Business Skills Training for Rural Sanitation Entrepreneurs

TRAINER'S GUIDE

USAID FROM THE AMERICAN PEOPLE

KIWASH | USAID Kenya Integrated Water, Sanitation and Hygiene Project

Business Skills Training for Rural Sanitation Entrepreneurs

TRAINER'S GUIDE

Disclaimer

The Business Skills Training for Rural Sanitation Entrepreneurs Training Manual is made possible by the support of the American People through the United States Agency for International Development (USAID) under the terms of Contract No. AID-615-TO-15-00001. The contents of this training manual are the sole responsibility of DAI and do not necessarily reflect the views of USAID or the United States Government.

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

CONTENTS

Introduction

Objectives of the manual vi
For whom is this manual designed? vi
The manual Development Process vi
Delivery method vii
Structure viii
How to use this manual viii

Module 1: Entrepreneurship 1

Concept Definitions 4
Important Elements of a Sanitation Enterprise 7

Module 2: Basic Marketing Skills 10

Defining and Understanding Your Customer 12
Customer Segments and Customer Service 13
Developing Your Personal Marketing Plan 14

Module 3: Basic Financial Literacy 16

Financial Literacy 18
Saving 20
Borrowing 22
Understanding Consumer financing 30
Money Planning 31

Module 4: Managing and Leading a Sanitation Enterprise 43

Difference Between Leadership Vs Management 47
Characteristics of Successful Leaders 47
Creating a Vision Statement 48
Notes on Business Model Canvas 49

Module 5: Evaluation 55

Evaluation of Effectiveness of the BDS Training Program 56

Authors

Joshua Kibet (Msc Financial Economics). Joshua is a Project Finance Expert and a Certified Small Business Development Advisor. For 17-years, Joshua specializes in providing business advisory to community based enterprises and technical assistance to infrastructure programs and enterprises in sectors such as water, sanitation, agribusiness, renewable energy and micro-finance. He has previously worked as a Consultant for the World Banks' Water and Sanitation Program (WSP-Africa) and Global Program on Output Based Aid, The EU Intra-ACP GCCA+ Climate Support Facility, and the Kenya Government to support flow of private finance to Water and Sanitation sector.

Diana Mulatya is a public health professional with over 10 years is development of water, sanitation and hygiene projects in Kenya. Currently, she is the Sanitation and Hygiene Advisor for the Kenya Integrated Water and Sanitation (KIWASH) project, a five year USAID funded project contracted to Development Alternatives Incorporation (DAI). She holds two Masters Degrees; MPH in health and environment from the London School of Public Health , UK and another in Environmental Legislation and Management from Jomo Kenyatta University of Agriculture and Technology. She has worked in several multi-national organizations and previously with UNICEF, SNV –Netherlands as well as national/ county governments specifically with departments of water and health.

Contributors

The following KIWASH Sanitation and Hygiene teams provided substantial input to the material through case documentation and suggestions on content: Roselyne Okwiri and Nancy Nyagoha (Managers); and Specialists Titus Kioko, Linda Abong, Harun Kariuki, Josephine Githinji, Victorine Ndinda, Juliet Akinyi, Maitabel Okumu.

Editing & Layout

Cari Longman	Business Writing Consultant
Emily Mutai	Communications Manager | USAID KIWASH program
Rosalia Mumo	Graphics & Layout Designer

Introduction

Business Skills Training for Rural Sanitation Entrepreneurs

1.1 Objectives of the manual

The overall objective of this manual is to equip sanitation specialists and public resource persons with the basic concepts and tools, to facilitate entrepreneurship and financial literacy trainings for start-up sanitation entrepreneurs in rural communities.

Specifically, this manual is designed to help participants:

- Learn the basic concepts of entrepreneurship and characteristics of successful entrepreneurs;
- Learn and practice essential marketing techniques for sanitation products and services;
- Develop money management competencies necessary to succeed as a small-scale entrepreneur;
- Build necessary leadership and management skills to grow successful sanitation enterprises.

1.2 For whom is this manual designed?

This manual is designed to strengthen, improve and effectively facilitate entrepreneurial knowledge and skills to set up, manage and grow a sanitation enterprise. These entrepreneurs are often community health volunteers and artisans who work within a Community Health Unit to promote sanitation and hygiene messaging and are keen to grow their own sanitation retail enterprises within their communities.

The manual may also be used by other facilitators implementing similar sanitation (marketing) programs in rural communities.

1.3 The manual Development Process

This manual was developed over an eight-month period as part of the USAID Kenya Integrated Water, Sanitation and Hygiene (KIWASH) project's work in helping communities climb up the sanitation ladder using the sanitation marketing approach. The content was developed based on a training needs assessment carried out among 791 prospective sanitation entrepreneurs interested in starting SATO toilet retail enterprises in eight program counties (Figure 1).

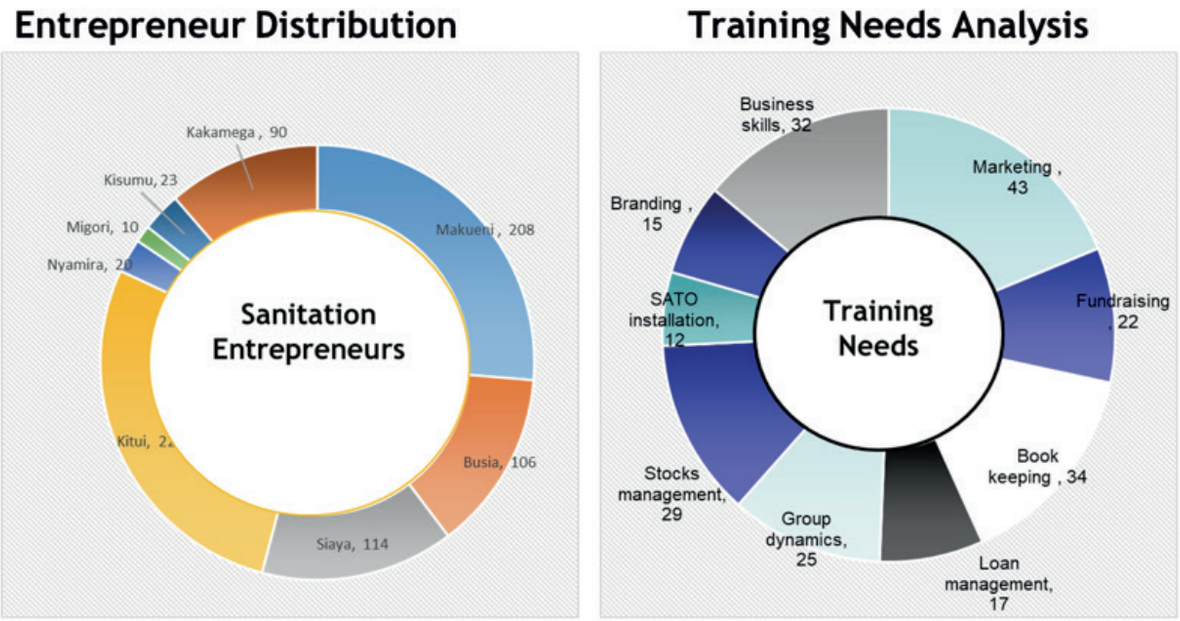


Figure 1: Sanitation Enterprise Training Needs Analysis Results, July 2019.

The curriculum was developed with substantial input from program specialists from the eight counties. The manual outline and draft content were reviewed during a one day workshop in Kisumu, where the delivery process, trainer resources and methodologies were agreed upon.

1.4 Delivery method

Conventional learning with a teacher or trainer lecturing in front of a group has proven to be less effective than learning approaches that actively engage participants in the learning process. The content in this manual focuses on a participatory learning approach, including training methodologies that enable effective facilitation, participatory and experiential learning for long-term knowledge retention.

Training participants are encouraged to take an active, engaged approach to learning. Regardless of the level of formal education, each participant has a valuable contribution to make, if encouraged to be an active partner in the learning process.

Based on this approach, the trainer acts as and is referred to as a “facilitator.” They facilitate participatory and experiential learning, i.e., create the conditions and the environment in which trainees themselves will discover and practice new knowledge and skills.

By means of exercises, trainees will explore and share their own experience and knowledge, critically conceptualize and reflect upon solutions from which they will derive learning and ways for practical implementation of an enterprise.

Appropriate activities and images included in the manual will support learning in a student-friendly way.

