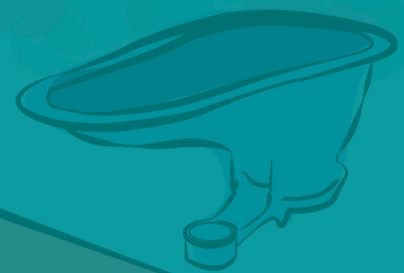


Business Skills Training for Rural Sanitation Entrepreneurs

ENTREPRENEUR WORKBOOK

JOSHUA KIBET | DIANA MULATYA



FSMA
faecal sludge management alliance

IWA
PUBLISHING





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Disclaimer

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ABBREVIATIONS AND ACRONYMS

KES	Kenya Shillings
KIWASH	Kenya Integrated Water and Sanitation Hygiene Project
SACCO	Savings and Credit Cooperative
SAFI	A concrete toilet with pre-cast rings for sub-structure
SATO	Safi Toilet, a brand of LIXIL Corporation
USAID	United States Aid for International Development
VSLA	Village Savings and Loans Association



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Important Note

This Learners workbook was developed as a resource for trainees taking the “Business Skills for Sanitation Entrepreneurs” course. This material should only be used together with the Trainers Guide; which is a separate resource for the trainer, to teach essential business skills and practices necessary to become successful entrepreneurs.

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Introduction

Business Skills Training for
Rural Sanitation
Entrepreneurs





Introduction

This workbook was developed as a resource to support people who are starting sanitation retail businesses in rural communities across Kenya. Its aim is to reinforce essential business skills and practices necessary to become successful entrepreneurs.

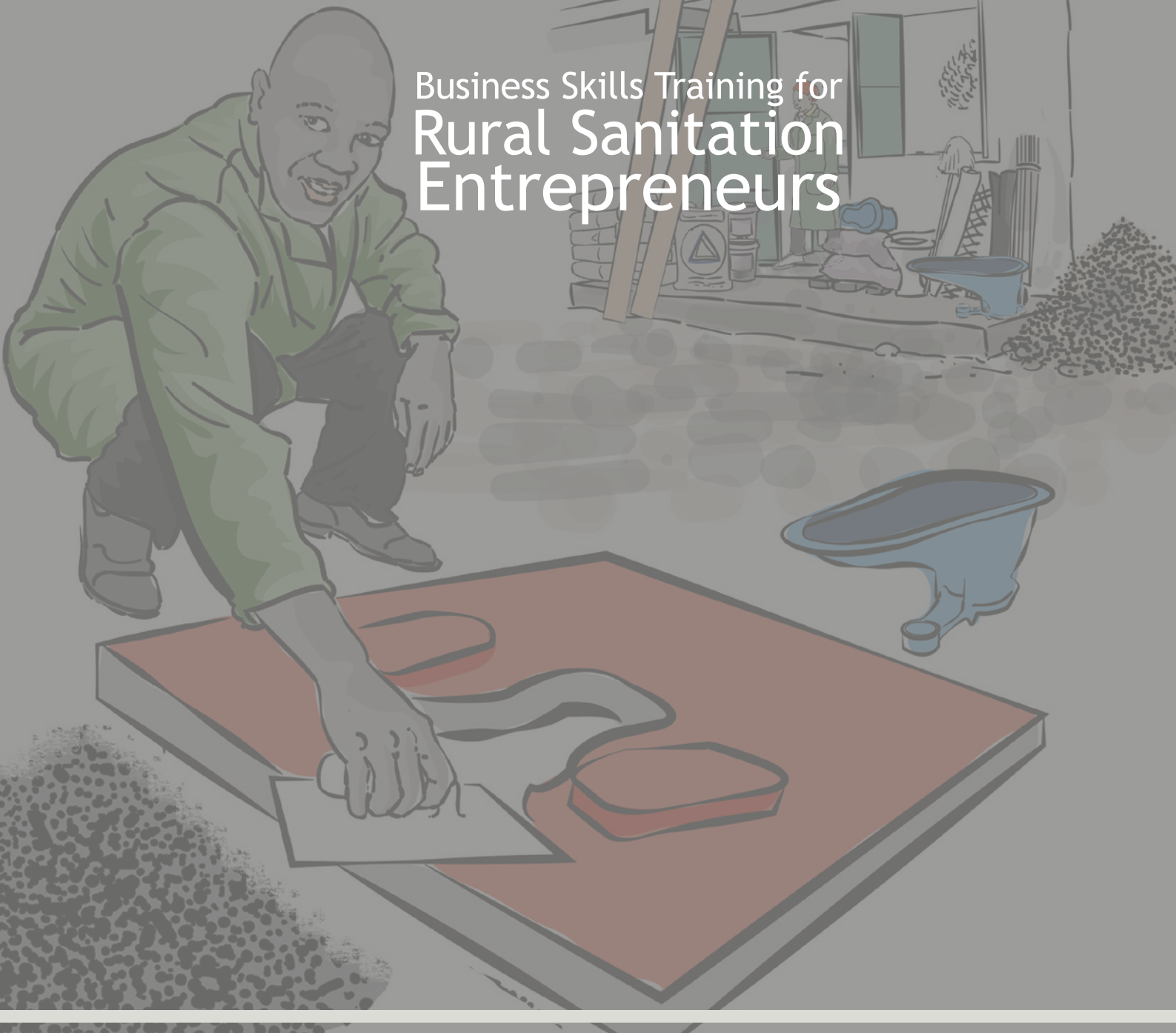
Target groups for this training are Safi Toilet, a brand of LIXIL Corporation (SATO) toilet retail entrepreneurs, including community health volunteers and artisans in open defecation free (ODF) certified villages. This workbook will reinforce knowledge and skills learned in the Business Skills Training for Sanitation Entrepreneurs course. The course includes four modules covering essential elements of running a successful sanitation business. Those include:

- ◆ Basic concepts of entrepreneurship and characteristics of successful entrepreneurs
- ◆ Essential marketing techniques for sanitation products and services
- ◆ Money management competencies necessary to succeed as a small-scale entrepreneur
- ◆ Necessary leadership and management skills to grow successful sanitation enterprises

Module 1

ENTREPRENEURSHIP

Business Skills Training for
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Entrepreneurs



Concept of Entrepreneurship



What is entrepreneurship?



What is the main motive of starting an enterprise?



Characteristics of Successful Entrepreneurs

Step 2

Read through Timothy's story below, then answer the questions that follow.

The Case of a Successful Sanitation Entrepreneur Timothy | Sanitation Retail Entrepreneur

Fifty-seven-year-old Timothy from Kakamega County works as a community health volunteer in charge of his neighborhood unit. Apart from working with the Ministry of Health, he also practices farming and is passionate about carpentry and masonry.

The Kenya Integrated Water, Sanitation and Hygiene (KIWASH) Project launched sanitation and hygiene promotion activities in collaboration with the Ministry of Health in Kakamega County. Timothy played a lead role in educating his fellow community members on the importance of access to sanitation and good hygiene practices. As he went about his roles, Timothy realized the lack of improved sanitation options and technical skills in construction of improved latrines.

In 2018, Timothy was lucky to be selected as a participant in an artisans training organized by KIWASH. "KIWASH trained me on how to construct SAFI latrines and install SATO products. This was an eye-opening opportunity for me," says Timothy. "Immediately after the training, I put up a SAFI latrine demo site and purchased SATO products from CIL Africa using my savings, this was my marketing strategy." In addition, Timothy constructed a complete SAFI (a concrete toilet with pre-cast rings for sub-structure) latrine at the entrance of his home. "Thanks to this demo site, I receive many visitors and clients who are interested in constructing improved latrines."

