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SUSTAINABLE FISHERIES MANAGEMENT PROJECT (SFMP)

MSME Small Business Development and Management Training

August 2015



Hen Mpoano



SNV SMART
DEVELOPMENT
WORKS



Sps | **SPATIAL
SOLUTIONS**

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ACRONYMS

AOR	Administrative Officer Representative
ASSESS	Analytical Support Services and Evaluations for Sustainable Systems
CEMAG	Community Environmental Monitoring and Advocacy Group
CCLME	Canary Current Large Marine Ecosystem
CCM	Centre for Coastal Management
CDCS	Country Development Cooperation Strategy
CEWEFIA	Central and Western Region Fishmongers Improvement Association
COMFISH	Collaborative Management for a Sustainable Fisheries Future
CoP	Chief of Party
CPUE	Catch Per Unit Effort
CR	Central Region
CRC	Coastal Resources Center at the Graduate School of Oceanography, University of Rhode Island
CRCC	Central Regional Coordinating Council
CSLP	Coastal Sustainable Landscapes Project
CSO	Civil Society Organization
DA	District Authorities
DAA	Development Action Association
DAASGIFT	Daasgift Quality Foundation
DFAS	Department of Fisheries and Aquatic Sciences
DFID	<i>Department for International Development</i>
DO	Development Objective
EBM	Ecosystem-Based Management
EG	Economic Growth
EMMP	Environmental Mitigation and Monitoring Plan
ERF	Environmental Review Form
ETP	Endangered, Threatened and Protected
FAO	Food and Agricultural Organization of the United Nations
FASDEP	Food and Agriculture Sector Development Program
FASDP	Fisheries and Aquaculture Sector Development Program
FC	Fisheries Commission
FCWCGG	Fisheries Committee for the West central Gulf of Guinea
FEU	Fisheries Enforcement Unit
FHI	Family Health International
FoN	Friends of Nation
FtF	Feed the Future
HM	Hen Mpoano
GCLME	Guinea Current Large Marine Ecosystem
GIFA	Ghana Inshore Fishermen's Association
GIS	Geographic Information System
GIZ	Gesellschaft für Internationale Zusammenarbeit
GLM	Generalized Linear Models
GNAFF	Ghana National Association of Farmers and Fishermen
GNCFC	Ghana National Canoe Fishermen's Council
GoG	Government of Ghana
GSA	Ghana Standards Authority
GSO	Graduate School of Oceanography, University of Rhode Island
ICFG	Integrated Coastal and Fisheries Governance
ICM	Integrated Coastal Management
ICT	Information, Communication Technology
IEE	Initial Environmental Examination
IR	Intermediate Results
IUCN	International Union for Conservation of Nature
IUU	Illegal Unreported Unregulated
JICA	Japan International Cooperation Agency

LEAP	Livelihood Enhancement Against Poverty
LOE	Level of Effort
LOGODEP	Local Government Development Program
LoP	Life of Project
MCS	Monitoring, Control and Surveillance
METASIP	Medium Term Agricultural Investment Program
METSS	Monitoring, Evaluation and Technical Support Services
MFRD	Marine Fisheries Research Division
MOFAD	Ministry of Fisheries and Aquaculture Development
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MSME	Micro Small and Medium Enterprises
MSP	Marine Spatial Planning
M&E	Monitoring and Evaluation
NAFAG	National Fisheries Association of Ghana
NGO	Non-Governmental Organization
NC	National Committee
NRM	Natural Resources Management
PMEP	Performance Monitoring and Evaluation Plan
PMP	Performance Management Plan
PPP	Public Private Partnerships
RAVI	Rights and Voices Initiative
RCC	Regional Coordinating Council
RFA	Request for Application
RPA	Rapid Partnership Appraisal
SAMP	Special Area Management Plans
SFMP	Sustainable Fisheries Management Program
SMEs	Small and Medium Enterprises
SNV	Netherlands Development Organization
SS	Spatial Solutions
SSG	SSG Advisors
STEP	Sustainable, Transparent, Effective Partnerships
STWG	Scientific and Technical Working Group
UCAD	University Cheikh Anta Diop
UCC	University of Cape Coast
URI	University of Rhode Island
USAID	United States Agency for International Development
USG	United States Government
WA	West Africa
WARFP	West Africa Regional Fisheries Development Program
WASH	Water, Sanitation and Hygiene
WR	Western Region

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PREFACE

This training material has been developed for trainers in small business management. The contents are a direct adaptation of course materials developed by CEFÉ International for the training of trainers on the CEFÉ Experiential Learning Methodology.