1.5 Structure

This manual is divided into four modules that can be delivered either in one day or in four different in-person sessions:

- Module 1: Entrepreneurship
- Module 2: Basic Marketing
- Module 3: Basic Financial Literacy
- Module 4: Leadership and Management

1.6 How to use this manual

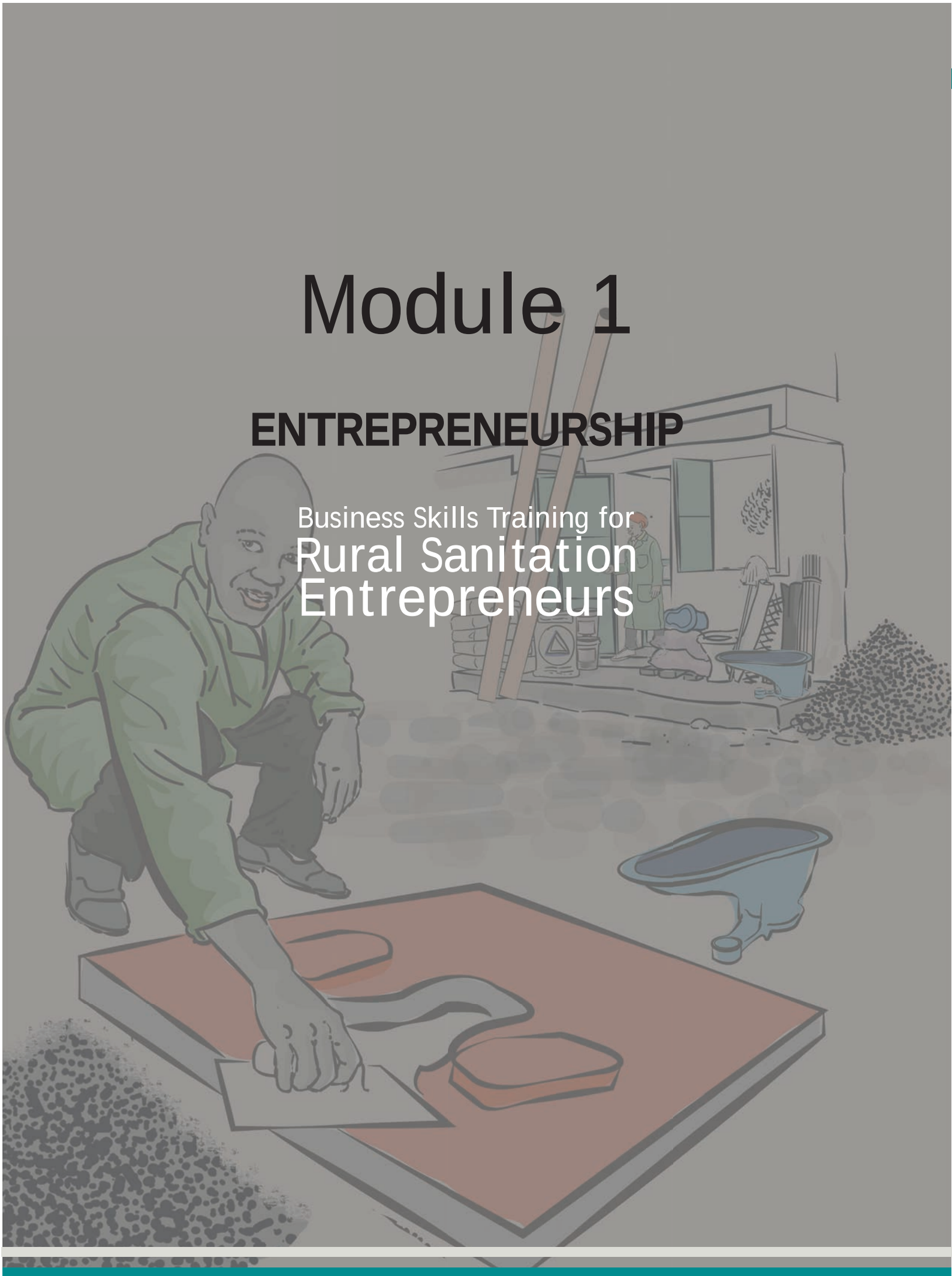
This manual will be used together with the Learner's Handbook. The handbook was developed to help participants have access to visual materials to aid in retention of concepts and practice using various exercises.

The manual is not exhaustive on entrepreneurship content. Trainers are encouraged to read widely on the subject, but also familiarize themselves with the organization and content of the Learner's Handbook before any training session.

Module 1

ENTREPRENEURSHIP

Business Skills Training for
Rural Sanitation
Entrepreneurs



Session Plan

Session Title	Entrepreneurship
Time	30 minutes
Objectives	At the end of this session, participants should be able to: ◊ Define key concepts: *Entrepreneur, Entrepreneurship, Enterprise,* and *Sanitation Enterprise* ◊ Identify key characteristics and competencies of an entrepreneur ◊ Define participants' personal entrepreneurship characteristics
Contents	◊ Defining an entrepreneur and entrepreneurship ◊ Characteristics of an entrepreneur ◊ Your personal qualities as an entrepreneur
Resources	◊ Picture Poster: Artisan Timothy Kulavi ◊ Participants workbook
Methods	◊ Case study ◊ Question and answer discussion ◊ Experience sharing

Session Guide

Step 1: 10min

The Concepts of "Enterprise" and "Entrepreneurship"

Training materials: Handout 1.1:
Concept Definitions

1.1 Start the session with an energizer (i.e. song, dance or metaphor). Introduce the session objective and the importance or benefits of running an enterprise. Ask participants if they know of any success entrepreneurs in their community. What could be some of their motivation for being in business?

- Earn extra income
- Create jobs (or alternative livelihood) for your family
- Utilize your skills
- Solve a problem
- Provide a demanded service/product

1.2 Inform participants that the term "enterprise" also means "business." An entrepreneur refers to a businessman/women or a group engaged in a business activity. This could include a CHV retailing SATOs, an artisan constructing toilets, or a group buying and selling toilet products, etc.

1.3 Summarize the session by informing participants that starting an enterprise involves taking risk, with a motive to make PROFIT. This defines an entrepreneur.

Step 2: 15min

Characteristics of an Entrepreneur

Training materials: Handout 1.2
Case Study: Timothy Kulavi and Key attributes of entrepreneurs

2.1 Guide participants through the case of TIMOTHY KULAVI, a successful sanitation entrepreneur in Kakamega. (This may also be substituted for a local artisan entrepreneur success story.)

- Read out loud Kulavi's story. Ask participants to identify key attributes/ characteristics that made Kulavi a successful entrepreneur.
- Look over entrepreneurship attributes listed on Handout 1.2.

2.2 Ask some participants to mention a few of their personal 'entrepreneur' characteristics. Begin a debate or discussion on which attributes are most important to running a successful sanitation enterprise.

2.3 Summarize this session with key attributes of Timothy:

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

Step 3: 20min

Things to Consider When Starting a Sanitation Enterprise

Training materials: Handout 1.3
Important elements when starting an enterprise

3.1 Why do people start enterprises and fail? Discuss the reasons but with emphasis on the following elements that are important in starting an enterprise.

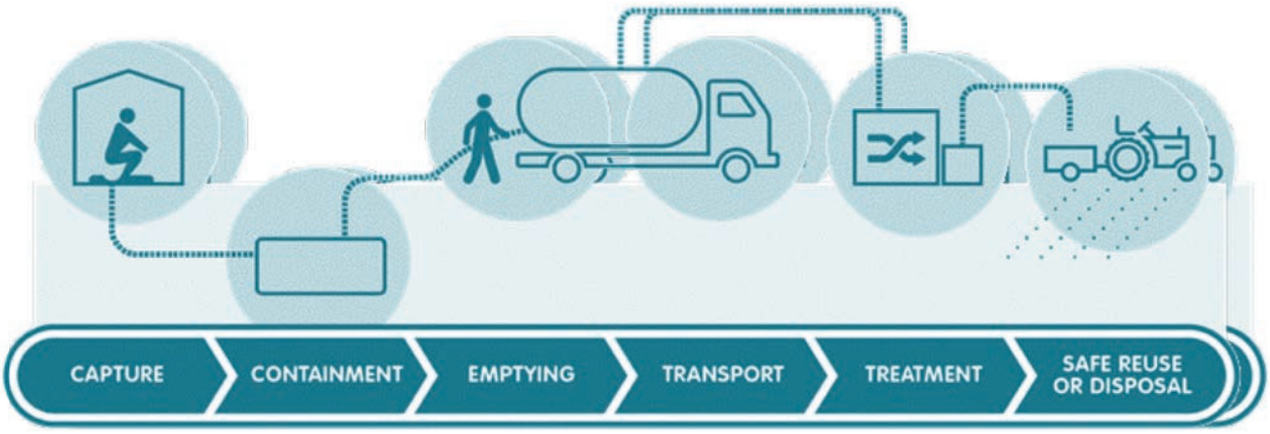
- Market Opportunity
- Plan
- Capital
- Cashflows
- Motivation
- Profit

3.2 When starting an enterprise, you must understand what value you bring to the market. An important tool to assess the value you bring is a Value Chain Analysis.

What is a Value Chain?

It is a set of activities that add value to deliver a product to the end consumer.

What do values mean in a supply chain? Simply means satisfying the consumer with the right product, delivering at the right place and at the right price. To deliver this value, you need activities such as production of the product, marketing, transportation, retailing, installation etc. all these add some cost, which culminate in a final price for the consumer.



EXAMPLE: TOILET EMPTYING VALUE CHAIN IN TOWNS:

- **Does your business add any value? What is your role?**

Exercise

Can you map the activities involved to deliver value of a SATO product to a customer in your remote village, and the added cost at every stage?

Hint: Ask yourself who manufactures the SATO and cost? Who picks from the factory at what cost? Who transport at what costs, who retails/wholesales and at what cost? Map these in a set of boxes like these below.

3.3 Ask some participants to share how they started their sanitation enterprise. Highlight or point out the above elements in their story.

Step 4: 5min

Resources Section

Learning Assessment

Training materials: Handout 1.4
Learning assessment

4.1 Using Handout 1.4, ask participants to assess each of the three sessions above by ticking on the appropriate box as relevant. Illustration in a tick box:

- ☐ ♦ Very relevant and useful
- ☐ ♦ Somewhat relevant
- ☐ ♦ Not relevant

Handout 1.1

Concept Definitions

What is an enterprise?

An enterprise is another word for "business."

Who is an entrepreneur?

An entrepreneur is someone who engages in a business activity/enterprise. This is someone who takes initiative to organize, set up a business to benefit from an opportunity, and decides how much of a good or service to produce or sell.

What is (social) entrepreneurship?

The capacity and willingness to organize, start and manage a business venture that solves a community problem and earns a profit doing so.