Timothy also markets the products in the local market and goes door-to-door to reach more people. "My marketing slogan revolves around elimination of flies, smell and ease in cleaning which has continuously won the hearts of many." "The business has not only improved hygienic practices in my community but has created a new revenue stream for me. The money I get from the latrine construction venture has enabled me to pay school fees for my children at the university," he proudly notes.

In order to access more income to expand his business, Timothy partnered with a local women's group after sharing the business idea. The group pools resources together through the sale of shares and loans among members. The group has so far invested Kenya shillings (KES) 12,000 in purchasing SATO products which KIWASH doubled through a matching grant. "Despite the venture slowly gaining popularity, my records indicate that I have so far installed 59 SATO products and constructed two SAFI latrines," notes Timothy. The gradual uptake of improved sanitation products can be attributed to low income in the area. There are a number of clients who have defaulted payments despite having installed SATO products for them.

Notwithstanding, Timothy has remained committed in promoting and marketing improved sanitation technologies. He uses his prototype SAFI latrine models and SATO models for demonstration and exhibition in county events to market the products. In addition, he also makes cleaning brushes for SATO products that retail at KES 100 and uses social media to promote his business.

Question

What skills does Timothy have that may distinguish him from others in the same business? (Hint: focus on his personal skills, behavior and creativity.)



Summary Notes: Key attributes of Timothy

- ◆ Focused
- ◆ Identifies business opportunities
- ◆ Patient
- ◆ Takes calculated risks
- ◆ Draws satisfaction by utilizing his own skills
- ◆ Passionate about sanitation



Question

Why do people start enterprises that fail?

1. _____
2. _____
3. _____



Task

List some of the sanitation enterprises in your area



Summary Notes

- ◆ Every business starts small by responding to an opportunity – a need for product or service.
- ◆ To overcome start-up challenge, entrepreneur's motivation is key
- ◆ But to grow and expand, an entrepreneur requires capital, good marketing skills and partnerships with others.



Step 3

Mapping Your Value Chain

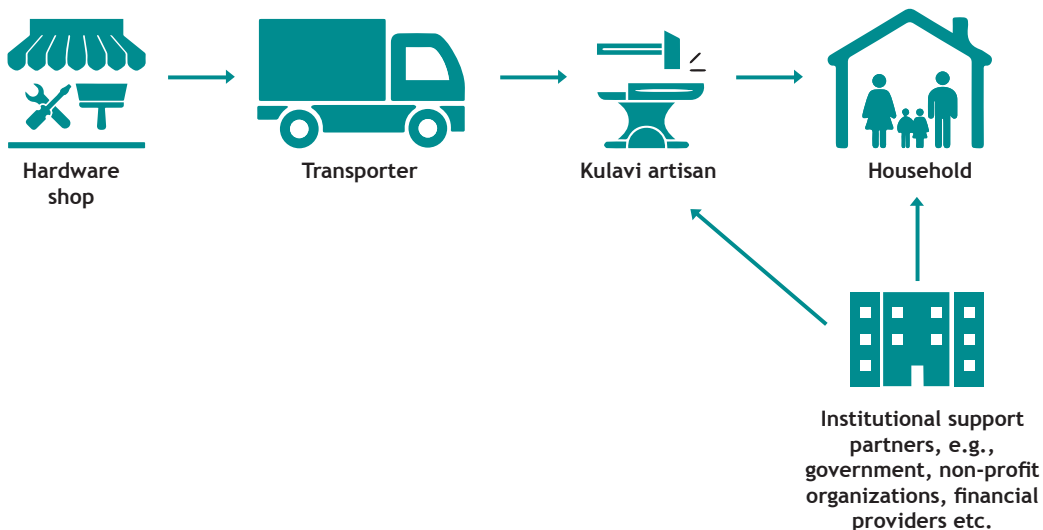
Question

What is a value chain?



Exercise

With the help of your trainer, draw your own value chain in the space below.



Summary Notes




- ◆ Know your business competitors and those who sell similar products.
- ◆ Map out suppliers and establish relationships with players that add value to our business.
- ◆ Other partners, e.g., Government institutions may formulate laws, rules and practices that apply in starting and running a business while not-for-profit organizations may provide business development services, capacity development trainings or financing for small businesses.



Participant Evaluation Form

Ask participants to provide feedback on each section by signaling with thumbs up, thumbs flat or thumbs down. Mark with ticks or numbers the participants' feedback for each session in the boxes below.



Session	Very relevant and useful 	Somewhat relevant 	Not relevant or useful 
Entrepreneurship concepts			
Characteristics of a sanitation entrepreneur			
Starting a sanitation enterprise			
Mapping your value chain			



Timetable

Course: Business Skills Training for Sanitation Entrepreneurs

Module: Entrepreneurship

Session: An Entrepreneurs Mindset

Venue:

Date:

Time	Activity	Facilitator
5 minutes	Key concepts: <i>Enterprise</i> and <i>Entrepreneurship</i>	
15 minutes	Characteristics of a sanitation entrepreneur <i>Case Study: Timothy Kulavi</i> Key attributes of entrepreneurs	
5 minutes	Break	
15 minutes	Things to consider when starting a sanitation enterprise <i>Experience Sharing</i>	
10 minutes	Mapping your own value chain	
5 minutes	Session assessment	
	End	

Module 2

BASIC MARKETING SKILLS

Business Skills Training for
Rural Sanitation
Entrepreneurs



Step 1

Key Terms in Marketing

- ◆ Customer
- ◆ Marketing
- ◆ Social marketing
- ◆ Commercial marketing

Key Points:

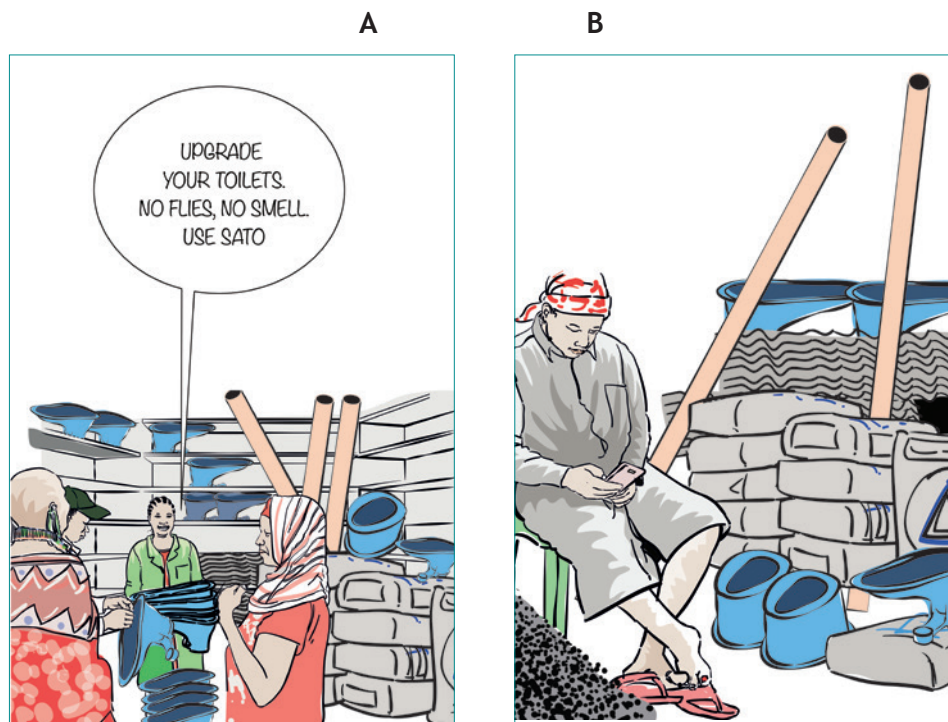
- ◆ Social marketing is an important concept for sanitation entrepreneurs.
- ◆ Sanitation products and services help solve important social and environmental problems. Resulting in huge health benefits especially in communities.

