# Study circle: Fight Poverty - Start a business!

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# Meeting 1 Get started

* Get to know each other and present the idea of a study circle and make sure you all understand it. *(see introduction to a study circle*)
	+ Discuss and decide which languages you will use in the meetings for talking and for writing.
	+ Choose one of you to document this first meeting. (next time you will chose again and also chose one who will collect all the documentations from all meetings in this study circle)
* Let someone summarise from the seminar about Fight against poverty and that you in this study circle will focus on Starting business. Let everyone comment or ask questions.
* Talk about the 9 different suggested meetings. (described above in Table of contents) if you will take one chapter at a time. And agree on if you can start following this plan. Observe that the group is free anytime to make changes in the plan. But it is important that you discuss and decide together if you want to change the working plan for the study circle.
* Now be sure that you will work together in a positive atmosphere, be open minded. accept all suggestions, do not use the word NO at this point. Creativity needs a supportive attitude. (A good way is to go the group around, let one by one give one suggestion and move to the next- if you do not have anything to say when it is your turn – just say pass, and you move on to the next. This prevents you from letting one talkative member say everything which will make some remain silent.)
* Then start by listing on the wallpaper / Blackboard: Recourses and qualifications, experiences, contacts etc. you possess, that you can think of, which could be useful somehow in a future business. Help each other making the list together.
* Then list: Needs and demands in the area, goods or services. Needs are something important but Demands are what some ones want to or are capable to pay for, somehow.
	+ **Discuss the differences!**
* Keep the notes from the meeting for upcoming work in the study circle.
* Before ending the meeting, ask if everyone is satisfied with the work today or if there is something that we should think of and may be do in another way next time?
* Decide time, place and other practical things for next meeting.

# Meeting 2 Business ideas

* Is someone missing, do we know why? Otherwise find out and decide how she will be updated before next meeting.
* To get focused dedicate some minutes to talk to each other in the group about anything that occupies your mind for the moment so that you can all leave that behind and then focus on today`s topics.
* Look at the documentation from last meeting together- And go the group around so that each and every one can tell what they have been thinking of since last meeting.
* Chose who will document this meeting, and who will collect all documentations for the hole study circle.
* Remind each other that nothing is wrong, all ideas should really be investigated during the process of this study circle. before they are dropped down. Do not point out all problems and obstacles at this early stage.

**Discuss**

* What ideas have you discussed and which are of most interest to you? And why?
* Are the whole group involved in the same business idea or do you want to develop or investigate different plans in the group?
* Formulate your business ideas, each idea one by one, what (product or service) is it you will offer? What demand or need will you meet and fulfil? For whom? Asking your selves: Why should we do just that? and
	+ Why are we the ones who should do it?
	+ Take your time to really investigate your motives, dedication, obstacles and possibilities and long turn dreams.

**Learning from others?**

Do we know if there are a business like this somewhere else?

*Can we learn from them? How will we do that? Invite someone? Send someone there, make a visit with the whole group or read about it on social media? If so, what would we ask?*

What questions are we looking for answers to? *For instance: How did they start? What problems have they had to solve since then? How big investment did they have to do before starting? How long have they been in business? How long did it take to pay off the starting investment, if they have? And so on*.

Or let someone investigate this possibility of Learning from others, until later in the study circle.

**Plan when and how and who will prepare what!**

**Formal and informal sector.**

**Informal**

In developing countries like The Gambia, the informal sector is huge. Many are engaged in petty trading for their own survival on a day to day base. In this sector there are almost no laws or regulations and no taxation, and no long-term plans and the money invested usually is small.

**Stop here and give examples from your own experiences!**

**Formal**

In the formal sector there are both general laws and regulations as well as specific regulations for different branches and maybe agreements to take in consideration.

It demands registration, administration and book-keeping, auditing, taxation and long-time-planning.

