Business Skills Training for Rural Sanitation Entrepreneurs

ENTREPRENEUR WORKBOOK

USAID FROM THE AMERICAN PEOPLE

KIWASH | USAID Kenya Integrated Water, Sanitation and Hygiene Project

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Disclaimer

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ABBREVIATIONS AND ACRONYMS

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

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Introduction

Business Skills Training for Rural Sanitation Entrepreneurs

Introduction

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

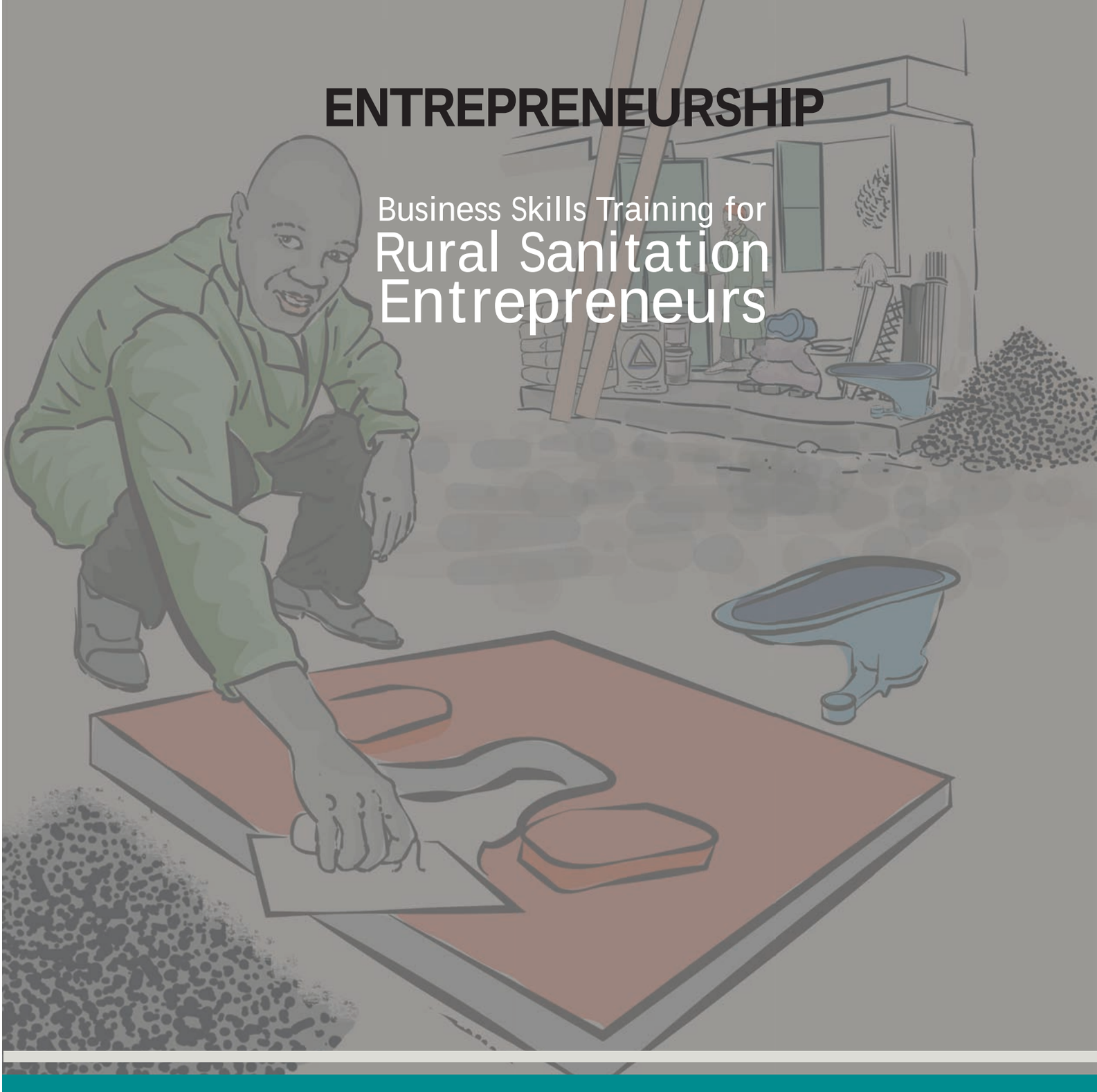
Target groups for this training are SATO toilet retail entrepreneurs, including community health volunteers and artisans in open defecation free (ODF) certified villages. This workbook will reinforce knowledge and skills learned in the Business Skills Training for Sanitation Entrepreneurs course. The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

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

Module 1

ENTREPRENEURSHIP

Business Skills Training for
Rural Sanitation
Entrepreneurs



1. Entrepreneurship

My Idea of Entrepreneurship

Before you start, think about what the term ENTREPRENEURSHIP means to you.

What is the difference between an enterprise and an entrepreneur?

Who are Sanitation Entrepreneurs?

List the names of sanitation entrepreneurs you know in your community.

Name of entrepreneur	What they do	How they benefit themselves/the community

What do these people have in common?

Characteristics of Successful Entrepreneurs

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

The Case of A Successful Sanitation Entrepreneur

Timothy | Sanitation Retail Entrepreneur

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

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

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

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

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

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

Question 1. What business opportunity did Timothy see?

Question 2. How did he finance the start/expansion of his business?

Question 3. What obstacles did he face while setting up his business?

Question 4. What skills does Timothy have that may distinguish him from others in the same business? (Hint: focus on his personal skills, behavior and creativity)

Starting Your Own Sanitation Enterprise

What motivates you to start a sanitation enterprise?

What do you think is important when starting (or expanding) a sanitation enterprise? List some key points, starting with a market opportunity.

1.

2.

3.

