

**Guidelines for
Small Business Management (SBM)
Guide-book for Business Mentors (BM)**



DMI GLOBAL MISSION

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DMI expresses gratitude to God the almighty for the blessings on us to support women' empowerment by supporting them to form Self-help groups/Village savings & loan association in seven mission countries. All the groups have formalized the savings & loan processes and about 20% to 50% members have started their small businesses to enhance their income. Many first-time entrepreneurs face several difficulties to sustain and grow their businesses and failures to occur.

In order to promote entrepreneurship among our women, DMI has prioritized training group members on starting, managing and sustaining businesses. DMI would like to thank Vengatesh K S, Global Director – Programs and editorial team members – Dominic Suvakkin & Eronimus Lawrence, and Sr. Omesha for preparing and publishing this manual for “Small-business management trainers”.

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**Guide-book for Business Mentors
(BM) to train SHG members**

A. Qualities of BM to conduct training

1. Start and end sessions with good energy and enthusiasm.
2. Be well prepared and organized – read all the materials well in advance of the training.
3. Speak clearly, ensuring all the participants can see and hear you, use simple, easy-to-understand language.
4. Be willing to listen to what the participants have to say and respect their views.
5. Write clearly and legibly on the board.
6. Encourage the participants to take an active part in the training by requesting them to read or write the session materials as often as possible
7. Ask questions that start with words like ‘why’, ‘what’, ‘how’ in order to encourage discussion
8. Make examples and activities relevant to their past experiences.
9. When training, maintain eye contact with the participants.
10. Use energizers to liven up participants when they look tired or dull.
11. Follow up your participants’ progress after the training.
12. Make learning FUN and smile at your participants. This way, you will have the full attention of the group.
13. Move around as you talk, this keeps the attention of the participants on you.
14. Check understanding by asking the participants questions on what you have been training.
15. Always appreciate the participants’ contributions
16. Adhere to the training schedule
17. Conclude each session

B. Welcoming the participants and Introduction

1. Ensure everything is set, participants are seated and on start the session on-time.
2. Greet and welcome the participants.
3. Facilitate participants' introductions (Be creative and introduce icebreaking activities)
4. Set the training norms.
5. Class gets volunteers or appoint workshop representatives.
6. Understand the participants' expectations.
7. Introduce the purpose of the training.
8. List the Sessions



Small business management – training plan

Session- 1: What is Business?

1. Learning objectives:

- By the end of this session trainees are able to:
- Appreciate the purpose of owning a business
- Understand categories of business

2. The time needed: 2 hours

3. Materials needed:

- Flip charts and pens -
- Writing cards -
- Illustration cards -
- Masking tape -

4. Note for the trainer: Ensure that major learning points are discussed and visualized! Learning points of this session are:

- Definition of business Profit
- Business categories
- Business activities

Write the words “BUSINESS” in the flip chart.;

- 1. Ask participants to go into two groups. One group will describe the activities of “business” and the other describes the ‘person’ who is doing business.**
- 2. Ask each group to come up and present a role play for each character.**

3. Give each group a picture of the “market” and ask them to find out from the picture;

- “How many businesses are in this market?”
- “What kind of businesses are they?”
- “How many customers are in this market?”

4. Ask groups to present their findings Allow the group to discuss where they seem to differ

- Examples of common businesses from participant
- Ask participants in their groups to list the businesses found in areas where they are living in the chart.

5. Learning Points

- Question to participants “from the group exercises and your personal understanding, what is the definition of BUSINESS activity?”
- Give the class 2 minutes to discuss and come up with a common definition of BUSINESS.

6. Summarize the session by EXPLAINING.... Business is...

- Activity operated for the purpose of earning a Profit by providing a service or a product.
- It involves a businessperson investing money into the business activity.
- Write the word PROFIT on the flip chart Ask participants what their understanding of the word profit is.

7. Profit is

- The amount that remains after subtracting the cost of providing the service or product from what one gets after selling
- When the production cost is higher than sales, the business makes a loss.

8. Categories of business

Explain to the class;

Businesses can be categorized according to their activities as follows:

Manufacturing/ Production - Make or process raw materials into a finished product

Service - Provide labor that does not produce a tangible product.