**Give examples from your own experiences and neighbourhood**.

* **In this study circle we will learn more about business within the formal sector. Why?**

**Because:**

1. We want to build the new Gambia where also women can start business, which have potentials to grow big**.**
2. We have resources, experiences and skills and we know how to work hard and to cooperate to reach our goals.
3. We know our neighbourhood, the people and what they want.
4. We want to create job-opportunities for our villagers and family members.
* **Discuss**

Can you think of more reasons? Or do you want to question any of these reasons? Do it! Discuss!

* Before ending the meeting, ask if each one is satisfied with the work today or if there is something that we should think of and may be do it in another way next time?
* Decide time, place and other practical things for next meeting.

# Meeting 3 What type of corporation/organisation are you planning for?

* But before we start, check the notes from the last meeting and follow up what has been done since then. Then go the group around one by one and let them raise issues they are thinking of, from last meeting. When you are ready, read or listen to the following together!
* Now you have to choose whether it will be a business creating profit or if it will be a social company aiming to render services or goods to members in need of it. We will discuss this more.

**What is profit?**

You can say it is the difference between your expenditure and your income. In book-keeping terms we say Costs and Revenue instead of expenditure and income and that means the expenditure and income for a specific period. And it is important that you think in periods, because if you sell tomatoes maybe you get a revenue of 5.000 GMD during the selling period. But you have to calculate the expenditures for the whole year that is the Cost! You did not only buy seeds to plant, you also bought fertiliser, and maybe you had to dig a weld? Did you pay anyone for their help? Did you have to fence it? Do you pay rent for the land? Maybe you bought some tools? Did you pay for transport to the market, and maybe some packaging? All these costs have to be subtract from your revenue to see your profit.

And now, how can you use your profit?

Did you borrow any money to get started? Then, there are people who want their share of the profit or at least be paid back.

And how much do you have to save to invest in next seasons planting before next harvest? (not to be forced to borrow again?) For this you also need to take from your profit. And if it is you who do all work, you have to get some salary, money to survive.

Thus, you can see that no matter what kind of business you want to start, you have to calculate for a profit. And you have to make calculations:

1. for your starting period

2. for the first year

3. for a longer period

We will come back to this and go deeper, later on.

**DISCUSS**

* Now discuss in the group what you think about these thoughts about profit.
* Did it help you to reflect about starting business? And how to organize? Here comes more about that.

**Do you plan a “For-profit organization”?**

**Is it an individual enterprise?** Then it has to give profit enough to contribute to your survival on top of necessary investments and allowances, taxes and so on, before you can employ anyone.

And you are free to decide everything yourself BUT you are also responsible for everything in the company even with your private property.

**Or**

**A limited Company** with shareholders who owns it and have different amount of decision power depending on the number of shares they have bought. (The Money they have invested in the company, and are expecting to get dividend from). The owners are only responsible with their shares not with their private property.

**There are also**

**Venture capital companies, which invest money in other companies only to receive dividends or sell their chairs with profit when it is suitable for them.**

**Or is it a Social enterprise?**

**Is it a consumer cooperative?** People who need something go together to fix it. One member has one vote. The annual meeting will decide whether Profit or loss will be shared equal between members after investing what they think is necessary for the future business. [All](file:///C%3A%5CUsers%5CRosalie%5CDropbox%5CSAELG%5CUtbildningar%20Bansang%5CDelm%C3%A5l%201.%20Powerty%5Cl) members are equal responsible but only with their shares - not their private properties. (For the board-members. You have to check with the national Law, about their responsibility!) You select a board and if necessary and possible you employ someone to run it and pay them. But all members have to make all policy decisions together.

**Or**

**A workers cooperative.** Those who work in the company owns it together as equal shareholders and decide together amongst themselves what to do with profit or loss and future. Each one contributes with different skills that is needed.

* **Until next time:**

1.Find out about Registration costs and what kind or administration, your registration should need, for the different types of companies you are interested in. **Decide:** **Who will do that?**

2.Find out about taxation rates for different profits or business?

What information is the tax authorities asking for every year?