The manual comprises two main sections:

Trainers' Guide

The trainers' guide for the implementation of the seminars presents an introduction to the methodology used. Numerous hints are given with regard to visualization and organization/preparation of the seminars. A selection of energizers is provided to assist with ice-breaking, group building or "energizing" the participants. Finally, some typical forms e.g. for course evaluation are presented.

Training Material

The training material consists of a comprehensive collection of exercises, case studies and session units that cover all the relevant topics of the typical training workshop in small business management. The material for every session or unit has been carefully prepared to also enable less experienced trainers to deliver successful courses.

PART ONE

A. THE EXPERIENCE-BASED TRAINING CYCLE

1. *Background*

In the nineteen sixties and seventies, methods of participants-centered methods were created. Experiential learning as a concept and term has been developed in the early eighties of the twentieth century, mainly by the scientists Mezirow, Freire, Kolb and Gregorc. They assumed that learning took place by processing experience, particularly by critically reflecting on experience.

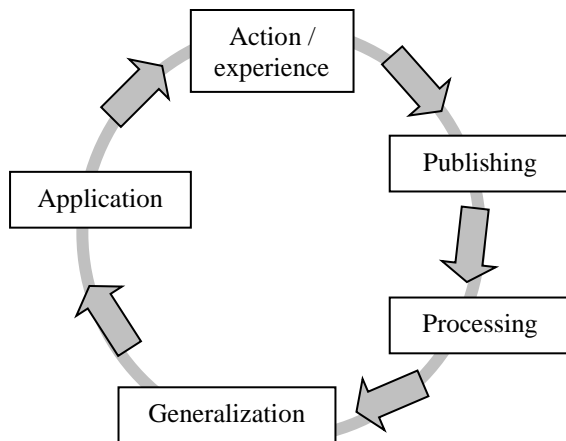
This concept is based on the assumption that learning takes place when a person acting on his/her own responsibility implements his knowledge, capabilities, attitudes and socio-communicative competencies in a determined situation and afterwards reflects on this.

2. *Experiential Learning Cycle*

Based on this assumption the experiential learning cycle has been developed on which the simulation exercises are based upon. The trainer presents problems as if they were “real experiences”, thus leaving space for individual solution approaches on the participants’ side. This does justice to an adult’s need to be able to develop her/his own ideas independently.

In this way, learning can come from the person’s own direct experience. It also allows for learning from the experience of other participants and to learn with the assistance of the trainer, who can broaden the participants’ horizons by controlling and guiding the evaluation process. In this way, it integrates a broad spectrum of experience. By having to take on other roles and reflecting on them afterwards, the participants get to know different perspectives.

How does the learning take place? There are five steps:



2.1 **Action / Experience**

In the phase action / experience participants "live" a simulated situation which is typical for business people from small and medium-sized enterprises. It is the duty of the trainer to separate and delimit the situation. He then gives instructions constituting the basic framework within which the participants can act. Depending on the intention, these instructions can be either extensive and complete or sparse and even imprecise and incomplete. With these instructions you as a trainer are creating a ‘world’ in which the participants can act during this phase. At the same time, the phase simulates the scenario of incomplete information in the real world of the business person: people in business have to act on the basis of incomplete information and responsible for actively searching for further information.

The action phase can be of varying lengths and divided into several rounds. The participants receive clear instructions on how much of the time they have for planning and execution and, for example, for production or buying or selling goods. Checking that these instructions are followed is a task you as a trainer should carry out consistently. In real life, the market does not make any allowances for a company which, for some reason cannot supply the contractually agreed quantity at the agreed time. Nevertheless, you may change time stipulations in individual cases. Then you have to announce this in good time for everyone, though, without hindering the groups which you are running.

In the action phase, the participants can act freely within the framework of the conditions stipulated. This phase serves the development of individual planning, execution and control tools. When there are situations which also have to be dealt with in groups, there are further co-ordination processes, conflict-solving situations etc.

