in compression bruising and failure of containers. Under filling causes produce damage by vibration or rolling during transport and handling.

Containers must have reasonable size and weight to limit rough handling, product damage and failure of containers. For example, containers that are very wide and weigh more than 25 kg encourage rougher handling, produce damage and container failure.

Labeling

Labeling containers aids to identify and promote the products as well as to assist the receiver (warehousing and retailing units) in holding and retrieving them. Labeling could be done by printing directly on the containers, especially fibreboards and wood. Other containers require glued, stamped, or stenciled labeling. High quality produce uniquely packaged could be branded with specialized trademark stickers.

Some typical label information includes the following:

- Common name of the product
- Net weight, count and/or volume
- Brand name as well as name and address of packer or shipper or distributor
- Country of origin
- Size and grade, where standards are used
- Recommended storage/transit temperature
- Name of approved fungicide or bactericide used in packaging

Contact the National Standards Board and importing country for additional label information. Remember proper packaging and labeling help sell produce as well as provide necessary product protection.

Summary

- Grading ensures uniformity and quality of produce to the producer, buyer, the processor and the consumer.
- Quality grades include letters, numbers and descriptions.
- The grading practices of cleaning the produce, sorting and packaging by weight, size and quantity are detailed.
- Sizing, weighing and grade standards are common methods employed.
- Grade standards are developed for premium markets, crops intended for storage and the export market.
- Packaging protects produce and serves as a means of handling.
- Factors considered in packaging include nature of produce, market requirements, various post harvest operations and transport.
- Packaging materials are selected based on product needs, volume of produce, handling requirements, costs, buyer specifications and freight rates.
- Materials ranging from plant products to plastic are presented with advantages and disadvantages of using them.
- Packaging operations for local/national and export markets are identified.
- The methods of packing in the field, shed and repacking of products are outlined.
- Proper labeling of products for local and export markets are useful in identifying produce at various destinations.

Grading and Packaging ~ Workshops

Packing up for the Trip to Market

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of these workshops is to reinforce the information learned in the lecture part of this module. Adults learn best when they participate actively in the learning process, and the participatory approach is used extensively in these workshops.

Time

- 1.5 to 2 hours/workshop - plus traveling time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.
- Numbers of participants will be limited, however, to the capacity of the mode of transportation to the farm (if applicable)

Materials

- Pen and paper - OR slates where commonly used - to record notes during workshops
- Vehicle to transport participants to the market (if necessary)
- Bulk container for vegetables
- A variety of vegetables – different sizes and grades

Process – Workshop #1

Take all participants to a nearby market. While there, do the following activities:

- Observe how produce is presented to the consumers.
- Examine various containers used to deliver produce at the market and relate them to the quality of produce.
- Have participants take notes throughout the workshop.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Process – Workshop #2

Gather up a bulk container and variety of vegetables. Do the following activities:

- Prepare your own grades and compare with the standard set by the National Standards Board or the Ministry of Food and Agriculture.
- Sort the vegetables into sizes and standard grades.
- Pack them into the vegetable container.
- Have participants take notes throughout the workshop.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Transport and Handling of Produce ~ Fact Sheet

Getting Them to Market

Purpose

To discuss the conditions and recommendations for successful transport of good quality produce to local and distant markets. The needs for careful handling of fresh produce during loading and unloading are also considered.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Carefully handling the produce at the farm and destination warehouse/markets.
2. Identify points of damage during transit.
3. Properly load transport with minimum damage to fresh produce.
4. Learn about local and international requirements for shipping produce.
5. Select the right kind of transportation equipment for shipping local and international produce.

Materials

- Pictures of various modes of transport
- Collect produce units to demonstrate vibration and impact bruises in transit
- Prepare photos, or posters to show the do's and the don'ts of handling produce

Time

- 90 minutes

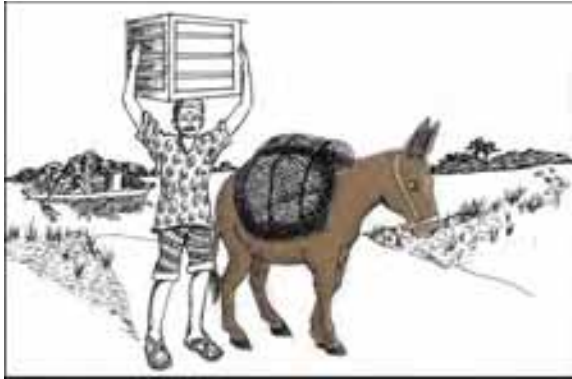
Overview

The movement of produce from field to the packing shed or market requires transport over short or long distance. Rough handling and transport over bumpy roads damage produce by mechanical action. Produce will become overheated at high temperatures especially if there is inadequate shading, ventilation or cooling of produce in transit. Transport of produce in open trucks may result in sun-scorch of exposed produce. Loss of moisture from produce can be severe under such conditions. Inappropriate packaging, for example over filling and under filling containers, may result in physical damage caused by vibration and impact bruises during transport.

Transport methods used for moving fresh produce from point of production to destination markets include trucks, minibuses, railroads (where available), canoes, ships, airplanes and combinations of these. Produce temperature and relative humidity requirements must be adequate to extend the fresh life of produce. Whether produce is moved locally or internationally, problems, limitations and requirements are common to all. Knowledge of these problems can help suppliers and users of fresh produce select the transportation system more effectively for local and international purposes.

Local and National Transport

Generally, during production and packing, transport takes place mainly over short distances. Tractor-trailers, animal carts, canoes and pick-up trucks can achieve the movement of produce for large farms, while human portage, push carts and animal carts can be used for small holdings.

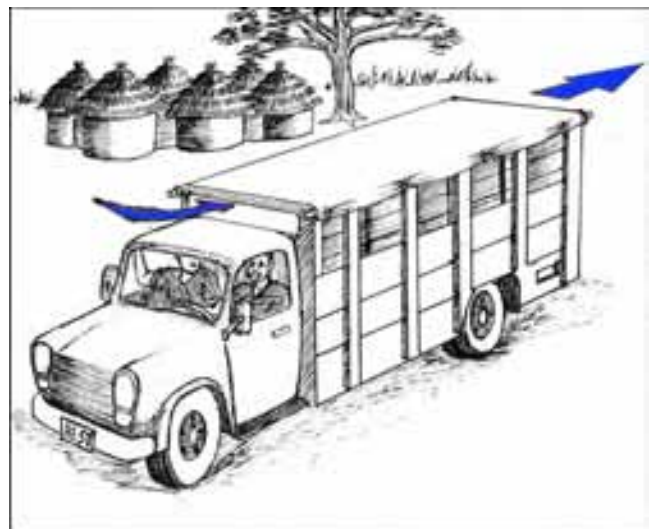


At the marketing level and distribution stage, produce is transported over long distances where damage to fresh produce can occur on rough roads.

Road Transport

This is the most popular and convenient means of moving produce. Many types of vehicles are adapted to a wide range of loads and road conditions. Some common ones include mini-buses, small lorries, pick-ups and trucks capable of travelling on rough roads and providing connections to the hinterland.

When produce is transported over long distances in broad daylight, special protection must be provided. In such cases, use of insulation and air conditioning units are sufficient to keep the produce fresh and affordable.



For semi-durable produce such as onions, potatoes, cassava, carrots, yams and cabbage, good ventilation and insulated bodywork are sufficient to serve this purpose.

River Transport

Thanks to the Black and White Volta Rivers and the Volta Lake, a good mode of transportation between north and south of Ghana is provided. The speed of the ferry ship and frequency of traffic may not be convenient to move highly perishable fresh produce. Practically, boats and canoes are used for local transport quite often. This may be cheaper, considering the high fuel costs.

International Transport

Within the ECOWAS (Economic Community of West African States), surface transportation is practical for exporting and importing. For long distance transport, well-equipped, powerful and rapid trucks and lorries are available.

Air Transport

For speed and very good facilities, air transport is ideal as a means of moving fresh produce. However, the obstacles that hinder its use are the freight charges, which are not adapted to the market value of a large number of fresh products.

Marine Transport

The key advantage is that ordinary cargo boats have much lower charges and can transport very large volumes of fresh produce economically. Despite the improved speed of vessels and availability of ventilated and refrigerated holds, cargo boats are only suited to produce which can withstand long delays in delivery and rough handling. The use of packaging is desirable to protect produce from such conditions.

Some good conditions and precautions for marine transport are:

1. Service should be regular and as frequent as possible. This implies the volume of production should be proportional to the capacity of the ships and number of ship loads that can be dispatched per week
2. Careful loading must be established. Note the special requirements for loading fresh produce. Produce must be compatible e.g. onions and melons give off strong odours likely to be absorbed by other vegetables
3. Dockworkers - must load according to rules of seamanship. Careless loading can result in movement of the cargo and damage to produce.
4. Handling of the cargo - needs to be severely controlled. Consignments dispatched in crates and cases are handled many times and receive at best one shock before destination
5. Hygiene - containers must be thoroughly cleaned and disinfected before each load. This preserves the merchandise in 'good condition'.

Transport - A Link in the Distribution Chain

Fruits and vegetables are highly perishable and warm conditions favour deterioration. Thus, there is the need for rapid and reliable transport.

Components of the Transport Chain where Losses Occur

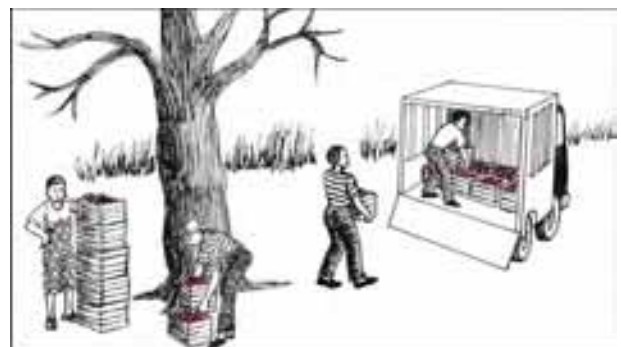
Produce are often lifted and dropped several times depending on:

- Distance of transport
- Number of loading and unloading points
- Availability of forklifts, pallets, and loading/unloading aids



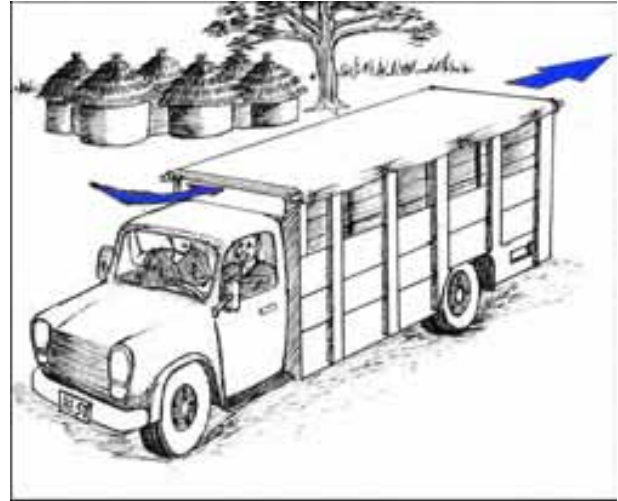
Poor loading and unloading practices result in mechanical damage:

- Direct Losses - severe damage to warrant discarding the produce for sale (e.g. cracks, serious bruises)
- Indirect Losses - effects on product behaviour (i.e. respiration, ethylene production, transpiration and senescence)



Air Circulation:

- Fresh produce in packages has to contend with two distinct environments - the one inside the package and the one outside; both environments should be controlled
- In most cases, air exchange is needed to prevent oxygen depletion, carbon dioxide accumulation and heat build-up
- In-transit temperature and humidity conditions need to be controlled
- Measures to minimize heat build-up
 - Use of refrigerated vehicles, when available
 - Pre-cool produce adequately before loading
 - In trucks used for transport, allow some opening for the entry of air
 - Use light-coloured canvass for cover (in trucks) as they absorb less heat from the sun
 - Transport during the coldest part of the day, or at night



Ethylene:

- Ethylene-susceptible commodities should not be mixed with high ethylene producers (ripening fruits, diseased and damaged fruits)

Transport:

- Type of carrier - plane, boat, truck, minibuses, animal-drawn carrier
- Speed of carrier - excessive speed under bad road conditions increases the incidence of mechanical damage
- Road condition - poor roads with deep potholes increase the incidence of impact damage
- Suspension system of carrier



Mechanical Damage During Transport

Sources of Mechanical Damage

1. Impact Damage

- Results in bruising with or without skin rupture
- Caused by fruits bumping against each other during:
 - Sudden stops of the vehicle or acceleration
 - Vehicle hits bump on the road or pothole (especially if the load is not well secured and/or the contents of the pack are too loose)
- Can be minimized by:
 - Using liners to absorb the shock
 - Provide packages that are easy to handle during loading and unloading

2. Pressure or Compression

- No physical movement is necessary for the damage to occur
- Bulk transport - excessive pressure results in internal and external injuries
- Can be minimized by:
 - Proper design (shape and size) of bulk bins
 - Use of more rigid containers

3. Vibration

- Damage due to repeated forces of vibrating the fruit/vegetable; internal bruising evident only in pulp of the fruit and depends on:
 - Depth of fruit/vegetable in the container
 - Tightness of fill
- Dependent upon type of truck suspension system and vibration characteristics of the commodity

Type of Mechanical Damage

- Abrasion - common type of damage in yam and tomato in which part or all of the skin is scraped from the pulp.
- Bruising - external damage to plant tissues without any break in the skin causing physical changes in texture and/or eventual alteration in flavour, texture and colour.
- Distortion - change in shape of an intact fruit, which is not characteristic for the variety.
- Crack - a cleavage without complete separation of parts.
- Cut - penetration or division by the sharp edge of an object.
- Puncture - a small hole or wound on the surface of the fruit caused by a pointed object or stem of other fruits.
- Skin break - fracture of the periderm or crack limited to the skin.
- Skinning - separation of the Perier from the plant part by scraping, rubbing, etc.
- Split - division or separation into parts.
- Stem end tearing - skin break caused by separation of the stem or peduncle from the fruit.
- Internal bruising - water, soft and translucent pulp.

Reducing Damage During Transport

- Ensure that vehicle is in good order and has a good suspension system.
- Drive properly - avoid sudden stops and starts.
- Minimize movement of containers.
- For bulk transport, use cushions of straw or foam on the floor, and against the front and walls of the vehicle.
- Use horizontal dividers or platform trucks.
- Protect commodities from the rain and wind.
- If transport is by boat, use ventilated container vans.
- Load more fragile commodities near the centre of gravity.

Summary

- Moving produce from field to grading/packing shed or the market requires a good mode of transport over short or long distance.
- Local transport includes tractor-trailer, animal carts, canoes and pick-up trucks for medium to large operations, while human portage, push carts and animal carts are for small holdings.
- International transport is accomplished by road, air or sea freight.
- Regardless of the mode of transport, it is recognized that fresh produce is highly perishable and requires a rapid, reliable mode of transportation.
- Sources of damages include impact, compression and vibration.
- Damage can be minimized by proper handling, packaging and loading, as well as by using the appropriate mode of transport.

Transport and Handling of Produce ~ Workshop

Getting Them to Market

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. Adults learn best when they participate actively in the learning process, and the participatory approach is used extensively in this workshop.

Time

- 1.5 to 2 hours - plus traveling time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.
- Numbers of participants will be limited, however, to the capacity of the mode of transportation to the farm (if applicable).

Materials

- Pen and paper - OR slates where commonly used - to record notes during workshop
- Vehicle to transport participants to the market (if necessary)

Process

Visit a local farm and/or market. While there, do the following activities:

- Observe the loading and unloading of vehicles.
- Look for and demonstrate damage caused by vibration and compression during transit.
- Have participants take notes throughout the workshop.
- In a group setting, take time to discuss the participants' observations and to answer questions.

Wrap Up and Evaluation ~ Post Harvest Handling System

Participants will need time to process the information discussed. The facilitator should briefly review the accomplishments for the session and discuss how participants can implement the information learned.

He/she should ask the group the following types of questions:

- What is the next step?
- When should they meet again?
- What other preparatory work needs to be done?

When this task has been completed, the facilitator needs to conduct some type of evaluation. This final exercise will help the facilitator and group obtain the feedback necessary for judging the success of the workshop. The following exercise can be undertaken:

The group is asked to consider the following questions. They can either write down their responses or the facilitator can ask the questions of the group.

- Things I liked
- Things I did not like
- Suggestions for improvement
- The most important lesson I learned
- What I found the most difficult
- What is the main obstacle our group will face putting what we have decided to work

References ~ Post Harvest Handling System

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Agri-Entrepreneurship Training Manual

Marketing



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Notes to Facilitator ~ Marketing

Scope

The series of fact sheets contained in this module provide the foundation for understanding the concepts and practices related to marketing of agricultural products. This manual is designed to allow facilitators to develop a library of information on this topic, and other fact sheets can be added over time.

This workshop has been designed to be used in a segmented fashion. However, each section could be presented separately or particular sections could be removed. Mix and match the activities to suit your purpose.

The following topics are covered in this module:

- Marketing
- Market Research
- New Product Development
- Pricing
- Retailing and Merchandising
- Selling
- Group Marketing

General Instructions

- Sometimes people feel uncomfortable with the use of exercises as teaching tools particularly when the exercise might be a game. Be sure to explain clearly to the group the intent of the exercise and what will be accomplished. Then give the participants an opportunity to reflect on what has happened.
- This module can be broken apart in a number of ways. Most of the sections can stand alone or the different parts can be spread over a couple of days.
- The outline for this module assumes that the facilitator has had sufficient experience to change or modify the exercise to suit the nature of the group. If you are new to this type of teaching, then just try one exercise.
- The time limits are approximate, and will depend on the number of participants and their willingness to interact. It would be difficult to accomplish the objectives outlined with more than 20 people.

Understanding the Role and Responsibilities of Facilitators

The first module in the Agri-Entrepreneurship manual addresses Group Formation and Strengthening. The information provided below is, for the most part, directly from that module. It has been included here to provide you, the facilitator, with an understanding of the dynamics of working in groups, your role as a facilitator, and how you can best ensure effective group work.

Why do community projects not succeed? What do we, as community facilitators, need to know to help rural communities? One of the common complaints with any type of community development project is that people have difficulty working together. There are many reasons why groups do not achieve their objectives. These include:

- Lack of clear objectives
- Conflict over objectives or purpose
- Personal differences among members
- Lack of standards for behaviour
- Unwillingness or inability to contribute
- Poor leadership

Perhaps the most important thing to understand about groups is why they exist. Essentially, groups exist only to satisfy the needs and interests of their members. Therefore, translating individual needs and concerns into group priorities is important. Group members should clearly see what the end goals will be and how these will meet their objectives.

When working as community facilitators, we need to understand why people want to participate. This understanding contributes to the development of viable groups and facilitates conflict management. There are a number of reasons why people join groups including:

- If an influential member of the community or a respected elder participates, then, others will join because of the status associated with belonging to this group.
- On the same note, people don't like to be left out of things, particularly if a programme is perceived to be successful.
- Some people join because of the social element. It is an opportunity to be with friends.
- Others join because they may receive a financial benefit or some other type of reward.
- Another reason is that some people have a strong desire to help others and their community. This makes them feel good.
- And some just like to learn new things.

The strength of a community group is a function of the individuals in the group, the interactions of the group members and the influence of the group on the community. Trainers need to understand all these factors to understand why a particular group succeeds or fails. The personality and approach of the community facilitator is a major factor as well.

Trainers often ask: Why do communities form groups to take advantage of available financing and then disband when the financing dies? The answer to this question is not simple, and there are many possible reasons. Several of these reasons are listed below:

- Who has made the funding available? It is not uncommon for a central government to decide on a particular programme with the aim to improve the quality of life of rural people. The idea may be conceived at a central location in the country, and then implemented by people who have little concept of what life is really like in small rural communities. The project will often not be a success because the planners have not considered the needs of local communities, and because the people have had little input in the planning process.
- Two extremes can exist with the regulation of funding programmes. Some projects may have many rules and regulations, which are designed to strictly control the project but can stifle creativity. Other projects can have too little control and result in a misuse of funds. This can cause funding agencies to become reluctant to implement new projects, and local people become cynical about the process.
- Trainers or project managers can take the decision-making away from the community. The group then becomes totally reliant on the funding agent to manage the process. When the money is spent, then the group has not developed the structure to allow it to function without help. As a project manager, it can be very difficult to trust the community to complete the task or design a process by themselves.
- A fundamental concept in community development is helping people help themselves. The community needs to take ownership of the programme, the activity or the process. Otherwise, no matter how good the project is, it will not endure.
- The attitude of the trainer or the funding agency has a tremendous role to play. Prejudicial and stereotypical attitudes hinder the relationship between the trainer or the agency and the community. A good working relationship based on trust and respect between the facilitator and the community is vital to the success of the project.
- Communities are not all the same. Each has its own set of abilities and constraints. The type of local leadership and power structures have a tremendous effect on the ability of a community to change.

A useful exercise for community facilitators would be to hold discussions with communities to find out why projects have failed in the past. Encouraging community groups to visit other communities that have implemented successful projects would also be useful.

Any activity, which promotes a better understanding of why some projects work and others do not, would be a valuable training exercise.

Finally, the role of the trainer cannot be discounted. Good working relationships are built on trust and respect. Frank discussion of how good relationships can be achieved with communities is needed. Listed below are some of the questions that we should ask ourselves before working in rural communities:

- Who am I and how does my personality affect my ability to work with others?
- What are my strengths and weaknesses? How do others see me?
- What do I believe about rural people's ability to change, and do my actions reflect my beliefs?
- What are my prejudices and stereotypes about rural people (or ethnic groups, religions, gender etc.)? How do these impact on my work as a community facilitator?

Keep these questions in mind as you prepare, conduct, and reflect upon opportunities for facilitating community and business group work.

Notes & Time Lines ~ Marketing

Module	Anticipated Time
Marketing ~ Fact Sheet	30 minutes
Marketing ~ Workshop	60 minutes
Market Research ~ Fact Sheet	45 minutes
Market Research ~ Workshop	75 minutes
New Product Development ~ Fact Sheet	45 minutes
New Product Development ~ Workshop #1	2 hours
New Product Development ~ Workshop #2	2 hours
Pricing ~ Fact Sheet	30 minutes
Pricing ~ Workshop	60 minutes
Retailing and Merchandising ~ Fact Sheet	30 minutes
Retailing and Merchandising ~ Workshop	90 minutes
Selling ~ Fact Sheet	30 minutes
Selling ~ Workshop	60 minutes
Group Marketing ~ Fact Sheet	30 minutes
Group Marketing ~ Workshop	60 minutes
Total Estimated Contact Time Required	14 hours 15 minutes

Notes ~ How to Use This Manual

Each component in this module can be used in the following ways:

1. A lecture based upon each fact sheet, followed by the corresponding workshop, which would serve to reinforce the concepts discussed in the lecture. The timelines listed beside the fact sheets above will be helpful if you choose this method.
2. The fact sheets can also be used as background information for facilitators, and not presented in a lecture format. With this method, facilitators would conduct each workshop with participants, and impart the information from the fact sheets as needed for the participants to complete each exercise.

The fact sheets are intended to provide stand-alone information for use as reference materials. The workshops, however, are not intended for use without the support of the fact sheets.

This manual has been designed to facilitate learning with both literate and illiterate learners. The facilitator may decide what print materials are appropriate for dissemination to participants.

It is expected that facilitators will have some prior knowledge of the concepts and practices being taught in each component.

General Workshop Guidelines are provided on the next two pages. These guidelines are intended to provide general information that will help ensure the effectiveness of workshops. Read these over prior to proceeding with the programme.

General Workshop Guidelines ~ Marketing

The Approach

- The workshop is meant for adults. Adults have their own experience and knowledge and they want to be treated with respect. Their time is limited because they have many other commitments. Adults choose to participate in a workshop, or series of workshops, because they feel that the workshop contents are relevant and useful to them. Therefore, it is important to build, step by step, as much as possible on the experience and knowledge of the adult learners.
- Adults learn best when they participate actively in the learning process. The participatory approach is used as a guideline throughout each workshop. Each workshop has a number of steps to encourage participation through discussion, small group exercises, role-plays and individual exercises.

Time

- Time will vary from one workshop to another. However, 1.5 to 2 hours should be sufficient for most.
- If you have a group that plans to meet regularly to discuss a series of Agri-Entrepreneurship topics then you should discuss how many times per week they want to meet and which time is most suitable for them. Repetition and frequency of meetings is very important to a successful course. The group should meet at least two times per week. Participants may find it difficult to concentrate for periods longer than one and a half to two hours - particularly if they have just finished a day's work.

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Preparation

- Prepare yourself before each meeting. Read the Fact Sheets and prepare the exercises. This will make it easier for you to lead the discussion and it will save time during the workshop.

General Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Note: Materials specifically relating to each workshop are listed in the individual workshop descriptions.

General Workshop Programme

- 5 minutes of introductions and explanation of the purpose of the workshop.
- Discussion to make each participant think about the problems and objectives of the particular workshop and to relate the topic to their own experience and knowledge. In some cases, questions are provided with possible answers. The answers are given to help guide the discussion but they should not be considered as the only correct answer.
- Explanation of the workshop topic including issues raised during the discussion. The explanation should give the participants a clear understanding of what they will learn during this workshop.
- Break for 10 minutes (if appropriate).
- Present examples, which illustrate the topic and relate it to participants' daily situations.
- Practise the lesson to be learned through group exercises, role-playing, discussion or individual exercises and homework. The objective is to ensure that the principles and concepts are understood and that the participants will feel confident in practising their new knowledge in their own work and life. Groups of 2 to 3 persons provide an effective learning environment. Try to change the composition of the group so that slow learners can benefit from the help of fast learners and the fast learners avoid getting bored.
- Summarize the workshop to make sure that everybody has understood the lesson. If you find that the participants have problems with some of the issues, you may have to do more exercises and try to explain it in a different way. You may have to provide some individual assistance or you could ask some of the fast learners to spend some time helping the slow learners.
- Require participants to go home and practice their new knowledge. All homework exercises should be related to the personal situation of the participant so you must be discreet when discussing the homework in the workshop.

Workshop Follow-up

- It is important to follow-up on each participant's business site or at each participant's community organization as soon as possible to correct mistakes, answer additional questions, and discuss suggestions for improvement.

Warm Up & Overview ~ Marketing

Purpose

To welcome participants and help them feel at ease, and to discuss with participants both the learning objectives and the format of the course.

Expected Outcomes

After participating in this session, participants will:

1. Have become familiar with the other participants in the course
2. Understand the topics to be covered and the process of the course
3. Understand what the objectives are for the course
4. Understand what the learning outcomes are for the course

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 45 minutes

Warm Up

To help participants feel at ease, start off with a get-to-know-you exercise. This is particularly useful if the group members are not familiar with each other or with you. Discuss with the group why it is important to address these issues before beginning to work together:

- Helps reduce potential conflicts
- Members know exactly what they are suppose to do
- People have a better understanding of the characteristics of the other members of the group

Exercise

- Ask each member of the group to introduce himself or herself and to briefly describe a hope, fear, or expectation for this workshop.
- Write down on a flipchart (or blackboard) the participants' hopes and fears.
- Depending on the size of the group, this exercise may take longer than 20 minutes.