**Decide: Who will do that**?

3. Find out about laws, regulations and costs when you employ people in your business. **Decide:** **Who will do that?**

Discuss where you think you can find the necessary information.

\*Decide time, place and other practical things for next meeting

# Meeting 4 Develop your Business concept

\*Repeat what you documented at the last meeting

\*And let those who have something to report to do that!

Discuss the reports!

* Which business concept/s do you want to go further with?
* **Formulate your concept/s:**

-Describe your product/s or service/es in detail!

-What will characterize your offer? -Why is, what you sell better than other offers or do you present a new solution for the market?

-To whom will you sell? (to other businesses or specific consumers, to villagers or for export, where?

-Why will they buy? /pay?

-How will you find/reach the costumers?

-How will you earn money on your business?

* **When you have answered all these questions, summarize it to a short clear business concept! And write it down.**

**If you all are not involved in the same plan, help each other so that all have a concrete business concept to continue working with!**

DISCUSS

* Who will own your company?
* And how will you find the money needed to start your business?

**Now Let us try a Risk matrix together for each of your business concepts,**

**What can stop you from reaching your goals with the business? One concept at a time!**

1.First List all risks you can think of

2. then value from 1 – 5 how likely this obstacle is to occur (where 5 is most likely and 1 is almost not likely at all) put the figure after each risk!

3. And now value how dangerous it would be if it happened?

(Where 5 is very dangerous and can make it all to fail and 1 is, it would only be a small problem which probably can be solved)

1. Multiply the two figures with each other, for each risk.

Then start discussing the risk that has got the highest sum:

 How you can avoid it to occur or what you should do if it occurs.

This is to minimize your risks of failing. Prepare yourselves and plan for avoiding failure. If the risks are to high and you do not know how to avoid them maybe you should not start this business?

Example:

|  |  |  |  |
| --- | --- | --- | --- |
| 1.Risk | 2. Likely | 3. Severeness | 4. SUM |
| 1. A new period of

state of emergency  | 3 | 5 | 15 |
| 1. Leading women in the company move from the Bansang area
 | 2 | 5 | 10 |

\*End this meeting by deciding practical things for next meeting.

# Meeting 5 Know your customers

\*Start this meeting as all meetings in the study circle, looking back at previous meetings. Are there something we should follow up, before starting new questions?

**Today we will focus on your customers to be? Who are they?**

**Discuss !**

* What do the customer's needs for your product look like?
* Which customer group is most interested in what?
* What determines how much your customers are willing to pay?

And how often can they possibly buy your offer?

* Try to put figures on how many customers you think you can reach in the short or long term.
* What goals are realistic to think you can achieve?

**Learn more about your customers and your competitors!**

Contact your potential customers to try and understand their needs- talk to them!

* Describe them: Who are they? How are they?

* Who are your competitors and What do they do?
* In what way is your product different?
* Do your customers have other possible solutions, than turn to you?
* Which strengths and weaknesses does your product have compared to others?
* Can you improve something?
* What alternatives are there for your customers to spend their money on?
* What is important for them in their choice? - Quality – prise – trend – location- or what?
* How will they get information, important for their choice to buy from you?

**Summarize the discussion for each of your planed business concept.**

\*Decide about practical things for next meeting

# Meeting 6 Name, marketing, selling, prising, assortment, calculations.

\*Go the group around and follow up your work from previous meetings**.**

* **Chose name carefully!**

**Discuss:**

* What do you want your customers to think of, when they hear your name of the company and the product?
* I want my company to be associated with the following words: ?
* Should you have a log, a trademark, a label? How should you use that? And what should it look like?
* **Find out until next time:**

-How do I find out if that name is already in use by someone else?

- Can I protect my company name? How do I do that? Who can answer questions like this in the Gambia?

**-WHO will find out these answers until nest time?**

**Marketing and selling**

**Discuss!**

* Describe as carefully as you can your different target groups.
* Describe your Marketing arguments!

**Describe the goal with your Marketing, What do you want to achieve:**

* How many will you reach out to?
* What do you want to be known for?