2.2 Publishing

The publishing phase is a short but important phase which directly follows the action phase. In this phase all the results, strategies, purchasing decisions, etc., are made public for all the participants and prepared for a comparison. This is best performed using charts prepared by the trainer in advance, into which the results are entered, thus being visible for everyone. They are an important discussion basis for the following phase. They have the additional function of clearly emphasizing the end of the action phase and therefore marking the return to the seminar situation. The process of coming out of the simulated situation is continued in the first part of the processing.

2.3 Evaluation / Processing

The evaluation / processing phase is decisive for the learning process. If simulation exercises are to lead to learning success, the exercise and evaluation of the exercise have to form a didactic unit in which a learning object, experienced from many different perspectives and levels of experience, is examined and discussed. Processing is the most important step on the way to achieving the learning objectives; and the step in which you as a trainer have the greatest influence on achieving them. In this process, the participants - after an initial phase where there is room for expressing emotion - should take a critical, reflective distance from the simulation exercise.

A requirement for the success of the evaluation of the action phase (which is often not adequately observed) is that the participants slip out of their roles and return to their personalities as learners. For example, if during the simulation the participants had to assert certain interests in the conflict with others, then it is necessary for them to leave these roles in this phase so they are able to reflect on and evaluate the interaction with and between the opponents. Clarification of emotions occurring in the simulation exercise or even of ill-feeling between the participants must be done before starting processing; otherwise it prevents the seminar continuing efficiently.

To summarize, processing fulfils the following tasks:

- Verbalizes the emotions of the participants after the exercise has finished, making it possible to leave the role and return to the learner personality,
- Collates the experiences gained by the participants, enabling everyone to share each experience,
- Reveals prejudices and looks for explanations,
- Ascertains the decision-making processes and strategies which were worked with during the exercises,

- Evaluates the different strategies,
- Ascertains the significance of emotions provoked by the experience in the course of the individual phases of the exercise,
- States and reflects on the different views which the participants have formed with regard to the processes and experiences.

Normally, you will not manage to perform all these tasks in the first exercise of a seminar. The participants first have to get used to this type of learning. Therefore, it can be useful to explain the basic rules of discussion in processing before, or with the help of, the first exercise.

Processing has to be well prepared. So well, that over the course of the discussion, you know exactly at which point to intervene to bring the discussion back to the important points or when you can or must behave quietly because the knowledge is coming from the group dynamic. Behaving appropriately here is also a question of experience. In order to jointly achieve workable results, you must always endeavor to create and maintain an atmosphere of trust.

2.4 Generalizing

In this phase the participants distance themselves from their own case and draw general conclusions from the experiences. They should look for parallels between the simulated and the 'real' world and transfer the insights which they have gained to the real world. In this way, they can transform them into general understanding. This understanding must be found together and structured with your assistance. Then you can define the situations in which this knowledge can be applied, so the participants are able to implement it in new situations.

To sum up, generalizing fulfils the following tasks:

- Recognizes contexts and transfers to other situations.
- Works out the general from the specific.
- Conclusions of the individual participants on how they can improve their behaviour in the future.

You can assist the generalizing phase with prepared handouts containing general knowledge. At this point, you can also implement other methodical elements. For example, you can give a lecture in which you present similar cases from real life and applicable solution strategies, or theoretical background knowledge.

2.5 Application

In this phase the learning achievements are applied in a new situation. Application within the framework of a seminar means the beginning of a further exercise, which creates possibilities for the application and consolidation of what has just been learned. If one of the key results of the previous exercise was that the participants engage in very little independent searching for information and have now formulated strategies on how they wish to proceed in the future, it is important to again focus on one of the subsequent exercises on this learning objective. Within the context of the next processing stage, additional consideration can be given to whether the participants were able to translate their new knowledge into action. Application outside the course entails dealing with real-life situations with the help of the newly acquired tools.

2.6 Additional Hints for Conducting Seminars

Experiential learning is an inductive procedure. The advantage of the inductive procedure is that, through their own experiences, the participants are much more aware of the need to

reflect upon these areas. In other words, they are more motivated and open to the subject. In addition they are able to study the problem and possible solution approaches independently. And finally, people learn better from their mistakes than from a "smooth" pre-prepared solution, which is presented to them from the beginning and which does not allow to penetrate the problem.

