



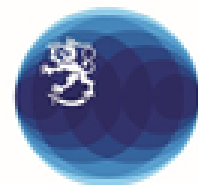
# PARTICIPATORY PLANTATION FORESTRY PROGRAMME

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SME DEVELOPMENT MANUAL 2021



United Republic of Tanzania  
**MINISTRY OF NATURAL RESOURCES  
AND TOURISM**  
Forestry and Beekeeping Division



Embassy of Finland  
Dar es Salaam

# SME Development Manual 2021



Participatory Plantation Forestry Programme (PFP 2)

SME Development Manual

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Cover photo: Mobile Circular Saw (AMEC) operators in Makete

# 1: Introduction to SME development work in PFP

## 1. Introduction

Participatory Plantation Forestry Programme (PFP2) is a Finnish government funded programme to reduce poverty by building capacity in the forest value chain in the Southern Highlands of Tanzania. In addition to forestry extension services to improve silviculture practices, PFP2 aims to increase the income of Small and Medium Enterprises (SMEs) in the forest value chain, specifically wood-cutters, charcoal producers and carpenters.

RLabs Tanzania has developed innovative tools to encourage enterprise creation and strengthening by building a growth mindset. PFP2 engaged RLabs to develop materials specifically for enterprises in the forest value chain and to train Extension Officers to support SME growth. Materials for this manual were developed and tested in interaction with SMEs from 14 villages in Makete from June to November 2021.

It is important to note the major difference between extension services for tree growing and for SMEs. In forest extension services there are best practices in tree growing, which Extension Officers can demonstrate and teach to tree growers. There are 'right answers' about the best way to grow trees.

While there are also best practices in business (for example, keeping financial records) the role of extension officers is less of instruction and more of facilitation. Participants are much more likely to implement ideas to improve their businesses if they have come up with them themselves. They know their business context, challenges and customers. Ultimately only the SME owner can solve the problems they are facing, these cannot be solved by PFP. SMEs may be resigned and expecting help and finance from PFP. The Extension Officer needs to challenge this dependency mindset and build confidence among the SME participants that it is within their power to improve their businesses, by empowering them to develop and implement their own business improvement strategies.

## 2: Growth mindset as a tool for business development

RLabs' experience demonstrates that developing a growth mindset has a positive impact on business performance. Instead of teaching SMEs specific things they could do to improve their businesses, the programme aims to help participants to develop a growth mindset so that they can keep generating their own ideas, seeing new opportunities and developing a culture of learning and self-improvement.

Growth mindset has many aspects, but in short:

“In a growth mindset, people **believe that their most basic abilities can be developed through dedication and hard work**—brains and talent are just the starting point. This view creates a love of learning and a resilience that is essential for great accomplishment.”<sup>1</sup>

One aspect of a growth mindset is feeling agency over your life, daring to try new ways of doing things and challenging fixed ideas about what is possible. This is important in a context where SME owners are often resigned to low income or feel that the only path to growth (accessing more capital) is closed to them, so they will never be able to grow their businesses. A common example of a fixed mindset is business owners saying there is no market when in fact they may have never looked for a market beyond their immediate community. The premise of this SME development programme is that there are many things that an SME owner can do to improve their business, without external capital. SME mindset is explored in more detail below.

The aim of the programme is to increase growth mindset among SME owners, to empower them to take actions to make the business more profitable. This can be achieved by improving professionalism, efficiency, looking for new markets, or improving record-keeping.

Three indicators will be used to measure progress as the programme is rolled out:

- Average improvement in score on the mindset assessment tool
- Number of SME owners keeping meaningful financial records that inform business decision-making
- Number of SME owners reporting effective actions to improve their business as a result of the training

Equally significant are case studies of the improvements that SME owners have made, what impact they have had on the business growth and income and how they link to shifts in mindset achieved through the training.

Once SMEs have started keeping meaningful records for their businesses, we can also collect data to track if their income is increasing.

We developed a mindset assessment tool which considers the 'default' way of running a business compared with a more commercial mindset, based on observation of many SMEs.

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<sup>1</sup> Carol Dweck - researcher best known for her work on Growth Mindset, author of *Mindset: The New Psychology of Success*, 2006

## 2: Growth mindset as a tool for business development

The tool considers speed and organisation, agency and passion for the business, financials, compliance, innovation, attitude towards superstition and being proactive in accessing the market.

<b>Running a business on 'autopilot' ('mazoea')</b>	<b>Running a business with a more commercial mindset</b>
Sometimes I have to stop work, because I wait until materials run out before going to get some more	I always make sure that I have the materials I need so that I don't hold up production
I keep track of costs directly associated with a piece of work but I don't look at costs of running the business overall	I track all costs of the work and overheads and consider these in pricing my product / service
I think my business is profitable overall though I don't have all the information to confirm that	I have information that informs me that my business is profitable
My customers come from nearby where I work	I have a good understanding of different markets, I do research and build a network to communicate with customers
Customers accept the timing and quality that I decide. Some orders I need to be chased by the customer to get them finished.	Finishing customer orders on time is essential. I make sure I complete their orders on time and if there are any changes I notify the customer
I need a donor or assistance to succeed in my business	My business doesn't need external help, it can run itself. Even if I need to grow it with a loan, the business generates profit which will repay the loan and interest.
For me success is having a machine and a nice 'factory' building	Before deciding on buying machinery or buildings, I would need to calculate whether that would increase my profits or not
I don't use my business accounts to plan my business	I use my business accounts to plan my business
My business doesn't meet all compliance requirements or health and safety	I have all the necessary certification and I ensure health and safety at work
My business has so many challenges that cause it not to grow	I use the challenges in my business as an opportunity to learn and do what is in my power to address the challenges.
My customers come and find me at my business	I have tried new strategies to find customers and been successful
I'm ready to stop doing this business if another business comes up that I like more and is more profitable	I love my business and I have committed to growing it, even if I face challenges I'm ready to carry on
I just run my business in a normal way	My business is different from other businesses
People can curse my business and cause it to fail	The growth of my business depends on my own efforts

# 3: Growth mindset and extension services, it starts with you!

PFP baseline surveys highlight the low levels of profit and capitalisation among SMEs and the high levels of poverty.

Extension Officers are compassionate and keen to help SMEs, but can unintentionally perpetuate a dependency mindset among SMEs. Their perception was:

- SME owners are poor and making little profit
- We have researched their problems many times, now it's our job as PFP to come and give solutions
- Lack of capital is the major problem preventing SME growth. If SME owners can be helped to develop business plans and get loans then they can grow their businesses.

## The danger of a single story

RLabs uses the 'single story' concept invented by Nigerian writer, Chimamanda Adichie. As a child, she only perceived their family's houseboy, Fide, as very poor. When she visited Fide's family home, she was amazed to receive a beautiful basket. Having a 'single story' about Fide prevented her seeing that his family did have resources and skills. Studying in America, Chimamanda herself was subject to many single stories about Africa.

Throughout our engagement, PFP staff told us many stories they had heard about Makete: Makete people are very superstitious, they have a custom of killing one child to bring good luck for the whole family, so many parents have died from AIDS there are only children left.

The point about single stories is not that they are untrue. Like stereotypes, they often have some basis. The point is that the single story only takes one side (and often the negative side). Fide was poor, but his family were also able to make beautiful things. Some people in Makete are poor, but there are also very successful business people, and Kinga people from Makete are well known for doing well in Dar's main trading centre, Kariakoo. SME owners have low income, but they also have resources and ambitions. We took time to get to know SME owners in a more holistic way than is possible in the formal project baseline study. When we shared the 'other side' of the story there was a tangible sense of surprise within the PFP teams. Carpenters are earning enough to build their own houses? SMEs are keeping some kinds of records?

Our challenge to **you** - working on behalf of PFP to empower rural communities: be on the lookout for single stories and fixed mindsets, especially when these mindsets focus only on what is missing. **A growth mindset is an abundance mindset: it considers the rich assets among people and environments and looks for innovative ways to leverage these for progress.**

## 4: Tips for being a great facilitator

Facilitation is very different from lecturing, it takes practice and self-reflection.

- **Understand your role:** the role of a facilitator is to enable someone to reach a new understanding, it is not to transfer knowledge. Trust the process. Let go of concerns like *“what if I can’t persuade them to do what I want them to do?”*, *“what if we can’t demonstrate results?”*. It is their business, their life, and you cannot solve their problems. Your role is to empower them to achieve their own goals, in ways that only they can work out, empowered by the tools you will share. You work hard to deliver the best quality facilitation you can and create the environment for change, but ultimately it’s up to the participants how they use what you provide.
- **Have a growth mindset approach to improving your own facilitation skills:** know that facilitation is a skill that needs practice - the more you practise and gain real life experience the better you will get. Prepare carefully before each session so that you understand the session objectives and plans. Take time to review how each session went and seek feedback from colleagues - what went well and what do you want to improve?
- **Educate yourself about growth mindset:** immerse yourself in thought-provoking articles to deepen your understanding and thinking about community empowerment. Debate the ideas and sessions with your colleagues. The better you understand the concepts underpinning the sessions, the more effective your facilitation will be, because it’s not about delivering a set of exercises but being able to guide the emerging discussions among participants.
- **Listen and learn.** You need to get a balance: for each session or visit, you need to have a clear objective in mind - what do you want them to get from your visit? At the same time you need to be very responsive to what you are hearing from the participants. What are they thinking, how much have they understood, are the sessions working or do you need to try a different approach? What assumptions are you coming up against? For example, our learning about attitudes towards machinery came up through testing materials for this programme. We also sensed some resistance to record-keeping due to fear of high tax bills from TRA but also a fear of finding out that a business someone has invested so much time in is not actually profitable.. You need to be ready to adapt and respond to what participants are saying in the sessions. Of all staff across the PFP programme, you have the most amazing first-hand insight into the needs of SMEs through these discussions. In our work as facilitators, almost every time we lead a session, we learn something new that informs our work. Take note of the discussions, and anything valuable, new or surprising that you should share with others.
- **Read the manual:** it’s long, we don’t expect you to read it all at once. Prepare one session at a time, and read the instructions carefully. We’ve included insight into why we designed the sessions this way, and what you need to aim for. As you get more experience in facilitating, come back and re-read the manual because you will understand it more deeply as time goes on.



## 5: Session logistics

We have designed three hour sessions so that it is possible to visit one village in the morning, and another village (on the same route) in the afternoon. Part of the session will be a structured activity, and part is flexible - for example, reviewing financial records that the participants have brought, and providing one-to-one advice.

### Programme outline

No	Session Name	Description
1	Programme Introduction and Registration	What is the course all about and how can it help me with my business? Find out how it works, how it's different and how it will help you come up with your own strategies for growing your business. Reach an agreement on the best timetable for the meetings and sign up!
2	Mindset and World View	Test yourself on where you are in your business journey. Are you just doing things on auto-pilot or do you have a commercial mindset? Using the tool, pick three areas where you would like to improve. Through interactive exercises, challenge yourself to see the world in a fresh perspective. Learn to tell the difference between fact and myth and be released from the fear of superstition, to achieve your goals.
3	Growth Mindset	Did you know that you're not using your full potential? As human beings we often have fixed ideas about how to do things - that can stop us growing or trying new things. Learn about fixed and growth mindset and the fixed ideas that might be holding you back in your business.
4	Record-keeping	You know you're supposed to keep records, but you don't because it's hard! Try our new simple format and see if it can help you find out what you need to know about your business. How much profit am I making per month? Where can I increase income or reduce costs?
5	Reflection and Business Improvement	Do you really love your business? If you're passionate you'll be more likely to succeed. Learn from the businesses you have done in your life and discover whether you are passionate about your business. Find the 'Sweet Spot' where business passion, skills and market come together. Drawing all the learning together to come up with three simple actions to improve your business.
6	Growth mindset and business strategies	Perhaps you always thought that buying a machine is the next necessary step for growing your business? That could be a fixed mindset. It's important to check the calculations to know if it will really be profitable for you or not.
7	Business Model Canvas	Introducing the idea of the Business Model Canvas, and working on the first two blocks: value proposition, and customer segments.
8	BMC: activities and resources	Perhaps you thought it was all about capital, but you'll be amazed to see how many resources you have around you to help you grow your business.
9	Innovation	Realising the endless possibilities for innovation, from the examples of the chair pinterest board. 'Thinking outside the box' to come up with new business improvements.

## 5: Session logistics

10	Using financial information to plan your business	Now you've started keeping financial records - great! Let's look at the information to see what it shows about your business.
11	Business Development Plans	Researching the market and finding customers (and getting better prices). Bringing together everything you have learned in the course to develop a business improvement plan and achieve your goals!