What do you want your target groups to think, feel, and -most important of all finally - do?

* How will you sell?

Plan your activities: what and why?

Describe how you will sell and how that should be part of your marketing!

**Pricing and assortment**

**Discuss:**

* **Prices**

Are your customer willing to pay a lower price, a middle price or a higher price**? Why?**

What prices do your different competitors use?

**Make cost analysis for your items: calculate margin and mark-up**

**There are two types of costs: variable and fixed costs**. Variable costs varies depending how many items you produce and sell. Fixed costs are the same no matter how many items you produce or sell.

One sometimes also talk about: **direct or indirect costs**. Where direct costs are directly linked to each produced number of items. And the indirect costs

are there no matter of how much you produce and sell.

**Investigate: How many items can you produce and sell before you have to invest in bigger fixed costs or indirect costs? That is how many you should go for! To make your business as economical and efficient as possible**

**Your mark-up**

How much do you need to add on top of the variable or direct cost, for each item. to cover your total costs for the production in the company and to get some benefit out of it too?

To find out that you have to calculate with:

1 The number of items you will have to sell.

2 variable or direct costs for one item

3- And the fixed or indirect costs you have to divide with the number of items you plan to sell. This is the mark-up.

4. Add the mark-up with the variable or direct cost and you will get the selling price you have to use, to be able to pay for all your calculated costs.

5. Now you have to add some more to be sure to have at least a little profit.

Everything you put on top of your variable or direct costs is your **mark-up**.

How much is that in percentage, of your variable or direct costs ? This is your mark-up.

* **Will you be able to sell for this price?**

**Your Margin**

When we talk about **margin,** we see it from the selling price and reduce that with the variable or direct cost, to see how much there is over for all fixed or indirect costs and your profit.

And the question is;

* **Will that be enough to cover your total costs and also give a small profit?**

**Discuss**

* **Can you press you costs somehow?**
* **Or can you sell more items somehow?**
* **Or can you use a higher prise?**

**Counting example:**

Variable or direct cost for each item + fixed or indirect cost , per item including profit = selling pric

Example:

100 GMD + 50 GMD = 150GMD

as % the mark up is 50% ( 50 of 100 )

But calculated as margin it is 33% (50 of 150)

Even though the sum is exactly the same.

Help each other to understand and to do these calculations!

* **Develop your assortment:**

Is your product a commodity or a service?

Where in the value chain is your company working?

Will you produce? What?

Will you buy and resale? From whom to whom?

Will you import or export? From whom to whom ?

Will you transport? What, how, for whom?

Will you sell serive , if so, what ?

Or what else?

Can you complement your main activity with complementary products? What, why and how?

\*Plan practical things for next meeting!

# Meeting 7 Plan your start: your organisation and budget.

**Discuss!**

* What are the different reasons for choosing the type of corporation/organisation for your businesses?

**Agreements**

Will you run it as an individual enterprise and there will be more people than you involved? Then you have to write agreements between you, regulating ownership, who will contribute with what, responsibility and who can decide what. And do not forget to regulate how one can leave the cooperation if one wants. Otherwise it is a big risk that you will end up as enemies and destroy for each other. And be sure, that every one of you sign it properly.

Try to find a lawyer or an auditor with experiences to help you do it right if you need it!

**Discuss!**

* Do you need a space/locality for your company? How will it look when it will be ready?
* What kind of equipment do you have to get before you start?
* How much will this cost?

* What can wait until later?

* **Summarize what is necessary to have ready before starting for each of your plans! How much money do you need to have as a starting budget?**

**Calculate the first years**

Now you have to make calculations for the first years of “production”.

**Questions to discuss:**

* How quick do you have to pay back the starting loans or investments?
* Interest costs for loans per year/month?
* Loan repayments per year /month?
* Summarize all your costs
* So, how much do you have to sell per year/month/week/day?
* For how much can you sell each year/ month/ week/day when you start the business?
* What can you do to increase the selling? Or reduce your costs?