Step 2

Understanding Your Customer

Illustrations A & B.

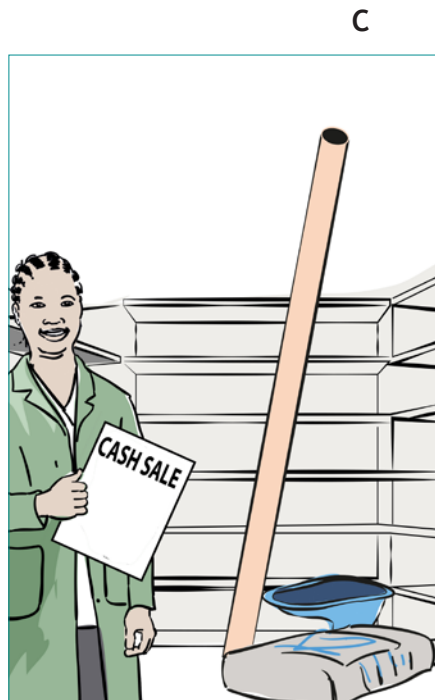
Study the picture story of the two entrepreneurs in illustrations A and B.



Briefly describe what is happening in these two pictures.



Which entrepreneur do you think will sell more toilet products and why?



Reflection Point

Look at illustration C & D. What do customers consider when buying a product or service?

Summary Notes

- ◆ Each toilet product has its own market segment
- ◆ Customers buy product/services based on attributes. When these attributes are bundled together, it becomes your sales pitch
- ◆ A good sales pitch (marketing promotion) compels a potential customer to buy your product or service
- ◆ Always keep in mind what attribute to emphasize more for each potential client
- ◆ Entrepreneurs must have a unique selling proposition for each target market
- ◆ Every customer needs to feel appreciated and valued. They need to feel that you as the seller of a good or service is honest, and you give them the best product or service.



Market Positioning and Selling Propositions

CASE: Lucilla, Entrepreneur

Lucilla, a 40-year-old lady, has a pit latrine with a mud slap, wall and grass thatched roof. She lives with her family of six, including her aging mother-in-law in a rural village in Rarieda. She is employed as an Office Assistant at the County Government of Siaya and earns a salary of KES 60,000.

Lucilla wants to have a hygienic latrine. The safety of her young children is important to her. She wants a modern latrine like the one she saw in Kisumu recently; one that will make her be respected at her village. She believes that a good latrine enhances one's own dignity and respect. But at the same time, she believes such latrines are very expensive and unaffordable due to her limited salary.



Questions

Why is Lucilla looking for a good toilet?

What is preventing Lucilla from having her dream toilet?

How is credit important as part of selling and marketing process?



Summary Notes

- ◆ Each toilet product has its own market segment.
- ◆ Product attributes, when bundled together, determine your market position.
- ◆ A good proposition gives customers a strong reason to buy your product or service.
- ◆ Always keep in mind how they want clients to think of their product/ service.
- ◆ Every entrepreneur must have a unique selling proposition for target market.
- ◆ Supporting consumers financing requires an entrepreneur to keep very good records and create policies around repayment
- ◆ Entrepreneurs need to invest in a system that vets each customer's credit worthiness and facilitates efficient follow-ups with loanees to pay off their debts



Step 4

Developing Your Own Marketing Plan

Task

Now that you have learnt a few tactics on selling and marketing, can you list three tactics that you will use in your business?

1. _____
2. _____
3. _____



Participant Evaluation Form

Ask participants to provide feedback on each section by signaling with thumbs up, thumbs flat or thumbs down. Mark with ticks or numbers participants' feedback for each session in the boxes below.



Session	Very relevant and useful 	Somewhat relevant 	Not relevant or useful 
Marketing concepts			
Understanding the customer			
Selling tactics for different customer segments			
Developing your own marketing plan			



Timetable

Course: Business Skills Training for Sanitation Entrepreneurs
Module: Basic Marketing

Session:	Venue:	Date:
Time	Activity	Facilitator
5 minutes	Ice breaker and session introduction	
15 minutes	Understanding your customer	
20 minutes	Customer segments	
15 minutes	Developing your personal marketing plan	
5 minutes	Learning assessment	
	End	

Module 3

BASIC FINANCIAL LITERACY

Business Skills Training for
Rural Sanitation
Entrepreneurs



Basic Financial Literacy Terms

Questions

What is financial literacy?



Why is financial literacy an important skill for entrepreneurs?

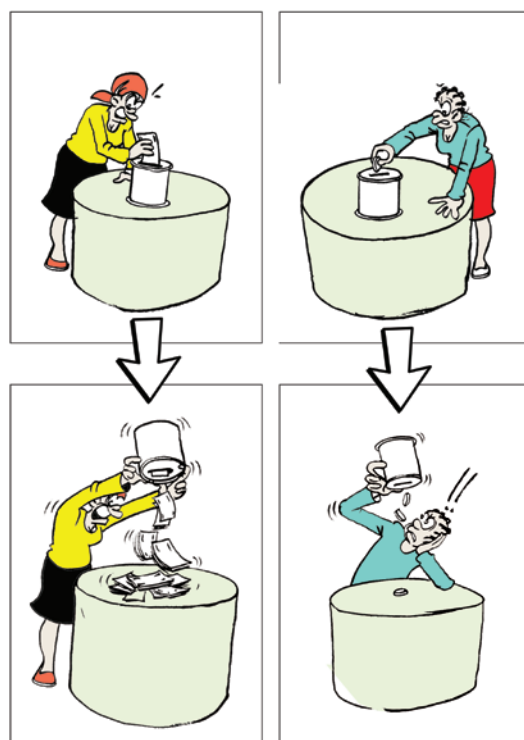


A Tale of Two SATO Entrepreneurs

Illustration 3.1: Edna and Liz at their savings group meeting




Exercise: Study the case of Edna and Liz below, and answer the following questions:

Two start-up sanitation entrepreneurs, Edna and Liz, are community health workers. In January, they received a stipend of KES 20,000 each from the county government for their work the previous year. Edna decided to save KES 5,000 in their Village Savings and Loans Association (VSLA) group, which she intends to use to start a SATO retail business. There is growing demand for SATO products after the KIWASH project's work in her village. She used another 10,000 to start a poultry business. She bought 50 one-month-old chicks and will sell them as mature chickens in one year to pay her children's school fees. She gave her husband KES 2000 to travel to Nairobi for an interview. She then saved the remaining KES 3,000 in case of emergency. Liz decided to invite her sisters to celebrate her milestone as a health volunteer.