4.

What problem will this enterprise solve in the sanitation market and your value chain?

1.

2.

3.

4.

Participant Evaluation Form

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

Session	**Very relevant and useful**	**Somewhat relevant**	**Not relevant or useful**
Entrepreneurship Concepts			
Characteristics of an entrepreneur			
Setting up a sanitation enterprise			

Timetable

Course:	**Business Skills Training for Sanitation Entrepreneurs**	
Module:	**Entrepreneurship**	
Session: An Etrepreneurs Mindset	**Venue:**	**Date:**

Time	**Activity**	**Facilitator**
5 minutes	Ice breaker and session introduction	
5 minutes	Key concepts: *Enterprise* and *Entrepreneurship*	
15 minutes	Characteristics of a sanitation entrepreneur *Case study*: *Timothy Kulavi* Key attributes of entrepreneurs	
5 minutes	**Break**	
15 minutes	Things to Consider When Starting a Sanitation Enterprise *Experience Sharing*	
5 minutes	Session Assessment	
	End	

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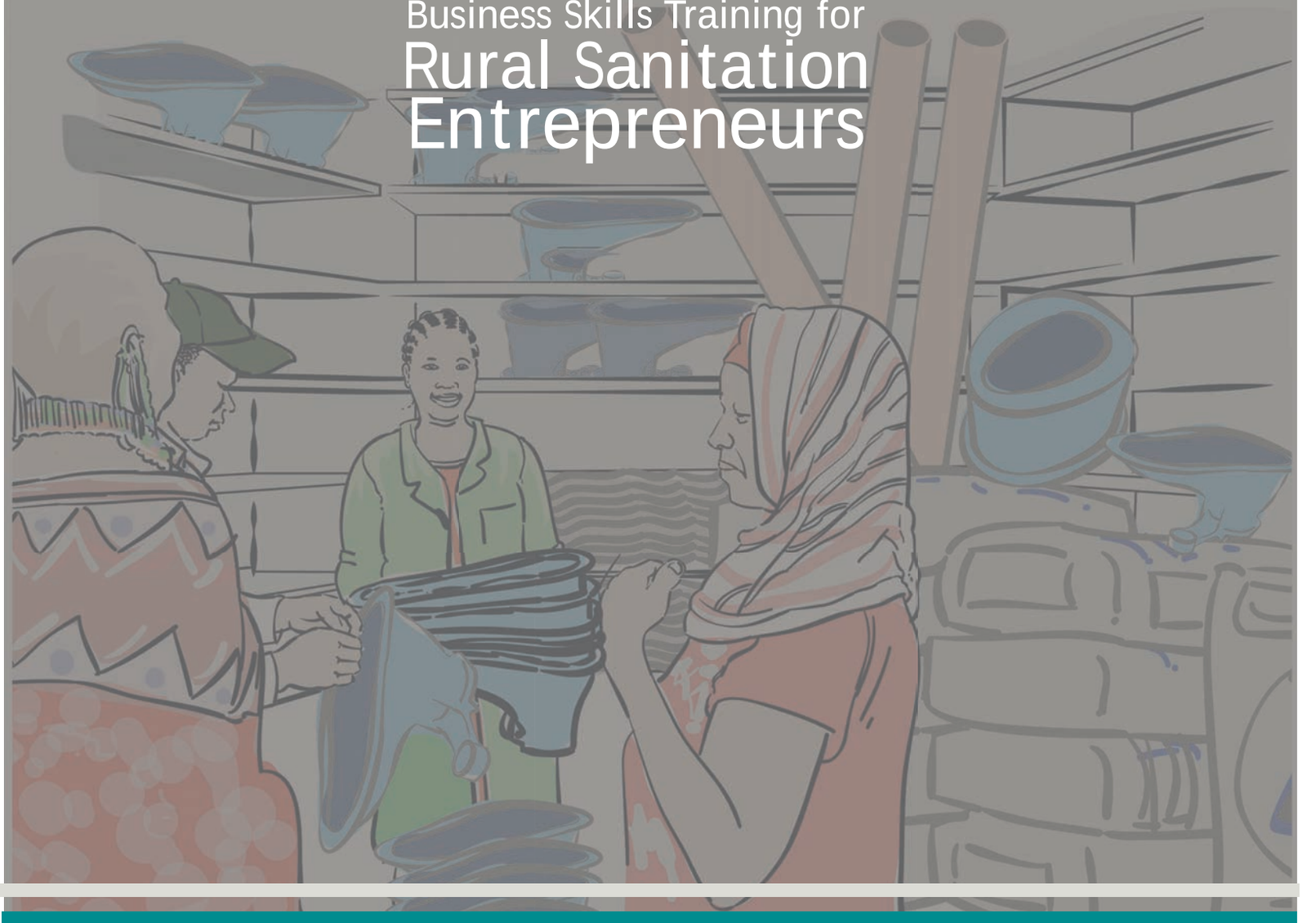
Module 2

BASIC MARKETING SKILLS

Business Skills Training for
Rural Sanitation Entrepreneurs

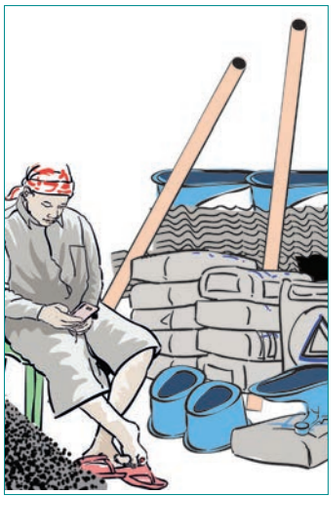


2. Basic Marketing Skills

Illustrations 2.1., 2.2: Two entrepreneurs in a market place

2.1

2.2



Understanding your Customer

Why do you think businesses spend money promoting their products or services?