Retail - Selling goods to consumers in small quantities

Agriculture - Growing crops or rearing livestock for sale

9. Show 10 pictures of Manufacturing/ production, Service, Retail and agriculture businesses and ask group to select its category.

10. Business Activities for Retail business are:

- *Buy*
- *Transport*
- *Sell*

Explain....

For Manufacturing Process:

- *Buy*
- *Transport*
- *Process / Production*
- *Sell*

11. There are 3 things that are required in all the businesses;

- **Inputs** -
- These are the tangible things that are required for business to operate
- **Operational activities.** These are the various tasks or activities that must be carried out for the business to produce results.
- **Marketing activities:** These are the task related to linking the business products to the consumer or customer

12. Exercise: Tell the class to take an example of a dressmaking business and identify its INPUT, OPERATIONAL and MARKETING activities from the table below.

NB: Facilitate participants to come up with the activities as you list them down on the flip chart as shown in the table below.

13. Facilitate formation of three groups (from your observation in the previous exercises ensure the groups are well balanced for good learning discussions).

Ask each group to pick their preferred business from the list below and to identify the INPUT, OPERATIONAL and MARKETING activities of the business selected

Tea-shop -

Milk vendor -

Chicken shop -

Give time for the group presentations and plenary discussions

Thank the group and summarize.

14. Key learning points

- Business is an activity operated for the purpose of earning a profit by providing a service or a product
- Profit is the amount that remains after subtracting the cost of giving the service or product from what one gets after selling.
- Business can be grouped into Manufacturing/Production, Retail, Service and Agriculture
- Business activities include providing the inputs, operational and marketing activities.

Session- 2: What is Business Management?

Training objectives:

- By the end of this session trainees are able to
- Recognize the things required for the business to operate
- Identify the challenges of business owners
- Appreciate qualities of successful business owners
- Know the importance of value addition

Time needed: 2 hours –

Materials needed: -;

- *Flip charts and pens* -
- *Writing cards* -
- *Illustration Chart* -

Note for the trainer: -

Ensure that major learning points are discussed and visualized! Learning points of this session are:

- Business Relationship Net
- Personal qualities that help one succeed in business
- Value addition to the product /service

Business management

What is business Management?

Explain

The main duty of the business owner is to ensure all business activities are done as required and profit is made.

The process of running the business makes the business owner to relate with other people for different reasons

These people form the business relationships net

- 1. Ask the class: “Who are business-related people in contact with a tailoring business owner”**
 - List their answers on the flip chart.
 - Create “Business Relationship Net” on flip chart.
- 2. Ask participants to classify those who relate with the tailoring business into categories i.e. Family, Suppliers, Customers, Financiers, employees.**
- 3. Ask each group to pick one character from the tailoring business relationship Net and discuss and present role play that includes the following:**
 - Expectations of the character from the business owner
 - The pressures/challenges business owners face in dealing with each of the character in the business relationship web
- 4. Take them through the list of pressure/ challenges of the businessman picked from the role plays and ask them to suggest the possible ways of managing them.**
- 5. Summarize the session by explaining**
 - For any business to succeed, good management practices are needed.
 - Business management involves planning and ensuring business activities and networks are running as expected.

For Example

- Planning business activities
- Buying the right material at the best prices at the right time
- Meeting the customer's need
- Controlling business transactions and ensuring there is money to meet business needs
- Keeping record of the business finances, stock and investments
- Ensuring the business is growing and making profit

6. Qualities of a successful businessman

- Tell participants that out of every 10 businesses started only one (1) is said to survive beyond the first year.
- Ask “are some people born with business qualities while others are born without?”.
- Ask the participant to answer with relevant examples. Allow few minutes for participant to discuss the question.



7. Read loudly and clearly a case of “Mary’s Petty shop” below:



Mary’s Petty shop

Mary owns the biggest retail shop in town. She manages her business which has 5 employees. Her employees like working for her because she is an organized woman and she treats them well.

Mary started her business with her SHG savings earned from transporting chicken for traders to the market on foot. The business was tiresome but Mary was happy to make some small amount of money that she saved. She sacrificed many things to start her business.

