



BUSINESS DEVELOPMENT SERVICES for Fish Value Chain Actors

Learners' Reference Manual
GIZ Responsible Fisheries Business Chains
Project (RFBCP)



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Kyeabando, Central Zone, Kanyike Road Near SafeBoda offices

P.O Box 110943 Kampala Tel: +256772044994 +256392965407

E-mail: adconsultug@gmail.com Alt: hsegyi@gmail.com

Illustrations: Joshua Lugogo

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I. INTRODUCTION TO THE TRAINING MANUAL

1.1 What is this manual about?

When individuals run their businesses, they think about many things but most importantly how to sustainably grow their businesses and make profits. This manual aims at empowering Micro, small and medium Enterprises to improve on their knowledge, skills and attitudes towards the way they operate their businesses with the aim of making the businesses more profitable and sustainable. This manual has reference notes which can be used by the Business Development Services (BDS) learners during their free time.

1.2 Rationale for the Manual and Responsible Fisheries Business Chain project (RFBCP).

This manual was developed by GIZ- RFBCP is concentrating on sustainable fisheries management of Nile perch. The overall objective of the project is to ensure food security and reduced poverty through enhancing fish supply and incomes of the fish actors. The project focuses on three main areas of activity:

1. More fish more income
2. Promotion of sustainable fisheries and
3. Reduction of Illegal, Unreported and Unregulated (IUU) fishing.

Uganda is riddled with the unsustainable fishing practices, poor post-harvest handling techniques and self-defeating business practices along the fish value chain. Most businesses have not seen the long-term business sense of handling the lake resource through legal and regulated fishing practices hence the need for integration of such aspects within the fish business value chains. This calls for meaningful and sustainable fisheries management.

Sustainable fisheries management may be viewed from a multidimensional manner. One of such dimensions is from the point of business management within the entire fish value chain. Applying better business management skills can greatly contribute to sustainable fisheries management especially when more sustainable income is realised by the players at different levels within the fish value chain.

The project targets vulnerable households and communities, artisanal fishers, Micro, Small and Medium Enterprises (MSMEs) in the fishing sector. Majority of these people have the capacity to comprehend and operate their businesses though in a more informal way. To achieve the desired levels of sustainability, it is important that these business are operated in a way within the fishery context of Uganda. To the effect the RFBCP formed a 'Business Development Services (BDS) think tank' which had experts on business management within the public and private sectors. These advised on the content and the best means of delivery of the BDS interventions.

Founded on the advice acquired, the BDS manuals (trainers' and learners' manuals) were developed for the Micro and Small & Medium Enterprises (MSMEs) to cater for the different business needs within the fish value chain. These were implemented in 15 Lake Victoria fishing districts. Overwhelming successes have been realised through these trainings. It is such successes which have motivated the expansion of other resources to enable the application of similar and contextually programmed approaches to Lake Kyoga. Therefore, this manual is built on the lessons learnt from the experiences on Lake Victoria but tailored to suite the fishing business contexts of Lake Kyoga.

1.3 Who does this manual target?

This Business Development Services (BDS) Training Manual has been developed for the fishing communities comprised of men and women who own MSMEs.

These enterprises are further categorized into;

- 1. Boat owners;** people who own boats as a business. These can also be operators of the own boats.
- 2. Barias (Fishermen):** people who actually involved in real catching of fish.
- 3. Fish traders;** people who transact fish businesses. These also include those who have; a fixed sales location, transporters on bikes or small vehicles.

4. Fish processors; These include all those who are engaged in activities related to fish preservation and value addition.

5. Fish by-product processors; These may include those dealing in fish skin, fish maw, fish heads, scales, bones, fats, fish skeleton and offals.

1.4 Objectives of this manual

1.4.1 Overall objective

The primary objective of this manual is to ensure that the learners who own micro, small and medium enterprises within the fish value chains gain and enhance their knowledge, skills and attitudes in regard to business operations.

1.4.2 Specific objectives

Specifically, this manual is designed to help participants:

- i) Further reflect and enhance their understanding of the basic business operational aspects as delivered during the trainings.
- ii) The knowledge gained contribute to compliance and sustenance of their businesses.
- iii) Understand the basic business operational aspects related to entrepreneurship, leadership and financial management.

1.5 Major learning outcomes

It is important for the trainee/learner to ensure that after every learning session, the following outcomes should at least be achieved.

1. **Better understanding of oneself;** It is critical to note that after the sessions, the trainees understand themselves better, more motivated to learn, have a feel of achievement of their goals, improved esteem and self-respect, improved capacities and able to meet their needs.
2. **Acceptance and respect towards others;** Better appreciation of the situation in which they thrive and the differences that exist in different situations. They need to critically think about their ideas and contexts in which they exist and learn why some phenomena happen the way it is without necessarily conflicting.
3. **Improved attitude towards life/business;** The learners should be able to see life in a more positive and tolerant way. They learners must be able adapt to change, accept it and even embrace it.
4. **Better understanding of causes not symptoms;** It is good to facilitate the learners to focus on the causes of the problems as opposed to the symptoms. With this the learners can go into a self-criticism norm and discover themselves better. This will cause an appropriate reaction within their climate.
5. **Understanding the human experience;** Based on the content delivered, the learners should be in position to; understand, appreciate, and share the ideas, experiences, and traditions. You need to help them understand that the past is relevant to the future as opposed to abandoning it. Basically this is like a common saying of, 'don't throw away the baby with the child.'
6. **Understanding of the ability to change society;** The facilitator should be in position to orient the learners towards understanding that they can cause change in their society and fishing industry. They need to educate others on the principles of BDS and how it shapes business. This learning needs to change the way individuals think about themselves and their world, and that involves a shift of consciousness. In other words, the learning has to be transformational.

1.6 Self-Assessment Strategy

At the end of every module, topic or sub topic, the learners need to assess themselves on what they have learnt. Some of the critical questions to guide such questions may include;

1. Can I communicate what I have learnt and also teach it to others. If I teach it to others, can they be in position to also teach other?
2. Can I effectively hold a meaningful conversation and debate about what I have learnt?
3. Can I apply what I have learnt to my business to cause impactful change?
4. Can I apply what I have learnt to development of my business plan/strategy?

1.7 Summary of the manual content

This BDS Training manual covers 3 modules with training content which are expounded below. The training modules and the different aspects covered are given in the table below;

Table 1 I: Showing the summary of the modules and aspects under each

CHAPTERS	Aspects/sessions under each module
INTRODUCTION TO THE MANUAL	<ul style="list-style-type: none"> • Rationale for the manual • About the project • Manual targeting mechanism • Objective of the manual • Major learning outcomes
MODULE 1: REINFORCING GROUPS	<ul style="list-style-type: none"> • Leadership and governance • Group Governance • Group networking • Conflict resolution and Management • Failure Management
MODULE 2: ENTREPRENEURSHIP SKILLS	<ul style="list-style-type: none"> • Basics of entrepreneurship • Understanding fishing as a business • Fish enterprise analysis • Introduction to business planning • Introduction to marketing of your business
MODULE 3: BUSINESS FINANCIAL MANAGEMENT	<ul style="list-style-type: none"> • Defining financial management • Money management • Aspects of financial Management • Business documentation and business management

2. REINFORCING GROUPS

2.1 Introduction

This module introduces the different aspects you may consider in ensuring that that your group is sustainable and that you can even hand it over to your children when it is still functional. The module will introduce you or enhance your understanding in many aspects related to group reinforcement and these shall include among others, leadership and governance, group governance, group networking, conflict resolution & management as well as failure management.

2.2 Objectives of the module

By the end of the module, you should be able to effectively and meaningfully contribute to the sustainability of your group. The best would be for your to handover your membership to your children. However, in doing so, your ultimate goal should be to contribute to to effective management of Lake Kyoga fishery and fish value chain-related businesses.

Specifically, the learners should be in position to;

1. Understand importance of leadership and its contribution to group leadership
2. Understand leadership in your business.
3. Understand how to exist in a group and being relevant therein.

2.3 Leadership and governance

2.3.1 Introduction to leadership

Who is a leader?

A leader is someone who can see how things can be improved and who rallies people to move toward that better vision. Leaders can work toward making their vision a reality while putting people first and working with them.

Everyone can be a leader in their own right be it for a task, managing a family, leading an event and many more examples.

Remember a better leader have positive impact to the group members they manage and the group as a whole. This is indicated also on how the members are more connected to the group, happier when in the group and do the group tasks more willingly. Therefore, the leader needs to always strive to maintain that momentum in the group throughout their tenure and also aim at making the people around them better.



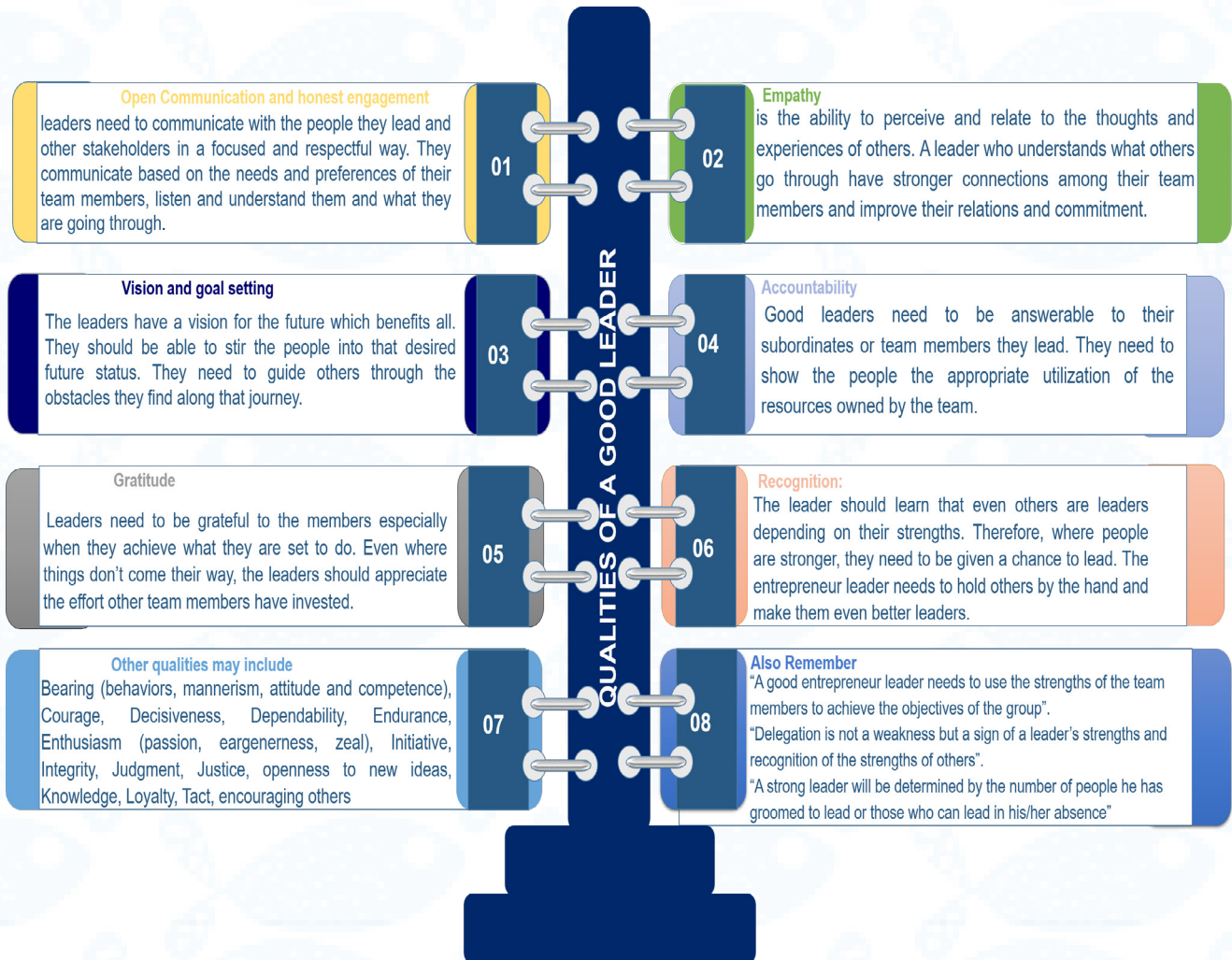
Group member leading a group deliberation session

What is leadership?

Leadership is the act of leading a group of people or an organization. In leading, they direct, guide and influence the behaviour of other and work towards accomplishment of specific goals in a given situation with confidence and zeal.

Some Qualities of a good leader

Being a good leader can greatly impact the team's success. It is good for a leader to do a self-assessment in terms of your motivations to be a good leader, strengths and weakness. Everyone can be a leader in their own right be it for a task, managing a family, leading an event and many more examples. Some qualities of a good leader are presented in the image below;



2.3.2 Becoming a useful group member

You can become a useful group member in many ways as explained below;

1. Use Your Strengths to benefit others (Cherish diversity)

You must be good at something. Let your friends cherish that about you and use it to contribute to the team. Don't be shy about it especially if people tell you that, that is your strength. When you find a role within your team that lets you be your best, you'll make a more meaningful contribution.



2. Understand the Team's Objectives

When teams don't function well, it's often because there's a lack of communication and understanding about what the group's objectives are. If you want to be a good team player, make sure you understand the group's goals. Ask yourself key questions such as:

- Why are we here?
- What is our deadline?
- How do I impact the achievement of the team objective?
- How often will we meet?
- Who is in charge of implementing our ideas?
- What roles and responsibilities will each of us have?
- Be clear about what you're there to do. This way, you'll complete your tasks to the best of your abilities.



3. Be Reliable

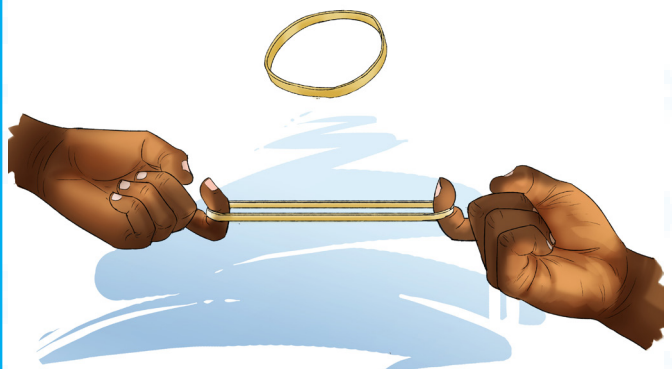
You need to make promises to your group and fulfill them. This fastens group progress and makes you an asset to the group .



4. Stay Flexible

Things can change quickly in a team environment. The best team players know how to be flexible and they don't fight change – instead, they see it as an opportunity for growth.

This is also an important business skill.



5. Be a Good Communicator

Be involved and active within the group. If you sit silently while someone else discusses an idea that you know won't work, you could damage the team's chances of achieving its outcomes. If you've got an alternative suggestion that might be more effective, then share it with the group. And the opposite applies as well: if people discuss a plan that you think is great, then speak up. They might really need and appreciate your support, even if they don't show it. In the process stay positive and respectful.



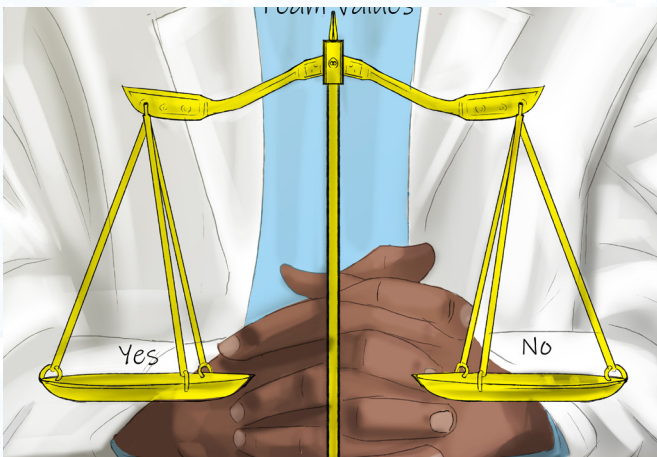
6. Be involved in everything and Celebrate the team achievements

It can be tempting to choose only those projects that seem easier, that offer more benefits or suit your existing skills. But if you choose more difficult projects, and accept what's offered to you by the team. Plus, taking on challenges is an important part of keeping yourself engaged and your skillset sharp. And who knows, you might even discover some hidden talents!



7. Integrity;

The value of integrity is important in a team setting. A good colleague doesn't just say "yes" to everything they push back on ideas they think go against the team's values. They do the best for the team even when one one is watching.



8. Support Other People on Your Team

Offer positive feedback, and be prepared to provide help if colleagues need it. Your willingness to collaborate and help others will make a good impression on both the group and management. It will also more likely be reciprocated in the event you find yourself needing help, all of which has a positive impact on the team's overall output. A supportive team is a productive team.



9. Share Information and Resources with Your Team

Remember, you're all there for one purpose – and by keeping everyone informed, you contribute to that goal. If resources are hidden or not readily accessible, let your colleagues know how to find them. If you have past experiences or knowledge that can help others, then offer it. Your teammates will appreciate the help and likely share more in return.



10. Keep a Positive Attitude

If you complain, delay, or make life complicated for others. People will notice and brand you as negative. If they pay you back in kind, don't complain. A positive attitude is a precious asset, one that's indispensable for your own wellbeing, and the wellbeing of others, too. Negative thinking erodes your self-confidence and can damage your work relationships.



CASE OF TEAM PLAYING

Teamwork is key to completing tasks, and for the day-to-day running of organizations. So it's worth developing the skills that will improve your contribution – whichever type of team you are in.

Sports teams are excellent examples of how many players working together can achieve much more than one player who is acting alone. Often, different players take on different roles, according to their strengths – and by helping and encouraging one another along the way, some inspiring things can happen.

There is always a coach: So, you need a mentor

2.3.3 Leader of your own self.

You are a leader of your life and you need to realize that. Did you know that? Have you been paying attention to how you lead your life? Here are some tips on how well you can lead your life.

What is self-leadership?

Self-leadership is the practice of intentionally influencing your thinking, feeling and actions towards your objective/s.

How to become a leader of yourself and an entrepreneur?

There are many ways in which one become a leader of your own life and make a big difference in their lives:

1. Set goals for your life.

Set daily, monthly and long-term goals tied to your visions and dreams. Don't be afraid to go for something big—remember, nothing is impossible if you believe you can achieve it. Once you've set your goals, ask yourself daily what you're doing to reach them.

2. Lead by example.

Every day, you're setting an example for those around you—whether you realize it or not, positive or negative. Your life is your message, so to be leader of your life you need to decide what message you want to send.