Outline

Present the outline of the activities for the workshop and indicate to the group what you hope to accomplish. Be sure to invite questions or comments (10 minutes).

- Introduction
- Marketing
- Market Research
- New Product Development
- Pricing
- Retailing and Merchandising
- Selling
- Group Marketing

The sessions in this module can be mixed and matched as desired, and even spread out over a period of days or weekly meetings.

Objectives of the Workshop

To help participants understand the following:

- The marketing process, and the marketing mix
- The importance of conducting market research, and the 5-stage process of market research
- The importance of developing new products, and the 6-stage process of new product development
- The influences on price, pricing goals, and setting prices
- Effective retail planning and merchandising
- The traits of effective salespeople, and the 7-step approach to selling
- Types and goals of business groups, and different forms of marketing groups
- The keys to group marketing success, and the benefits of group marketing

Outcome

Explain to the group that the purpose of this workshop is to help them understand and implement effective marketing, product development, retailing and selling techniques.

Try to relate the fears, hopes and expectations mentioned in the first exercise to what will happen in the workshop.



Marketing ~ Fact Sheet

Purpose

To discuss the steps involved in marketing a product, and to understand the four elements that make up the marketing mix.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Define the four steps that make up the marketing process
2. Understand the four components that make up the marketing mix
 - Product
 - Price
 - Distribution
 - Promotion
3. Relate these marketing concepts to products with which they are familiar

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

The toughest challenge of operating a business today is trying to anticipate where a business is going and how it will get there. While no one can predict the future, marketing is an important tool in successfully managing your business. Simply, marketing is the process of identifying a need and then offering a means to satisfy that need.

For example, we realize that everyone needs food. Businesses and farmers can meet that need in a large number of ways. They can offer the consumer a range of raw agricultural products, such as bananas, rice or tomatoes, or they can develop some kind of processed product such as a tomato paste or bread.

How do you decide, however, what you should produce or whether you should have it processed in some way? How do you know if a new vegetable or processed product will appeal to customers? Even if they like the product will they pay the price you need to make your farm or business profitable? Marketing is the process that helps to answer these and other questions.



The Marketing Process

The marketing process consists of the following steps:

1. Finding out what customers want through marketing research. (This topic will be covered in the module on market research.)
2. Identifying who you want to sell your products to, “the target market”.
3. Developing a marketing plan that includes the various parts of the marketing mix.
4. Evaluating your marketing strategy after a period of time to ensure it is meeting the goals you set for it.

The Marketing Mix

The marketing mix will be looked at in more detail in the modules on pricing, new product development, and retailing and merchandising. However, a brief introduction is in order at this point. The marketing mix is a basket of marketing tools that - when combined - result in a product that is appealing to the target market you have selected.

The marketing tools we are interested in are normally divided into four areas:

1. The Product

There are a number of areas we can look at when examining the product we are going to sell and what will make it interesting to our target customers. For an agricultural product these can include such things as quality, variety, ripeness, packaging and colour. For a clothing product you might look at issues such as design, material and size.

Each of these issues may be of more or less importance to our potential customers and will be discussed in more detail in the module on new product development.

2. Price

This is an important consideration and one that will be covered in detail in the module on pricing. For many people new to business the temptation is to charge the lowest price you possibly can. This is often a poor decision because customers may be prepared, and even expecting, to pay a much higher price for a premium or unique product.

A thorough knowledge of your customers, the competition and the marketplace is necessary before coming up with an appropriate price.

3. Distribution

How will your product reach the consumer? In many instances it is simply a case of, for example, the farmer travelling to a local marketplace and selling their products from a stall. Alternatively a farmer may sell their produce to a middleman who then sells in a local or regional marketplace.

In either case the small business owner must make the decision that provides them with the highest return for their work.



4. Promotion

The final element of the marketing mix is promotion. In many cases promotion will consist of something simple, like word of mouth or a roadside vendor ringing a bell at passing cars. Friends and neighbours may have purchased a fruit or vegetable from a particular farmer for years and know they will receive a high quality product at a reasonable price. Sometimes that is enough.

Oftentimes, however, a small business owner might want to look at some more sophisticated form of promotion. This can be an attractive sign at their place of business, an advertisement in a local newspaper or on a radio station or handbills that are distributed in a major market town. All of these methods of promotion, and others, should be looked at to ensure that you are not missing a good opportunity to make your target customer aware of your product.

Summary ~ Marketing

- Taken together, the four areas described above are called the marketing mix.
- Each will be important to consider when thinking about how to successfully market your product.

Marketing ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal experience with marketing to complement the information in the fact sheet.

Time

- 1 hour

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- Divide the group into sub-groups of 4 or 5 people.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

Ask each of the groups to choose a product or service with which they are familiar. Allow them 20 minutes to do the following:

- Attempt to identify the aspects of the marketing mix associated with this product or service.
- Think about how the product is distributed, priced and promoted and what are the unique attributes of the product.

At the end of 20 minutes, gather all participants into one group and do the following:

- Ask a representative from each group to present their work to the entire group.
- Discuss the similarities and differences that were discovered in the marketing mix applied to each product or service.
- Are there common themes that were noticed?

Market Research ~ Fact Sheet

Purpose

To discuss the various reasons for conducting market research, and to understand the five-stage process of market research.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand the importance of conducting market research on an on-going basis.
2. Understand the five steps necessary to conduct effective market research
 - Developing price, promotion and distribution plans
 - Identifying problems in their marketplace and discovering new opportunities
 - Learning about their competitors and how they are marketing their products
 - Finding out what consumers think about their product category
 - Gauging the performance of their existing products

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 45 minutes

Overview

Market research is the gathering of information that ties the small firm to its customers. It provides the information that is necessary for companies to correctly position their product in the marketplace and offer the best combination of product, price, distribution and promotion.

Well-designed market research gives you an edge on your competition, reduces your risk and improves the effectiveness of your business activities. Quality market research is the key to success for the small businessperson. If you do not understand your customer and their needs you will likely fail in your business.

Why Conduct Market Research?

Small firms generally conduct market research for one or more of five basic reasons:

1. To develop product, price, promotion and distribution plans
2. To identify problems in their marketplace and discover new opportunities
3. To learn about their competitors and how they are marketing their products
4. To find out what consumers think about their product category
5. To gauge the performance of their existing products



The 5-Stage Process of Market Research

Market research is normally a five-stage process made up of addressing the following:

1. Identifying your business problem.
2. Determining your information needs.
3. Identifying a process to collect information.
4. Interpreting the answers gathered.
5. Using the information gathered to make changes to your business.

1. Identifying Your Business Problem

The first stage of market research is to define your business problem. Examples of problems that might be identified include:

- Poor sales
- Customers complaining about the quality of your product
- Customers demanding much lower prices than seem reasonable
- An inability to have products distributed in stores that should otherwise be ideal outlets for your products

It is important to clearly define the issue you want to address with your market research.

2. Determining Your Information Needs

The second stage of market research is to think about some questions that you might ask to better understand why you are having the problems you identified in the first stage. For example, if you are unable to get your products into a retail outlet you have identified, you might want to develop a series of questions around some of the issues that might be keeping you out of that store. These might include the following:

- What is the quality of your product versus the competition's?
- What is the price of your product relative to what customers wish to pay?
- What is the availability of your product, colours offered etc.?

3. Identifying a Process to Collect Information

The third stage of market research is to collect the answers to the questions you identified in the second stage.

- This process may be as simple as going to the buyer in a retail outlet and asking them the questions about your product that you developed in the second stage.
- If you have questions that you think might best be answered by a larger group of actual consumers of your product, you might want to conduct a small survey. This does not have to be a complicated process and can consist of asking customers three or four relatively simple questions when they shop at your market stall.

4. Interpreting the Answers Gathered

The fourth stage of the market research process involves interpreting the answers collected in the third stage.

- What did customers or buyers tell you?
- What conclusions can you draw from their answers?
- If, for example, your customers tell you that your prices are low but your quality is too, does that mean they are prepared to pay higher prices if you can improve your quality?

5. Using the Information Gathered to Make Changes to Your Business

The final stage of the market research process is to use the information you collected to make changes to your business.

- If your customers told you, for example, that your quality was poor, what changes can you make to your product to improve that quality?

Summary ~ Market Research

- Understanding the market is the basis for any successful business, from a small farm to a huge multinational operation.
- Successful businesses know their customers and what they want in a product.
- Market research provides the tools to understand your customers.

Market Research ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal experience in market research to complement the information in the fact sheet.

Time

- 75 minutes

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- Divide the trainees into groups of 4 people.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

In cooperation with the trainees, articulate one business problem for each of the groups. These problems can be real issues the trainees are having in their businesses or can be theoretical.

Allow the groups 30 minutes to develop the following materials dealing with their business problem:

- A series of market research questions that could help in addressing the business problem.
- An indication of who should be asked to answer these questions.

After 30 minutes - and for a 45-minute period - do the following activities:

- Ask that a representative of each group present their work to the entire group.
- Allow the group to critique each group's approach and make suggestions for improvement.

New Product Development ~ Fact Sheet

Purpose

To discuss the various reasons why new products are developed, and to understand the six stages used to both develop new products, and to modify existing products for re-entry into the marketplace.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand why product development is conducted
2. Understand the six stages in product development
 - Generating ideas for new products or product changes
 - Screening
 - Business Analysis
 - Product Development
 - Test Marketing
 - Commercialization
3. Relate these product development concepts to products available in their local market

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

Good businesspeople realize that, in today's markets, very few products remain of interest to buyers forever. Customers' tastes change, new varieties of seeds become available, new production methods are found or products go out of fashion. While new products may not be necessary every year, it is important to keep thinking about what can be done to improve or change the product you offer.

Introducing a new product or modifying an old one can be a risky proposition. Many new or modified products fail because the market is not ready to support them. While nothing can ensure the successful introduction of a new product, carefully following the process noted in this session can provide a much better chance for success.

Why Develop New Products?

When new products are discussed the businessperson is generally looking to do one of two things:

1. Develop an entirely new product that can be sold to new or existing customers.
2. Modify an existing product to make it more interesting to existing customers and potentially attract new customers.

In either case, the process for developing new products or modifying old ones will normally have six distinct stages.



The 6-Stage Process of New Product Development

1. Generating Ideas for New Products or Product Changes

Generating ideas for new products or product changes is the starting point for product development. Ideas can come from many sources.

- You may have thought of a modification to your product or its method of packaging that you feel will appeal to your customers.
- Your customers themselves may have made a suggestion for a product modification or a new variety of, for example, a vegetable they would like to buy.
- Your suppliers may offer you a new type of seed or you may notice that your competitors are offering something different.

Any of these sources may get you started in the new product development process.

2. Screening

In this second stage of product development, ideas are eliminated if they don't meet with the objectives of the farm or business or are beyond the company's resources.

- A small business manufacturing clothing, for example, may have an idea for using a new type of cloth.
- If the particular type of cloth requires the purchase of a new sewing machine, however, it may be beyond the means of the owners.

At this stage you drop the ideas that just aren't feasible.

3. Business Analysis

At this stage, further screening is done.

- An analysis of the new product's potential sales, profit and competitive strengths can be done to ensure that it fits with the company's plans and resources.

At this stage you also want to think about how the new product actually meets the needs of potential customers.

4. Product Development

At the fourth stage an actual product is developed.

- If it is a new agricultural product, for example, a test plot might be planted and checked to ensure that the new variety actually grows on the existing land.
- If the product were a new type of clothing, a few samples might be made to ensure that existing equipment will work with the new design or material.

If initial results are unsatisfactory, the product might need to be reconsidered and modified further.

5. Test Marketing

During the test marketing stage, the item is actually sold to a small sample of customers. Firms must be very careful at this point to note carefully the customers' reaction to the new product.

- Do they like the taste, the colour, the design?
- Is the price too high or perhaps even lower than they would expect to pay?

All these issues and more must be taken into account to give the entrepreneur a better idea of whether or not full production of the product will be successful.

6. Commercialization

Finally, the product is made generally available in the marketplace.

- A full production run may be undertaken, a commercial size field planted and full marketing implemented.
- Considerable planning must be undertaken to support the new product and ensure it is a success.

Summary ~ New Product Development

- Developing new products, or modifying existing ones, is an important process for any small business.
- Firms need to be systematic in their approach to this process to ensure the best chance for success.

New Product Development ~ Workshops

General Instructions

Prior to conducting these workshops read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of these workshops is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal experience with product development to complement the information in the fact sheet.

Time

- 2 hours/workshop - plus travelling time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- The number of participants may be limited to the mode of transportation – if travel is required.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Mode of transportation sufficient to carry all participants to the market or store (if needed)

Process – Workshop #1

Arrange a trip to a local market or large store. Once there, ask participants to do the following:

- Examine what is offered at the store or market and try to think of what new products might fit into the mix of goods offered.
- Consider how existing products might be modified to make them more attractive.

After the visit to the market or store, gather all participants together and discuss their suggestions for new or modified products, and why they may, or may not, be successful.

Process – Workshop #2

Divide the trainees into small groups of four people. Allow the groups one hour to do the following:

- To brainstorm a new product idea.
- Then to take the idea through the new product development process described in the fact sheet.

Note: While much of what they discuss will be speculative it should give them an idea of the issues involved with any new product.

After one hour, gather all participants together and do the following:

- Ask that a representative from each group present their product idea and the development process agreed upon during the sub-group discussion (allow five minutes per presentation).
- Ask the group - as a whole - if they feel any of the products chosen could, in fact, be successful.
- Would the products be successful? Why or why not?

Pricing ~ Fact Sheet

Purpose

To discuss the various influences on price, and to understand the methods used to determine the most appropriate price for a particular product.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Define and understand the various influences on price
 - Nature of the Market
 - Consumer Demand for the Product
 - Production and Marketing Costs
 - Costs in the Distribution Channel
2. Determine the rationale for pricing goals
 - Profit Maximization
 - Sales Volume Maximization
 - Establishing a Competitive Position
3. Understand how to set prices based on cost, demand or competition

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

Price is the exchange value of a good or service. Whatever the businessperson's views on an appropriate price for a product, ultimately it is worth only what someone else is willing to pay for it. Developing a price for a product involves looking at a wide variety of factors that influence pricing.

Once the influences on price have been considered, the businessperson must then develop clear goals for the product price; is it to be priced to maximize profit, to maximize sales volume, or to establish a competitive position?

After all of the above factors have been considered, it is time to set the product price. The pricing process requires research and careful consideration. Following the steps described in this fact sheet will help to ensure that pricing errors are avoided.



Influences on Price

There are many influences on the price of a product, some of which are outside the control of the seller. Some of the issues that must be taken into consideration include the following:

Nature of the Market

In an open market, with no single supplier dominating sales of a particular product, the laws of supply and demand have a major influence on pricing. In this situation, abundant supply and low demand normally mean low prices.

On the other hand, limited supply and high demand will generally lead to high prices. This is often an important issue in agriculture where large amounts of fresh produce can arrive on the market in a very short period of time.

The actions of competitors and the nature of the product must also be taken into account in this situation. If you are selling a commodity product - e.g. tomatoes - and your competitors sell the same product, the consumer will normally buy from the lowest cost seller.

Consumer Demand for the Product

The number of consumers in a market and the demand they have for the product has a bearing on price. Two common principles apply here:

1. First, customers generally buy more of a product when prices are low and, second, the effects of a price change on volume of sales must be taken into consideration when changing prices, e.g. a price increase may reduce the number of units sold and result in an overall drop in the total value of sales.
2. Finally, consumer behaviour has an influence on pricing. Consumers may be convinced, for example, that one brand of product has a higher level of prestige than another and may be prepared to pay a significantly higher price for what is essentially the same product.

Production and Marketing Costs

While the nature of the marketplace and consumer demand are outside the control of the businessperson, production and marketing costs are not.

A businessperson must have a very clear idea of what it costs them to actually get the product to the end consumer.

Costs that have a direct impact on price include, among others, labour, raw materials, land rental, cost of borrowing and transportation.

Costs in the Distribution Channel

If you sell your product directly to the end consumer this issue is not of importance. If, however, you sell through a middleman the price you can charge is affected by how the middleman treats your product.

For example, if the middleman charges the end consumer 50% more than your price to him, you must ensure that your initial price is not so high that the final consumer price is out of reach of most potential customers.

Pricing Goals

In coming up with a price for your product you must have in mind clear goals for that price. Some of the goals that businesspeople adopt include:

Profit Maximization

The goal of profit maximization is to achieve a high profit margin. While everyone would like to achieve a high profit, remember the constraints that affect your price including the competition and the consumers' ability to pay. High profit margins are generally associated with unique products that have limited availability.

Sales Volume Maximization

The goal of sales maximization is to increase the volume of sales each year. For example, if you have unused land you may want to adopt this goal to make use of an underutilized resource. In an effort to maximize sales volumes, companies generally adopt a relatively low price to increase consumer demand.

Establishing a Competitive Position

This approach seeks to set your price relative to the competition. Normally you will price your product above the competition (if you have higher quality), equal to the competition or below the competition (if you are trying to increase market share or do not have as high quality as your competitors).

Setting Your Price

Finally, after thinking about all the factors described above, how do you actually set a price? Most businesspeople use one of three methods:

Cost-Based Pricing

- Total costs plus desired profits determine your selling price.

Demand-Based Pricing

- The price customers are willing to pay determines what you charge.

Competition-Based Pricing

- How your product compares to the competition and their prices determines your selling price.

Whichever of the methods you use, remember you must take into account the nature of the marketplace, the consumer and, very importantly, your own costs in determining a price.

Summary ~ Pricing

- Establishing a price that is attractive to customers and provides a good return to the farmer or small business is a difficult balancing act.
- An understanding of all the influences on pricing and establishing clear goals are essential to successful pricing.

Pricing ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal experience with product pricing to complement the information in the fact sheet.

Time

- 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- Divide the group into sub-groups of four or five people.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

Ask each of the sub-groups to choose a product or service with which they are not familiar. Using the information in the fact sheet, allow them 30 minutes to do the following:

- Identify the nature of the market for the product
- Consider consumer demand for the product
- Identify production and marketing costs
- Identify the costs of distribution
- Decide what method they would use to set a price for their product and why

Once 30 minutes has passed, gather all participants into a large group and do the following:

- Ask a representative of each sub-group to present the results of his or her group's discussion
- Allow time for participants to discuss the different approaches/results

Retailing and Merchandising ~ Fact Sheet

Purpose

To discuss the various areas that must be considered to ensure effective retailing and merchandising of products in a market stall or store.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand the five key areas related to effective retail planning
 - Site Location
 - Atmosphere
 - Merchandise Assortment
 - Merchandise Control
 - Marketing the Establishment
2. Understand the five key areas of concern related to effective merchandising
 - Floor Space
 - Store Layout
 - Fixtures
 - Interior Effects
 - Merchandise Display

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

Retailing is the activity that brings goods to the final consumer for personal, family or household use. It is the final stage in the distribution chain. Merchandising is the effective display of your products in a retail setting such as a market stall or store. Both merchandising and retailing are important skills that must be learned in order to be a successful retailer.



Effective Retail Planning

Effective retail planning involves looking at five key areas, all of which must be considered in planning your retail operation. They are:

1. Site Location

These questions must be considered carefully before choosing a retail site.

- Where should your store or stall be located?
- Which of the local markets or shopping districts attracts the type of customer you are most interested in serving?
- Once you have chosen a particular market or shopping area, where in that area should you be located?
- Is it better to be located near an entrance or exit or somewhere in the middle of the area?
- Should you be near other businesspeople selling similar merchandise or in an area where your products are unique?

2. Atmosphere

‘Atmosphere’ refers to the physical characteristics of your store or stall. These are key issues to be considered:

- Should there be a sign outside; if yes, how big?
- Should prices be prominently displayed?
- What should in store displays look like?
- Depending on the size of the shop, how many salespeople should be available to serve customers?

3. Merchandise Assortment

All retailers must consider what assortment of merchandise will appeal to the consumer.

- What should you actually sell in your store or stall? For a small farmer with a simple market stall this can be an easy question to answer.
- You might ask yourself, however, “Would my produce sell better if it was complemented by different types of produce from my neighbours’ farms?”
- Equally, a small manufacturer of clothing might want to consider if their products could be sold more effectively if they could offer a line of matching jewelry.

4. Merchandise Control

Large retail operations have sophisticated computer based controls which analyze their stock turnover, i.e. what products are selling and how quickly. Even a small retailer should think about some form of control to answer questions such as:

- Which products sell quickly?
- Which products may have been on the shelf too long?
- Is some of my inventory being stolen?

Every time a product is sold it should be noted in a ledger or by using some other method.

5. Marketing the Establishment

Retail operations must be marketed successfully. Some appropriate marketing tools are described below:

- Signs can successfully market a business cost-effectively.
- Advertisements in local newspapers or on the radio can also be used for marketing, but are more expensive.

In any case, customers must be made aware that your retail outlet exists and what types of product it sells.

Effective Merchandising

Once the retail site is chosen and the merchandise assortment is decided upon effective merchandising becomes a key issue. The atmosphere in your shop or stall is what keeps a consumer interested until a salesperson can convert the consumer to a customer. Some of the areas that need to be looked at are listed below. Many will not apply to simpler forms of retail sales.

Floor Space

The size of your retail outlet, and how you use it, has a major effect on potential customers. Size is constrained by your budget, what you plan to sell and the volume of sales.

Store Layout

In-store layout is often determined by the type of retail business you are involved in. Food stores are laid out much differently than a dress shop where you may need fitting rooms and workrooms. A good layout is one that makes the customer feel comfortable and displays your merchandise effectively.

Fixtures

Fixtures should complement the décor of the shop's interior and effectively display your merchandise. Fixtures can include stands, shelves, tables, counters, bins and racks and depend very much on the type of product you are selling.

Interior Effects

Things such as lights, colours, mirrors, music and temperature can all have an effect on how the consumer reacts.

Merchandise Display

It is difficult to make general suggestions in this area as virtually every product needs to be displayed differently. There are, however, some general rules of thumb. You will need to consider the following:

- Displays
- Layout
- Traffic Flow
- Theft Deterrence
- Signage

Displays

- Don't overcrowd your display; it confuses the shopper.
- Conversely, don't leave the shelves half full, it gives the impression you are going out of business.

Layout

- Provide shoppers with a logical layout of merchandise.
- Group like and complementary products in distinct sections.
- Arrange your display according to the most significant characteristic, e.g. colour, style, size or price.
- Make sure the customer doesn't have to search for a product.

Traffic Flow

- If you have aisles in your store remember that some aisles will have heavier traffic than others.
- The best locations are good spots to feature new products or sales.
- Impulse purchases should be located near your cash till.

Theft Deterrence

- Beware of the risks of theft and lay out your products accordingly.
- High value or small, easily concealable items should be kept in a place that is easily seen by you or your staff.

Signage

- Display signs should be used carefully. Make sure there is a reason for a sign.
- What are you trying to say with the sign?
- Are you trying to draw the customer's attention to a sale price, some special colour, a new product?
- Make sure signs have the desired impact.

Summary ~ Retailing and Merchandising

- Many farmers and small businesspeople sell directly to end consumers.
- While setting up a simple market stall may seem a relatively easy process, an understanding of basic retailing and merchandising principles can dramatically increase your sales.

Retailing and Merchandising ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal experience in retailing and merchandising to complement the information in the fact sheet.

Time

- 90 minutes – plus travel time (if applicable)

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- The number of participants may be limited to the mode of transportation – if travel is required.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

Take all participants to a nearby market or large store. Ask each of them to do the following:

- Identify five good merchandising features.
- Identify five poor merchandising features.

Later, gather participants into a single group and discuss the following:

- Discuss the five good merchandising features noticed by participants.
- Discuss the five poor merchandising features noticed by participants.
- Ask the group to identify common themes.

Selling ~ Fact Sheet

Purpose

To discuss the various traits that successful salespeople possess, and the seven steps necessary for effective selling.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand the traits of effective salespeople:
 - Gathering Information on the Market
 - Problem Solving
 - Locating and Maintaining Customers
 - Follow Up Service
 - Marketing the Establishment
2. Understand the 7-Step approach to selling:
 - Prospecting
 - Pre-approach
 - Approach
 - Presentation
 - Handling Objections
 - Closing
 - Follow Up

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

Selling is defined as a personalized form of communication that involves the salesperson presenting the benefits and features of a product to a potential customer for the purpose of making a sale. It is one of the major activities of marketing and often one of the most difficult to master or perfect. In the case of individual farmers or small companies, the owner is often responsible for production and sales.

Many small businesspeople tend to focus on the production aspect, and assume that the sales will take care of themselves. This is not true and it is important for businesspeople to be familiar with the role of sales in a small operation.

Traits of Effective Salespeople

Many people's view of selling is limited to the act of making and closing a sale.

In reality a good salesperson has many roles.

They include:



Gathering Information on the Market

The salesperson is generally one of the best sources of information on the market. They are constantly talking to current and potential customers and should be listening to the feedback they receive.

If, for example, customers are continually suggesting to the salesperson that the price of a product is too high, it may be time for the businessperson to re-evaluate how they set their prices and whether or not they are reasonable given their quality and the competition.

Problem Solving

Salespeople must listen to their customers and deal with their problems, real or imagined.

Locating and Maintaining Customers

While keeping existing customers happy is critical, good salespeople are always on the look out for new customers that can help build sales.

Follow-up Service

Good salespeople are in constant contact with their customers to ensure they are happy with their product and to deal with any problems that might arise.

The 7-Step Approach to Selling

Typically there is a seven-step approach to selling. While many businesspeople look at their own selling activities as being a much simpler process, there are aspects of these seven steps in almost any selling situation. The seven steps are listed and defined below:

1. Prospecting
2. Pre-approach
3. Approach
4. Presentation
5. Handling Objections
6. Closing
7. Follow Up



1. Prospecting

This is the process of finding new customers. This can be done in many ways. Some of the most popular include asking current customers for referrals, finding out whom your competition is selling to and using any available directories that might identify potential customers.

2. Pre-approach

This stage of the process involves finding information about potential new customers. At this point you should be attempting to qualify the new customer, i.e. do they have a need for your product and the ability to pay for it.

3. Approach

This is the first contact with a new customer. In the situation of a vendor in a market stall, it can be as simple as hailing a passerby who is obviously out shopping for food.

4. Presentation

This is a key aspect of the sales process and involves giving a persuasive demonstration of your product's benefits. An effective sales presentation involves showing the buyer how your product satisfies their needs or helps resolve a particular problem.

5. Handling Objections

In many cases a potential customer will have an objection to the sale, e.g. the price is too high or the colour is not right. A good salesperson learns to deal effectively with these objections by, for example, pointing out the high quality of a product that warrants a higher than normal price.

6. Closing

Most buyers do not say quickly that they want the product. In most cases it is important for the salesperson to actually ask for the sale. Many sales are lost because the salesperson does not come out with a clear question, "Do you want to buy this product?" Another important aspect of closing can be agreeing on a price. In many situations prices are fixed. In some cases, however, customers expect to bargain. You need to learn to deal fairly and courteously with customers when bargaining.

