KENYA CLIMATE SMART AGRICULTURE PROJECT (KCSAP) SEED SYSTEM PROJECT (GALLA GOAT GERMPLASM CONSERVATION, MULTIPLICATION & DISTRIBUTION)

ENTREPRENEURIAL SKILLS AND MARKETING TRAINING MANUAL

Manual Prepared By
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KALRO Buchuma is one of the centres implementing **KCSAP Seed System Project** (Galla Goat germplasm multiplication and distribution). The project aims at enhancing Galla goat germplasm conservation, multiplication and distribution in selected counties in the Kenya’s ASALs. The targeted County for this project are Taita Taveta & Kajiado. These counties were selected based on being some of the KCSAP project counties with goat value chains. The project endeavor to provide quality, needs-based entrepreneurship trainings to Value Chain Actors in its project areas and beyond. Thus, this training manual was developed to equip trainers with the basic concepts of entrepreneurship and knowledge of business planning essential for the success of entrepreneurs involved in small business, particularly Galla Goats. Further, this manual will be used to train diverse groups, and facilitator should be at liberty to determine which activities are most relevant to the different groups and be flexible to adapt various activities to ensure relevance in the local context. I pilot training and/or validation of the manual will be imperative obtain objective feedback from trainers, participants, and subject matter specialist before flagging this manual. The pilot training and/or validation exercise to be followed by an objective evaluation and postmortem to advice on improving the flow and quality of the manual based on context. This is in the quest of continuing empowering smallholder farmers through instilling entrepreneurial mindset. This is in response to the fact that agriculture has transformed into agribusiness and our farmers must be in business and/or agribusiness.

**Key words:** Entrepreneurship, business planning, Galla goat, local context
1.0 Entrepreneurship

1.1 What is entrepreneurship?
The process of identifying business opportunities, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for wealth creation.

1.2 Who is an entrepreneur?
Refers to a person who identifies a business opportunity, develops a business idea and takes the risk of setting up an enterprise to produce a product or service which satisfies customer needs.

1.3 Qualities of an entrepreneur
- Risk taker – Sees opportunities and acts on them and is not deterred by the fear of failure.
- Creative – Comes up with new ideas
- Good planner – Strategize and organize resources
- Innovative – Seeks to better existing business ideas, products and services.
- Visionary - Sees what others are not seeing
- Seeks continuous improvement – Is about making things better by identifying opportunities for improvement
- Decisive – Takes action to actualize the business idea
- Persistent and patience – Takes repeated or different actions to overcome challenges
- Information seeking – Gathers timely information for informed decision making
- Self-confidence and self-driven – Possesses strong belief in own abilities and judgement.
- Goal oriented - Focuses on achieving the desired results and postpones personal luxuries
- Persuasive – Convincing others to support your ideas

1.4 Scouting for Business Opportunity

1.4.1 What is a business opportunity?
A situation that exists and presents itself to an entrepreneur to tap with the aim of generating profits. Example: Inadequacy of Galla goat breeding material in the market.

1.5 Generating Business Idea
It involves identification of opportunities by;
• Solving community problems
• Identifying gaps/ needs in the market
• Observing trends
• Brainstorming
• Building on your skills and interests
• Attributes listing e.g. gala goats are resilient and adaptable thus fit for production in ASAL areas; Galla goats are fast growing thus utilize feed resources better
• Gaining from wastes e.g. bones turned into bone meal; droppings to manure.
• Research – Involves performance trials, efficacy trials –feed rations, breeding.
• Importing an idea e.g. production of Galla goats by the Somali
• High rate of rural unemployment
2.0 Business Financing

2.1 Sourcing

2.1.1 What is a resource?
Physical and non-physical item required to start and operate an enterprise e.g. funds, labour, skills; natural – land, water and minerals; infrastructure, breeding materials etc.

2.1.2 Resource sourcing – Identifying where one can access resources for running an enterprise.

2.2 Resource Mobilization
These are processes that are involved in securing new and additional resources for utilization in your business

2.2.1 Importance of Resource Sourcing and Mobilization
i. To allow scaling up and improvement of product and services
ii. To support enterprise sustainability i.e. increasing working capital
iii. To generate new business ventures
iv. To ensure continuation of provision of services
v. To facilitate friendly terms with regard to availability, condition for acquisition and convenience

2.3 Resource mobilization cycle
Plan (Drawing the business strategy) – Act (Implementation of the strategy) – Reflect (Evaluate performance)
2.4 Resource utilization
Prudent use of available resources for the intended purpose as stipulated in the plan. Is a key performance indicator that measures effort of amount of available time or capacity.