3. Be fearless.

You need to find greatness in you during your paths in life. You need to take initiative to find greatness within yourself. You need to teach yourself to be daring, bold and brave. Be willing to fall, fail and get up again for another round. To lead in your life requires that you do things that make you afraid—because life will unfold in portion to your courage.

4. Honour others.

Being the leader of your own life means learning to be humble and give away the credit. If others did the work, give the credit to the people who did the work. Going out ahead of others is only part of leadership; you also have to go with them. Instead of seeking recognition for yourself, show that you stand with them and that you recognize and appreciate them.

5. Embrace new ideas and opportunities.

Don't shy away from anything new, whether it's an opportunity, an idea, or an experience. Turn every day into an adventure and work to turn all the programs, projects and processes in your life into possibilities. Everything was impossible until the first person did it, so work to always be that first person.

6. Question everything.

Become the person who's constantly asking questions, to others and even to yourself. The more you question, the more you learn, and the more you learn, the more you know. If you weren't born with it, develop the drive to increase your knowledge, skills, and understanding. Ask yourself questions to stay focused—simple questions to clarify issues and facts, and complex questions for deeper insights into concepts and beliefs. Curiosity is an important way to become the leader of your own life.

7. Do what's right, not what's easy.

There are some things you simply don't take liberties with. When it comes to integrity, honesty and ethics there is no room for compromise. Make sure that what you say and what you do are always in alignment; keep integrity at the heart of your character and you will never lose sight of it. We're all human, and humans aren't perfect. But you can always make the effort to choose what's right over what's convenient or personally beneficial.

8. Find goodness and beauty in everyone and everything.

It's easy to become overwhelmed by the negativity and ugliness that exist in the world. But if we spend our time seeking out beauty in everything and in everyone, how different life becomes. It's up to us to see, appreciate and share the beauty that surrounds us every day.

9. Actively reject pessimism.

There will always be something to be negative about. Instead, practice zero tolerance for negativity. The more you reject things that are defeatist, critical, fatalistic and apathetic, the more room you leave in your life for positivity. As leader of your own life, you have the power to either make yourself miserable or happy with the choices you make every day.

10. Be the change you want to see in the world.

Everything you want begins with you. It starts within. To live in the world of your dreams, you must, in Gandhi's famous words, be the change you want to see. Dream big and start small.

11. Surround yourself with mentors and teachers.

You can't grow when you think you're the smartest person in the room. Always be on the lookout for teachers and mentors who are smarter and more experienced than you. Seek to be continually inspired by something and learning about everything. Encouraging growth and development is as important to leading in your own life as it is with your employees at work.

12. Care for and about people.

Make sure that compassion and empathy are a central part of who you are, and you'll stay connected to your basic humanity. When you do, you'll not only become a better leader of your own life but also someone others choose to lead them.

2.3.4 Becoming a leader in business

Who is a business leader?

A business leader is someone who motivates a group of people in order to achieve a common goal in a group/business. This could also include influencing others on a smaller component of a bigger goal.

How can an entrepreneur lead others?

Most of the skills noted for a good leader also apply to the entrepreneur also leading others, say in a business group. As and above those, the entrepreneur as a leader needs further skills to effectively lead group business. These may include;

- 1. Curiosity:** The entrepreneur as a leader needs to remain curious at all stages of their career. They are always seeking out new ideas and innovative tactics in hopes of continuously improving their business. This curiosity and willingness to try new things can have a trickle-down effect on the group culture, as the best leaders encourage their team members to be ever-inquiring and inventive as well.
- 2. Self-assessment:** Successful business leaders occasionally pause to check their own strengths and (more importantly) weaknesses. The power of self-assessment helps the leader understand their shortcomings and this makes them stronger. Successful leaders will also identify their weaknesses so that they can improve upon those areas in the future.
- 3. Risk-taking:** The business world is full of challenges, and effective business leadership entails knowing when

to take risks in order to solve problems. A true leader is willing to try unconventional or risky strategies in order to boost performance or achieve goals. Risk-taking is not the same as recklessness, however, and anyone in a leadership role should be collecting data and running scenarios to inform their decision-making, even when it's risky.

4. **Figure it out as you go.** Don't wait until you've figured out the full trajectory of your future group business before getting started on your big idea. Accept to learn along the way and avoid blaming your members for the mistakes. Use them as learning lessons but also plan not to make mistakes. Be human and imagine yourself in their shoes.
5. **Develop a clear mission statement.** Business leadership requires vision for the entire group and keep the group focused. You need to stay focused on something that will keep pushing you forward. Why are you doing this? Why is it important? Turn the answers to these questions into your business's mission statement. A mission statement is a distillation of your business' core values which serve as the guiding principles that inform group culture, common goals for product development, and the overall work environment.

2.4 Group Governance and Sustainability

2.4.1 Understanding group governance

You are part of your group governance and whatever happens must be of concern to you. In doing so, you need to be aware about the strengths, weaknesses, and opportunities as well as threats against your group. All this is summarised into what we call the SWOT, that is S= Strengths, W=Weaknesses, O=Opportunities and T=Threats. You participated in the discussions around the SWOT but it is important to reflect on what you found during your free time and have further input into the process. The process does not stop; you need to be part of the effort which keeps identifying the components to enhance further improvement.

"SWOT analysis is a tool for analysing the current situation both internally (strengths and weaknesses) and externally (opportunities and threats) and to develop strategic planning. It provides the baseline for a group that wants to vision the future or analyse a problem."

As a group member and together with others, you need to understand how to;

1. Build on the identified strengths
2. Overcome identified weaknesses
3. Overcome identified threats
4. Exploit the opportunities for the betterment of the group

Strengths

Critical questions on what comprises strength
 What do you do well as a group?
 What unique resources can you draw on as a group?
 What do others see as your strengths as a group?
 What stands out for the group? Advantages over other groups?

Examples
 Good governance systems
 Good accounting systems
 Cohesion among members
 Product quality control

Weaknesses

Critical questions on what comprises weakness
 What could you improve?
 Where do you have fewer resources than others?
 What are others likely to see as weaknesses?

Other facilitatory notes

- What are things that are not going on well internally within the group?
- Why are other groups doing better than yours?
- Identify what is lacking within your group.
- What things stop you from performing at optimum level?

Examples

- poor governance systems
- poor accounting systems
- division among members
- etc

Opportunities

Critical questions on what comprises Opportunities
 What Opportunities are open to your group?
 What trends could you take advantage of?
 How can you turn strengths into opportunities?

Other notes

- something positive which can happen but these need the effort of the group to go after them
- They can arise from the discussions you have with others, donors, developments in the market etc. It could be a new fish product, who knew that the nuni would once be a commodity
- Opportunities can arise from a change in the government policy, social patterns, population profiles and life styles

Examples

- New market for fish products
- New markets
- Funding from government

Threats

Critical questions on what comprises Threats
 What threats could harm your group?
 What threats do the group weaknesses exposed it to?

Other facilitatory notes

- Threats include all those outside things which negatively affect the group.
- It is important to always plan for the threats before the group and its members become victims of them.
- Be ready for the change and you need to have a plan for both short and long-time changes.
- Always be on the look out to understand whether your group is exposed to external challenges.

Examples

- Low prices on the market
- Rising costs of the materials
- Labor supply

REMEMBER

You can apply the SWOT in whatever you do and even on yourself. You will discover so much detail which will help you progress.

2.5 Conflict Resolution and Management

2.5.1 Defining conflict

What is conflict?

Conflict in a group is a disagreement among members on group-related issues or differences in opinion, which can result in arguments and at times collapse of the group. Some conflicts can help to bring positive changes to the group, not all conflicts are bad.

Conflict is part of our day-to-day lives. You can disagree with your family, friends, or group mates. But there are various conflict resolution steps you can embrace to ensure this issue is not manageable. Managing and resolving conflict in a group is integral in meeting the group's goals.

What are the major sources of conflict in a group?

- Personality differences.
- Group behaviours regarded by some members as irritating.
- Unmet needs in the group.
- Perceived inequities of resources.
- Unclear roles in the workplace.
- Favouritism.
- Mismanagement of group change and transition.

- Poor communication, including misunderstood remarks and comments taken out of context.
- Differences over work methods or goals or differences in the way different people see things.
- Gossip.

How do you manage conflict?

There are many ways in which you can manage conflict.

- 1. Clarify what the source of conflict is;** Defining the cause of the conflict will enable you to understand how the issue came to grow in the first place. Additionally, you will be able to get conflicting parties to consent to what the disagreement is. And to do so, you need to discuss the needs which are not being met on both sides of the issue. Also, you need to guarantee mutual understanding. Ensure you obtain as much information as possible on each side's outlook. Continue asking questions until you are confident that all the conflicting parties understand the issue.
- 2. Talk to the conflicting parties;** Choose a safe and private place to talk. To have a constructive conversation, you need to find an environment that is safe for you to talk to. Such a place also enables you to take the necessary risks for honest communication regarding the issues at hand.

- 3. Listen actively and let everyone have their say;**

After getting both parties to meet in a secure and private place, let each of them have the opportunity to air out their views and perceptions regarding the issue at hand. Give each party equal time to express their thoughts and concerns without favoring the other. Embrace a positive and assertive approach while in the meeting. If necessary, set ground rules. Taking this approach will encourage both these parties to articulate their thoughts in an open and honest manner as well as comprehend the causes of the conflict and identify solutions.

- 4. Investigate the situation;**

After listening to the concerns of both parties, take time, and investigate the case. Do not prejudge or come up with a final verdict on the basis of what you have. Dig deeper and find out more about the happenings, involved parties, the issues, and how people are feeling. Have an individual and confident conversation with those involved and listen in a keen manner to ensure you comprehend their viewpoints. You can do so by summarizing their statements and replicating them back to them. Also, try finding any underlying conflict sources which may not be evident or noticeable at first.

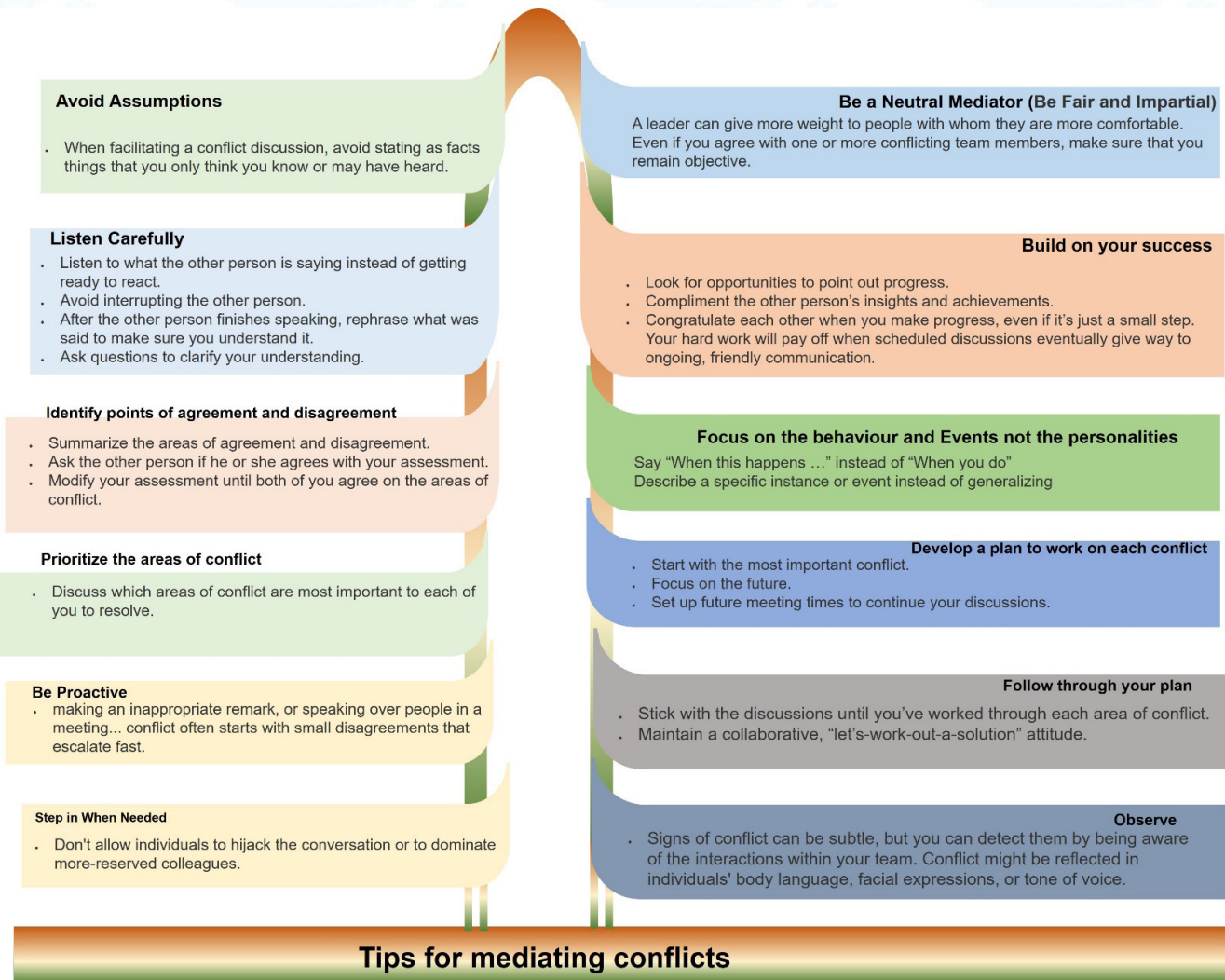
- 5. Determine ways to meet the common goal**

When managing conflict processes, you need to have a common objective, which is resolving the issue and ensuring it does not resurface. And to solve any problem, you need to be aware of the different stages of conflict. This will enable you to look for the ideal ways to meet the common goal. After clarifying the source of conflict, talking to both parties, and investigating the situation, you need to sit down with both parties and discuss the common ways you can execute to meet the common goal, which is managing and resolving the matter at hand. Listen, communicate and brainstorm together until you exhaust all options.

- 6. Agree on the best solution and determine the responsibilities each party has in the resolution**

Managing and resolving conflict leaps model of communication. Employees will find it easy to interact with another as they understand that they have one goal, which is meeting the company's objectives. So, after investigating the situation and determine ways through which you can resolve the issue, both parties need to develop a conclusion on the best solution for the problem. And to agree on the best, you need to identify the solutions which each party can live with. Find common ground. Afterward, determine the responsibilities each party has in resolving the conflict. Also, it is crucial to use this chance to identify the root cause and ensure this issue will not come about again.

- 7. Evaluate how things are going and decide preventative strategies for the future**



2.6 Failure Management

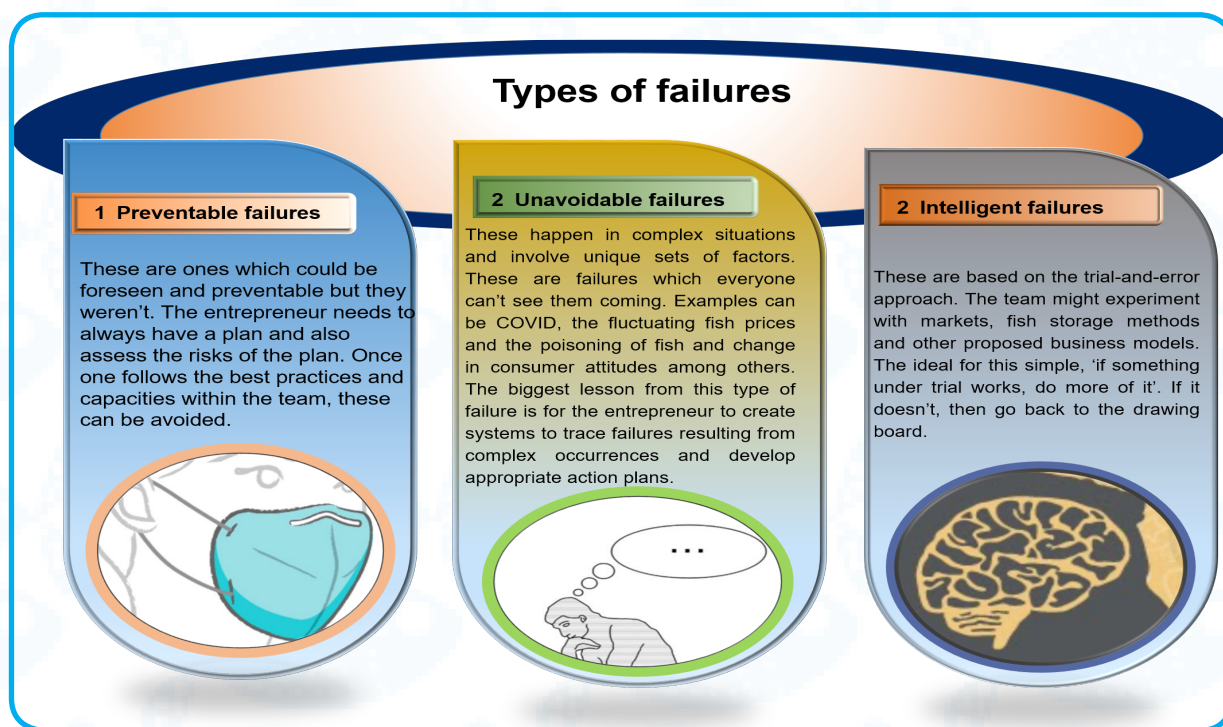
2.6.1 Defining Failure

What is failure?

Failure is defined as an absence or lack of success. Sometimes it can be defined as the state or condition of not meeting a desirable or intended objective.

We set goals but when we fail to achieve them at times, we can call it failure. We should be careful however that at times when we fail to reach our goals is not necessarily failure. We have achieved milestones but not to the desired expectations. It is important to celebrate milestones and also plan to achieve the desired goals based on lessons we learn from our experiences.

As a leader/entrepreneur you need to be aware of the different types of failure;



2.6.2 Importance of failure

Why is failure important?