# **Part 2**

# **Session Plans**

# Session 1. Programme Introduction and registration

## Background

From the beginning of the programme, it is important for participants to get enough insight of what the programme is all about so they know what they can expect, what they are committing to and how they are going to engage in the program. The purpose of the course needs to be clearly explained, including pointing out that the programme is not going to hand out solutions for the challenges of their businesses, but it will provide them with guidance and facilitation to empower them to seek their own solutions.

After explaining the purpose and providing a brief highlight of key areas covered in the programme, facilitators should ask participants who are willing to be registered for the programme. They have to agree on how they will engage in the programme including programme format and the timing for meetings that works best for participants.

**Goal:** To enable participants to get an overview of what the programme will offer them, so they know what to expect and can decide whether to participate.

**Materials Needed:** List of sessions and descriptions in Swahili to share with participants

## Facilitation steps

### 1. Welcome all participants

Tell them that you are happy that they have come to the first meeting and you are excited to let them know about an empowering programme that you want to invite them to. Show them that you genuinely care about their progress, by warmly welcoming each person, smiling and taking interest in each individual.

Congratulate the participants for their success in establishing and growing their businesses so far, and that you are there to work together with them to grow their business further. You would like to introduce a programme that will empower them to improve their businesses, tell them there is no better person to solve the challenges in their businesses than themselves.

### 2. Exercise: solutions come from you!

**Tell them** that before providing them with the overview of the programme you would like them to think about what makes them the best people to improve their businesses.

**Divide them into smaller groups** and ask groups to use 10 minutes to say why they are the best people to solve their business challenges.

# Session 1. Programme Introduction and registration

**After 10 minutes** ask one group to present, let other groups top up the answers and finally describe them to participants in detail.

Tips to facilitators:

- The SME owners are the ones who know best the reality of their businesses
- They are the ones who want to see their businesses improved more than anyone else, because they are first beneficiaries of the success of their businesses
- They are the ones who directly work with their businesses, the performance of their businesses depends on what they do or don't do
- They are the first to be affected if the business performs poorly.

For you as an Extension Officer - remember that empowering SMEs to solve their business challenges on their own ensures sustainability, they will be able to deal with the challenges that will arise in future when there are no external interventions to help them, and to keep growing and improving.

## 3. Explain programme purpose and content

Then tell them, the programme you are introducing to them has considered the fact that they alone are the best people to change their businesses.

**The purpose of the programme** is to empower SME owners to come up with their own solutions to improving their businesses. Tell them that the programme acknowledges their position as runners of their businesses and their personal experience in their businesses is vital in determining what can work and what can't for their business improvement.

Then describe to participants what they can expect from the programme. The programme will empower them to:

- assess how they operate their businesses and identify gaps to work on
- assess how free they are from fear that their businesses can suffer superstitious harm
- reconsider with a fresh perspective the things that they might have thought are impossible to achieve in their businesses, and find different ways to achieve them
- assess if they are truly passionate about the businesses they are doing
- improve the way they keep their business records and use them to make important business decisions
- have deeper reflections of what their businesses offer, who they offer to, how they deliver it and the operations involved in developing what they offer.
- empower them rethink the ways they find new customers

## 4. Register interested participants and agree on training frequency and timing

Ask participants who would like to join the programme and then agree with them on the timetable for the training and date for the next session. In the first session participants will assess themselves with regard to how they run their businesses and identify where they need improvement.

## Session 2. World View

### Background

The world view session encourages community members to challenge their superstitious beliefs, which may be affecting many aspects of their daily decision-making and lives. It aims to help participants reconsider the factual basis of their perceived beliefs. The session uses owls which are believed to be a cause of misfortune by many communities in Tanzania as the case study. It points out facts about owls that challenge participants' perception and then opens up the room for questioning the validity of other superstitious beliefs including a fear that businesses can be cursed to failure.

**Goal:**

**Part 1:** Tool to evaluate mindset gaps that individual SMEs operate with in their businesses and establish SME strengthening needs for each individual. The evaluation also can be used as a baseline that can later be used to measure SMEs' improvement.

**Part 2:** First mindset session to help participants realise that there are other perspectives and their cultural background influences their way of thinking positively or negatively. To identify untrue and harmful beliefs in their community.

**Materials needed for the session**

Mindset questionnaire and mindset framework showing 'default' mindset and commercial mindset

Two pictures of different species, one of them is of that one which is common in Tanzania.

Two papers- one written on it the word 'TRUE' and another 'FALSE'

One of the lessons learned from doing the SMEs strengthening training in Makete is that rolling out a strengthening program as a structured training programme that absorbs all SMEs may not be suitable to all SMEs. There should be a way that can make it possible to facilitate SMEs operating at different levels differently. Establishing the individual capacity needs of SMEs can help understand where extension services should be more focused as they reach out to individual SMEs and empower them to work on issues that are more relevant from the level where they are.

The designed tool lays out the aspects that are considered as best business practices and common aspects to businesses that are run ordinarily. The aspects for best business practices are termed as commercial mindset and the common aspects of businesses run ordinarily are referred as small business mindset. The tool allows SMEs to map out the aspects pertinent to their current practice and render obvious the pieces of mindset they operate with and therefore unveils the missing pieces of the desired mindset that they need to pursue.

Therefore with this tool, individual SMEs will be able to gauge themselves and determine where they are doing fine and where they are not in their path of improving their mindset towards a more commercial mindset. A successful application of this tool is expected to inform SMEs of the areas

## Session 2. World View

they need to improve and at least arouse their interest to want to improve their mindset and that can then be used as the focus of capacity strengthening.

### Facilitation Steps

#### Part 1

##### 1. Role of participants in the programme

Tell participants that you are happy that they have joined the programme and remind them that just as they have learned in the program introduction that the program acknowledges their personal experiences in their businesses and seeks to help them in using that experience to improve their businesses.

##### 2. Introduce the mindset questionnaire

Tell them that for the program to help them best there is a need to understand the areas where each individual SME is doing fine and where strengthening is required. Tell them that for this purpose, each person is to be provided with an evaluation form that will help each person understand where they are currently standing with regard to running their business commercially. Ask them to be sincere when filling in the forms.

##### 3. Filling in the questionnaire

Then provide each participant with the evaluation form with shuffled mindset statements and ask them to tick on the statements that best describe their current practices in running their businesses.

1	I have financial records through which I know that my business is making profit	Agree	Disagree
2	My business is not fully compliant and I don't have occupational health and Safety tools	Agree	Disagree
3	I always ensure that I fulfil customer's order timely and I notify customers soon when a case that can lead to delay arises	Agree	Disagree
4	I have good knowledge of different markets, I research for markets and build network with customers	Agree	Disagree
5	My customers have to adapt to my timing and the quality I deliver. Frequently, I spend more time than is reasonable to finish work.	Agree	Disagree
6	My business doesn't need external support, it is self operational. If I need to get loan to grow it, it can increase profit and repay the loan	Agree	Disagree

## Session 2. World View

7	I account for both direct and indirect business costs and I factor in both of them in product pricing	Agree	Disagree
8	Success to me is having machines and attractive factory building	Agree	Disagree
9	My business has too many challenges for it to grow	Agree	Disagree
10	Before adding a machine or a building I would need to analyse if they profit will increase or not	Agree	Disagree
11	My customers approach me at my business	Agree	Disagree
12	I am compliant and I adhere to occupational health and safety	Agree	Disagree
13	I only account for direct costs, but I don't account for overhead costs	Agree	Disagree
14	I sometimes have to stop the work, because I usually wait until materials run out and then acquire additional materials	Agree	Disagree
15	I use my financial records for business planning	Agree	Disagree
16	I consider the challenges in my business as opportunity for learning and do everything within my abilities to tackle them	Agree	Disagree
17	I don't use any financial records to make plans for my business	Agree	Disagree
18	My customers come from nearby the locality that I do my business operations	Agree	Disagree
19	I think my business makes profit, though I don't have to keep records to prove if my business is overall making profit.	Agree	Disagree
20	I always ensure that I have all the materials needed for production so that I don't have stop the work midway	Agree	Disagree
21	I need a funder or external help for my business to become successful	Agree	Disagree
22	I have tried different approaches to find customers and succeeded	Agree	Disagree

### 4. Picture/ record the filled in forms

Let each participant fill the evaluation form and assist whoever would need your help.



## Session 2. World View

When everyone has filled in the evaluation form, tell participants that the forms will remain with them for their record of where they have been at the start of the program. Tell them you are going to just take pictures of their filled in evaluation forms to help you understand their individual needs and then go ahead and take pictures.

### 5. Discussion on commercial mindset

After you have taken the pictures of the evaluation form, engage participants into a discussion, ask them to describe what running business in a 'normal' way looks like in their community? What is the business owner normally like? What is your experience as a customer of these businesses normally like? Do you get the service you want or what are the typical frustrations you often face? (e.g. late delivery, poor communication etc. ) What are the typical frustrations for a business owner, e.g. feeling that he is selling items for a low profit.

### 6. Revealing a commercial mindset

When the discussion is over, provide participants with a table that has aspects distinguishing between ordinary business operation and commercial business operation. Tell participants that based on what they have filled in the evaluation form, they can use the table to see which commercial mindset aspects they still need to develop further.

Tell them it doesn't matter what their current status is, they can still improve their mindset, and the best way to start their improvement journey is to pick a few aspects and start working on them rather than getting overwhelmed by the idea of aiming at the entire set of commercial mindset aspects.

<b>Running a business on 'autopilot' ('mazoea')</b>	<b>Running a business with a more commercial mindset</b>
Sometimes I have to stop work, because I wait until materials run out before going to get some more	I always make sure that I have the materials I need so that I don't hold up production
I keep track of costs directly associated with a piece of work but I don't look at costs of running the business overall	I track all costs of the work and overheads and consider these in pricing my product / service
I think my business is profitable overall though I don't have all the information to confirm that	I have information that informs me that my business is profitable
My customers come from nearby where I work	I have a good understanding of different markets, I do research and build a network to communicate with customers
Customers accept the timing and quality that I decide. Some orders I need to be chased by the customer to get them finished.	Finishing customer orders on time is essential. I make sure I complete their orders on time and if there are any changes I notify the customer

## Session 2. World View

I need a donor or assistance to succeed in my business	My business doesn't need external help, it can run itself. Even if I need to grow it with a loan, the business generates profit which will repay the loan and interest.
For me success is having a machine and a nice 'factory' building	Before deciding on buying machinery or buildings, I would need to calculate whether that would increase my profits or not
I don't use my business accounts to plan my business	I use my business accounts to plan my business
My business doesn't meet all compliance requirements or health and safety	I have all the necessary certification and I ensure health and safety at work
My business has so many challenges that cause it not to grow	I use the challenges in my business as an opportunity to learn and do what is in my power to address the challenges.
My customers come and find me at my business	I have tried new strategies to find customers and been successful
I'm ready to stop doing this business if another business comes up that I like more and is more profitable	I love my business and I have committed to growing it, even if I face challenges I'm ready to carry on
I just run my business in a normal way	My business is different from other businesses
People can curse my business and cause it to fail	The growth of my business depends on my own efforts

## 7. Prioritising areas of improvement

Then ask each participant to select three areas which they don't operate commercially that they personally want to improve on, ask them to write down and then let each one read their three aspects they have selected and note them with the names of specific participants who have selected them.

## Part 2: World View

The second part of this session uses the example of owls to get participants thinking about their world view.

### 1. Owl picture

Show participants the first of an owl picture (the species that is found in Tanzania)

Leave at least a 2 minute gap for participants to reflect on what they have seen.

## Session 2. World View

Invite participants to say what they have seen and ask them how they perceive owls. You may alternatively ask how their society perceives owls if you see participants are hesitant to speak out about their own perceptions towards owls. At this stage don't comment on what participants share, you can just ask them to say more.

### 2. Exercise: beliefs in our community

When participants have finished responding, attach the two papers with words **True** and **False** at two opposite sides, then ask participants to stand at the center and tell them that you will read sentences and they will choose to go to the side with word **True** if they think the sentence read is true or go to the side with the word **False** if they think the sentence read is false.

Then go ahead and read the sentences below, one at a time and ask participants to choose a side (however it expected that participants already know that these statements aren't true) and then ask first the participants who have gone to the side with the word 'true', why they think the statement is true and then ask those to side with the word 'false'.

#### **If you jump over a child, they won't grow up**

(Facilitator tip - growth is affected by growth hormones and nutrition so there is no way that jumping over a child could affect their growth)

#### **If you wear red clothes when it is raining, lightning will strike you**

(Tip - lightning is electricity striking the earth, colours of clothes have nothing to do with it)

#### **A man who eats food in a pot will never marry**

(Tip - eating in a pot doesn't affect factors that lead men to marry)

#### **If you sweep your house at night, visitors won't come to your house again**

(Tip - sweeping a house doesn't change the reasons that make people visit your home)

#### **If you succeed in licking your elbow, you will turn into another sex**

(Tip - licking your elbow has no biological effect on your sex organs)

The sentences are based on things that many people thought were true in their childhood. Don't mention this! Just read out the sentences first and then lead the discussion. Ask them to explain if there is any cause and effect relationship between the two aspects in a sentence, not just make subjective conclusions. Help the two sides to reach a correct conclusion.