_____

_____

_____

In business, the customer is _____

What is the difference between marketing and selling products?

_____

_____

In most cases, customers are _____ buyers. People make decisions

to buy a product or service if they can connect to your _____

What key marketing messages will most appeal to your customers? How will you promote those messages?

Study the picture story in illustrations 2.1 and 2.2 above.

Question 1: Briefly describe what is happening in these two pictures.

Question 2: What types of customers are buying sanitation products in the market? Why do they need them?

Type of Customer	What they are looking for in the product/service

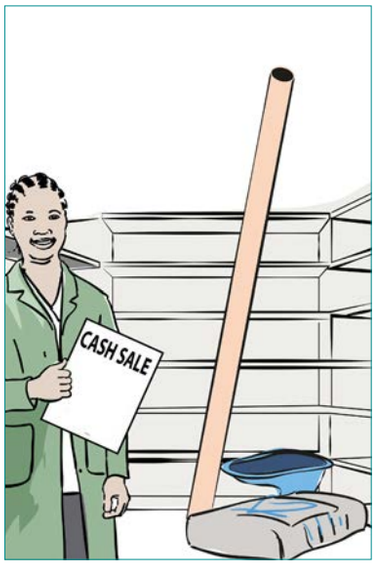
Question 3: Which entrepreneur do you think will sell more toilet products and why?

Understanding your customer

Key idea: Customers Segments.

Study the illustrations below, and answer the questions that follow.

2.3



2.4

Illustrations 2.3, 2.4: Case of two entrepreneurs in a marketplace.

Question 1: Have you ever found yourself in a similar situation to either of the illustrations above? If so, how did you feel? Did you go back to that seller?

Question 2: Will these two examples cause you to change how you market and promote your products or services? How?

Question 3: What are some tactics you can use to reach more customers?

Extra Reflection Exercise

Imagine where you usually do your shopping. How does the shopkeeper or seller treat you at their place of business? Would you continue going there if they keep you waiting in the queue for long? How about if they were rude to you? What if you had a complaint about their product or service and they took a long time to address it, but then apologized and rectified. Would you go back there again?

Every customer needs to feel appreciated and valued. They need to feel that you as the seller of a good or service is honest, and you give them the best product or service.

Participant Evaluation Form

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

Session	**Very relevant and useful**	**Somewhat relevant**	**Not relevant or useful**
Understanding the customer			
Customer segments			
Developing your personal marketing plane			

Timetable

Course: **Business Skills Training for Sanitation Entrepreneurs**

Module: **Basic Marketing**

Session:	**Venue:**	**Date:**

Time	**Activity**	**Facilitator**
5 minutes	Ice breaker and Session Introduction	
15 minutes	Understanding Your Customer	
20 minutes	Customer Segments	
15 minutes	Developing Your Personal Marketing Plan	
5 minutes	Learning Assessment	
	End	

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Module 3

BASIC FINANCIAL LITERACY

Business Skills Training for
Rural Sanitation Entrepreneurs

A Tale of Two Hardworking SATO Entrepreneurs

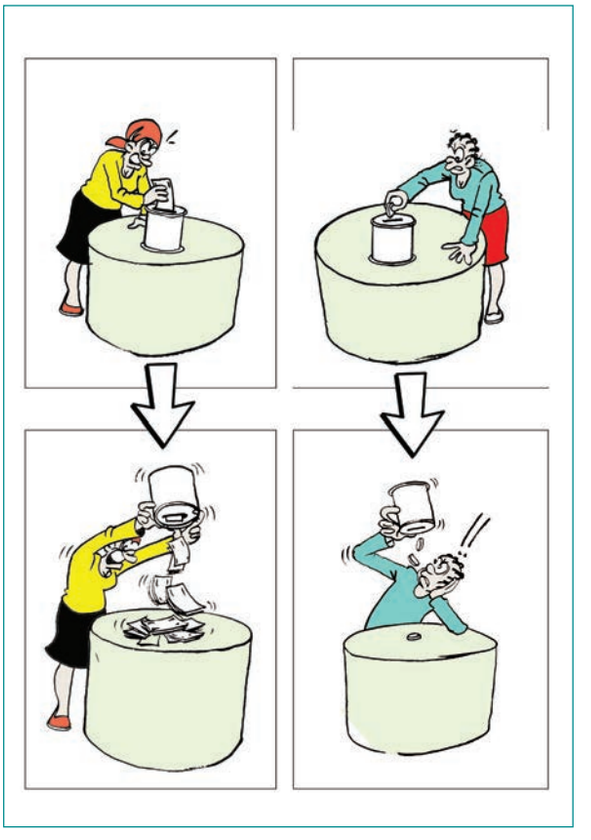
Study the case of Edna and Liz below, and answer the following questions:

Illustration of Edna and Liz (and other members) at their savings group meeting

Two start-up sanitation entrepreneurs, Edna and Liz, are community health workers. In January, they received a stipend of KES 20,000 each from the county government for their work the previous year. Edna decided to save KES 5,000 in their VSLA group, which she intends to use to start a SATO retail business. There is growing demand for SATO products after the KIWASH project's work in her village. She used another 10,000 to start a poultry business. She bought fifty 1-month-old chicks and will sell them as mature chickens in one year to pay her children's school fees. She gave her husband KES 2000 to travel to Nairobi for an interview. She then saved the remaining KES 3,000 in case of emergency.

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

Illustration 3.2: 1 illustration of Edna with her chicken enterprise and illustration of Liz with her sisters making merry



Question 1: What differences do you see between how Edna and Liz handle money?

Edna's money handling	Liz's money handling

Question 2: Can you identify good and bad money habits between the two entrepreneurs?