Failure is not necessarily bad but we derive a number of lessons from it. These may include¹;

1. **Experience;** From failure we gain a lot of experience which can help us avoid making the same mistakes in the future and helps us have a deeper understanding of life. That is why we consider elders as full of wisdom because they have many experiences from which they learn from.
2. **Knowledge:** Failure brings with it important firsthand knowledge. That knowledge can be harnessed in the future to overcome that very failure that inflicted so much pain in the first place. Nothing can replace the knowledge gained from failure. All the great people we know have kept trying until they got it right. This was because they gained a lot of knowledge on how to fix situations.
3. **Resilience;** Failing in life helps to build resilience. The more we fail, the more resilient we become. In order to achieve great success, we must know resilience. Because, if we think that we're going to succeed on the first try, or even the first few tries, then we're sure to set ourselves up for a far more painful failure.
4. **Growth;** When we fail, we grow and mature as human beings. We reach deeper meanings and understandings about our lives and why we're doing the things that we're doing. This helps us to reflect and take things into perspective, developing meaning from painful situations. Life is designed for us to grow and improve. From the very genetic fibers that make us into who we are as individual persons, into the fabric of society on a global scale, growth is a fundamental part of us. Without growth, we couldn't improve life on every front.
5. **Value;** One of the biggest lessons that we can learn from life's failures is the necessity to create and spread an exceedingly high amount of value. In fact, value lies at the heart of success and a lack of value is a fundamental pillar to failure. In thinking about your past failures, think about how much value you brought to the table. Could you have offered more value? Would that have prevented failure? When you learn to create immense value, and do so consistently, you will eventually succeed.

2.6.3 Managing failure

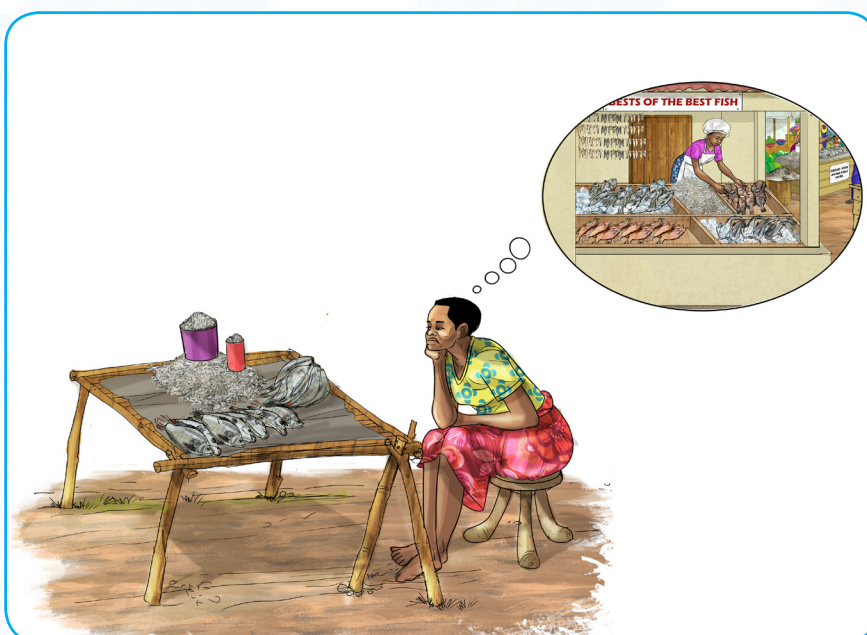
Steps for failure management

1. **Acknowledge that you have failed;** It is good to be honest to yourself when failure occurs. This helps you to get the appropriate energies to see yourself succeed again.
2. **What caused the failure;** Establish the different causes of the failure. Think about everything which would have contributed to the failure. These can include family, economic, social, political etc
3. **What corrective actions can be done;** What can you do to change the status quo of the problem.
4. **Implement, test and Re-test;** Implement the suggestions and in case they fail, repeat them until you win. Winners never quit. The more we make mistakes and seek corrective actions, the more we learn.



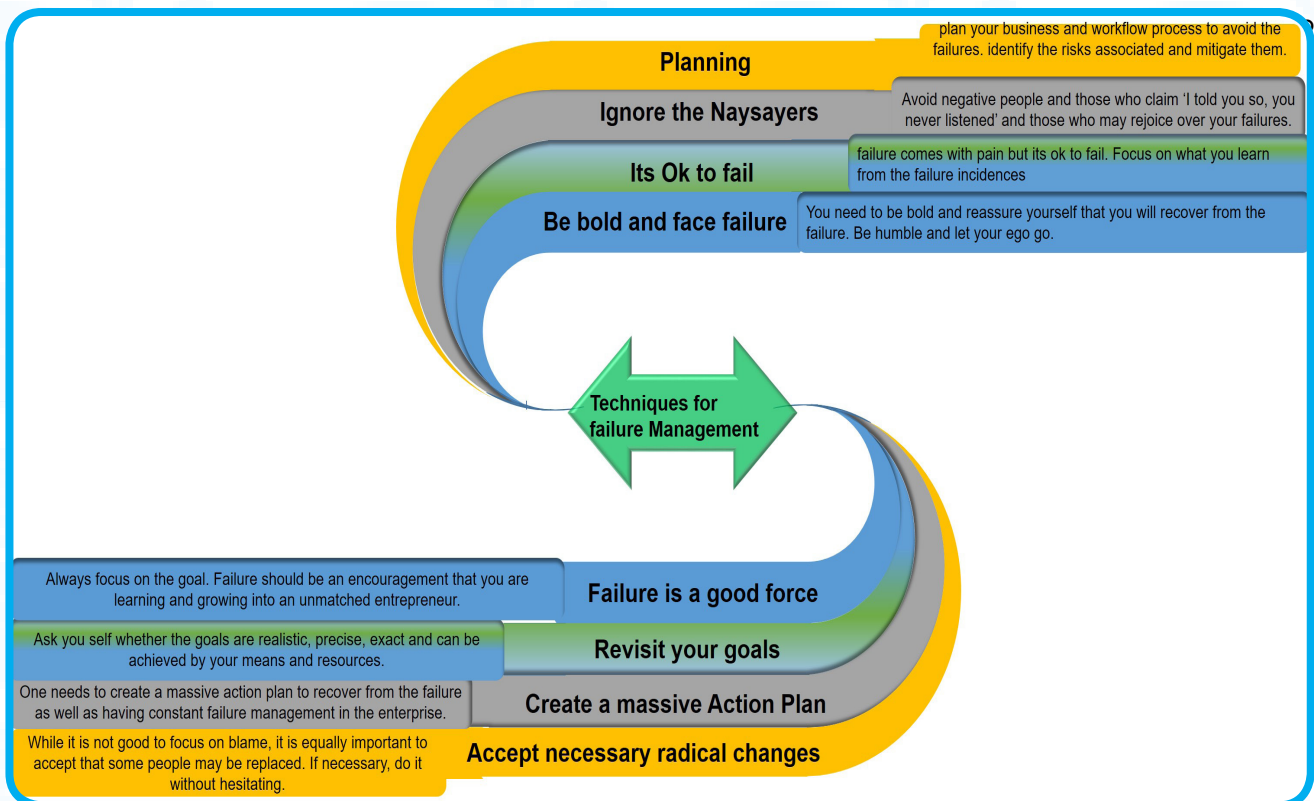
Failure can be managed using many techniques as indicated below;

1. **Planning;** An entrepreneur needs to plan for their business and the workflow process to avoid the failures. There is need to identify the risks associated with the different work processes which need to be identified and mitigated.



Fish trader reflecting on her failures and vision to her success

2. **Ignore the Naysayers;** Avoid negative people and those who claim 'I told you so, you never listened' and those who may rejoice over your failures. Avoid getting into the blame game and focus on finding solutions. However, create a culture which encourages openness to listen to the advice of positive people.
3. **It's ok to fail;** failure comes with pain but its ok to fail. We need to focus on what we learn from the failure incidences and they shape/mould us into better persons. When we realize the importance that failure has played in the lives of the most successful people, it's far easier to reach this understanding. You need to look up to the successful people and boost your mood. You need to have determined effort to find out what went wrong.
4. **Be bold and face failure;** You need to be bold and reassure yourself that you will recover from the failure. Be humble and let your ego go. When your ego is in charge, you will not learn from the mistakes you have made, you will not be open to other people's views or see the situations clearly. Study the problem with an open mind to know what went wrong.
5. **Failure is a good force;** Always focus on the goal. Failure should be an encouragement that you are learning and growing into an unmatched entrepreneur. Write out where you failed and why you failed and draw an action plan to never fail again. Failure is not the end of the road but it's part of it before you reach your destination.
6. **Revisit your goals;** Ask you self whether the goals are realistic, precise, exact and can be achieved by your means and resources. Did you visualize the goals in your mind? Do you track them on a periodic basis? Can you revisit your goals, as in, are you flexible and honest?
7. **Create a massive action plan;** One needs to create a massive action plan to recover from the failure as well as having constant failure management in the enterprise. The plans will see you slowly but surely recover from any setbacks, upsets, or failures. Setting critical pointers to failure and early warning signals as a leader.



3. ENTREPRENEURSHIP

3.1 Introduction

This module introduces the different aspects related to entrepreneurship in the fishing business value chain. The module will introduce you to the definitional aspects of entrepreneurship, interpretation of fishing as a business, how to select a good fishing business and marketing of your products/services.

3.2 Objectives of the module

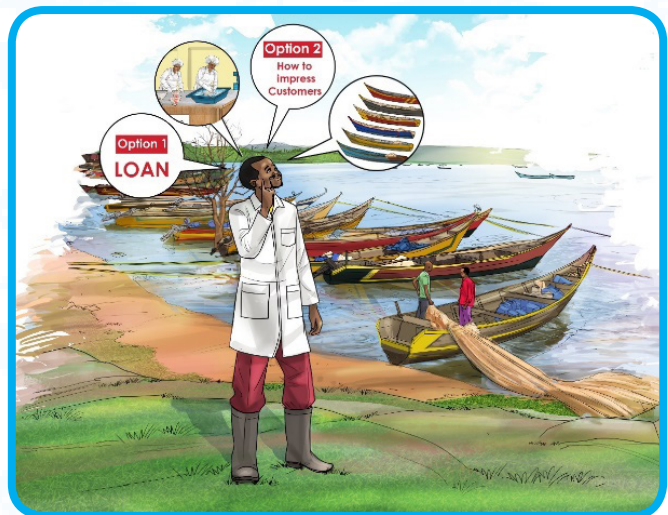
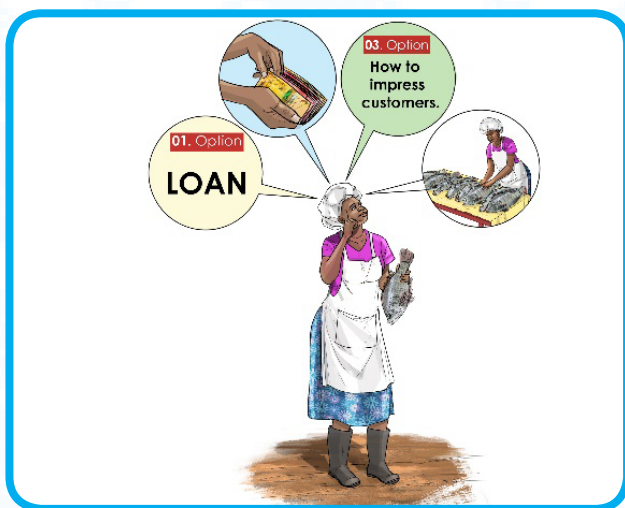
By the end of the module, you should be able to effectively and meaningfully understand the entrepreneurial aspects of your business and how to market it

Specifically, the learners should be in position to;

1. Understand what defines an entrepreneur
2. Understand how the entrepreneurs view business
3. Understand how to market your business

3.3 Basics of Entrepreneurship

3.3.1 Defining an entrepreneur



Entrepreneurs in fishing business

Meaning of an entrepreneur

An entrepreneur is any person who creates and develops a business idea and takes the risk of setting up an enterprise to produce a product or service which satisfies customer needs. Both men and women can be successful entrepreneurs; it has nothing to do with gender.

An individual who undertakes the risk associated with creating, organizing, and owning a business

“Think of a person who sits by the roadside leading to your home and who has been selling the same type of food, from the same size of saucepan or pot, from the same table top, and may not have been able to change their standard of living to any appreciable extent. Such a person may be a business person but not an entrepreneur.”

Meaning of Entrepreneurship

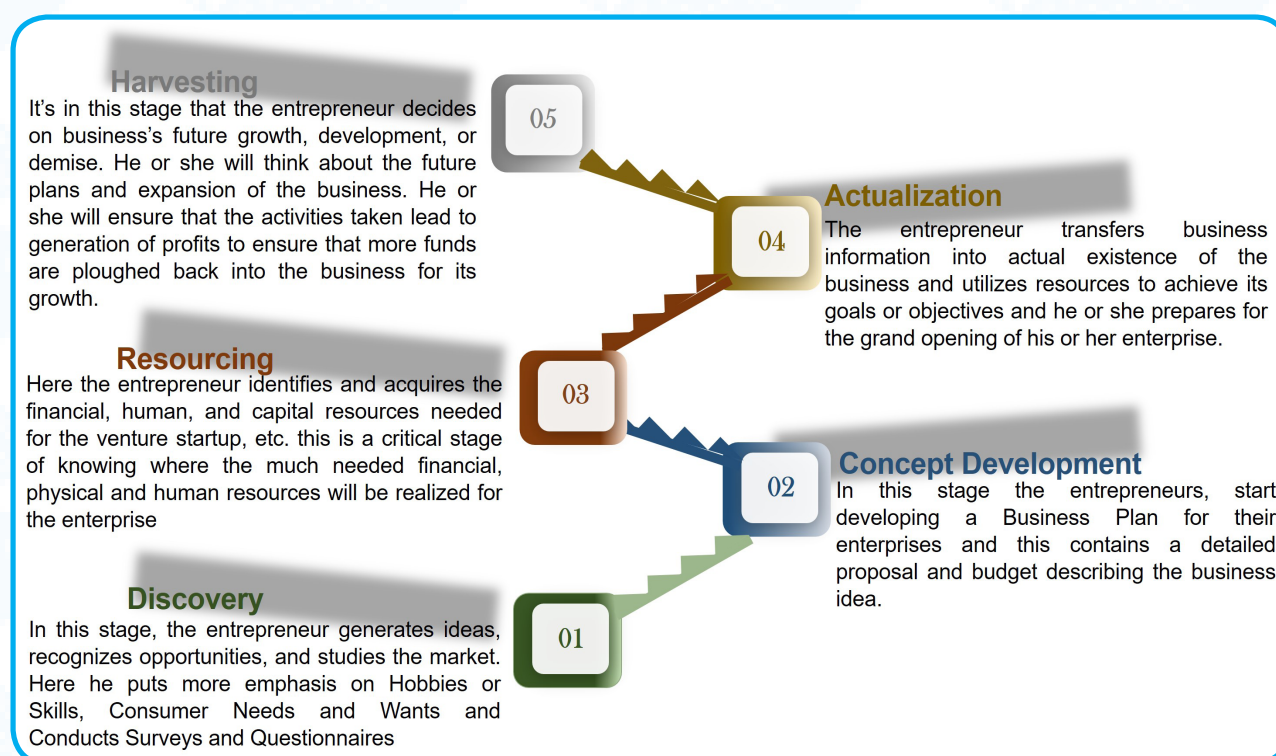
The practice of starting new businesses in response to identified challenges / opportunities with a motive of making profit. Entrepreneurship is a process, a journey, not the destination; a means, not an end.

The process of starting and running one's own business. This involves a considerable amount of risk.

3.3.2 Steps in the Entrepreneurial Process

There are steps you go through to become an entrepreneur and these include;

1. **Discovery;** In this stage, the entrepreneur generates ideas, recognizes opportunities, and studies the market. Here he puts more emphasis on Hobbies or Skills, Consumer Needs and Wants and Conducts Surveys and Questionnaires
2. **Concept Development;** In this stage the entrepreneurs, start developing a Business Plan for their enterprises and this contains a detailed proposal and budget describing the business idea.
3. **Resourcing;** Here the entrepreneur identifies and acquires the financial, human, and capital resources needed for the venture startup, etc. this is a critical stage of knowing where the much needed financial, physical and human resources will be realized for the enterprise
4. **Actualization;** Under this stage the entrepreneur transfers business information into actual existence of the business and utilizes resources to achieve its goals or objectives and he or she prepares for the grand opening of his or her enterprise.
5. **Harvesting;** It's in this stage that the entrepreneur decides on venture's future growth, development, or demise. He or she will think about the future plans and expansion of the business. He or she will ensure that the activities taken lead to generation of profits to ensure that more funds are ploughed back into the business for its growth.



3.3.3 Characteristics of a good Entrepreneur

There are a number of characteristics of a good entrepreneur. A few are mentioned below;

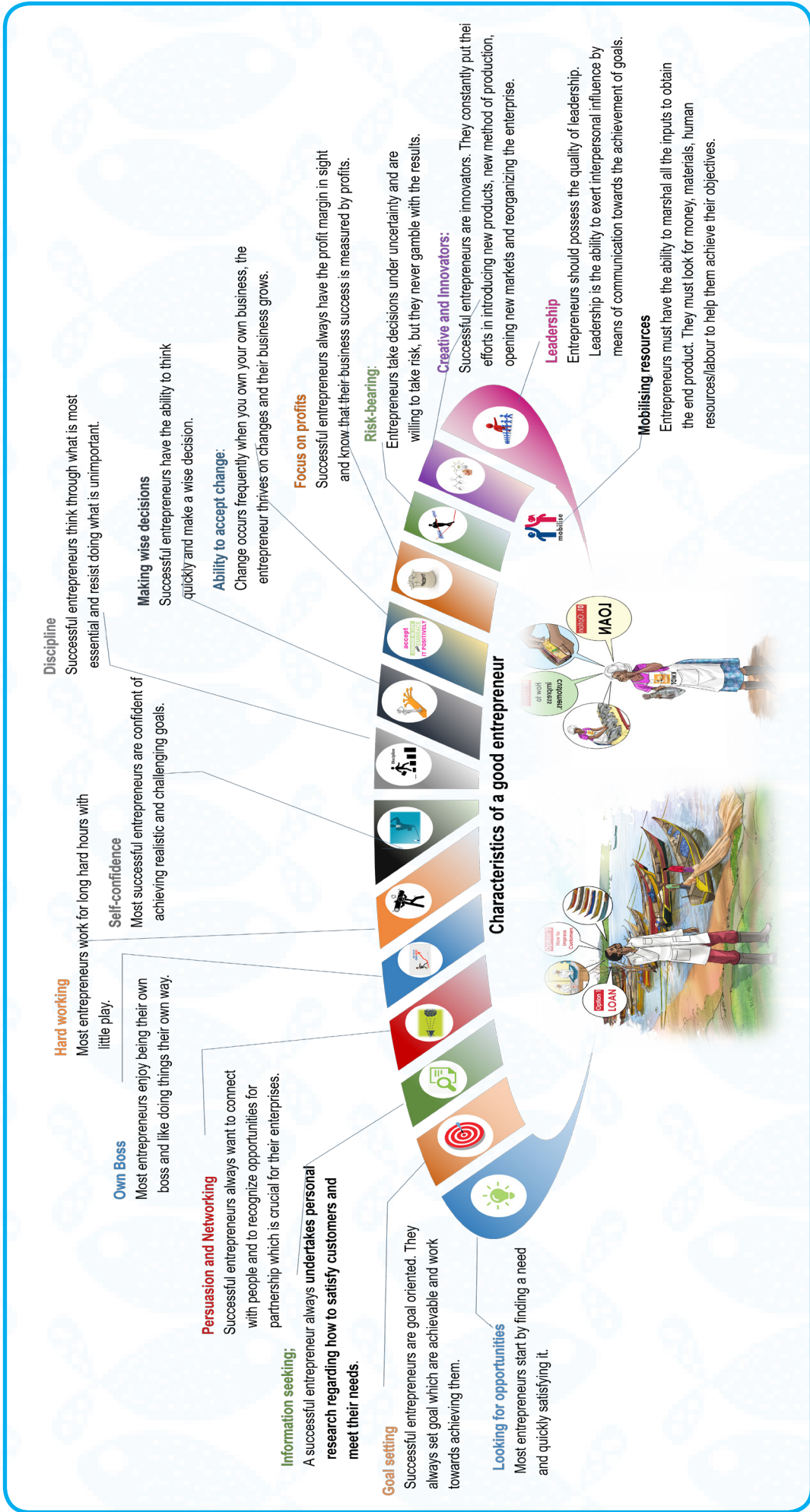
1. **Looking for opportunities:** Most entrepreneurs start by finding a need and quickly satisfying it. Entrepreneurs are always alert to opportunities and they quickly see and grab them. In addition, they plan carefully how to achieve their goals in realizing an opportunity.
2. **Goal setting;** Successful entrepreneurs are goal oriented. They always set goal which are achievable and work towards achieving them. Their determination makes them overcome possible challenges and also inspires trust from the people they work with. These goals always have a timeline to guide their actions.
3. **Information seeking;** A successful entrepreneur always undertakes personal research regarding how to satisfy customers and meet their needs. He/she constantly seeks for relevant information from his/her clients, suppliers, competitors and others in order to stay ahead of competition.