7. Follow Up

In many cases little follow up is needed but it is always important. Follow up for a fruit vendor in a market stall can be as simple as remembering the customer and asking them how they enjoyed the produce you sold them one or two days previously. It is important to follow up, however, so that you can deal with any problems that may have arisen or try to gain follow up sales.

Summary ~ Selling

- Remember that successful salespeople are generally not born with the talent.
- Selling is a skill that can be learned by most people.
- Remember, too, that trust is a major component of effective selling.
- A salesperson is selling themselves as much as they are selling their product.
- You must build trust with your customer before a sale can be concluded.

Selling ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal sales experience to complement the information in the fact sheet.

Time

- 60 minutes

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

Develop five different selling scenarios appropriate to the trainee group, e.g. a fruit seller in a market place, a female clerk in a dressmakers shop, etc. Ask the trainees to do the following activities:

- Ask for volunteers from the trainees.
- For each of the scenarios assign one person as the salesperson and one as the potential customer.
- Ask the trainees to use the selling approach noted in the fact sheet and role-play a selling situation for the selected scenario.
- Ask all the trainees to critique the performance of the salesperson in each scenario.

Group Marketing ~ Fact Sheet

Purpose

To discuss the concepts and mechanics of group marketing, and to help participants understand how they can use group marketing techniques to benefit their individual businesses.

Expected Outcomes

After participating in this session, participants will be able to do the following:

1. Understand the different forms of business groups
2. Identify the five different general goals of business groups
3. Understand the variety of functions that marketing groups perform
4. Identify the three keys to effective group marketing
 - Meet a Specific Need
 - Commitment From All Members
 - Effective Management
5. Understand the benefits of belonging to an effective marketing group

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Time

- 30 minutes

Overview

Small businesses in all sectors, but particularly agriculture, have found that some form of group arrangement can be useful to make up for the lack of resources found in most small firms. In many cases, individual small businesses or farmers do not have the following attributes that are needed to compete successfully:

- Marketing Skills
- Production Capacity and/or Skills
- Financing
- Access to a Distribution Network

By joining together in some form of group action, however, they can pool their resources and increase their competitiveness in the marketplace.

Types and Goals of Business Groups

Group organizations can be simple, informal agreements among, for example, a small group of farmers, to do the following:

- Purchase inputs like fertilizer
- Operate a single market stall together

Alternatively, groups can arrange formal, legally binding business arrangements that tie their businesses much more closely.

One definition that describes what groups try to accomplish is the development of “a business voluntarily owned and controlled by its member-patrons and operated for them on a non-profit or cost basis”¹.

Businesspeople operating in groups can do collectively what they cannot do independently. The goals of business groups can generally be divided into five areas:

- Enhancing profits through increased efficiency and greater bargaining power;
- Reducing the costs of purchasing supplies or marketing products;
- Providing members with products or services that are generally not available, e.g. access to financing;
- Market expansion through group marketing; and
- Enabling producers to further process their products or increase their quality.



¹ Kohls and Uhl 1998, “Marketing of Agricultural Products”

Forms of Marketing Groups

Marketing groups are a specific type of group action designed to sell the members' products. These groups may do any - or all - of the following:

- Collect members' products for sale
- Grade and package members' products
- Transport members' products and perform other functions

In its simplest form a marketing group could involve a small group of farmers agreeing to operate a market stall on specific days of the week.

A more complex arrangement could involve those same farmers agreeing to grow complementary, instead of competitive, crops, jointly hiring transportation to take the crops to market and developing a brand name that all the farmers would be able to use.

Virtually any type of arrangement is possible, depending on the needs of the group members.



Keys to Group Marketing Success

Meet a Specific Need

Groups of any type are most successful when they are established to fill a specific need, i.e. there is a task to be done that can be more successfully completed through group rather than individual action.

Commitment From All Members

Groups also need a high degree of commitment from all members. Groups where a small number of people take powerful roles while the other members are passive are normally unsuccessful.

Effective Management

Proper management is another key success factor for groups. Successful groups generally hire a professional manager fairly early in their existence to ensure that goals are met and standards maintained. The quality of that manager is key to group success.

Summary ~ Group Marketing

- Group action can be a key method of increasing the likelihood of success for small business.
- Marketing groups have been successful in many areas of the world in increasing the returns to farmers and other small businesses.

Group Marketing ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

The purpose of this workshop is to reinforce the information learned in the lecture part of this module. The facilitator is encouraged to draw on his or her own personal group marketing experience to complement the information in the fact sheet.

Time

- 60 minutes

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult to follow the progress of individuals.
- Divide the trainees into groups of four people.

Materials

- Pen and paper - OR slates where commonly used - to record notes during the workshop
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Process

Ask each group to choose a product or service, and design a group marketing agreement for it. Advise participants that the agreement should include answers to some or all of the following questions:

- Who should be a member of the group?
- What should be the goals of the group?
- What services should the group provide?
- How should the group be financed?
- How should the group be managed; should it have a full time professional manager?

After 45 minutes gather all participants into one group and do the following activities:

- Ask that a representative of each group present their work to the entire group.
- Invite all participants to discuss the information presented.
- Finally, ask participants if there were common themes developed in each group.

Wrap Up and Evaluation ~ Group Marketing

Participants will need time to process the information discussed. The facilitator should briefly review the accomplishments for the session and discuss how participants can implement the information learned.

He/she should ask the group the following types of questions:

- What is the next step?
- When should they meet again?
- What other preparatory work needs to be done?

When this task has been completed, the facilitator needs to conduct some type of evaluation. This final exercise will help the facilitator and group obtain the feedback necessary for judging the success of the workshop. The following exercise can be undertaken:

The group is asked to consider the following questions. They can either write down their responses or the facilitator can ask the questions of the group.

- Things I liked
- Things I did not like
- Suggestions for improvement
- The most important lesson I learned
- What I found the most difficult
- What is the main obstacle our group will face putting what we have decided to work

References ~ Marketing

¹ Kohls and Uhl 1998, “Marketing of Agricultural Products”

Agri-Entrepreneurship Training Manual

Record Keeping



Nova Scotia Agricultural College
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Notes to Facilitator ~ Record-Keeping

Scope

The simplest form of record keeping is to keep all documents, notes and pieces of paper relating to the business in a box. Occasionally (every few months or once per year) the box should be emptied and the contents analysed (keeping relevant information and discarding the rest), tied together and placed in a safe long-term storage area.

The next level of record keeping is to transfer the information from the various documents, notes and pieces of paper to a record book or journal. The information should be sorted into categories such as sales for cash, sales on credit, purchases for cash, purchases on credit, money you repaid and money that was paid to you, etc. depending on how much information you have or can remember. This level of record-keeping won't allow the business owner to calculate profit and loss but it will help to remember the cost of goods purchased, the selling price of goods sold, who has purchased goods on credit and how much they still owe and how much you owe to someone else.

The series of fact sheets contained in this module provide the foundation for understanding the concepts and practices related to record-keeping. This manual is designed to allow facilitators to develop a library of information on this topic, and other fact sheets can be added over time. This workshop has been designed to be used in a segmented fashion. However, each section could be presented separately or particular sections could be removed. Mix and match the activities to suit your purpose.

The following topics are covered in this module:

- Introduction to Record-Keeping
- Cash Book
- Record-Keeping for Inventory
- Cost-of-Production Records

General Instructions

- Sometimes people feel uncomfortable with the use of exercises as teaching tools particularly when the exercise might be a game. Be sure to explain clearly to the group the intent of the exercise and what will be accomplished. Then give the participants an opportunity to reflect on what has happened.
- This module can be broken apart in a number of ways. Most of the sections can stand alone or the different parts can be spread over a couple of days.
- The outline for this module assumes that the facilitator has had sufficient experience to change or modify the exercise to suit the nature of the group. If you are new to this type of teaching, then just try one exercise.
- The time limits are approximate, and will depend on the number of participants and their willingness to interact. It would be difficult to accomplish the objectives outlined with more than 20 people.

Understanding the Role and Responsibilities of Facilitators

The first module in the Agri-Entrepreneurship manual addresses Group Formation and Strengthening. The information provided below is, for the most part, directly from that module. It has been included here to provide you, the facilitator, with an understanding of the dynamics of working in groups, your role as a facilitator, and how you can best ensure effective group work.

Why do community projects not succeed? What do we, as community facilitators, need to know to help rural communities? One of the common complaints with any type of community development project is that people have difficulty working together. There are many reasons why groups do not achieve their objectives. These include:

- Lack of clear objectives
- Conflict over objectives or purpose
- Personal differences among members
- Lack of standards for behaviour
- Unwillingness or inability to contribute
- Poor leadership

Perhaps the most important thing to understand about groups is why they exist. Essentially, groups exist only to satisfy the needs and interests of their members. Therefore, translating individual needs and concerns into group priorities is important. Group members should clearly see what the end goals will be and how these will meet their objectives.

When working as community facilitators, we need to understand why people want to participate. This understanding contributes to the development of viable groups and facilitates conflict management. There are a number of reasons why people join groups including:

- If an influential member of the community or a respected elder participates, then, others will join because of the status associated with belonging to this group.
- On the same note, people don't like to be left out of things, particularly if a programme is perceived to be successful.
- Some people join because of the social element. It is an opportunity to be with friends.
- Others join because they may receive a financial benefit or some other type of reward.
- Another reason is that some people have a strong desire to help others and their community. This makes them feel good.
- And some just like to learn new things.

The strength of a community group is a function of the individuals in the group, the interactions of the group members and the influence of the group on the community. Trainers need to understand all these factors to understand why a particular group succeeds or fails. The personality and approach of the community facilitator is a major factor as well.

Trainers often ask: Why do communities form groups to take advantage of available financing and then disband when the financing dies? The answer to this question is not simple, and there are many possible reasons. Several of these reasons are listed below:

- Who has made the funding available? It is not uncommon for a central government to decide on a particular programme with the aim to improve the quality of life of rural people. The idea may be conceived at a central location in the country, and then implemented by people who have little concept of what life is really like in small rural communities. The project will often not be a success because the planners have not considered the needs of local communities, and because the people have had little input in the planning process.
- Two extremes can exist with the regulation of funding programmes. Some projects may have many rules and regulations, which are designed to strictly control the project but can stifle creativity. Other projects can have too little control and result in a misuse of funds. This can cause funding agencies to become reluctant to implement new projects, and local people become cynical about the process.
- Trainers or project managers can take the decision-making away from the community. The group then becomes totally reliant on the funding agent to manage the process. When the money is spent, then the group has not developed the structure to allow it to function without help. As a project manager, it can be very difficult to trust the community to complete the task or design a process by themselves.
- A fundamental concept in community development is helping people help themselves. The community needs to take ownership of the programme, the activity or the process. Otherwise, no matter how good the project is, it will not endure.
- The attitude of the trainer or the funding agency has a tremendous role to play. Prejudicial and stereotypical attitudes hinder the relationship between the trainer or the agency and the community. A good working relationship based on trust and respect between the facilitator and the community is vital to the success of the project.
- Communities are not all the same. Each has its own set of abilities and constraints. The type of local leadership and power structures have a tremendous effect on the ability of a community to change.

A useful exercise for community facilitators would be to hold discussions with communities to find out why projects have failed in the past. Encouraging community groups to visit other communities that have implemented successful projects would also be useful.

Any activity, which promotes a better understanding of why some projects work and others do not, would be a valuable training exercise.

Finally, the role of the trainer cannot be discounted. Good working relationships are built on trust and respect. Frank discussion of how good relationships can be achieved with communities is needed. Listed below are some of the questions that we should ask ourselves before working in rural communities:

- Who am I and how does my personality affect my ability to work with others?
- What are my strengths and weaknesses? How do others see me?
- What do I believe about rural people's ability to change, and do my actions reflect my beliefs?
- What are my prejudices and stereotypes about rural people (or ethnic groups, religions, gender etc.)? How do these impact on my work as a community facilitator?

Keep these questions in mind as you prepare, conduct, and reflect upon opportunities for facilitating community and business group work.

Notes & Time Lines ~ Record-Keeping

Module	Anticipated Time
Record-Keeping ~ Warm Up and Overview	45 minutes
Introduction to Record-Keeping ~ Fact Sheet	60 minutes
Introduction to Record-Keeping ~ Workshop #1	1.5 to 2 hours
Introduction to Record-Keeping ~ Workshop #2	1.5 to 2 hours
Cash Book ~ Fact Sheet	60 minutes
Cash Book ~ Workshop	1.5 to 2 hours
Record-Keeping for Inventory ~ Fact Sheet	60 minutes
Record-Keeping for Inventory ~ Work Shop	2 to 3 hours
Credit Book ~ Fact Sheet	60 minutes
Credit Book ~ Workshop	1.5 to 2 hours
Cost-of-Production Records ~ Fact Sheet	60 minutes
Cost-of-Production Records ~ Workshop	1.5 to 2 hours
Total Estimated Contact Time Required	15.25 to 18.75 hours

Notes ~ How to Use This Manual

Each component in this module can be used in the following ways:

1. A lecture based upon each fact sheet, followed by the corresponding workshop, which would serve to reinforce the concepts discussed in the lecture. The timelines listed beside the fact sheets above will be helpful if you choose this method.
2. The fact sheets can also be used as background information for facilitators, and not presented in a lecture format. With this method, facilitators would conduct each workshop with participants, and impart the information from the fact sheets as needed for the participants to complete each exercise.

The fact sheets are intended to provide stand-alone information for use as reference materials. The workshops, however, are not intended for use without the support of the fact sheets.

This manual has been designed to facilitate learning with both literate and illiterate learners. The facilitator may decide what print materials are appropriate for dissemination to participants.

It is expected that facilitators will have some prior knowledge of the concepts and practices being taught in each component.

General Workshop Guidelines are provided on the next two pages. These guidelines are intended to provide general information that will help ensure the effectiveness of workshops. Read these over prior to proceeding with the programme.

General Workshop Guidelines ~ Record-Keeping

The Approach

- The workshop is meant for adults. Adults have their own experience and knowledge and they want to be treated with respect. Their time is limited because they have many other commitments. Adults choose to participate in a workshop, or series of workshops, because they feel that the workshop contents are relevant and useful to them. Therefore, it is important to build, step by step, as much as possible on the experience and knowledge of the adult learners.
- Adults learn best when they participate actively in the learning process. The participatory approach is used as a guideline throughout each workshop. Each workshop has a number of steps to encourage participation through discussion, small group exercises, role-plays and individual exercises.

Time

- Time will vary from one workshop to another. However, 1.5 to 2 hours should be sufficient for most.
- If you have a group that plans to meet regularly to discuss a series of Agri-Entrepreneurship topics then you should discuss how many times per week they want to meet and which time is most suitable for them. Repetition and frequency of meetings is very important to a successful course. The group should meet at least two times per week. Participants may find it difficult to concentrate for periods longer than one and a half to two hours - particularly if they have just finished a day's work.

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Preparation

- Prepare yourself before each meeting. Read the Fact Sheets and prepare the exercises. This will make it easier for you to lead the discussion and it will save time during the workshop.

General Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Note: Materials specifically relating to each workshop are listed in the individual workshop descriptions.

General Workshop Programme

- 5 minutes of introductions and explanation of the purpose of the workshop.
- Discussion to make each participant think about the problems and objectives of the particular workshop and to relate the topic to their own experience and knowledge. In some cases, questions are provided with possible answers. The answers are given to help guide the discussion but they should not be considered as the only correct answer.
- Explanation of the workshop topic including issues raised during the discussion. The explanation should give the participants a clear understanding of what they will learn during this workshop.
- Break for 10 minutes (if appropriate).
- Present examples, which illustrate the topic and relate it to participants' daily situations.
- Practise the lesson to be learned through group exercises, role-playing, discussion or individual exercises and homework. The objective is to ensure that the principles and concepts are understood and that the participants will feel confident in practising their new knowledge in their own work and life. Groups of 2 to 3 persons provide an effective learning environment. Try to change the composition of the group so that slow learners can benefit from the help of fast learners and the fast learners avoid getting bored.
- Summarize the workshop to make sure that everybody has understood the lesson. If you find that the participants have problems with some of the issues, you may have to do more exercises and try to explain it in a different way. You may have to provide some individual assistance or you could ask some of the fast learners to spend some time helping the slow learners.
- Require participants to go home and practise their new knowledge. All homework exercises should be related to the personal situation of the participant so you must be discreet when discussing the homework in the workshop.

Workshop Follow-up

- It is important to follow-up on each participant's business site or at each participant's community organization as soon as possible to correct mistakes, answer additional questions, and discuss suggestions for improvement.

Warm Up and Overview ~ Record-Keeping

Purpose

To welcome participants and help them feel at ease, and to discuss with participants both the learning objectives and the format of the course.

Expected Outcomes

After participating in this session, participants will:

1. Have become familiar with the other participants in the course
2. Understand the topics to be covered and the process of the course
3. Understand what the objectives are for the course
4. Understand what the learning outcomes are for the course

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 45 minutes

Warm Up

To help participants feel at ease, start off with a get-to-know-you exercise. This is particularly useful if the group members are not familiar with each other or with you. Discuss with the group why it is important to address these issues before beginning to work together:

- Helps reduce potential conflicts
- Members know exactly what they are supposed to do
- People have a better understanding of the characteristics of the other members of the group

Exercise

- Ask each member of the group to introduce himself or herself and to briefly describe a hope, fear, or expectation for this workshop.
- Write down on a flipchart (or blackboard) the participants' hopes and fears.
- Depending on the size of the group, this exercise may take longer than 20 minutes.

Outline

Present the outline of the activities for the workshop and indicate to the group what you hope to accomplish. Be sure to invite questions or comments (10 minutes).

- Introduction
- Introduction to Record-Keeping
- Cash Book
- Record-Keeping for Inventory
- Cost-of-Production Records

The sessions in this module can be mixed and matched as desired, and even spread out over a period of days or weekly meetings.

Objectives of the Workshop

To help participants understand the following:

- The importance of keeping records and the consequences of keeping poor records
- Various approaches to keeping records and types of records for various businesses
- How to use a cash book
- Various ways to control cash
- The importance of record-keeping for inventory
- How to keep records for inventory and the consequences of keeping poor inventory records
- How to record “sold on credit” transactions
- How to record “bought on credit” transactions
- How credit transactions affect cash book records
- Cost-of-production
- Recording and calculating production
- Recording and calculating costs

Outcome

Explain to the group that the purpose of this workshop is to help them understand and implement effective record-keeping practices.

Try to relate the fears, hopes and expectations mentioned in the first exercise to what will happen in the workshop.



Introduction to Record-Keeping ~ Fact Sheet

Purpose

To discuss the variety of records needed to keep track of business transactions, and to understand the importance of these records.

Expected Outcome

After participating in this session, participants will be able to understand:

1. The importance of keeping accurate records
2. The consequences of not keeping business records
3. The various approaches to keeping records
4. The different types of records for various businesses

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 60 minutes

Overview

Many people do not write down how much money comes in and how much money goes out of their business. This is because they do not know how to do it and they do not know that it can help their business. Different types of records are used for different purposes.

- A *Cash Book* for example keeps a record of money coming in and money going out of your business.
- An *Inventory Record* keeps a record of physical items that your business has at any point in time. It includes what you had at the beginning of the year, what has been added to those items through purchases and production and how much has left your business through sales, consumption, planned use or losses.
- A *Credit Book* keeps a record of all the money that customers have to repay you and all the money you have to repay to others.
- A *Labour Book* keeps a record of who has worked for you, how much they have worked (number of hours, days, or quantity of work done), how much they were paid and when they were paid.



All of these records help you to improve your business, make better management decisions, deal with financial institutions and increase your profit!

Importance of Keeping Records

Record-keeping is important because you cannot keep everything in your head. Memory is not good enough for proper analysis and planning. Advantages of regular record-keeping are:

- You will know how much money you have received, how much you have spent and how you have spent it.
- You can calculate whether you are making a profit or a loss.
- You will be able to make better decisions on when and what to buy and sell.
- You can keep records of buying and selling on credit.
- You can keep records of money coming in and going out of group projects therefore preventing misuse of the money and avoiding mistrust among group members.
- By comparing your actual records with your planned budget, you can determine if you are on the right track during your business year.

Consequences of Keeping Poor Records

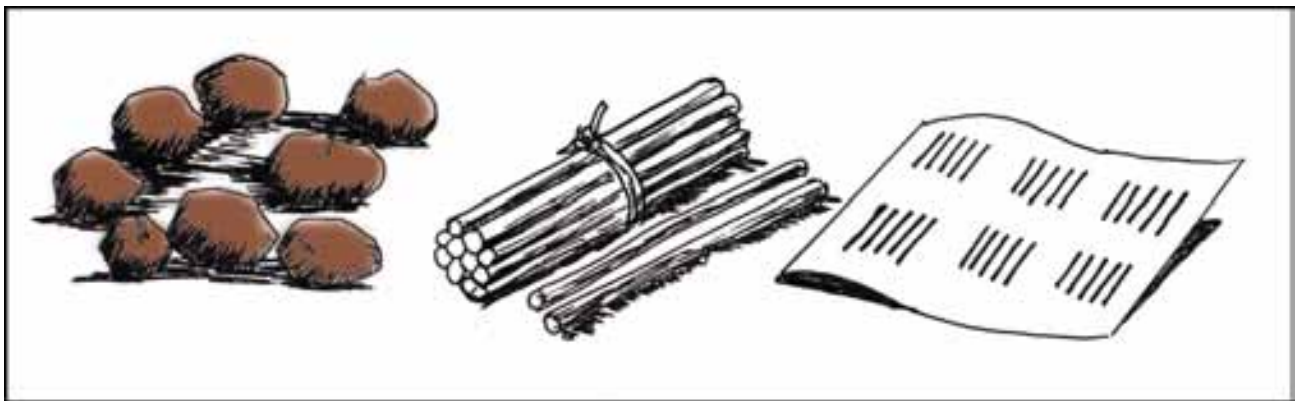
- You will not know how much money you are earning, whether your business is making a profit or losing money.
- You will not know why you are making a profit or losing money.
- You will not be able to make good decisions that will allow you to make more money and prevent your business from losing money.
- You will not know which customers owe you money, how much they owe you or how much you owe someone else.
- Where groups of people work together, lack of a proper record-keeping system often leads to mistrust and accusations between group members.

Various Approaches to Keeping Records

Records may be kept in a variety of different ways depending on the knowledge, time and interest of the person keeping the records. Different record keeping systems will have different levels of accuracy with the most complete records being the most accurate but also taking a large amount of time. The business owner must make a choice as to what and how much information they need, who will record the information and how much time it will take, and how the information will be used.

Many simple record-keeping methods have been devised to keep records of money transactions. However, all methods require self-discipline and commitment. People have to be motivated by the desire to improve their income level or perhaps to get themselves out of debt.

Physical inventory or records of how many items you have may be kept by using small stones, sticks or making marks on a piece of paper. Each stone, stick or mark would represent an item (e.g. one stick represents one chicken) or group of items (e.g. one stone represents one box of oranges). As items are added to inventory, a stone, stick or mark is added and when an item is sold, consumed or lost from inventory a stone, stick or mark is removed.



What happens if the business owner can write figures and make calculations but cannot write words? Drawings or symbols can be used to represent words or items. The symbol must be easy to draw, easy for the business owner to remember and the same symbol should be used for the same thing from year to year. Each business owner can develop or draw his or her own symbols.



One of the first symbols that must be decided are the symbols for 'money in' and 'money out'. An example of a symbol for 'money in' would be "+". An example of a symbol for 'money out' would be "-".

An example of a Cash Book that records the money coming in and money going out of a business would be as follows:

CASH BOOK

Sun (symbol for date)	+	₪	Sun (symbol for date)	-	₪
23-1-1	(symbol for 20 fish)	2000	23-1-1	(symbol for wood)	500
24-1-1	(symbol for 15 fish)	1500	23-1-1	(symbol for bread)	100
			24-1-1	(symbol for transport)	600

Types of Records for Various Businesses

The kinds of records and amount of detail kept will vary according to your type of business, legal requirements, purchases and sales involving credit and number of employees. More information will assist you in making more accurate business decisions. However, collecting more information requires more time and cost and you must decide whether you will need or use all the information.

Some businesses only need to maintain a Cash Book. Other businesses may need to maintain a Cash Book, Credit Book, Inventory Records, Production Records, Labour Records, or perhaps even individual records for each machine or each employee.

Summary ~ Introduction to Record-Keeping

- Different types of records are used for different purposes, but all aim at improving the business and making good decisions.
- Poor record keeping causes uncertainty, mistrust and lack of information for planning.
- Record keeping does not have to be complicated, but requires self-discipline and commitment.
- Types of records can include cash book, credit book, inventory, production, and labour.

Introduction to Record-Keeping ~ Part I Workshop

Importance of Record-Keeping

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Many people do not write down how much money comes in and how much money goes out of their business. This is because they do not know how to do it and they do not know that it can help their business. They don't really know how much money they are earning, how much they buy and sell on credit and how much they could improve their business. The aim of this workshop is to raise participants' interest and make them aware of the importance of record-keeping.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- What do you think a business is:
 - Let the participants discuss the answers first, before giving suggestions. Answers such as the following are good. (Answer) All activities whereby you try to earn an income on a regular basis are called businesses. A business can be producing and selling goods, buying and selling goods, or providing a service to people. Examples are smoking and selling fish, selling farm produce, selling rice and sugar in the market, building houses, sewing clothes for other people or driving a taxi.
- What type of business do you do?
 - If the participants are working together in a co-operative business, ask individual participants what additional income generating activities they do at home.
- What problems do you encounter within your own business?
 - All answers are good. Look for and remind them of the following:
 - Lack of capital to buy stock
 - Problems with selling
 - Money needed for emergency cases
 - People not paying their debts
 - Money needed for ceremonies
- How do you remember how much money comes in and goes out?
 - All answers are good. If someone has a method of how to remember how much money comes in and goes out, let her explain how she does it.
- Continue with a similar discussion by asking the following questions:
 - “How do you remember if someone owes you money or how much money you owe someone else?”
 - “How do you know how much time or money you spent on labour, how much you owe people who have worked for you and when they were paid?”
 - “How do you know when you should buy more materials for your production process or products to sell and how much to buy?”
- What happens if you forget something?
- What do you think record-keeping means?
 - (Answer) Record-keeping means writing down all the money that comes in and goes out of your business; keeping a record of physical items which you use in your business; keeping a record of all the money that customers have to repay you and all the money you have to repay to others; keeping a record of who has worked for you, how much they have worked (number of hours, days, or quantity of work done), how much they were paid and when they were paid.
- How do you think record-keeping could help your business?
 - (Answer) It will help you to make better decisions about your business so that you can earn more money.