Good Money Habits	Bad Money Habits

Question 3: Which entrepreneur will see more success in business? Why?

Question 4: Which do you admire most and why?

1.1 My Money Habits:

Identify one or two situations when you made good financial decisions.
How did you benefit?

Good spending or saving decisions	How I benefitted

Identify one or two situations when you used money carelessly. What did you learn from this situation?

Poor spending or saving decisions	What I learned

Summary

Financial literacy means having the knowledge and skills to make sound financial decisions. It includes knowing how to make _____ , how to _____ for expenses, _____ and _____ and even _____ _____

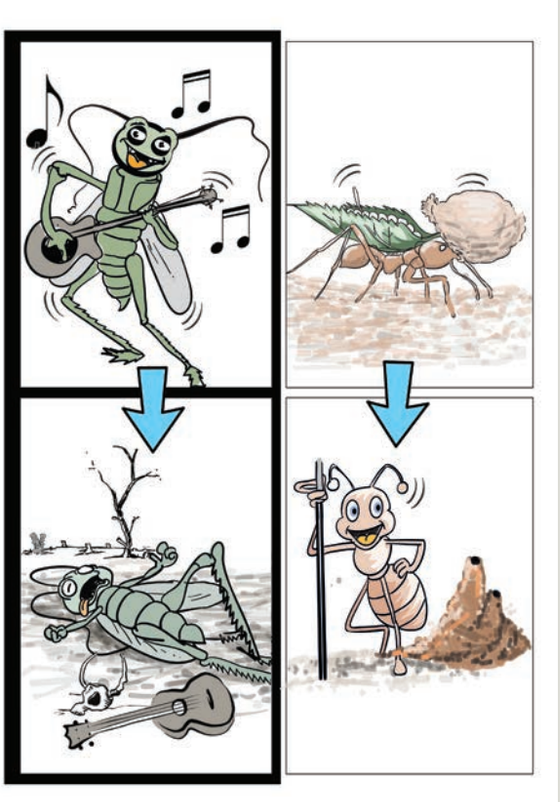
Financial literacy means making WISE money choices.

SAVING and PLANNING are the most important habits of successful entrepreneurs!

Saving

Illustration 3.3: 1 illustration of Grasshopper hopping in grass and Ant working to store food.

The Ant and the Grasshopper



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

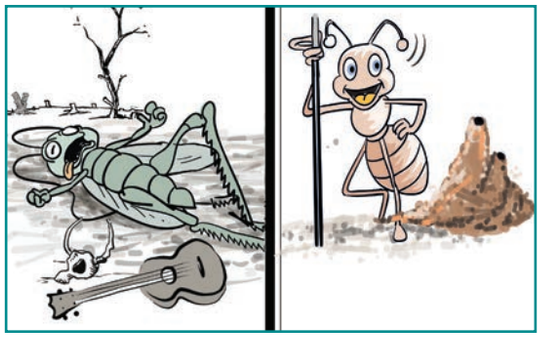
In the same green field Ant was busy gathering grass and storing as much as he could in his ant hill. Grasshopper laughed at Ant for wasting time gathering and storing grass instead of enjoying and making merry. Ant cautioned Grasshopper that he should store up food because when the cold season comes,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

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

Question 1: What was Ant saving for? What did he give up (What was the opportunity cost)?

Question 2: What was the grasshopper's opportunity cost?

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



Question 3: What did you learn from the story? How does this story relate to how you handle money? Are you more like Ant or Grasshopper?

Reflection

How do you currently save? What can you do to develop the discipline of saving? What might you have to give up in order to gain in the future? List actions you can take to improve your savings habits.

Developing a Savings Plan

What is a savings plan?

A savings plan is a tool for handling money to meet short, medium, or long-term financial goals.

How to Make a Savings Plan:

- Define a savings goal – an amount you want to save.
- Set a target date to reach your goal.
- Divide the goal (amount) by the number of months until your target date to determine your monthly savings requirement.
- Determine your monthly earnings, and then subtract your fixed costs to determine how much extra money you have to save each month.
- Do you have enough extra money after fixed costs to reach your goal? If not, identify which expenses you can cut back on, and reallocate this amount to your savings.
- Decide where you will save. Identify the places to save, available savings products, and their pros and cons.
- Implement your plan!

Summary

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

When you earn money, the first expenditure should be _____

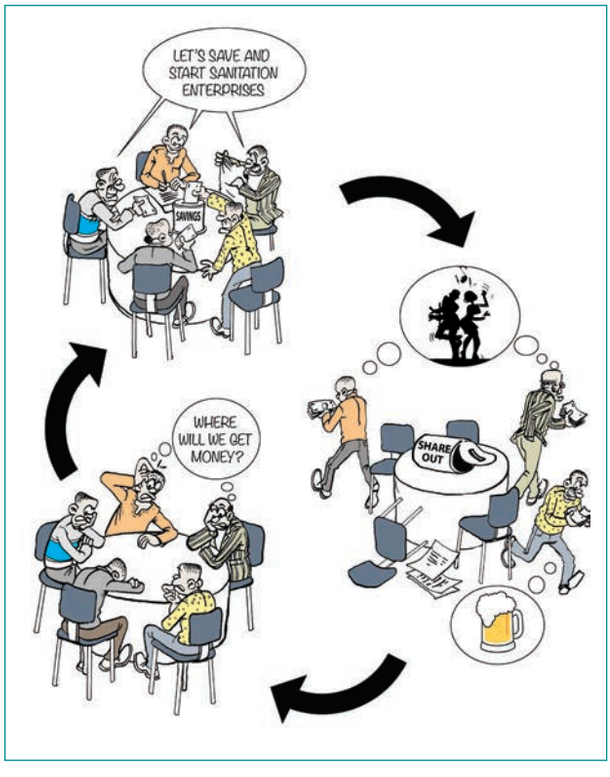
Pay yourself _____ Do not _____ what is left after _____

Ways you can save:

Borrowing

Key idea: Borrowing money to expand or start your enterprise is good. But credit comes with costs and challenges.