She started the business by renting a Shop and with very limited stock. Her customers have now increased; they say she is friendly and treats them with respect. She is also hard working and disciplined. Mary also stocks good quality products and ensures she has all the customers’ need all the time. She is also honest and gives fair prices to her customers.

“Arti, the previous shop owner was the very opposite of Mary in everything, no wonder her business failed within 6 months” Says Selvi, a customer who has lived in the town long enough

8. Class discussion;

- List the personal qualities that contribute to Mary's business success.
- List personal qualities that contributed to Arti's business failure.

9. Personal qualities that enhance success in business could be learned.

Business persons need the following qualities to succeed:

- Willingness to sacrifice time and money for the sake of the business
- Good people skills
- A good leader
- A good organizer
- Can make good judgments and decisions
- A good manager
- Has or is willing to gain experience
- Committed to succeed

10. Adding value

Adding value refers to improvement of the product/ service. A value added product/service aims at giving more satisfaction to the customers and therefore is willing to pay more for it. The purpose of value addition to the business is to earn more money while improving and increasing the customer's satisfaction. Adding value is very important step in any business since the goal is to make the product/ service worth more to customer.

11. Exercise to learn about Value-addition

Ask groups to take a pen and paper and draw any item that is sold such as: - a dress, mat, chair, shirt, trouser etc.

Ask them to write on the back of their drawing how much they would pay for it.

Ask them to look at the picture and think how they can add value to it. After adding the value, ask them to write the price they would pay for their value added item at the back.

Ask them to look at the value added item again and think of adding more value then put the price at the back. They should keep going until nothing more could be done to the item.

Ask them to take the original drawing and compare it to the last value added drawing. Ask “by how much did its value increase?”

12. Key learning points

- Business management involves managing the expectation of your business network.
- For successful business management one need to adopt and improve on interpersonal qualities.
- Value addition makes the product/service more satisfying for the customers and more income to the business.



13. Assessment Tool -1

Use the checklist below to assess your Personal Business Characteristics (PBC) by ticking the answer that most nearly expresses you. Be as honest as you can.

1. Are you a self-starter?

- I do things my own. Nobody has to tell me to get going.
- If someone gets me started, I keep going all right.
- I am happy as I am today.

2. Do you feel about other people?

- I like people. I can get along with just about anybody.
- I have many friends; I don't need anyone else.
- Most people irritate me.

3. Can you lead others?

- I can get most people to go along when I start something
- I can give the orders if someone tells me what we should do
- I let someone else to get things moving.
- Then I go along if I feel like it.

4. Can you take responsibility?

- I like to take charge of things and see them through.
- I'll take over if I have to, but rather let someone else be responsible.
- There's always some over-achiever around waiting to show how smart he is. I usually let him.

5. How good an organizer is you?

- I like to have a plan before I start.
- I am usually the one to get things organized when the group wants to do something.
- I do all right unless things get too confused. Then I quit.
- You get all set and then something comes along and presents too many problems. So I just take things as they come.

a) How good a worker is you?

- I can keep going as long as I need to.
- I don't mind working hard for something I want.
- I'll work hard for a while, but when I've had enough, that's it.
- I can't see that hard work gets you anywhere.

b) Can you make decisions?

- I can make up my mind in a hurry if I have to. It usually turns out okay, too.
- I can if I have plenty of time.
- If I have to make up my mind fast, I think later I should have decided the other way.

6. Can people trust what you say?

- You bet they can. I don't say things I don't mean.
- I try to be straightforward most of the time, but sometimes I just say what is easiest.
- Why bother if the other fellow doesn't know the difference?

7. Do you complete the tasks that you take up?

- If I make up my mind to do something, I don't let anything stop me.
- I usually finish what I start-if it goes well.;
- If it does not go well, I quit. Why beat my brains out?

8. How healthy are you?

- I never feel tired or run down.
- I have enough energy for most things I want to do.
- I run out of energy sooner than most of my friends seem to

SCORE- ANALYSIS

a) Is excellent

b) Is good

c) Not good -Need improvement

Session- 3: What is Marketing?