2.4.1 Importance of resource utilization
i. It maintains productivity since resources are not over or under-utilized.
ii. It allows for resources to be managed with better visibility
iii. Yields a better return on investment
iv. Allows for flexibility in reallocation of resources

2.4.2 Sources of Business Financing
There are various sources of funding the business mainly;
- Equity – owners contribution
- Retained earnings – ploughed back profits from business
- Debt – borrowing friends, family and relatives
- Loans (formal and informal) – money paid back with interest
- Credits – Supplies received with postponed payment
- Venture funding – Funds received with shareholding conditions
- Grants – an award to facilitate a goal or incentivise performance


2.4.3 Cost of funding

This refers to how much an entrepreneur pays in order to acquire funds. Costs of funds i.e. loans is in the form of interest charged. A lower cost (interest) and a long repayment period means the entrepreneur will see better returns and the business will be paying in smaller instalments allowing the business to grow when the funds are utilized appropriately.

NB: When seeking loan financing, it is advisable to compare loan terms from different financial service providers.
3.0 Financial Literacy

It is the ability to understand and use various financial skills including personal financial management, budgeting and investing.

3.1 Importance of Financial Literacy

This enables one to;

- Understand basic financial concepts like generating interest, returns, and risks involved etc.
- Make good financial choices about spending, saving and managing debts.
- Make long term financial preparations

Lack of financial literacy may lead to several pitfalls such as accumulating unsustainable debt burdens either through poor spending decisions or a lack of long term preparations.

3.2 Financial Goal Setting

This is developing a plan for your money. Having a meaningful financial goal can set you on a path of a debt free life and a journey to financial freedom.

There are 5 components of financial plan

1. Goal identification – e.g. Increased family income through increased sales of Galla goats
2. Listing assets and liabilities – Assets; Galla goat, Farm implement, Land etc. Liabilities: Loans, Pending bills
3. Cash flow and expenses monitoring – Cash-in, Cash-out, Petty Cash
4. Insurance planning – Cost of property insurance e.g. Galla goat insurance
5. Monitoring and optimization – Involves progress review, regular check and carrying out adjustment to achieve better results.

3.3 Budgeting for Your Business Goal

3.3.1 What is a budget?

It is a spending plan based on your income and cost for specific period of time. It allows you to oversee and better understand whether your business has enough revenues to pay its expense.
3.3.2 Types of budget
- **Master budget** – Overall budget
- **Cash budget** – cash flow budget
- **Operating budget** - Revenues and expenses
- **Financial budget** – Shows a the amount of capital required at a particular time
- **Labour Budget** - amount of money committed to labour
- **Static budget** – Revenue and expenditure remain fixed throughout the year

3.3.3 Components of a budget
- Revenues
- Fixed costs
- Variable costs
- One-time expenses
- Cash flow
- Profit

3.4 Determining Cost of Credit
This are the expenses charged to the entrepreneur in a credit agreement. This may include interests charged, access fees charged.

3.4.1 Terms of credit
This may depend on the policy of the lender, however you can negotiate for favourable terms. They include;
- Repayment period – Longer repayment period is desirable
- Interest rate – Lower interest rates are desirable
- Grace period – Longer grace period is desirable
- Security/Collaterals – e.g. title deeds, Logbooks, Payslips

3.5 Financial Management
Involves planning, organising and keeping track of business income and expenditures.
3.5.1 Importance of financial management

- Provides guidance in financial planning
- Assist in acquiring funds from different sources
- Help in investing an appropriate amount of funds
- Increases organisational efficiency
- Reduces delay in production
- It cuts down financial costs

3.6 Tools of financial management

They are several tools of managing finances, they include:

- Financial planning
- Cash flow management
- Budget and budget management
- Budget deviation analysis
- Credit and collections
- Debt management
4.0 Costing & Pricing

All entrepreneurs should calculate their costs before setting the prices of their products or services. Failure to do that can lead one to setting the price of their products or services below the costs leading to loss making.

4.1 What is costing?

This is the process of establishing the exact amount incurred to produce or provide a product or service.