### 3. Second Owl picture

Show the picture of the second owl (the one that is not found in Tanzania) and invite participants how they see it and if it attracts them.

## Session 2. World View

If they say that it is attractive, ask them if they also would have the same perceptions toward the second owl as to the first?

Then ask them if they now realize that those 5 claims which in their childhood they thought were true are not true, is it possible that what is believed to be true about owls to also be incorrect and listen to what they would say?

Tell them that you going to read to them some facts about owls

The fear we have of owls in Tanzania is an example of beliefs we have been told in our society (as taboo). Introduce discussion about other beliefs in the society which in reality may not be valid. Also discuss with participants about the consequences that a business may have if the business owner believes that their business can be cursed by someone else to fail.

### Facts about Owls

- Owls can turn their heads almost all the way around
- They have super-powered hearing: a great grey owl can hear a beetle running through grass 100 feet away or a mouse squeaking at a distance of half a mile.
- Owl flight is silent
- They are masters of camouflage (this one of the reason why they are hard to be seen at day time)
- Owl eyes are sensitive to light intensity and this cause their vision to be weak at day time (this is another reason why they don't make movements at day time)
- Owls are natural pest controllers for farmers
- Owls and humans generally get along

Then read other example of myths

### Examples of myths about owls

Owls are sacred

Owls were once a sign of victory in battle

Also tell participants that in Europe owls are a symbol of wisdom and owls are featured in many books for children and adults as examples of a wise character.

## 1. Summary

After a rich discussion about owls and superstition, help the participants think about the wider implications of what they have been discussing. Participants might say "I've learnt that owls are just normal birds and we don't need to be afraid of them". That's great, but it's not the main point of the session. If they now feel positively about owls, or perhaps even if they are still afraid of owls after years of holding this belief, the key question for participants is - what is the wider learning about how they see the world? We want participants to feel empowered that it is possible to take more

## Session 2. World View

control of their destiny, and to see a world view for what it is - a perspective that can be changed with exposure to different ideas.

Some ideas:

- Getting scientific facts can help you see a situation more objectively / positively
- Perhaps you've heard a story of an owl landing on someone's house and someone died. But think about the many thousands of times an owl has landed and nothing bad has happened - no one is counting these, because we have a tendency to look for 'evidence' that confirms our fears. You can apply the same reasoning to many other fears and superstitions
- Not everything that people say in the community is actually true, some are just stories
- Knowing how to tell the difference between fact and story is important
- Sometimes superstitious beliefs hold us back because they create fear
- The way we see the world affects the way we act and our success in life
- Seeing how it was possible to change a deeply-held fear of owls in a short time, shows that it is possible to change your world view and see things differently in other areas too.

# Session 3. Growth Mindset

## Background

As described in Part 1 of this manual, a growth mindset has a positive impact on business performance.

A fixed mindset is one that does not consider different ways of doing things. We do it this way, because that's the way we do it. We can't do it this way because it's just not possible. There were so many challenges and things that happened to me, it was impossible.

The growth mindset session is designed to challenge SMEs. Are there fundamental reasons for them thinking that something is possible or impossible? Or is it just an assumption? Yes, you faced a lot of challenges, but were there still things that you could have done differently in the situation?

People who consider the many opportunities within their control, and devote themselves to pressing on and seeking continuous improvement are those who have a **GROWTH MINDSET**.

For SMEs to do more with the resources they have, they need to develop a growth mindset. They are to realise that they are not absolutely limited to the challenges they face and constantly explore possibilities around what they have and commit to trying them out.

### Goal:

With this session SMEs are expected to become aware of the difference between fixed mindset and growth mindset, understand the importance of exploring the perceptions and drawing business conclusions based on calculations.

### Materials needed for the session

Two pairs of ropes  
Copies of Sanga's story  
Growth mindset sentences in Swahili (to read not hand out)

## Facilitation steps

### 1. Rope Game- Part 1

Divide participants into two groups and each divided group to pick two members from each group and tie each of the pairs with two interlocking ropes and ask the two groups to compete to unlock their pairs without untying them. Let participants try until they think it is impossible and admit that it is impossible to unlock them. Then ask them to remove the ropes without commenting anything and wait until you recall them for part two in step 4

## Session 3. Growth Mindset

### 2. Exercise: Sanga's story

In small groups, give participants copies of Sanga's story and ask them to read and discuss it. After a few minutes when they are done reading it, ask each group to identify the problem which Sanga's body had which caused his muscles to not grow after he finished his hardworking three days of physical exercises.

#### Sanga's story

Sanga is a good fan of Indian movies, he likes one of male actors whose body muscles are well built through physical exercises. He desired to have a body like his. During the end of last year, Sanga had a three day holiday that he decided to use in the gym and make his body look like the actor's.

Sanga started exercising on the first day with joy, hoping that his long awaited dream was going to come true, he worked out with every piece of equipment that he felt would be useful.

On the second day, he kept working out even though he felt that all of his muscles were hurting.

He concluded his workouts on the third day and went home with the body extremely hurting and with that hurting he hoped that his body was already built up. He entered his bedroom and looked at his body in the mirror and was surprised that nothing had changed.

He regretted the three days he used in the gym and yet his body looked nothing like the actor's. He now believes that it is impossible for him to get his body physically built up like the actor's, he thinks his body has problems that hinders it from changing.

**What problem do you think that Sanga's body had that led it to not get built up after completing his hard working three days workouts?**

Participants are expected to realise that it is not a problem with Sanga's body, but it is impossible to build muscles in only three days. When the groups point it out, move to the next part.

Tell participants that just as they have pointed out that Sanga didn't have any problem, but three days weren't enough to build up muscles, but he should have continued exercising for a longer time. Tell them just like the amount of effort needed to get the muscles bigger and stronger, it is also for the brain, learning and mastering a new skill like driving, business running skills, playing music

## Session 3. Growth Mindset

instruments, learning new language, carpentry etc. requires continuous and regular practice in learning a new skill and mastering it.

### 3. Introduce growth and fixed mindsets

Explain to participants the two kinds of mindsets

**Fixed mindset** is the belief that people have that nothing can be done to grow abilities, it is either you have a certain ability or you don't. It is the belief that things are the way they are and they cannot change.

**Growth mindset** is the belief that with effort and hard work basic abilities can be developed. It is the belief that things are not necessarily the way they are, unless there are apparent absolute limiting factors, there is always a possibility of more potential in people and things.

### 4. Rope game- part 2

After introducing the growth and fixed mindsets, invite one of the two pairs that participated in rope exercise and show participants how to unlock the ropes. Then ask participants what they can learn through the rope exercise.

### 5. Exercise: growth and fixed mindset sentences

Divide participants into several groups and provide each group with a copy with sentences that they have to identify each of the sentences if they represent a fixed or growth mindset. Ask them to also point out why they identify a particular sentence as fixed or growth mindset. After they complete identifying the sentences ask one group to present its answers and after they present its response for each sentence ask other groups if they agree with the response of the presenting group. Ensure the groups reach the right identification of the sentence before moving to the next one.

#### Sentences

**It is not possible for SMEs to make it in villages because there is no market**

*Tip: the sentence is a fixed mindset, because there are other potential customers outside their villages that they have not reached yet.*

**It is not possible to grow a business without acquiring a loan**

*Tip: the sentence is a fixed mindset, because there are lots of ways to grow a business - improving the way you work so you can produce more in the same amount of time, improving the product so that you can charge more or get more customers, reaching new markets, or if you really do need capital, through reinvesting your profits*



### Sentences

**I don't need to keep any financial records because my business is still small**

*Tip: it is a fixed mindset, you need to understand what your business makes and decide how to use it regardless of the size of the business.*

**I cannot improve the furniture that I produce because I don't have the latest machines**

*Tip: Fixed mindset, there are many other ways to improve the furniture quality with the machines they already have - it's about the quality of their work, care they take and getting ideas and knowledge from others. It's also possible to have a good machine and still not improve your profits if you don't have efficient processes or a market.*

**I don't want to keep financial records because it will hurt me in case I realise that I am making losses**

*Tip: It is a fixed mindset, preferring to be in the dark (and working unprofitably) than knowing the reality and being able to do something about it. While it might be painful to discover losses, how much more painful is it to keep taking money from other sources and losing them in your unprofitable business? Realising that your business is making losses can help you plan on what you can do to turn your business profitable*

**I only stick with making furniture that I already know how to produce because I can't come up with new designs.**

*Tip: It is a fixed mindset, they can learn new designs by seeing other examples from other furniture makers, through the internet and also by thinking about the needs of customers and thinking how to improve on what they normally produce in response to feedback from customers.*

**I don't need to make plans for my business, because it will take some of my time that I need for production**

*Tip: It is a fixed mindset, unplanned activities may consume more time than planned ones. Working without planning for materials you need to get a job done can lead to stopping a work half way because materials are out or missing. Planning is vital for setting realistic targets and keeps you reminded if you are on track or not.*

## Session 3. Growth Mindset

Also another moral of the Sanga's story is that we often want rapid results and hence we tend to not be comfortable and try to avoid the difficulty attached with the process that leads to expected outcome. A person with a growth mindset understands the difficulty they will have to face in the process of achieving the outcome and get comfortable and enjoy the process. Remind participants that we understand how hard it is to grow their businesses, so they should be careful hold not unrealistic expectations that will just lead to stress and frustration. The need to understand the process for their business growth and embrace it.

# Session 4. Financial Record-keeping

## Background

Record-keeping is of course vital for business growth, knowing how much profit you are making, identifying ways of increasing revenue or cutting costs.

This session comes early in the programme so that you can encourage participants to start keeping records. As they start keeping records, you can review them and advise on how to improve further each time you visit to run a session.

Some SME owners do keep some kinds of financial records, but often these are the estimates they do before starting a piece of work. Others do not keep any records. The model we are promoting is not complicated - it builds from the way the participants are already running their businesses. SME owners normally do their calculations in terms of pieces of work:

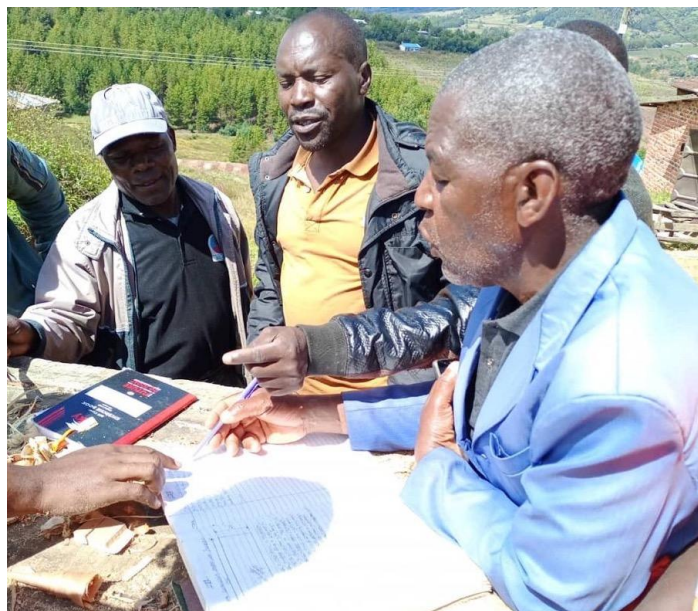
**For carpenters**, a piece of work is an individual item they're making: they calculate the raw materials and labour costs, in order to give the customer a price for the product, which includes an estimated 'profit' they will take for the business.

**For charcoal producers**, a piece of work is one forest area. At the point of buying a new woodlot, they calculate the cost of labour and transport, and the estimated amount of charcoal they will produce, to make sure that the profit will be good, based on the price of the woodlot.

**For wood cutters**, it's also one forest area they are planning to buy. They count the cost of purchasing the woodlot, hiring labourers, moving the wood to the road, and transporting the timber. As with the charcoal producers, they calculate at the purchase stage to work out whether the purchase price of the woodlot is fair and is going to give them a decent profit.

Calculations per piece of work can help SME owners see the profit for that particular piece of work, but they don't have a format that combines their calculations for all work e.g. to calculate monthly profit. Also, considering only individual pieces of work means that overheads (e.g. rent, electricity for a carpentry workshop or tax) are not factored in.

This session introduces a record-keeping template that builds upon what SMEs are already doing to combine the profits from pieces of work in one table and incorporate overheads to ascertain the actual profit made.



# Session 4. Financial Record-keeping

**Goal:** SMEs to understand a simple format of record keeping they can use to calculate overall profit by month. The format builds upon their current practice and consolidates their existing records (if they have them).