She used KES 8,000 to buy food and drinks for the celebration and new clothes for herself and her children. She then saved KES 1,000 in their VSLA group to start a SATO business because it was mandatory for each member. Further, she sent KES 5,000 to her mother to buy some new clothes for an upcoming wedding. She then gave the remaining KES 6,000 to her husband for his own use.

What differences do you see between how Edna and Liz handle money?

 Edna's money handling	Liz's money handling  

Can you identify good and bad money habits between the two entrepreneurs?

Good Money Habits	Bad Money Habits
	

Which entrepreneur will see more success in business? Why?



Which do you admire most and why?



Summary Notes

- ◆ **Financial literacy** can be defined as a set of skills and knowledge aimed at helping one make sound financial decisions. This includes knowledge about how to make money, how to plan for expenses, saving and borrowing, and even investing.
- ◆ Financial literacy is all about money management techniques. Financially illiterate people LOSE money through unnecessary personal and business expenditures.
- ◆ Financially literate people make WISE money decisions. They GROW their money by saving or investing in viable enterprises.



Step 2

Concept of SAVING

The Ant and the Grasshopper

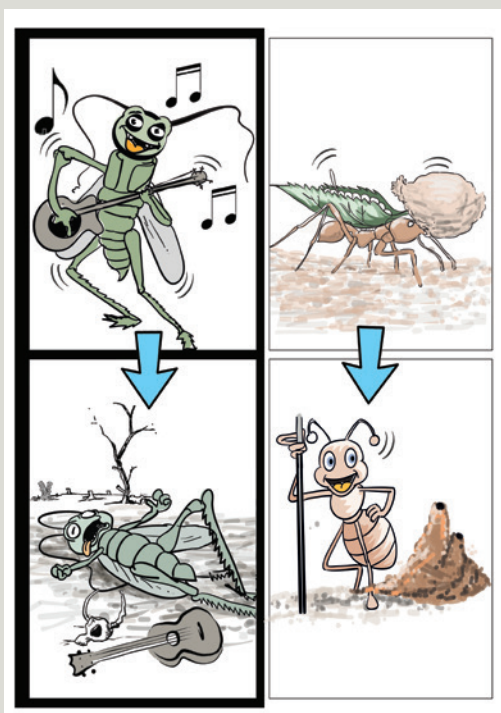
Illustration 3.3: Grasshopper hopping on grass and Ant working to store food

Read the story below, then answer the questions that follow.

One beautiful day, Grasshopper was hopping about in a green field of grass, singing and whistling and making music from his heart. It was a good day for Grasshopper, after all, as there was plenty of grass for him to eat.

In the same green field Ant was busy gathering grass and storing as much as he could in his ant hill. Grasshopper laughed at Ant for wasting time gathering and storing grass instead of enjoying and making merry. Ant cautioned Grasshopper that he should store up food because when the cold season comes, water and snow will cover the earth and there won't be any green grass in the fields to eat. But Grasshopper ignored the warning and continued with merry making.

When the cold weather came, the grass died away and food became scarce. Ant had stored up enough food to make it through the season with plenty to eat. But because Grasshopper did not store up any food during the warm season, he was out in the cold, hopping from one place to another in search of grass to eat. He could not find any and died.



Questions

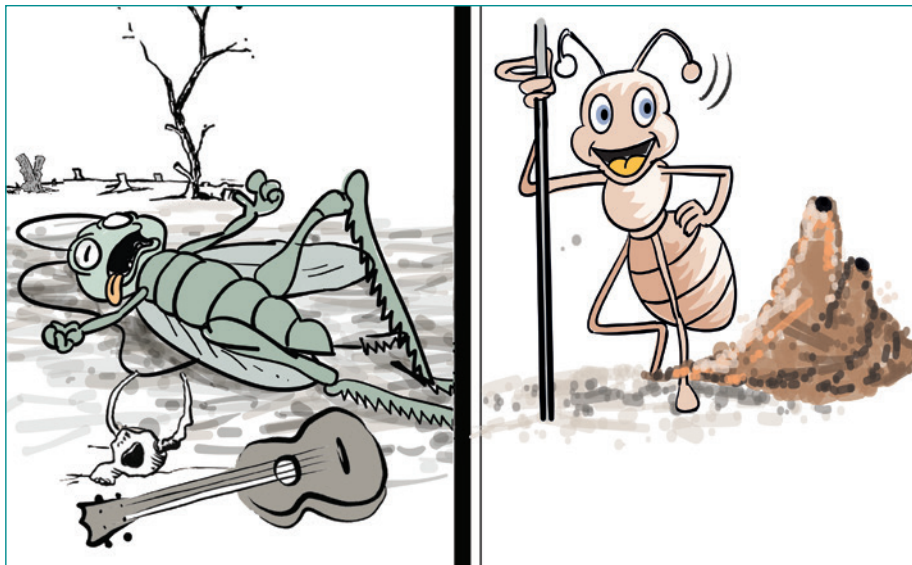
What was Ant saving for? What did he give up (What was the opportunity cost)?



What was the Grasshopper's opportunity cost?



Illustration 3.4: Grasshopper without food during times of flood/cold, and Ant with plenty in store



What did you learn from the story? How does this story relate to how you handle money?
Are you more like Ant or Grasshopper?



Reflection Task



What Ant was doing is saving. Saving is putting money aside for _____ .

When you earn money, the first expenditure should be _____

Pay yourself _____ Do not _____ what is left after _____ !

Ways you can save:

Summary Notes



- ◆ What Ant was doing is similar to saving.
- ◆ When we earn money, the first expenditure should be savings. Pay yourself FIRST. Do not SAVE what is left after SPENDING!
- ◆ You can save in your VSLA, Savings and Credit Cooperative (SACCO), bank or buy assets that appreciate in value like livestock (chicken, goats, cow) or land.

Step 3

Borrowing

Illustration 3.5: Kanyimach Self Help Group members having a disagreement on loan recovery process

What is your personal experience with borrowing. How did you start your sanitation enterprise? Did you borrow or used your savings to start (or both)? Was this a good or bad idea?



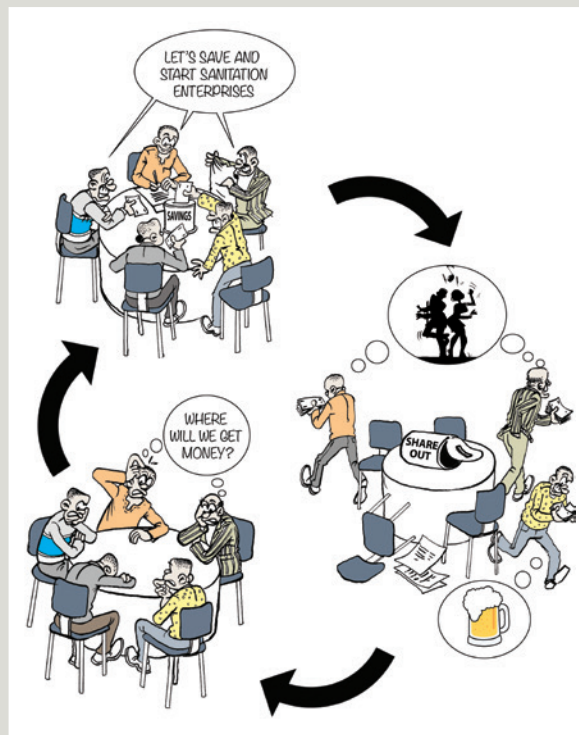
Illustration 3.5: Kanyimach Self Help Group members having a disagreement on loan recovery process

For most small-scale start-up entrepreneurs in rural areas, a savings group is an important source of credit. This is also true for most SATO and SAFI sanitation entrepreneurs in Kenya. It is a quicker source of small credit than banks.