4.2 Importance of Costing & Pricing

- To assist in providing a basis of price setting
- To set competitive prices for your goods and services
- To show whether or not a profit has been made
- To set the desired profit percentage
- To provide information for planning and decision making
- To know which items cost too much so that you can develop alternative ideas.

4.3 Classification of Cost

Types of business operations and costs incurred include;

1) Direct costs – these are costs that can be directly identified with the product or service. They are directly connected with the production of product or services e.g. cost of purchase of breeding stock, labour costs (wages for herders), transportation

2) Indirect costs – are any other operational costs associated with the running of the business but are not directly related to the production process. Also known as overhead costs such as utilities (rent, electricity, telephone); statutory obligations (taxes, levies, licenses, rates); indirect labour (wages for accountants and clerks).

3) Variable costs – Expenditure that changes with the level of production e.g. Utilities (Water, Electricity)

4) Fixed costs – expenditures that do not change with the level of production e.g. machinery, premises
4.4 Product Costing
This is the summation of all the costs incurred in the production and/ or availing the product or service to the customer.

Formulae: Direct Costs (DC) + Indirect Costs (IC) = Total product Cost (TC)

4.4.1 Product pricing
This is the monetary value of a product or service that you charge to cover total product cost (direct + indirect) and obtain a profit that you desire on each unit of product or service.

Product price = Total product Cost + Profit

4.4.2 Pricing Criteria
Before setting the price for a product or service consider the following;
1. The total cost of producing and selling the product
2. Competitors price
3. Profit target
4. Customers’ ability and willingness to pay
5. Demand for the product
6. Pricing objectives – market penetration or profit maximization
7. Government pricing policy

4.5 Setting prices
Cost-charge a price that covers all the cost of producing, distributing and selling a product

4.6 Pricing objectives
- Survival –used when a business is troubled by too much capacity, heavy competition etc.
- Profit mechanisation - consider the maximum current profit
- Market share – obtained to increase volume of sales
- Product quality – High price to cover high cost of research and development
4.7 Pricing approaches

- Psychological pricing – psychological deal with the buyer e.g. how will a buyer perceive a price of KES 600 vis-à-vis KES 599
- Going rate pricing – set according to the competitors prices. You either charge the same, more or less of your competitors’ prices.
- Cost plus pricing – standard mark-up is added to the cost of product

4.8 Break Even Analysis

It is a useful technique for determining how many units must be sold in order to recover cost of sales

4.8.1 What is break-even point?

It occur when total revenue (TR) is equal to total cost (TC)

**BE: TR=TC**

Break even analysis is important in determining the amount of sales that must be achieved to cover the total cost of sales incurred.
5.0 Financial Analysis

Financial analysis refers to assessment of viability, profitability and sustainability of a business. It is carried out time to time throughout the business duration.

5.1 Tools for Financial Analysis

The techniques used for enterprise financial analysis includes:

- Gross margins analysis
- Balance sheet

5.2 Gross Margin Analysis

A tool which uses calculations to arrive at likely margins for different enterprises. It is used to compare enterprises with their returns to factors of production. Therefore gross margin in general terms is given as gross income minus relevant cost.

Gross margin is calculated as the difference between the value of total sales (Revenues) and the total cost of sales (Total Variable cost).

\[ \text{Gross Margin (GM)} = \text{Total sales revenue (TR)} - \text{Total variable costs (TVC)} \]

When it is a positive margin it means the business is viable and can cover its own operation costs.

Example: Galla goat production

5.2.1 Assumptions

- Parent stock – 30 two months in-kid nannies
  - 1 buck
- Duration: 1 year production period
- Mortality rate of kids: 1%
- 1 kid per Nanny
- Dispose/value entire flock after production period
Table 1 - Gross margin analysis