## **Materials needed for the session**

Sample records

## Facilitation steps

### 1. Introductory discussion

Ask participants what benefits there might be to keeping financial records. Let them mention as many benefits as they can think of. This might include knowing their profit, finding ways to cut costs, pricing their products or services so they get profit, or proving their income in order to get a loan.

Tell them that while many SMEs keep some kinds of records, they often don't have a simple way of knowing their overall or monthly profit. Participants may say this is the main reason they want to start keeping better records.

After they have contributed a few ideas, ask them to mention costs that they incur in their respective businesses and try to ask them individually if there are any indirect costs they won't mention.

Ask participants what kind of records they keep currently. Do they just have estimates for pieces of work, or do they record the actual costs as they are incurred? Do they include all the overheads or do they just think about the direct costs of the product?

Tell participants, for them to know how much overall profit they are making over a particular time there are a few things they can add to their existing ways of keeping records (if they have them). They need to add those indirect costs like electricity or transport, that they had not been counting. And they need a way of bringing together the records from different pieces of work so that they can see their monthly profit. It's also important to separate the business profit and their own payment from the business.

Tell participants that you are going to work with them on a record keeping format that will improve their current practice. If they haven't ever kept records, they should be reassured that this is a simple format which is based on the way they already think about their business.

### 2. Worked examples

Get one of the participants to volunteer to use their own business as an example. Or choose one of the three types of business (carpentry, charcoal or sawmilling) and get everyone to contribute ideas about the typical costs.

#### **Step 1: Estimate / Budget / Cutting List**

## Session 4. Financial Record-keeping

<i>Item</i>	<i>Estimate</i>
<i>3 2 x 4s</i>	<i>12,000</i>
<i>Varnish</i>	<i>2,000</i>
<i>Sandpaper</i>	<i>1,000</i>
<i>Glue</i>	<i>3,000</i>
<i>Ufundi</i>	<i>30,000</i>
<i>Total</i>	<i>48,000</i>

<i>Maelezo</i>	<i>Kadirio</i>
<i>Mbao 3, 2 x 4</i>	<i>12,000</i>
<i>Vanish</i>	<i>2,000</i>
<i>Msasa</i>	<i>1,000</i>
<i>Gundi</i>	<i>3,000</i>
<i>Ufundi</i>	<i>30,000</i>
<i>Total</i>	<i>48,000</i>

If they have only estimates, there are only a few things that need improving to get a good record-keeping model:

- start with adding the actual costs next to estimates
- In 'ufundi' separate actual payments made out to labourers, and takings for the business 'pesa za ofisi'.
- After getting the amount paid for the item minus the actual costs, you get the takings for the business or 'profit per item'.
- 

See an example below of a Ernest Sanga's table work, where the profit for one table was 17,000.

<i>Item</i>	<i>Estimate</i>	<i>Actual</i>
<i>3 2 x 4s</i>	<i>12,000</i>	<i>12,000</i>
<i>Varnish</i>	<i>2,000</i>	<i>3,000</i>
<i>Sandpaper</i>	<i>1,000</i>	<i>1,000</i>
<i>Glue</i>	<i>3,000</i>	<i>3,000</i>
<i>Labour - employees</i>	<i>30,000</i>	<i>12,000</i>
<i>Product sales price</i>	<i>48,000</i>	
<i>Production cost</i>		<i>31,000</i>
<i>Takings for the business (Labour - owner)</i>		<i>17,000</i>

### **Step 2: Estimate / Budget / Cutting List**

## Session 4. Financial Record-keeping

Using a second exercise book, set up the columns with date, description, income and expenditure columns.

This helps you calculate overall profit by month at a glance, the format consolidates / summarises the detailed records and adds other overheads and indirect costs that have not been counted in an individual piece of work.

<i>Date</i>	<i>Description</i>	<i>Income/ profit per work</i>	<i>Expenditure</i>
<i>7th May</i>	<i>Table for Ernest Sanga</i>	<i>17,000</i>	
<i>7th May</i>	<i>Electricity</i>		<i>5,000</i>
<i>9th May</i>	<i>Machine repair</i>		<i>15,000</i>
<i>12th May</i>	<i>Stool for Bibi Kyando</i>	<i>3,000</i>	
<i>14th May</i>	<i>10 tables for school</i>	<i>250,000</i>	
<i>31st May</i>	<i>Owner takings from business</i>		<i>200,000</i>
	<i>Totals</i>	<i>270,000</i>	<i>220,000</i>

Overall profit after paying owner's 'salary' = 50,000

### 3. Summary

Remind participants that the purpose is so they can see how their business is doing - are they actually making profit? How much work are they managing to do per month and for how much profit? The more that they use the format, the more useful information they will get about their businesses. Encourage them to just try and start, the more they practise the easier it will be. You will check in with them regularly, and they should bring their records to the sessions so that you can advise them.

# Session 5. Reflection and business improvement

## Background

### Part 1: Business 'River of Life'

An entrepreneur has to take advantage of all opportunities for lessons that they can employ to improve their businesses. One valuable source of learning for entrepreneurs is their past business experience, which requires an entrepreneur to take some time and deliberately reflect on their past. The "river of life" takes the idea of a river on its long journey from mountains, through rocks and rapids, some points wide, some points narrow and deep, to illustrate the business journey and key events both positive and negative. It helps an entrepreneur reflect on their business journey and try to elicit lessons from it. The session applies six golden questions as a guide to drawing lessons from what went well, what didn't, what are the possible factors behind what went well and what didn't go well, and lastly if there is anything that they can replicate or avoid as they currently run their business.

### Part 2: Passion and Sweet Spot

In addition to making money, there's a benefit in doing a business you love. Earning money from an activity that a person enjoys makes that person feel fulfilled, and makes it easier to put in hard work and effort needed to build their business, as well as endure difficulties and challenges as they carry out the venture that they are passionate about.

This session was designed to help participants validate how passionate they are with the activities they are currently doing, through looking at their business journey they are to assess the extent to which their hearts are into their current businesses compared to what they have engaged in previously. The session also highlights the 'sweet spot' where skills, market and passion intercept to make the business rewarding and profitable.

### Part 3: Passion and Sweet Spot

**Goals:**

**Part 1:** Participants reflect on their business journeys and extract learning for their current business.

**Part 2:** Use their business history to assess their passion in what they are doing. Participants also understand that to benefit from their passion they need to work on making it marketable and develop skills that are needed to create value at the standard required by the market.

**Part 3:** Participants develop three business improvement actions from the lessons learned.

**Materials needed for the session**

Sample of a river of life template

Copies of passion survey for all participants

Flip chart to demonstrate sweet spot

# Session 5. Reflection and business improvement

## Part 1: Business River of Life

### Facilitation Steps

#### 1. Mapping business journey

Ask participants to use boxes and arrows to portray/ map their business journeys, in each box they should write in only one business and connect it to the next box (with the next business that respective entrepreneur switched to or added or another level of the same business) with an arrow.

Remind them to include any businesses they had ever done in their diagrams, from the earliest business to the latest.

#### 2. Add emotion to mapped business journey

Introduce the smileys- happy face, normal face and sad face drawings to participants and ask them to draw on the top or below to show their overall feeling about their respective business written in the box. If they were/ are happy with the success of the business in the box they draw a smiling face, if the business was/ is just okay they draw a normal face, and if they were/ are not happy with business they draw a sad face.

#### 3. Six golden questions

After participants have mapped their business journeys using boxes and arrows and assigned their feelings to them, tell participants that their business journeys may have some valuable lessons that they can use in their current businesses. Tell them they are going to use six questions to help them reflect on their journey. Read to them the first question and let them work on it and then move to the next one.

1. **What things went well during your business journey?**

Ask them to try to pick the things that went well from each of the businesses they have written in their diagram.

2. **What contributed to things that went well?**

Ask them to find factors that they think were behind the things that they have mentioned that they went well in 1 above.

3. **What can you learn?**

Ask them from what went well and the things that they contributed to things that went well eg I have learnt that when --- is done, it can lead to ---.

4. **What things did not go well during your business journey?**

Ask them to try to pick the things from each of the businesses they have written in their diagram.

5. **What contributed to things that did not go so well?**

Ask them to find factors that they think were behind the thing that they mention as they didn't go well in 4 above.

6. **What can you learn?**

Ask them from what didn't go so well and the things that they contributed to things that didn't go well e.g. I have learnt that when --- is done, it can lead to ---.



# Session 5. Reflection and business improvement

Then ask participants how they will apply the lessons they have learnt from question 3 and 6. Ask participants to continue doing the periodic reflection on their businesses using these six questions.

## 1. Yes or No passion questions

Tell participants that they are going to use the reflection they have done in their business rivers of life to fill in the following form that will help them validate if they are passionate about what they are currently doing.

## 2. Filling in the passion questions

Ask them to check under YES if they feel that from all the businesses they have ever done (as observed in their business rivers of life), they feel most passionate about their current business, or NO if they think there are other past activities that scored higher than their current businesses.

	YES	NO
When I am doing it, I enjoy it and I never wish I could be doing something else.		
I find it easy to stretch myself more and work even harder when I do it.		
I don't mind using a lot of time doing it, sometimes I am not even conscious of the time passing when I am doing it.		
When I encounter challenges and difficulties as I do it, I don't feel like quitting and finding something new, but I press on and face them.		
I won't mind if people call me by the name of what I am doing, in fact I will be proud of it.		
I see myself doing what I am doing for my entire working life		

The participant can see how passionate they are about their business by the number of ticks they have for "Yes".

## 3. Sweet spot

Tell participants that just finding something they love to do is not good enough to pay them, tell them that there are other two aspects that they need to work on which are Market and Skills. Then go ahead and demonstrate the sweet spot using the following steps:

- i. Display or provide to participants a diagram with passion, skills and market circles intersecting together.
- ii. Together with participants go through the diagram and talk through the implications if you only have two of three areas covered.

### First Case

Skills + Market - Passion = having money without joy.

# Session 5. Reflection and business improvement

## Second Case

Passion + Skills - Soko = having joy but poor.

## Third Case

Passion + Market - Skills = poor quality product and difficulty attracting market or growing the business

## Desired Case

Then show them the area they need to position themselves:

Passion + Market + Skills = money and happiness

Then finish the session by challenging participants to see how they can improve their skills and get more customers.

## 4. Business improvement actions

Ask the participants to think about the lessons from the business 'river of life' and the 'Sweet spot' to come up with three simple actions they could take to improve their business. If time is tight, ask them to do it after the session and bring their ideas to the next session.

They could list down as many possible actions they can think of, and then pick the top three actions that they think will have the most impact. When they have finished, take note of everyone's selected actions as you can use them for following up their progress.

# Session 6. Growth Mindset and Business strategies

## Background

A common example of a fixed mindset in business is an idea that getting a better machine will increase your profits. The point is that it may or may not be true - but unless you do the calculations you will not know for sure. There is a lot of status associated with having better buildings or machinery - the community thinks you must be successful, but is it always true? This is a common view in many sectors. Restaurant owners only think about improving their building, while the quality of the food and the service remains poor - and that is the part that is within their power without spending a lot (or any) extra money. Schools focus on building more classrooms, without doing anything to improve the quality of teaching inside the classrooms. Focusing only on infrastructure is a common fixed mindset that should be challenged.

**Goal:** To open up participants' minds to see that improving infrastructure is not the only way to grow the business (in fact it may not make the business more profitable at all). Help participants understand the importance of doing business calculations, especially before making key decisions like buying machinery or taking a loan. Participants will see how to calculate whether a machine will help them make more profit, and then make an informed decision.

### Materials needed for the session

Small ball made out of scrap paper  
Printed sentences cut up  
Worked examples

## Facilitation steps

### 1. Introduction

Before the session, print the sentences, cut them up, and stick them on to the scrunched up paper ball with sellotape to make it a bit different and fun for the participants.

Organise the participants in a circle. After doing check-in with participants, throw the ball to one participant. Ask them to take off the first sentence and read it out to the group. Ask others to say what they think about the sentence - do they agree or disagree, and why?

# Session 6. Growth Mindset and Business strategies

## Sentences

### **If I suspect my business is profitable, I can take a loan**

*Tip: You suspect your business is profitable, but do you know? We need to run businesses based on facts not feelings. When you take your loan, you need to know how much you can afford to pay back each month. If you don't know how much profit you are making, how will you know if you can afford the loan repayments?*

### **Getting a machine would be a great help to my business**

*Tip: It depends. Will the machine help you produce more goods faster - but do you have customers for those goods? Will the machine help you produce better goods - how much more will you be making? How long will it take for the increased profit you make to 'pay back' what you spent on the machine? How does it compare with other options - e.g. renting a machine when you need it?*

### **Building a good building for my business would increase my income**

*Tip: It depends. Will the building help you work better? Is it important in attracting customers? e.g. if you have a restaurant, will it help you get more customers, or charge more for your food? Or do your customers never see your building, they just see your final product - e.g. you are selling timber.*

### **My problem is capital, if I can just get a loan, I can grow my business**

*Tip: It depends. What will the loan enable you to do? How will it increase your profit and by how much? Is the increased income more or less than the amount you will pay on interest?*

After the discussions ask the participants if there is any message they have got from this exercise so far? (If they haven't it's OK - the session will continue to reinforce the ideas). We are looking for some recognition from them that they can't assume that a loan, or better building or machine will increase their profits unless they calculate it for their specific business.