Read through the story below, then answer the questions that follow:


The Kanyimach Self Help Group SATO Loan Experience

The 12-member Kanyimach Self Help Group started in 2016. The group has accumulated KES 50,000 in savings that revolves through its VSLA scheme. In March 2019, a KIWASH sanitation specialist trained them on the concept of a Sanitation Revolving Fund (SRF), where members save to buy SATOs to sell. The group developed a credit facility (loan in-kind) for its members, where they take SATOs on credit and repay in cash on a monthly basis. However, at the time of share out in September, five members failed to repay their SATO loans. They were not attending group meetings, and their savings could not cover for the credit.



The group resorted to forceful recovery. This brought bitter conflict though this was later on resolved. After the share out, the group had no capital to sustain the SATO business. The group chairperson proposed that they go for a loan of KES 50,000 from their bank to buy more SATOs and meet growing demand.

What measures should this group put in place to avoid member loan defaults?



What advice would you give the Kanyimach Self Help Group on the proposed bank loans? Is it a good idea or a bad idea?



What do you think the bank will consider before giving the group a loan?



Have you ever borrowed from a bank or a microfinance institution? What were the benefits? What were the costs?

Benefits (upside)	Costs (downside)

Summary Notes



- a) There are pros and cons of using your own money vs. borrowed money
 - ◆ You are freer when you use your own money.
 - ◆ A loan costs money (interest).
 - ◆ Some people lose property when they fail to repay the loan.
- b) However, by borrowing, you get a greater lump sum faster than you might when using your own capital (more money quickly than if you rely on your ability to save little-by-little).
- c) Loans are costly and one should be careful when borrowing from commercial sources. The cost may be direct or indirect as explained below:
 - ◆ **Direct cost:** Money you pay to the bank for the loan, including interest, fees, insurance, legal fees and late penalties. Some of these costs (fees, insurance) are paid upfront before you get the loan.
 - ◆ **Indirect cost:** Expenses you may have to pay because you have the loan, such as bus fare to go to the bank to apply and negotiate the loan.
- d) Governments and non-governmental organizations may also give loans or grants to small entrepreneurs willing to start or scale-up their businesses.

Costing and Pricing

Have you ever started a business that ran out of cash? In business CASH IS KING. It determines whether your business will grow or fail. As an entrepreneur, you must know how to PRICE your products and the COSTS of your business.

Illustration 3.8: Nthongoni Group planning to start SATO Enterprise.

Read through the case below and then work through the problems that follow.

The Total Cost of a SATO Retail Enterprise

After their KIWASH training, all 37 members of Nthongoni CHU agreed to start a SATO retail enterprise in November 2018. They required capital of KES 23,135 to pay for supplies, transport to and from Nairobi, and airtime for the chairman. The group agreed that each member would make a contribution of KES 355 (total KES 13,135) in cash. To meet the required budget, they pulled out KES 10,000 from the group's bank account.

Less than one year later, the group now sells on average 60 SATO pans and 10 SATO stools each month. SATO pans come in boxes of 10 units, and each box costs KES 4,500. SATO stools come in boxes of five units, and each box cost KES 4,000. The group sells the products at KES 6,000 and KES 5,000 per box, respectively. They make direct purchases from the manufacturer in Nairobi and keep proper records of their stocks and costs. The group's cashbook shows a record of the following costs for orders made and sold:

- ◆ MPESA charges of KES 220 when purchasing the SATOs
- ◆ Transport per box of SATO pan is KES 150 and KES 200 for a box of SATO stools
- ◆ The chairman receives KES 500 worth of airtime to coordinate purchases and delivery of products to the group every month



- ◆ The group has an arrangement with a local shop to store its stocks. The shopkeeper charges a flat fee of KES 400 for storage.
- ◆ A commission of KES 20 and 50, respectively, is paid to members for each unit sold.
- ◆ It pays a local artisan KES 300 to install a SATO pan and KES 200 for a SATO stool. But clients pay the group KES 400 and KES 300 for installation, respectively.
- ◆ The group meets monthly to reconcile records. The budget for teas and snacks for the meeting is KES 300.

The group offers its customers the product and installation service. For every unit, the group expects to retain a profit of KES 150 for the SATO pan and KES 200 for the SATO stool.

Exercise

Which of the above costs are VARIABLE and which are FIXED?



Fixed Costs	KES	Variable Costs	KES
Total		Total	
No of units		No. of units	
Fixed cost/unit		Variable cost/unit	

Calculate per-unit VARIABLE cost and per-unit FIXED cost of each product.



Calculate the price per unit at Nthongoni CHU



Compare the per unit cost and the per unit sales price. Is the group break-even (making profit) with this price?



What is your advice to the group?



Calculate the price per unit of the SATO pans and SATO stools.



Handout 3.4: Case of Vaele Women Group

Costing and Pricing of a SAFI Latrinet

Vaele women groups in Kakamega County has 20 members. It comprises of CHV's and a few artisans who were trained on SAFI latrine production and installation. The group heard about SAFI retail business opportunity from a United States Aid for International Development (USAID)-funded KIWASH project that had donated a SAFI latrine production mold for use by the local community. In January 2019, members came together and agreed to expand their business and start SAFI latrine production and retail. The group calculated the cost of producing one SAFI latrine, considering the costs of materials used and other costs incurred related to labor, time spent in manufacture of one latrine and transportation cost of materials to the manufacturing site. Table 1 shows the breakdown of costs considered. The total cost of producing one SAFI latrine to Vaele group was KES 14,850 and the group projected to sell at least five SAFI latrines a month. Based on this projection, the group members agreed to invest from their group savings an initial startup capital of KES 75,000. They agreed to set a profit margin of 10% for each latrine produced.

Since July 2019, the Vaele group has sold six SAFI latrines and increased their sales revenue to KES 98,010. From its cash book records, the group;

- ❖ Pays a commission of KES 500 to every member responsible for a unit sale
- ❖ Charges the household an extra KES 3,000 to provide a local artisan who can construct a SAFI latrine but Vaele group pays the artisan 2,500 per unit of construction
- ❖ Pays an annual business permit fee of KES 1,000

The group meets monthly to reconcile records. The budget for tea and snacks for the meeting is KES 300

Exercise

Using the handout given below, work in your groups to fill in the last two columns. This shows the production cost of a SAFI latrine in your local area.