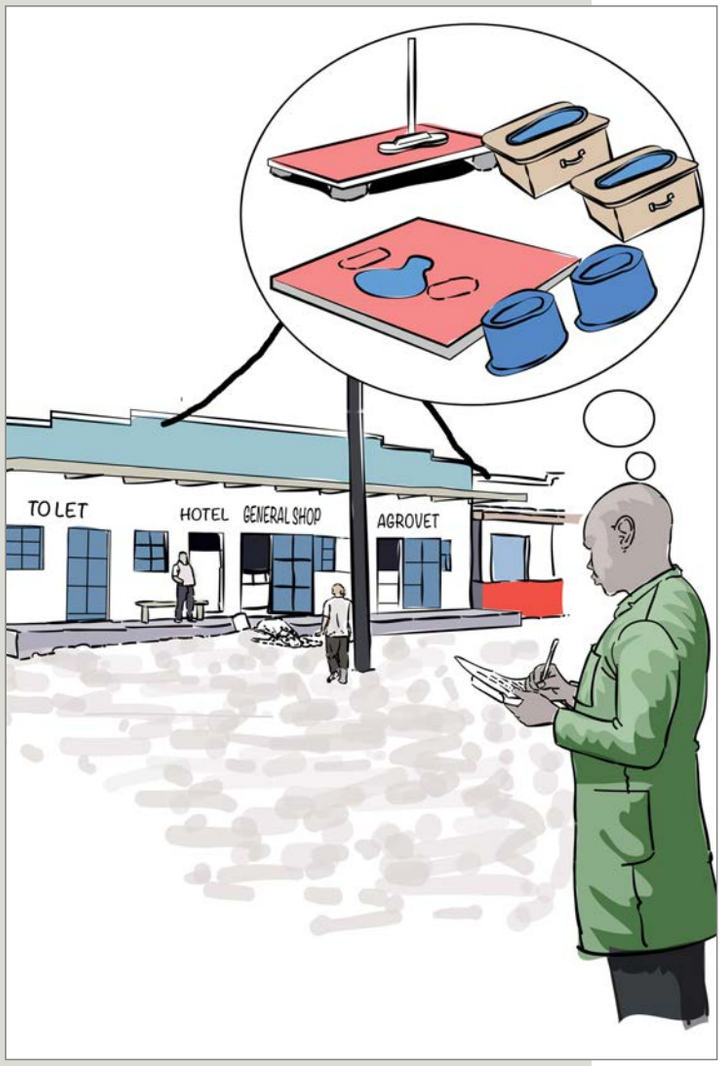
What is sanitation entrepreneurship?

The concept that encompasses transforming challenges, ideas and visions to "new business ventures or expansion of an existing business" in sanitation.

Handout 1.2

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 USD120 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 wtho 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 USD 1 and uses social media to promote his business.

Handout 1.3

Important Elements of a Sanitation Enterprise

Market Opportunity

Every business requires a market: buyers willing and able to buy the product or service. As a startup sanitation entrepreneur, you need to understand what your target customers want and how much they will pay for it. Timothy knew that most villagers, landlords, and hoteliers liked the SATO latrine. This was the opportunity. The marketing session will explore these concepts more.

Vision

Every successful entrepreneur in the world today had a great vision for themselves and their business. They pursued market opportunities, sought ways to grow, and transformed their lives and those of their families and communities.

Plan

A marketing opportunity and a vision without a plan of action remain just wishes! To be successful in any business, every entrepreneur must have a roadmap or strategy to succeed. Plans could include:

- awan overall plan to assess viability of a business idea (business plan).

Capital

Entrepreneurs need capital at every stage of their business growth: capital to start the enterprise, working capital to meet any cash flow shortages during operations, and capital to expand operations. Every enterprise must understand capital requirements and sources.

Cashflows

Cash is the lifeline of any business!

Entrepreneurs receive cash from sales and in form of loans, and pay out money for operating costs, purchases, and repaying loans. Any shortage in cash means that the enterprise is in distress. We shall learn more about cash flow management and accounting during the financial literacy session.

Motivation

The desire to start, grow and lead a successful enterprise. It is the driving force that every entrepreneur needs to overcome obstacles and succeed.

Profit

A financial gain, especially the difference between the amount earned and the amount spent in buying, operating, or producing in an enterprise.

Resources Section

Handout 1.4

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			

Handout 1.5

Timetable

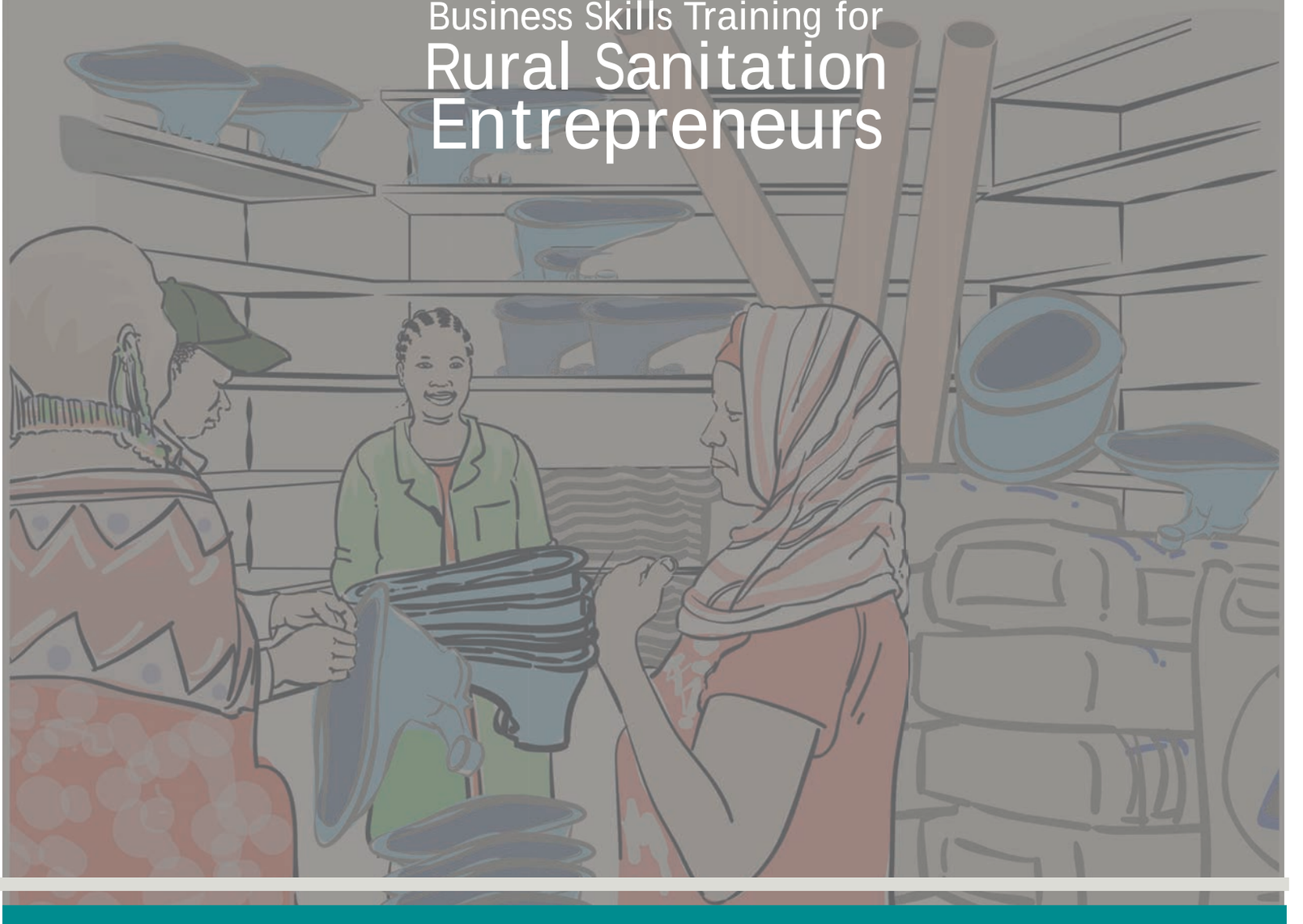
Course:	**Business Skills Training for Sanitation Entrepreneurs**	
Module:	**Entrepreneurship**	
Session: An Etrepreneurs Mindset	**Venue:**	**Date:**

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	

Module 2

BASIC MARKETING SKILLS

Business Skills Training for
Rural Sanitation Entrepreneurs



Session Plan

Session Title	Basic Marketing for Sanitation Products
Time	55 minutes
Objectives	At the end of this session, participants should be able to: ◊ Identify how marketing creates customers ◊ Articulate their own selling and marketing strategy
Contents	◊ Understanding your customers ◊ Selling tactics for different customer segments ◊ Your own selling tactics to grow your sales and customer base
Trainer	◊ Illustrations 2.1, 2.2, 2.3, 2.4 ◊ Handout 2.0 ◊ Participants workbook
Miethods	◊ Picture story ◊ Discussion ◊ Question and answer discussion
Venue	In-person in a public space (church, school, etc.)

Session Guide

Step 1: 15min

Defining and Understanding Your Customer

Training materials: Handout 2.1

2.1 Welcome participants to the marketing class, which builds on Session 1, Entrepreneurship.

Define the term "marketing" as:

Activities undertaken by a company to promote the buying or selling of a product or service.

A B

2.2 Looking at Illustrations A and B of two SATO entrepreneurs, ask participants the following questions:

- What do you see in illustration A? What do you see in illustration B?
- Between entrepreneur in A and B, who is likely to sell more? Why?