## 2. Business calculations exercise

Remind participants that we can't run a business based on feelings, but we need to consider the facts in order to make effective business decisions.

Read out the following:

Petro is an established carpenter, he has hand tools but wants to buy a planing machine. He is trying to work out if it will be beneficial for his business. What information do we need about Petro's business in order to calculate this?

Ask participants to suggest their ideas. A final list could include:

- Cost of machine, and expected life span of machine
- How much the carpenter currently pays per plank to plane at someone else's machine
- How many planks he planes per month

## Session 6. Growth Mindset and Business strategies

### Worked Example

Petro expects his machine to cost 10 million shillings. He hopes it will last for at least 10 years.

He currently pays 1,000 per plank, and he planes 30 planks per week. Some weeks he doesn't have any work. There are 52 weeks in a year. Let's assume that he works for 40 weeks per year.

$30 \text{ planks per week} \times 40 \text{ weeks per year} = 1,200 \text{ planks per year}$

He currently pays 1,000 per plank, so 1,200,000 per year. Over 10 years, that's a total of 12 million shillings.

So that means the machine is profitable for him. Over 10 years, he will have spent only 10 million shillings on planning instead of 12 million shillings. Also if he is not using the machine full time, he can charge other people to use it, generating more income.

But what if he only produces 15 planks per week, and doesn't rent out his machine? He will save 15 planks  $\times$  40 weeks  $\times$  1000 sh per plank  $\times$  10 years = 6 million. If he spends 10 million on the machine, even after 10 years he will not have made his money back. If he buys the machine using a loan, the cost of the interest will further cut into the profits.

Another important thing to consider. If Petro saves 2 million over 10 years by having his own machine instead of paying to use someone else's machine, is that the best use of his 10 million? Or could he make more money by investing 10 million in something else? What if he lends money to reliable people in his community and charges interest? What if he builds houses to rent out (if there is demand). Or what are the other opportunities for him?

He is tying up his 10 million for a long term investment - he needs to make sure it gives him the best return. There are already planing machines he can use, he doesn't have to own his own. Then he also won't be bothered with the costs of repairs which were not factored above.

### 3. Group work

Organise the participants into groups. In each group, one person can volunteer to use their business as an example. Is there an investment or loan they are thinking of taking. Get the group to think about - what information do they need to calculate if it is profitable or not? Get them to do the example and when they are ready, share with the rest of the participants. Make sure you have enough time, and give them active assistance.

The key is helping them work out - what is the additional income they expect to get from the new building / machine / loan?

When they have worked on their examples, you can help them with another worked example:

# Session 6. Growth Mindset and Business strategies

## 1. Worked example: loans

It's very important to consider the interest payment. If you borrow 500,000 and pay 10% interest per month for three months, the total cost of borrowing is 150,000/=. You borrow 500,000 and pay back 650,000 after three months. One way to think about it is you are buying something. E.g. a fridge, if you save and buy it from your savings, it will cost you 500,000/=. If you take a loan, that fridge has cost you 650,000/=. Are you ready to pay more for the fridge? Do you really need it now, or is it better to save up and pay for it without a loan?

But if the loan can help you increase your profits, then it could be worth it. But it has to generate additional profit over and above what you pay in interest.

Felista thinks that it would be good to get a loan to expand her charcoal business. She needs to work out whether it will benefit her and by how much. She realises that one way is by being able to do a bigger forest. She has calculated that if she buys a forest for 200,000/= she gets 50,000/= profit. If she could buy a forest for 500,000/= she would get a profit of 200,000/=. She can either do 2 forests of 200,000 per month or 1 forest of 500,000/=

If she borrows 500,000/= in order to buy a bigger forest, will it increase her profit?

One way to think about this and make the calculations easier, is by looking at the profit per 100,000/=.

In the first case, she gets 25,000/= profit per 100,000/=.

In the second case, she gets 40,000/= per 100,000/=. So it looks like it could be profitable.

But she has to pay 10% on the loan. For 500,000 she will pay 50,000/=.

In a month she can make 100,000/= if she does two forests at 50,000/= profit each.

Or she can make 200,000/= profit minus 50,000/= interest equals 150,000/=.

But if she doesn't make back the profits as per the example, it means the loan will actually be costing her, and eating into her profits. (Inamkata)

Back to the machine example. Perhaps it is profitable for you if you buy the machine for 10 million. But if the actual cost including interest is 12 million or more, it may no longer be profitable. You have to try and do the calculations to find out if it is or not.

# Session 6. Growth Mindset and Business strategies

## 4. Checking in on progress with record-keeping

Ask the SMEs to bring their financial records to the training every week so that you can help them.

Review a few estimates

- Have the costs been added up properly?
- Are the profits per item taken to the summary format correct?
- Have they remembered overheads?
- How are they finding it?

In case you find some issues to correct, make sure the owner understands what was right and how to do it right.

## 5. Check-out

Finding the calculations difficult? What can participants do? They have PFP staff to help them, or perhaps they know people in their family or community who are good at business calculations. The key thing is first understanding how important it is to do the calculations, wanting to know whether it is profitable or not, and thinking about what calculation you can do to get the answer. If they can't calculate whether a loan would be profitable or not, they probably shouldn't take it! The 'take-home' lesson is that you can't know if it's profitable unless you calculate it, don't assume that a loan, machine or building will make their business more successful.

Ask each participant to say what they have learnt, and if they have any 'homework' - for example, if they are going to go home and try and do calculations on something they have been planning for their business. If they are, ask them to come back with it to the next session so that you can advise and so that others can learn.

# Session 7. Business Model Canvas

## Background

The Business Model Canvas simplifies business planning by breaking a business down into nine integral blocks. Using BMC in business planning provides three benefits:

- Firstly it offers an entrepreneur the convenience to work with manageable and reasonable pieces as they lay out the plan for their business.
- Secondly, it ensures that no part of the business is left forgotten.
- Thirdly, since the nine blocks in the BMC are planned in such a way that they complement one another, it helps improve the chances of the business being successful. Mistakes like offering the wrong value to wrong customers or using ineffective channels to deliver value to customers are avoidable when the BMC tool is used to plan out the business.

**Goal:** To introduce the idea of using Pinterest to improve your product quality.

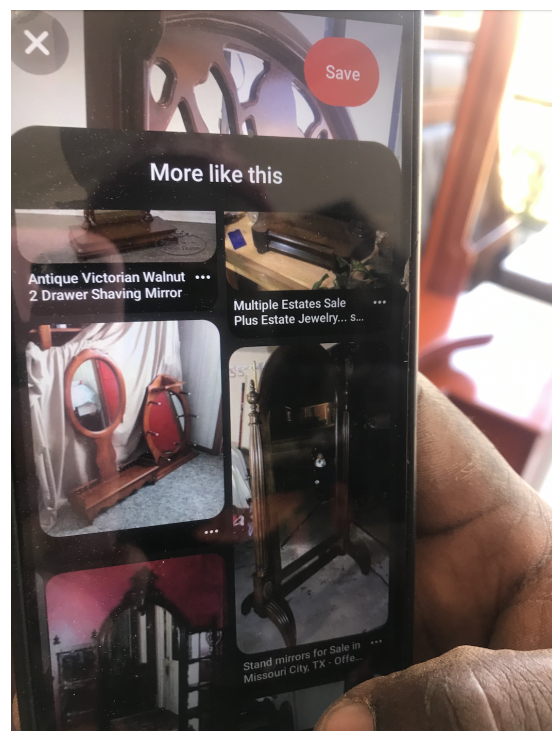
Introduce the concept of the Business Model Canvas and start working on the first two blocks. Participants work out the value they create for past and present customers and explore potential customers they are yet to reach and their specific needs that should be met.

## Facilitation steps

### 1. Warmer: Using Pinterest to improve your business

Pose the question to participants: How will you use the internet to get inspiration for your products if you don't know how to use the internet and you don't speak English? An innovative carpenter in Mafinga has found a great tip for getting product inspiration on Pinterest.

Go to pinterest, take a photo of your item, and see the recommendations for 'more like this'.





# Session 7. Business Model Canvas

Hopefully participants already have an email address they can use to open a pinterest account. Show them briefly how it works by putting in a simple search word like 'table' then show them the tip of taking a photo of something and putting it in to get 'more like this'.

Ask participants to say how easy they found the exercise. Hopefully they found it surprisingly easy! We want them to get a feeling of surprise, that they can learn something simple and powerful in a short period of time, which opens up their access to learning about products and markets beyond Makete. Ask them to share a few ideas of how they might use pinterest in their lives and for their businesses.

## 2. Introduce the Business Model Canvas

Explain that any business can be broken down into nine blocks and that over the next few weeks we'll be considering all of them in turn, starting with two blocks in this session: Value Proposition and Customer Segments.

These first two blocks are crucial, more time and thinking will be needed for them. Each participant has to work out on their own, ensure you give enough time for them to work out the guiding questions you will provide them with, don't rush them, they will need a notebook to write their workings down, each participant works on their BMCs individually.

### Customer Segments

Ask participants to

1. **Identify their customers**  
Who are their customers that they are actually reaching? Be specific - are they old, young, married, students, etc.
2. **Specify where their actual customers come from**  
Where are their customers identified in 1 above coming from? (Are they from within the village, outside the village, outside the district / region?)
3. **Look at the number of customers that they have been reaching over time.**  
Have they been increasing in number? Are they decreasing? Or is their number the same?
4. **Identify if their customers are individuals or institutions.**  
Are their customers individuals or institutions like schools? Let them specify
5. **Specify if they think there is any potential category of customers that they are currently not reaching out to.**  
Who are potential customers (within and outside their locality) they haven't reached out to yet?

**Finally**, tell participants to list categories of customers they currently serve and potential customers that they could reach out to.

# Session 7. Business Model Canvas

## Value Proposition

Tell participants that they have reviewed their current and potential customers, now they need to review what they currently offer to their customers and what more they could offer them.

Ask participants to identify:

1. **The changes that they have made to their products over time.** What changes are there in their current products compared to the ones they started with? (Participants describe the specific changes they have made in terms of quality, design, new products)
2. **Any unique factors that attract customers to buy their products.** What are the factors that attract customers to buy your products at the moment?
3. **Any gaps in the products that hinders them to serve certain customers.**
4. **How they can further know the things that they can improve on their products to attract new customers.**

**Tips to facilitators:** for instance furniture makers can visit other workshops that are doing better than them, ask experts, design with customers, use the internet etc.

They will continue with the rest of the blocks in sessions eight and nine.

## 3. Summary

Really understanding your product, value and customers is crucial to knowing your business identity and what makes your business special or unique.

# Session 8. BMC 2: Using resources around you

## Background

**Goal:** To help participants recognise the social and physical resources they have around them that they can use to improve their businesses. The aim is to shift the emphasis from securing external capital, to what they have available.

### Materials needed for the session

Picture of the sahara desert  
Resources form: social and physical

## Facilitation steps

### 1. Recap

Ask participants to recap on the two blocks of the Business Model Canvas discussed in the last session. Ask participants to share if there is something new they have been thinking about improving in their business since the last training session.

Explain that in this session you will explore three more blocks of the canvas - key activities, resources and partners.

### 2. Next three blocks of BMC: Key Activities

Start with the key activities, as a quick and simple way of getting the participants thinking about their businesses before discussing resources which is a bigger topic. Ask participants to list all necessary activities they are currently undertaking in their businesses. Are there any activities that need to be sped up or find someone else to do to make their business more productive?

Ask them if they are to improve their business in terms of the products they produce, what other additional key activities would they need to put in place or find a partner to work with?

### 3. Resources

Ask participants to imagine that they have been transported to the Sahara (show the picture). Look around - what resources do you see? How will you light a fire to cook? What will you eat? What could you make furniture from? After a very brief discussion, bring them back to their home environment. Now how do they feel? Is there an abundance of resources?

Ask participants to list all key resources they are currently using in their businesses. Ask them if these resources they are using are optimally utilized. Then ask them to think about other resources they have available to them to help them improve their product or grow their businesses, which they may not be using yet. You can share the following examples to get them started, or make up your own.