S/N	Description	Unit	Quantity	Rate (KES)	Amount (KES)
1	Sub-structure				
1.1	Excavation of the pit latrine				
1.1.1	Excavation to a depth between 5 feet–4 culverts depending on the soil structure (pit diameter of 1 meter)	Feet	10		
1.2	Production of rings/culverts				
1.2.1	Ash (free)	Bags			
1.2.2	Wire mesh (4 ft x 8 ft) - light gage	No	3		
1.2.3	Portland cement (50 kg bag)	No	2		
1.2.4	Sand (wheelbarrow)	No	4		
1.2.5	Binding		1		
	Sub-total cost				
1.3	Precast slab				
1.3.1	Heavy gage wire	Pieces	1		
1.3.2	Red oxide	kg	1		
1.3.3	Cement	Bags	1		
1.3.4	Sand	Wheel barrows	2		
1.3.5	Used oil	Liter	1		
1.3.6	Labor (unskilled +skilled)	Man-days	1		
	Sub-total cost				
	Total sub-structure cost				

S/N	Description	Unit	Quantity	Rate (KES)	Amount (KES)
2	Super-structure				
2.1	Super-structure walls				
2.1.1	River sand	Wheel barrows	5		
2.1.2	Ballast	Wheel barrows	3		
2.1.3	Bricks	Pieces	290		
2.1.4	Cement	Bags	3		
2.1.5	Timber	Feet	12		
2.1.6	Reinforcement wire (gage 12-twisted)	Pieces	1		
2.1.7	Wire mesh	Pieces	1		
2.1.8	Binding wire	kg	1		
2.1.9	Door	Pieces	1		
2.1.10	Hinges	Pair	1		
2.1.11	Locks	Pair	1		
	Sub-total cost				
2.2	Roofing				
2.2.1	Iron sheets	Pieces	2		
2.2.2	Ordinary nails assorted	kg	Quarter		
2.2.3	Roofing nails	kg	Quarter		
2.2.4	Vent pipe	Pieces	1		
2.2.5	Facila board	Feet	12		
2.2.6	Labor (skilled)	Man-days	3		
	Sub-total cost				
	Total superstructure (KES)				
	Total cost/SAFI latrine (KES)				

From the exercise above, which cost can be classified as FIXED or VARIABLE cost?

Fill this on the table below.

Table 1: Breakdown of fixed and variable cost

Fixed Costs	KES	Variable Costs	KES
Total		Total	
No. of units		No. of units	
Fixed cost/unit		Variable cost/unit	

What is the per unit cost of producing a SAFI latrine? _____

What is the expected selling price for each SAFI latrine? _____

Summary Notes

- ◆ **Fixed cost:** In business, there are costs that you incur even if you don't sell any product or service. An example of a fixed cost is rent. A landlord will still expect this payment even if the business failed. This is what is called a Fixed cost.
- ◆ **Variable cost:** However, there are costs that will change depending on the volume of business. For example, the cost of hiring an artisan to install or construct sanitation products. The costs to hire the artisan depends on how many products you sell. This is called Variable cost.
- ◆ Every entrepreneur must understand the full cost of their business.
- ◆ For pricing, calculate per-unit cost of delivering your product or service.
- ◆ Add your expected mark-up (or profit margin) to get the price to charge your customer.



Money Planning

Every entrepreneur must plan ahead to avoid running out of money! This is called BUDGETING or CASHFLOW PLANNING. A MONEY PLAN (or Cashflow Budget) is every entrepreneur's most important cash management tool.

Exercise:

Reflect on the above Case of Nthongoni CHU.

Assume that the group does not want to run short of products at any given time to avoid customer complaints. It therefore uses some of its monthly profits to increase its stock of products by purchasing one box of SATO pans every month for the next six months. Monthly sales and costs remain unchanged as discussed in the case.



Fill in the missing cells in the two tables below and answer the questions that follow.

		Nthongoni CU Six Month SATO Product Stocks						
		Month	1	2	3	4	5	6
No. of boxes to purchase	SATO pan	6	7	8				
	SATO stool	2	2	2				
Total		8	9	10				
No. of boxes to sell	SATO pan	6	6	6				
	SATO stool	2	2	2				
	Total	8	8	8				
Stock balance (unsold boxes)		0	1	2				

Nthongoni CHU Six Month Money Plan							
Money in		Month					
		1	2	3	4	5	6
	Sales	46,000	46,000	46,000			
	Installation fees	30,000	30,000	30,000			
	Total	76,000	76,000	76,000			
Money out	Purchases	35,000	39,500	44,000			
	MPESA charges	220	220	250			
	Transport	1,300	1,450	1,600			
	Chairman's airtime	500	500	500			
	Storage	400	400	400			
	Installation fees	20,000	20,000	20,000			
	Commissions	1,700	1,700	1,700			
	Meeting cost (teas)	300	300	300			
	Total	59,420	64,070	68,750			
Balance	Start= 38,000	16,580	11,930	7,250			

Questions

Will Nthongoni have enough cash to meet operations after six months?



Is the group cash position improving or deteriorating? Why?

What should the Nthongoni CHU do to improve its cash position?

Exercise:

Reflect on the above Case of Vaele Group.

Assume that the group does not want to run short of products at any given time to avoid customer complaints. It therefore uses some of its monthly profits to increase its stock of products by producing one SAFI latrine every month for the next three months. Monthly sales and costs remain unchanged as discussed in the case.



Fill in the missing cells in the two tables below and answer the questions that follow.

		Vaele Groups three Months SAFI Latrine Stocks					
		Month	1	2	3	4	5
No. of SAFI latrines to produce	Total	6	7	8			
No. of SAFI latrines to sell	Total	6	6	6			
Stock balance (unsold SAFI latrines)		0	1	2			

Vaele Groups three Month Money Plan							
Money in		Month					
		1	2	3	4	5	6
	Sales	120,000	120,000	120,000			
	Artisan construction fees	3,000	6,000	3,000			
	Total	123,000	126,000	123,000			
Money out	Production cost	89,100	103,950	118,800			
	Business permit fee	1,000					
	Artisan construction fees	2,500	5,000	2,500			
	Meeting cost (teas)	300	300	300			
	Total	92,900	109,250	121,600			
Balance	Start= 75,000	30,100	750	(1,400)			

Will Vaele group have enough cash to meet operations after three months?



Is the group cash position improving or deteriorating? Why?

What should the Vaele group do to improve its cash position?

Summary

A Money Plan helps you to:

- ◆ Figure out how much money you need to start or to keep your business running until it makes enough money to sustain itself; and
- ◆ See how much cash (or shortfall) you will have at end of every business period (week, month or quarter, etc).






Table 3. Illustration of a sanitation business stock plan

Money in	Month/Week					
	1	2	3	4	5	6
Money out						
Balance						

Participant Evaluation Form

Provide feedback on each section by marking the appropriate box or signaling to the facilitator with thumbs up, thumbs flat or thumbs down.



Session	Very relevant and useful 	Somewhat relevant 	Not relevant or useful 
Financial literacy			
Saving			
Borrowing			
Costing & Pricing			
Money Planning			

Timetable

Course: Business Skills Training for Sanitation Entrepreneurs

Module: Basic Financial Literacy

Session:

Venue:

Date:

Time	Activity	Facilitator
5 minutes	Ice breaker and introduction of session	
20 minutes	Financial literacy	
20 minutes	Saving	
20 minutes	Borrowing	
	Break	
30 minutes	Costing & pricing	
20 minutes	Money planning	
5 minutes	Learning assessment	
	End	