4. **Persuasion and Networking;** Successful entrepreneurs always want to connect with people and to recognize opportunities for partnership which is crucial for their enterprises. Here they know that if they meet new people this might facilitate access to resources or knowledge that their businesses need. They constantly use polite language to persuade customers to buy their products.
5. **Own Boss:** Most entrepreneurs enjoy being their own boss and like doing things their own way. The characteristics of independence and the sense of determination are the drivers that makes entrepreneurs start their own business.
6. **Hard working:** Most entrepreneurs work for long hard hours with little play. They persist and strongly believe that working hard will help them attain their goals and always focus on the end result.
7. **Self-confidence:** Most successful entrepreneurs are confident of achieving realistic and challenging goals. They have a high level of self-confidence coupled with a sense of effectiveness which ultimately contributes to the success of the enterprise.
8. **Discipline:** Successful entrepreneurs think through what is most essential and resist doing what is unimportant. Entrepreneurs are economically efficient, do not waste time and always want to accomplish their tasks.
9. **Making wise decisions:** Successful entrepreneurs have the ability to think quickly and make a wise decision. Entrepreneurs are unaffected by personal likes and dislikes because they know what they can do and are realistic in their approach.
10. **Ability to accept change:** Change occurs frequently when you own your own business, the entrepreneur thrives on changes and their business grows. Entrepreneurs look at many solutions to their problems. Entrepreneurs can choose the best way to do something, even if it is different from how they want to do it.
11. **Focus on profits:** Successful entrepreneurs always have the profit margin in sight and know that their business success is measured by profits.
12. **Risk-bearing:** Entrepreneurs take decisions under uncertainty and are willing to take risk, but they never gamble with the results. They choose moderate risk and therefore, undertake calculated risk which is high enough to be exciting, but with a fairly reasonable chance to win.
13. **Creative and Innovators:** Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new method of production, opening new markets and reorganizing the enterprise. They always think of how they can do things in a better way.
14. **Leadership:** Entrepreneurs should possess the quality of leadership. Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goals. They always guide others towards the achievement of the enterprise goals.
15. **Mobilizing resources:** Entrepreneurs must have the ability to marshal all the inputs to obtain the end product. They must look for money, materials, human resources/labour to help them achieve their objectives.

Conclusion

Entrepreneurs have many qualities that help them to manage their small and medium enterprises successfully. However, an entrepreneur does not have to possess all the qualities. In that case he has either to learn or hire the services of those who possess the qualities he does not have to help him or her run the enterprise. The qualities can be summarised into the 10 which are categorised below;

To achieve	To plan	To manage
a. looking for opportunities b. Persistence c. Commitment to work contract d. Demand for quality e. Risk taking	f. Goal setting g. Systematic planning and monitoring h. Information seeking	i. Persuasion and networking j. Self confidence



Exercise: Please write down the characteristics they associate with as entrepreneurs and those they will work on to become better entrepreneurs and what they need to put in place.

Entrepreneurial characteristic	Level of competence			Plan to maintain/ improve the characteristic
	High	Medium	Low	
To plan				
Goal setting				
Systematic planning and monitoring				
Information seeking				
Ability to accept change				
Creative and Innovators				
To achieve				
Looking for opportunities				
Persistence				
Commitment to work contract				
Demand for quality				
Risk taking				
Mobilising resources				
Hard working				
To manage				
Persuasion and networking				
Self confidence				
Leadership				
Discipline				
Information seeking				
Focus on profits				

3.4 Understanding fishing as a business

3.4.1 Fishing as a business

What is a business?

This is an enterprise that trades in services/ goods or both to satisfy customer needs with an aim of making profits in an organised and systematic manner. This can be owned by individuals, groups or by the state.

fishing as a business is where people are engaging in the process of selling fish involving fishing, handling, drying and transportation with an aim of making money. The sole objective is to make profits.

An income generating activity is not so different from a business only that the realisation of income is done in a less systematic manner. Such can be equated to a garden, or a baria who get fish gives to the wife to sell and take after the home needs.



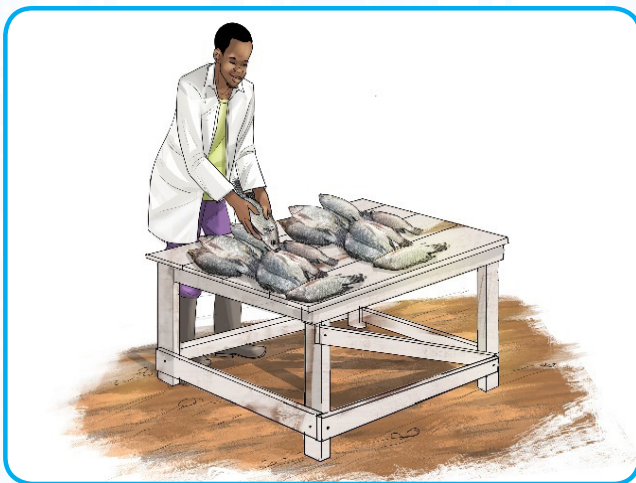
Men and women in fishing business

3.4.2 Types of Business Ownership

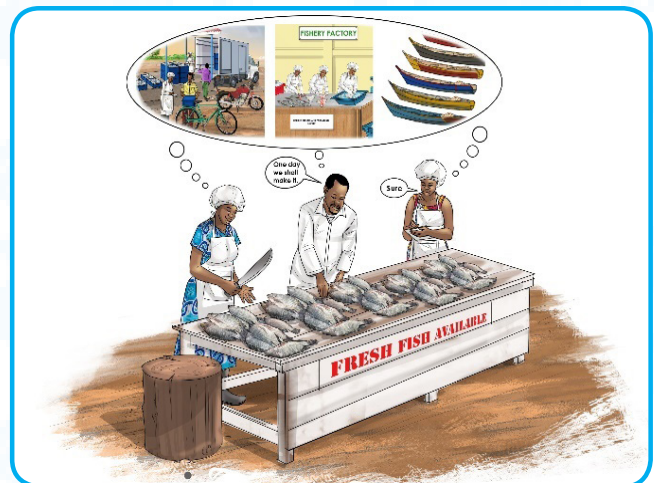
There are many business types but for purposes of the fisheries value chain business, these three are considered;

Types of business ownership

- i. Sole proprietorship (Owned by an individual)
- ii. Partnership (Owned by more than one person and not more than 20 people)
- iii. Cooperative (Owned by large groups)



Sole business



Partnership business



Cooperative business

Types of business ownership	Definition	Advantages	Disadvantages
<p>Sole proprietorship.</p> <p>Note: The Facilitator should make sure traders understand this form of business ownership well since it's the commonest form. But also highlight its disadvantage to discourage participants from this type of business.</p>	<p>This is a business set up owned and managed by one individual.</p>	<ol style="list-style-type: none"> The owner of the business is responsible to nobody The sole proprietor enjoys all the profits alone It's easy to make decisions since it's a one man's business There is freedom of managing the business 	<ol style="list-style-type: none"> The owner of the business suffers all the losses alone Business resources/ capital is limited since the strain is on one person Business liability is unlimited. Personal assets can be impounded upon defaulting debts
<p>Partnership</p>	<p>With this form of business ownership, two or more people bring resources (capital) together to start a business</p>	<ol style="list-style-type: none"> It is easy to acquire the resources (capital) needed. This is because more than one person is involved Profits are distributed among partners in form of shares The risk of losses is distributed amongst partners. Vast resources can be brought on board by different partners including expertise, money, skills and knowledge 	<ol style="list-style-type: none"> It's not easy to make decisions. This is because each partner has a contribution to make Business management freedom is restricted since each partner is engaged formally in management affairs Liability of each partner on debts is unlimited
<p>Cooperatives</p>	<p>Different people come together to do business with a common objective. In a cooperative business ownership form, people engaged are called members and they are engaged in the daily operations of the business.</p>	<ol style="list-style-type: none"> This is the strongest form of business compared to sole ownership and partnerships Members share profits equally and they have equal rights Members contribute equal amounts of capital Few members are entrusted to manage the cooperative by voting them The liability of members is limited Since they are owned by a large number of people. It makes it easy to access financial support from the Government or its programs 	

3.5 Fish Enterprise Analysis

3.5.1 Creating an idea list of businesses in the fishing sector

Business idea

A business idea is a short and precise description of the basic operation of an intended business. Before you start a business, you need to have a clear idea of the sort of business you want to run. There are usually many business ideas you may want to do. Usually it is from those that you choose the most suitable since you may not be in position to implement them at once.



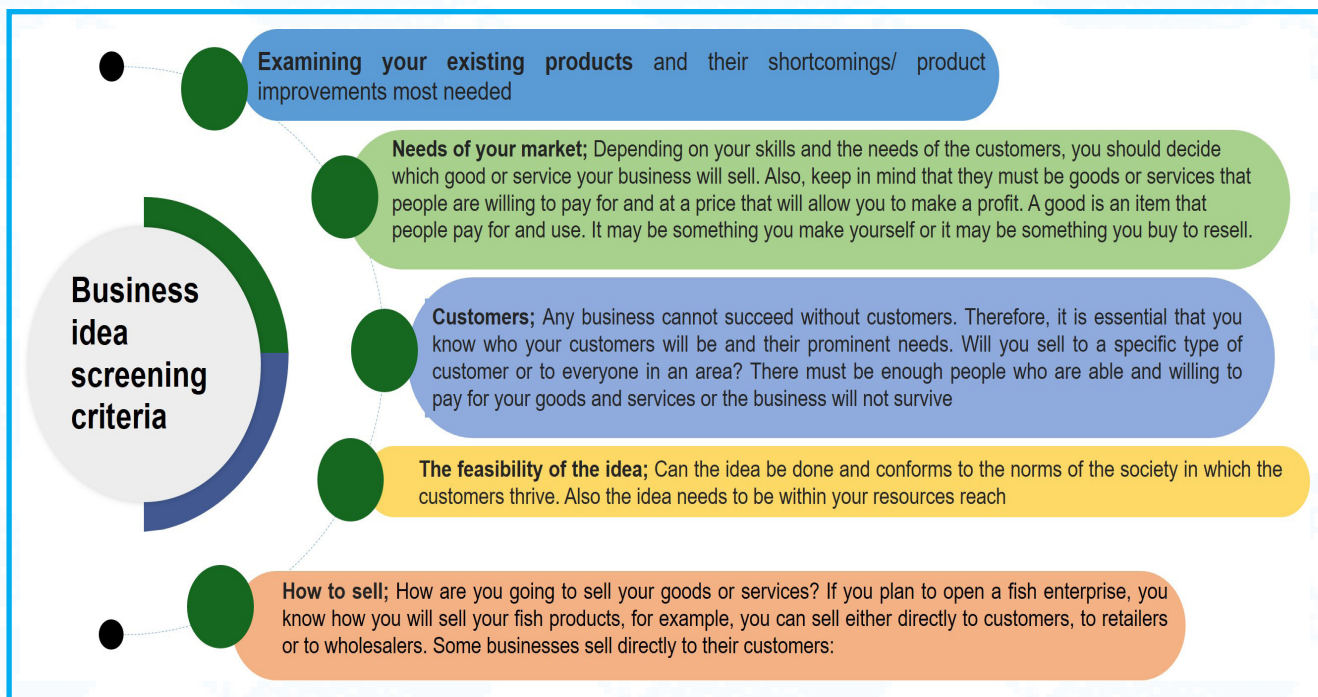
Identification of different ideas within the fish value chain business

Exercise: Please write down the business idea you want to implement in the fisheries value chain using the format below. Make sure you exhaust all of them.

Idea	Description
Idea 1: Selling fish in pieces	I know about fish and enjoy fishing. No one else does this in town. There will be lots of customers. I can find out what they want and know how much money is needed to start. It will probably be tiring with many deliveries to make. I would enjoy meeting so many people.
Ideas 2: Selling fish products

3.5.2 Business ideas screening

As you observed, there are a number of business ideas you can think about. Whereas you would want to apply most of them, it is usually not achievable and this may require you to choose the most appropriate. The process of doing so is called business ideas screening. The screening can be done against many criteria but you need to decide which one is more relevant and important in your context and capacities. These may include;



Also, as part of the criteria, you may consider

The profitability of the idea. What is its potential appeal to the market? How would you price it? What are the costs in bringing it to market — overall and per unit? Where the product fits in the market. Is there a gap? How close is it to competitor products?

This matrix can be used to do your business screening.

Simple screening criteria matrix

Exception Criteria	Idea 1	Idea2	Idea 3	Explanation of why yes or no was selected
Applicable (Y/N?)				
The idea serves the market and customers’ demands				
The idea is affordable (including capital)				
The idea is technically feasible				
Business is culturally acceptable				
The idea is profitable and has and the return on investment				
The idea is relevant				
The idea can withstand the common competition				
Do you have the relevant experience to do the business? Can you gain such experience				
Clearly define the change and align it to business goals.				

Focus on ideas which score more Yes. And make final selection

NB: The more you focus, think and improve your idea, the more it will become a reality



Selected business idea

3.6 Introduction to Business Planning

3.6.1 Defining a business plan

A business plan is a written document that describes in detail how a business—usually a startup—defines its objectives, how it is to go about achieving its goals as well as a strategy for building and running it..A business plan lays out a written roadmap for the firm from marketing, financial, and operational standpoints.

The following are some of the reasons why you need a business plan:

- If you are starting a new project or business venture
- If you are looking for a business partner
- If you require financing and incentives
- To manage your business better
- To measure actual performance compared to what was planned

3.6.2 Importance of a business Plan

The business plan is important in many ways which include;

- Help highlight aspects of the business that need special consideration
- Help you plan your operational setup better
- Help you use your financial resources more efficiently and ultimately more profitably
- Help identify your core competencies (what you can do best) and weaknesses
- Help identify weaknesses and threats to the business
- Open your eyes to new opportunities such as; partners, investors and loans
- Help you understand your competitors
- Assist your management capabilities in relation to specific tasks and functions as well as bring awareness to human resources and capacity needs

Note: Entrepreneurs should remember that nobody knows their businesses as well as they do. Knowing what they are capable of, and where they want to be in the future, is the essence of a good Business Plan. With these two points in mind, all they need to do is develop the right strategies to achieve their goals.

3.6.3 Contents of a business plan

S/N	CHAPTER	CONTENTS
1	1. General description of business	<ul style="list-style-type: none"> Name of business, business location and address Nature of business activity Problems the business will solve Type of business organisation (partnership, cooperative, new, old,) Ideal customer Any further explanation summarizing why the business will be successful
2	2. Personal background	<ul style="list-style-type: none"> Name of business owner(s), promoter(s) Educational, professional background Relevant experience in business-related activities
	Products and/or services	<ul style="list-style-type: none"> What will the company sell How the company will make money off the products and/or services What will be the pricing model How the price will compete with others
3	3. Market plan	<ul style="list-style-type: none"> What the company will sell Business market area and targeted customers/ customer groups Why you will be able to compete with existing products/ services and how do you compare competitors (price, quality, appearance, performance,) Past, current, future (projected) market demand for your product/service (if possible in terms of volume/units per day/months) Suppliers and supply terms and conditions Unit pricing and list of all items/services being offered How you will be selling your produce (direct, dealers) <p>Note: Include the market research survey report as an annex</p>
4	4. Management plan	<ul style="list-style-type: none"> Who will be the actors in this business? Specify their roles and the division of labour (if applicable) How will the business work be organized (e.g. working shifts, working times, working conditions)?
5	5. Financial plan	<ul style="list-style-type: none"> Investments required Fixed assets/starting equipment (e.g. land, tools, machinery) Preliminary expenses Pre-operative expenses (e.g. legal fees, licensing fees, bank charges,) Start-up expenses (e.g. water, electricity connection, cleaning of premises, etc.) Working capital (raw materials, rent, water, transport, etc.)
6	Sources of raising funds	<ul style="list-style-type: none"> Total requirements Family/Friends contribution Own contributions/investments Already secured loans, credits etc Total funds available Deficit/funding gap Loan support required
7	Operating plan forecast	<ul style="list-style-type: none"> Less cost of production and overhead/fixed costs Income from sales Projected operating income statement Net profit Break even analysis Cash flow projection
8	Major assumptions	<ul style="list-style-type: none"> Give the assumptions you've made that underpin your plan e.g., assumptions that particular resources will be available
9	Business profile/ Summary	<ul style="list-style-type: none"> Summary that shows all major aspects on one page

Task: Building your business plan



Get a separate book in which you will begin planning for your business as you go with the training. Every after each applicable module, you will take off time to use the knowledge acquired to improve your business plan in relation to your fish business.