2.3 Summarize the session by reinforcing the following points:

- The customer is king in business. They only pay for what they want.
- Marketing is communicating information about your product or service with features, benefits and solutions tailored to clients. This differs from selling, which is the actual act of persuading or exchanging the goods for money.
- Customers in most cases are impulse buyers. People make decisions to buy a product or service if they can connect to your sales message (mainly attributes and functionality of the product or service). In these illustrations, entrepreneur A's message connects with potential customers.

Step 2: 20min

Customer Segments and Customer Service

Training materials: Handout 2.2

2.4 Ask participants what potential SATO customers exist in their local areas and why they would buy a SATO product. The list may include: farmers, churches, local hotels, landlords, teachers, etc.

2.5 Looking at Illustrations **C** and **D** below, ask participants why different customers might buy SATO products? Potential answers may include:

- **Price:** affordable to the customer
- **Functionality:** eliminates flies, bad smell and easy to clean. SATO stool solves problem of elderly people having difficulty squatting
- **Aesthetics:** attractive to the eyes
- **Availability:** the product is available on demand
- **Durability:** SAFI latrine can be emptyied hence reusable for a longer period of time.

C

D

Note to the Trainer:
If the participants are trading with SATO latrines, ask similar questions in 2.4 and 2.5.

2.6 Discuss with participants on their experience with good/bad customer service.

Reflection task:

Imagine where you usually buy your shopping in your local centre or local market. How does your 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 to be rude to you? What if you had a complaint about their product or service, and which took long abit to be addressed, but they apologized and rectified.

- Would you go back there again?

2.7 Wrap up the session by letting participants know that:

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

Step 3: 15min

Developing Your Personal Marketing Plan

Training materials: Handout 2.3 - Participant workbook

2.8 At this point, participants may have a mental picture of how to market and sell their products or service. Individually or as a group, ask them to answer this question:

- What would you do differently to increase your sales after today's session?
- Allow participants to write down in their workbook a few tactics and share with the group.
- Emphasize the need of having a clear sales pitch to each customer segment.

Step 4: 5min

Resources Section

Learning Assessment

Training materials: Handout 2.4

Using Handout 2.0, ask participants to assess each of the three sessions above by ticking on the appropriate box as relevant.

- ☐ 👍 ♦ Very relevant and useful
- ☐ 👍 ♦ Somewhat relevant
- ☐ 👎 ♦ Not relevant

Handout 2.5

Timetable

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

Module: **Basic Marketing**

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

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

Module 3

BASIC FINANCIAL LITERACY

Business Skills Training for
Rural Sanitation Entrepreneurs

Session Plan

Session Title	Financial Literacy for Sanitation Entrepreneurs
Time	2 hours, 30mins
Objectives	At the end of this session, participants should be able to: ◊ Understand the concept of financial literacy and behaviors of financially literate people ◊ Appreciate the importance of saving and borrowing for enterprise ◊ Understand cost of product/service and pricing for profit ◊ Understand the importance of consumer financing
Contents	◊ Basic Financial Literacy Terms ◊ Saving ◊ Borrowing ◊ Costing & Pricing ◊ Money Planning
Resources	◊ Flip chart ◊ Marker pen
Methods	◊ Case studies ◊ Metaphors ❖ Question and answer

Session Guide

Step 1: 20min

Financial Literacy

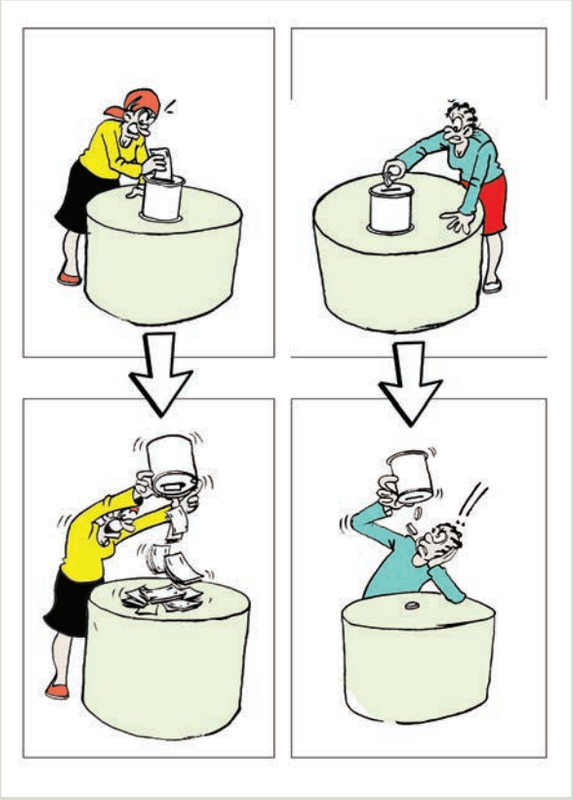
Handout 3.1: Tale of Two SATO entrepreneurs

1.1 The session introduces sanitation entrepreneurs to the concept of financial literacy. It will develop their ability to make informed and effective decisions regarding how to save and borrow money and use the money to grow their business.

1.2 Read the story below to trainees and discuss the questions that follow:

A Tale of Two Hardworking SATO Entrepreneurs

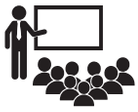
Two start-up sanitation entrepreneurs, Edna and Liz, are community health workers. In January, they received a stipend of KES 20,000 each from the county government for their work the previous year. Edna decided to save KES 5,000 in their VSLA group, which she intends to use to start a SATO retail business. 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.

Discussion questions:

- What characteristics do Edna and Liz possess?
- Who among the two do you admire and why?
- Who among the two has good money habits and why?
- Who will have a better future and why?



1.3 Experience sharing on money management by participants:

- Can you identify one time when you did a good job handling money? How did it help you?
- Can you identify a time when you used money carelessly, perhaps because you had limited knowledge of financial literacy?

1.4 Summarize the session with the following points:

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

Step 2: 20min

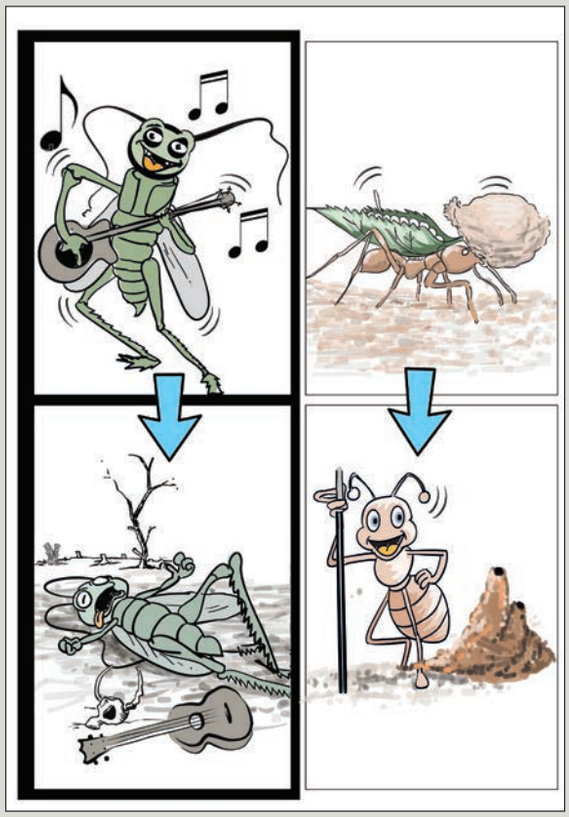
Saving

Handout 3.2 - The Ant and Grasshopper story

This session introduces participants to the practice of saving, its importance, and different methods and ways of saving for personal and business growth.

2.1 Explore the concept of saving using the following story:

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.

2.2 Discussion questions:

- What was Ant saving for? ***[Food for the cold/rainy season]***
- What did Ant give up? ***[Time for playing or relaxing]***
- What was Grasshopper's opportunity cost? ***[No food for winter]***
- What do we learn from the story? ***(The need to save when there is plenty, saving is not enjoyed by everybody, saving often means sacrificing)***
- How was Ant's behavior beneficial?

2.3 Reflection on personal experiences:

- What have you had to give up to in order to get something else?
- What do you need to do to develop the discipline of saving?
- What could you invest your savings for?
- How do you currently save? Do they save for sanitation enterprises?

2.4 Summarize the session by reinforcing the following points:

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

Step 3: 30min

Borrowing

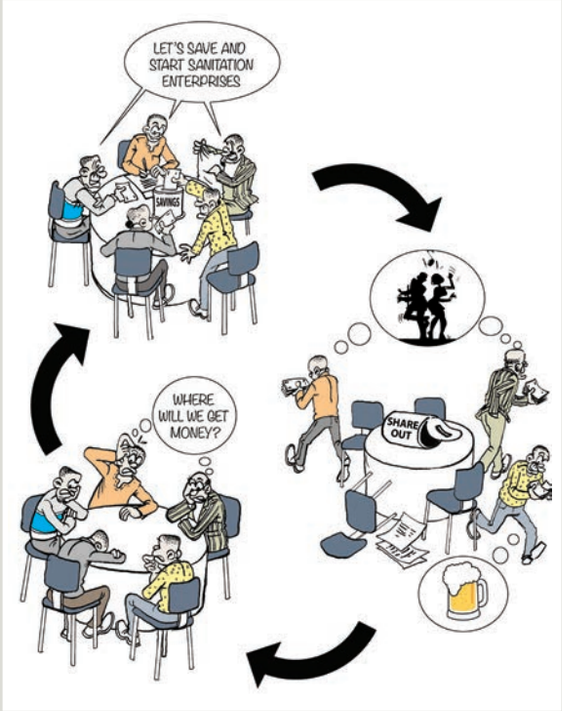
Handout 3.3 - The Kanyimach Self Help Group SATO Loan Experience

This session introduces participants to the concept of borrowing, why a sanitation enterprise should borrow and the key issues to consider before and after borrowing.