Participants are motivated in several ways. There is not only an intrinsic motivation to acquire new knowledge when people go for training: The seminars take place in a positive learning climate which is another motivating factor, and motivation is created in the concrete, simulated situation, challenging the participants with a task. The ensuing reflection on their own behavior and comparison with that of the other participants, the analysis of the advantages and disadvantages of different ways of solving problems can lead to the identification of areas for improvement and constitutes another motivational effect. You can have a lot of influence on this motivation by the way you act as a trainer: The clarity of your instructions and particularly your preparation of processing have a decisive influence on the motivation of the participants.

A positive learning atmosphere is essential in order to successfully implement experiential learning techniques. It is inherent to the training method that the participants commit mistakes, perceive them, and correct them. This learning process crucially depends on a trustful atmosphere which is characterized by respect for other's strengths and weaknesses. In addition, the method strongly builds on the exchange of ideas and constructive feedback amongst the participants which can only be achieved in a conducive atmosphere.

B. VISUALISATION IN LEARNING SITUATIONS

1. *Aims of Visualization*

People perceive information from their environment via various channels. The ability to take in information through the various channels varies. As a trainer you are facing people whose means and capabilities for taking in information vary tremendously. However, empirical studies have allowed us to determine mean values for the senses with which people are able to take in information most effectively: On average, the test subjects retained 20% of the information they had heard, 30% of what they had seen, 50% of what they had both seen and heard, and even 90% of that which they had seen, heard and experimented with, in other words which they had learned hands-on.

Visualization is of particular importance to the exercises because the experience is made visible for everyone, and reviewed and retained in clear terms. In addition, people as a rule learn better when they are able to associate the material to be learned with something they are already familiar with, something they themselves have experienced, with an actual fact, a joke, etc. Visualization is an ideal way to provide support for associative learning (symbolic references, illustrations, etc.). In other words, visualization makes it possible to involve different channels and to provide the information with long-lasting visibility, thereby supporting the learning process.

Visualization also improves communication, which is one of the most important components of training or any other learning situation. If communication is impaired, the information which one person is trying to impart to another cannot flow. It is of the utmost importance that everyone involved in a communication process recognize which information is important and how what is said is to be understood. This is made clear by visualization.

As a result, visualization offers numerous advantages for the learning process and for the communication of the course participants:

- Various channels of perception are brought together, thereby increasing learning success.
- Information is retained rather than lost, and it can be accessed whenever it is needed.
- Information is placed within its context, complex relationships can be comprehended at a glance.
- Communication is improved, for example, by visually capturing learning outcomes or group consensuses for all. Misunderstandings can be reduced and the information level of the participants brought up to the same level.

It should be remembered that the preparation for visualization also contributes to ensuring the smooth running of the training for you in your role as trainer: the decision to use the medium of visualization and the concrete preparation force you to give detailed thought to the structure, the individual steps and the goal of a training sequence. This ensures that you are able to enter into the course well prepared and therefore preside with greater confidence and flexibility.

Visualization means reducing, emphasizing and transforming information. This can be done by means of

- A few key words,
- Symbols,
- Links,
- Colors,
- Objects, e.g. puppets representing the people,
- Slides, photographs, pictures and also by means of
- Gestures or mime, e.g. in pantomime presentations.

Many publications dealing with the topic of visualization assume a thorough understanding of the necessary techniques. Give your creativity free reign, work together with your participants to come up with a variety of visualizations and thereby ensure a high degree of learning success.

2. *Visualization Techniques and Media*

For visualization, you can, of course, use anything which makes things visible. The following sections will provide you with information about the most common media, including information about their usage and tips for how to go about it:

2.1 Blackboard

The blackboard is the classical medium for visualization. It is often associated with ‘classical’ school instruction methods. In training rooms the blackboard is often replaced by the whiteboard, beamer, overhead projector or flipchart. Use of the whiteboard is practically identical to that of the blackboard, while beamer, projector and flipchart fulfil further functions as well. It is advisable to make use of all available media in order to make the seminar as lively as possible.

Unlike the flipchart, words on the blackboard can be wiped away and replaced by other things; the captions for tables can be kept while the old values are wiped away and replaced by new ones. The only medium offering similar possibilities is the overhead projector, and then only if water-soluble ink is being used.

Information has to be wiped from the board, however, in order to add new information, and the information which has been wiped away is no longer available. In other words, the blackboard is the ideal medium for visualizing information which needs to be flexibly changed and/or which is not to be retained in documentary form, making it a form of "notepad" for the course of the training.