<table>
<thead>
<tr>
<th>Items</th>
<th>Unit</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of breeding buck</td>
<td>No</td>
<td>1</td>
<td>13000</td>
<td>13000</td>
</tr>
<tr>
<td>Sale of breeding stock does</td>
<td>No</td>
<td>30</td>
<td>10000</td>
<td>300000</td>
</tr>
<tr>
<td>Sale of 1St Kids</td>
<td></td>
<td>30</td>
<td>8000</td>
<td>240000</td>
</tr>
<tr>
<td>Sale of 2nd kids</td>
<td>No</td>
<td>30</td>
<td>3000</td>
<td>90000</td>
</tr>
<tr>
<td>Sale of manure</td>
<td>Tonnes</td>
<td>7</td>
<td>1500</td>
<td>10,500</td>
</tr>
<tr>
<td>Sale of milk</td>
<td>Kg</td>
<td>1800</td>
<td>70</td>
<td>126000</td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
<td></td>
<td></td>
<td>779,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Items</th>
<th>Unit</th>
<th>Quantities</th>
<th>Unit Cost</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of breeding bucks</td>
<td>No</td>
<td>1</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Purchase of breeding nannies</td>
<td>No</td>
<td>30</td>
<td>8000</td>
<td>240000</td>
</tr>
<tr>
<td>Labour cost</td>
<td>Monthly</td>
<td>12</td>
<td>5000</td>
<td>60000</td>
</tr>
<tr>
<td>Veterinary services</td>
<td>Monthly</td>
<td>12</td>
<td>2000</td>
<td>24000</td>
</tr>
<tr>
<td>Feeds and supplements</td>
<td>Kg</td>
<td>12</td>
<td>600</td>
<td>72000</td>
</tr>
<tr>
<td>Total Variable Costs</td>
<td></td>
<td></td>
<td></td>
<td>406,000</td>
</tr>
</tbody>
</table>

GM: 779500 – 406000 = 373500

5.3 Increasing Profitability

5.3.1 What is Profitability?

This is the ability of a business to produce more revenues than expenses.

5.3.2 Areas that can help drive profitability

- Reducing costs
- Increasing turn over
- Increasing productivity
- Increasing efficiency
5.3.3 Strategies to improve profitability

- Conducting market research
- Analysing financial statement
- Eliminating non-essential expenses
- Decrease wastes e.g. in feeding
- Creating budget.
- Capacity building of Value chain actors
- Developing customer relation
- Develop marketing and branding
- Increase sales prices
- Reduces fixed overheads expenses
- Expand your market
- Keep high performing breeds

5.4 Balance Sheet

5.4.1 What is a balance sheet?

This is a financial statement that communicates the book value (assets, liability and equity) of the enterprise.

There are 3 things found in a balance sheet;
1. Equity
2. Assets
3. Liabilities

The purpose of the balance sheet is to gauge the general financial health of an investment or enterprise.

5.4.2 Importance of a balance sheet

i. Liquidity – Current assets and current liabilities; Assets/ Liabilities

ii. Leverage – Compares Debt to Equity and helps to determine how the company is financed;
Debt/ Equity

iii. Efficiency – This measures how efficiently the enterprise uses its assets;
Assets turn-cover ratio = Revenue/Assets
iv. Rates of return i.e. Return on equity (Net income/ Equity); Return on Assets (Net Income/ Assets); Return on Invested Capital (Net Income/ Debt).

5.4.3 Uses of Balance sheet

- To evaluate risk and returns
- To secure loans and investors
- To make long term business decisions
- To prevent potential problems

**Table 2 - Galla Goat Balance Sheet at December 2021**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES AND SHAREHOLDERS EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>Accounts payable</td>
</tr>
<tr>
<td>Accounts receivables</td>
<td>Notes payable</td>
</tr>
<tr>
<td>Inventory</td>
<td>Accrued expenses</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>Deferred revenue</td>
</tr>
<tr>
<td>Investments</td>
<td>Total Current Liabilities</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>Long-term debt</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>Total Liabilities</td>
</tr>
<tr>
<td>Land</td>
<td>Shareholders’ Equity</td>
</tr>
<tr>
<td>Building and Improvements</td>
<td>Common stock</td>
</tr>
<tr>
<td>Equipment</td>
<td>Additional paid-in capital</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Other Assets</td>
<td>Treasury stock</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>Total liabilities and Shareholders’ Equity</td>
</tr>
<tr>
<td>Less accumulated amortization</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
</tr>
</tbody>
</table>
6.0 Market & Marketing

6.1 What is a Market?
This is a set up where buyers and sellers engage in exchange of goods, services and information.

6.2 What is marketing?
- Marketing is working to supply what customers want and doing it profitably for both the customer and the entrepreneur supplying the product.
- Finding out what customers need and supply to them at a profit.
- A series of services/activities involved in moving a product or service from point of production to point of consumption.

Marketing is linked to; Planning what to keep/produce – doing business planning and analyzing profitability, storing to maintain quality of the produce, maintaining quality of the produce during production, packaging, sales and transport to sales point.