## Session 8. BMC 2: Using resources around you

Social Resources	How you will use them
<i>Nephew</i>	<i>Yuko vizuri katika mitandao ya kijamii, angeweza kunisaidia kufungua akaunti ya instagram</i>
<i>Bwana Mbilinyi, mshirika wa kanisa langu</i>	<i>Yuko vizuri katika biashara, naweza kumwomba aangalie mahesabu yangu, na kunishauri kupangilia zaidi</i>
<i>Shangazi, yuko Mafinga</i>	<i>Naweza kumpigia simu aniulizie bei za fenicha pale Mafinga</i>
<i>Mtandao</i>	<i>Kupata mawazo mapya ya fenicha</i>

Physical Resources	How you will use them
<i>Vipande vidogo vya mbao</i>	<i>Naweza kubuni fenicha mpya zinazotumia vipande vipande</i>
<i>Maranda</i>	...
<i>Shamba</i>	...

### 4. Key Partners

Ask participants if they have anyone that they are currently partnering with, and what are the benefits they get from the partnership? It could be something simple like someone who helps them get supplies they need from Dar or it could be a bigger partnership.

Are there any better partners they could think about working with? Are there any individuals who have resources they need, that they can partner with?

### 5. Summary

Remind the participants about the previous sessions on fixed and growth mindset in relation to growing their businesses. Can they think of an example of a fixed mindset about business? E.g. I have to get more capital to grow my business. Get participants to share what they have learnt from thinking about the resources they have.

\*\*Remind participants to keep on doing their business records, and ask them to bring them to the next session so you can advise them.

# Session 9. Innovation

## Background

Offering unique products or services that serve the customers' needs the best is a sure way to winning a wider market. SMEs, specifically furniture makers could aim to at least improve their products to the level where they can graduate from just serving the limited local market with which most of the customers require basic stuff to where they can serve the needs of customers beyond the local market. They also need to challenge themselves to come up with new marketable products that they can sell at higher profits.

### Goals

Encourage participants to think about ways to innovate their businesses, by practising out of the box thinking and getting inspiration from visual exposure of innovative products

Use this innovative thinking to get ideas of new revenue streams for your business.

### Materials needed for the session

- **Pinterest board of innovative furniture**
- **List of items to use for creative thinking exercise**

## Facilitation steps

### 1. Warmer

Do this quick warmer to get participants excited about the session before you continue with the business model canvas.

Ask the participants - what are the necessary qualities of a chair? They might say - it has to have four legs, and a seat and a back etc. It has to be made of wood. Share this pinterest board with them and let them talk about what they see in the pictures. The idea is to expand their view of what is possible or what a chair 'should be like' - to show the many possibilities.

<https://www.pinterest.co.uk/naomi5756/viti-bunifu/>

Divide participants into small groups and ask them to use five minutes to discuss the benefits that an innovative business can have. Let one group present their responses and other remaining groups complement the responses.

**Tips to facilitators:** securing more customers and higher profit margin

In this session we will focus on innovating the **product** (not the business model or process).

# Session 9. Innovation

## 2. Innovation in materials

Read a brief story of a bamboo bicycle produced in Ghana (you can also show them its pictures)



Organise participants into smaller groups and ask them to answer the following question:

**Do they think Kemi's was innovative? If Yes ask them to point out why Kemi was innovative**

*Tip: Kemi used different materials that were available locally (bamboo) to make bicycles as the result she reduced the cost of production and made them more affordable to customers.*

Kemi is a woman from Ghana who produces bamboo bicycles. The bicycles are more affordable than the ordinary bicycles and women use them to carry water and other goods and children also use them to go to far schools.

Remind them about the warmer they did at the beginning of the session and ask them what they have learned about innovation so far, considering both events.

*Tip: you can innovate your products by trying to break the customs, like a table is supposed to have four legs or that item is supposed to be that way and come up with something that breaks the ordinary. Also another way of innovation is to make an item in the same way but by using materials that are normally not part of materials used to produce the item*

In small groups ask participants from the same nature of business and ask them to discuss the materials that they are not currently using in their production but they think they should explore more if they can be used.

## 3. Innovating the product

Show them more pictures of innovative products here [shorturl.at/hrtF5](http://shorturl.at/hrtF5) and ask them what else they have learned about innovation.

### **Activity:**

Ask each participant to draw ten circles (they can use any coin) on their notebooks or papers if they don't have notebooks. Tell them that they have five minutes to turn each circle into any unique item

## Session 9. Innovation

that is circular in shape, for instance a car tyre. Let them turn the circles and after five minutes ask them to stop even if they haven't finished turning all ten circles. Identify anyone who has turned all ten circles or close to ten, ask a few participants to show other participants the items they have drawn.

Ask participants to share any experience they have felt as they were drawing the items, was it easy or hard?

In small groups ask participants to brainstorm what sort of items that they can make with wood (just like from the same circles they drawn different items) that are totally different from the normal furniture (tables, chairs, cupboards, etc) that can be used differently eg. in sports, children games, education etc. Give them 20 minutes and when the time is up, ask the groups to share what they come up with.

Think about the materials that you would normally use to make a table. In a group come up with as many different ideas as possible for small products you could make and sell from those materials.

### 4. Applying to your business

Divide participants into small groups of participants who do similar business. Ask them to think about what kind of creativity they can add to their businesses. Allow enough time for them to present their ideas to the group.

# Session 10. Using records for business decisions

## Background

Hopefully by this time, some of the participants have started keeping records regularly, and have some useful information on their business income and expenditure. In the previous session you will have reviewed the records to help participants do the records properly. In this session you will start to analyse the information to help them plan their businesses.

### Goals:

1. Understand the cost structure of the business and product pricing
2. Reviewing business records to explore what can be done to increase profit, including cost savings or reinvesting profits

### Materials needed for the session

SMEs' kept records

## Facilitation steps

### 1. Recap

How many blocks of the business model canvas can the participants remember? Up to now we have covered value proposition, channels, activities, resources. Today will be looking at the cost structure.

We once heard a wood processor say: "we keep writing our business records but we still don't get loans! So we stopped." What do participants think about that? Is he right?

**Facilitators tips:** obviously the carpenter thinks the only point of keeping records is to get a loan, but what about the benefits of record-keeping to help someone manage their business? He just wants to do the records to qualify for a loan, but it's also important to know your profits to know whether a loan will help increase your profits, and whether you will manage the repayments.

### 2. Reviewing the key costs

Start with looking at what types of cost they have? e.g. materials, labour, transport etc.

Do they know what percentage of the total cost these different categories make up? Which are the biggest cost areas? Which are the smallest? Can they tell from their records?

Which costs are fixed and there is nothing you can do to change them? Which costs do they have control over?

Is there any possibility of cutting down some of the costs?



# Session 10. Using records for business decisions

What other cost would they incur if they would improve their businesses? Eg. if they buy a machine new cost will be electricity, repair and maintenance

How do they work out their prices for products and services? Are they making a fair profit or not, and why? What can they do about it?

Other things that SMEs can do to increase their profits:

- Good management of raw materials
- Controlling the costs involved in procuring raw materials

## 3. Paying yourself

How do they handle the question of paying themselves? Ask the owner if he has any basis that he uses to pay himself. Does he/she separate himself/herself as a business owner from the business?

**Ask the owner the following questions for them to understand the importance of separating the business entity from the owner.**

What is the difference between a business person's income and an employee's income?

**Tips to facilitators:** employee's income is limited, they cannot take more than what they have signed in their contract as a salary. But many SMEs' owners have unlimited access to their businesses' finance, if they are not separating themselves from their businesses they may take more money out of the business anytime they wish.

What can happen to the business if the owner takes money from it without a plan?

**Tips to facilitators:** The owner may take out the money beyond what the business has made as profit and hence cause it to make a loss.

Advise the owner to pay themselves once or twice per month and the amount of payment should consider the amount of profit their business makes. Also remind them that part of the profit for the particular month can be carried forward for them to be able to pay themselves in the season in which the business's earnings are limited. They should try hard to limit their individual spending to what they pay themselves.

They also need to avoid taking business's money in and out and avoid finding themselves in a situation where they are inclined to use the money they have paid themselves to cover business costs. The best way to keep the business's money separate from the owner would be having a separate bank account for their businesses, but let them find their own way to separate it.

## 4. Seeing trends in your business

Go through the profits per work, and find if there were some jobs that were more profitable, what kind of works were they? Is it possible for the SME to do more of them and less of others?- This question applies more to carpenters.

Count the number of works the SME has done for the particular month, are they reasonable or few? If they were few, was it because they reasonably took more time to be completed? Or because there are not enough customers?

If they took more time, were they profitable enough? Or if the works were few then the SME will have to figure out how they can get more jobs.

# Session 10. Using records for business decisions

## 5. Using business profits to grow

Ask participants to mention the possible sources that can be used to grow business

### Tips to facilitators

- Reinvestment of retained profit
- Investment with borrowed capital

Ask participants to mention the possible areas where retained profit can be invested to?

### Tips to facilitators

- Accumulated profit can be invested in business operating equipment
- It can be used to repay business loan
- It can be used to repay borrowed capital
- It can be used to buy raw materials during the season when prices are low or buy materials at wholesale prices / in larger quantities
- Invest in finding new customers

Let the business person make a decision on how they want to use the profit they retain and make a simple plan for what they decided, for instance if they want to take out a loan? What is it for? How will it impact the business? How much they can take based on what their profit can repay?

## 6. Summary

Ask each participant to say what they think the value of keeping their business records is, and how it can help them. Has anyone changed their view during the session and discovered a new benefit?

# Session 11. BMC: Finding New Customers

## Background

The last aspect of the business model canvas we will cover is growing the customer base. SME owners often feel helpless waiting for customers to come to them, and not knowing how to reach out to new markets. It doesn't necessarily mean doing social media marketing - there are other simple ways to reach your customers - even just phoning someone and asking!

### Goal:

- SMEs reflect on their interaction with customers to find practical ways of growing their customer base
- Bring together all of the ideas to start working on business improvement plans

## Facilitation steps

### 1. Discussion on customer relationships

Lead a discussion with the participants on the following four areas relating to customers. You can use the questions to help the discussion - don't just read them out, but use them to help stimulate more discussion.

#### Market demand:

Who are their potential customers (individuals and institutional) for their current products and where are they located? How much will they be willing to pay? How can you know the prices for similar products?

Apart from reasonable prices, is there any persuasive feature about your product that you can use to attract potential customers?

#### Channels:

What have you been doing to get customers, and does it work? Do you have enough customers? What are other or improved ways for customers to get informed about your products?

#### Product delivery:

How do their products normally reach their customers, do they have a system? If they don't deliver products to customers, what hinders them? How would your customers like to get your product delivered? How secure is it? Who could help with product delivery and how much would it cost to use a partner to deliver?

#### Customer Relationships:

Ask participants to specify if they have any returning customers. Are customers happy with their service? Do they do anything to make customers return or buy more or refer them to other customers? If not, what can they do then?

# Session 11. BMC: Finding New Customers

## 2. Pitching exercise “kunadi”

SMEs practise speaking to a potential customer who they have never met and persuade them to buy their products. Others share feedback - especially what they liked about the pitch, and what could be improved.

## 3. Recap: Business river of life and goals

Ask participants to think back to the session on the business river of life, where they considered the ups and downs of their businesses and their goals and dreams for the future. They can close their eyes if they want. To spend a moment really imagining what their business will look like for example in 3 or 5 years time. What will their products look like, who will their customers be, they can picture themselves depositing large profits in the bank if they like!

## 4. Business improvement plan

Assuming that every business owner wants to improve their profit, now it's time to make a plan for how to grow the business (or start a different business) to improve profit. Ask the participants to think about all the things they have learned through the sessions. This could include

- Looking at whether there is a fundamental reason why something is not possible, or it was just a fixed mindset.
- Whether they are afraid of doing something new that has not been done before.
- Not working just from feelings but calculating what will give them the best profit.
- Not assuming that it's just capital but looking at all the other resources they have, to help them grow the business.
- Not assuming that there is no market, but going out to look for one.
- Thinking about what the market needs / is looking for.
- Growth takes time, and you should enjoy the growth process and not get frustrated when it doesn't go as fast as you want.

Hand out the blank forms for participants to fill in some of their goals (like an area for improvement) and the specific steps they will take to work towards that goal. Guide the participants to make sure their actions are as specific as possible.

<b>Lengo</b>	<b>Hatua ya kwanza</b>
<i>Kukuza soko la bidhaa zangu</i>	<i>Kutembelea maduka mjini kuona wana bidhaa zipi</i>
<i>Kutambua faida ya biashara yangu</i>	<i>Kuanza kutunza kumbukumbu za biashara na kuzisoma kila</i>

## Session 11. BMC: Finding New Customers

	<i>wiki kupanga biashara yangu vizuri</i>
<i>Kuboresha ubora wa bidhaa zangu</i>	<i>Kufungua pinterest kila wiki kupata mawazo mapya</i>

### 5. Summary

Congratulations! You've reached the end of the course. But this is really just the beginning. Now it's in your hands. We hope you have enjoyed it and seen new ways of looking at the world that can help you grow your business. Go for it!