Illustration 3.5: 1 illustration of Kanyimach Self Help Group members having a disagreement on loan recovery process



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

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

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

The Kanyimach Self Help Group SATO Loan Experience

The 12-member Kanyimach Self Help Group in Rongo, Migori County started in 2016. The group has accumulated KES 50,000 in savings that revolves through its VSLA scheme. In March 2019, a KIWASH sanitation specialist trained them on the concept of a Sanitation Revolving Fund (SRF), where members save to buy SATOs to sell. The group developed a credit facility (loan in-kind) for its members, where they take SATOs on credit and repay in cash on monthly basis. However, at the time of share out in September, 5 members failed to repay their SATO loans. They were not attending group meetings, and their savings could not cover for the credit. The group resorted to forceful recovery. This brought bitter conflict though this was later on resolved. After the share out, the group had no capital to sustain the SATO business.

The group chairperson proposed that they go for a loan of KES 50,000 from their bank to buy more SATOs and meet growing demand.

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

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

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

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

Benefits (upside)	Costs (downside)

Costing and Pricing Sanitation Products and Services

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

Illustration 3.8: 1 illustration of Nthongoni Group planning to start SATO Enterprise

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

The Total Cost of a SATO Retail Enterprise

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

Less than one year later, the group now sells on average 60 SATO pans and 10 SATO stools each month. SATO pans come in boxes of 10 units, and each box costs KES 4,500.

SATO stools come in boxes of 5 units, and each box cost KES 4,000. The group sells the products at KES 6,000 and KES 5,000 per box respectively. They make direct purchases from the manufacturer in Nairobi and keep proper records of their stocks and costs. The group's cashbook shows a record of the following costs for orders made and sold:

- MPESA charges of KES 220 when purchasing the SATOs
- Transport per box of SATO pan is KES 150 and KES 200 for a box of SATO stools
- The chairman receives KES 500 worth of airtime to coordinate purchases and delivery of products to the group every month
- The group has an arrangement with a local shop to store its stocks. The shopkeeper charges a flat fee of KES 400 for storage.
- A commission of KES 20 and 50 respectively is paid to members for each unit sold.
- It pays a local artisan KES 300 to install a SATO pan and KES 200 for a SATO stool. But clients pay the group KES 400 and KES 300 for installation respectively.
- The group meets monthly to reconcile records. The budget for teas and snacks for the meeting is KES 300.

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

Exercise: Fill in the table below. REVENUE (Cash in)	**Description**	**Amount (KES)**
	Sales SATO pans (6*6000/box)	
	Sales SATO stools (2*5000/box)	
	SATO pan installation fee (60*400/unit)	
	SATO stool installation fee (10*300/unit)	
	TOTAL REVENUES	
EXPENSES (Cash out)		
	Purchase of 6 SATO pan boxes (6*4500/box)	
	Purchase of 2 SATO stool boxes (2*4000/box)	
	Mpesa charges	
	Transport of SATO pans (6 boxes*150)	
	Transport of SATO stools (2 boxes*200)	
	Airtime for chairman	
	Storage	
	Commissions SATO pans (60 units*20)	
	Commissions SATO stools (10 units*50)	
	SATO pan installation (60 units *300)	
	SATO stool installation (10 units*200)	
	Meeting expenses (snacks and drinks)	
	TOTAL EXPENSES	
BALANCE	**(Revenue - Expenses)**	

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

What is the difference between FIXED and VARIABLE costs?

In business, there are costs that you incur even if you don't sell any product or service. An example of a fixed cost is rent. A landlord will still expect this payment even if the business failed. This is what is called a FIXED cost.

However, there are costs that will change depending on the volume of business. For example, the cost of hiring an artisan to install sanitation products. The costs to hire the artisan depends on how many products you sell. This is called a VARIABLE cost. list below Nthongoni CHU's fixed and variable monthly costs. Hint: Divide each cost by the number of units.

Then add up the total fixed and variable costs, and calculate per unit variable cost and per unit fixed cost of each product sold.

Fixed Costs	KES	Variable Costs	KES
Total		Total	
No of Units		No. of Units	
Fixed cost/unit		Variable cost/Unit	

Money Planning

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

A Money Plan helps you to:

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

Exercise:

Reflect on the above Case of Nthongoni CHU.

Assume that the group does not want to run short of products at any given time to avoid customer complaints. It therefore uses some of its monthly profits to increase its stock of products by purchasing 1 box of SATO pans every month for the next six months. Monthly sales and costs remain unchanged as discussed in the case.

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

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

Nthongoni CHU 6 Month Money Plan							
		MONTH					
MONEY IN		1	2	3	4	5	6
	Sales	46,000	46,000	46,000			
	Installation fees	30,000	30,000	30,000			
	Total	**76,000**	**76,000**	**76,000**			
MONEY OUT	Purchases	35,000	39,500	44,000			
	MPESA charges	220	220	250			
	Transport	1,300	1,450	1,600			
	Chairman's Airtime	500	500	500			
	Storage	400	400	400			
	Installation fees	20,000	20,000	20,000			
	Commissions	1,700	1,700	1,700			
	Meeting cost (teas)	300	300	300			

Questions

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

Is the group cash position improving or deteriorating? Why?