6.3 Importance of Marketing
- Marketing helps in finding out what customer’s needs.
- Enables you to produce and sell the products that people need.
- Provides information in letting people know about your products/services.
- Marketing provides information that will enable you to sell your products in the right places and setting the right price so that people will buy your products.
- Marketing helps provide information on how to make your products/services unique and more attractive than other similar businesses.

6.4 Market Intelligence
A simple survey is carried out to identify several potential market options. These should be prioritized according to the market type e.g. local, national and export. Map all potential buyers, contacts and their prices. Potential buyers in this context refer to the market outlet for an entrepreneur’s product/service like aggregators, retailers, wholesalers, retail stores e.g. supermarkets, processors and exporters of produce.

While undertaking market intelligence, three prices are always taken into consideration, for example;
i. Open market price – This is a price offered by middlemen at farm gate in a given community

ii. Producers association’s price - A price negotiated by the producer organization from identified buyer. It is always higher than the open market price

iii. Price of the producers - This is the price charged by the producer organization when it sells for farmers, this should be lower than organization’s price but higher than the open market price.

6.5 Marketing Strategies/ The Marketing Mix – 5 P’s

Effective marketing starts with a considered, well-informed marketing strategy. The marketing strategy comprises of five Ps - Product, Place, Promotion, Price and People (referred to as the marketing mix).

- A marketing strategy;
- Explains the position and role of one’s products and services in the market.
- Profiles one’s customers and your competitors.
- Identifies the marketing tactics one will use.
- Allows one to build a marketing plan and measure its effectiveness.
- It makes it possible to assess the risks involved and the how they can be mitigated.
- Sets the overall direction and goals for one’s marketing, and is therefore different from a marketing plan, which outlines the specific actions one will take to implement their marketing strategy.

6.6 Five P’s (Marketing Mix)

Any marketing strategy comprises four basic elements referred to as the 5Ps’ namely product, place, price, and promotion.

1) **Product:** A product is what a business presents to the customer or the value proposition that is meant to solve the customer’s problem at hand. It is important to ensure that the product fully meets the needs of the customer. From an angle of industry analysis, it is necessary that the product is unique and in this way, your business as a firm or an individual will enjoy competitive advantage. These can be quality attributes, branding, packaging etc.
2) **Place:** Place is important in meeting two main market aspects namely; availability of the product to and accessibility of the product by the customer. Thus, it is important that the product is found in an easily accessible place or location and should be readily available to the customer at the time of need. It is important that this time factor be planned for in any business. Effectiveness and efficiency of the distributional channels used must be considered as well. The relative locations of the production fields, storage facilities, and the sales points are important in terms of transportation costs and access to customers.

3) **Price:** Price is one of the important market aspects in business. A good price is seen in the profit a business earns after selling its products. When selling, a competitive price needs to be set and this varies from customer to customer. Two main factors considered when setting prices are: the cost of production and the market price.

4) **Promotion:** It is important to know that before the customer buys the product, they must hear about the product or see the product or have experience of the product. These will stimulate them to think about your product and probably they will eventually make the decision to buy product.

5) **People:** People characteristics, behavior and preferences need to be considered as they are the consumers of the product or the service. The 5th P will also the management and human resource required in an enterprise

### 6.7 Methods of product promotion

These can be through the following ways:

- Personal sales of your product to your intended buyers.
- Conducting sales promotion - say the first ten people to buy gets a free gift. Through word of mouth promotions. Advertisement through radio shows etc.

### 6.8 Collective Marketing

Is bulking your products as a group and selling them together. You cannot reach larger buyers since you will not have enough to offer and therefore it is better to bulk your produce with other farmers and later sell collectively. Collective marketing also makes it possible for the producers to bargain for better terms/ prices (bargaining power).
6.9 Marketing Information
It is the knowledge of all the factors affecting the demand and supply of products or services at a given time.

Gathering relevant market information requires the understanding of the 4 C’s marketing mix.

The 4C’s of market information include:

1) **Customers** – Entrepreneur’s target client. Who are they? What do they do? How many of them are there? Where are they located? What will they pay?

2) **Cost** – Entrepreneur’s Costs. Operational costs, Administrative costs, Selling Costs, transportation/transaction costs.

3) **Commodity** – Entrepreneur’s produce for the market. What are you offering? What is the gap in the market? What are the benefits of your commodity? Is there demand for it?