Task: Building your business plan



Open your business planning book and based on the business(es) you screened to engage in along the fish value chain.

Write about:

General description of business

- Name of business, business location and address
- Nature of business activity
- Problems the business will solve
- Type of business organisation (partnership, cooperative, new, old,)
- Ideal customers
- Any further explanation summarizing why the business will be successful

Personal background

- Name of business owner(s), promoter(s)
- Educational, professional background
- Relevant experience in business-related activities

Products and or Services

- What will the company sell?
- How the company will make money off the products and/or services?

3.7 Marketing

3.7.1 Definition of marketing

Marketing can be described as activities a business entity does to promote and selling buying of its products and services.

Marketing involves identification of efforts to identify and satisfy customers' needs and wants as well as maintaining them. It involves finding out who your customers are, what they need and want, the prices, the level of competition. It involves the knowledge and all the processes you undertake to sell your product. Marketing involves advertising, selling and delivering products to consumers.

3.7.2 Importance/benefits of marketing

Generally marketing seeks to match the business entity's products and services to customers who want to access them. Perfecting this match usually leads to better sales and profitability. The business can benefit in several ways from marketing and these include;

1. **Creation of an audience;** Marketing allows a company to target specific people it believes will benefit from its product or service. Maintaining such an audience increases sales.
2. **Continuous awareness and change;** The business entity usually is aware about the products preferred by the customers. This gives room for changes to happen within a business.
3. **Identity;** Overtime the business can isolate its self from the crowd once its products are known. It ideally creates its own brand.
4. **Company growth;** The more the company engages in marketing its products, the more it will grow in its structures to have people engaged in personalization, prediction and research which leads to better problem solving.

3.7.3 How is marketing of fish products done?

The following are some of the effective ways of marketing products.

i) Personal Selling

The two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person's or group's purchase decision.

ii) Relationship Selling

The practice of building ties to customers based on a salesperson's attention and commitment to customer needs over time.

iii) Partnership Selling

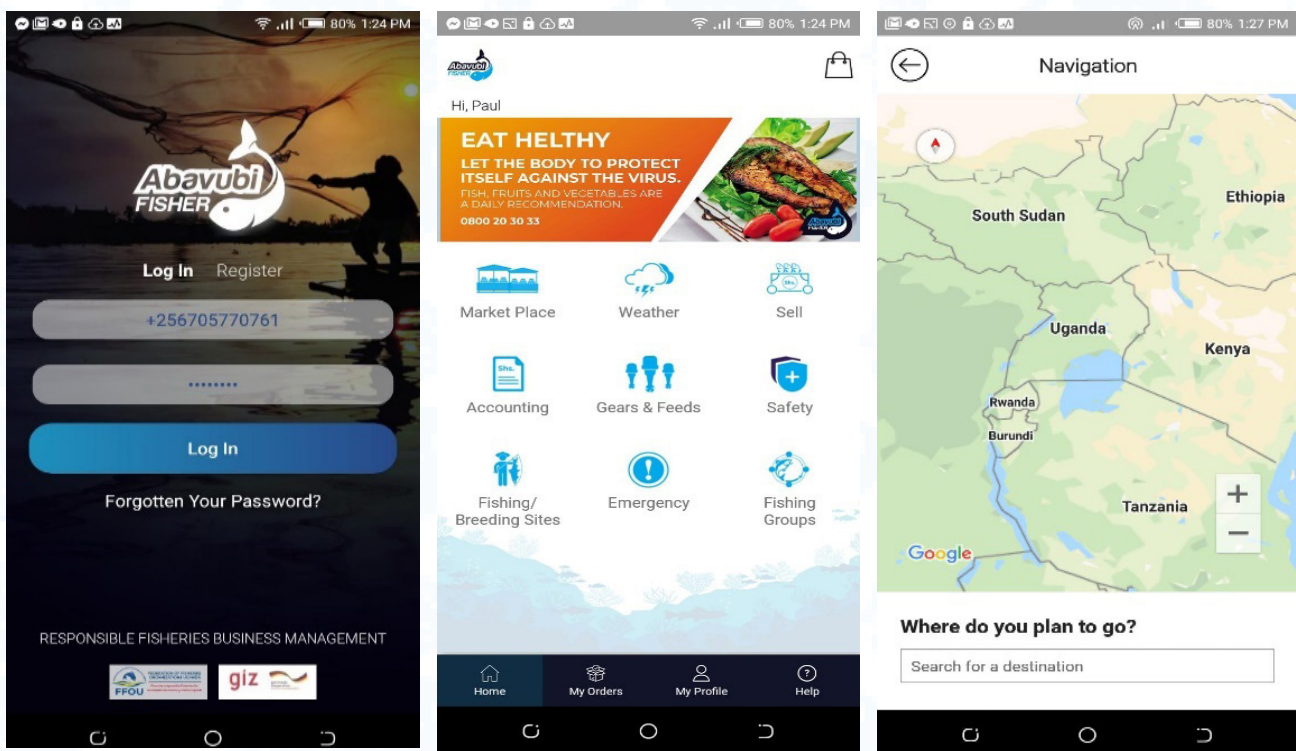
The practice whereby buyers and sellers combine their expertise and resources to create customized solutions; commit to joint planning; and share customer, competitive, and company information for their mutual benefit, and ultimately the customer.

iv) Team Selling

Using an entire team of professionals in selling to and servicing major customers.

v) Email/online marketing

Email marketing is the only digital marketing tool that allows you to build a personalized relationship with customers and continue to nurture them well after their first purchase. Here encourage all the participants to popularise the abavubi app.



ABAVUBI app

vi) Social Media Marketing

The average user spends 3 hours a day on social media. While it may seem intimidating at first, it's essential not to spread yourself too thin and join every platform. Instead, focus on your target audience. Where are they spending the most time? What type of content do they enjoy? How can you make the biggest impact?



Woman marketing her fish in the market

3.7.4 Effecting marketing

Effective marketing is usually guided by the 5Ps of marketing/market mix which consists of Product, Pricing, Place, Promotion and people



The different 5Ps are further explained below;

1. PRODUCT

Product refers to goods/services produced for sale, the product /service should relate to the needs and wants of the customers

Some important questions you need to ask yourself include;

- What products/services do I sell?
- Why did I decide to sell these products?
- Do I have the products customers want?
- Do any of my products not sell well?
- Do I stock products that do not sell well?

Always listen to what your customers like and don't like. When their needs change, change your products and services to satisfy the new needs. Do more market research in order to provide those products or services and increase your sales. If your product is not selling well, think of new ideas like finding new customers.

2. PRICING

Pricing refers to the process of setting a price for a product/service. Your prices must be low enough to attract customers to buy and high enough to earn your business a profit.

To set your price you need to;

- Know your costs.
- Know how much customers are willing to pay.
- Know your competitors price.
- Know how to make your prices more attractive

3. PLACE

Place means the different ways of getting your products or services to your customers. It is also referred to as distribution. If your business is not located near your customers, you must find ways to get your products/services to where it is easy for customers to buy. **You can distribute your products to your customers through;**

- Selling directly to the consumers of the products.
- Retail distribution and wholesale distribution

4. PROMOTION

Promotion means informing your customers of your products and services and attracting them to buy them. Promotion includes advertising, sales promotion, publicity and personal selling.

Use advertising to make customers more interested in buying your products or services. Some useful ways of advertising include signs, boards, posters, handouts, business cards, pricelists, photos and newspapers. You can use sales promotion to make customers buy more when they come to your business, you could also;

- Ensure you maintain attractive displays.
- Let customers try new products.
- Have competitions
- Give demonstrations
- Sell complementary products (products that go together)

5. PEOPLE

The people element refers to your customers, yourself and your staff. You need to consider both your staff and customers if you're thinking of growing your business. It includes understanding what your customers' needs and wants are, setting targets and measuring your customer service levels so that you attract and keep loyal customers. You'll also need to consider staff training so they have the skills to offer the best experience and meet customer expectations.

Understand the people who are buying from you and plan for those who will buy from you in the future. Also think about the customers who stopped buying from you and establish the reasons why they stopped. You need to develop action plans of winning them back.

Tips on balancing your customer needs and the business

- Understand your customer needs and differentiate them from wants. Wants are those things which they wish to have from your business but at that instance they may not make business and financial sense.
- Understand the products which your business delivers and ensure to align to the customer demands
- Look out for locations which are favourable to your customers
- Amidst all the customer demands, make sure to make sensible profits from your business.



Fish market with variety of fish: how do you win the customer over?

3.7.5 Marketing Strategy preparation

The following components should be considered when making the marketing strategy;

1. Marketing mix (4 Ps of marketing): Relate to the notes provided.
2. Marketing objectives: What goals do you want to achieve with your marketing.
3. Marketing budget: Establish the estimated cost to enable you do meaningful marketing.
4. Competitive analysis: Understand who your competitors are, what they do and how they do it. Then base on this to make a relevant and competitive market strategy.
5. Segmentation, targeting and positioning: This will involve identification of the target audience, the specific segment within the audience, position of the business in relation to other similar businesses.

3.8 Branding your business and products

3.8.1 Defining Branding

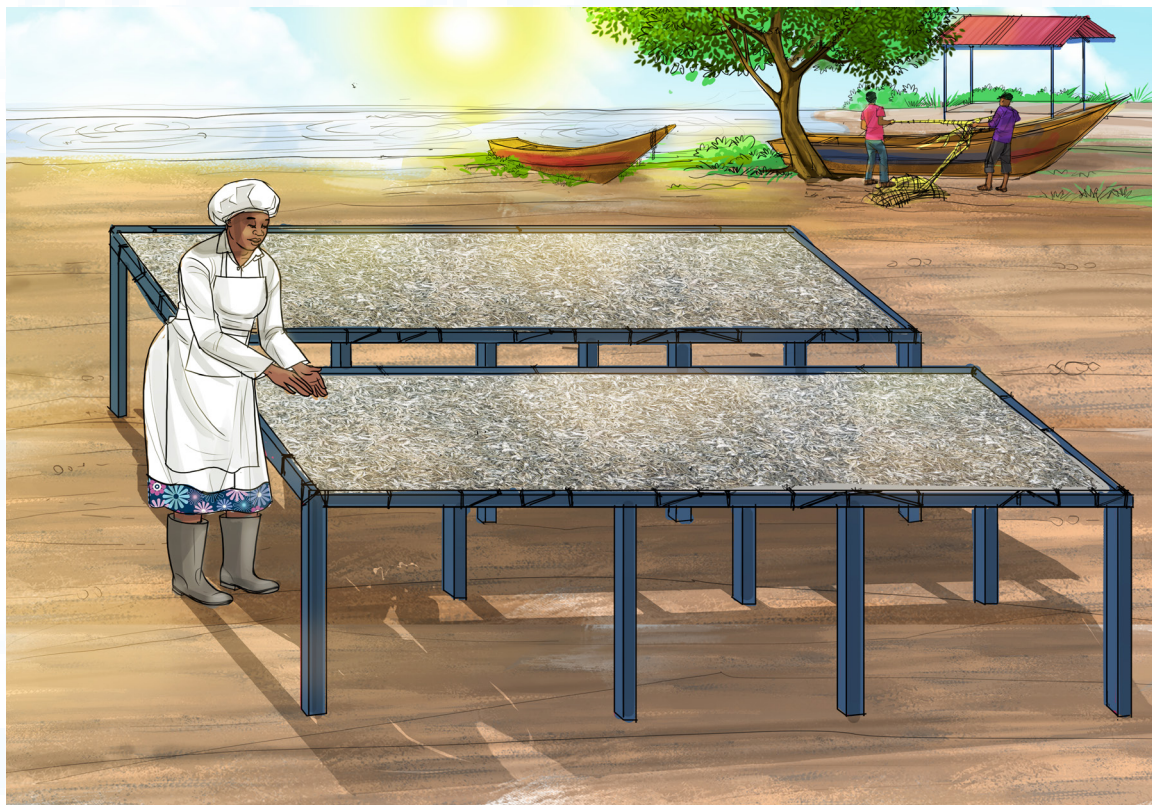
Branding can be defined as ***“the marketing practice of creating a name, symbol or design that identifies and differentiates a product from other products”***.

Fish can also be branded as a product. There have been different attempts to brand fish and related products. For example, people have started branding fish products such as whole mukene in tins, crushed mukene and some smoked fish. There are also many emerging shops which sell fresh fish beyond the traditional approaches where it was sold in markets, bicycles and other places.



Branded fish products in supermarkets

It is important to note however that fish, especially fresh fish is difficult to brand and maintain product consistency. To achieve product consistency, it is important to set standards and conditions to maintain the products. For example, fresh fish needs to be kept at some temperatures, the smoked fish needs to be re-smoked from time to time to maintain its integrity. It is important therefore to come up with innovative ways through which fish can be marketed in a branded manner. One of them could be setting up customer databases where it is easy to reach customers when stock is available.



Well sundried mukene fish before processing and branding

3.8.2 Importance of branding

An effective branding strategy is important in many ways which include;

- i) **Business visibility;** It is easy to identify a business with a brand name and it is easy for people to understand your products at an instance. People can easily refer others to your products by name. An effective brand strategy gives a business a major edge in increasingly competitive markets. The brand is a SMEs promise to target customer. It tells them what they can expect from your products and services, and it differentiates your offering from that of your competitors. The brand is derived from what the SME is, what it wants to be and who people perceive it to be.
- ii) **Standing out in the crowd;** Branding for SME is very important as it helps to differentiate its services and makes the SME out in the crowd. It goes a long way to create a positive image and perception in the eyes of the customer. To do this, you should invest in creating a strong brand that will get and keep people's attention. With the right branding, you have the chance to get some control over how people perceive your business, so you don't want to overlook this.
- iii) **Creates trust and loyal customers;** A good brand will create loyal customers for you hence better sales. You will always be their choice in regard to the products you are selling. It is these loyal customers that will bring others and you will be recognized more. 'You stay in their mind'.

Branding helps you show potential customers that you're an established, credible business. You can use this to tell people very early on what they can expect from your business.

- iv) **It's good for your employees;** Branding creates value inside your company. It makes the employees want to work with your company and feel part of the team. It makes them feel that they are involved in something more than a job.

3.8.3 Creating a successful brand

Creating a good brand is like an endless journey of business self-discovery. It can be difficult, time-consuming and uncomfortable. It requires, at the very least, that entrepreneur to answer the questions below:

- a. What is the mission of the enterprise?
- b. What are the benefits and features of the fish enterprise?
- c. What do customers think of the enterprise?
- d. What qualities do you want customers to associate with?

After answering these questions, it is important to understand what can make your brand vibrant to the customers (present and potential), the company employees and your other stakeholders you deal with. Some of tips one can use to generate a brand message include;

1. **Identify, create and manage;** There is a structured process to branding, one where you must first identify who/ what you want to be to your stakeholders, create your brand strategy to position yourself accordingly, and then constantly manage everything that influences your positioning. This can involve;
 - Get a great logo. Place it everywhere.
 - Get your colors and stick to them.
 - Write down the brand messaging. Every employee should be aware of your brand attributes.
 - Create a “voice” for the SME that reflects the brand. This voice should be applied to all written communication and incorporated in the visual imagery of all materials, online and off.
 - Develop a tagline. Write a memorable, meaningful and concise statement that captures the essence of the brand.
 - Design templates and create brand standards for the marketing materials. Use the same color scheme, logo placement, look and feel throughout.
2. **Integrate the brand.** Branding extends to every aspect of the SME business - like how phones are answered, dress code for sales people etc. It creates cumulative assets and actions. Such assets include visual identity, contents and products. The actions may include; services, customer support, human relations and experiences. These project into your stakeholders’ minds, slowly building up that perception.
3. **Be true to the brand.** “Customers will not return to you--or refer you to someone else--if you do not deliver on your brand promise”.
4. **Be consistent.**
5. **The brand is like the business life and entire identity.** The brand will give your business its personality, like the way we define human beings.

The 7 ‘musts’ of branding

SMEs interested in developing vibrant brands within the fish sector must focus on a number of things;

1. **Focus on what makes you different;** It is important for the SME to appear different in many ways in which the public perceives the it. This goes with many things like colors, logos which make it different. Also the quality of processing of the fish and the way it is processed matters a lot in defining your brand and its uniqueness.
2. **Claim to be closer the customer;** Instead of focusing on only getting money from the customer, it is important to share the heart with the customer base. This will create loyal customers which can actually become your sales agent.
3. **Develop brand charisma;** Be emotional about your brand and build a string brand personality using values that customers like and can relate to.
4. **Build a brand culture;** There is need to train all the people who work for the SME to know the brand values and in the long run ensure that they live and contribute to brand development on a daily basis.
5. **Feedback system on the brand;** It is important to track customer experience on the branded products to ensure that the brand experience of the customer is the same and appropriate to their needs. This involves being

open especially to negative criticisms to change the strategies, systems, technology, processes, services, products and even physical premises to engineer a great customer experience.

6. **Let not change swallow the consistency;** It is important to balance change with consistency. Don't make abrupt changes to the entire brand. When making the paradigm changes the SME management must assure the clients/customers that it is keeping its brand names and values constant. This reassures the clients/customers and trust is kept.
7. **Branding is an investment not a cost;** The SME must treat branding as an investment not a cost to the business. We brand to attract and maintain more customers. The returns for branding would yield more returns overtime though money may be spent on it to make it vibrant.

3.8.4 What is a branding strategy?

The business brand strategy is how, what, where, when and to whom it plans on communicating and delivering on the brand messages. Consistent strategic branding leads to a strong brand equity/value, which means the added value brought to business fish products or services, that allows the SME to charge more for the brand than what identical, unbranded energy products command.

A branding strategy is the long-term plan to achieve a series of long-term goals that ultimately result in the identification and preference of your brand by consumers. A successful branding strategy encompasses the brand's mission, its promises to its customers, and how these are communicated. The branding strategy should have;

1. The brand's objectives and how they need to be communicated.
 - a. What problems will your brand solve? and;
 - b. How will it benefit its intended customers?
2. How to identify ideal customers
 - a. Who will benefit from the brand?
 - b. How do these customers feel and how would they like to feel?
3. How to identify your competitors?
 - a. Who is already giving your potential customers what they want and how?
4. How do you engage potential customers?
 - a. What personality and tone of voice will your brand have to achieve its goals?

Task: Building your business Plan



Open your business planning book and based on the business(es) you screened to engage in along the fish value chain.

- Write about:
- Management plan
- Who will be the actors in this business?
- Specify their roles and the division of labour (if applicable)
- How will the business work be organized (e.g. working shifts, working times, working conditions)?