Module 4

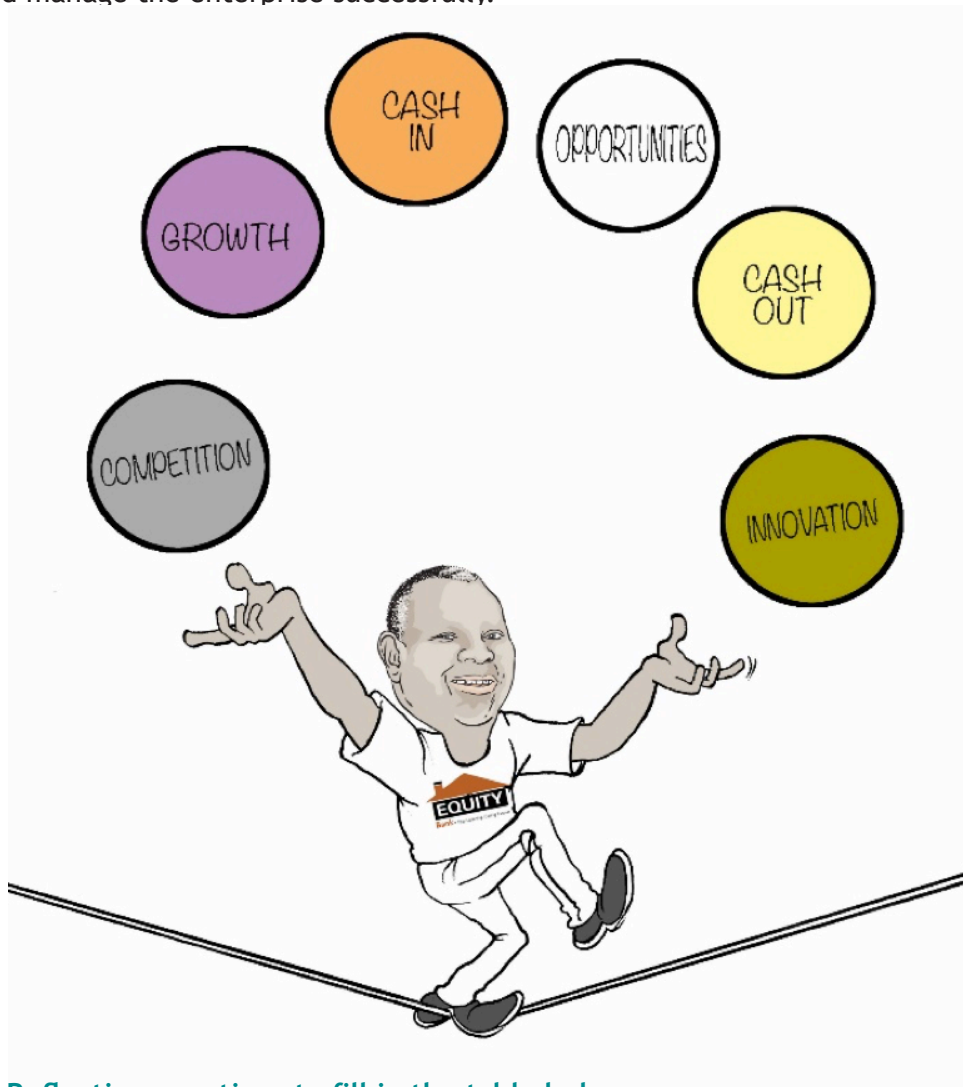
MANAGING AND LEADING A SANITATION ENTERPRISE

Business Skills Training for
Rural Sanitation
Entrepreneurs



Entrepreneur as a Leader and Manager

A successful enterprise depends on the competencies of the owner - to lead and manage the enterprise successfully.



Reflection questions to fill in the table below:

- ◆ What is the difference between a leader and a manager?
- ◆ What are some of the characteristics of a good leader?
- ◆ Mention one leader in your community that you admire?

Leader definition	Manager definition
Characteristics	Characteristics
Leader I admire	Manager I admire

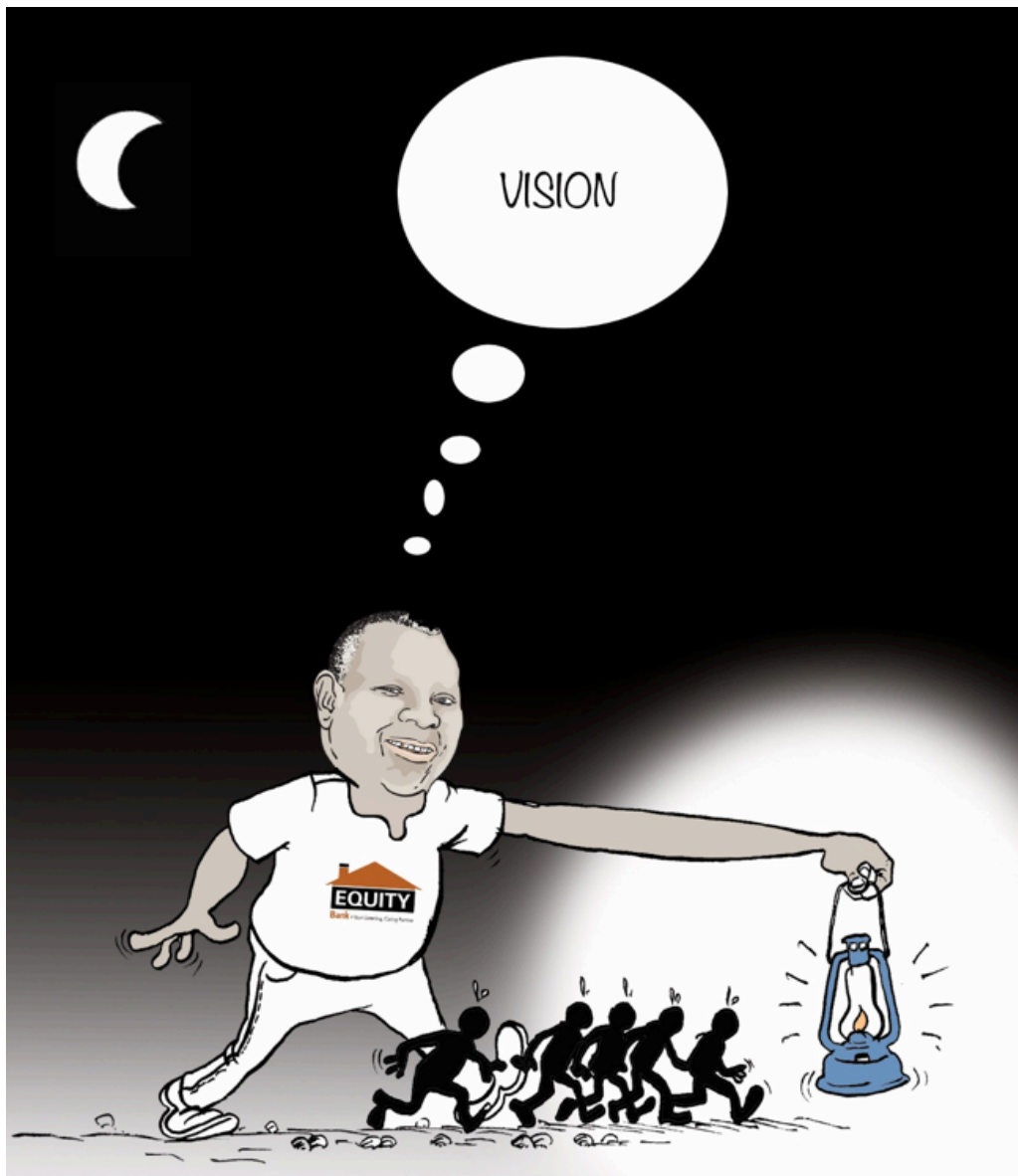
Summary Notes

- ◆ **Leading:** Is about inspiring, motivating and influencing others to reach goals and achieving the highest possible performance. A leader sees the bigger picture or goal and inspires group members, employees or family to attain the goal.
- ◆ **Managing:** Involves organizing and overseeing daily operations and activities of your enterprise. It's the routine task of ensuring that the operations of the enterprise run smoothly. Both are important, but clear, motivating leadership is critical for a successful enterprise.