4) **Competition** - Other business targeting same market. Who are they? Where are they? What are their prices? How do they promote their product?

6.9.1 Importance of Market Information
- It allows better decision making at the time of production. It helps you decide on-What to produce, quantities, methods, what to finance.
- It allows better decision making at the time of selling.
- It helps you decide on-Where to sell, when to sell, to whom to sell, price.
- It attracts traders by informing them about the quantity and quality of produce you have available.

**Note:** Most entrepreneurs produce before collecting marketing information on what the market/customers really wants from them i.e. they sell what they produce instead of producing for the market.

6.10 Product Differentiation
This is the process of distinguishing a product or service from others to make it more attractive to a particular target market. This involves differentiating it from competitors products as well as the farms own products.
6.10.1 Ways of product differentiation

6.10.1.1 Value Addition

Process of increasing utility through changing the form of a product e.g. goat into chevon; meat into minced meat; fats into sausage; milk into yoghurt, cheese or butter etc.

6.10.2 Product Quality

This refers to how well the product or service satisfies customer needs, serves its purpose and meets customers expectation. For animal and animal products, health considerations are an essential part of the quality of product.
7.0 Business Planning

7.1 What is a Business Plan?
Is a formal statement of a set of business goals and the approach for reaching those goals. Planning for an agricultural enterprise is thinking of what will take place and when, what inputs will be required and when, how the enterprise will be managed; and the roles of different players.

7.2 Importance of Business Planning
- It allows good organization and management of all activities and resources.
- Business planning helps one to identify the required resources needed to start and operate a sustainable and profitable enterprise.
- Helps set reasonable objectives in your enterprise and figuring out how to achieve them.
- Helps spotting problems and finding solutions beforehand.
- Provide yardstick for measuring actual future performance.
- It fosters holistic approach towards an enterprise.
- Can be used as a tool for resource mobilization (credit).
- It provides framework for decision making.

7.3 When to Prepare a Business Plan
Business plan is prepared when:
- Starting a new enterprise.
- Planning for expansion of an enterprise.
- Sourcing for external financing.
- When the old business plan has expired.

7.4 Components of Business Plan
The sub-sections listed below form a business plan:
1. Business profile (Business name – group/individual name, physical address, Tel. no, nature of enterprise, location etc.)
4. Production plan.
v. Financial plan
vi. Implementation plan

7.4.1 Executive Summary
It is a concise summary of the business opportunity. It is the first part of the document but usually written last.

7.4.2 Business targets: Vision, Mission, Objectives, and Goals

*Vision* - What the enterprise wants to become.

*Mission* - What the impact of the enterprise is all about

*Business goals* – These outlines the expected outcome.

*Objectives* – These are the precise targets necessary to achieve goals.

The objectives must follow the **SMART** principle i.e;

i. **Specific**: The entrepreneur should set very specific objectives for the enterprise.

ii. **Measurable**: You can only manage what you can measure.

iii. **Achievable**: The enterprise objectives must be challenging but achievable

iv. **Realistic**: Objectives that are not written down are nothing but wishes.

v. **Time-bound**: The business owner must clearly decide when he expects to achieve certain results. This will help him to properly manage time.

The enterprise objective is one where you define the number of Galla goats to keep; the amount of money you expect to earn from the enterprise in the year.

7.4.3 Production Planning
It’s a plan of what to do in developing and producing a product. Parts include production process and production requirements.

*Production process* – These are the basic stages of production either enumerated or represented in a flow chart
Production requirements – These includes raw materials, supplies, labour, legal requirements to abide by (e.g. health, permits), quality assurance, farm structures and layout, machines and equipment, transportation etc.

7.4.4 Financial Planning

It shows financial requirements of the enterprise and allows efficient utilization of the available resources.

Components in financial planning include;
- Cash flow statement
- Projected Income Statement
- Balance sheet
- Budget

7.4.5 Implementation Plan

It’s a process of realising the production plan in the business plan. The three main components in Galla goat production cycle are implemented simultaneously.
Figure 3. Implementation plan

An action plan showing what is to be done by whom, when, for how long and the resources required can be presented in a table and reviewed from time to time.