For example, this applies for:

- Sketches used to explain individual problems which arise in the course of training,
- Explaining contentious points during a discussion,
- All types of examples which you wish to illustrate on the spot,
- Many brainteasers, when the participants are to be able to show their attempts to find a solution, as well as
- Developing visualization during a brief presentation in the event that it will not be needed at any further point in the course of the training.

Notes on usage

- Write in a large and legible script.
- Do not employ too much information in a single blackboard picture.
- Make use of arrows, circles and other pictures in order to bring your depiction to life, to emphasize important points and to demonstrate relationships.
- Make use of colored chalk in addition to white chalk to provide emphasis.
- Depending on the desired learning outcome, you can plan a blackboard depiction ahead of time, sketch it on a piece of paper and develop it in the learning situation (this is equally true for the flipchart and the overhead projector).
- Get your participants to illustrate their contributions to the discussion on the blackboard if this is compatible with the development of the discussion.

2.2 Flipchart

In principle, the use of the flipchart is identical to that of the blackboard, with the sole difference being that the sheets of paper may be kept, allowing information to be saved for use when required at a later date (e.g. to be kept in a spot visible to all at all times in the training room, or to be used again at a later point in the course). Flipcharts are therefore more expensive than a blackboard, however, which can also be used for many courses.

In addition to the functions of a blackboard, flipcharts are especially suited for:

- Pre-planned visualizations, e.g. practice rules, scoring sheets or the support of imparting knowledge in lectures,
- Quickly recording statements which should not be lost (e.g. for brainstorming and processing),
- Core sentences or graphics which are intended for reuse
- For summaries and overviews (documentation of working results).

Notes on usage

- The paper should not be too thick or stiff, because it must be easy to flip over the pages.
- Write in large and legible letters.
- Make use of arrows, circles and other pictures in order to bring your depiction to life, to emphasize important points and to demonstrate relationships.
- Use pens with a variety of colors.

- Do not write too much information onto the flipchart. Things which you as a trainer would like to deal with at a later point in time or which are of interest to you can be noted down on a metaplan void confusing the participants with too much information.
- Do not block the view of your participants: Stand next to the flipchart – if you are right-handed, stand on right side of the flipchart as seen by the participants; if you are left-handed, stand on the left side – writing in this position may require a bit of practice, but it makes it easier for you to direct your speech towards the group.
- Try to maintain eye contact with the group while writing. This is an important reason for only writing down key points in abbreviated form.
- At the end of the day, all of the paper which has been written on should be removed if you are certain that it is not needed for other seminar units. You can and will be able to reuse other pages later; the repetitive aspect of this exercise aids in consolidating that which has been learned and serves as a good motivator when used as a starting point for a new learning situation.

2.3 Overhead Projector

The overhead projector is generally used as an aid for visualization in large halls with a large auditorium. This often creates the impression that the projector is standing between the participants and the instructor. It is, however, very well suited for visualization in small groups as well. The projector can also be used to support the involvement of the participants: You yourself can visualize your thoughts and/or course lectures or prepare your own transparencies, e.g. for the presentation of the results of group work.

The overhead projector has the advantage of never requiring you to turn your back to the group. You maintain direct contact with the group at all times and are able to perceive all of their reactions directly. You have the ability to explain something by first placing a transparency onto the projector and then continuously adding new information, pictures or other similar objects which you have prepared ahead of time, revealing these in stages.

Transparencies are very easy to prepare, e.g. you could also – if you have access to the technical facilities – simply print out session documents directly onto transparencies. This saves you the trouble of having to transfer this onto flipchart paper. Transparencies are also ideal for multiple use, meaning you can considerably reduce your preparatory work, e.g. for lectures.

The projector provides a strong focus of attention onto the screen, which is very advantageous for lecture situations, but may prove a hindrance to discussion processes.

The use of presentation with an overhead projector is always to be recommended when:

- The technical prerequisites are at hand,
- You are imparting information in the form of a lecture,
- You are simply presenting information,
- You wish to develop information and argumentation in a step-by-step process,
- Presentations are intended for repeated use,
- The results do not need to be available in the training room for an extended period of time,
- Presentations do not need to be placed next one to another – e.g. when comparing group results.

Notes on usage

- Write clearly and legibly.