Specific training objectives:

By the end of this session trainees are able to:

- To get marketing information
- To solve business marketing problems

Time needed:2 hours

Materials needed:

- Flip charts and pens -
- Writing cards -
- Illustration Chart -
- Marketing Mix game cards -

Note for the trainer:

Ensure that major learning points are discussed and visualized!

Learning points of this session are:

- Market information (4Cs)
- Marketing Mix (4Ps)

1. What is the market?

Read the following sentences and ask participants what they understand by the term “market”

- “I am going to the market”
- “I need market for my honey”

Give time for participants to contribute.

Summarize by explaining

Market is...

- The customer who NEEDS what you are selling.
- The CUSTOMER who is ABLE to buy what you are selling.
- The CUSTOMER who is WILLING to buy what you are selling.

2. Market Information

Ask one participant to come forward and stand near you.

Tell her you need to know more about this training from her:

- How did you get to know about this training?
- How were you invited?

Why did you choose to come?

Invite some participants to ask about 2 questions

3. Ask the class “what would we call what we are getting from the answers to the questions? Information is the correct answer.

4. Ask the class

- “Why is market information important to business people?”
- Put their answers on the flip charts
- A successful business is the one that seeks information in order to continue meeting the needs of its customers

5. Ask the groups to do the Group exercises below

- You have a plan to start a tailoring business in your local market area. What market information do you need before you start? How and where will you get it?
- You are a milk vendor and you want to expand your market in the next town.

- What market information will be useful to you? How and where will you get it?
- You have been sent to the city by your chicken marketing group to find if you could get a good and reliable market. What market information do you need to help in making the decision? How and where will you get it?

1. The 4Cs of Market research

Commodity	Customers
Competition	Cost

Write in bold these words on the flip chart:

- Customers
- Cost
- Commodity
- Competition

- **Ask the class to discuss what each of the word refers to in business terms**
- **Ask the groups to classify their findings from the group exercises according to the respective “C” of market information**
- **Conclude by explaining what each of the 4Cs stands for and the questions it answers.**

2. Explanation of 4Cs of Market Information

Customers - Your target client

Who are they? What do they do? How many of them are there? Where are they located? What will they pay?

Cost -Your Costs

Operational costs, Administrative costs, Manufacturing costs, Selling Costs

Commodity - Your Products for the market

What are you offering? What is the gap in the market? What are the benefits of your commodity? Is there demand for it?

Competition - other business targeting same market

Who are they? Where are they? What are their prices? How do they promote their product?

3. Marketing

- Ask participants what they think “Marketing” is.
- List down their answers

Summarize their answers by explaining

Marketing is; -

- Finding out what the customer wants
- Producing and selling the things that people want
- Letting people know about your products/ services
- Selling your products in the right places
- Making your products/services unique and more attractive than of other similar businesses
- Setting the right price so that people will buy your products

4. The 4Ps of marketing

Product

Price

Promotion

Place

Show illustration of the 4Ps

You have worked hard to start your business and you have just opened it.

Ask: “How are you going to get the customers for your new business?”

List the class answers on the flip chart

Explain

Marketing is the process used to get customers to buy your product/service. The goal of marketing is to increase sales.

The Marketing plan is summarized as the four P's (4Ps)

The PRODUCT itself (that is nature, design, brand-name, packaging),

The PRICE at which it is to be sold,

The PLACE at which it is sold,

The PROMOTION (that is, the means and style of advertising and selling).

What is Costing?

What is Pricing?

Specific training objectives: By the end of this session trainees are able to:

- a. Costing for product/ services
- b. List considerations made while setting prices

Time needed:2 hrs.

Materials needed:

- a. Flip charts and pens
- b. Writing cards
- c. Illustration Chart
- d. Costing and Pricing exercise cards

Note for the trainer:

Ensure that major learning points are discussed and visualized!

Learning points of this session are:

- a. Direct and indirect costs
- b. Considerations in pricing

Costing and pricing

a) Costing

Introduce the topics and the objectives to be achieved

“In this session we are going to see the different types of costs that a business must consider”.

Issue the group exercise cards and ask them to put their answers on the writing cards.