How much should this cost? And how much can it help you?

**Until next time**

**\*Investigate:**

1. if there are any specific regulations or laws for your kind of business! Where can you find this kind of information?
2. And if you want to employ people. What do you need to do and what do you need to pay? (salary, insurances, pension, taxes, social costs?)

# Meeting 8 Your administration, and starting budget

\*Start with reports and questions from last meeting!

**Economy**

It probably will take some time before your business will give you some profit. That is why it is important that you calculate everything carefully.

You need to have:

1. a starting budget for the first Year or couple of months. And an activity plan for this period.
2. A yearly budget for each of the coming years.
3. But you also have to do a cash budget. What is that?

Learn from an Example:

If one starts a hen and egg farm – you have big costs in the start, building the premises and buying the hens. Then comes a period where you have to buy special nutritious hen food for may be 6 months and vet- and antibiotic-costs. And still no income. After 6 months you regularly will have eggs to sell for maybe a year and a half. Then you can sell the hens for a Tabaski- time, but also have to buy new young hens. So you must save money for that and again comes half a year with only costs and no income so again you have to have savings left.

 Many are those in the Gambia who have failed because of lack of knowledge and planning. (And because there are so many needs you want to fulfil when you finally get some income.)

 But if you will manage you have to check your budgets all the time. And not spend any money on what you have not budgeted for! And you must never treat friends and family different than other customers! Many Gambians have failed their business plans because there are so many whom you want to “help”. **If you want to give some people discount – then you have to budget for it!**

*My dear mother taught me something important: She said: You cannot help others so much, that you topple yourself. Because if you do, you will be of no use to anyone anymore.*

\*Discuss your own experiences! And how you can help each other to stay in business once you have got started.

**Book-Keeping**

You also have to follow up your book-keeping and compare it with your budgets regularly.

Even if you buy help from experts to take care of your book-keeping, you must understand it and be able to analyse the figures.

But you should have some from each business to learn book-keeping. It is not difficult, if you have learned how to read, write and basic counting.

We can organize such classes easily in Bansang.

There are general regulations to follow. No matter if you do it by hand in a homemade blanket or book-keeping book or if you use any computer program to do it or use Excel.

Please find some simple examples here to learn from Go throw them together and be sure to ask all questions needed to understand. Remember: no serious question is ever stupid!

See Appendices

1. Budget, with detailed notes.

 2 Book-keeping, day to day

 3. Verifications,

 4. Yearly Finacial report

5. Financial budget

**Until next time Find out**:

\* What does the laws in the Gambia says about need for external auditor in companies like yours?

\*And if you shall have that, what does it cost you?

# Meeting 9 Get started, if your business is sustainable not only economically but also socially and environmentally?

Now you should have detailed plans for your businesses and you should have checked if they are economically sustainable.

**Now discuss the questions if they also are socially as well as ecological sustainable?**

Because we shall contribute to a sustainable development of the Gambia and the world.

**Socially**: how will your business influence a democratic and equal development? What can you do to improve that impact? start listing ideas and then chose from them for your company (in ways you can afford and inspire)

**Ecological**: What impact will your company have on the environment locally or worldwide? What about the raw material you will use? Are there any problems connected with that? Are there better choices?

Will you create pollution?

Is any part of the process toxic?

How can you minimize these negative impacts?

How can you compensate what you eventually would take of the earth?

How can you create positive impact on the environment?

How can you make it safe for the workers, consumers, the users, the total environment? (Are there any ways you can afford and inspire others to do.)

**Now you must realize if there are problems you have to learn more about before starting. Do that!**

**And what help you need with what. Plan for that!**

**And then make an activity plan for your start:**

**Date**  **Activites** I or which one of us have to do

Planning period until

Preparing period from until

Staring period from until

First real year from until

**Do you have the documents you need to open a Bank account for your business? Do it!**

**GOOD LUCK!**

**And be sure to continue to help each other developing your businesses! (Maybe in the form of a new or continuing study circle?)**