Explanation

Record-keeping is important because you cannot keep everything in your head. Memory is not good enough for proper analysis and planning. Advantages of regular record keeping are:

- You will know how much money you have received, how much you have spent and how you have spent it.
- You can calculate whether you are making a profit or a loss.
- You will be able to make better decisions on when and what to buy and sell.
- You can keep records of buying and selling on credit.
- You can keep records of money coming in and going out of group projects therefore preventing misuse of the money and avoiding mistrust among group members.
- Consequences of keeping poor records:
 - You will not know how much money you are earning, whether your business is making a profit or losing money.
 - You will not know why you are making a profit or losing money.
 - You will not be able to make good decisions that will allow you to make more money and prevent your business from losing money.
 - You will not know which customers owe you money, how much they owe you or how much you owe someone else.
 - Where groups of people work together, lack of a proper record-keeping system often leads to mistrust and accusations between group members.

Examples – Role Play

Tell the participants that you would like them to perform a role-play because it will help them to better understand the importance of record-keeping. Divide the participants into three groups. Read the themes to each group.

Theme for Group 1:

A woman has a business (choose a business that is familiar to the participants). She does not write down how much money comes in or goes out. One day her son comes home from school with a letter from the head master. The school has increased the school fees, and it has to be paid immediately.

The woman gets very worried. She knows she has no money. She desperately tries to remember how much money she has received in the past week and how she spent it.

Theme for Group 2:

A carpenter has sold a cupboard for ₦ 750,000 to a customer. When the customer collected the cupboard, he told the carpenter that he did not have money at that moment but he promised to pay at the end of the month. At the end of the month the carpenter tries to get his money. The customer tells him that he only owes him ₦ 650,000, and he will not pay him more than that! A very angry discussion between the two persons follows. But the carpenter has no proof that he has sold the cupboard on credit for ₦ 750,000, and he has to accept the ₦ 650,000.

Theme for Group 3:

A group of women in your village has a bakery. They have divided the tasks as follows:

- One person always buys the ingredients for the bread and the firewood.
- One person is responsible for selling the bread.
- All the other members of the group assist in kneading the dough and baking the bread.
- The treasurer of the group is responsible for keeping the money safe.

The sales woman does not write down how much money comes in. Whenever there is cash money she gives it to the treasurer of the group, who keeps it in a cash box. The treasurer in turn gives money to the person who buys the ingredients and the firewood. The treasurer is a very reliable person but she does not know how to read and write.

At the end of the month the group wants to know how much money they have made by selling bread. When they open the cash box they find out that there is less money than they expected. Nobody knows what happened to the money. After a discussion they accuse the sales woman of stealing money.

Role Play Conclusions

After performing each role play, ask the participants the following questions:

Play 1

- What is the woman's problem? What could she have done to avoid this problem?
 - (Answer) She had spent all her money without thinking about the school fees that she had to pay. She does not even remember what she has spent her money on. She could have kept records of her income and expenses and planned for the payment of the school fees.

Play 2

- Why was the carpenter cheated?
 - (Answer) Because he had no written proof of how much money the customer owed him.

Play 3

- Why were the group members angry? What could they have done to avoid this problem?
 - (Answer) The group members were angry because nobody knew what had happened with the money from the bakery. If they had kept records, they would have known how much money came in and went out of their business. It would also have helped them to know whether they were making a profit with the bakery or not.

Introduction to Record-Keeping ~ Part II Workshop

Use of Symbols

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

When keeping records, you have to write down many things such as all the money that comes in to your business, all the money that goes out of your business, and changes in physical inventory. All participants must know how to write figures and do calculations but some participants may not be able to read and write. Therefore we have to develop a system of symbols and drawings.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

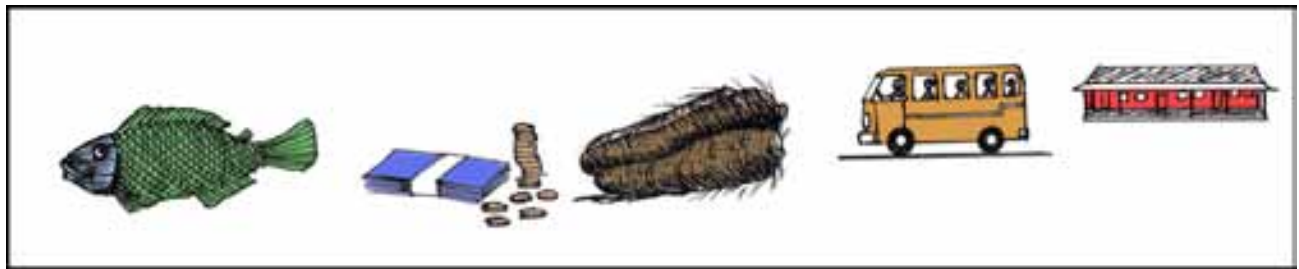
- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- Can you mention three sources from which you receive money? And three things on which you spend money?
- Invite some of the participants to come to the chalkboard or flip chart and make a very simple drawing of the following:
 - Money
 - Fish
 - Food
 - Transport
 - Firewood

Explanation

Draw examples of symbols on the chalkboard or flip chart. Ask the participants what they see in the pictures.



Explain that they can use any symbol that they find easy to draw as long as they know that they will remember it. It should be a very simple drawing so that it is easy to 'write' in the exercise book. They should keep the same symbol for the same thing throughout.

Spend sufficient time with the participants drawing different symbols so that they are confident and have developed a broad enough 'vocabulary' to record their business transactions. They should also try to draw symbols for things that they see in their surroundings (matches, cup, chair) in their exercise books.

Symbols for 'Money In' and 'Money Out'

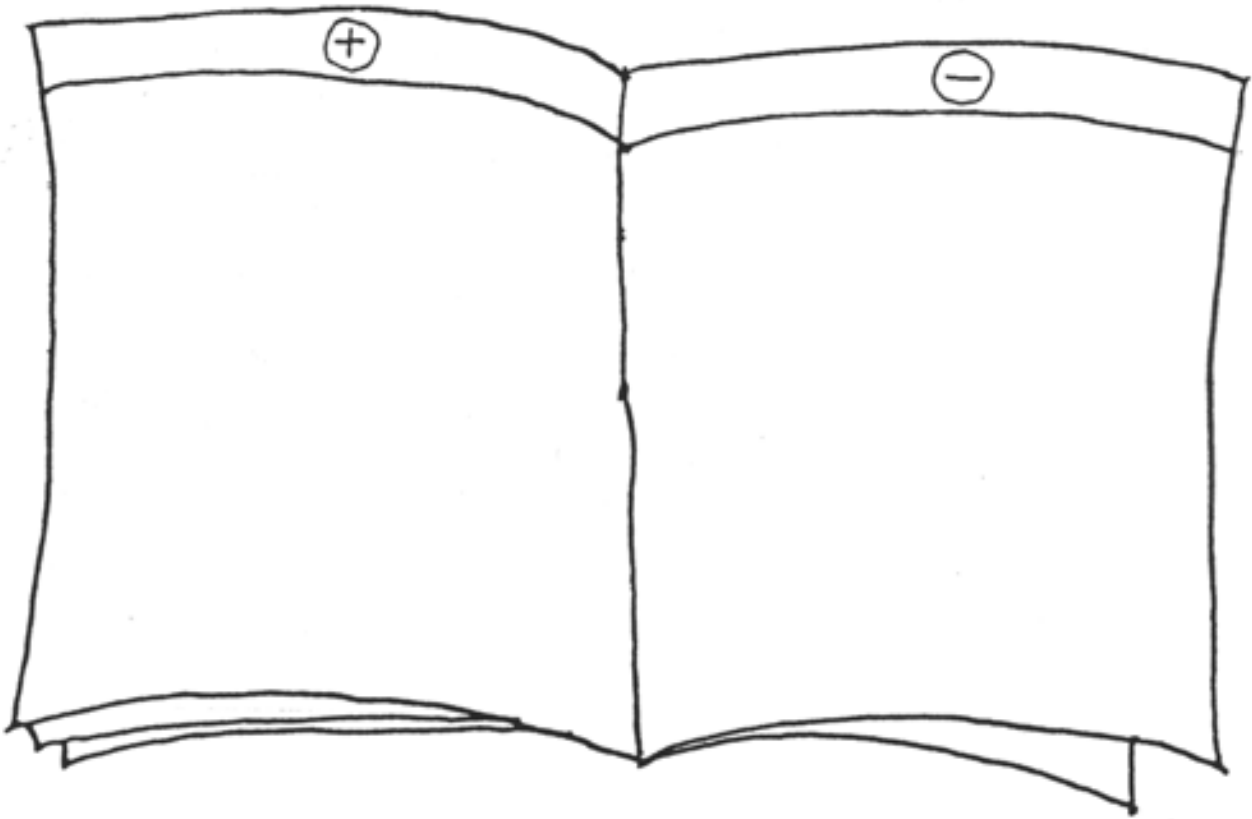
Financial record-keeping means that you write down all the money that comes in and the money that goes out. The following symbols will be used:

- Money in = money becomes more so we use the addition sign (+)
- Money out = money becomes less so we use the subtraction sign (-)

The Cash Book

The book in which we write all the money that comes in and goes out is called a 'cash book'. You can use an ordinary arithmetic exercise book as a 'cash book'.

- All money that comes in is written on the left page
- All the money that goes out is written on the right page



Example

Draw a 'cash book' on the chalkboard or flip chart. Ask the following questions and invite the participants to illustrate the answers by drawing a symbol on the correct side of the Cash Book.

(Note: The symbols presented in this example are meant to give you an idea. Do not just copy them but use the symbol that the participants feel comfortable with.)

- From which sources do you receive money?
















Accept all answers. Remind them of:

- Income from sales
- Gifts from relatives and friends
- Loans from money lenders or others (i.e. susu)

- What do you spend your money on?

Accept all answers. Remind them of:

- Buying materials (fish, rice, seed)
- Firewood
- Transport (taxi, bus)
- School fees, school uniforms
- Medicines, hospital bills
- Food
- Cloth
- Beauty products
- Hairdresser
- Ceremonies (weddings, funerals)
- Sweets, snacks, ice cream
- Church

+	-
 (money from sales)	 (fish)
 (gift from husband)	 (firewood)
 (loan)	 (taxi)
 (collection from savings group)	 (school fees)
	 (medicine)
	 (food)
	 (cloth)
	 (hairdresser)
	 (funeral)
	 (sweets)
	 (church)

Exercise

Ask the participants to take their exercise books and do the following exercises:

- Draw a symbol for 'money in' on the left side, and the symbol for 'money out' on the right side.
- Think about the sources from which you receive money and draw a symbol for each source under 'money in'.
- Think about the money that you spend and draw a symbol for each item you spend money on under 'money out'.

Help the participants where they have difficulties.

	Nails		Money In		Cloth
	Saw		Money Out		School Fees
	Assistant		Date		Medicine
	Tin of Sardines		Amount		Hair Dresser
	Matches		Profit		Funeral
	Bananas		Loss		Church
	Oranges		Cash Money		Sweets
	Fresh Fish		Gift		Chicks
	Market Toll		Loan		Chicken Food
	Smoked Fish		Savings Group		Porter
	Flour		Fish		Tomato
	Sugar		Firewood		Onion
	Yeast		Bread		Okra
	Oil		Taxi		Household
	Charcoal		Bus		Table
	Doughnuts		Food		Chairs
	Zipper		School Uniform		Wood
	Buttons		Lining		Credit Sales /Purchases
	Sewing Thread		Needles and Oil		Repayment of Credit
					Balance

Cash Book ~ Fact Sheet

Purpose

To understand the uses for a cash book, and the mechanics of setting up and maintaining an accurate cash book.

Expected Outcome

After participating in this session, participants will be able to understand:

1. How to set up and maintain a cash book
2. The type of transactions recorded in a cash book
3. The difference between 'money in' (income) and 'money out' (expenditure)

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

60 minutes

Overview







Most small-scale entrepreneurs do not write down how much money comes in and goes out of their business. It is easy to remember events that have just happened. But when more items are bought and sold over a period of time, it becomes difficult to remember everything. Therefore it is important to write down all the money that comes in and goes out of a business.

When we analyse where the money comes from and where the money goes, we can make decisions on how to improve our business and make more profit.



Description and Examples Using a Cash Book

A *Cash Book* keeps a record of money coming in and money going out of your business.

When we open a Cash Book, we see two pages. The page on the left is to record the money coming in to your business or *income*. The page on the right is to record money going out of your business or *expenditure*. Each page has three columns.

Left Page = 'Money in' (or income)
 1st Column = Date: the day that you received the money
 2nd Column = Source of income
 3rd Column = How much money

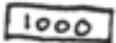






Right Page = 'Money out' (or expenditure)
 1st Column = Date: the day that you pay the money
 2nd Column = What the money was spent on
 3rd Column = How much money

Example

Elizabeth sells tomatoes, onions and okra in the market.

- On September 1st she starts recording in her Cash Book. She has ₦ 8000 in cash money.
- In the morning she buys the following vegetables:
 - 2 baskets of tomatoes at ₦ 2000 each; $2 \times ₦ 2000 = ₦ 4000$
 - 1 bag of onions at ₦ 2500
 - 1 basket of okra at ₦ 1200
- During the day she sells:
 - Tomatoes for ₦ 1000
 - Onions for ₦ 600
 - Okra for ₦ 400
- She takes ₦ 600 for herself to buy food for her household.

She will sell the rest of the vegetables the next day. Before she goes home, she writes all her income and expenditures of the day in her Cash Book and she calculates her total income and expenditure.

☀	⊕	₦	☀	⊖	₦
1-9-93		8000	1-9-93	⊕ 2 x 2000	4000
1-9-93		1000	1-9-93	 1 x 2500	2500
1-9-93		600	1-9-93	 1 x 1200	1200
1-9-93		400	1-9-93		600
		10,000			8300

At the end of the day, Elizabeth has ₦ 1700 in cash money.

Total money in	-	total money out	=	cash balance
₦10,000	-	₦8300	=	₦1700

Tips for Cash Control

- Write all money that comes in and goes out immediately in your Cash Book.
- Count your cash when the day begins and again when the day ends.
- When you take money for the household or yourself from the business money, write it in your Cash Book under 'money out', because it is money that goes out of the business;
- Write in the Cash Book only the items that are paid in cash. Buying and selling on credit will be recorded in a separate book called the Credit Book.
- You can calculate the balance every day, every week or every month, whenever it is most convenient for your business. It will always have to be done when you fill a page in your Cash Book. Remember that the balance should always be written at the start of a new page.

Summary ~ Cash Book

- It is important to keep a record of all cash coming into a business and all cash leaving a business. This record is called a cash book.
- Cash books are divided into two sections: Money-In (income) and money out (expenditure).
- Cash books should record dates, amounts of money, reason for transaction, and the source.
- To reduce error, always balance the cash book with actual cash on hand at regular time periods.

Cash Book ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

This workshop will introduce the Cash Book and reinforce the concepts of 'money in' (income) and 'money out' (expenditure). It also reinforces the concepts introduced in the Money Management Workshop found in the Financial Management Theme.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials







- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- What is a Cash Book?
 - (Answer) A Cash Book is a book in which you write all the cash money that comes in and goes out of your business.
- Why is it important to write down your income and expenditure in a Cash Book?
 - (Answer) It is easy to remember events that have just happened but when more items are bought or sold over a period of time, it becomes difficult to remember everything. Therefore it is important to write down all the money that comes in and goes out of a business in a Cash Book.

Explanation

Draw a Cash Book on the chalkboard or flip chart as shown below:

Explain the following:

Left Page = 'Money in' (or income)
 1st Column = Date: the day that you received the money
 2nd Column = Source of income
 3rd Column = How much money

Right Page = 'Money out' (or expenditure)
 1st Column = Date: the day that you pay the money
 2nd Column = What the money was spent on
 3rd Column = How much money

Examples

Use the following examples to explain how to write the details of income and expenditure in the correct columns in the Cash Book. Read the examples item by item. Use the Cash Book on the chalkboard or flip chart to draw the symbols. Take the following steps:

1. The first entry in the Cash Book is the amount of money in hand at the beginning. This is written under 'money in'.
2. Ask the participants to tell you which item should go to 'money in' and which item should go to 'money out'. Illustrate it on the Cash Book in front of the group. Agree on which symbol is to be used for each item. Write the date, the symbol and the amount.
3. After writing all the income and the expenditures in the Cash Book:
 - add up both columns;
 - subtract 'money out' from 'money in';
 - that will give you the money you have left.
 This is called the balance. This amount should be the same as the amount of cash that you have in hand.
4. Add the balance to the total of 'money out'. 'Money in' and 'money out' should be equal.
5. Write the balance on the 'money in' side at the top of the next page. Or if you continue on the same page, draw a line under the addition and start again with the balance under 'money in'.

NOTE: Stress that participants should write the figures properly under each other (the units, tens, hundreds and thousands in the right column) so that they do not make mistakes in their addition of the total income and total expenditure.

Example 1

You may use the example of Elizabeth selling tomatoes, onions and okra described in the Cash Book Fact Sheet.

Elizabeth sells tomatoes, onions and okra in the market.

- On September 1st she starts recording in her Cash Book. She has ₦ 8000 in cash money.
- In the morning she buys the following vegetables:
 - 2 baskets of tomatoes at ₦ 2000 each; $2 \times ₦ 2000 = ₦ 4000$
 - 1 bag of onions at ₦ 2500
 - 1 basket of okra at ₦ 1200
- During the day she sells:
 - Tomatoes for ₦ 1000
 - Onions for ₦ 600
 - Okra for ₦ 400
- She takes ₦ 600 for herself to buy food for her household.

She will sell the rest of the vegetables the next day.

Before she goes home, she writes all her income and expenditures of the day in her Cash Book and she calculates her total income and expenditure.

☼	⊕	₹	☼	⊖	₹
1-9-93	1000	8000	1-9-93	⊕ 2 × 2000	4000
1-9-93	⊕	1000	1-9-93	⊖ 1 × 2500	2500
1-9-93	⊖	600	1-9-93	⊖ 1 × 1200	1200
1-9-93	⊖	400	1-9-93	⊖	600
		10,000			8300

- How much money has Elizabeth got left at the end of the day?

$$\begin{array}{rclclcl}
 \text{Total money in} & - & \text{total money out} & = & \text{cash balance} \\
 \text{₹10,000} & - & \text{₹8300} & = & \text{₹1700}
 \end{array}$$

The money Elizabeth has left in cash should be the same as the balance in her book.

Elizabeth first writes the balance under 'money out'.

☼	⊕	₹	☼	⊖	₹
1-9-93	1000	8000	1-9-93	⊕ 2 × 2000	4000
1-9-93	⊕	1000	1-9-93	⊖ 1 × 2500	2500
1-9-93	⊖	600	1-9-93	⊖ 1 × 1200	1200
1-9-93	⊖	400	1-9-93	⊖	600
		10,000			8300
			1-9-93	1000	1700
				10,000 - 8300	10,000

She then writes the balance in the 'money in' column on the next page, as this is the cash money with which she will start the new page.

The next page will look like this:

☼	⊕	₹	☼	⊖	₹
2-9-93	1000	1700			










Example 2

John is a carpenter.

- On July 5th he starts his business with ₦ 10,000.
- On the same day a customer asks him to make a table. John buys the following materials:
 - 3 pieces of wood at ₦ 1000 each; $3 \times ₦ 1000 = ₦ 3000$
 - 1 box of nails at ₦ 500
- On July 7th he sells the table for ₦ 5500
- On July 8th he buys a new saw for ₦ 2000
- On July 9th he makes four chairs from the left over wood. He sells the chairs on the same day at ₦ 1500 each; $4 \times ₦ 1500 = ₦ 6000$
- On July 10th he pays his apprentice ₦ 1000
- He also takes ₦ 2000 out of his business money for his own salary.

John writes his income and expenditures every day in the Cash Book. He calculates the balance at the end of the workweek

The Cash Book will look like this:

١٩٨٠	⊕	₦	١٩٨٠	⊖	₦
5-7-93		10,000	5-7-93	 3 x 1000	3000
7-7-93		5500	5-7-93	 1 x 500	500
9-7-93	hh 4 x 1500	6000	8-7-93		2000
			10-7-93		1000
			10-7-93		2000
		21,500			8500
			10-7-93	 1000	
				21,500 - 8500	13,000
					21,500
11-7-93		13,000			

Explanation

Give the following tips for cash control:

- Write all money that comes in and goes out immediately in your Cash Book;
- Count your cash when the day begins and again when the day ends;
- When you take money for the household or yourself from the business money, write it in your Cash Book under ‘money out’, because it is money that goes out of the business;
- Write in the Cash Book only the items that are paid in cash. Buying and selling on credit will be recorded in a separate book called the Credit Book.
- You can calculate the balance every day, every week or every month, whenever it is most convenient for your business. It will always have to be done when you fill a page in your Cash Book. Remember that the balance should always be written at the start of a new page.

Suggested Practice Exercises

Before starting the exercises ask all participants to draw the lines for a Cash Book in their exercise books. Make sure ‘money in’ is on the left side and ‘money out’ is on the right side, and that each page is correctly divided into three columns for date, description and amount.

Practice Exercise 1

Ask a participant to draw a cash book on the chalkboard or flip chart. Ask individual participants to write the details of the following exercise in the Cash Book.

- Choose a business you know well:
 - Start with writing an amount of cash money in hand on the ‘money in’ side.
 - Discuss the process:
 - What materials do you usually buy?
 - What services do you pay for?
 - What wages do you pay?
 - How much do you spend on replacements and repairs?
 - How much do you sell your goods or services for?
 - Write all the income and expenditures in the Cash Book on the chalkboard or flip chart using symbols.
 - Add up both columns and find out how much cash is left.
- Ask participants to copy the example from the chalkboard or flip chart in their exercise books.

Practice Exercise 2

Divide the group into pairs. Each pair is to do the following exercise.

Read the exercise. Repeat it item by item and write the dates, symbols and amounts on the chalkboard or flip chart.










Amina sells groceries (such as tea and matches) from a kiosk at the roadside.

- On January 22, 2001 she has ₦ 6000 cash in hand.
- She goes to town and buys the following items:
 - 5 tins of sardines for ₦ 400 each; $5 \times ₦ 400 = ₦ 2000$
 - 4 packs of matches at ₦ 200 = ₦ 800
 - Bananas for ₦ 1200
 - She pays ₦ 200 for transport
- On January 23, 2001 she sells the following items:
 - 2 tins of sardines at ₦ 450 each; $2 \times ₦ 450 = ₦ 900$
 - 1 pack of matches at ₦ 250
 - Bananas for ₦ 700
- She takes ₦ 400 from the business money to go to the market to buy foodstuffs for herself.

Each pair is to answer the following questions and write the details in their exercise book:

- Write all the money that Amina spent and all the money that she received in a Cash Book.
- How much money did she spend in total?
- How much money did she receive in total?
- How much money does she have left?

In the end the Cash Book will look like this:

☆	⊕	₦	☆	⊖	₦
5-7		6000	5-7	 5×400	2000
6-7	 2×450	900	5-7	 4×200	800
6-7	 1×250	250	5-7	 1×1200	1200
6-7	 1×700	700	5-7	 1×200	200
			6-7	 1×400	400
		7850			4600
			6-7	$7850 - 4600$	3250
					7850

From now on the participants should try to write down all their income and expenditure transactions in a Cash Book. Facilitators should follow-up with visits to each participant's home or place of business to encourage the participants and assist them with any questions.

Record Keeping for Inventory ~ Fact Sheet

Purpose

To help participants understand the various uses for inventory records, and the benefits of keeping accurate inventory records.

Expected Outcome

After participating in this session, participants will be able to understand:

1. The importance of keeping accurate inventory records
2. How to set up and maintain inventory records
3. How to measure the level of inventory on hand
4. How to use inventory records to measure profitability and production
5. How to use inventory records to plan re-order of stock, and to help spot and deter theft

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 60 minutes

Overview

An Inventory Record keeps a record of physical items that your business has at any point in time. It includes what you had at the beginning of the year, what has been added to those items through purchases and production and how much has left your business through sales, consumption, planned use or losses. This information is of critical importance to the daily operation of your business.

Inventory records can help you decide when to re-order stock, how profitable your business is, if you should add or remove certain stock from the business offerings, and can even help pinpoint inventory losses due to theft.

Why is Record Keeping for Inventory Important?

- To help measure profitability
- To measure production
- To plan for re-order to avoid running out of supplies or items to sell
- To deter theft



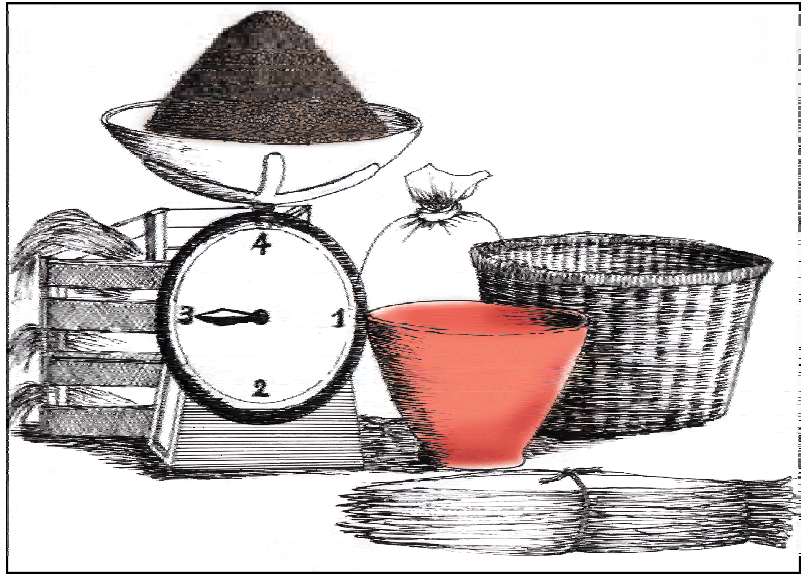
Measure Profitability

Keeping records for inventory on hand at the beginning of a period, purchases made and production throughout the period, and inventory on hand at the end of the period is necessary to accurately determine total expenses incurred during the year.



Measure Production

Maintaining records for yields from production over a period of several years allows one to recognize important trends in the production cycle. This knowledge is useful for planning future production and the marketing of products.



Plan Re-order

In operating a small market, having too much inventory on hand is costly since the cost of these products must be borne by the market owner and it reduces the amount of cash available for other expenses and purchases.

On the other hand, running out of inventory can be costly in terms of lost sales!



Good records of inventory levels and seasonal adjustments help avoid these problems by determining the lead-time necessary to purchase additional supplies and to ensure the right amount of inventory to have at any one time.

Theft Deterrence

Making an accurate count of inventory at frequent intervals will help identify when theft is occurring and allow the market owner to take steps necessary to uncover the culprit. In addition, frequent recounting of perishable inventory will help determine market demand and allow removal of spoiled product.

How Can You Keep Better Records of Inventory?