3.1 Read through the scenario below and let participants 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.

3.2 Discussion questions:

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

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

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

3.3 Summarize the session by reinforcing the following points:

a) There are pros and cons of using your own money vs. borrowed money

- You are freer when you use your own money.
- A loan costs money (interest).
- Some people lose property when they fail to repay the loan.

b) However, by borrowing, you get a greater lump sum faster than you might when using your own capital (more money quickly than if you rely on your ability to save little-by-little).

c) Loans are costly and one should be careful when borrowing from commercial sources. The cost may be direct or indirect as explained below:

- **Direct cost:** Money you pay to the bank for the loan, including interest, fees, insurance, legal fees and late penalties. Some of these costs (fees, insurance) are paid upfront before you get the loan.
- **Indirect Cost:** Expenses you may have to pay because you have the loan, such as bus fare to go to the bank to apply and negotiate the loan.

d) Governments and non-governmental organizations also give grants to small entrepreneurs willing to start or scale up business. Grants are allowances given by organizations to support establishment of small business ventures.

- Label Money Plan template in the Resources Section as 3.1
- There is a small section in Module 3, which is missing in the LEARNERS Workbook. Please insert below content on page 31 of the Learners material, just before the Sub-title on MONEY PLANNING.

Step 4: 1 hour

Handout 3.3 - The Total Cost of a SATO Retail Enterprise

This session helps participants calculate the full cost per unit of sanitation products or services sold to a client.

4.1 Start the session by discussing the concepts of VARIABLE COST and FIXED COST.

- **Variable Costs:** Costs that change with number of products sold.
- **Fixed costs:** Costs which remain the same irrespective of products sold.

4.2 Study the scenario below and calculate per unit cost of the group product.

The Total Cost of a SATO Retail Enterprise

After their KIWASH training, all 37 members of Nthongoni CHU in Kibwezi, Makueni County agreed to start a SATO retail enterprise in November 2018. They required capital of KES 23,135. This paid 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, a further KES 10,000 was obtained from group savings in the bank.

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's monthly revenues are now KES 38,000. 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.

Questions:

- Which of the above costs are VARIABLE and which are FIXED?
- Calculate per-unit VARIABLE cost and per-unit FIXED cost of each product.
- Calculate the price per unit at which Nthongoni CHU
- Compare the per unit cost and the per unit sales price. Is the group break-even (making profit) with this price?
- What is your advice to the group?

Solution:

- Guide participants to through these 3-steps, which will help answer each of the questions.

Step 1

Separate variable cost from fixed costs as follows:

- **Fixed Costs:** Chairman's airtime, storage and meeting costs.
- **Variable costs:** cost for purchases, MPESA money transfer, transport, installation and commissions.

Step 2

- Remember that we have two types of products: SATOpan and SATOstool.
- Calculate total variable cost for each product. Then calculate per unit variable cost by dividing with the number of each units.

Step 3

- Sum the per unit variable and fixed costs per product to get total Unit Cost.
- The result should will be as shown in table on the right.

Cost Item	SATOpan	SATOstool
No. of boxes	6	2
No. of Units	60	10
Purchase Price per bo	4,500	4,000
Variable Costs		
Purchases	27,000	8,000
MPESA charges	170	50
Transport	900	400
Installation	18,000	2,000
Commission	1,200	500
sub-total (VC)	**47,270**	**10,950**
VC per unit	**788**	**1,095**
Fixed Costs		
Chairman's airtime	429	71
Storage	343	57
Meetings	257	43
Sub-total (FC)	**1,029**	**171**
FC per unit	**17**	**17**
Total Unit Cost	**805**	**1,112**

Step 4

- Compare per unit cost from step 3 and the per unit selling price. Then provide your advice to the Nthongoni CU.

Total Unit Cost	805	1,112
Per Unit Sales Price	600	800

4.3 Summarize the session with the following points:

- Every entrepreneur must understand the full cost of their business.
- For pricing, calculate per-unit cost of delivering your product or service.
- Add your expected mark-up (or profit margin) to get the price to charge your customer.
- Classify variable and fixed costs to enable you control your costs.

Alternative Exercise if Training Artisans or Groups Retailing SAFI Toilet

Recently, Vaele group realized that a nearby business competitor is offering a comprehensive latrine package (including purchase of materials, transport and construction) to its customers. Vales sales are decreasing as more customers switch to the competitor. Vaele group has now developed a latrine delivery package for its customers (See hand out 2) and sales are now increasing.

Questions:

Ask participants to complete hand out 1 based on the unit cost of construction materials in their county. This exercise can be done in groups so that the result is consensus on approximate unit cost for construction materials required.

- Repeat the task above with hand out 2 to fill in the approximate transport and construction costs

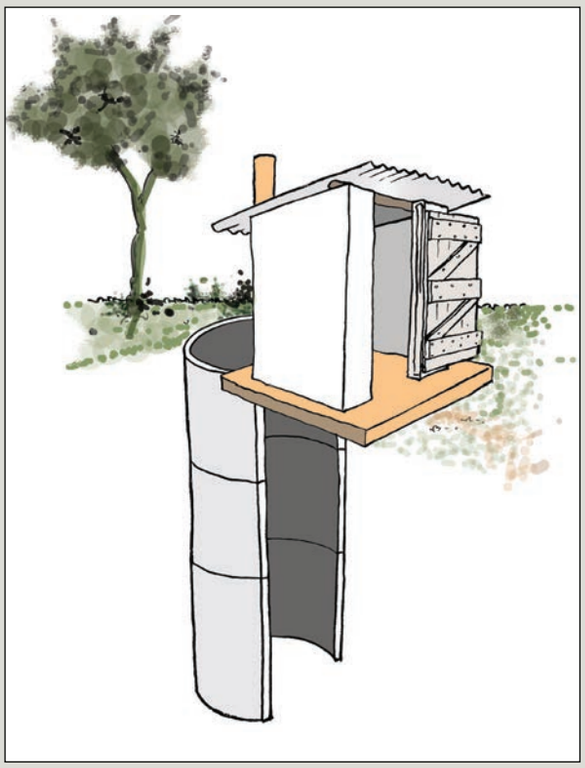
- Let participants practice, discuss and reflect on the activity
- Summarize the session with the following points:
- Know your business competitors and those who sell similar products
- Every entrepreneur must understand the full cost of their business.
- For pricing, calculate per unit cost of delivering your product or service
- Add your expected Mark-up (or profit margin) to get the price to charge your customer.
- Classify Variable and Fixed Costs to enable you control your costs.

Note to Trainer: This case and the exercise is relevant to participants in production and retail of SAFI toilet products or VIP as an enterprise. Read this case and repeat same questions in SATO case on previous page.

Handout 3.5 - CASE OF VAELE WOMEN GROUP

CASE OF VAELE WOMEN GROUP

Costing and Pricing of Full SAFI Latrine



Vaele women groups in Kakamega County has twenty (20) members. It comprises of CHV's and a few artisans who were trained on SAFI latrine production and installation. The group heard about SAFI retail business opportunity from a USAID funded KIWASH project that had donated a SAFI latrine production mold for use by the local community. In January 2019, members came together and agreed to expand their business and start SAFI latrine production and retail. The group calculated the cost of producing one SAFI latrine, considering the costs of materials used and other costs incurred related to labor, time spent to produce latrine components and transportation cost of materials to the manufacturing site. The total cost of producing one SAFI latrine, with 4-rings, for Vaele group was KES 14,850 as detailed in the table below. The group forecasts to sell atleast 5 SAFI latrines a month. Based on this projections, members agreed to invest their savings as initial startup capital of KES 75,000, with an expected profit margin of 10% for each latrine sold. To date, Vaele group has sold 6 SAFI latrines. From its cash book records, the group incurred the following additional costs: a commission of KES 500 to every member responsible for a unit sale, they charged the household an extra KES 3,000 to provide a local artisan who can construct a SAFI latrine but Vaele group pays the artisan 2,500 per unit of construction, and pays an annual business permit fee of KES 1,000. Further, the group meets monthly to reconcile records. The budget for tea and snacks for the meeting is KES 300.

Exercise 1:

a) Using the template provided in Handout 3.1, calculate production cost of a SAFI latrine in your local area.