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

My Money Plan

MONEY IN		MONTH/WEEK					
		1	2	3	4	5	6
MONEY OUT							
BALANCE							

MONEY IN		MONTH/WEEK					
		1	2	3	4	5	6
MONEY OUT							
BALANCE							

My Money Plan

Money Plan							
Weeks/Months	Description	1	2	3	4	5	6
MONEY IN							
MONEY OUT							
Total Money In							
Total Money Out							
Change in Money							
MONEY BALANCE							

My Money Plan

Money Plan							
Weeks/Months	**Description**	**1**	**2**	**3**	**4**	**5**	**6**
MONEY IN							
MONEY OUT							
Total Money In							
Total Money Out							
Change in Money							
MONEY BALANCE							

Participant Evaluation Form

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

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

Timetable

Course: Business Skills Training for Sanitation Entrepreneurs

Module: Basic Financial Literacy

Session:	**Venue:**	**Date:**

Time	**Activity**	**Facilitator**
5 minutes	Ice breaker and introduction of session	
20 minutes	Financial Literacy	
20 minutes	Saving	
20 minutes	Borrowing	
	Break	

Exercise:

Prepare a Money Plan for Vaele SAFI Latrine using the following template.

Money Plan For Safi Latrine Enterprise

		MONTH					
MONEY IN		**1**	**2**	**3**	**4**	**5**	**6**
	Toilet Sales						
	Installation fees						
	Total						
MONEY OUT	Pit excavation cost						
	Production of rings						
	Pre-cast of slabs						
	Construction of walls						
	Roofing						
	Transportation of rings to site						
	Installation						
	Other operating costs						
	Total Costs						
CASH BALANCE							

Handout

S/N	DESCRIPTION	UNIT	QUANTITY	RATE (KES)	AMOUNT (KES)
1	**Sub Structure**				
1.1	**Excavation of the pit latrine**				
1.1.1	Excavation to a depth between 5 feet-4 culverts depending on the soil structure (Pit diameter of 1 meter)	Feet	10		
1.2	**Production of rings/culverts**				
1.2.1	Ash (free)	Bags			
1.2.2	Wire mesh (4ft by 8ft) - Light gauge	No	3		
1.2.3	Portland Cement (50kg Bag)	No	2		
1.2.4	Sand (Wheelbarrow)	No	4		
1.2.5	Binding		1		
	Sub-Total cost				
1.3	**Precast slab**				
1.3.1	Heavy gauge wire	Pieces	1		
1.3.2	Red oxide	KG	1		
1.3.3	Cement	Bags	1		
1.3.4	Sand	Wheel barrows	2		
1.3.5	Used oil	Litre	1		
1.3.6	Labour (Unskilled +Skilled)	Man-days	1		
	Sub-Total cost				
	Total Sub-structure Cost				

S/N	DESCRIPTION	UNIT	QUANTITY	RATE (KES)	AMOUNT (KES)
2	**Super-structure**				
2.1	**Super-structure walls**				
2.1.1	River sand	Wheel barrows	5		
2.1.2	Ballast	Wheel barrows	3		
2.1.3	Bricks	Pieces	290		
2.1.4	Cement	Bags	3		
2.1.5	Timber	Feet	12		
2.1.6	Reinforcement wire (Gauge 12-twisted)	Pieces	1		
2.1.7	Wire Mesh	Pieces	1		
2.1.8	Binding wire	KG	1		
2.1.9	Door	Pieces	1		
2.1.10	Hinges	Pair	1		
2.1.11	Locks	Pair	1		
	Sub-Total Cost				
2.2	**Roofing**				
2.2.1	Iron Sheets	Pieces	2		
2.2.2	Ordinary Nails-Assorted	KG	Quarter		
2.2.3	Roofing nails	KG	Quarter		
2.2.4	Vent pipe	Pieces	1		
2.2.5	Facila Board	Feet	12		
2.2.6	Labour (Skilled)	Man-days	3		
	Sub-Total Cost				
	Total Superstructure (KES)				
	Total Cost/SAFI latrine (KES)				

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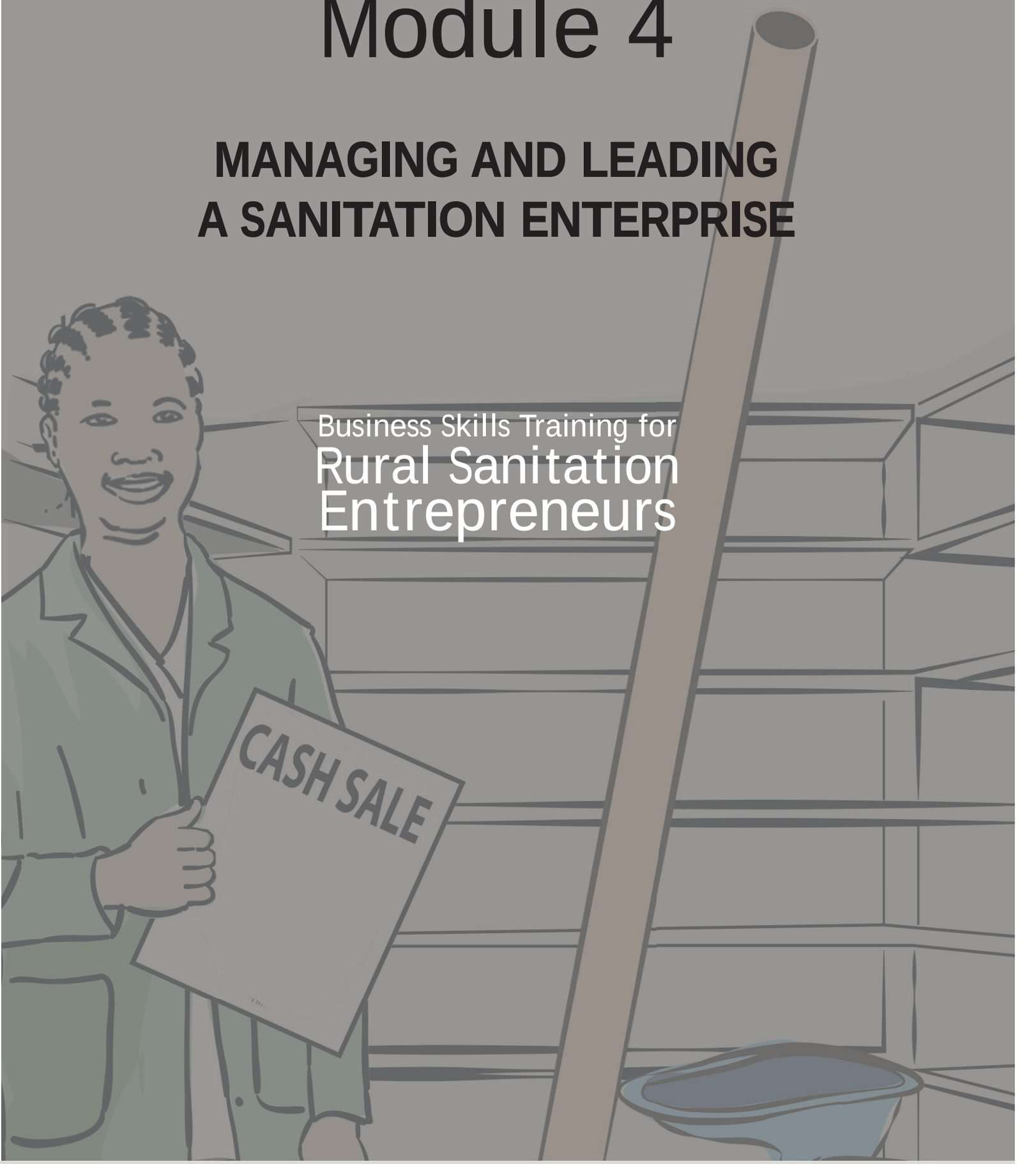
Module 4