- Record the number of units, cost and description of each group of items, then enter them as inventory. This includes production from farming, craft production, as well as any merchandise purchased for resale.
- As a product is sold, record the number of units, selling price and description. These amounts will be subtracted from the inventory on hand.
- Depending upon the type of business and type of inventory held, the entrepreneur should physically count the inventory on hand at frequent intervals. This is compared to the amount that should be on hand based on the quantity sold, quantity used for other production or household consumption, and the quantity lost due to spoilage or death. Any discrepancy should be investigated since theft or some other problem may cause it.
- At the end of the recording period the remaining inventory must be counted and verified with sales records to help determine the cost of the products sold.
- Calculation of Ending Inventory:

+ _____ Value of Beginning Inventory
 + _____ Value of Production
 + _____ Value of Product purchased for resale
 - _____ Value of Product sold
 - _____ Value of Product used in business/personal
 - _____ Value of Product lost by theft or spoilage
 _____ Total equals ending inventory

Inventory Record Sheet

Date	Item Description	Beginning Inventory		Production	Purchases	Sales	Used	Losses	Ending Inventory	
		Quantity	Value						Quantity	Value

Consequences of Not Keeping Good Inventory Records

- Inability to accurately measure profit for a period because the amount of inventory sold cannot be determined.
- Current levels of production are difficult to calculate if product is simply added to existing inventory.
- In a retail business, lack of inventory records may reduce sales because not enough product is on hand.
- Without inventory records the amount and incidence of theft or spoilage of products cannot be determined.

Summary ~ Record Keeping for Inventory

- An inventory record keeps a record of physical amounts that your business has at any point in time.
- Inventory records are important to help measure profitability, productivity, timing for re-order, and to deter theft.
- Lack of inventory records increases the level of risk and uncertainty in a business, which affects profits.
- Ending inventory for a period equals the inventory at the beginning of the period plus any increases through production or purchasing less any reductions through personal/business use, sales or theft.

Record Keeping for Inventory ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Ask participants (where applicable) to come prepared to describe their own system(s) for inventory record keeping.

Time

- 2 to 3 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Hand calculator (if available)
- Exercise books for all participants OR slates where commonly used
- Product (e.g., fruit or vegetables) to use for demonstration
- Area suitable for writing

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Introduction and Warm-Up

- Use the first 5 minutes of the workshop to introduce all participants, and to discuss the purpose of the workshop.
- If necessary, allow an addition 10 to 15 minutes for a warm-up activity. This will allow participants to feel more comfortable with one another.

Process

Over a 30-minute period, first summarize the points covered in the fact sheet, and then discuss as a group the reasons why record keeping is important, and how to do it. An effective method of presentation is through a series of short pantomimes and pictures.

- Allow 20 minutes for participants to describe the problems they have with record keeping and the solutions they are presently using.
- Then conduct a 10-minute discussion of participants' points with suggestions for improvement.
- Break for 15 minutes
- Allow 60 minutes for participants to practise record keeping using the products brought for demonstration to symbolize production and subsequent sale of the products.
- More fun and excitement can be included by having someone "steal" some of the product during the exercise.
- After 60 minutes, summarize the workshop.
- Require participants to go home and start an inventory record system of their own.

Follow-Up

Conduct a workshop follow-up within 60 days. Visit all participants at their business sites and do the following:

- Observe their record keeping practices
- Answer all questions
- Make appropriate suggestions for improvement where necessary

Credit Book ~ Fact Sheet

Purpose

To discuss the importance of keeping accurate credit books, and the mechanics of setting up and maintaining credit book records.

Expected Outcomes

After participating in this session, participants will be able to understand:

1. The importance of maintaining credit books
2. The consequences of not keeping credit books
3. How to set up a “Sold on Credit” book
4. How to set up a “Bought on Credit” book
5. How credit transactions affect the business’ cash book

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 60 minutes

Overview

Many small-scale entrepreneurs buy and sell on credit but they do not keep records of it. They try to keep this information in their head. Problems with repayments of credit often cause a loss of money. Keeping records of buying and selling on credit will help to avoid this problem.

The Credit Book keeps a record of all the money that customers have to repay you and all the money you have to repay to others.

There are different ways to keep Credit Books. You can keep two books - one for the goods or services that you have sold on credit and one for the goods or services that you have bought on credit. Another system is to have one book and use one half of the book for ‘sold on credit’ and the other half for ‘bought on credit’.

Recording Transactions Sold On Credit

SOLD ON CREDIT

Name of Customer: _____

Date	Goods Sold	Amount Sold	Amount Paid	Balance Owed	Signature

The customer is the person who buys from you. Use one page in your credit book for each customer and begin by writing the name or a symbol to represent the name of the customer on the top of the page. You can also use symbols instead of words for column headings.

Goods Sold

- Use a symbol to describe the goods or service that was sold on credit to the customer on that date.

Amount Sold

- Record the value of goods or services sold on credit.

Amount Paid

- Record the payment or part-payment of the amount sold on credit.

Balance Owed

- Record the total amount the customer has to repay.

Signature

- Get the customer to sign or make a fingerprint in this column each time she buys on credit or repays you.

Every time a customer buys something on credit, write down the date, the description of the goods and the value. After that you add the value to the balance owed. Every time the customer repays or pays part of the amount owed to you, record it under Amount Paid. After each payment you have to adjust the balance owed to see whether the customer has paid all her debt or whether she still has to repay you some amount. Request the customer to sign or make a fingerprint each time she buys on credit or repays you.

Recording Transactions Bought On Credit

BOUGHT ON CREDIT

Name of Supplier: _____

Date	Goods Sold	Amount Sold	Amount Paid	Balance Owed	Signature

The supplier is the person you are buying from on credit. Use one page in your credit book for each supplier and begin by writing the name or a symbol to represent the name of the supplier on the top of the page. You can also use symbols instead of words for column headings.

Goods Sold

- Use a symbol to describe the goods or service that was bought on credit from the supplier on that date.

Amount Sold

- Record the value of goods or services bought on credit.

Amount Paid

- Record the payment or part-payment of the amount bought on credit.

Balance Owed

- Record the total amount you still owe to the supplier.

Signature

- Get the supplier to sign or make a finger print in this column each time you make a payment.

Keep one page on the credit book for each person buying regularly on credit. Every time that person buys something on credit or repays part of the debt, write this on his/her page and calculate the new balance. This way you can always see whether this person repays regularly and whether he/she still has to pay a balance.

In the same way, if you are always buying on credit from the same supplier, you should also keep one page for each supplier in the book. When a particular customer or supplier page is full, continue the record on the next available page.

If you do not have regular customers or suppliers, then you should enter each transaction in your Credit Book as it occurs on a day-to-day basis. Then you will have to add an extra column for the names of the different people. However, it is not advisable to sell on credit to people who do not buy from you regularly.

How Do Credit Transactions Affect Your Cash Book?

Every time someone pays you for goods that she or he bought from you on credit, you write it in your Cash Book under 'money in' because it is cash money that goes into your business.

In the same way, every time you pay for the goods that you bought on credit, you write it in your Cash Book under 'money out' because it is cash money that goes out of your business.

Summary ~ Credit Book

- Providing credit to loyal customers is one way to increase sales, but accurate records in the credit book are essential.
- Receiving credit for business purposes is one way to expand your business and earn higher profits, but accurate records in the credit book are essential.
- The credit book records loans you have made to other people and all loans other people have made to you, including date, amount, interest charges, and repayment schedule.
- Always have payments initialed or marked to reduce any misunderstandings or disagreements about the accuracy of the credit book balances.

Credit Book ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Many small-scale entrepreneurs buy and sell on credit but they do not keep records of it. They try to keep this information in their head. Problems with repayments of credit often cause a loss of money. Keeping records of buying and selling on credit will help to avoid this problem.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- How do you remember who has to repay you and how much?
 - All answers are good. If someone has a method let her explain how she does it.
- How do you remember how much you owe others and who you owe for things bought on credit?
 - All answers are good. Ask for examples.

Explanation

Refer to the Credit Book Fact Sheet.

Examples

Example 1

Draw a Credit Book page on the chalkboard or flip chart and work through the following example with the participants.


SOLD ON CREDIT

Name of Customer: _____

Date	Goods Sold	Amount Sold	Amount Paid	Balance Owed	Signature















Mary has a regular customer in the market to which she sells her smoked fish. Her name is Akosua.

- On December 14th Mary sells two baskets of fish for ₵ 6000 each ($2 \times \text{₵ } 6000 = \text{₵ } 12,000$) on credit to Akosua. They agree that Akosua will pay the money on the next market day.
- On December 21st Akosua pays ₵ 10,000 to Mary. She still owes Mary ₵ 2000.
- On the same day she buys one basket of fish for ₵ 6000 on credit again. She now owes Mary ₵ 8000 ($\text{₵ } 2000 + \text{₵ } 6000 = \text{₵ } 8000$)
- On December 24th Akosua pays all the remaining debt.

Name of customer: Akosua 

After writing everything in the Credit Book, Mary also writes the cash payments that Akosua made in her Cash Book as 'money in'.

On December 21st she writes in her Cash Book under 'money in' ₵ 10,000, and on December 24th she writes ₵ 8000 under 'money in'.

		- 	+ 	= 	
14-12-93	 2 x 6000	12,000	0	12,000	
21-12-93		0	10,000	2000	
21-12-93	 1 x 6000	6000	0	8000	
24-12-93		0	8000	0	

Example 2


Mary usually buys fresh fish from the same fisherman on credit.


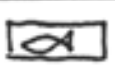







She pays the fisherman for the fish only after selling the smoked fish.

Every time she buys a load of fish she writes it in her 'bought on credit' book so that she will not forget the amount that she has to pay the fisherman.

- On November 20th she buys 3 crates of fish for € 4000 each;
- On November 21st she buys 5 crates of fish for € 3500 each;
- On November 22nd she buys 2 crates of fish for € 4500 each;
- After coming home from the market on November 23rd she pays the fisherman € 30,000

How much money does she still owe the fisherman?

Name of supplier : Jonas 

		- 	+ 	= 	Jonas
20-11-93	 3 x 4000	12,000	0	12,000	Jonas
21-11-93	 5 x 3500	17,500	0	29,500	Jonas
22-11-93	 2 x 4500	9000	0	38,500	Jonas
23-11-93		0	30,000	8500	Jonas

After paying the fisherman the € 30,000, Mary writes in her Cash Book on November 23rd € 30,000 as 'money out'.

Suggested Practice Exercises


Exercise 1




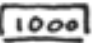











Draw a 'sold on credit' page on the chalkboard or flip chart. Read the following story and write the details (dates and description of goods sold) on the page. Ask participants to come to the chalkboard or flip chart and write the amounts in the correct columns.

Aba is a farmer. She sells tomatoes and onions. She has a regular customer whose name is Regina.

- On July 1st Aba sells tomatoes for ₦ 5000 and onions for ₦ 4000 to Regina on credit. Regina promises to pay on the next market day.
- On July 7th Regina pays Aba ₦ 7000
- On the same day she buys tomatoes for ₦ 2000 on credit again.

After writing the exercise on the chalkboard or flip chart, the participants should copy it in their exercise books.

Name of customer: Regina 

	 	- 	+ 	= 	
1-7-93	 1 x 5000	5000	0	5000	
1-7-93	 1 x 4000	4000	0	9000	
7-7-93		0	7000	2000	
7-7-93	 1 x 2000	2000	0	4000	


Exercise 2




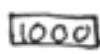




Draw a 'bought on credit' page on the chalkboard or flip chart. Read the following story and let the participants write the details on the page.

Amina is a baker. She often buys bags of flour on credit from the wholesale shop. The name of the shop is 'Okay Store'. She always writes everything she buys on credit in her Credit Book so that she will not forget anything.

- On February 15th Amina buys 2 bags of flour at ₦ 15,000 each. She pays cash for only one bag and agrees to pay the remaining ₦ 15,000 in two weeks' time.
- On February 25th she pays ₦ 15,000
- On the same day she buys another 2 bags of flour on credit at ₦ 15,000 each.

After writing the exercise on the chalkboard or flip chart, the participants should copy it in their exercise books.

Name of supplier: Okay Store 

			- 	+ 	= 	
15-2-94		1 x 15,000	15,000	0	15,000	OK
25-2-94		1 x 15,000	0	15,000	0	OK
25-2-94		2 x 15,000	30,000	0	30,000	OK

NOTE: In the February 15th transaction Amina bought two bags of flour. She paid cash for one bag and bought the other bag on credit. She therefore records the purchase of one bag in her Cash Book and the other in her Credit Book.

Cost-of-Production Records ~ Fact Sheet

Purpose

To discuss the importance of the cost of producing items for sale as it relates to profitability.

Expected Outcomes

After participating in this session, participants will be able to understand:

1. How to determine the cost-of-production of a particular item
2. What the 'break-even price' is, and the importance of knowing it
3. How the cost-of-production relates to selling prices and profitability
4. How to create and maintain a production record

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

60 minutes

Overview

As with the previous business records discussed, the cost-of-production record can have a direct impact on the success or failure of your business. This record is used to keep track of the various factors that affect the cost of producing items for sale, such as labour, raw materials, equipment repair, etc.

Many business people do not know their costs and think that they are less than they really are. Therefore many people sell at a price that is too low and they make little or no profit. Knowing the cost of production will help you set the selling price and improve your profit.

Understanding Cost-of-Production

Cost of Production is a term used to describe the average cost of producing one unit of a given product. It is calculated by dividing the total cost of producing a quantity of goods by the quantity produced. In the case of maize production for example, the total cost to produce the crop of maize is divided by the quantity of maize harvested and the result is expressed as cedis per kilogram.

The cost of production may also be called the break-even price or the price necessary to cover all costs at a given yield or level of production. It will change not only with changes in costs but also with changes in the yield or quantity produced.

Recording and Calculating Production

Calculating your cost of production will require information from your Cash Book and from your production records. Production records show the physical amount produced. It could be kilograms harvested, kilograms of milk produced, number of animals raised, number of dresses made, metres of cloth woven, etc.

Production records may also include other physical information which explains the production process such as seed variety, seeding rate, fertilizer application rates, chemicals used, hours of labour used, etc. depending on the type of product you are producing.

Keeping this more complete information over a number of seasons allows you to identify problems and adjust production methods to improve yields and reduce costs.

Field Production Record		
Field Name or Number		
Size of Field		
Year/Season		
Variety and Type of Crop		
Fertilizer Type and Amount		
Fertilizer Cost		
Seed Amount and Cost		
Chemicals Used (Type and Amount)		
Amount of Labour	Preparation	
	Seeding	
	Tending	
	Harvesting	
Amount Harvested		
Value of Harvest		
Amount Marketed		
Notes: (Weather conditions, market conditions, other factors affecting production)		

Recording and Calculating Costs

EXAMPLE:

Elizabeth is a seamstress. The manager of a clothing shop is interested in her clothes and asks her for the prices. She has no idea, but she promises to make a quotation.

Elizabeth calculates all the costs of making a dress, thinks about the profit she wants to make and the price the customers are willing to pay.

Materials and services:

• 3 yards of material (3 x ₱ 1500)	₱ 4500
• 1 zipper	₱ 50
• 5 buttons (5 x ₱ 20)	₱ 100
• Sewing thread	₱ 150
• Lining	₱ 650
• Needles and oil	₱ 150
• Transport	₱ 100
	<u>₱ 5700</u>

Wages:

• It takes Elizabeth two days to make a dress. She decides to ask a moderate fee for workmanship of ₱ 1000 per day (2 x ₱ 1000)	₱ 2000
• She pays one apprentice ₱ 250 per day for her assistance (2 x ₱ 250)	₱ 500
	<u>₱ 2500</u>

Replacement and Repair:

• Elizabeth is afraid that her sewing machine will break down and she wants to set aside some money so that she will be able to repair it when necessary. She decides to put ₱ 300 on top of the cost of each dress to save for this purpose.	₱ 300
---	-------

Total Cost:

• Her total costs are ₱ 5700 + ₱ 2500 + ₱ 300 =	₱ 8500
---	--------

+ Profit:

• Elizabeth thinks that ₱ 500 is a reasonable profit for each dress.	<u>₱ 500</u>
--	--------------

Final Price:

• Her price will be ₱ 9000. This is a price she thinks the customers will be prepared to pay.	<u>₱ 9000</u>
---	---------------

Summary ~ Cost-of-Production Records

- Cost of production records are needed for an accurate calculation of profit as well as a comparison of costs from year to year.
- If the cost of production is unknown, then the selling price is often set too low – at an unprofitable level.
- Both the physical quantities and costs of inputs into the production process must be recorded to understand total cost of production and productivity. These include materials, labour and repairs.

Cost-of-Production Records ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Many business people do not know their costs and think that they are less than they really are. Therefore many people sell at a price that is too low and they make little or no profit. Knowing the cost of production will help you set the selling price and improve your profit.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- How do you determine the selling price for the products or services you sell?
 - Let the participants explain how they usually do it.

Explanation

To be able to determine the price, you will have to know all the costs that are involved in making and selling your product.

When you sell your product for a price that is higher than the cost to make and sell your product (its cost of production), then you are making a profit.

When you sell your product for a price that is lower than its cost of production, then you are selling at a loss.

Examples

Use the example of ‘Elizabeth the seamstress’ described in the Cost-of-Production Records fact sheet.

You may also use an example that is familiar to the participants and let the participants tell you the process and write down all the production and selling costs involved with their appropriate symbols on the chalk board or flip chart. Ask the participants to copy the example from the chalkboard or flip chart in their exercise books.

Examples could be a carpenter who makes cupboards, somebody who sells cooked food, someone who processes and sells palm oil, or a group that raises chickens to sell in the market.

Practice Exercise

Sam is a farmer who raises chickens and also works for a wage in the village. He buys the chickens when they are 2 days old, feeds them, gives them medicine if they are sick, protects them from predators and thieves and sells them at the market.

- On January 2nd Sam bought 50 chicks, which were 2 days old. He purchased feed every week and cared for them for 10 weeks before taking them to market. Following is information recorded in Sam's Cash Book:

CASH BOOK

(symbol for date)	+	₹	(symbol for date)	-	₹
01-01-2001	Beginning cash	95000	02-01-2001	(symbol for chicks)50x1000	50000
18-01-2001	(symbol for wages earned)	10000	02-01-2001	(symbol for feed)	25000
01-02-2001	(symbol for wages earned)	10000	15-01-2001	(symbol for feed)	25000
22-02-2001	(symbol for wages earned)	10000	18-01-2001	(symbol for wages paid)	2000
			18-01-2001	(symbol for household)	6000
			28-01-2001	(symbol for gift)	10000
			01-02-2001	(symbol for feed)	50000
			01-02-2001	(symbol for medicine)	50000
12-03-2001	(symbol for chicken) 40x10000	<u>400000</u>	01-02-2001	(symbol for wages paid)	3000
	Money in	525000	15-02-2001	(symbol for feed)	70000
			16-02-2001	(symbol for household)	6000
			01-03-2001	(symbol for feed)	90000
			12-03-2001	(symbol for wages paid)	5000
			12-03-2001	(symbol for transport)	<u>10000</u>
				Money out	402000

- Sam's inventory and production records show that 5 chickens died. The other 5 chickens were given to family members.

Ask the participants to calculate the cost of production. Note that the 'money out' for household and gifts should not be included in the cost of raising the chickens. Therefore the cost of raising and selling the chickens is ₹ 380,000.

This exercise can also be used to calculate the profit or loss Sam made by raising chickens

Money in from sale of chickens	-	Money out for cost of production	=	Profit/Loss
₱ 400,000	-	₱ 380,000	=	₱ 20,000

You could also ask the participants to calculate Sam's profit if he had sold 45 chickens rather than 40 chickens.

$$(45 \times ₱ 10,000 = ₱ 450,000 - ₱ 380,000 = ₱ 70,000 \text{ profit})$$

Money in from sale of chickens	-	Money out for cost of production	=	Profit/Loss
₱ 450,000	-	₱ 380,000	=	₱ 70,000

What would be the profit or loss if 10 chickens had died assuming the costs remained the same and if Sam still gave 5 chickens to family members?

$$(35 \times ₱ 10,000 = ₱ 350,000 - ₱ 380,000 = ₱ 30,000 \text{ loss})$$

Money in from sale of chickens	-	Money out for cost of production	=	Profit/Loss
₱ 350,000	-	₱ 380,000	=	₱ 30,000 (loss)

Wrap Up and Evaluation ~ Record-Keeping

Participants will need time to process the information discussed. The facilitator should briefly review the accomplishments for the session and discuss how participants can implement the information learned.

He/she should ask the group the following types of questions:

- What is the next step?
- When should they meet again?
- What other preparatory work needs to be done?

When this task has been completed, the facilitator needs to conduct some type of evaluation. This final exercise will help the facilitator and group obtain the feedback necessary for judging the success of the workshop. The following exercise can be undertaken:

The group is asked to consider the following questions. They can either write down their responses or the facilitator can ask the questions of the group.

- Things I liked
- Things I did not like
- Suggestions for improvement
- The most important lesson I learned
- What I found the most difficult
- What is the main obstacle our group will face putting what we have decided to work

References ~ Record-Keeping

- Extensive use was made of the Simple Bookkeeping and Business Management Skills For Small Scale Entrepreneurs Facilitators Guide, November 1997 Second edition, published by the Food and Agriculture Organization of the United Nations, Regional Office for Africa in preparing the Workshop Guides in this text.

Agri-Entrepreneurship Training Manual

Financial Management



Nova Scotia Agricultural College
Truro, Nova Scotia, Canada

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Notes to Facilitator ~ Financial Management

Scope

The series of fact sheets contained in this module provide the foundation for understanding the concepts and practices related to financial management. This manual is designed to allow facilitators to develop a library of information on this topic, and other fact sheets can be added over time.

This workshop has been designed to be used in a segmented fashion. However, each section could be presented separately or particular sections could be removed. Mix and match the activities to suit your purpose.

The following topics are covered in this module:

- Money Management
- Managing Cash and Credit
- Calculating Profit
- Business Planning

General Instructions

- Sometimes people feel uncomfortable with the use of exercises as teaching tools, particularly when the exercise might be a game. Be sure to explain clearly to the group the intent of the exercise and what will be accomplished. Then give the participants an opportunity to reflect on what has happened.
- This module can be broken apart in a number of ways. Most of the sections can stand alone or the different parts can be spread over a couple of days.
- The outline for this module assumes that the facilitator has had sufficient experience to change or modify the exercise to suit the nature of the group. If you are new to this type of teaching, then just try one exercise.
- The time limits are approximate, and will depend on the number of participants and their willingness to interact. It would be difficult to accomplish the objectives outlined with more than 20 people.

Understanding the Role and Responsibilities of Facilitators

The first module in the Agri-Entrepreneurship manual addresses Group Formation and Strengthening. The information provided below is, for the most part, directly from that module. It has been included here to provide you, the facilitator, with an understanding of the dynamics of working in groups, your role as a facilitator, and how you can best ensure effective group work.

Why do community projects not succeed? What do we, as community facilitators, need to know to help rural communities? One of the common complaints with any type of community development project is that people have difficulty working together. There are many reasons why groups do not achieve their objectives. These include:

- Lack of clear objectives
- Conflict over objectives or purpose
- Personal differences among members
- Lack of standards for behaviour
- Unwillingness or inability to contribute
- Poor leadership

Perhaps the most important thing to understand about groups is why they exist. Essentially, groups exist only to satisfy the needs and interests of their members. Therefore, translating individual needs and concerns into group priorities is important. Group members should clearly see what the end goals will be and how these will meet their objectives.

When working as community facilitators, we need to understand why people want to participate. This understanding contributes to the development of viable groups and facilitates conflict management. There are a number of reasons why people join groups including:

- If an influential member of the community or a respected elder participates, then, others will join because of the status associated with belonging to this group.
- On the same note, people don't like to be left out of things, particularly if a programme is perceived to be successful.
- Some people join because of the social element. It is an opportunity to be with friends.
- Others join because they may receive a financial benefit or some other type of reward.
- Another reason is that some people have a strong desire to help others and their community. This makes them feel good.
- And some just like to learn new things.

The strength of a community group is a function of the individuals in the group, the interactions of the group members and the influence of the group on the community. Trainers need to understand all these factors to understand why a particular group succeeds or fails. The personality and approach of the community facilitator is a major factor as well.

Trainers often ask: Why do communities form groups to take advantage of available financing and then disband when the financing dies? The answer to this question is not simple, and there are many possible reasons. Several of these reasons are listed below:

- Who has made the funding available? It is not uncommon for a central government to decide on a particular programme with the aim to improve the quality of life of rural people. The idea may be conceived at a central location in the country, and then implemented by people who have little concept about what life is really like in small rural communities. The project will often not be a success because the planners have not considered the needs of local communities, and because the people have had little input in the planning process.
- Two extremes can exist with the regulation of funding programmes. Some projects may have many rules and regulations, which are designed to strictly control the project but can stifle creativity. Other projects can have too little control and result in a misuse of funds. This can cause funding agencies to become reluctant to implement new projects, and local people become cynical about the process.
- Trainers or project managers can take the decision-making away from the community. The group then becomes totally reliant on the funding agent to manage the process. When the money is spent, then the group has not developed the structure to allow it to function without help. As a project manager, it can be very difficult to trust the community to complete the task or design a process by themselves.
- A fundamental concept in community development is helping people help themselves. The community needs to take ownership of the programme, the activity or the process. Otherwise, no matter how good the project is, it will not endure.
- The attitude of the trainer or the funding agency has a tremendous role to play. Prejudicial and stereotypical attitudes hinder the relationship between the trainer or the agency and the community. A good working relationship based on trust and respect between the facilitator and the community is vital to the success of the project.
- Communities are not all the same. Each has its own set of abilities and constraints. The type of local leadership and power structures have a tremendous effect on the ability of a community to change.

A useful exercise for community facilitators would be to hold discussions with communities to find out why projects have failed in the past. Encouraging community groups to visit other communities that have implemented successful projects would also be useful.

Any activity, which promotes a better understanding of why some projects work and others do not, would be a valuable training exercise.

Finally, the role of the trainer cannot be discounted. Good working relationships are built on trust and respect. Frank discussion of how good relationships can be achieved with communities is needed. Listed below are some of the questions that we should ask ourselves before working in rural communities:

- Who am I and how does my personality affect my ability to work with others?
- What are my strengths and weaknesses? How do others see me?
- What do I believe about rural people's ability to change, and do my actions reflect my beliefs?
- What are my prejudices and stereotypes about rural people (or ethnic groups, religions, gender etc.)? How do these impact on my work as a community facilitator?

Keep these questions in mind as you prepare, conduct, and reflect upon opportunities for facilitating community and business group work.

Notes & Time Lines ~ Financial Management

Module	Anticipated Time
Financial Management ~ Warm Up and Overview	1.5 to 2 hours
Money Management ~ Fact Sheet	60 minutes
Money Management ~ Workshop	2 to 3 hours
Managing Cash and Credit ~ Fact Sheet	2 hours
Managing Cash and Credit ~ Workshop	1.5 to 2 hours
Calculating Profit ~ Fact Sheet	30 minutes
Calculating Profit ~ Work Shop	2 to 3 hours
Business Planning ~ Fact Sheet	1 to 2 hours
Business Planning ~ Workshop	1.5 to 2 hours
Total Estimated Contact Time Required	13 to 17.5 hours

Notes ~ How to Use This Manual

Each component in this module can be used in the following ways:

1. A lecture based upon each fact sheet, followed by the corresponding workshop, which would serve to reinforce the concepts discussed in the lecture. The timelines listed beside the fact sheets above will be helpful if you choose this method.
2. The fact sheets can also be used as background information for facilitators, and not presented in a lecture format. With this method, facilitators would conduct each workshop with participants, and impart the information from the fact sheets as needed for the participants to complete each exercise.