Marketing Plan

- Business market area and targeted customers/ customer groups
- Why you will be able to compete with existing products/ services and how do you compare competitors (price, quality, appearance, performance,)
- Past, current, future (projected) market demand for your product/service (if possible in terms of volume/units per day/months)
- Suppliers and supply terms and conditions
- Unit pricing and list of all items/services being offered
- How you will be selling your produce (direct, dealers)
- What will be the pricing model?
- Note: Include the market research survey report as an annex
- How the company will make money off the products and/or services?



‘Twere ’Kisoboka’ ‘Epedor’ -Yes you can;The story of Nanyonga, the woman fish entrepreneur²

Grace Nanyonga Mugisha, orphaned at the age of twelve, Grace was left with the responsibility of taking care of her siblings after relatives sold off their property. To fend for the family, she did roast maize and later used the capital to start selling chicken on a sigiri (Local Stove) in Mbuya Kinawataka (near her school-our Lady of Consolata) which earned her a name ‘Chicken’ by her peers but now she is called the ‘Fish girl’. During the time when she sold the chicken, she used to welcome the customers with a smile which made her stall popular.

Nanyonga is currently the founder and CEO of Grana Fish Supplies Ltd which deals and supply smoked fish. They smoke, season it and make it ready for eating. Her turning point was after a 3-day seminar which was organized by Youth Alive at her school and the theme was ‘How can you make it in life’. During the seminar the students were asked how one could be popular, they all chanted ‘Chicken’ meaning Nanyonga. The organisers picked interest in her chicken roasting and they called the journalists from Monitor who published her story. The story touched many people among which was Mrs. Ruth Kavuma, then headmistress of Gayaza High who took her in as her child and she has seen her through to where she is today.

During her S.6 vacation, she did odd jobs but her mentor encouraged her to start something. After this, her mentor introduced her to Ssesse islands to train on smoking fish with value addition and then sell to her friends. She introduced her to a friend, Reverend Ddambya who taught her how to bargain and source for the best fish. The mentor helped her to sell fish to her friends in parliament, and Rotarians. I have encountered many mentors including Maggie Kigozi. Since then, I have been exposed to different organization like Uganda Women Entrepreneurs Limited (UWEAL) and presented in many conferences in UK, USA among others.

She has encountered a number of challenges in her fish business including one time when she was coming from Sesse Islands and was using a taxi and the whole box of fish fell and smashed to pieces. She lost all her capital and closed. She got a job, raised enough capital to restart her business. During the process of recovery, she unfortunately lost a lot of money when Nakumatt closed but she is slowly recovering. She currently employs 3 permanent employees and over 20 casual employees in Mukono. She has mentored several women groups in Kalangala and Mukono and supported them to start fish smoking businesses. She has travelled all over the world telling her story and motivating youth and women in entrepreneurship.

“YOU CAN BE THE NANYONGA, YOU CAN INSPIRE OTHERS AND THIS TRAINING CAN BE YOUR TURNING POINT”

4. BUSINESS FINANCIAL MANAGEMENT

4.1 Introduction

This module introduces the different aspects related to managing your business especially the finances. This module will introduce you to the definitions of financial management, money management, mobilising capital, managing credit, incomes, expenses, record keeping, stock control and price determination among others.

4.2 Objectives of the module

By the end of the module, you should be able to effectively and meaningfully understand the financial management aspects.

Specifically, the learners should be in position to;

- i) Understand the constituents of good financial management practices.
- ii) Expound on the understanding of techniques and tools required for running a good fisheries business.
- iii) Ignite the transformation of business from being informally to formally driven.

4.3 Financial Management overview

4.3.1 Defining financial management

Financial management is the process of planning, organizing, controlling and monitoring financial resources with a view to achieve of the business goals and objectives. It involves overseeing all aspects of a business, from finance and operations to marketing and human resources.

It is an ideal practice for controlling the financial activities of a business which may include among others; procurement of stock & equipment, accounting, payments, risk assessment and other issues related to managing money in a business.

Steps in financial management

In general, financial management involves broadly a set of activities or phases which can be broadly categorized into;

- i) **Planning;** Planning is a process of coming up with a plan of action to achieve a set target for operational activities (thinking ahead of time). This may involve forecasting events, scheduling and re-scheduling of activities and tasks that affect the attainment of a target or goal. In a business we can plan for resources and activities to be done, financial goals and objectives, stock management and employee management, resource management among others. The planning stage also involves development through which identified activities will be managed.
- ii) **Management;** This step involves the implementing of the activities which have been planned for. This step may involve activities related to the procedures in which the different activities related to financial management will be implemented and controlled. At this stage the different staff are allocated different duties and responsibilities. The commonest financial management aspects at this stage will include accounting, record keeping, banking and budgeting.

Also, at this stage;

- **Leadership** is very important to give strategic direction on the different activities related to financial management.
- **Mobilizing** of the appropriate man power or staff to implement the activities related to financial management needs to be done.
- **Control protocols;** Control protocols over the staff and other resources need to be in place. Controls need to be extended to the budgets, cash movement, credit/sales, stock and even work performance.

Importance of financial management

First and most important user of this information is the owner of the business. Financial Management helps in decision making on matters of profitability, investment, cash management, pricing and other aspects of business performance. The cost of making wrong decisions is high and, in many cases, leads to business failure. Financial management helps reduce mistakes in decision-making and enhances management effectiveness (making the right decision).



4.4 Session 2: Money Management

Session Specific objectives:

- i) To understand the different types of money as experienced by an entrepreneur.
- ii) To understand how the different types of money are used in a business.
- iii) To enhance the understanding of the avenues for mobilising capital.
- iv) Understanding how credit is managed.

4.4.1 Personal cash and Business Money management

Personal cash and business cash

Personal Income = salary, grant, stipend, from family, money from family.

Business income = money from sales, clients paying for services, business loans and grants.

- Business cash can become personal cash.
- Secondly business cash can become personal cash if one is earning salary out of the business.
- Thirdly one earns personal cash from business through business commissions/bonuses and allowances.
- All business-related expenses and incomes should be recorded in the books of accounts for the business while personal income and expenses are recorded elsewhere.

What is a drawing?

A drawing is any money taken from business for private use. Example is drawing cash from the bank or safe for personal use. In books of accounts these are treated as refundable expenses which have to be paid back to the business or company immediately or at the end of year. Other examples include; money for buying; lunch while on a visit, shoes or dress for party, money to pay school fees or medical treatment for children etc.)

Use some of these examples for the participants to reflect on their drawings especially where there is an income boom. People often forget about these expenses when they calculate their business expenses, and therefore their income is less than they expected. **A few questions to reflect on after doing sales in your business:**

1. Are you tempted to buy snacks, drinks or ice-cream when you go to the market?
2. Do people think of you when you wear a new cloth at every ceremony?
3. Do you regularly buy nail polish and other beauty products?
4. Sight more examples where you have used business money for your own use.

Tips for separating personal money from business money

- Set up separate bank accounts for business and your own self
- Keep documents and receipts separately
- Prepare separate budgets for business and personal
- Draw a line between the two and rules for accessing either money
- Keep track of any shared expenses
- Keep track of when you use personal finance for business purposes and refund yourself

Benefits of Separating personal and business money

1. Easy tracking of the business cash flow

Separating your business and personal finances can make it easier to get an accurate picture of your business cash flow. If you're using your funds to contribute to the start-up costs of your business, you'll want to track those expenditures accurately. It will be easier to manage your balance sheet—income versus expenses—when you have a single business account statement to review.

2. Making accounting more accurate

Keeping your personal and business bank accounts separate makes it easier at managing payments including taxes. If you separate your business money from personal money, you will find it easy to find relevant information to make business decisions.

3. Justifying licensing and tax management

Starting a business involves a lot of expenses. It is important to track all these and they could later contribute to deducting of the tax expenses. They can write off a lot of expenses if you can justify them.

4. Protect your assets from legal liability

Keeping your business assets separate from your personal finances can be a liability and help protect your assets in the case of any legal actions. In case you get issues with your businesses, it will be hard for this to be extended to your personal assets and they remain safe.

5. Establish a business image and credibility

A separate business account can help make your business appear more established and reputable—when your business name appears on invoices and credit cards, for example. Like many business owners, you may initially operate under your own name, but as your business grows you may consider a DBA (“Doing Business As”)—operating under a distinctive business name. All this can also help you appear more credible to clients, suppliers and partners, which can in turn help build brand equity.

6. Access to business-only financial services and more

Some banks offer limited business banking features, such as a business checking account. It is easier to access the loan when people realise that you separate your business and personal moneys.

Reflecting more on the power of separating business money from personal money

Hajji is a very rich man at Namasale landing site on Lake Kyoga. He employees over 50 people including women and men who work as bariyas, drying mukene and preparing nets among others. Hajji has always had his cash at hand and pays his employees depending on what they have done. Also, he does the same for his boat repairs and other business inputs. He occasionally writes down his expenses and incomes in small note books which he hardly keeps in one place. When he has things to buy for the family, he picks from the same cash. Even when the hawkers pass by, he uses the same money. He remains the rich man from Namasale landing site. Because of his stature at the landing site, he usually entertains his drinking friends who baptized him with the name ‘The king of the landing site’. He occasionally orders for more cash from home when in the bar and he has no credit in any bar as he usually proclaims.

Questions

- i. Which actions bring in money and which actions take out money.
- ii. How is business money used as personal money and when is personal money used as business money?
- iii. What are the dangers in the decisions taken by Hajji for his money?



NEVER MIX BUSINESS MONEY WITH PERSONAL MONEY

4.4.2 Mobilizing capital

What is capital?

Capital refers to the financial resources that businesses can use to fund their operations like knowledge, cash, machinery, equipment and other resources.

Sources of capital

- a) Internal Sources of capital/funds

These are savings from own/personal business

- **Personal Savings.** Through daily fish sales or other alternative income generating activities
- **Accumulated profits.** This is accumulated after deducting daily expenses from income
- **Family contribution.** Family members can contribute directly or indirectly to one's own business through direct capital, transport, labour etc.
- **Selling of personal assets.** These personal assets sold can be in form of land, cows, goats, pigs etc.



Sources of capital for fishing business

Advantages	Disadvantages
<ul style="list-style-type: none"> • They contribute to independent mind/own decisions in planning, and usage • They do not attract extra costs – (interest) • The owner has total control and benefits 	<ul style="list-style-type: none"> • The contribution may be too small • There is danger of relaxation i.e., no completion

b) External sources of capital

These are sources of capital which may come into business from outside circles like friends, donors other than family. These may take the form of local and international donors and they be in the form of gifts, offers/donations/grants.

Advantages	Disadvantages
<ul style="list-style-type: none"> • They are free and with no cost 	<ul style="list-style-type: none"> • Not reliable • Not timely • May have strings attached

Loans

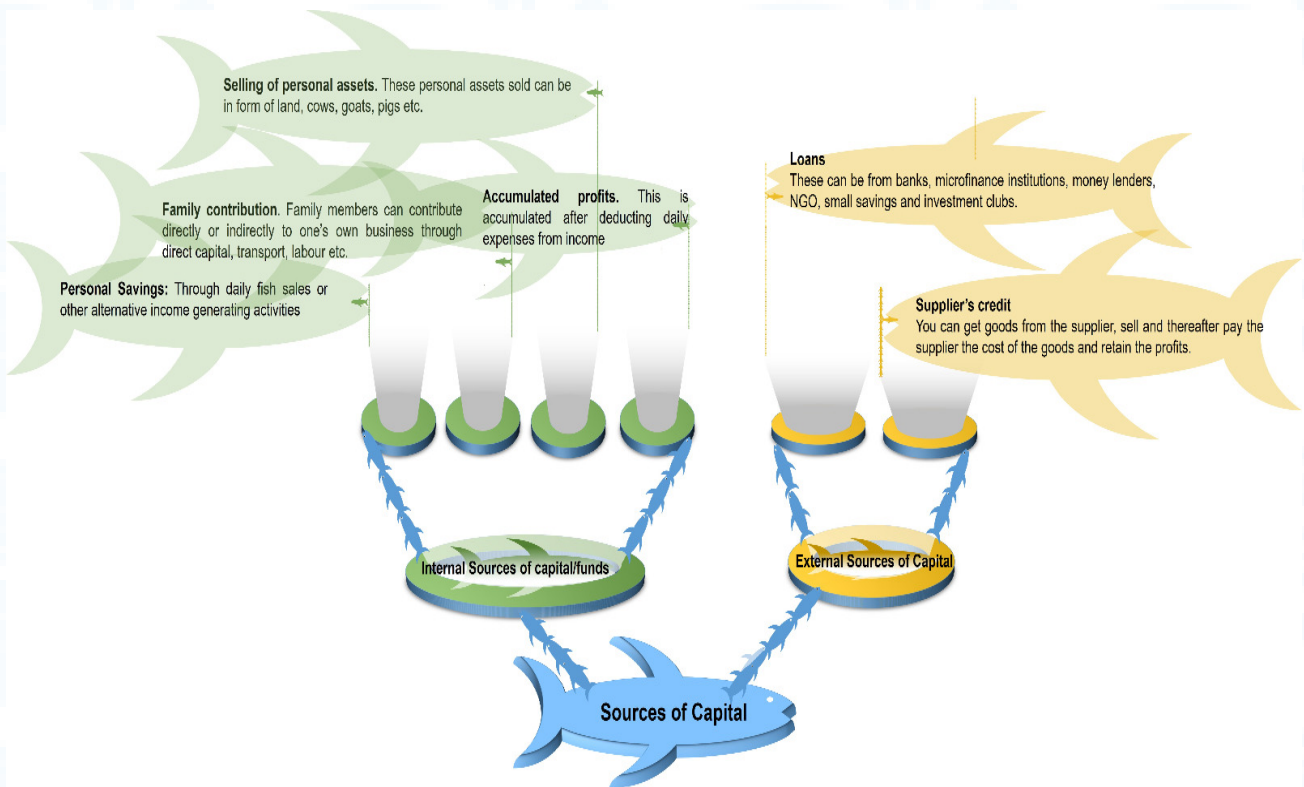
These can be from banks, microfinance institutions, money lenders, NGO, small savings and investment clubs.

Advantages	Disadvantages:
<ul style="list-style-type: none"> • They are a source of extra resources, technology, business materials and equipment • They enforce hard work and discipline since one has to work hard to repay with interest/penalty • Introduces control 	<ul style="list-style-type: none"> • Interest charges • Not timely • Tight repayment obligations • External control of one's business • Risk of loss of one's assets in case of business failure

Supplier's credit

You can get goods from the supplier, sell and thereafter pay the supplier the cost of the goods and retain the profits.

Advantages	Disadvantages:
<ul style="list-style-type: none"> • A stable way of obtaining supplies • No interest charges • Reduction in operational expenses – (ordering etc.) 	<ul style="list-style-type: none"> • High prices • Inferior supplies • Inflexibility in planning supplies



Task: Building your business Plan



Open your business planning book and based on the business(es) you screened to engage in along the fish value chain.

Sources of raising funds

- Total requirements
- Family/Friends contribution
- Own contributions/investments
- Already secured loans, credits etc
- Total funds available
- Deficit/funding gap
- Loan support required

4.4.3 Credit management

Buying and selling on credit is very popular. It can be rewarding 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 better control your business.

Therefore, it is sometimes better 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 carry sufficient cash to buy new stock.
- Keep records of people who buy from you on credit.

Advantages and disadvantages of selling on Credit

Advantages	Disadvantages
<ul style="list-style-type: none"> • It is a service to your customer and it will attract some customers. 	<ul style="list-style-type: none"> • Your customers may linger in repaying or may not pay you at all. • There may be quarrels over repayment. • Can easily accumulate 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 purchase materials or upgrade your business

Advantages and disadvantages of buying on credit

Advantages	Disadvantages
<ul style="list-style-type: none"> • 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 include seasonal high expenses (such as plugging). 	<ul style="list-style-type: none"> • There may be quarrels or confusion 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).



Caution

Important Points

If you decide to purchase on credit, make sure that you will be able to repay back your credit on time! Before buying on credit do the following:

- Calculate how much profit you will get with your business.
- The profit should be enough to repay your credit and still leave some money for savings.

Ask yourself: Will your business make enough profit to pay for the products that you have bought on credit for your household or family?

Follow these pointers:

- 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. You can only pay for expenses after you have received your money people owed you.
- The same thing applies when you have to repay other people. If you have bought something on credit for business or family, you have to repay your credit before you can calculate your business profit. You have to raise some money separate to repay your credit.
- By all means, try to repay your credit on time so that people will be prepared to give you credit any time you ask it again. Your character standing for repaying credit on time is called creditworthiness.

4.4.4 Bank accounts and access to loans**What is a bank account?**

A bank account is a place for you to deposit and withdraw funds and its held by a credible financial institution called a bank. In Uganda all banks are licensed by the bank of Uganda.

Why do you need a bank account?

1. **Security:** Your money is most secure in the bank and cannot be stolen. Even when a bank is robbed, your money is insured and will always be paid. Physical cash can easily be robbed if stored from home.
2. **Convenience:** You can access your cash anytime from the ATM given the advances in technology.
3. **Earning interest:** The banks of late offer the customers interest on their deposits. You can use your savings to fix them to make more money when you decide not to use it for some time.

4. **Access to credit:** Banks give loans if they realise that you are banking well. You can use this as evidence of your business health to access loans.

Accessing loans from banks and other financial institutions

What is a loan?

A loan is a credit vehicle in which a sum of money is lent to another party in exchange for future repayment of the value or principal amount. Usually, the lender adds interest on the principal as agreed. Before giving a loan, the ability of the borrower is usually assessed based on security/collateral, cash flow, debt level etc.