# **Part 3**

## **Session attachments**

## Kipindi cha 1. Utangulizi

Kipindi	Jina la kipindi	Maelezo
1	Usajili na utangulizi wa programu	Maelezo juu ya programu kwa ujumla, na makubaliano ya muda kukutana kwa ajili ya mafunzo
2	Mtazamo	Mindset tool: participants work out where they are in their business journey. Are you just doing things on auto-pilot or do you have a commercial mindset? Using the tool, pick three areas where you would like to improve. World view: Using the example of widespread fears of owls, participants are challenged to think about the difference between fact and myth and realise that it is possible to change their world view.
3	Fikra mgando/fikra endelevu	Introducing the ideas of fixed and growth mindset, the idea of the brain as a muscle that gets stronger as it's used, that we can learn and develop new skills. Exploring common fixed mindsets in forest SMEs.
4	Utunzaji kumbukumbu	record-keeping format
5	Shauku na malengo ya kibiashara	Reflection on learning from previous businesses, discovering whether you are passionate about your business. The 'Sweet Spot' where business passion, skills and market come together. Drawing all the learning together to come up with three simple actions to improve your business.
6	Fikra endelevu na mbinu za kibiashara	Perhaps you always thought that buying a machine is the next necessary step for growing your business? That could be a fixed mindset. It's important to check the calculations to know if it will really be profitable for you or not. Checking in on record-keeping and any actions taken to improve the business
7	Muundo wa biashara	BMC part one- first 3 blocks
8	Mipango ya kuboresha biashara	
9	Ubunifu	
10	Kufanya maamuzi ya kibiashara	
11	Kutafuta masoko	Researching the market and finding customers (and getting better prices)

**Jipime Uendeshaji wako wa biashara**

Onesha kama sentensi hizi zinafafanua mahali ulipo katika uendeshaji wako wa biashara kwa kuzungushia ‘Sikubali’ au ‘Ninakubali’

1	Ninazo taarifa zinazonijulisha kuwa biashara yangu inatengeneza faida.	Sikubali	Ninakubali
2	Biashara yangu bado haina vibali vyote au baadhi na bado sina vifaa vya usalama na afya kazini	Sikubali	Ninakubali
3	Kukamilisha oda ya mteja kwa wakati ni lazima- ninahakikisha ninakamilisha oda kwa wakati na ikitokea mabadiliko yoyote ninamjulisha mteja	Sikubali	Ninakubali
4	Nina ufahamu mzuri wa masoko tofauti tofauti, ninafanya utafiti na kujenga mtandao wa mawasiliano na wateja	Sikubali	Ninakubali
5	Wateja wangu wanafuata muda na ubora ninaopanga mimi. Kuna oda nyingine ninahitaji kusisitizwa na mteja ili nizekamilishe.	Sikubali	Ninakubali
6	Biashara yangu haihitaji msaada kutoka nje, inaweza kujiendesha yenyewe. Na hata kama nitahitaji kuikuza kwa mkopo ina uwezo wa kuongeza faida na kulipa marejesho na riba ya mkopo	Sikubali	Ninakubali
7	Ninahesabu gharama zote za kazi pamoja na za kuendesha biashara, na kuzizingatia ninavyopanga bei	Sikubali	Ninakubali
8	Mafanikio kwangu ni kuwa na mashine na jengo zuri la kiwanda	Sikubali	Ninakubali
9	Biashara yangu ina changamoto nyingi sana, zinazofanya biashara kutokua	Sikubali	Ninakubali
10	Kabla ya kufanya maamuzi ya kuongeza mashine au jengo ningehitaji kuchambua kama faida itaongezeka au la	Sikubali	Ninakubali
11	Wateja wangu wananifuata kwenye biashara yangu	Sikubali	Ninakubali
12	Nina vibali vyote na nazingatia afya na usalama kazini	Sikubali	Ninakubali
13	Ninatambua gharama zinazoingia moja kwa moja kwa kazi, lakini siangalii gharama za kuendesha biashara kwa ujumla	Sikubali	Ninakubali
14	Mara kwa mara ninalazimika kusimamisha kazi, kwa sababu nasubiri mpaka malighafi zishe halafu naenda kutafuta nyingine	Sikubali	Ninakubali
15	Natumia kumbukumbu zangu za mahesabu kufanya mipango ya biashara	Sikubali	Ninakubali
16	Ninatumia changamoto zilizopo kwenye biashara kama fursa ya kujifunza na kufanya kile kilichopo ndani ya uwezo wangu kukabiliana nazo	Sikubali	Ninakubali



**Kipindi cha 2. Mtazamo**

17	Situmii mahesabu ya biashara kupanga biashara yangu	Sikubali	Ninakubali
18	Wateja wangu wanatoka maeneo jirani na ninapofanyia kazi	Sikubali	Ninakubali
19	Ninahisi biashara yangu inatengeneza faida japo sina taarifa zote za kuthibitisha kama biashara inatengeneza faida kwa ujumla.	Sikubali	Ninakubali
20	Kila wakati ninahakikisha malighafi zinazohitajika za uzalishaji zipo ili nisicheleweshe uzalishaji.	Sikubali	Ninakubali
21	Ninahitaji mfadhili au msaada ili nifanikiwe katika biashara yangu	Sikubali	Ninakubali
22	Nimewahi kujaribu mbinu mpya za kutafuta wateja na kufanikiwa	Sikubali	Ninakubali





**Ukweli Kuhusu Bundi**

- Wana uwezo mkubwa wa kugeuza vichwa vyao

-Wana uwezo mkubwa wa kusikia sauti: Bundi mkubwa wa kijivu ana uwezo mkubwa wa kusikia sauti ya wadudu wanaokimbia katika majani kwa umbali wa futi 100 au sauti ya panya anayelia kwa umbali wa nusu maili

-Bundi anapaa bila mabawa kutoa sauti (kwa ukimya)

-Ni mabingwa wa kujificha (ndiomaani ni ngumu kuonekana wakati wa mchana)

-Bundi ni walenzi mashambani (huzuia wadudu waharibifu)

-Bundi wanapatana na binadamu (marafiki)

**Mifano ya baadhi ya imani kuhusu bundi**

Bundi wanafikirika kuwa ni viumbe vitukufu

Bundi waliaminika kuwa ishara ya ushindi katika vita zamani.

Ulaya bundi anaaminiwa kama ishara ya hekima

	<b>Kuendesha biashara 'kimazoea'</b>	<b>Kuendesha biashara 'kibiashara' zaidi</b>
1	Mara kwa mara ninalazimika kusimamisha kazi, kwa sababu nasubiri mpaka malighafi ziishe halafu naenda kutafuta nyingine	Kila wakati ninahakikisha malighafi zinazohitajika za uzalishaji zipo ili nisicheleweshe uzalishaji.
2	Ninatambua gharama zinazolingia moja kwa moja kwa kazi, lakini siangalii gharama za kuendesha biashara kwa ujumla	Ninahesabu gharama zote za kazi pamoja na za kuendesha biashara, na kuzizingatia ninavyopanga bei
3	Ninahisi biashara yangu inatengeneza faida japo sina taarifa zote za kuthibitisha kama biashara inatengeneza faida kwa ujumla.	Ninazo taarifa zinazonijulisha kuwa biashara yangu inatengeneza faida.
4	Wateja wangu wanatoka maeneo jirani na ninapofanyia kazi	Nina ufahamu mzuri wa masoko tofauti tofauti, ninafanya utafiti na kujenga mtandao wa mawasiliano na wateja
5	Wateja wangu wanafuata muda na ubora ninaopanga mimi. Kuna oda nyingine ninahitaji kusisitizwa na mteja ili nizekamilishe.	Kukamilisha oda ya mteja kwa wakati ni lazima- ninahakikisha ninakamilisha oda kwa wakati na ikitokea mabadiliko yoyote ninamjulisha mteja
6	Ninahitaji mfadhili au msaada ili nifanikiwe katika biashara yangu	Biashara yangu haitaji msaada kutoka nje, inaweza kujitendesha yenyewe. Na hata kama nitahitaji kuikuza kwa mkopo ina uwezo wa kuongeza faida na kulipa marejesho na riba ya mkopo
7	Mafanikio kwangu ni kuwa na mashine na jengo zuri la kiwanda	Kabla ya kufanya maamuzi ya kuongeza mashine au jengo ningehitaji kuchambua kama faida itaongezeka au la
8	Situmii mahesabu ya biashara kupanga biashara yangu	Natumia kumbukumbu zangu za mahesabu kufanya mipango ya biashara
9	Biashara yangu bado haina vibali vyote au baadhi na bado sina vifaa vya usalama na afya kazini	Nina vibali vyote na nazingatia afya na usalama kazini
10	Biashara yangu ina changamoto nyingi sana, zinazofanya biashara kutokukua	Ninatumia changamoto zilizopo kwenye biashara kama fursa ya kujifunza na kufanya kile kilichopo ndani ya uwezo wangu kukabiliana nazo
11	Wateja wangu wanafuata kwenye biashara yangu	Nimewahi kujaribu mbinu mpya za kutafuta wateja na kufanikiwa
12	Nipo tayari kuachana na biashara hii, endapo itatokea biashara nyingine nitakayoipenda na kunilipa zaidi	Ninaipenda biashara hii na nimejidhatiti kuiendeleza na kuikuza, hata kama nikikutana na changamoto nipo tayari kuendelea nayo
13	Biashara yangu naindesha kawaida tu	Biashara yangu inautofauti na biashara nyingine

## Kipindi cha 2. Mtazamo

14	Washirikina wanaweza kusababisha biashara yangu kudumaa	Ukuaji wa biashara yangu unategemea juhudi zangu mwenyewe
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## Hadithi ya Sanga

Sanga ni mfuatiliaji mzuri sana wa filamu za kihindi, anavutiwa sana na muigizaji mojawapo ambaye mwili wake umejengeka kimazoezi (ana misuli mikubwa). Sanga alitamani sana kuwa kama muigizaji huyo. Mwishoni mwa mwaka jana, Sanga alipata likizo ya siku tatu akaamua azitumie kwenye kituo cha mazoezi ili abadilishe muonekano wake wa mwili, uwe kama wa muigizaji anayevutiwa naye. Sanga alianza mazoezi siku ya kwanza kwa furaha sana na alitumia kila kifaa ambacho alihisi kingemsaidia. Siku ya pili pia alifanya vile vile japo kuwa alihisi maumivu kwenye misuli. Sanga alihitimisha mazoezi yake siku ya tatu na kurejea nyumbani, maumivu aliyoyahisi mwili mzima yalimpa matumaini makubwa kwamba sasa mwili wake utakuwa umeshajengeka kama wa yule muigizaji. Aliingia chumbani kwake na akajitazama kwenye kioo. Sanga alipatwa na mshangao kuuona mwili wake haujabadilika chochote. Sanga alijutia kupoteza siku zake tatu katika kituo cha mazoezi huku mwili wake haujawa kama wa muigizaji. Sanga anaamini kwamba haiwezekani tena kwake kupata muonekano kama wa muigizaji yule, anadhani mwili wake una matatizo yaliyopelekea kutokubadilika.