Hint: Think about materials and direct labor costs associated with the following production and construction works:

- Pit excavation,
- Production of rings,
- Pre-casting of slabs
- Construction of toilet walls (using bush stones, red-bricks, blocks, etc.)
- Roofing

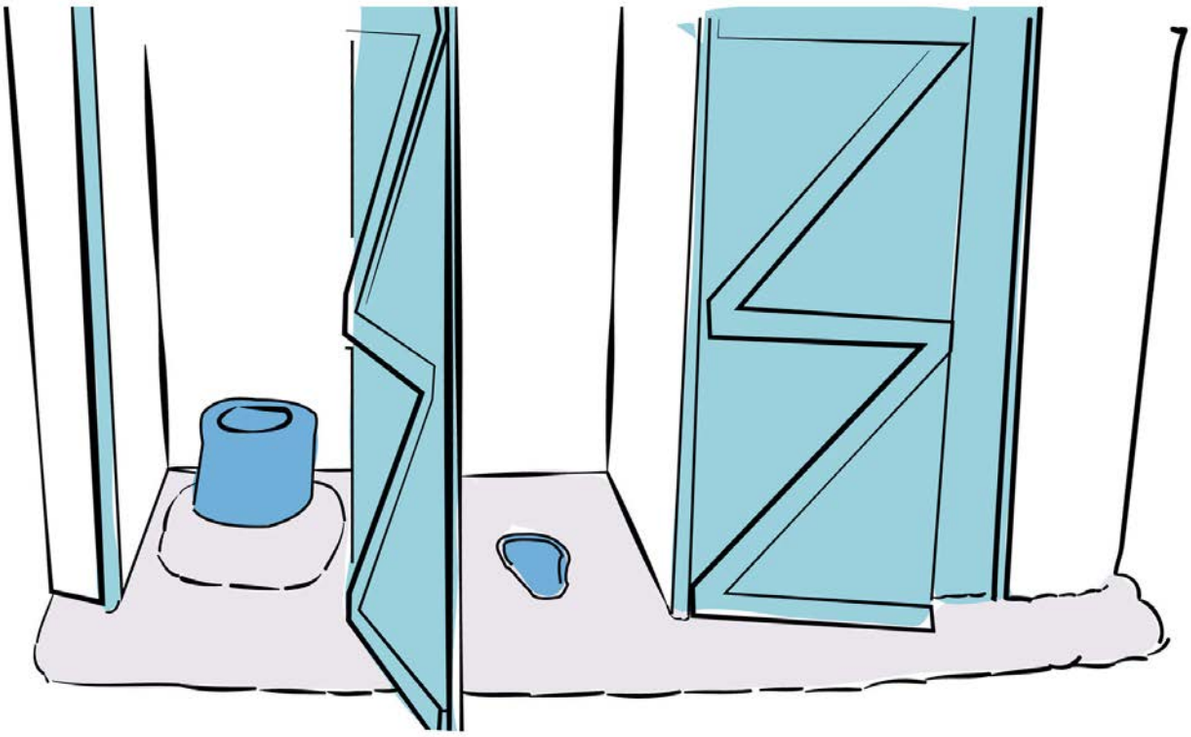
b) From your costing above, and the case study, which of the costs can be classified as VARIABLE and which are FIXED? Identify and list these costs in the table below, provided in your workbooks.

Fixed and Variable Cost of a SAFI Latrine

Fixed Costs	KES	Variable Costs	KES

c) What price should Vaele Group charge its customers? (Hint: Consider the expected 10% profit margin, the extra transport cost to client, and group operating costs mentioned in the case.

d) Assuming that some Vaele clients live far away from its production site, and require latrines with varying number of rings (1, 2, 3 or 4), will the above sales price change? (Hint: Use the table below to estimate your selling price.



Distance relative to Vaele Groups production site in Kilometres (km)	Number of rings required/latrine pit			
	1 Ring	2 Rings	3 Rings	4 Rings
Transportation to villages < 10 km				
Number of km Over 10				
Added fee per km				
Transportation to villages > 10 km				
Installation fee/unit				
Construction fee/unit				
Total transport + Installation + Construction				

Step 5: 10min

Understanding Consumer financing

Handout 3.5

5.1 Ask participants to brainstorm and share their thoughts on who should use a latrine. Do all people own latrines? If not, why?

Conclude by saying:

- Many people want to own latrines but are unable to pay for latrines on cash upfront terms. By offering financing options, entrepreneurs can increase the number of latrines they sell.

5.2 Ask participants to brainstorm and identify financing options that they can offer to customers.

Tips: Participants may highlight;

- Payments in monthly installments with or without interest
- Educating customers on how to borrow loans through local village savings and credit groups.

5.3 Summarize the session with the following points;

- Supporting consumers financing requires an entrepreneur to keep very good records and create policies around repayment
- Entrepreneurs need to invest in a system that vets each customer's credit worthness and facilitates efficient follow-ups with loanees to pay off their debts

Step 6: 20min

Money Planning

Handout 3.6

This session introduces participants to good money planning habits and tools for a successful enterprise.

6.1 Ask participants what happens when a tree seedling lacks water. It dries up and dies. And what happens when a new SATO retail business runs out of money? It can fail. When any business runs out of money, it's a big problem! You cannot buy any new stocks for your business, you cannot meet your costs like transport, airtime, wages to people who work for you, or pay any debts falling due.

But when a tree seedling has enough water, it can grow and become a huge tree in the future. In the same way, keeping enough cash in your business will allow it to run well and grow.

6.2 Every entrepreneur must plan ahead to avoid running out of money. A Money Plan (or Cash flow Budget) is every entrepreneur's important money 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).

6.3 Reflect on the above case of Nthongoni CHU and answer the questions below.

Questions:

Assume that the group does not want to run short of products at any given time to avoid customer complaints. It therefore utilizes any profits to increase its purchases by 1 box of SATO pans every month for the next 6 months. Sales and fixed costs per month remain unchanged as discussed in the case.

- Will Nthongoni CU have enough cash to meet operations?
- How much cash surplus (or shortage) will the group have?
- What is your advice to Nthongoni CU on how it can improve its cash position?

Hint: *To answer this, we require to prepare a Money Plan, a forecast of MONEY IN from sales and MONEY OUT for purchases and expenses. Guide participants to use the templates provided in their work-books to prepare their Money Plans following the step-by-step process below.*

How to Develop a Money Plan

First indicate on the quantity of SATOs to be purchased and Quantity to be sold for every product during the 6-month period.

Table 1: Illustration of Nthongoni Stock

ITEM		MONTH					
		1	2	3	4	5	6
No. of boxes to purchase	SATO pan	6	7	8	9	10	11
	SATO stool	2	2	2	2	2	2
	Total	**8**	**9**	**10**	**11**	**12**	**13**
No. of boxes to sell	SATO pan	6	6	6	6	6	6
	SATO stool	2	2	2	2	2	2
	Total	**8**	**8**	**8**	**8**	**8**	**8**
Stock balance (boxes)		**0**	**1**	**2**	**3**	**4**	**5**

- On each row of the MONEY IN, the group will receive cash for all 8 boxes in cash. It will also receive money from installation fees from its customers.
- On the MONEY OUT section, the group will also pay out money to purchase, transport, store and install the products.

Table 2: Illustration of Nthongoni Money Plan

		MONTH					
MONEY IN		**1**	**2**	**3**	**4**	**5**	**6**
	Sales	46,000	46,000	46,000	46,000	46,000	46,000
	Installation fees	30,000	30,000	30,000	30,000	30,000	30,000
	Total	**76,000**	**76,000**	**76,000**	**76,000**	**76,000**	**76,000**
MONEY OUT	Purchases	35,000	39,500	44,000	48,500	53,000	57,500
	MPESA charges	220	220	250	250	270	270
	Transport	1,300	1,450	1,600	1,750	1,900	2,050
	Chairman's Airtime	500	500	500	500	500	500
	Storage	400	400	400	400	400	400
	Installation fees	20,000	20,000	20,000	20,000	20,000	20,000
	Meetings	300	300	300	300	300	300
	Commissions	1,700	1,700	1,700	1,700	1,700	1,700
	Total	**59,420**	**64,070**	**68,750**	**73,400**	**78,070**	**82,720**
BALANCE	**START= 38,000**	**16,580**	**11,930**	**7,250**	**2,600**	**(2,070)**	**(6,720)**

Observations:

- The group cash situation is expected to deteriorate despite good business. By months 5 and 6, the group may not have money to meet some operating costs.
- Purchases are projected to increase while sales remain flat. Hence, money will be tied in un-sold stocks.
- Proper cash flow planning helps foresee such cash flow problems.

6.4 Summarize the session with the following points:

- Money plans help foresee if you will experience cash shortages or surpluses in the future.
- If your Money Plan shows a cash shortage in a future period:
  - Manage your variable costs
  - Reduce purchases to minimize increasing stock levels

Using Handout 2.0, ask participants to assess each of the three sessions above by ticking on the appropriate box as relevant.

- ☐ ♦ Very relevant and useful
- ☐ ♦ Somewhat relevant
- ☐ ♦ Not relevant

Resources Section

Handout 3.7

NOTES

What is saving?

Saving is putting money aside for future use. When you keep your money somewhere for a purpose, then you are practicing saving. Saving can also be defined as a portion of income not spent on current expenditures. Saving is not done once but over a period of time. You may have to sacrifice current luxuries to save for a better future.

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 your money. These places may include a Savings Group, a SACCO, and Bank or in an asset.

Handout 3.8

Cost of a SAFI Latrine:

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	0	0
1.2	**Production of rings/culverts**				0
1.2.1	Ash (free)	Bags			0
1.2.2	Wire mesh (4ft by 8ft) - Light gauge	No	3	120	360
1.2.3	Portland Cement (50kg Bag)	No	2	500	1,000
1.2.4	Sand (Wheelbarrow)	No	4	120	480
1.2.5	Binding		1	100	100
	Sub-Total cost				**1,940**
1.3	**Precast slab**				0
1.3.1	Heavy gauge wire	Pieces	1	500	500
1.3.2	Red oxide	KG	1	150	150
1.3.3	Cement	Bags	1	500	500
1.3.4	Sand	Wheel barrows	2	120	240
1.3.5	Used oil	Litre	1	50	50
1.3.6	Labour (Unskilled +Skilled)	Man-days	1	1,500	1,500
	Sub-Total cost				**2,940**
	Total Sub-structure Cost				**4,880**