The fact sheets are intended to provide stand-alone information for use as reference materials. The workshops, however, are not intended for use without the support of the fact sheets.

This manual has been designed to facilitate learning with both literate and illiterate learners. The facilitator may decide what print materials are appropriate for dissemination to participants.

It is expected that facilitators will have some prior knowledge of the concepts and practices being taught in each component.

General Workshop Guidelines are provided on the next two pages. These guidelines are intended to provide general information that will help ensure the effectiveness of workshops. Read these over prior to proceeding with the programme.

General Workshop Guidelines ~ Financial Management

The Approach

- The workshop is meant for adults. Adults have their own experience and knowledge and they want to be treated with respect. Their time is limited because they have many other commitments. Adults choose to participate in a workshop, or series of workshops, because they feel that the workshop contents are relevant and useful to them. Therefore, it is important to build, step by step, as much as possible on the experience and knowledge of the adult learners.
- Adults learn best when they participate actively in the learning process. The participatory approach is used as a guideline throughout each workshop. Each workshop has a number of steps to encourage participation through discussion, small group exercises, role-plays and individual exercises.

Time

- Time will vary from one workshop to another. However, 1.5 to 2 hours should be sufficient for most.
- If you have a group that plans to meet regularly to discuss a series of Agri-Entrepreneurship topics then you should discuss how many times per week they want to meet and which time is most suitable for them. Repetition and frequency of meetings is very important to a successful course. The group should meet at least two times per week. Participants may find it difficult to concentrate for periods longer than one and a half to two hours - particularly if they have just finished a day's work.

Type of Participants

- Entrepreneurs such as retailers, wholesalers, farmers and manufacturers
- Village leaders
- NGO and government advisory agents

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Preparation

- Prepare yourself before each meeting. Read the Fact Sheets and prepare the exercises. This will make it easier for you to lead the discussion and it will save time during the workshop.

General Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag

Note: Materials specifically relating to each workshop are listed in the individual workshop descriptions.

General Workshop Programme

- 5 minutes of introductions and explanation of the purpose of the workshop.
- Discussion to make each participant think about the problems and objectives of the particular workshop and to relate the topic to their own experience and knowledge. In some cases, questions are provided with possible answers. The answers are given to help guide the discussion but they should not be considered as the only correct answer.
- Explanation of the workshop topic including issues raised during the discussion. The explanation should give the participants a clear understanding of what they will learn during this workshop.
- Break for 10 minutes (if appropriate).
- Present examples, which illustrate the topic and relate it to participants' daily situations.
- Practise the lesson to be learned through group exercises, role-playing, discussion or individual exercises and homework. The objective is to ensure that the principles and concepts are understood and that the participants will feel confident in practising their new knowledge in their own work and life. Groups of 2 to 3 persons provide an effective learning environment. Try to change the composition of the group so that slow learners can benefit from the help of fast learners and the fast learners avoid getting bored.
- Summarize the workshop to make sure that everybody has understood the lesson. If you find that the participants have problems with some of the issues, you may have to do more exercises and try to explain it in a different way. You may have to provide some individual assistance or you could ask some of the fast learners to spend some time helping the slow learners.
- Require participants to go home and practise their new knowledge. All homework exercises should be related to the personal situation of the participant so you must be discreet when discussing the homework in the workshop.

Workshop Follow-up

- It is important to follow-up on each participant's business site or at each participant's community organization as soon as possible to correct mistakes, answer additional questions, and discuss suggestions for improvement.

Warm Up & Overview ~ Financial Management

Purpose

To welcome participants and help them feel at ease, and to discuss with participants both the learning objectives and the format of the course.

Expected Outcomes

After participating in this session, participants will:

1. Have become familiar with the other participants in the course
2. Understand the topics to be covered and the process of the course
3. Understand what the objectives are for the course
4. Understand what the learning outcomes are for the course

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used
- Small stones, bottle caps, stick to represent oranges, soft drinks, fish, etc. (for Exercise #2)
- Photocopies of money - coins and banknotes (for Exercise #2)

Time

- 1.5 to 2 hours

Warm Up Exercise #1

To help participants feel at ease, start off with a get-to-know-you exercise. This is particularly useful if the group members are not familiar with each other or with you. Discuss with the group why it is important to address these issues before beginning to work together:

- Helps reduce potential conflicts
- Members know exactly what they are supposed to do
- People have a better understanding of the characteristics of the other members of the group

Exercise

- Ask each member of the group to introduce himself or herself and to briefly describe a hope, fear, or expectation for this workshop.
- Write down on a flipchart (or blackboard) the participants' hopes and fears.
- Depending on the size of the group, this exercise may take longer than 20 minutes.

Outline

Present the outline of the activities for the workshop and indicate to the group what you hope to accomplish. Be sure to invite questions or comments (10 minutes).

- Money Management
- Managing Cash and Credit
- Calculating Profit
- Business Planning

The sessions in this module can be mixed and matched as desired, and even spread out over a period of days or weekly meetings.

Objectives of the Workshop

To help participants understand to following:

- Why we use money, and where does it come from and go to
- The importance of keeping household and business money separate
- Why financial middlemen and/or banks are necessary
- How to manage cash and credit, including buying on credit
- What is profit, and how to calculate profit and loss
- What to do with the money if you have a profit
- How to increase profits and decrease costs
- How to prepare and use a partial budget and cash flow budget

Warm Up Exercise #2

It is expected that users of this material and participants in training know how to use figures and do basic calculations (addition, subtraction, multiplication and division) but they may not necessarily have to know how to read or write words. Before starting this training a simple role-play will help to evaluate the learners knowledge of handling money and basic calculations.

Exercise

- One learner plays a trader selling a number of different items
- Let the trader put a price per unit on a piece of paper for each pile of goods (e.g. oranges ₦25 each; soft drink ₦200 each; fish ₦150 each)
- Let the customers (other learners) buy what they want and pay the correct amount of money.
- Another possibility is that the customer may pay with a ₦500 or ₦1000 banknote and the 'trader' will return the correct amount of money.

Warm Up and Overview Closing - Outcome

Explain to the group that the purpose of this workshop is to help them understand and implement effective financial management practices. Try to relate the fears, hopes and expectations mentioned in the first exercise to what will happen in the workshop.

Money Management ~ Fact Sheet

Purpose

To discuss the principles of good money management. The lessons learned in this fact sheet will be reinforced in the workshop, which will provide opportunities to prepare both a household economy diagram, and a 'money source and use' diagram (income and expenditure tree) or a worksheet listing cash income and cash expenses.

Expected Outcome

After participating in this session, participants will be able to:

1. Understand the benefits of good money management
2. Understand why we use money
3. Increase their awareness of the difference between income and expense
4. Understand the importance of keeping household and business money separate
5. Understand why financial middlemen and banks are necessary

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 60 minutes

Overview

What are the benefits of good money management?

Proper planning and managing of your money is essential for any business – large or small. You need to be aware of when cash is needed throughout your business cycle to ensure that labour is paid on time and other suppliers are paid as agreed. If this does not happen then the long-term relationship with these people will decline and cause operating problems in the future. If your reputation for payment is poor then it is difficult to be profitable.

In order to have cash to pay your commitments you must be aware of the timing and amounts of cash payments to you from buyers of your products.

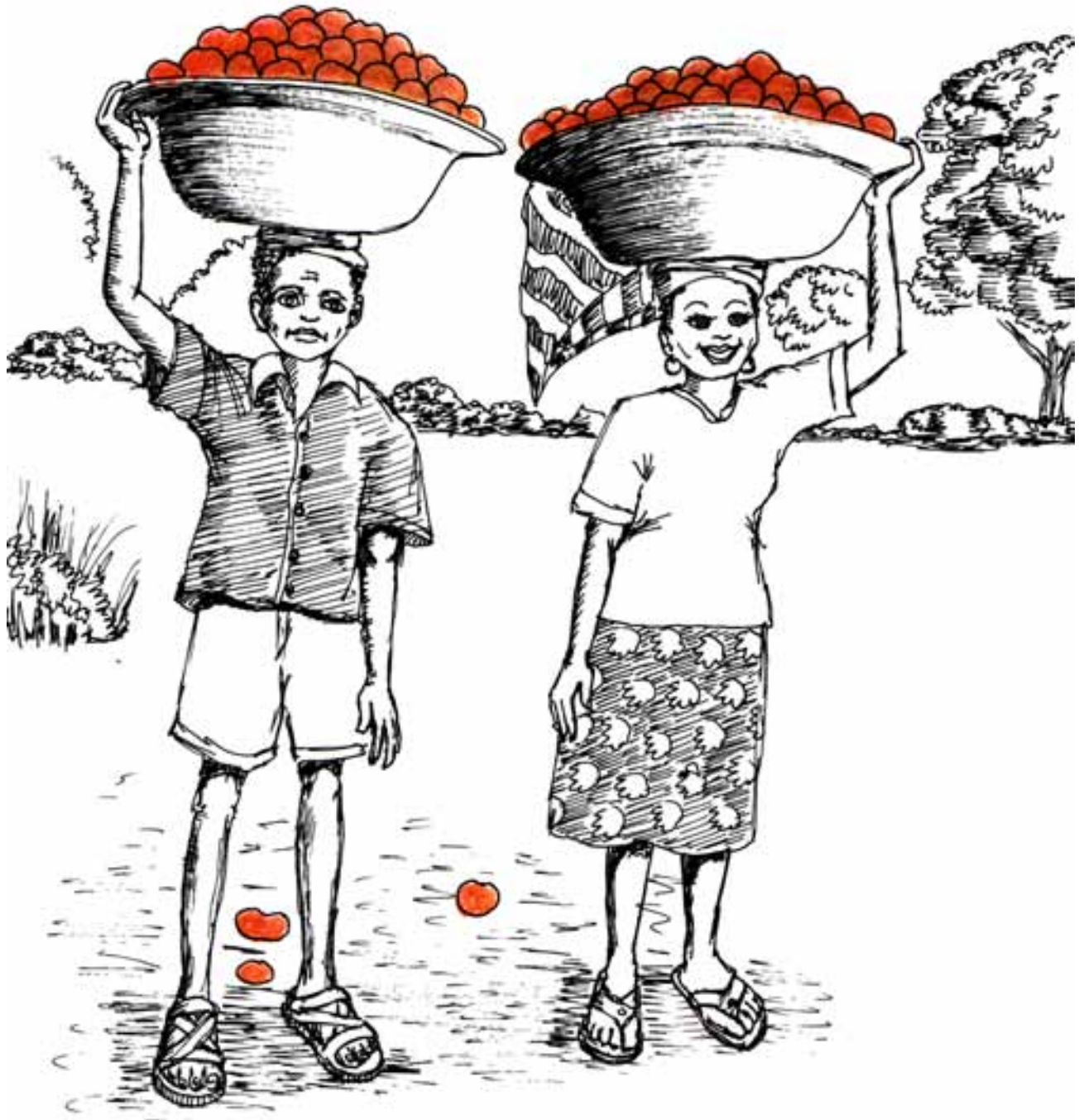
Good cash management is also a method of demonstrating to lenders (both formal and informal) that you are a serious businessperson who can be counted on to repay loans as agreed. This ensures that these sources of funding remain available to you over the long term since you have built a reputation of trustworthiness.

Why Do We Use Money?

Money is a means of facilitating exchange (selling what we have and buying what we want).

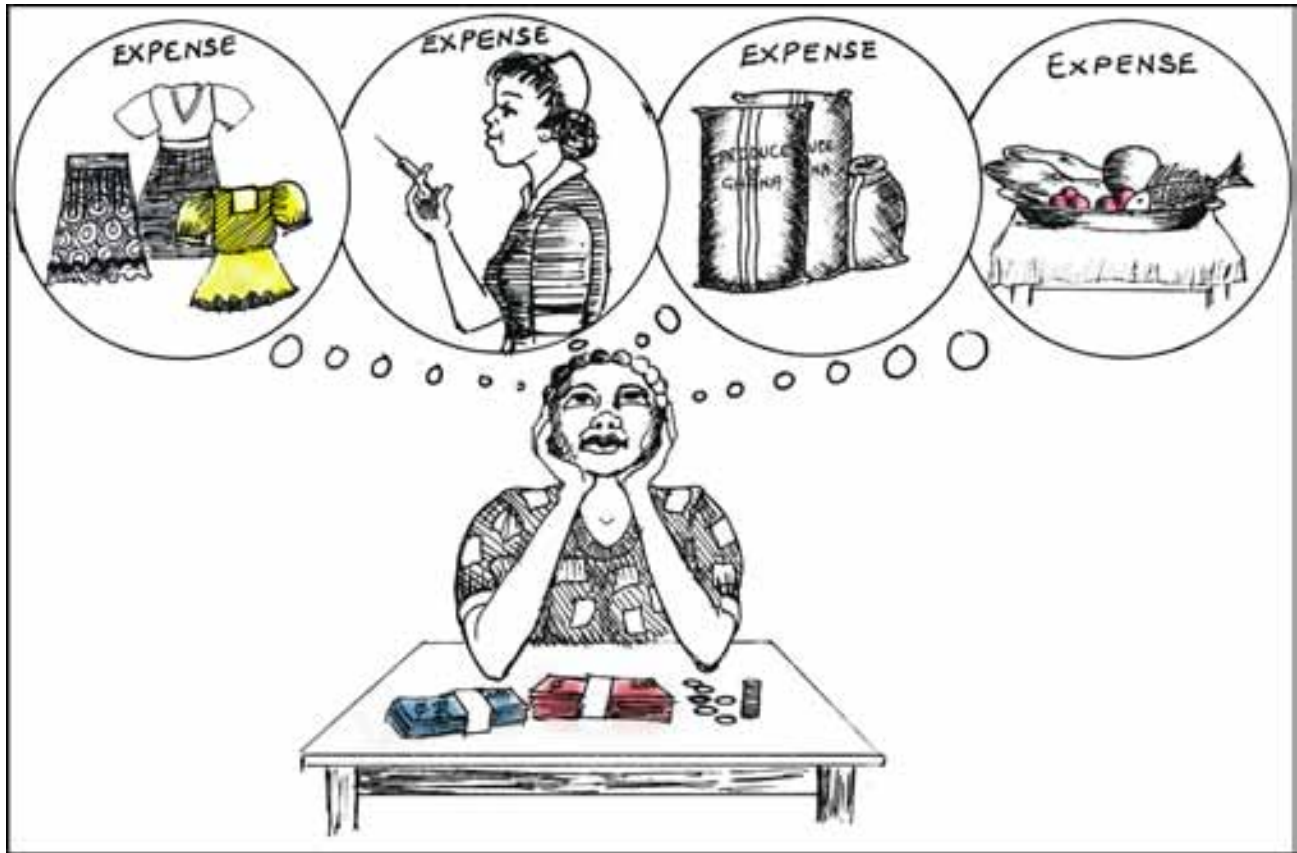
Without money, people are dependant on barter exchange to convert their goods and labour services into items they want or need. Barter exchange may be a long, complex and inefficient process.

Money is easier to save than commodities and more convenient to store.



Where Does Money Come From and Where Does It Go?

Money that is received by a household is called *income*. Income usually results from the sale of goods (crops, livestock, wood, processed food, etc.) or services (hair dressing, tailoring, weaving and dying, etc) but may also result from other employment wages, trading, gifts, and loans.



It may be used to buy what we want or need such as clothing, medicine, seeds, animals, labour, payment for school fees and repayment of loans. When money is used to buy something or pay for services, it is called an *expense*.

Money that is received as income and is put aside to buy something at a later date is *saved* (or increases *savings*). In some cases, goods and services are only available at certain times of year or their need is unforeseen (sickness, death, severe weather, etc).

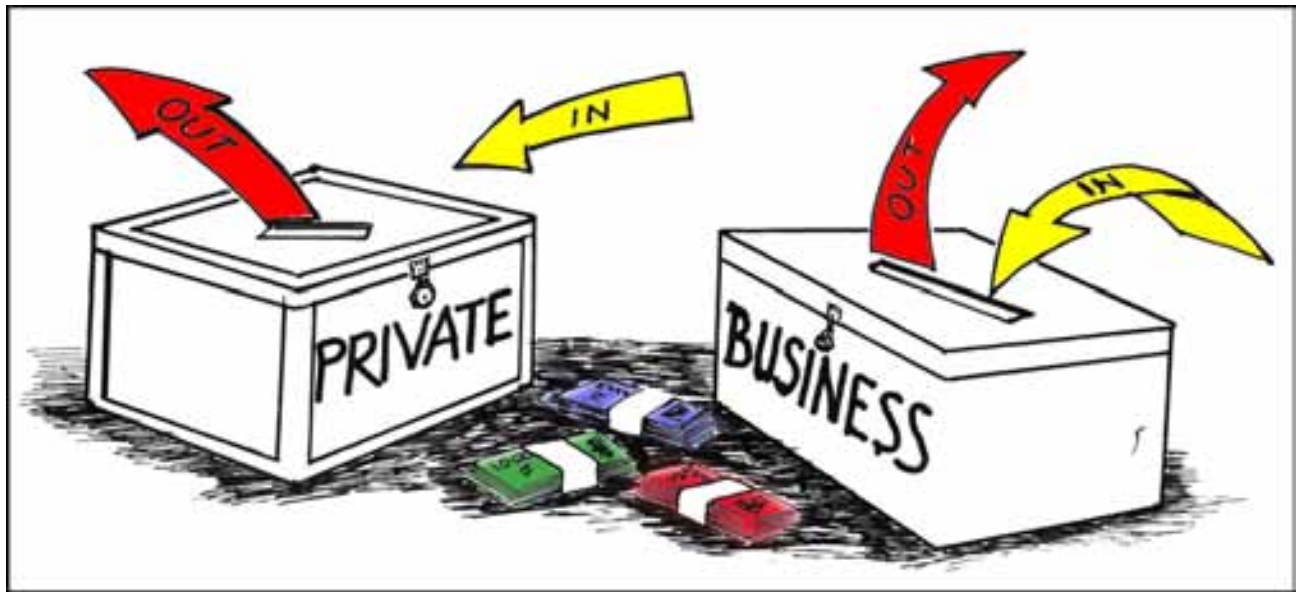
Saved money is necessary to buy goods or services when they are available, when required and for longer term needs such as weddings, old age, and for heirs.

Is It Important To Keep Household and Business Money Separate?

Yes.

Most small-scale enterprises do not keep their business and private money separate, but this is necessary to know whether you are making a profit or a loss.

A simple system of keeping business and household money separate is to use two boxes or purses - one for business and one for household.



Why Are Financial Middlemen or Banks Necessary?

Financial services that enable people to keep, borrow or transmit money are just as important to those with very little money as they are to those with a lot of money. Unless immediate family or friends provide savings and lending services you will need to deal with someone or some group who understands financial services.

These financial intermediaries can provide a wide range of services:

- Informal rotating savings and credit associations (susu)
- More formal banks which provide more safety for savings
 - Potential to transmit funds
 - Use cheques for payment
 - Potential to borrow larger sums of money

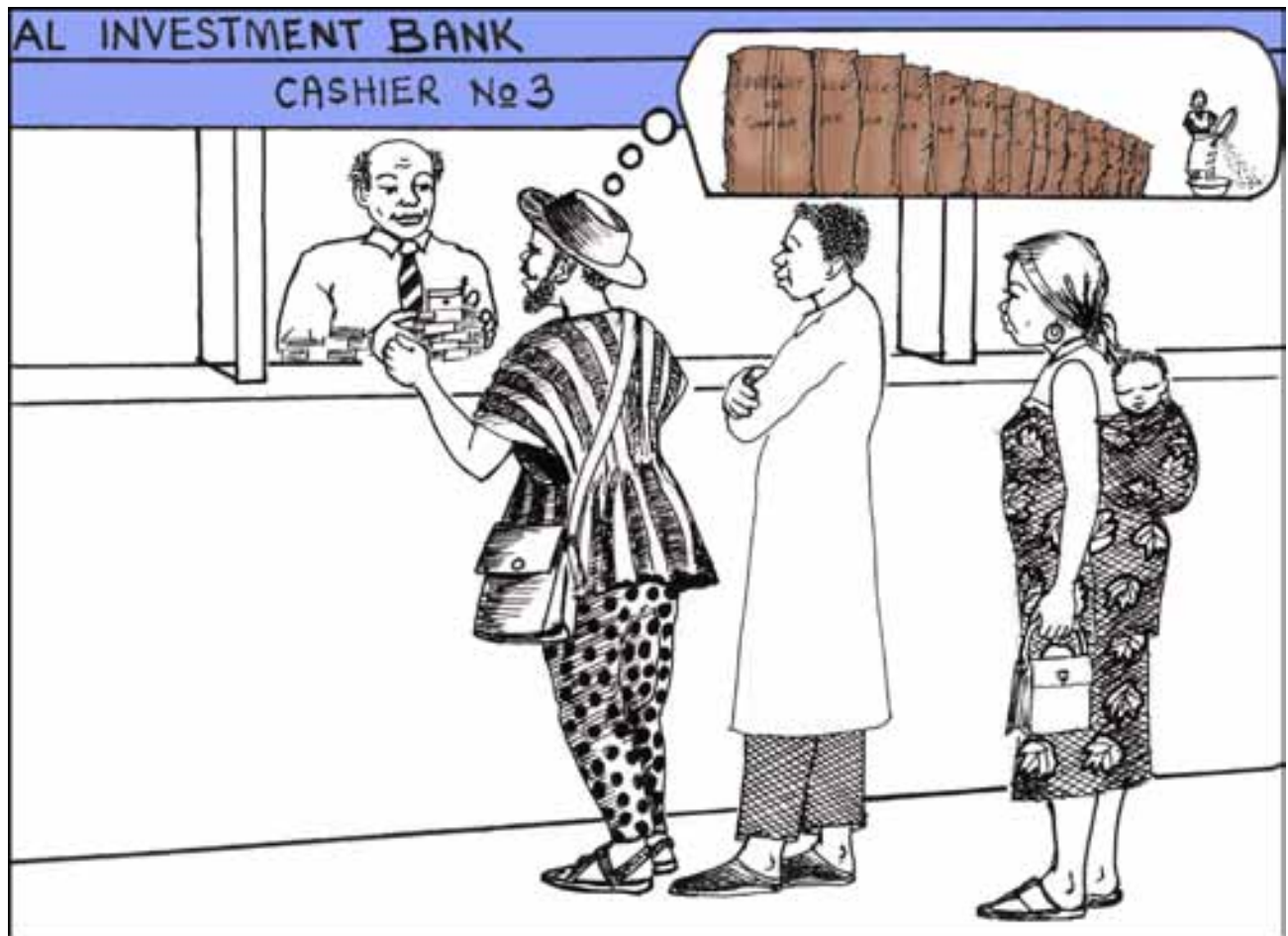
Formal financial services are licensed and regulated and must follow strict rules when accepting savings and loaning money.

The borrower must be able to:

- Calculate profit
- Prove repayment capacity
- Present financial and physical records

Since many of the banks are not set up to deal with all the needs of small businesses, credit unions, community moneylenders, and friends and family become usual sources for loans. It is important to clearly agree (in writing or before a mutually trusted witness) on the terms of the loans. This includes the re-payment schedule of principal and the amount and repayment schedule of interest. Be sure to check various sources to ensure that you are being charged a fair rate of interest.

Never borrow more money than you can reasonably expect to repay based on your plans and budgets.



Summary ~ Money Management

- Good cash management allows business people to know in advance how much cash is needed to operate effectively.
- Using money is more efficient than relying on barter.
- Business cash should be kept separate from personal or family cash in order to understand business profitability.
- Borrowing money from banks or other sources is useful in providing cash during certain times of the business cycle and to take advantage of good business opportunities as they arise.

Money Management ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Most small scale entrepreneurs do not keep their business and private money separate but this is necessary to know whether you are making a profit or a loss. In this workshop we will be looking at the money that comes in and the money that goes out of a business. This is called *income* and *expense*.

Time

- 2 to 3 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

Draw a Cash Book on a flip chart or the chalkboard and ask the participants to come and draw symbols of 'money in' and 'money out' in the correct column. The income and expenses listed should include both business and household income and expense items.

- Which money from the picture belongs to your business and which money belongs to your household?
- Why do you think it is important to separate the two?
 - (Answer) It is important to keep the two separate, otherwise you will not be able to calculate whether your business yields a profit or not.
- How could you keep the business and household money separate?
 - All answers are good. Give the following tip:
 - You could use a box (can, purse, piece of cloth) to keep your business money and household money separate.
- What is Income?
 - (Answer) Money that comes in to your business.
- What is an Expense?
 - (Answer) Money that goes out of your business.

Explanation

Depending on the literacy level of your group, you may have to draw symbols for each of the explanations.

Money in to your business = Income

- How does money come in to your business?
 - By producing and selling goods
 - By buying and selling goods
 - By providing a service
 - By receiving gifts from friends or family members
 - By receiving a loan
 - By an inheritance
 - Other examples?

Money out of your business = Expense

- How does money go out of your business?
 - Materials or ingredients used to make products for your business. Examples could include fish and firewood for fish smoking, cloth for dressmaking, flour for bread baking, seeds, baby chicks, etc.
 - Services such as transport, electricity, rent, market tolls, etc.
 - Wages that you must pay for people helping you in your business. If household members are assisting you, you may decide not to pay them but you will have to pay for their food, clothing and possibly education. You also have to think about the amount of money you will be able to take from your business as your 'salary' so that you do not mix up your private and business expenses. In a group business, you will have to decide how you will share the benefits among the group members.
 - Replacement and repairs of equipment and utensils. You will have to keep money separate so that you will be able to pay for things like machinery repair, replacement of worn out utensils and unexpected business costs.

Examples





EXAMPLE 1

Read the following example to the group:

A women's group is running a poultry project. They buy chicks and feed them until they are mature. The chicken food can easily be bought in the village. Sometimes chickens get sick and medicines have to be purchased. The chickens are sold on market days in a town about 15 kilometres from their village. The chickens are transported to the town by bus and a porter must be hired and paid for carrying the chickens from the bus station to the market. At the end of the day all the chickens are sold.

Do the following:

- Draw a cash book on the flip chart or chalk board.
- Tell the story again, item by item.
- Let the participants tell you which actions bring money in to the business and which actions need money or take money out of the business.
- Ask individual participants to draw the appropriate symbol on the cash book.

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Have a discussion on the following questions to make your participants aware of the importance of wages:

- Which of the following group members in the poultry project should be paid for their work:
 - The members who feed the chickens and clean the chicken house?
 - The members who sell the chickens in town?
 - The members who are part of the group but do not do any work in the project?
 - (Answer) All members that do **work** in the project should be paid for their work.