MANAGING AND LEADING A SANITATION ENTERPRISE

Business Skills Training for
Rural Sanitation Entrepreneurs



Use the table below to answer the following questions in your group:

What is a leader? What is a manager?

What are some of the characteristics of each?

Is there a leader or manager in your community you admire? Why?

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

Summary:

Managing a business and leading a business are two different concepts.

Leadership is about _____ **Management** is about _____

and _____

Leaders create _____, while **managers** create _____

Leaders build _____, **managers** build _____

Leading is about_____, _____ , and

_____ others to reach goals and achieving the highest possible

performance. A leader sees the _____

and _____ group members, employees, or family to attain it.

Managing: Involves _____ and _____ daily operations

and activities of your enterprise.

Both are important, but _____ is

critical for a successful enterprise. Effective leaders provide opportunities

for _____ and _____ , take _____

and focus on the _____

Dr. James Mwangi as a Manager and as Leader

Read the story of Dr. James Mwangi then answer the questions that follow.

Leadership Case Study: Dr. James Mwangi

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

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

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

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

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

What traits of Dr. James Mwangi demonstrate leadership and which aspects demonstrate management?

Leadership Traits	Management Traits

Creating a Vision Statement

Successful enterprises require strong LEADERSHIP. To lead your business, you need to set a big VISION and communicate this to your family members, business associates (or group members) and workers.

A vision statement is description of what you want your business to achieve in the long term. It is often inspiring, forward-thinking and outward focused (how your company benefit your community).

Examples:

Nakumatt: To become Africa's undisputed retailer of choice

Equity Bank Group: To be the champion of the socio-economic prosperity of the people of Africa.

So what is the vision of your enterprise (or group)?

Guiding questions:

- ❖ What does getting into business mean for you?
- ❖ How do you see a business improving your life and your family's life?
- ❖ What does your business looks like in 1 year? 3 years? 5 years?

My Enterprise Vision is:

Developing a Business Model

A strong business leader understands who their customers are, how their enterprise satisfies these customer needs and wants, and how it makes money in the process. In short, they know and can articulate what is known as their **Business Model.**

So what is your business model as a small sanitation entrepreneur? Can you say this in 2-minutes? Don't worry if you are not able to. You will be able to after this session.

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

Elements of a Business Canvas

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

1. **Customer Segments:** Who are the customers? What do they think? See? Feel? Do?
2. **Value Propositions:** What's compelling about the proposition? Why do customers buy, use?
3. **Channels:** How are these propositions promoted, sold and delivered? Why? Is it working?
4. **Customer Relationships:** How do you interact with the customer through their 'journey'?
5. **Revenue Streams:** How does the business earn revenue from the value propositions?

6. **Key Activities:** What uniquely strategic things does the business do to deliver its proposition?
7. **Key Resources:** What unique strategic assets must the business have to compete?
8. **Key Partnerships:** What can the company not do so it can focus on its Key Activities?
9. C**ost Structure:** What are the business' major cost drivers? How are they linked to revenue?

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

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

		Enterprise:	Trainer:	Date:
Business Model Canvas				
Key Partners	**Key Activities**	**Value Propositions**	**Customer Relationships**	**Customer Segments**
Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?	What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?	What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?	For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform
	Key Resources		**Channels**	
	What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships Revenue Streams? TYPES OF RESOURCES: Physical, Intellectual (brand patents, copyrights, data), Human, Financial		Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	
Cost Structure		**Revenue Structure**		
What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?		For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?		

Developing Your Own Business Model Canvas

Your facilitator has shown you how to fill the template. Now using the templates on the following pages, practice and develop your own business model.

Remember: You are the LEADER of your own small sanitation enterprise.