Components of a loan

Components of a Loan

There are several important terms that determine the size of a loan and how quickly the borrower can pay it back:

- **Principal:** This is the original amount of money that is being borrowed.
- **Loan Term:** The amount of time that the borrower has to repay the loan.
- **Interest Rate:** The rate at which the amount of money owed increases.
- **Loan Payments:** The amount of money that must be paid every month or week in order to satisfy the terms of the loan

Accessing loans

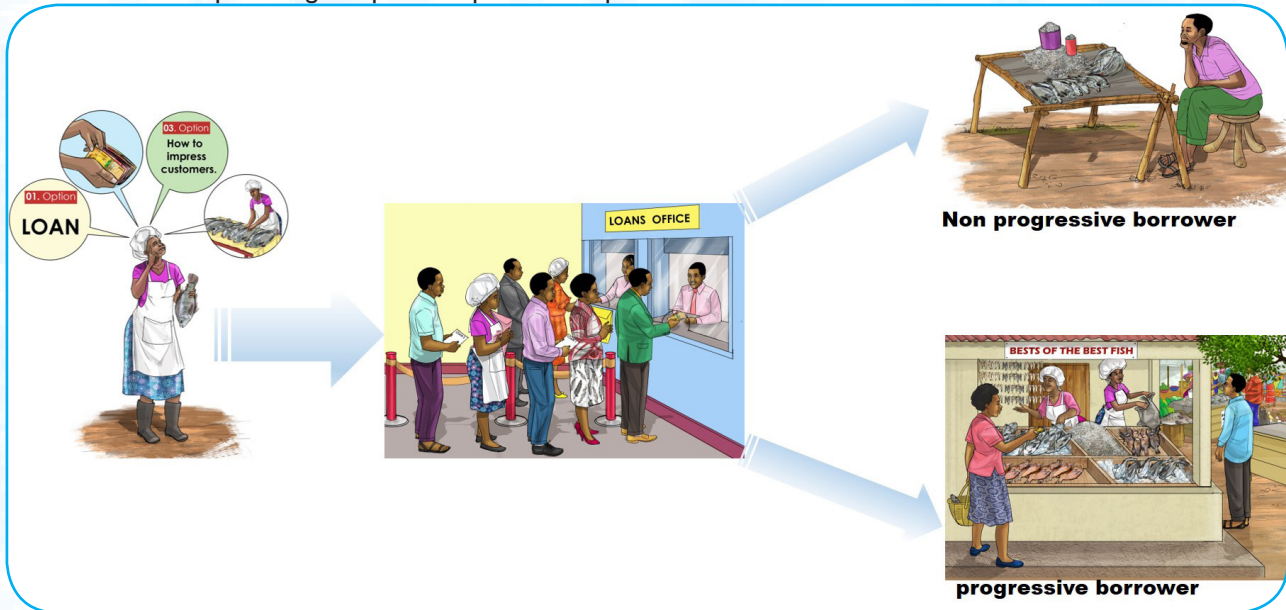


A fish entrepreneur accessing a loan from the bank

When someone needs money, they apply for a loan from a bank or other entity. The borrower may be required to provide specific details such as the reason for the loan, their financial history, national ID. The lender reviews this information as well as a person's ability to pay back the loan based on their creditworthiness. If the application is rejected, then reasons for rejection are forwarded. If the application is approved, both parties sign a contract that outlines the details of the agreement. The lender advances the proceeds of the loan, after which the borrower must repay the amount including any additional charges, such as interest.

Uses of a loan

You need to plan for a loan before getting it. Make sure the you use the loan for the purpose you got it for. Loans are advanced for a number of reasons, including major purchases, investing, renovations, debt consolidation, and business ventures. Loans also help existing companies expand their operations.



Fish entrepreneurs who make good decision with their borrowed money

4.5 Business/Financial management

4.5.1 Income and expenses

What is income?

Income can be defined as money that a person or business receives in return to working, providing a service or from an investment. An income can also come as a gift from a friend, government benefit or pension, income for conversion of natural resources (brick laying, agriculture), from own skills and endowments (such as mat weaving, lifting people from the boats, boat making etc.), trade of products etc.

Generally; **Money coming into your Business = Income.**

Expenses

An expense is a cost incurred in or required for something. Basically, it involves outflow of money to a person or group as payment of an item, service. In terms of business, an expense can relate to official business costs or misused as personal business. Provided the money has been removed from the business, it is an expense whether good or bad. Types of expenses which can be incurred in a business may include; services such as transport, levies/market tolls, rent payment, wages and salary payments, firewood for fish smoking, payment for goods/fish, boat repairs, purchase/repair of nets.

BRAIN TEASER: Is a Loan an income or an expense.



Income and expenditure

Drawing of some of the expenses involved in the fish value chain e.g. firewood for smoking, nets, lights for Mukene, transport for the fish, food for workers, spares for the engines, fuel for the engines, rent for the store etc.



Customer exchanging money with a fisherwoman dealing in Mukene with labourers loading a truck.

Income statement

The income statement is important because it documents the different incomes and expenditures in a business.

- This document is crucial in business because it indicates the financial status of the business
 - It's a document that describes a business' income and expenditure
 - It indicates loss and profit margins
- Based on the income statement, the trader can make decisions whether to invest more in the current business or try some other business. This is decided from whether the business is making losses or profits

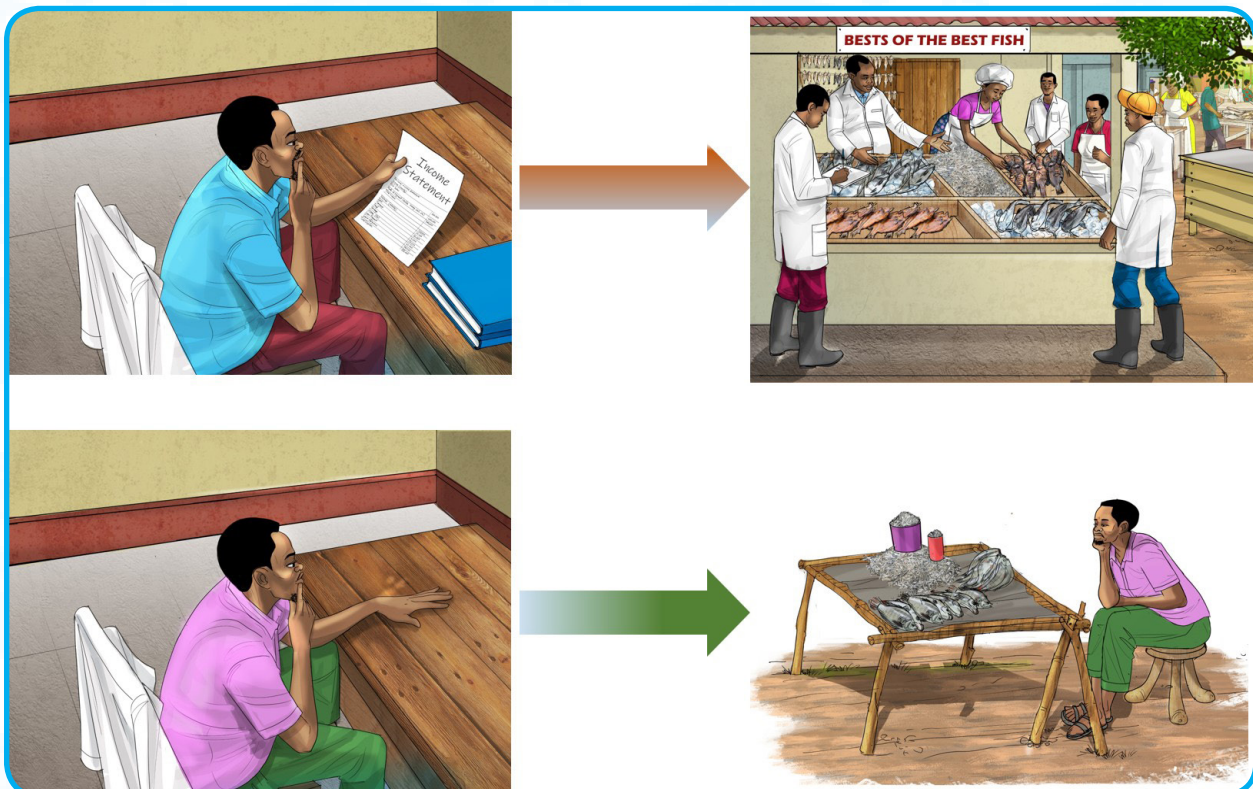
An example of a personal income statement

Personal income statement	
Income (Weekly)	
Fish tilapia Sales	300,000
Fish Nile perch sales	400,000
Total Income	700,000
Expenses (Weekly)	
Rent	100,000
Transport	50,000
Food	40,000
Garbage	5,000
License (Tax)	50,000
Loan Payment	60,000
Sacco Obligations	70,000
Total Expenses	375,000

Using income statements to make business decisions

It is important for an entrepreneur to keep their records for all business transactions. But most important is to use the information or data to make business decisions especially improvements which increase profitability. Literally most of the questions you ask yourself about functionality of your business should come from your business data. This can be done in many different ways some of which include;

1. **Measuring impact;** it is important to know the fruits of your efforts instead of working aimlessly. Look at the issues which make you make losses or profits, area where there is overspending, unnecessary costs and determine ways in which you can enhance or rectify them. This arise from the fact that you understand how much your business is making or losing.
2. **Determine budgets;** The information you get from your income statement will help you to plan or forecast for your business especially budgeting for the different aspects. You can easily make decisions based on your data.
3. **Cut unnecessary costs;** A critical review of the business expenditure will show how much you spend on what and when. This is important to note where you spend so much money which can saved to increase the net income. This eye-opener increases your chance to save money and reallocate spend where it's needed most.
4. **Improve your employee productivity;** Understanding your business performance can easily help you to communicate impactful statements to your employees. It improves focus especially where the targets are set and the mechanisms in place to minimize on the costs. This can lead to joint planning especially where the profit targets are to be communicated to the entire team.
5. **Change of business view;** The income statement helps SME owners to view the business from a holistic point of view and decisions can be made in the totality of the business. Better decision making is done in this case.



An entrepreneur who took decisions based on data and another who took decisions without thinking of data.

4.5.2 Profit and loss

What is profit?

- Profit is the investment gain or reward that entrepreneurs aim to get to reflect the risk that they take. Literally, means that there is more money coming in than there is going out.

- Profit is also an important signal to other providers of funds to your business. Banks, suppliers and other lenders are more likely to provide finance to a business that can demonstrate that it makes a profit (or is very likely to do so in the near future) and that it can settle debts as they become due.
- Profits are also an important source of income for a business.
- Profits which are kept in the business (i.e., not distributed to the owners as dividends or other payments) are known as retained profits.

Retained profits are an important source of income for any business, but especially start-up for small businesses. The time a product is sold for more than it costs to produce it, then the profit earned can be reinvested.

What loss?

Loss is the opposite of profit. A loss is a decrease in net income. Loss happens when you are spending more money than what is coming into your business. means that you spend more money on producing or buying your products than money you earn by selling goods.

Most businesses often operate at a loss at the beginning but later they begin to grow. Sometime people take decisions to borrow to cover for such losses but when you have enough money in the bank, you can use that to cover the costs.

Tips on how to know that you are operating at a loss

- When you don't have enough money to pay your expenses.
- When your bank balance is zero or negative and you don't know how to get it positive again.
- You're not selling the amount you needed to in your forecast, e.g. if your business model is reliant on selling 20 pieces of fish and you're selling three.

What is break even? This refers to the point at which costs and income are equal and there is neither profit nor loss.

In Summary;

$$\text{Money in} - \text{Money out} = \text{Profit or Loss or Break Even}$$



You are now aware from which sources you earn money and what you spend your money on. Can you recommend some expenses that are unnecessary, or which you could reduce?

Compiling a profit and loss statement

What is a profit and loss statement (P&L) or Income statement?

A P&L is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period. It shows how much profit or loss was generated by a business.

An example of a profit and loss statement

ACHIENG & ACHEN FISHERIES BUSINESS Profit and loss Statement

For the Month Ending 30th June 2023

Particular	Amount (Shs)	Amount (Shs)
Revenues		
1. Sales from Tilapia	3,000,000	
2. Sales from Nile perch	5,000,000	

3. Sales from Mukene	2,400,000	
TOTAL REVENUES (A)		10,400,000
Expenses		
Utilities (water and electricity)	20,000	
Employee wages and salaries	1,500,000	
Employee maintenance costs (treatment)	220,000	
Marketing costs	80,000	
Communication for business	50,000	
TOTAL EXPENSES (B)		1,870,000
NET INCOME (A-B)		8,530,000

NB: A profit and loss statement should not be created until all transactions for the period have been recorded.

4.5.3 Purchase management

What is purchasing

Purchasing refers to acquiring goods and services for use by the business or a person. Purchasing involves business operations with goal of buying materials of the right quality, in the right quantity from the right source delivered to the right place at the right time at the right price. It is prudent that entrepreneurs take into account a number of factors when buying goods and services. These factors are called 'the Purchasing Mix', namely, Quantity, Quality, Price and Delivery.



Steps in purchase management

1. Planning; You need to have a clear plan on what (goods, services) you need to buy and why.
2. Identify and Select suppliers; You need to understand who can give you the best services or goods
3. Negotiations and agreement; You need to negotiate the costs, quality and other factors which you deem fit for the business
4. Receiving and inspection of the purchase; Before you get the goods, you need to inspect them to be sure if they meet your specifications. If they do, then you pay for the services.
5. Payment; You can pay for the goods or services
6. Maintain Records and Relationships; Always maintain the records you have used in the purchase

Advantages of purchase management

1. Purchasing provides goods needed by the business or enterprise.
2. Facilitate the business and its processes to run efficiently
3. It saves money, time and resources.
4. Improves relations with suppliers
5. Improves decision making
6. Improves reputation of the business



Auctioning fish in a market

4.5.4 Stock control

What is Stock control

Stock control is the process of maintaining the appropriate quantity of good, so a business can meet customer demand without delay while keeping the costs of holding stock to a minimum. Fish businesses which are dealing with physical products need stock to sell. The purpose of stock control is to make sure the business always has enough stock for their customers, while balancing the amount spent on acquiring and storing stock. Stock control is important because it can be the difference between loss and profit. Done right, it keeps costs down while increasing your profitability on every sale.



Stock control by fisher traders working as a partnership

The stock ordering process

Getting the stock ordering process right is an important part of effective stock control. When reviewing your stock ordering it's recommended that you:

1. Stick to a single inventory control system

It is important to ascertain from the beginning what type of inventory system would best suit your business.

2. Review current inventory

You need to determine what you have on hand and its value. Look at your sales reports to identify your bestselling fish, which are making the most gross margin, and which items are slow-moving and old.

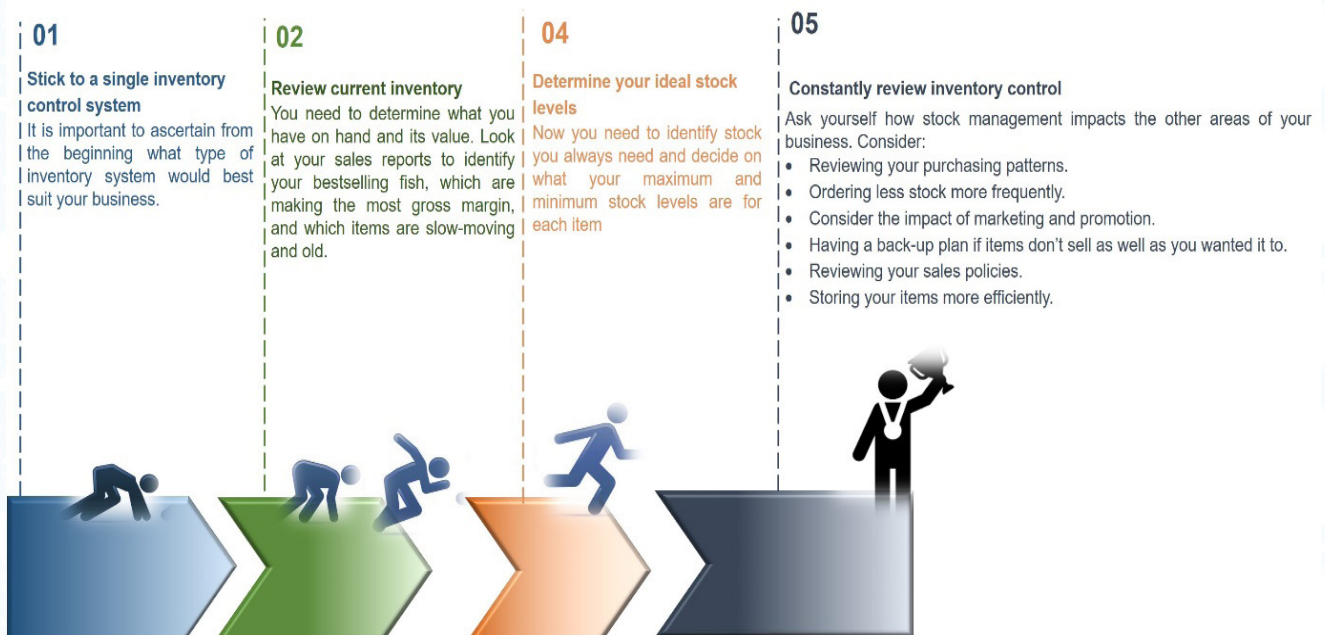
3. Determine your ideal stock levels

Now you need to identify stock you always need and decide on what your maximum and minimum stock levels are for each item; it's also important to determine the minimum re-order level for each item. Once you've identified the parameters, it's easier to know what you have to work with. You'll also need to keep accurate stock records and make sure they match what you actually have on hand with a stocktake.

4. Constantly review inventory control

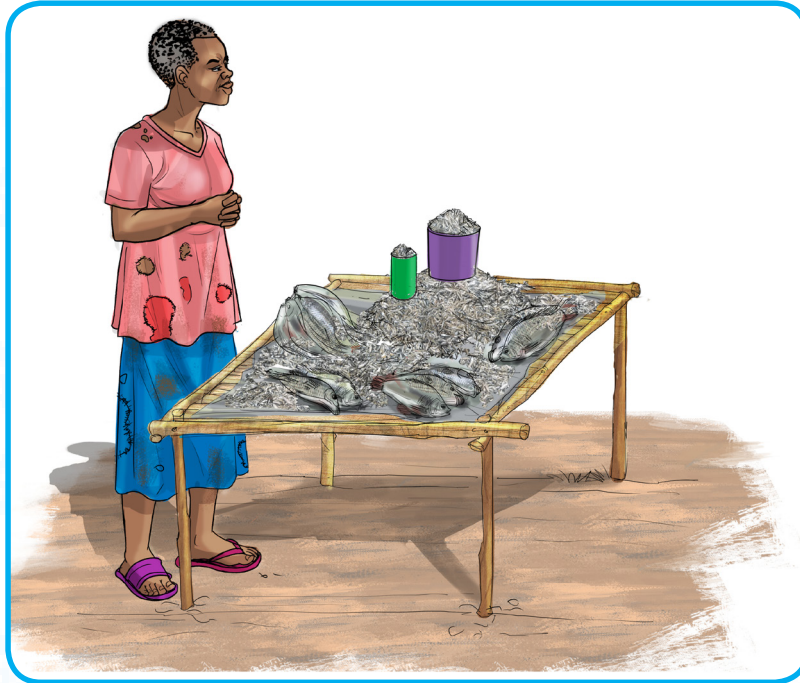
- Reviewing your purchasing patterns. Purchasing should be based on sales history and demand forecasting
- Ordering less stock more frequently. This can improve liquidity without reducing sales
- Consider the impact of marketing and promotion. Before launching a sales promotion, make sure you have enough stock to meet an increase in demand
- Having a back-up plan if items don't sell as well as you wanted it to. Regardless of whether you return it to suppliers or donate it, make sure you know how to dispose of excess stock quickly
- Reviewing your sales policies. Your sales team can strategically sell fast-moving items and clear slow-moving items
- Storing your items more efficiently. Appropriate storage techniques are essential for managing stock. Make picking and packing streamlined and efficient by storing slow-moving products at the back of the store, and fast-moving goods close to the front where they are more readily accessible

The stock ordering process



Benefits of maintaining good stock control

- Increases productivity and efficiency, we need the “how” explained all the way and in relation to the fisheries business
- Saves time and money
- Improves accuracy of inventory orders
- Keeps customers coming back for more



Poorly stocked and disorganised stall

4.5.5 Price determination

Meaning of costs and costing

Costs refers to all the money your business spends to make and sell your fish. Costing is the way you calculate the total costs of making or selling the fish.