Group Exercise (issue the cards for writing the answers)

Readymade dress for children business

A SHG member gets readymade dress for children from the city and sells them in her rural shop

- ◆ List the things she needs to consider when setting her price for a dress

Livestock trader

A local hotel wants 30 goats every month. You are asked to give your tender by indicating your price per cow.

- ◆ List things you will consider in determining the price to quote

The Milk Vendor

A vendor is buying a litre of milk at 10, what should be the vendors selling price per litre?

- ◆ List things the milk vendor must consider when setting the selling price for a litter of milk

b. Direct and Indirect costs

Buying milk cost = 20

Transport cost = 10

Selling price =?

The cost of the product is all the costs related to the product/service.

The cost can be divided into two categories

Direct Costs

These are costs that are directly related to the products or services that business makes or sells. E.g.

- Cost of buying the products or material involved in producing the product
- The money we pay people who work in making or selling the product
- Transport of the materials or product
- Consumable bills

Indirect Costs

- These are all other costs for running the business, for example rent, license, security etc
- Indirect costs are also known as overheads. Overhead cost is paid whether the business is producing or not
- Ask participants to sort out from their exercise writing cards items related to direct cost and those for indirect cost

c. How to calculate costing

Give participants the cards with more information and ask them to work out the costing

Readymade dress business

An owner gets readymade dresses from the city and sells them in her rural shop. She buys a roll of 100 skirts at 5000. This skirt takes one month to sell. She pays herself a monthly salary of 5000. She pays 150 to travel to the city and 250 back with roll of skirts. She sells from an open air market and pays 1200 for a one-year license.

Direct Cost	Cost Item	Cost per Skirt
Buying Price	5000 for 100 skirts	50
Travel Cost (to and from city)	400 for 100 skirts	4
Indirect Cost		54
Open air License	1200 for one year (12 months) = 100 per month for 100 skirts	1
Total Cost for a skirt	Add all cost items/ skirt	55

The Milk Vendor

- A milk vendor buys milk from the farmers for sale in town at 10 per litre. The vendor sells 100 litres milk to the customers every day.
- The vendor uses the services of a bicycle rider and pays 200 for milk collecting and delivering to the nearest bus stop. The vendor gets a bus from the stage to town and pays 150 for both milk and self. The vendor pays 200 to the young man who helps

in the distribution of the milk to the customers every day. After selling, the vendor catches the bus back with the empty can and pays 50. The vendor takes a pay of 500 per day.

Other Indirect Cost:

Milk vendor's license is 2400 for one year.

What is the vendor's cost of milk per litre?

Direct Cost	Cost Items	Cost per litre
Buying Price from Farmers	10/ltr for 100 ltr = 1000	10
Bicycle rider service cost	200 for 100Ltr = 200	1
Transport to town	150 for vendor and 100ltrs = 150	1.5
Distribution cost	200 for 100 ltrs = 200	1
Transport back	Vendor and empty cans = 50	0.5
Vendors salary	Pay day = 500	5
Indirect Cost		19
License	2400 for one year (365 days) = 6.	0.07
Total cost per litre of milk	Add all the cost per items/litre	19,07

Cattle Trader

- A food processing company wants 30 cows every month.
- The average cost of standard cow goes for 10,000. Transporters charge 8,000 to ferry 15 to 30 cows to the food processing company. The cattle company on transit are tested and vaccinated at 100 each before being issues with permit. The company pays in 30 days of delivery.
- How much will it cost to deliver one cow to the food processing.

Direct Cost	Cost Item	Price /Cow
Buying price	10,000 for 30 cows=300,000	10,000
Transport cost	8,000 for 30 cows=240,000	267
Vaccination	100 for 30 cows=3000	100
Total cost per cow	Add all the cost items	10,367
Direct Cost	Cost Item	Price /Cow
Buying price	10,000 for 30 cows=300,000	10,000
Transport cost	8,000 for 30 cows=240,000	267
Vaccination	100 for 30 cows=3000	100
Total cost per cow	Add all the cost items	10,367
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Vaccination	100 for 30 cows=3000	100
Total cost per cow	Add all the cost items	10,367

Conclusion:

This Manual had been developed by team of field personnel based on their experiences. However, in some instances the field realities may be different and hence the implementing mission needs to review and adapt the steps accordingly.