Step 2

Qualities of a Good Leader



Dr. James Mwangi as a Manager and as Leader

Developing Your Business Plan: The BUSINESS Model Canvas

4.1 This last session brings together all the elements you have learnt from Module 1 to up to this stage of Module 4. The business canvas offers a simple structure of developing a business plan by just answering a set of nine-key questions:

5 A Business Model Canvas is a tool entrepreneurs can use to develop their business model. It gives you the structure and a snapshot of your business plan in 1-page.

5.1 Refer to Module 2 on answers to these questions:

Who are your customers?



What's compelling about the product or service you offer? Why do customers buy, use?



How are you delivering your product or service to customers?



How will you maintain a good relationship with customers, so that they keep coming back or talking about your products to others



Refer to Module 3 on answers to these questions:

How do you make money from the product or service you offer?



What main activities do you carry out, and which costs money, in order to deliver your product or service to the customer?



What important resources, in terms of assets, expertise and others do you need to better serve the customer?



Which are your major costs that impact on the revenue you generate? Look at activities and resources above



Refer to Module 1 on Partnerships for Answers

Who are the key business partners—suppliers of products or services and others organizations who are key for your business to succeed?



For this session, use the blank Business Canvas template in your handbooks.



Elements of a Business Canvas

The Business Model Canvas provides the building blocks to create your own business plan. It has nine elements, and together these elements provide a coherent view of a business' key drivers:

- 1. Customer Segments:** Who are the customers? What do they think? See? Feel? Do?
- 2. Value Propositions:** What's compelling about the proposition? Why do customers buy, use?
- 3. Channels:** How are these propositions promoted, sold and delivered? Why? Is it working?
- 4. Customer Relationships:** How do you interact with the customer through their 'journey'?
- 5. Revenue Streams:** How does the business earn revenue from the value propositions?
- 6. Key Activities:** What uniquely strategic things does the business do to deliver its proposition?
- 7. Key Resources:** What unique strategic assets must the business have to compete?
- 8. Key Partnerships:** What can the company not do so it can focus on its Key Activities?
- 9. Cost Structure:** What are the business' major cost drivers? How are they linked to revenue?

Having every element of a business plan on one page is advantageous for entrepreneurs because it:

- ◆ Provides a focused, simple view of a business plan or idea
- ◆ Makes it easier to make changes and try new ideas when you can see every element on one page.
- ◆ Is easy to understand.

Developing Your Own Business Model Canvas



- ◆ Your facilitator has shown you how to fill the template. Now using the templates on the following pages, practice and develop your own business model.
- ◆ *Remember: You are the LEADER of your own small sanitation enterprise.*



RESOURCES

Leadership Case Study: Dr. James Mwangi

Dr. James Mwangi hails from the humble highlands of the Aberdares in Murang'a County. His father was a Mau Mau fighter who died in the struggle, leaving behind a young widow with seven children.

He attended Nyagatugu Primary School in Kangema Village. He then joined Ichagaki Secondary School, on a government scholarship, having excelled in primary school and Kagumo High School for his A-levels, where he studied economics, English literature and geography. He was later admitted to the University of Nairobi, where he graduated with a degree in Bachelor of Commerce (BCom). He also passed the Certified Public Accountant of Kenya (CPA) examinations. In addition, Mwangi is a graduate of Advanced Management Programme (Strathmore - IESE Business School, Barcelona, Spain).

Growing up in Kangema village was challenging. Just like any other low-income family, money was scarce and the family teamed up to supplement their income by engaging in small businesses. There was no time for childish games—everyone had to pitch in to keep the home fires burning. Mwangi, like the rest of his siblings, had to do his share of chores - tending to livestock, making charcoal, selling fruits and other produce for small margins. Dr. Mwangi specifically sold charcoal and fruit and tended livestock to help support his mother and siblings.

While this may have been humbling for the young Mwangi, he was nevertheless absorbing invaluable business lessons that would stand him in good stead for his future. He was learning, without consciously doing so, the basics of business - what people needed, what they were prepared to pay, how to add value to products, the basics of customer care, negotiation skills, how to make a sale and turn a profit. With no role models to emulate, he and his family were, in effect, discovering the basics of business all by themselves, based on observation of what worked and what did not. This motivated Mwangi to study commerce at the university.

Through the small business ventures, Mwangi realized that business was actually doable and could bring returns as long as one had interest. Mwangi's passion for business grew even more while at the University of Nairobi where he sold second hand clothes and stationery to fellow students to make an extra coin. He was however determined to grow and be part of a renowned company in the country. Rising from forced family business to meet the family needs, Dr. James Mwangi is today one of the country's most influential persons in entrepreneurship and one of the most successful businessmen in Africa



BUSINESS MODEL CANVAS TEMPLATE

		Group:	Trainer:	Date:
Business Model Canvas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Structure		

BUSINESS MODEL CANVAS TEMPLATE

		Group:	Trainer:	Date:
Business Model Canvas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Structure		

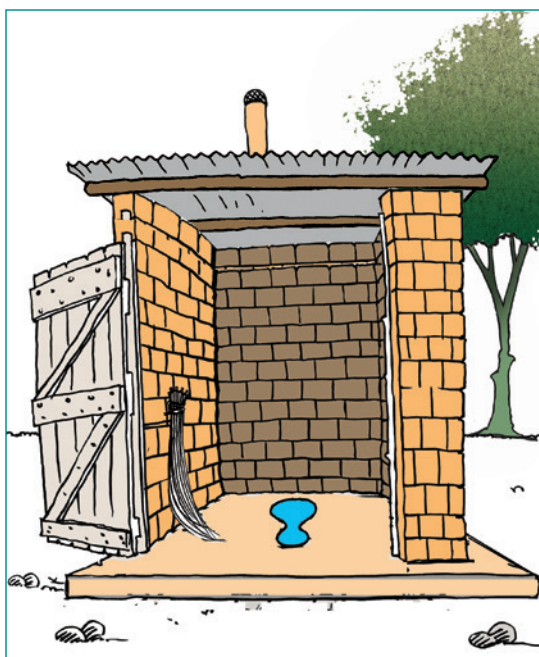





BUSINESS MODEL CANVAS TEMPLATE

		Group:	Trainer:	Date:
Business Model Canvas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Structure		

Participant Evaluation Form

Provide feedback on each section by marking the appropriate box or signaling to the facilitator with thumbs up, thumbs flat or thumbs down.



Session	Very relevant and useful 	Somewhat relevant 	Not relevant or useful 
Managing vs. Leading			
Characteristics of Successful Leaders			
Creating a Vision Statement			
The Business Model Canvas			

Timetable

Course: Business Skills Training for Sanitation Entrepreneurs

Module: Management and Business Leadership

Session:		Venue:	Date:
Time	Activity	Facilitator	
5 minutes	Ice breaker and session introduction		
15 minutes	Managing vs. Leading		
20 minutes	Characteristics of successful business leaders		
	Break		
20 minutes	Creating a vision statement		
40 minutes	The business model canvas		
5 minutes	Learning assessment		
	End		



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