Fish entrepreneur costing expenses

Importance of costing

Costing helps your fish business to:

- set prices (Pricing is a process of fixing the value that a trader will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer)
- reduce and control costs
- make better decisions about business
- plan for the future

Types of Costs

There are three types of costs: overhead (Semi-variable costs),

Fixed and;

Variable costs

Fixed costs: Fixed costs are costs that do not vary with the level of output in the short term. Examples of these may include; rent, salary for permanent employees, market levies etc.

Variable costs; A variable cost varies in direct proportion with the level of output. Varying directly means that the total variable cost will be totally dependent on the level of output. If output doubles, then the variable cost would double. If halved, the variable costs would be halved. If output were zero, then no variable costs would be incurred. They may include the causal labourers, raw materials, packaging costs etc.

Overhead costs

Overhead costs are what it costs to run the business, including; electricity, water, personal protection equipment/ mandatory wear. They are operating expenses that are required to run the business and cannot be avoided. Overhead expenses should be reviewed regularly in order to increase profitability.



Also, the costs can be classified into;

- Direct costs
- Indirect costs

Direct costs are all expenses that are directly related to the fishing business. There are two types of direct costs:

- direct material costs
- direct labour

Direct material costs are all the money your business spends on the parts and materials that become part of or are directly related to, the products or services you make or sell. For a retailer or wholesaler, the costs of buying fish to resell are direct material costs.

Direct labour costs refer to all the money your business spends on wages, salaries and benefits for the people who are directly involved in the production of your products or services.

NB: Retailers and wholesalers do not have employees working directly in making products, so they do not have any direct labour costs. For retailers and whole sellers, all salaries and wages are indirect costs.

Indirect costs are all other costs that you have for running your fish business, for example rent, interests on your loan and electricity. Indirect costs are normally not directly related to one particular product or service. Indirect costs are sometimes called overheads or expenses.

You should understand the different types of costs to be able to calculate the total costs for any product or service your business makes or sells.



$$\text{Fixed costs} + \text{Variable Labour} + \text{Overhead costs} = \text{Total costs}$$

Fixed costs are costs that do not vary with the level of output in the short term. Examples of these may include; rent, salary for permanent employees, market levies etc.

A variable cost varies in direct proportion with the level of output. They may include the causal labourers, raw materials, packaging costs etc

Overhead costs are what it costs to run the business, including; electricity, water, personal protection equipment/ mandatory wear.

Fixed costs

Variable costs

Overhead costs

Types of Costs

Direct costs

Direct costs are all expenses that are directly related to the fishing business. There are two types of direct costs:

- direct material costs
- direct labour

Direct material costs are all the money your business spends on the parts and materials that become part of or are directly related to, the products or services you make or sell.

Direct labour costs refer to all the money your business spends on wages, salaries and benefits for the people who are directly involved in the production of your products or services.

Indirect/Overhead costs

Indirect costs are all other costs that you have for running your fish business, for example rent, interests on your loan and electricity. Indirect costs are normally not directly related to one particular product or service.

$$\text{Direct Material costs} + \text{Direct Labour} + \text{Indirect costs} = \text{Total costs}$$

Calculating unit cost of fish

Follow the example below to calculate the unit cost of fish through these steps.

Step 1: Calculate the fixed costs

Step 2: Calculate the variable costs

Step 3: Calculate overhead costs

Step 4: Calculate total cost per product

Example of calculated cost per unit for an estimated 300 fish pieces

Fixed costs		Variable cost		Overheads	
Type of fixed cost	Amount	Type of variable cost	Amount	Type of overhead cost	Amount
knives,	10,000	Labour costs	200,000	Electricity	5,000
tables,	45,000	Fish stock	1,000,000	Fuel for motorcycle	150,000
motorcycle,	1,000,000			Market levy	20,000
bicycle etc.	200,000			Rent	50,000
Sub totals	1,255,000		1,200,000		225,000
Total Cost (fixed cost + variable cost + overheads/indirect cost)	2,680,000				
Total cost per unit (Total cost divided by the number of fish)	2,680,000/300 pieces Unit cost is 8,900				

Based on the records you have for your business, now calculate the ideal cost unit cost of your fish product/services you deal in.

Pricing of your fish products

What is Pricing?

Pricing is a process of fixing the value that a trader will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer.

Fish Pricing

This is the determining of how much the fish will be sold. These are considered when setting a price for the fish.

The price you charge should consider these:

- i) That all the cost of production is recovered
- ii) That there is a profit
- iii) That the price reflects the quality/value of your fish
- iv) That the price is not too high or too low to push you out of competition

Therefore, find out;

- a) What your competitors charge
- b) Whether the majority of your target consumers will afford the price of the fish

Fish Pricing strategy

The fish business may define and adopt a fish pricing strategy. For example: make minimum profit in the early months through low prices, but capture the market for the product and increase prices later. This however requires the fish business to know the minimum level of production and prices at which it recovers all its costs (break-even point).



ALL FISH AVAILABLE

Fish with determined prices

Required profit margin

Fish business profit margin measures percentage of revenue your business keeps after paying for outgoing expenses. Tracking a business profit margin helps to monitor business health and it enables better decision making in future.

Improving profit margin

Profit margin can be improved by lowering costs, expenses and increasing sales. Costs can be lowered by;

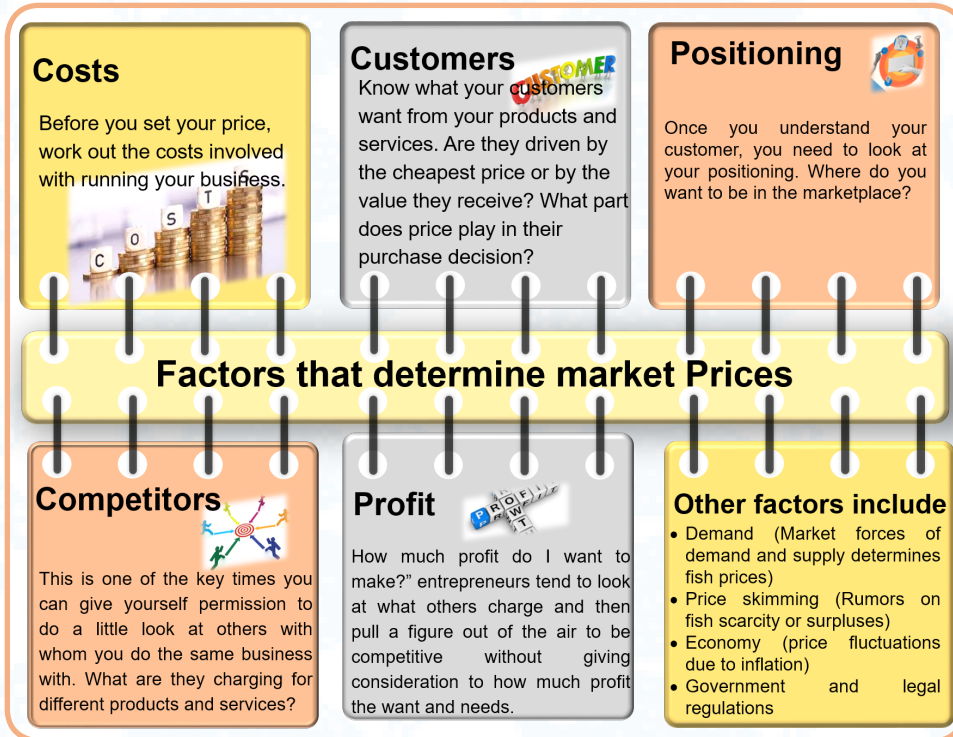
- Optimizing vendor relationships
- Looking for alternative solutions to current processes
- Cut offerings that do not do well or sell
- Reduce business and operating expenses

Factors that determine market Prices

1. **Costs;** Before you set your price, work out the costs involved with running your business.
2. **Customers;** Know what your customers want from your products and services. Are they driven by the cheapest price or by the value they receive? What part does price play in their purchase decision?
3. **Positioning;** Once you understand your customer, you need to look at your positioning. Where do you want

to be in the marketplace? Do you want to be the most expensive, luxurious, high-end brand in your industry, the cheapest, beat it by 10% brand or somewhere in the middle?

4. **Competitors;** This is one of the key times you can give yourself permission to do a little competitor snooping. What are they charging for different products and services?
5. **Profit;** “How much profit do I want to make?” entrepreneurs tend to look at what others charge and then pull a figure out of the air to be competitive without giving consideration to how much profit they want and need.
6. **Other factors include:**
 - Demand (Market forces of demand and supply determines fish prices)
 - Price skimming (Rumours on fish scarcity or surpluses)
 - Economy (price fluctuations due to inflation)
 - Government and legal regulations



4.6 Session 4: Record Keeping

4.6.1 Introducing record keeping

What are records?

Records refer to the information created, received, and maintained as evidence by an organisation or person, in pursuance of legal obligations or in the transaction of business. For instance, a receipt book is a record of cash entering/coming into a business or organisation.



Facilitator on record keeping within the community

This is a systematic process of compiling similar or related information resulted from business activities or operations into one document, and storing it in files/folders (accepted formats) for the purpose of tracking and assessing the performance or operations of a business.

- When payments are made to suppliers, invoices are received and cheques issued, the receipts and invoices have to be filed.
- Similarly, when payment is made for the goods or services a cash register record is kept. All of this information has to be kept.



Fish entrepreneur making records for her business.

Keeping proper records is important in a business for the following reasons:

- The financial information generated from record keeping is used for planning;
- It helps with strategic and operational decision making;
- It helps provide an assessment of the performance of the business (expenditures, costs, and profit), over a period of time like a financial year;
- It helps with management of the day-to-day operations of the business.
- It assists cash flow management.
- To help find and solve problems in a business
- To control business capital, especially cash
- To show the direction of the business
- Records help to analyze business development over time.

**The power of record keeping in fishing business:
A case of Hajji at Lyabana Island**

There is an island in Lake Victoria called Lyabana Island. At this island, there is a businessman popularly called Hajji who owns over 100 boats. He started slowly with a nearly one boat but his boats increased. People have seen him grow and majority thought that the source of his money is robberies, government agent, witchcraft and so on. However, some curious young man reached out to Hajji and asked him to loan him his used nets, locally called, endyeri. He paid in instalments and he remained with some balance of around 5000 UGX. To the young man, this figure was very negligible based on the amount he had paid Hajji. One day the Hajji met this young man and told him that he needed to clear his debt. The young man took this for a joke. Out of curiosity and wanting to spend some of his leisure time with hajji, the young man visited hajji and cracked a joke about the 5000 shillings' balance. In surprise the young man told hajji that he thought it was a joke. It is at this moment that the hajji told him the importance of keeping every record of his business and why it is important to use the records to understand your business health. He told him to imagine every employee of his taking 5000 from him every day, how much would he loose? He reiterated that it is that carefulness and being keen on the records that has seen him this far. He noted that it has created self-leadership, discipline and the same culture has been

inculcated among his employees. So everything moves in order and he only accepts documented information from his employees. He assured the young man, that he can also make it with such discipline but he needed his 5000 Shillings because it was business money.

WHAT DO YOU LEARN FROM HAJJI?

4.6.2 Tools used for record keeping in a business

What are the tools used to enter business transactions in records?

Record-keeping tools are critical to a successful fish business, and should be put in place before the business is launched. These tools help to ensure that documents are stored safely and methodologically. These include;

- Daily sales record
- Receipt book
- Cashbook
- Inventory Record Book
- Credit Book
- Debtor book
- Proforma Invoice

After assessing what they are doing, the facilitator can encourage them to keep the same records in one book, by dividing the book into 5

1) DAILY SALES RECORD FORM

This form is used to record all daily sales. It helps to establish the total fish sales per day.

DAILY CASH RECORDS				
DATE.....				
S/N	PARTICULARS	QUANTITY	PRICE	AMOUNT
	TOTAL SALES			

2) RECEIPT BOOK

The receipt book records money coming in (income of the business).

NAME OF BUSINESS ADDRESS TIN 000-01100

DATE.....

Received from

Being payment of.....

Amount in words.....

Amount in figures Signature of entrepreneur.....

3) CASH BOOK

Help the learners to recall the discussions you had on the INCOME in section 5.4.1

What is a cash book?

A cash book is a book where records of all cash transactions are noted in detail and on-the-go/daily basis. The cash book will detail all cash that is received and the payments (disbursements) that are made in a chronological order. These should also include the records of bank deposits and withdrawals.

For ease of management some businesses split the cash book into two parts: The cash disbursement part and cash received part but all are recorded in a chronological manner.

Importance of a cash book

1. The total payment of the cash received and paid are easily known at anytime
2. The amount of cash may be known at any time without having to count physical cash
3. It is easy for future reference saving labour and time
4. It is easy to detect errors since all transactions are recorded in a cash book

How is a cash book made?

A cash book can be made in three main ways; single column, double/two column, triple/three column and a petty cash book. For purposes of this manual, a single column cash book shall be used. As single column cash book is used to record only cash transactions for the business.

The single column cash book has two sections; the Debit side (Receipts/cash received) and the credit side (Payments). An example of a cash book modified to suite the MSMEs in fisheries.

DEBIT (Receipts)			Credit (Payments)		
Date	Description	Amount	Date	Description	Amount

An example of a filled in cash book

ISABIRYE & SONS FISHERIES BUSINESS

MONTH.....			YEAR.....		
DATE	Description	AMOUNT (shs)	DATE	Description	AMOUNT (shs)
1/10/2020	Balance brought forward	2,000,000			
1/10/2021	Sale of 100Kgs of Nile perch	600,000	1/10/2021	Payment for the boat operators	30,000
	Sale of 50 Kgs of Mukene	25,000	1/10/2021	Payment of nets	20,000
2/10/21	20kgs of tilapia	4,000	1/10/2021	Payment for fuel	100,000
	200Kgs of Nile perch	120,000	1/10/2021	Payment for light repairs	10,000
	120 Kgs of Mukene	150,000	1/10/2021	Purchase of biwujjo	30,000
			2/10/2021	Landing site levy	40,000
			2/10/2021	Accommodation for workers	80,000
	Total	3,979,000		Total	310,000

The analysis can be done in a periodic manner depending on the intensity of transactions. It can be on a daily, weekly, bi-annual or monthly basis.

4) INVENTORY RECORD

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.

Example of inventory record

No.	Description	Qty.	Beginning	Purchases	Sales	Loss
1.	Boats	5	5	2	1	1
2.	Engines	6	2	4	2	2

5) CREDIT BOOK:

Keeps the record of all the money the customers have to repay for goods and services purchased on credit.

Transactions

June 2, 2019 Credited 50 litres of oil for Shs 900,000 to Fatu Business Center to be paid in 15 days.

June 15, 2019 Siah credited 2 tonnes of fish costing shs 1,600,000 from Jumah Business Enterprise.

June 20, 2019 Flomo took 1 tonne of fish for Dweh fish Center on credit for shs 1,000,000

Example of Credit Book

CUSTOMER CREDIT BOOK					
NAME: _____					
ADDRESS: _____					
DATE	DESCRIPTION	CREDIT	PAYMENT	BALANCE	SIGNATURE
2-Jun-19	50 litres of oil	shs 900,000	0	shs 900,000	
15-Jun-19	2 tons of fish	Shs 1,600,000	0	shs 1,600,000	
20-Jun-19	1 ton of fish	Shs 1,000,000	0	Shs 1,000,000	
	Total	Shs 3,500,000	0	Shs 3,500,000	

6) DEBTOR BOOK

A Debtor Book: Keeps a record of all whom the business owes (those who have supplied goods and services to the business on credit).

Transactions

June 2, 2019 Credited 5 gallons of oil for shs. 900 from Fatu Business Center to be paid in 15 days.

June 15, 2019 Siah Enterprise credited 2 baskets of fish costing shs 800 from Jumah Business Enterprise.

June 20, 2019 Flomo Inc. took 3 pieces of fish for Dweh Fish Center on credit for shs500

Example of Debtor Book

DATE	DESCRIPTION	DEBT	PAYMENT	BALANCE
June 2, 2019	Fatu Business 5 gallons of oil	shs900	0	shs800
June 15, 2019	Siah Enterprise 2 Baskets of fish	shs800	0	shs800
June 20, 2019	Flomo Inc.3 pcs fish	shs500	0	shs500
	Total	shs2,200	0	shs2,200

7) PROFORMA INVOICE

This is a document which provides information regarding the particulars of goods and or services yet to be delivered to the buyer/customer. It details estimated prices of the available goods and or services.

Example of a Proforma Invoice

Date.....	Proforma Invoice	Sent to:		
Proforma invoice no		Company name:.....		
Sent by;		Dept.....		
Company name.....		Address.....		
Department.....		Country.....		
Address.....		Currency.....		
Country.....				
Description of goods	Qty.	Price	VAT	Total
TOTAL VALUE				
Authorized Signature				

Task: Building your business Plan



Open your business planning book and based on the business(es) you screened to engage in along the fish value chain.

Financial plan

- Investments required
- Fixed assets/starting equipment (e.g. land, tools, machinery)
- Preliminary expenses
- Pre-operative expenses (e.g. legal fees, licensing fees, bank charges,)
- Start-up expenses (e.g. water, electricity connection, cleaning of premises, etc.)
- Working capital (raw materials, rent, water, transport, etc.)

Operating plan forecast

- Less cost of production and overhead/fixed costs
- Income from sales
- Projected operating income statement
- Net profit
- Break even analysis
- Cash flow projection



**german
cooperation**

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