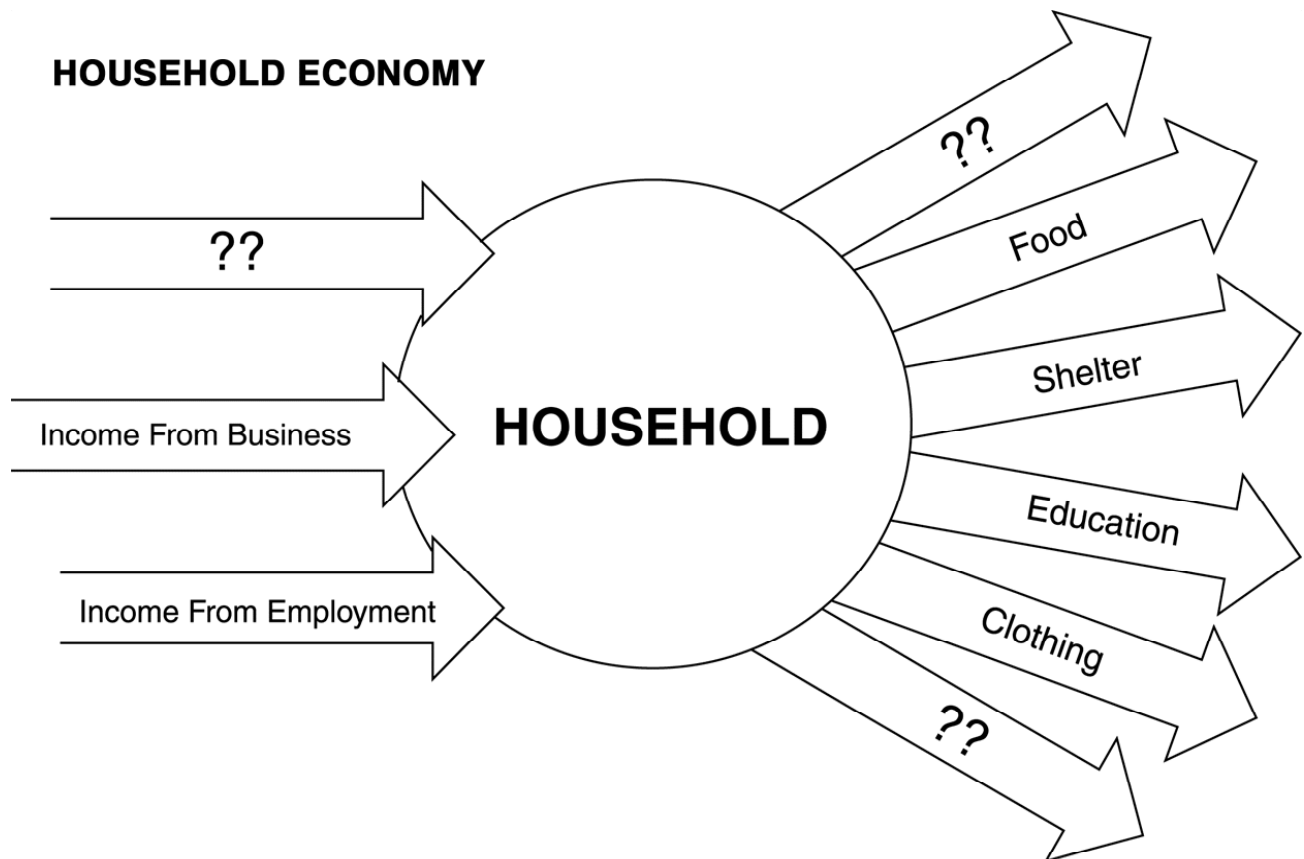
EXAMPLE 2

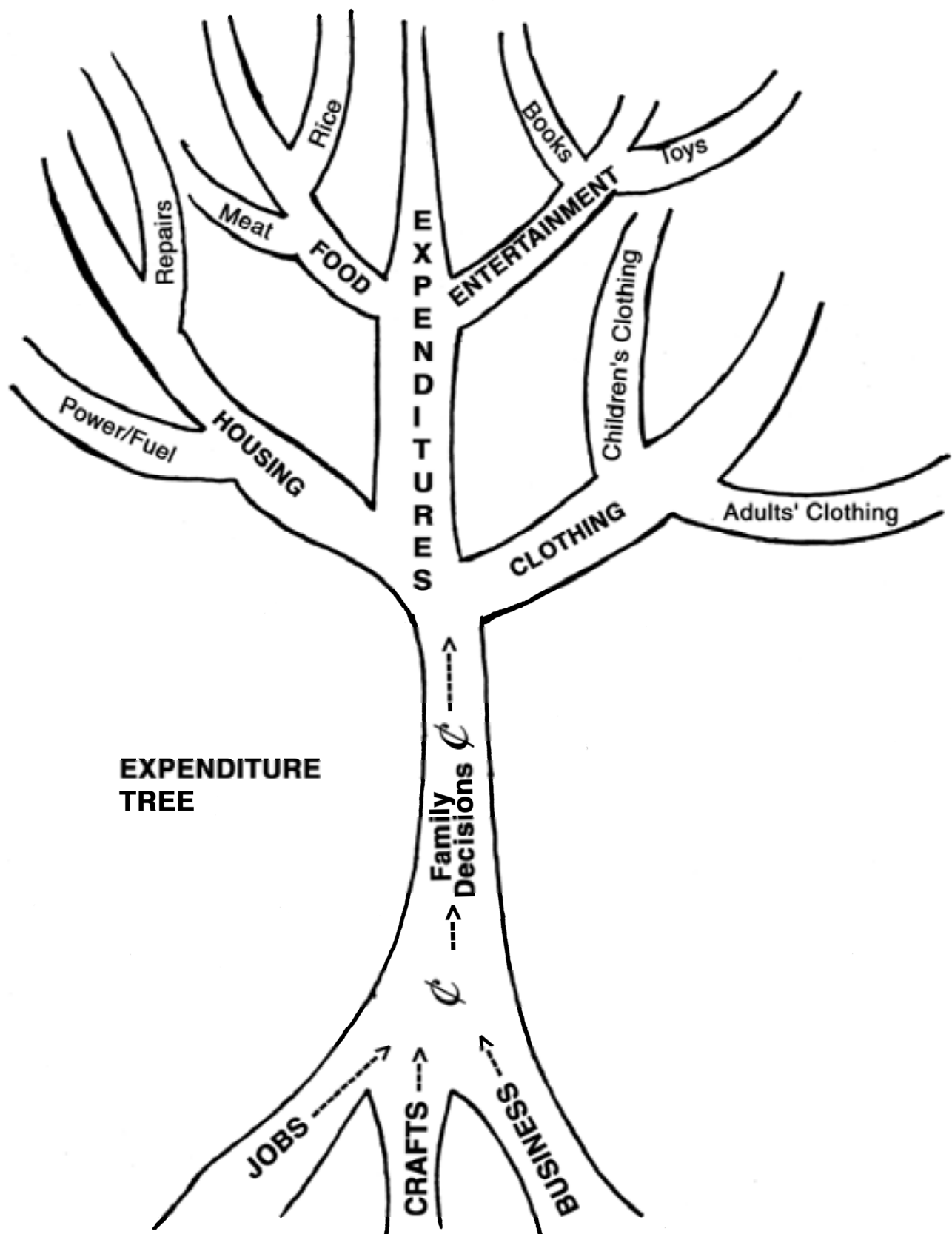
Chose an example of a business that the participants are familiar with and work through the following process. Draw a Cash Book on the flip chart or chalkboard and draw the symbols in the correct column.

- What materials do you buy?
- What services do you pay for?
- To whom do you pay wages?
- Do you need money for repairs and to replace worn equipment?

EXAMPLE 3

Draw a household economy diagram or a money source and use diagram (an income and expenditure tree) on a flip chart or chalkboard. Ask the participants to assist you by brainstorming and providing suggestions for sources and uses of money. The sources and uses could include business and household and lead to discussions such as which items are business items and which are personal and what are necessary and unnecessary expenses.





Suggested Exercises

EXERCISE 1

Divide the participants into pairs of two and ask them to work on the following exercise.

Step 1: Ask them to open their exercise book and draw the symbol for 'money in' on the left page and the symbol for 'money out' on the right page.

Step 2: Each pair should choose a business that is familiar to them. They should discuss the expenditures involved in making and selling their product or providing their service. They should draw symbols of the items that bring money in on the left page and symbols of items on which they spend money on the right page.

Step 3: When everybody is finished, ask some of the participants to draw a Cash Book on the flip chart or chalkboard, explain the outcome of their discussion, and write the symbols on the Cash Book on the flip chart.

EXERCISE 2

Ask each participant to draw a household economy diagram or a money sources and uses diagram (e.g. an income and expenditure tree). This may be done as homework rather taking the time in the workshop setting. The instructor or facilitator should discuss the completed homework exercise with each participant and may ask some of the participants to present their diagrams at a future workshop.

Managing Cash and Credit ~ Fact Sheet

Purpose

To discuss the different considerations that need to be taken into account for using cash vs. credit, and to understand how to maintain appropriate records of both cash and credit.

Expected Outcome

After participating in this session, participants will be able to understand:

1. How the information from the cash book relates to the cash flow statement
2. The advantages and disadvantages of selling on credit
3. The advantages and disadvantages of buying on credit
4. Important concepts to keep in mind when buying on credit

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 2 hours

Overview

Controlling or tracking cash is a problem for individual businesses and for groups. Individual households tend to pool all money coming in to the household or business and use it for personal and business expenses, distributing it among the family and various business enterprises at will.

Group members tend to remove money from the business whenever they need some cash, without any regard to the effects on the business itself.

Many businesses have periods when the amount of cash coming in from sales is greater than the amount of cash going out for expenses and periods when the opposite is true. This variation in cash flow is caused by growing and harvesting seasons, festivals, holidays, and changes in business or household needs.



Money that is received during peak seasons must be put aside or saved so that it will be available to pay for expenses during low seasons, repay loans or to pay for unexpected needs such as sickness, death, severe weather which may damage crops, repairs to equipment or to expand the business. If money is not available from the business to pay for these expenses then the owner must obtain a cash loan or purchase items and services on credit.

Managing Cash

How can we know when there will be more money going out of the business than coming in and when the business will have surplus cash to repay loans?

This can be done by calculating income and expenditures (usually on a monthly basis) from your Cash Book. This *cash flow* report will show the pattern of cash surpluses and deficits. The following is an example of a cash flow report.

CASH FLOW STATEMENT

Cash In	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Beginning Cash	400000											
cassava	60000	120000	125000	75000	60000	50000	45000	40000	60000	50000	40000	45000
tomatoes								10000	150000	150000	50000	50000
okra	90000	80000	80000					90000	85000	95000	95000	
chickens			75000	90000	250000							
wages	25000	50000				25000	40000			25000	50000	
gifts	50000										2500	
loan							150000	75000				
Total Cash In	625000	250000	280000	165000	310000	75000	235000	215000	295000	320000	237500	95000
Cash Out	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
seeds			50000	100000								
chicken feed	65000	125000	175000									
medicine	25000	50000										
chemicals					50000	100000	50000	60000				
labour				100000	40000	50000	40000	50000	25000			
salary (household)	100000	100000	125000	100000	150000	140000	200000	100000	125000	100000	100000	100000
loan repayment									150000	75000		
Total Cash Out	190000	275000	350000	300000	240000	290000	290000	210000	300000	175000	100000	100000
Monthly Balance	435000	-25000	-70000	-135000	70000	-215000	-55000	5000	-5000	145000	137500	-5000
Cumulative	435000	410000	340000	205000	275000	60000	5000	10000	5000	150000	287500	282500

This sample cash flow statement shows that the business starts the year with a cash surplus but has monthly cash deficits in February, March April, June, July, September and December.

The business had to borrow ₦150000 in July, and ₦75000 in August. These loans were repaid in September and October. The cash balance at the end of the year was ₦282500.

The cash surpluses and deficits can also be presented using pictures or graphs.

Managing Credit

Buying and selling on credit is very common. It can be profitable but it can also be very risky as people do not always remember who owes them money and to whom they owe money and how much. Some people may only pay after a long time or not pay at all. Understanding how to manage credit will help you to control your business better.

Advantages and Disadvantages of Selling on Credit

The main advantage of selling on credit is that it is a service to your customer and will attract some customers.

However, there are more disadvantages than advantages to selling on credit:

- Your customers may delay in repaying or may not pay you at all
- There may be quarrels over repayment
- Selling small items on credit to people (1 loaf of bread, 2 bottles of soft drinks, etc.) easily adds to a lot of money which makes it difficult for you to remember who should repay you and how much
- The money that your customers still owe you cannot be used to buy materials or improve your business

Therefore it is sometimes best not to sell on credit at all.

If you have to sell on credit, keep the following rules:

- Only sell on credit to regular customers who you are sure will pay you back on time.
- Demand payment of part of the amount.
- Always keep sufficient cash to buy new stock.
- Keep records of people who buy from you on credit.



Buying on Credit

Advantages

Buying on credit may help you in your business in the following cases:

- To buy stock in a season when it is cheap (such as fish, cassava), preserve and store it and sell it when the prices are high.
- To enable you to buy cheaper in bulk (items such as flour).
- To cover seasonal high expenses (such as ploughing).

In these cases buying on credit may help you to earn more profit.



Disadvantages

The disadvantages of buying on credit are:

- There may be quarrels over repayment.
- You may forget that you owe someone money.
- There is a tendency to buy unnecessary things.
- Sometimes you have to pay more when you buy on credit (interest charges).

Important Notes

1. If you decide to buy on credit, be sure that you will be able to repay your credit on time! Before buying on credit, calculate how much profit you will make with your business. The profit should be enough to repay your credit and still leave some money for savings.
2. Buying goods on credit for yourself or your household could put you in trouble. Will your business make enough profit to pay for the goods that you have bought on credit for your household?
3. Plan ahead for selling and buying on credit.
4. You cannot spend the money you do not have. As long as you have not received the money that people owe you, it is not yet yours. For example, you cannot use the money to buy materials. You can only pay for expenses after you have received your money.
5. The same thing applies when you have to repay other people. If you have bought something on credit, you have to repay your credit before you can calculate your business profit. You have to keep some money separate to repay your credit.
6. By all means, try to repay your credit on time so that people will be prepared to give you credit again. Your reputation for repaying credit on time is called credit worthiness.

Summary ~ Managing Credit

- Managing cash is accomplished by preparing a cash budget of expected income and expenses.
- Selling on credit can help expand your business but care must be taken to ensure that money is repaid promptly and that repayment terms are understood by everyone.
- Buying on credit may improve profit by obtaining product for sale before cash is available, but care must be taken to ensure that the amount borrowed can be repaid on time and the cost of interest is affordable.
- Good planning is needed to control the wise use of credit.

Managing Cash and Credit ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

Controlling or tracking cash is a problem for individual businesses and for groups. Individual households tend to pool all money coming in to the household or business and use it for personal and business expenses, distributing it among the family and various business enterprises at will. Group members tend to remove money from the business whenever they need some cash, without any regard to the effects on the business itself.

Many businesses have periods when the amount of cash coming in from sales is greater than the amount of cash going out for expenses and periods when the opposite is true; this variation in cash flow is caused by growing and harvesting seasons, festivals, holidays, and changes in business or household needs. Sometimes the only way to keep the business going or the best way to increase profits and expand a business is to buy things on credit or borrow money.

Buying and selling on credit is very common. It can be profitable but it can also be very risky as people do not always remember who owes them money and to whom they owe money and how much. Some people may only pay after a long time or not pay at all. Understanding how to manage credit will help you to control your business better.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- What are some examples of businesses that have seasonal fluctuations when more money is coming in to the business than money going out or when the opposite is true?
- What actions can you take when your business has surplus cash?
 - All answers are good. Remind the participants of repaying debt; buying materials or stock for future use if the price is low when they have the cash surplus; saving for repairs and replacement of equipment, weddings, funerals, school fees, etc.; investing the money in the business to make the business more profitable or less vulnerable to risk.
- What actions can you take when your business does not have enough cash?
 - Let the group come up with their own strategies. Look for ideas such as delaying purchases or expenses until more cash is available, buying necessary items on credit, borrowing money.
- What problems can happen when buying on credit or borrowing money?
 - All answers are good. Remind participants of problems such as quarrels over how much must be repaid and when it must be repaid; tendency to buy unnecessary things; sometimes you have to pay more when you buy on credit; reputations can be damaged if you forget or refuse to repay your debt.
- How can selling or buying on credit help to increase business profits?
 - Selling on credit will attract more customers but there are problems if they don't pay off their credit;
 - Buying on credit may help your business by:
 - Buying stock in a season when it is cheap (such as fish, cassava), preserving and storing it and selling it when the prices are high;
 - Enabling you to buy cheaper in bulk (items such as flour);
 - Covering seasonal high expenses (such as ploughing).

Explanation

Refer to material in the Managing Cash and Credit Fact sheet.

Examples

Have a discussion with the group on the following examples of buying and selling on credit:

- In which of the following cases will you sell on credit to a customer?
 1. Mary comes to your kiosk and wants to buy oil on credit. She is not a regular customer.
(Answer: no)
 2. Charles buys vegetables from you every Saturday. He usually pays cash. This time he did not bring enough money to pay for everything he needs. He promises to pay next week.
(Answer: yes)
 3. Joyce wants to buy two loaves of bread. She did not bring enough money. She has not paid you yet for four loaves that she bought in the previous week.
(Answer: no)
 4. You are selling fifty loaves of bread twice a week to a shop. They always pay you at the end of the month.
(Answer: yes)
 5. You sell a fish sometimes to a trader in the market. The agreement is that she pays you after she has sold the fish again. But she is not very reliable. It often takes a number of weeks before she repays you the money.
(Answer: no)
- In which of the following situations will you buy on credit?
 1. You have seen a beautiful pair of shoes in the shop but you do not have money.
(Answer: no)
 2. There has been an unusually large catch of fish, which is being sold cheaply. You are sure that you will be able to smoke and sell a lot of fish and you have calculated that you will make a profit. You think you will be able to pay back your credit in two weeks.
(Answer: yes)
 3. Peggy is selling kenkey and fish. She is also thinking about selling rice and stew. She will have to buy a bag of rice on credit. When she calculates the profit, she finds that it is not sufficient to repay the credit.
(Answer: no)
 4. Buying sugar and flour in bulk from the wholesale is much cheaper than buying it from the market. But you don't have enough money to buy in bulk. You have calculated that you can make profit with your bakery and you can even make more profit when you buy the stock in bulk from the wholesale.
(Answer: yes)

Practice

Divide the participants into small groups of three or four persons. Let each group think of a business in which it is common to have a seasonal cash flow and where it is common to buy and sell on credit. They should try to think of strategies to deal with the cash flow fluctuations and advantages and disadvantages of buying and/or selling on credit in this particular business.

After the discussions, one person from each small group should present their case to the other participants.

Calculating Profit ~ Fact Sheet

Purpose

To discuss profit; how to calculate it and what to do with it.

Expected Outcome

After participating in this session, participants will be able to understand:

1. What profit is
2. How to calculate profit and loss
3. What to do with profit
4. The importance of saving profit not needed to meet household and immediate business expenses

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 30 minutes

Overview

Profit is a very different thing from cash flow. A surplus of cash might give the businessperson the illusion that the business is profitable, but in some cases, it may not be. Conversely, a shortage of cash might give the businessperson the impression that the business is not profitable, when in fact it might be quite profitable. Therefore, it is very important to have a solid understanding of how to calculate profit and loss accurately.

In addition, it is important to understand the importance of using some of the profit to help grow the business. All of these points will be addressed in this fact sheet.

What Is Profit?

Profit is the difference between the money that comes in from your sales of goods or services and the money that went out to produce those goods or provide the service. Profit is not the same as income!

PROFIT means that there is more money coming in than there is money going out.

$$\text{MONEY IN} - \text{LESS MONEY OUT} = \text{PROFIT}$$

LOSS means that you spend more money on producing or buying your goods or providing your service than you receive by selling the goods or providing the service.

$$\text{MONEY IN} - \text{MORE MONEY OUT} = \text{LOSS}$$

How Do You Calculate Profit or Loss?

First, you must know how much money you have spent and how much money you have received. Your cash book will help you to remember. You must know how much money you have paid to produce your goods or provide your service. For example:

- What materials did you buy
- What services did you pay for (such as transport, electricity, market tolls)
- How much did you pay for wages (hired labour and your own salary)
- How much money do you need for replacements and repairs of tools and equipment

You also need to know how much you received by selling the goods you produced or by providing the service.

EXAMPLE

Mary buys and sells oranges.

- On 10-01-2001 she buys 3 baskets of 100 oranges at ₦ 5000 each; (3 x ₦ 5000 = ₦ 15000)
- She pays a porter ₦ 1000 for each basket that she carries; (3 x ₦ 1000 = ₦ 3000)
- She pays ₦ 7000 for transport
- She pays her assistant ₦ 1500
- On 11-01-2001 she sells the 300 oranges at ₦ 200 per orange



CASH BOOK

(symbol for date)	+	₪	(symbol for date)	-	₪
11-01-2001	(symbol for orange) 300x 200 Money in	60000 60000	10-01-2001	(symbol for orange) 3x5000 10-01-2001 (symbol for porter) 3x1000 10-01-2001 (symbol for transport) 1x7000 10-01-2001 (symbol for assistant) 1x1500 Money out	15000 3000 7000 1500 26500

How much profit did Mary make?

Money in	-	Money out	=	profit or loss
60000	-	26500	=	33500 (profit)

- If 200 oranges were rotten (or stolen or given to family and friends), Mary could only sell 100 oranges at ₪200 each. What would be her income?

$$100 \text{ oranges} \times 200 = 20000$$

Mary's expenses would remain the same so, does she make a profit or a loss?

Money in	-	Money out	=	Profit or Loss
20000	-	26500	=	- 6500 (loss)

What Should You Do With The Money If You Have A Profit?

First you must be sure you have taken money from your business for household needs. In the previous example, Mary has not paid herself or taken money from the business for her family. The rest of money can be put into *savings* until you need it.

Savings can be used:

- To replace or repair old or damaged equipment and tools
- To expand your business
- To prepare for emergencies
- To improve your way of living

It is left to the entrepreneur to decide whether to use the profit for herself or the household or for savings. Most people have so little money that they easily spend it on daily needs. They find it very difficult to keep money apart and not to touch it. However, saving money to plan for future needs will help people to improve their business and their lives.

Summary ~ Calculating Profit

- Profit is not the same as income. Only the amount left over after accounting for all expenses is profit. If expenses are greater than income, the business suffers a loss.
- Profit is necessary to increase savings for business and personal needs. Business needs may include replacing equipment and tools or expansion.
- Remember that the businessperson's wages should be calculated as an expense before true profit can be determined.

Calculating Profit ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

People sometimes confuse *income* with *profit*. The Cash Book is used to write down all the money that comes in and goes out but the Cash Book does not show whether you have made a profit or a loss.

Profit is the difference between the money that comes in from your sales of goods or services and the money that went out to produce those goods or provide the service.

It is left to the entrepreneur to decide whether to use the profit for herself or the household or for savings. Most people have so little money that they easily spend it on daily needs. They find it very difficult to keep money apart and not to touch it. However, saving money to plan for future needs will help people to improve their business and their lives.

Time

- 2 to 3 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

- What is income?
 - (Answer) Money that comes in from the sale of your product or provision of services.
- What is profit?
 - (Answer) Profit is the difference between the money that comes in from your sales of goods or services and the money that went out to produce those goods or provide the service. Profit is not the same as income!
- What can you do with the money if you have a profit?
 - Accept all answers. Bring out the following:
 - If you have not taken any money from the business money for yourself and your household, then you will have to take some money out for yourself first. The rest of the money can put into savings until you need it.
- What are savings?
 - Savings means that you keep money apart and you do not spend it unless you have planned to use it for some purpose such as:
 - To replace or repair old or damaged equipment and tools;
 - To expand your business
 - To prepare for emergencies
 - To improve your way of living

Explanation

Discuss with the participants what symbols to be used for profit and loss. One suggestion might be to use a 'Happy Face' symbol for profit and a 'Sad Face' symbol for loss.

Refer to information presented in the Calculating Profit Fact Sheet.

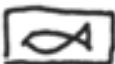




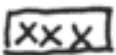
Example 1

(Note: The following examples of profit and loss are familiar to people who smoke and sell fish. However, the facilitator may want to use other examples of businesses that are more familiar to the participants.)

Mary is a fishmonger. She buys fish on the beach, smokes it and sells it in the village.

- She goes to the beach and buys one basket of fresh fish for ₦ 3500.
- She pays one porter to carry the fish from the beach to her house. The porter charges her ₦ 200 for basket.
- She buys one load of firewood for ₦ 1000.
- She pays a girl to help her with cleaning and smoking the fish ₦ 200.
- She goes to the market to sell the fish and pays 4100 for transport of one basket of fish.
- At the market she pays ₦ 100 market toll.
- She sells the smoked fish for ₦ 6000.

How much money does Mary spend before she can sell the fish?

☀	⊖	₺
23-12-93	 1 x 3500	3500
	 1 x 200	200
	 1 x 1000	1000
	 1 x 200	200
	 1 x 100	100
	 1 x 100	100
		5100

How much profit does she make when she sells one basket of smoked fish for ₺ 6000?

Money in	-	Money out	=	Profit/loss
6000	-	5100	=	900 profit

If at the end of the day Mary had decided to reduce the price and sell her fish for only ₺ 5000, would she have made a profit or a loss?

Money in	-	Money out	=	Profit/loss
5000	-	5100	=	-100 loss

If Mary had stored the basket of smoked fish until the lean season and sold it when the price was ₺ 7000, what would have been her profit?

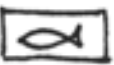



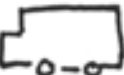
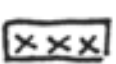
Money in	-	Money out	=	Profit/loss
7000	-	5100	=	1900 profit


Example 2

This time Mary buys, smokes and sells 5 baskets of fresh fish.

- She buys 5 baskets of fish at the beach at ₦ 3500 each ($5 \times ₦ 3500 = ₦ 17,500$).
- She pays a porter ₦ 200 to carry each basket of fish ($5 \times ₦ 200 = ₦ 1000$).
- She buys 2 loads of firewood at ₦ 1000 each ($2 \times ₦ 1000 = ₦ 2000$). (To heat the oven sufficiently she needs at least ₦ 1000 worth of firewood. That same amount of firewood will be sufficient for smoking 2 or 3 baskets of fish. For smoking 5 baskets of fish she needs a second load of firewood worth ₦ 1000.).
- She pays the girl that helps her ₦ 200 for cleaning each basket of fish ($5 \times ₦ 200 = ₦ 1000$).
- She pays ₦ 100 per basket for transport to the market ($5 \times ₦ 100 = ₦ 500$).
- Mary sells the smoked fish for ₦ 6000 per basket ($5 \times ₦ 6000 = ₦ 30,000$).

How much money did Mary spend before she could sell the 5 baskets of fish?

☀	⊖	₦
3-1-94	 5 x 3500	17,500
	 5 x 200	1000
	 2 x 1000	2000
	 5 x 200	1000
	 5 x 100	500
	 5 x 100	500
		22,500

☀	⊕	₦
3-1-94	 5 x 6000	30,000

If Mary sells her 5 baskets of fish for ₦ 6000 each ($5 \times ₦ 6000 = ₦ 30,000$), how much profit did she make on the 5 baskets of fish?