Cost of a SAFI latrine

2.1	**Super-structure walls**				
2.1.1	River sand	Wheel barrows	5	120	600
2.1.2	Ballast	Wheel barrows	3	150	450
2.1.3	Bricks	Pieces	290	7	2,030
2.1.4	Cement	Bags	3	500	1,500
2.1.5	Timber	Feet	12	25	300
2.1.6	Reinforcement wire (Gauge 12-twisted)	Pieces	1	300	300
2.1.7	Wire Mesh	Pieces	1	120	120
2.1.8	Binding wire	KG	1	120	120
2.1.9	Door	Pieces	1	700	700
2.1.10	Hinges	Pair	1	100	100
2.1.11	Locks	Pair	1	100	100
	Sub-Total Cost				**6,320**
2.2	**Roofing**				
2.2.1	Iron Sheets	Pieces	2	500	1,000
2.2.2	Ordinary Nails-Assorted	KG	Quarter	60	60
2.2.3	Roofing nails	KG	Quarter	40	40
2.2.4	Vent pipe	Pieces	1	750	750
2.2.5	Facila Board	Feet	12	25	300
2.2.6	Labour (Skilled)	Man-days	3	500	1,500
	Sub-Total Cost				**3,650**
	Total Superstructure (KES)				**9,970**
	Total Cost/SAFI latrine (KES)				**14,850**

Handout 3.9 - Cost of a SAFI latrine template

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				

Handout 3.9 - Cost of a SAFI latrine template

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)				

My Money Plan

Handout 3.10

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

Participant Evaluation Form

Handout 3.11

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
Financial literacy			
Saving Borrowing			
Costing & Pricing Money Planning			

Handout 3.12

Timetable

Course: Business Skills Training for Sanitation Entrepreneurs

Module: Basic Financial Literacy

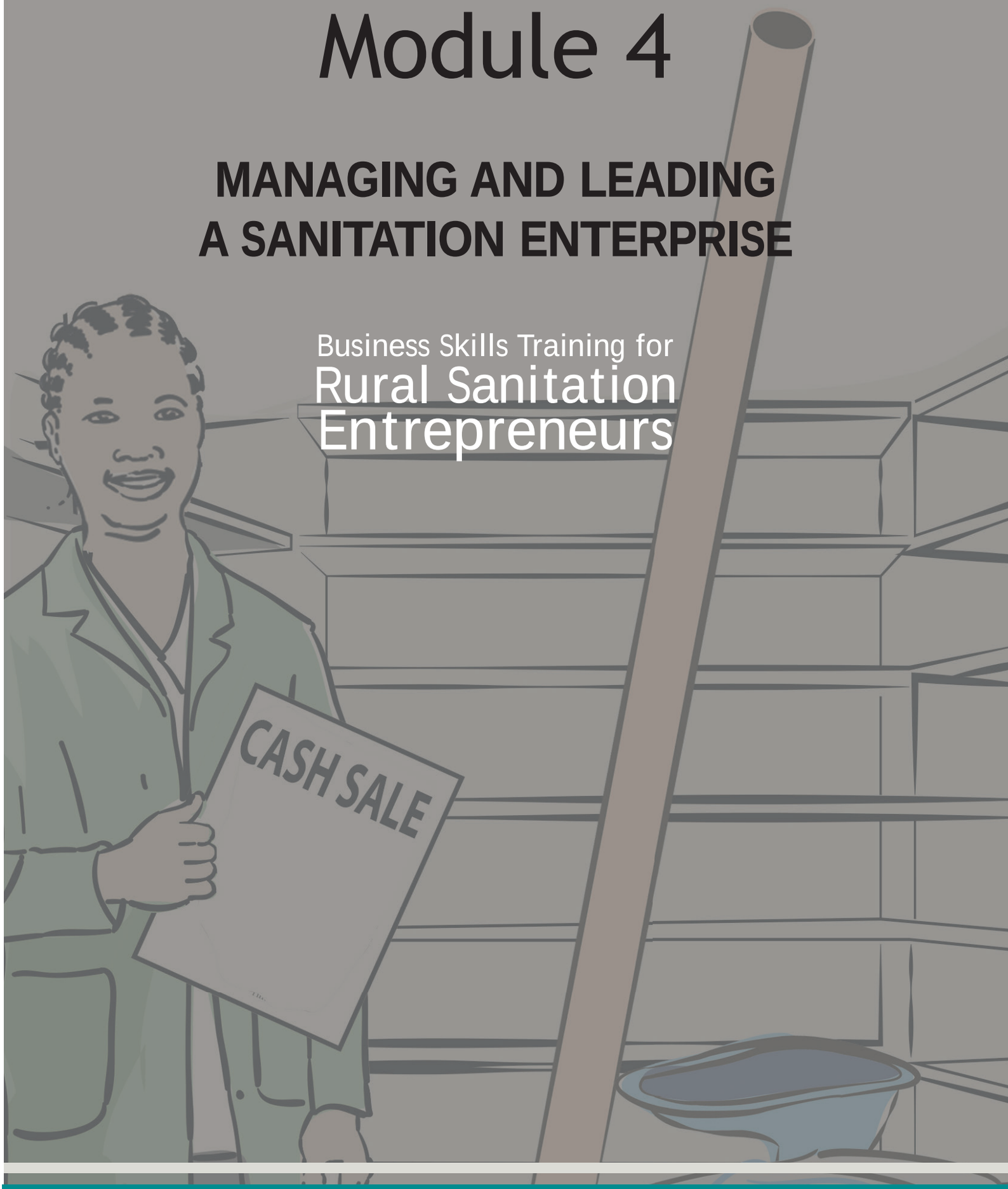
Session:	**Venue:**	**Date:**

Time	**Activity**	**Facilitator**
5 minutes	Ice breaker and introduction of session	
20 minutes	Financial Literacy	
20 minutes	Saving	
20 minutes	Borrowing	
	Break	
30 minutes	Costing & Pricing	
20 minutes	Money Planning	
5 minutes	Learning Assessment	
	End	

Module 4

MANAGING AND LEADING A SANITATION ENTERPRISE

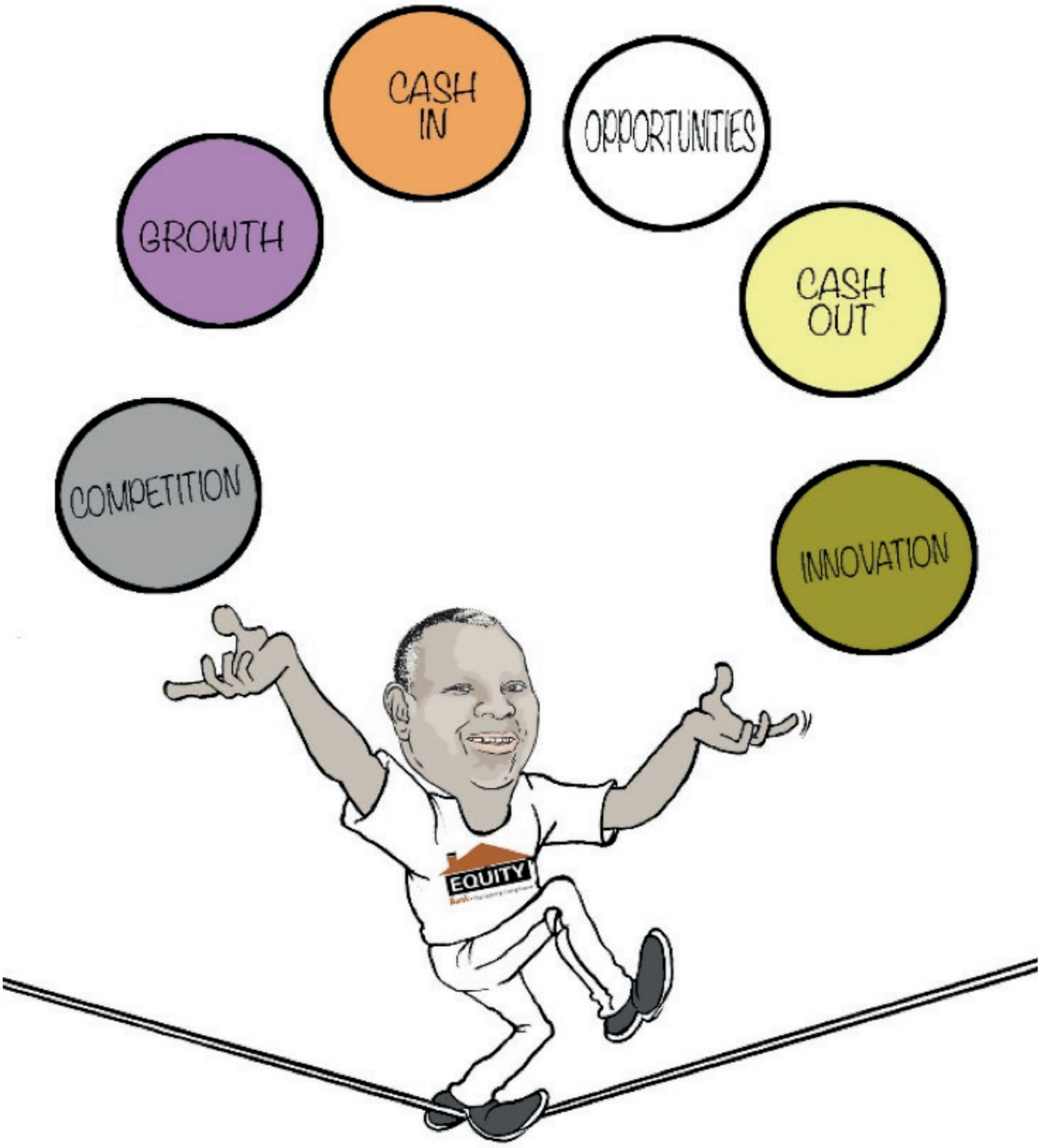
Business Skills Training for
Rural Sanitation Entrepreneurs



VISION
EQUITY

Session Plan

Session Tittle	Managing and Leading a Sanitation Enterprise
Time	1 hour, 50 minutes
Objectives	At end of this session, participants should be able to: ◊ Differentiate between managing and leading ◊ Appreciate the importance of visionary leadership in business ◊ Apply their personal vision into an enterprise business plan
Contents	◊ Concepts of management and leadership ◊ Leadership as a critical attribute of an entrepreneur ◊ Personal vision and business vision ◊ Business planning and modelling:The BUSINESS CANVAS MODEL
Resources	◊ Picture story: Dr. James Mwangi ◊ Participants workbook ◊ Sticky notes (at least 3 colours) ◊ Masking tape ◊ 3 leaves of a flipchart
Methods	◊ Group work ◊ Leadership talk or case study of a successful entrepreneur ◊ Question and answer discussion ◊ Practice sessions


CASH IN
OPPORTUNITIES
GROWTH
CASH OUT
COMPETITION
INNOVATION
EQUITY

Session Guide

Step 1: 15min

Difference Between Leadership Vs Management"

Training materials: Handout 4.1

This session aims to develop the leadership capacities of participants to lead their small (startup) enterprises and grow their businesses. Participants will learn important leadership skills and traits of successful entrepreneurs in their locality and in Kenya.