**Unadhani mwili wa Sanga ulikuwa na tatizo gani lililopelekea mwili huo kutojengeka baada ya kukamilisha mazoezi yake ya nguvu ya siku tatu?**

## Sentensi

Haiwezekani kwa mfanyabiashara wa kati kufanikiwa vijijini, kwa sababu hakuna masoko

Haiwezekani kwa mfanyabiashara kukuza biashara bila mkopo

Sina haja ya kutunza kumbukumbu ya fedha kwanza biashara yangu ni ndogo

Siwezi kuboresha bidhaa zangu kwasababu sina mashine za kisasa

Sitaki kutunza kumbukumbu za fedha kwa sababu itaniumiza nikigundua nimepata hasara

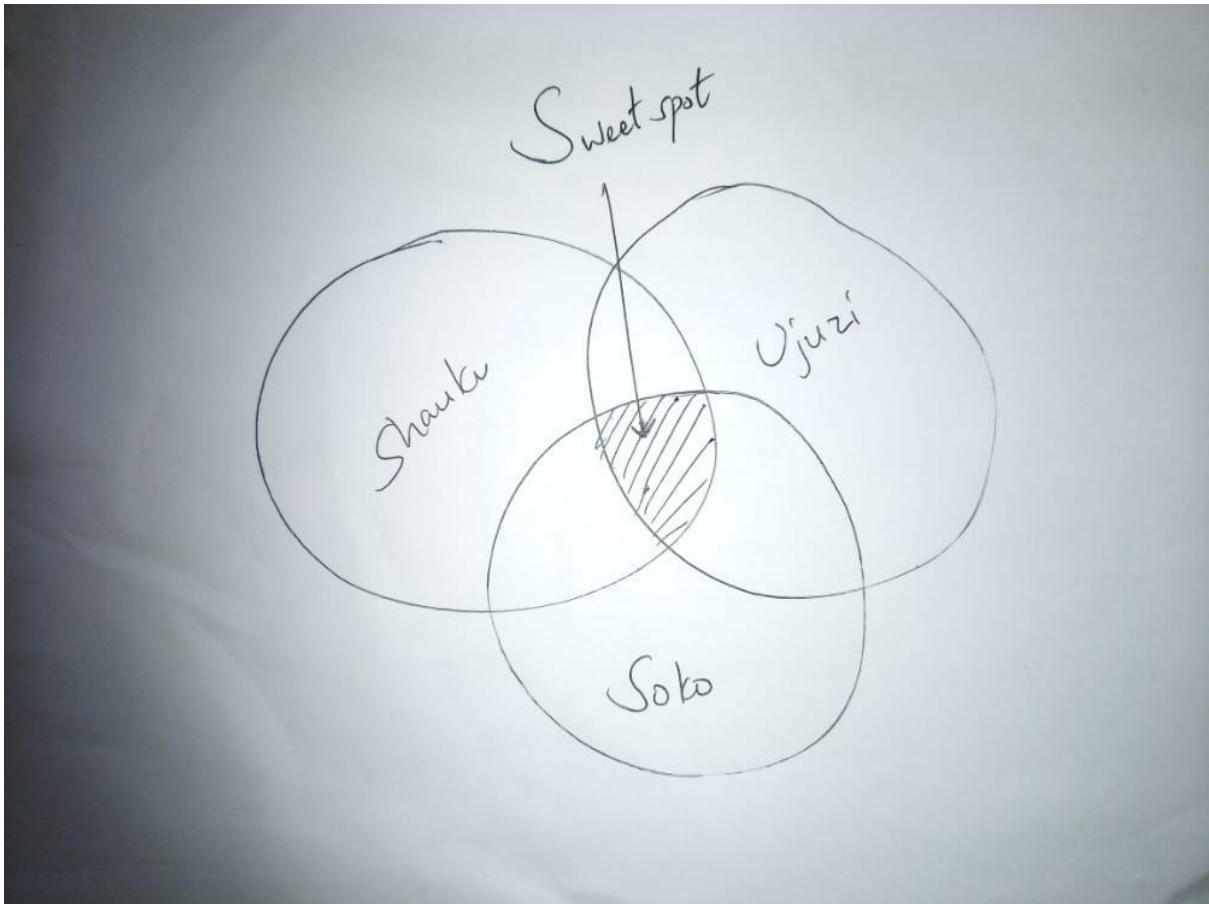
Nitatengeneza samani ninazojua tu, kwa sababu siwezi kuja na ubunifu mpya

Sihitaji kufanya mipango ya biashara yangu, kwa sababu nitapotezea muda wa uzalishaji huko



Kipindi cha 5. Tathmini na kuboresha biashara

	<b>Ndiyo</b>	<b>Hapan a</b>
<b>Nafurahia kuifanya na natamani nisingekuwa na kitu kingine cha kufanya zaidi ya ichi</b>		
<b>Najikuta ni mwepesi kufanya na kuweka jitihada zaidi kufanya</b>		
<b>Wala huwa sijali kutumia muda mwingi kufanya, muda mwingine hata sitambui kama muda umeenda ninapofanya</b>		
<b>Nikikutana na changamoto au ugumu wowote ninapofanya, huwa sijisikii kuachana nayo na kufanya kitu kingine bali nakabiliana na ugumu/changamoto ipasavyo</b>		
<b>Sijali watu wakinipa jina kwa kazi ninayofanya, kwa kweli najivua nayo</b>		
<b>Najiona nikifanya hii kazi katika maisha yangu yote ya kazi</b>		



## Sentensi

Nikihisi biashara yangu inafaida, nachukua mkopo.

Nikipata mashine itakua ni msaada mkubwa katika biashara yangu.

Kujenga jengo zuri la biashara litaniongezea kipato.

Shida yangu ni mtaji, nikipata tu mtaji, nakuza biashara yangu.

## UWEKEZAJI

Petro anatarajia mashine itamgharimu milioni 10. Na anakadiria mashine itadumu miaka siyo chini ya kumi.

Kwa sasa analipia 1,000 kuranda ubao mmoja, na kwa wiki anachana mbao 30. Kuna wiki anakua hana kazi. Katika mwaka kuna wiki 52. Tufanye makadirio kwamba anafanya kazi wiki 40 tu kwa mwaka.

Mbao 30 kwa wiki X wiki 40 = Mbao 1,200 kwa mwaka

Kwa sasa analipa 1,000 kwa ubao, kwa hiyo 1,200,000 kwa mwaka. Ndani ya miaka kumi, jumla ni shilingi milioni 12.

Hii ina maana kwamba mashine ina faida kwake. Kwa miaka kumi, itamgharumu shilingi milioni 10 tu kuranda kwake badala ya shilingi milioni 12 akienda mashineni. Pia kwa sababu hatumii muda wote, ili kuongeza mapato, anaweza kuwachaji watu wengine wanaohitaji kutumia mashine.

Lakini itakuaje kama atazalisha mbao 15 kwa wiki, na kutokukodisha mashine? Atachana mbao 15 X wiki 40 X shilingi 1,000 kila ubao X miaka 10 = Shilingi milioni 6. Kama ametumia shilingi milioni 10 kununua mashine, ndani ya miaka kumi hataweza kurudisha pesa yake.

Kitu kingine cha kuzingatia. Petro amewekeza milioni 10, na imemsaidia kuokoa milioni 2 kwenye kuranda kwa watu wengine. Je imemlipa au angezalisha zaidi kama angewekeza shilingi milioni 10 sehemu nyingine? Au akopeshe watu kwa riba? Au ajenge nyumba na kupangisha (kama kuna soko)? Je kuna fursa gani zaidi?

Ni kama anazika hizi pesa kwa muda mrefu, kwa hiyo lazima ahakikishe kwamba anapata faida kubwa iwezekanavyo. Mashine ya kuranda ipo kwa wengine, siyo lazima amiliki ya kwake. Pia hatasumbuliwa na gharama za matengenezo ambazo hazikuhesbaika kwenye mahesabu.

## MKOPO

Ni muhimu kuzingatia malipo ya riba. Endapo umekopa 500,000 na kulipa 10% kwa mwezi ndani ya miezi mitatu, gharama ya deni 150,000/=. Unakopa 500,000 unalipa 650,000 baada ya miezi mitatu. Chukulia unataka kununua kitu, mfano jokofu, endapo utatunza fedha na kutumia akiba binafsi, itakugharimu 500,000/=. Kama utachukua mkopo, jokofu litakugharimu 650,000/=. Je upo tayari kulipia zaidi ya bei halisi?

Je unahitaji sasa au unaweza subiri kwa kuweka akiba na kununua bila ya mkopo? Lakini endapo mkopo utakusaidia kuongeza faida, ni vema kukopa. Lakini inabidi izalishe faida zaidi ya kiwango unacholipa kama riba.

Felista anadhani mkopo ungemsaidia kutanua biashara yake ya mkaa. Anahitaji kupima kama atafaidika na mkopo na kwa kiwango gani. Amegundua kwamba itamsaidia kuvuna msitu mkubwa zaidi. Amegundua kwamba anapovuna msitu wa 200,000/= anapata faida ya shilingi 50,000/=. lakini kama angeweza kununua msitu kwa 500,000/= angepata faida ya shilingi 200,000/=. Anaweza kuchoma misitu miwili ya 200,000 kwa mwezi au msitu 1 kwa 500,000/=.

Kama atakopa 500,000 ili aweze kuchoma msitu mkubwa zaidi, je itaongeza faida yake?

Njia moja ya kurahisisha mahesabu ni kuangalia faida kwa kila 100,000/=. Katika mfano wa kwanza, anapata 25,000 faida kwa kila 100,000.

Katika mfano wa pili, atapata faida 40,000 kwa 100,000, kwa hiyo inaonekana kwamba italetfa faida kubwa zaidi. Lakini anahitaji kulipa 10% riba kwa mkopo. Kwa mkopo wa 500,000 atalipa 50,000.

Ndani ya mwezi moja anaweza kupata faida ya 100,000 kama atachoma misitu miwili kwa faida ya 50,000 kila msitu.

Vingenevyo anaweza kupata faida 200,000/=. toa riba ya 50,000 kwa hiyo sawa na 150,000

Lakini endapo atazalisha faida pungufu zaidi ya ilivyo kwenye mfano, inamaana kwamba mkopo utamkata, anaweza hata kupata hasara.

Tukirudi katika mfano wa uwekezaji wa mashine. Labda ina manufaa kununua mashine kwa milioni 10. Lakini kama ukijumlisha na riba gharama halisi inakuwa ni milioni 12 au zaidi, haitakuwa na faida. Ndiyo maana huwezi kusema mkopo utakulipa au hautakulipa usipopigia mahesabu vizuri. Ni muhimu sana kujiridhisha kwa kufanya hesabu kujua kama utapata faida au lah!

## Business Model Canvas Blocks (for reference)

<b>Value proposition</b>	The needs that your business is meeting. The value your product or service offers (benefits) that makes customers use your product or service.
<b>Customer segments</b>	These are categories of customers whose product or service is designed to meet their needs, for example, offices can be customers of a carpenter who produces office furniture
<b>Channels</b>	How you communicate with customers, to advertise your product, to organise delivery, to help them with the product after they have bought it. Eg.. do you use SMS, phone, Whatsapp, or following up door-to-door, or people come to your place of work?
<b>Customer Relationships</b>	How your business relates to your customers in order to make them returning customers, buy even more or refer you to other people
<b>Revenue streams</b>	Different ways you can generate income from your customers in exchange for the value you are offering them through your products or services. For example, a carpenter can make products to sell, hire out his machines, or get paid to train others. These are three different revenue streams.
<b>Key Resources</b>	All important resources you need to create value (product and service that meet your customers' needs) for your customers and deliver it to them
<b>Key Activities</b>	Include all important activities that need to be done to create value (product and service that meet your customers' needs) for your customers and deliver it to them
<b>Key Partners</b>	These are stakeholders who you can partner with in creating value (product and service that meet your customers' needs) for your customers and delivering it to them. You don't have to do everything on your own, you can partner with others who have certain resources or capabilities you need but you don't have
<b>Cost structure</b>	All key costs incurred to create value (product and service that meet your customers' needs) for your customers and deliver it to them. Examples of the costs are production costs, promotion costs and distribution costs

<b>Thamani</b>	Ni huduma au bidhaa gani ambayo unaitoa, na ni kwa jinsi gani huduma yako ni bora kuliko nyinginezo ambazo ni mbadala.
<b>Makundi ya wateja</b>	Ni nani mteja wako muhimu zaidi? Mfano, maafisi ni wateja wa selemala anayetengeneza samani
<b>Njia za kuwafikia wateja</b>	Jinsi unavyowasiliana na wateja, unatangazaje biashara yako, unafikishaje bidhaa na kujua msaada gan wanahitaji kutumia bidhaa. Mfano unapiga simu, unatuma ujumbe wa simu, unamfuata alipo au wanakuja ofisini kwako?
<b>Mahusiano na wateja</b>	ni kwa namna gani unaendelea kuwa na mawasiliano na wateja na kuwakumbusha kununua bidhaa/ huduma yako au kupiga chapuo kwa wenzao juu ya biashara yako?
<b>Mikondo ya mapato</b>	Njia tofauti za kujiingizia kipato kutoka kwa wateja kutokana na thamani itokanayo na huduma au bidhaa yako
<b>Rasilimali za msingi</b>	Rasilimali zote muhimu unazo zihitaji kuweza kutengeneza thamani na kuuza kwa mteja
<b>Shughuli za msingi</b>	Shughuli zote muhimu zinazotakiwa kufanywa kuweza kutengeneza thamani na kumfikia mteja
<b>Wadau wa msingi</b>	nani mwingine ambaye unaweza kufanya naye kazi pamoja ya kuendesha biashara yako?. Uhitaji kufanya kila kitu peke ako, unaweza kushirikiana na watu ambao wana ujuzi au rasilimali ambazo huna.
<b>Muundo wa gharama</b>	ni gharama ambazo zinahitajika ili kuzalisha, kuhifadhi, kusambaza, na kutafuta masoko ya bidhaa/ huduma yako. Mfano gharama za uzalishaji, matangazo na usambazaji

<b>Rasilimali za kijamii</b>	<b>Jinsi utakavyozitumia</b>

<b>Rasirmali Zinazoshikika</b>	<b>Jinsi Utakavyozitumia</b>



Kipindi cha 8. Mipango na maboresho ya biashara

<b>Lengo</b>	<b>Hatua</b>





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**NIRAS**