Money in	-	Money out	=	Profit/loss
30,000	-	22,500	=	7500 profit

How much profit did she make one basket of fish?

$$7500 \text{ divided by } 5 = 1500$$

Remember in the previous example, Mary smoked and sold one basket of fish and only made a profit of ₦ 900 per basket!

If Mary stores the 5 baskets of smoked fish for the lean season and sells it when the price is ₦ 7000 per basket, what will be her profit?

$$\begin{array}{r}
 5 \times 7000 = \quad 35,000 \\
 \quad \quad \quad -22,500 \\
 \hline
 \quad \quad \quad ₦ 12,500 \text{ profit!}
 \end{array}$$

Discussion

- What do you observe in these examples?
 - Accept all answers. Stress the following:
 - If you are selling your goods for a price that is lower than the costs you have incurred to produce or buy those goods, you are selling at a loss.
 - If you are able to buy materials when they are cheap (like buying fresh fish during good catches), store the goods (smoked fish) and sell when the prices are high, you can make more profit.
- Why is the profit per basket higher when she is smoking and selling five baskets instead of one?
 - Encourage discussion and bring out the following:
 - Mary needs less firewood per crate of fish. (To heat the oven sufficiently she needs an amount of firewood worth ₦ 1000. With the same amount of firewood she can smoke 2 or 3 baskets of fish.)

Practice Exercises

Divide the participants in small groups of three or four persons. Read the exercises to the participants and write the details on the chalkboard or flip chart. The participants should copy the details in their exercise books and do the exercises in their small groups.

Exercise 1

Mary buys two baskets of fresh fish for ₦ 3500 each, smokes it and sells it for ₦ 6000 each.

- Write down all the amounts of money Mary has to spend before selling the two baskets of fish. Calculate the total money out.
- What will Mary's income be when she sells the two baskets of smoked fish for ₦ 6000 each?
- How much profit does Mary make when she sells the fish for ₦ 6000 per basket?
- How could Mary have made more profit?

Exercise 2

Joyce sells doughnuts. She buys the following ingredients:

- Flour ₦ 600
- Sugar ₦ 350
- Yeast ₦ 100
- Oil ₦ 1500
- She pays ₦ 100 for transport
- She also buys charcoal for ₦ 200

She bakes 80 doughnuts and sells 60 doughnuts at 450 each ($60 \times 450 = ₦ 3000$). She gives 20 doughnuts to her children and some friends.

Note: Joyce does not use all the oil. About one-third of the bottle is left over, worth ₦ 500. When calculating the profit, the left over oil should not be included as a cost because she can still use it another time.

- How much money did Joyce spend to fry 80 doughnuts?
- How much money did she receive by selling 60 doughnuts?
- Did she make a profit or a loss?
- How could she have made more profit? (Stress that she has given away some of the doughnuts.)

Exercise 3

Read the following story to the participants.

Joyce has discovered that she can make a profit by selling doughnuts. She knows that if she does not keep some of her money apart in a separate place she will spend it quickly. Therefore she decides to save some money as follows:

- From every ₦ 1000 income from the sales of doughnuts, she will need ₦ 600 for buying new ingredients and charcoal and paying for transport.
- She will take ₦ 200 for herself and her household expenses.
- The remaining ₦ 200 she will keep apart as savings. She would like to bring her savings to a bank but there is none in her village.
- Therefore she decides to use a small wooden box with a padlock and she hides it in her room.
- What do you observe from this story?
 - All answers are good.
- Why does Joyce take some money out of her business for herself?
 - Bring out the following answer. She takes the money as her own ‘salary’. She does not mix up her household expenses with her business money.
- Why should she want to save money?
 - Accept all answers.

Exercise 4

Role-play

Divide the participants in groups of 5 persons. Give each group the following questions to answer:

- Choose a business that is familiar to you. What do you want to use your profit for?
- What are the things you would want to save money for?
- How would you save the money?
 - At home?
 - At a bank?
 - With a savings group?
 - Some other savings system?
- Give reasons why.

After the discussion, ask each group to present the outcome of the discussion in the form of a role-play.

Exercise 5

Another activity would be to visit a bank or invite someone from a credit union or credit association to give a talk to your group about their procedures and experiences.

The visit to a bank could include the bank manger explaining the procedures and advantages of saving money at the bank.

If the participants are interested in getting a loan, you could ask the bank manger or credit union representative to explain the advantages and disadvantages of getting a loan.

Business Planning ~ Fact Sheet

Purpose

To discuss the importance of making and implementing a business plan, and to understand the different tools that help in the decision-making process.

Expected Outcomes

After participating in this session, participants will be able to understand:

1. Different ways to increase profit
2. The effect of decreasing costs on profit
3. How to prepare and use a 'partial budget' as a decision-making tool
4. How to prepare and use a 'cash flow budget' as a business planning tool

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Time

- 1 to 2 hours

Overview

Many people take decisions about their business on a day-to-day basis as it occurs. However, good planning of your business will help you to increase your profit and prepare for the future.

Increasing Profit

Profit may be increased by reducing your costs and/or by increasing income. The first step is to analyse existing activities in your business, which will require complete and accurate Cash Books, Credit Books and Cashflow reports.

It may also help to compare your costs and selling prices with other people doing the same or similar kind of business. If your idea for change involves producing more of a product or producing something new, you will also have to collect information about market demand.

This will require market information such as what people want, how much they will buy, and what price they will pay. Fact sheets on marketing will help you through this process.



Decreasing Costs

Costs can be reduced by good planning for buying and for production. Reducing your costs by good planning for buying may include:

- Buying at the lowest possible price. You may want to compare prices of different suppliers or buy during the season when the price is very low.
- Buying in bulk if they are goods that can be stored.
- Buying the right quantity of perishable products to reduce loss by rotting.
- Reducing travel and transportation costs.

Reducing your costs by good planning for production may include:

- Producing the quantity that people will buy. This is particularly important when producing perishable products.
- Inspecting and grading the quality of the goods you produce and packing them properly.
- Preventing waste and theft of production materials and of production.
- Producing a lot at one time may be more profitable than producing small amounts at different times.

Partial Budget

Income may be increased by increasing the quantity you sell or by increasing the selling price of each item but this requires careful observation of the market.

An estimate of the change in profit, which can be expected from changing your production or buying practices or by producing more of a product or producing something new, can be calculated by preparing a *Partial Budget*. A Partial Budget indicates how worthwhile a change may be if the quantities and prices you expect are, in fact, realised.

PARTIAL BUDGET

+	-
<p style="text-align: center;"><u>Added Income</u></p> <p>New or extra things you will be able to sell if you make this change.</p>	<p style="text-align: center;"><u>Reduced Income</u></p> <p>Things you will no longer have available to sell if you make this change. You may also need to consider the effect on existing activities. If this change will compete for your time and attention it may cause a reduction in income from some existing activity.</p>
<p style="text-align: center;"><u>Reduced Costs</u></p> <p>Things you will stop buying as a result of this change.</p>	<p style="text-align: center;"><u>Added Costs</u></p> <p>Things you will have to buy because of this change or new activity. Only include a share of the total cost of equipment of buildings which will last for more than one production season.</p>
<p>Total Added Income + Reduced Costs: (A) _____</p>	<p>Total Reduced Income + Added Costs: (B) _____</p>

$$A - B = \text{Change in Profit}$$

Partial Budget Example

Elizabeth has analysed her vegetable production business and the market demand for tomatoes. She has decided that she could increase her production and sell an extra 50 kilograms of tomatoes during the next harvest season. She prepares the following Partial Budget to estimate the effect of this change on her business profit.

PARTIAL BUDGET

+		-	
Added Income		Reduced Income	
50 kg. of tomatoes sold at 10,000 cedis per kg.	500,000	No reduction in income expected	
Reduced Costs		Added Costs	
No reduced costs expected		Seeds	50,000
		Fertiliser	125,000
		Chemicals	75,000
		Bags	50,000
		Transport	55,000
		Extra repairs and wear on tools	20,000
Total Added Income + Reduced Costs (A)	500,000	Total Reduced Income + Added Costs (B)	375,000

$$A - B = \text{₹ } 125,000 \text{ increase in Profit}$$

Note: Symbols may be used instead of words to describe tomato sales and cost items.

This example shows that Elizabeth will increase her business profit by ₹ 125,000 if she produces the extra tomatoes. It is wise to recalculate the budget with different price and quantity assumptions to see if a profit will still be made. If the selling price per kg decreases to only 7,000 cedis, for example, or if the quantity sold is only 35 kilograms, then the business will lose ₹ 25,000.

Partial Budget Showing Figures in Example Above			
Added Income		Added Cost	
50 Kg x	₹ 7,000 = ₹ 350,000	₹ 375,000	
35 Kg x	₹ 10,000 = ₹ 350,000		

Also remember to consider the effect this increased production may have by reducing existing income. The extra attention that Elizabeth will have to give to producing and selling more tomatoes may reduce her time to earn other wages or time spent on other income earning activities.

Cash Flow Budget

The final step in planning a change in your business is to prepare a *Cash Flow Budget*. A cash flow budget will show when the sales will bring in income and when costs will take money out of the business.

The cash flow budget must include all of the business activities, not just the income and expenses that will occur because of the change. A complete cash flow budget can show someone whether they will have enough money to carry out their plan or if they will be short of money in any month. If borrowing money is necessary to cover cash deficit periods, then the cash flow budget can help the person work out when the loan repayment will be possible.

CASH FLOW STATEMENT

Cash In	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Beginning Cash	400000											
cassava	60000	120000	125000	75000	60000	50000	45000	40000	60000	50000	40000	45000
tomatoes								110000	300000	300000	150000	50000
okra	90000	80000	80000					90000	85000	95000	95000	
chickens			75000	90000	250000							
wages	25000	50000				25000	40000			25000	50000	
gifts	50000										2500	
loan						200000	250000					
Total Cash In	625000	250000	280000	165000	310000	275000	335000	240000	445000	470000	337500	95000
Cash Out	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
seeds			100000	100000								
chicken feed	65000	125000	175000									
medicine	25000	50000										
fertiliser			50000		50000	25000						
transport								5000	20000	20000	10000	
repairs				10000	5000	5000						
packaging (bags)								25000	25000			
chemicals					75000	125000	75000	60000				
labour				100000	40000	50000	40000	50000	25000			
salary (household)	100000	100000	125000	100000	150000	140000	200000	100000	125000	100000	100000	100000
loan repayment									200000	250000		
Total Cash Out	190000	275000	450000	310000	320000	345000	315000	240000	395000	370000	110000	100000
Monthly Balance	435000	-25000	-170000	-145000	-10000	-70000	20000	0	50000	100000	227500	-5000
Cumulative Balance	435000	410000	240000	95000	85000	15000	35000	35000	85000	185000	412500	407500

This cash flow budget shows the affect of increasing tomato production and sales by 50 kilograms.

When compared with the cash flow report found in the Managing Cash and Credit fact sheet you will notice that more money must be borrowed and it must be borrowed a month earlier because of the increased expenses. However all of the borrowed money is repaid and the business finished the year with 407,500 cedis in cash compared to 282,500 cedis before the increased tomato production.

Summary ~ Business Planning

- Good planning means looking beyond the normal day-to-day decisions and considering next year or the next few years.
- Decreasing costs or increasing sales can achieve increasing profit. Often, trying to decrease costs is ignored by businesspeople.
- Purchasing or producing the right amount and quality of product at the right time can achieve decreasing costs.

Business Planning ~ Workshop

General Instructions

Prior to conducting this workshop read over the General Workshop Guidelines. Additional information that explains the workshop process further will help ensure that learning objectives are achieved.

Background Information for the Facilitator

For someone to bring about a change in their life, it is necessary for them to analyse where they are at this moment and form a clear notion of where they would like to be. Then they have to work out how they could get there and whether their family and friends will support them in their pursuit of that goal. They need facts and information about their current position. They need to identify the reasons for a problem, what needs to be changed or what needs to be done to pursue a new activity which will improve their life. Good business planning will help to increase profits and prepare for the future.

Profit may be increased by reducing costs and/or by increasing income. The first step is to analyse existing activities in the business which will require complete and accurate Cash Books, Credit Books and Cashflow reports. It may also help to compare costs and selling prices with other people doing the same or similar kind of business. If an idea for change involves producing more of a product or producing something new, the entrepreneur will also have to collect information about market demand. This will require market information such as what people want, how much they will buy, and what price they will pay. Fact sheets on marketing will help work through this process.

Time

- 1.5 to 2 hours

Number of Participants

- A group should preferably include 10 to 15 persons but it should definitely not exceed 20 participants. Larger groups make it very difficult for the facilitator to follow the progress of individuals.

Materials

- Flip chart or newsprint and markers OR chalkboard, chalk and a cleaning rag
- Pens, pencils, rulers, erasers for all participants
- Exercise books for all participants OR slates where commonly used

Discussion

Introduce the idea of planning by asking the following questions:

- What is business planning?
 - (Answer) Business planning means thinking about the future of your business. It not only means thinking about how to expand your business in the long term but also how to organize your business in the short term.
- Choose a business that you know well: what are the things you have to plan for?
 - If not mentioned, remind the participants of the following activities:
 - When, where and how much material you will buy and for what price.
 - How much you will produce.
 - When and where you will sell it.
- What are your future plans for your business?
 - Accept all answers. Stimulate discussion about ideas on how to expand their own business in future.

Explanation

Refer to the information in the Business Planning Fact Sheet. The participants should have experience in keeping Cash Book, Credit Book and understand the concept and how to prepare a Cash Flow report.

If the group is not experienced in these tools you may discuss using a household economy diagram described in the Money Management Workshop. The household economy diagram could be used to encourage an individual or family group to examine the range of money generating activities they are engaged in to determine which they think is the most important or which has the most potential for improvement.

Examples

Read the following story to the group. The participants should listen carefully because you will ask them how the women in the story can reduce their costs.

A group of women has a small bakery in a village. They bake sugar bread, tea bread and buns. The group members take turns in baking the bread and in buying the ingredients. Every other day a member of the group goes to town to buy the bags of flour and other ingredients. She is given the money for the bus fare and food during the journey. They buy cooking oil, sugar and yeast in small quantities from a kiosk in the village.

Sometimes members of the group give bread for free to their relatives. On some days they are baking more bread than they can sell. Some of the bread gets spoiled and has to be thrown away.

- Can you think of any ways that the group in the story could plan their business better so that they will reduce costs?
 - The discussion should lead to the following:
 - Buying the flour in bulk so that the price will be cheaper.
 - Buying the cooking oil, sugar and yeast in large quantities for the lowest possible price.
 - Reducing transportation costs by travelling to town to buy the ingredients once per week or once per month.
 - Not giving bread away for free.
 - Avoiding waste by baking the amount of bread that they know they will be able to sell.
- Can you think of any ways that the group in the story could plan their business better so that they will be able to increase their income?
 - Possible ideas may include:
 - Increasing the selling price.
 - Increasing the number of selling locations or selling through other kiosks.
 - Adding other baked items to their assortment.
 - Selling baking ingredients or other items that buyers may want.

Practice

- Divide the participants in groups of two or three persons and ask them to draw up a plan for reducing costs or increasing income in a business that they know.
- After the discussions, ask each group to present the outcome of their discussion.

Wrap Up and Evaluation ~ Financial Management

Participants will need time to process the information discussed. The facilitator should briefly review the accomplishments for the session and discuss how participants can implement the information learned.

He/she should ask the group the following types of questions:

- What is the next step?
- When should they meet again?
- What other preparatory work needs to be done?

When this task has been completed, the facilitator needs to conduct some type of evaluation. This final exercise will help the facilitator and group obtain the feedback necessary for judging the success of the workshop. The following exercise can be undertaken:

The group is asked to consider the following questions. They can either write down their responses or the facilitator can ask the questions of the group.

- Things I liked
- Things I did not like
- Suggestions for improvement
- The most important lesson I learned
- What I found the most difficult
- What is the main obstacle our group will face putting what we have decided to work

Reference ~ Financial Management

- Extensive use was made of the Simple Bookkeeping and Business Management Skills For Small Scale Entrepreneurs Facilitators Guide, November 1997 Second edition, published by the Food and Agriculture Organization of the United Nations, Regional Office for Africa in preparing the Workshop Guides in this text.

Agri-Entrepreneurship Training Manual

Appendices

**Nova Scotia Agricultural College
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Participatory Action Research (PAR) Case Studies

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An In-Depth Study Into the Barriers to Income Generation - The Case of the “Ti Song Taba” Women’s Group of the Yarn Weaving Section of the Women Farmers Demonstration Home, Nanton

Mariama Adama

In several districts of northern Ghana Women Farmers’ Demonstration Homes (WFDH) have been established with the purpose of enabling women to learn skills that will earn them an income during the farming off-season. These homes were Model Homes equipped to teach the women skills in the following areas:

- Nutrition and diet improvement
- Food processing, preservation and storage
- Family food production
- Home Improvement and Management of Resources in the home.

As part of Home Management, the following programs were incorporated:

- Sewing
- Spinning
- Weaving (yarn)

A survey revealed that 90% of the trainees of the weaving section of the Home were not utilising the skills they had acquired to generate income and so there had not been an improvement in their way of life as the project intended. The aim of this study was to determine the following:

- Why are the women not generating income as anticipated?
- Why are young girls not taking advantage of the training?
- Why does the weaving section appears deserted?
- What can be done to forestall the collapse of the weaving section of the Home?
- What can be done to encourage youth to take an interest in the activities of the Home?
- How can the women be organised into a group for sustainability and development?
- How can the community be part of this process?

This study identified the barriers hindering the economic progress of women trained in yarn weaving by the WFDH. This information was used to help find practical solutions to the problem of this women’s group and the information was also used as the basis for the development of training modules for a larger audience.

Participatory Action Research (PAR) Case Studies

A Participatory Approach To Identify, Analyse And Solve Problems Associated With Reluctance Of Micro And Small Scale Entrepreneurs In Keeping Business Records: A Case Study Of Tamale, Yendi, Damango And Walewale In The Northern Region

George Anim

The purpose of this study was to identify, analyse and find solutions to the problems causing reluctance on the part of micro and small-scale entrepreneurs in keeping business records. A participatory approach involving the employment of Participatory Rural Appraisal tools was the method used for data collection and analysis. This methodology was adopted to provide the entrepreneurs with the opportunity to be involved in all aspects of the case study, for example, information gathering, analyses, interpretation and identification of possible solutions.

This case study is relevant in the sense that it provided solutions to the problems stifling the urge or motivation in keeping records among micro and small-scale entrepreneurs. This will facilitate effective management decisions at their business places to ensure sound financial management for productivity.

It was evident from the study that the entrepreneurs have a good perception about record keeping; however, their understanding of the concept was quite scanty. The entrepreneurs had never received training in bookkeeping.

The high illiteracy rate among the entrepreneurs was one major problem identified. Other problems included: socio-cultural factors, trainer not regular, trainer not able to speak fluent local language, forgetfulness to record, books kept at home, the use of illiterate salespersons, record keeping is costly and time consuming, laziness to record, inadequate follow up and training, family purchases, less exercises and practices and low sales.

Some solutions suggested by the entrepreneurs included more training, enrolment of entrepreneurs in adult literacy classes, the need to record money spent at social and family events such as weddings and funerals, the need to pay family members working for them and themselves wages and charge it to the project, the provision of pictorial teaching and learning materials to facilitate training and understanding, and the use of literate children to record daily activities of the entrepreneurs.

Participatory Action Research (PAR) Case Studies

Case Study on Loan Repayment in the Northern Region of Ghana – The Case of the NBSSI

Richardson Kwarteng

Finance appears to be a key barrier that small-scale entrepreneurs face in achieving the goals of their businesses. The greater number of small-scale entrepreneurs who access loans fail to honour their repayment obligations, making it difficult for others to benefit from such loans. This contributes to deterioration in the rate of the nation's industrial development and poverty alleviation among the citizenry.

The importance of loans in the development of small scale enterprises in Ghana as a whole and in the northern region in particular cannot be overemphasized. Credit is required to finance many small scale enterprises whose lack of funds or credit is cited as a disincentive to investment and a constraint to the development of small scale enterprises in the northern region in particular. In the northern region where biophysical and socio-economic conditions make the promotion of small scale enterprises a vital component of sustainable rural development, availability of finance and credit delivery system for small scale enterprise development is not only necessary but very urgent.

The purpose of this study is to investigate the barriers to loan repayment among small-scale entrepreneurs, especially those in agri-processing. Relevant recommendations to reduce loan defaults will be made. It is expected that the recommendations of the research, if adopted, would be useful to other researchers in the field of agri-entrepreneurship, credit-giving institutions, the banks, NGOs, the Polytechnics and other institutions whose efforts are geared toward the promotion of small scale industries.

The first stage of this research was to visit the target community familiarized the researcher with the opinion leader and provided an opportunity to explain the purpose of the visit. As many entrepreneurs (groups and individuals) as possible were met with to explain the nature and purpose of the Case Study and solicit their co-operation. Group and individual entrepreneurs were selected to participate in the research. Sixteen (16) projects in four districts were visited at this stage.

The interviewer used secondary research from textbooks, journals, newspapers and other institutions providing financial assistance to agri-entrepreneurs in the Northern Region.

The second stage of the research involved a detailed Case Study of the selected participants, using the participatory approach to gathering information. Eight projects were selected to participate in the study (this was in addition to the random interview of a cross section of loan beneficiaries of the NBSSI Credit Schemes in Tamale). Selected participants include the Suglo Pottery Association, the Wumpini Ground-nut Oil Extractors Association, the Konikoli Cotton Spinning Group, the Osman Weaving Industry, the Samata Sheabutter Group, the Nabuli Women's Mobisquad (rice parboiling) Association, the Adwoa Korsina Kenkey Factory and Dokes Pito Brewer.

Participatory Action Research (PAR) Case Studies

An In-Depth Study on Fish Smoking – A Case Study on Kokopei Community in the Northern Region of Ghana

I.P.S. Zakari Saa Seidu

The National Council on Women and Development (NCWD) has as its broad objective to raise the status and living standards of Ghanaian women. It hopes to achieve this through education, politics, socio-economic activities and training for the full integration of women in all aspects of national development. As part of its strategy to empower women economically, the NCWD developed and introduced appropriate intermediate technologies for women. One of these technologies is improved fish-smoking.

Fish smoking is the most popular method of preserving fish among rural people of Ghana, and is done almost exclusively by women. The NCWD has over the years successfully introduced an easy-to-adopt fish-smoking technology, the Chorker Smoker, in many communities in Ghana, including Kokopei. By introducing the new technology, it was the hope of the NCWD that:

- The women of Kokopei will be empowered and will become independent of NCWD by sustaining the fish-smoking project once the council is no longer involved.
- Kokopei will start to make fish-smoking trays and earn and retain an income for the development of their community from the proceeds of the sale of these trays.
- The use of the fish-smokers will ensure that residents of Kokopei have increased protein availability year round.
- The use of the fish-smokers will increase the incomes of the women of Kokopei by increasing the shelf life of their product, smoked fish.
- Kokopei, has embraced this technology but is not willing to learn to make the fish-smoking trays that are needed for the smoking process.

From the point of view of acceptance and use of technology, one would say that the project is very successful as the entire community, including those who were not members of the initial group of sixty women, is using the technology.

To make this project self-sustaining and independent of the NCWD, some villagers were taught to construct both the ovens and the trays. This arrangement was made to enable the trainees to earn some income through applying these skills while the trays are made available throughout the year in the community. However, the NCWD's objective of making the community independent of NCWD has not been achieved because the community does not want trays made by the community for the community even though the benefits have been spelled out for them. They rather prefer to raise money periodically for the NCWD to provide them with the trays, continuing their dependency on NCWD.

Participatory Action Research (PAR) Case Studies

The purpose of this research is to determine the reasons for the unwillingness of the Kokopei community to construct their own fish-smoking trays. Once these reasons are identified, the author will:

- Understand the community in order to assist them to accept the construction of fish-smoking trays and earn extra income through that.
- Share research findings with other development workers, organisations, and trainers.
- Share research findings with Kokopei fish smokers to ensure better participation
- Re-design the fish-smoking project to encourage better participation of all parties at all levels.

The research is relevant due to its benefits to the following target groups:

- The NCWD will be able to redesign the project to ensure that the Kokopei community takes up the construction of the trays so as to be independent of the NCWD. If Kokopei becomes independent of the NCWD, then it can have all the trays made whenever needed. This will solve the problem of locking up capital and waiting for the next visit from NCWD before an order is placed for the next set of smoking trays.
- Since more fish can be smoked and sold, increased incomes will result for the women of Kokopei.
- The increased amount of processed fish available will result in a reduction in the amount of protein deficiency in the diets of the people of Kokopei.

Participatory Action Research (PAR) Case Studies

An Analytical Study Of The Problem Of Marketing Tomato Produce From The Tono-Navrongo Irrigated Lands Of The Upper East Region Of Ghana

Achivieka Ajaari

Tomato farming is widely cultivated in northern Ghana because of the low level of capital input required for production as compared to rice and also there is a market for the commodity. This research focuses on entrepreneurs engaged in the agri-food industry, specifically tomato production in the Tono-Navrongo irrigated lands in the Upper-East Region of Ghana. It is a case study covering 3,860 hectares of land involving approximately 6000 small-scale farmers from eight village communities.

Since Ghana's independence small-scale farmers have been encouraged to shift to mechanized large-scale agriculture as a means to alleviate rural poverty and ensure food security for all. This "solution", however, has led to further problems, which require new solutions. In particular for tomato producers marketing their produce has been difficult and post-harvest losses are significant.

This participatory research project attempted to find out how to best market tomato produce from the Tono-Navrongo irrigated lands and reduce post-harvest losses. As well, how best to enhance entrepreneurial knowledge and skills in individuals and groups will be explored, specifically in the areas of business management, marketing, post harvest processing techniques, access to credit facilities, etc. Identifying solutions may lead to improved levels of income and assist the farmers who have become discouraged and feel their efforts have been in vain.

This research is of relevance to educational institutions at the tertiary level such as colleges, polytechnics and universities, government sponsored organizations such as the National Board for Small Scale Industries (NBSSI) and the Intermediate Technology Transfer Unit (ITTU) (who are involved in the training of manpower for commerce and industry), individual entrepreneurs, project managers in the agri-food industry, and international institutions and donor organizations who are contributing to the developmental process of northern communities.

Several data collection methods were used in this case study. These included reviewing existing literature and case studies; conducting face-to-face interviews with individuals and groups; observation; and participating in the work process of some agricultural entrepreneurs. In some situations, flexible questionnaires have been used as in the case of the Banking industry. These methods were found to be the most effective ways of gathering the type of information required.

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The project team members would like to acknowledge the contributions of the following people: Diane Templeton, John Brennan, Stirling Feener, Cheryl Benjamin, Leigh McFarlane, and Dr. Garth Coffin, Principal of the Nova Scotia Agricultural College.