1.1 Start the session by diving the participants into two groups. One group will discuss leadership while the other will discuss management. Give participants about 10 minutes to answer the questions below and then come back together to discuss their answers.

Group work guiding questions:

- What is a leader/manager?
- List some of the characteristics of a leader/manager
- Mention one leader/manager in your community that you admire

1.2 Summarize the session by reinforcing on the following points:

- Reinforce their definitions using Handout 4.1.
- To be a successful entrepreneur, you must be a strong LEADER.
- You can delegate MANAGEMENT responsibilities, but not LEADERSHIP, especially of a small (start-up) business.

Step 2: 20min

Characteristics of Successful Leaders

Training materials: Handout 4.2

2.1 Start by asking participants to brainstorm on what they think successful leadership looks like! Let them list some of the local business leaders they know of and mention their core characteristics.

2.2 Using Handout 4.2, read the story of Dr. James Mwangi together. Then discuss the following questions:

- ♦ What are Dr. Mwangi's core leadership and management attributes?
- ♦ Is there a local entrepreneur who exhibits similar business leadership and management characteristics in your local area?
- ♦ Is there a person within their group who exhibits some of these characteristics?

NOTE: The trainer has an option of inviting a successful local entrepreneur to share his/her experience.

2.3 Wrap up this session with key points from the business talk:

- ♦ Allow participants to have a Q&A with the business leaders.
- ♦ Summarize the talk with key points, which may include:
  - Clarity in personal/enterprise vision
  - Translating visions and market opportunities into plans and actions
  - Starting small and grow

- ♦ Close with tips on leadership
  - Leaders do lead by example
  - Leaders do not act like bosses. They are humble but confident.
  - Leaders communicate clearly to be heard and understood.
  - Good leaders know their limits. They set boundaries and stick to them
  - Leaders never stop improving. They learn from challenges and mistakes.

Step 3: 30min

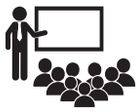
Creating a Vision Statement

Handout 4.3

This session aims to challenge participants to develop a clear personal vision. A clear personal vision is an integration of their abilities, interests, personality, values, goals, skills/experience, family of values, and stage of their lives. This is an essential ingredient to start and lead a successful enterprise.

3.1 Ask participants to share reasons why most people find it difficult to set a clear vision for their future? Facilitate an honest debate on these reasons for about 5-minutes.

3.2 Steps to setting your own vision to succeed.



To craft a powerful personal vision, to become successful in business, participants have to reflect on their lives and what is means for them to be successful.

- First, let participants reflect on these questions and write down in their workbooks:
  1. What does getting into business mean for you and your family?
  2. What does being successful in business look like in 1 year? 3 years? 5 years? Let them be as specific as possible in describing or quantifying success.
- Second, ask these further questions:

  3. What challenges do they need to overcome if these success aspirations have to be achieved?
  4. What opportunities need to be captured to be successful?
  5. What personal strengths do they need to leverage?

3.3 Ask each participant to write down their personal and business vision. And then share these visions back home with their family, group or employees.

3.4 Let participants know that visions only remain as WISHES unless translated into PLANS and ACTIONS. The next session is about translating business visions to plans.

Step 4: 40min

Notes on Business Canvas Model

Training materials: Handout 4.4 & blank Business Canvas templates in handbooks

4.1 Start this session by letting participants know that a successful leader is a good planner. A leader must be able to show and articulate who their customers are and how the business will satisfy their wants and make money. This is known as a Business Model.

4.2 In this session participants will learn to prepare a 1-page business model using a tool known as BUSINESS CANVAS. The business canvas is a simple tool to help answer critical questions about their business delivery and the value it provides.

- For this session, participants should refer to the blank Business Canvas template in their handbooks.
- Then using a flip chart, draw the 9-cells of the Canvas and place on the wall, using Handout 4.3 as a guide.
- Using one of participants or group enterprise, have participants slowly fill in the cells from the TOP RIGHT to the LEFT using sticky notes of different colors. The idea is to link each customer segment and their value proposition using a same colour. See sample below:

A useful guide VIDEO presentation on how to fill the CANVAS, is available for the trainer on this link:

https://www.youtube.com/watch?v=g4E3fhybhGM,

https://www.youtube.com/watch?v=wIKP-BaC0jA (Episodes 1, 2 and 3).

Note to the Trainer:

Participants may not master this in the first time, but with practice, they can refine and sharpen their plan. Allow them to a moment to practice and discuss as a group. Several blank templates are provided in their handbooks.

Step 5: 5min

Resources Section

Learning Assessment

Training materials: Handout 4.5

Using Handout 4.3, ask participants to assess each of the three sessions above by ticking on the appropriate box as relevant.

- ☐ 👍 ♦ Very relevant and useful
- ☐ 👍 ♦ Somewhat relevant
- ☐ 👎 ♦ Not relevant

Trainer's Notes

Handout 4.6

Leading: Is about inspiring, motivating, and influencing others to reach goals and achieving the highest possible performance. A leader sees the bigger picture or goal and inspires group members, employees, or family to attain the goal.

Managing: Involves organizing and overseeing daily operations and activities of your enterprise. It's the routine task of ensuring that the operations of the enterprise run smoothly.

Both are important, but clear, motivating leadership is critical for a successful enterprise.

The ability to motivate and inspire people within an enterprise directly relates to success in reaching goals. Leadership has three aspects; the leader, follower and the situation. The leader should be a person who can influence the followers in a given situation to realize the set objectives of the organization. The situation sets the context through which a given leadership style is exercised. Leadership requires the practice of integrity to enhance trust. Effective leaders provide opportunities for improvement and change, take risks, and focuses on the future.

Handout 4.7

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's the Business Model Canvas?

The Business Model Canvas provides the building blocks to create your own business plan.

The Canvas has nine elements, and together these elements provide a coherent view of a business' key drivers:

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

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

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

Business Model Canvas

		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?

Module 5

EVALUATION

Business Skills Training for
Rural Sanitation
Entrepreneurs

Evaluation of Effectiveness of the BDS Training Program

The Kirkpatrick Evaluation Model

This is a simple model to assess effectiveness of a training program. It focusses on four levels and a set of measurement and key indicators for each level:

1. **Level 1- Reaction:**

   How trainees react immediately after the training based on relevance and usefulness. The trainer will administer the 5-minute evaluation tool provided after each module and analyze feedback using an excel spreadsheet.

2. **Level 2- Learning:**

   Measures the knowledge and "hard" skills gained by learners as a result of the training, and how these specific skills are utilized by trainees at personal or business setting. This demonstrates if the training objectives were met and the scope for improvements in content and method of delivery. The trainer will make visits to entrepreneurs or hold a focus group discussion to assess the applied skills from the training program.

3. **Level 3-Behaviour:**

   Evaluates how the training has impacted on the trainees' actions and attitude at their workplace. For this training program, the trainer during business visits or focus group discussion; will assess if trainees are confident to share their new skills and knowledge with their peers or apply in their workplace. An evaluation tool for Learning and Behavior change is provided at end of the manual as handout 5.1.

4. **Level 4- Results.**

   Measures the tangible change in business metrics as a result of the training, such as reduced cost or increased sales. For this training program, the trainer shall track change in sales for the entrepreneur. A tool for this results evaluation is provided as handout 5.2. The trainer track and analyze month –to month sales, and provide a trend in performance of the enterprise, before and after the training.

Handout 4.10

Evaluation Tool for Learnings and Entrepreneur Behavior

(To be administered at place of entrepreneur or FGD)

Entrepreneur:		**County:** **Date:**
Learning	**Question**	**Provide Specific Examples**
		After the business training(s), what specific skill do you learn, and which you practice in your workplace (tick as relevant):
	☐ Entrepreneurship	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
	☐ Marketing	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
	☐ Costing & Pricing	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____

	☐ Saving	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
	☐ Borrowing	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
	☐ Management	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____

	☐ Leading	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
	☐ Business Model	☐ Yes ☐ No ☐ Partly Comments _____ _____ _____
Behavior	What main elements of the training is the trainee confident of sharing with others after the training?	List as appropriate: 1 _____ 2 _____ 3 _____ 4 _____
	What has changed in the way the trainee does his business after the training?	List as appropriate: 1 _____ 2 _____ 3 _____ 4 _____
Name of Trainer:		

Handout 4.8

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
Managing vs. Leading			
Characteristics of Successful Leaders			
Creating a Vision Statement			
The Business Model Canvas			

Handout 4.9

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	

NOTES

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: (202) 712-0000
Fax: (202) 216-3524
www.usaid.gov

USAID FROM THE AMERICAN PEOPLE

KIWASH USAID Kenya Integrated Water, Sanitation and Hygiene Project