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

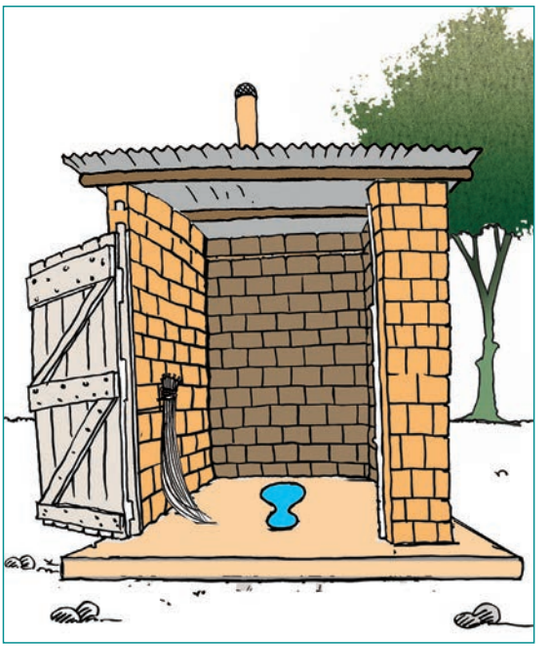
		Enterprise:	Trainer:	Date:
Business Model Canvas				
Key Partners	**Key Activities**	**Value Propositions**	**Customer Relationships**	**Customer Segments**
	Key Resources		**Channels**	
Cost Structure		**Revenue Structure**		

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

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

Participant Evaluation Form

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



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

Timetable

Course:	Business Skills Training for Sanitation Entrepreneurs	
Module:	Management and Business Leadership	
Session:	**Venue:**	**Date:**

Time	**Activity**	**Facilitator**
5 minutes	**Ice breaker and session introduction**	
15 minutes	Managing vs Leading	
20 minutes	Characteristics of Successful Business Leaders	
	Break	
30 minutes	Creating a Vision Statement	
40 minutes	The Business Model Canvas	
5 minutes	Learning Assessment	
	End	

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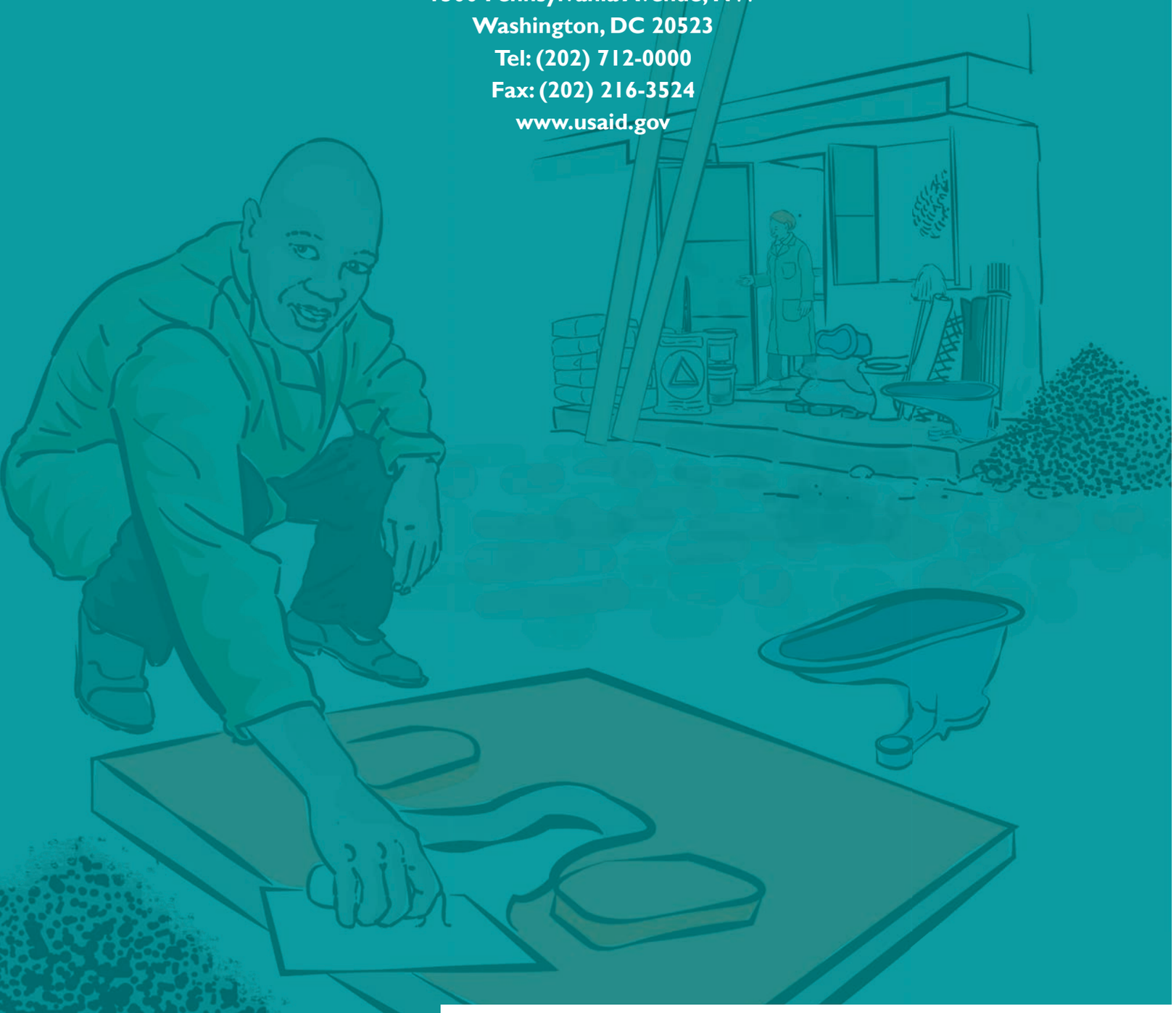

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