Table 3 - Action Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time frame</th>
<th>Implementer</th>
<th>Cost/ Resources</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breed selection and acquisition</td>
<td>Jan, April, Aug</td>
<td>Entrepreneur</td>
<td>KES</td>
<td>Acquire when prices are low</td>
</tr>
<tr>
<td>Goat husbandry</td>
<td>Jan- Dec</td>
<td>Labourers/entrepreneur</td>
<td>KES</td>
<td>Minimise cost of operations</td>
</tr>
<tr>
<td>Market and marketing</td>
<td>Jan- Dec</td>
<td>Entrepreneur</td>
<td>KES</td>
<td>Identify and produce for the market</td>
</tr>
</tbody>
</table>

7.4.6 Marketing Plan

This section specifies strategies to achieve target markets, marketing objectives, programs, activities, timelines and resources required.

Marketing plan should have the following:-

1) Market; describe the market trends

2) Target market segment; describe prospective current/ location of customers
3) Competition; - describe future competition, weakness and strength of competitors and the strategies for dealing with competition.

4) Marketing strategy; - describe product mix, pricing strategy, credit strategy, distribution strategy and promotion strategy.
8.0 Record Keeping

8.1 What is a proper record?

Any entrepreneur must keep records in order to know what his outflows (payments) and inflows (receipts) are. The difference between the two figures will inform the entrepreneur if he has made a profit or incurred a loss.

Calculating profit and loss is the most important part of record keeping. Record keeping involves preparing a record of what activities they have carried out, the amount of resources they have used, e.g. land, labor and inputs e.g. seeds, pesticides, transport, equipment, etc. and services received.

Records indicate the amount of money that comes into a business/farm and the amount of money that is spent (or just simply money IN and money OUT).

Keep records of costs, prices, profits, breeding season etc. to maximize business efficiency.

Quality record keeping is a key strategy to managing risks. With record keeping, many of the unknown elements of business planning can be more accurately estimated.

Entrepreneurs cannot learn what has worked well and what has not if they do not keep proper records.

8.2 Importance of Proper Record Keeping

i. Keeps one informed of the business activities

ii. Determines the best use of available resources

iii. Records are proof of quality (age, parentage, level of production)

iv. A tool for self-monitoring, evaluation and learning

v. Helps in timing of routine operations e.g. deworming, breeding management, reconciliation of accounts

vi. Facilitates access to credit facilities i.e. loans for enterprise expansion

vii. Formulation of production plans

viii. Measure the performance of the enterprise (strengths and weakness)

ix. Assists in setting commodity/produce prices

x. Helps in decision making process, adjust farm enterprises

8.3 Types of Records

There are several types of records which include;

- Farm inventory
- Purchase records.
- Sales records
- Feeding records
- Herd health records
- Breeding Records
- Production Records
- Cashbooks (combine business expenditures and income records)
- Savings records
- Credit records and marketing records

### 8.3.1 Income and Expense Record (Cash Book)

A Cashbook is a good simple record every farmer should have. It simply records all the money (cash) that comes in the business and the money that goes out of the business.

#### Table 4 - Cash book

<table>
<thead>
<tr>
<th>Date</th>
<th>Item/Particulars</th>
<th>Income (Receipts/Sales)</th>
<th>Expenditure (Payments/Purchases)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Qty</td>
<td>Unit Price</td>
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</table>

#### Table 5 - Inventory/ stores record

<table>
<thead>
<tr>
<th>Date of acquisition</th>
<th>Item/Description</th>
<th>Quantity/ No.</th>
<th>State/Condition</th>
<th>Value</th>
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#### Table 6 - Production record

<table>
<thead>
<tr>
<th>Date</th>
<th>Item/Description</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Remarks</th>
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Table 7 - Sales Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Item/ Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Amount</th>
<th>Selling Point</th>
<th>Remarks</th>
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Table 8 - Purchase records

<table>
<thead>
<tr>
<th>Date</th>
<th>Item/ Description</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Name of Supplier</th>
<th>Remarks</th>
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Table 9 - Field Operations/ Activity Records

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<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Man Days</th>
<th>Unit Cost</th>
<th>Total Cost</th>
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8.4 Challenges of Proper Record Keeping

- Literacy levels
- Lack of understanding the importance of the records
- Lack of commitment – keeping records is laborious
- Lack of entrepreneurial mind-set – no business goal

**NB:** Facilitator to probe further

8.5 Strategies of Keeping Proper Records

- Good centralised filing system – Do not mix farm records with any other records
- Having a backup mechanism e.g. photocopy
- Regular update of the records immediately an activity has been undertaken
- Farm records should be neat and secured