- Make use of arrows, circles and other pictures in order to bring your depiction to life, to emphasize important points and to demonstrate relationships.
- Work with pens of a variety of colors. Red should only be used for emphasis.
- Attempt to maintain eye contact with the group while writing. For this reason you should try to note only the most important points, and to do so as concisely as possible.
- When you make use of pre-prepared material, do not present too much information all at once, otherwise the participants will not listen to you because they are trying to read the overhead projection picture.
- Develop complex interrelationships on a step-by-step basis by placing a piece of paper under the transparency and pulling it back bit by bit. By placing the paper under the transparency you are able to ensure that it does not slip off.
- Always turn off the projector when you are finished with it (this will not damage it in any way). The moment you turn it back on, the attention of the group shall immediately be directed towards the projection screen.
- At the end of the day you should go through the transparencies in order to see which of them you may wish to return to for later seminar units.
- Due to its repetitive nature, the use of familiar transparencies which have been created during the course of the seminar helps to consolidate that which has been learned and serves as a good motivator when used as a starting point for a new learning situation.

2.4 Metaplan Technique

The Metaplan technique has long been established as an important visualization technique for modern methods of presentation and training. It can play an important role for participative courses. However, they require certain investments in equipment and logistical preparations that may not be adequate in terms of costs for the small business training providers and clients. Still, it is generally recommendable to employ the metaplan technique. How can this be done without bearing high costs?

An easy possibility to use metaplan cards is to stick them with masking tape or other means to the flipchart, brown paper or board. Thus, ideas can also be collected from participants, clustered etc., and the metaplan cards can also be used by the trainer for presentations.

In this regard the course concept can be implemented without using soft boards. For those trainers who have easy access to soft boards and/or at least metaplan cards, the technique is presented below:

The Metaplan technique is distinguished by the fact that participants write down their contributions, ideas or suggestions onto small rectangular cards. These cards are then pinned onto soft boards which have been covered with brown paper, jointly organized, structured and – once the process has been finished – glued on. In this way the conclusion which has been reached is also available for further visualization.

The act of writing down thoughts onto little cards which are then pinned up for all to see allows discussions to be not only verbal, but also to be recorded in an ongoing written form and to keep thoughts separated in the organization. If the trainer also gathers up the cards from all the participants after asking a question, this also allows the metaplan technique to keep contributions to the discussion anonymous. In this way, even shy or retiring participants can be brought to express their opinions or feelings.

The usage opportunities presented by the metaplan technique are immense. It is the most flexible and participatory of the visualization techniques, for which reason it also includes, to a great degree, the identification of the participants with the group result which has been

achieved. This means that working with metaplan cards is generally particularly appropriate when:

- the results of a discussion process are to be elaborated on jointly in the group,
- it is important that all participants express their opinion,
- agreements are to be reached via group results,

It is important that contributions or thought can be arranged or differentiated.

Additionally, the colors of the metaplan cards and the variety of forms serve to add further dimensions to working with the flipchart. Many trainers also use metaplan cards as a form of documentation for lectures and for the development of the material being presented by retaining the most important key words on different colored cards. The sequence of the colors can make it simpler to assign the individual themes or learning steps.

Therefore it is readily apparent that metaplan cards can be used in one form or another in nearly all exercises. As a visualization technique, however, metaplan is more specifically described via the group discussion carried out with the aid of the cards. The following usage notes are also related to this aspect. For further assistance we have also provided an example of the various possibilities for arranging a special survey (clusters).

Notes on usage

Use the utmost care when preparing the materials you are going to need:

- Upright boards (pin boards, soft boards) should be covered with the cheapest paper possible, preferably brown (wrapping) paper. In this way you will be able to write on the boards, and at the end it is easy to glue on cards as well. If there are no suitable soft boards available in the training room, you can also use a blackboard or a large wooden board covered with sheets of polystyrene. You should have one board for approximately 6-8 participants, i.e. for a course with 25 participants you should have at least three, and preferably four, upright boards.
- You need a sufficient quantity of rectangular cards on which the participants can write their contributions; approximately one third of these should be white cards, in addition to cards in at least five different colours. Furthermore, you may have a few other shapes on hand: long rectangles for headlines, circles, ovals for markings and for structuring, etc.
- All participants will require at least one marker pen of medium thickness in either black or blue. Red marker pens should only be used for marking.
- Pins in sufficient number. Before the beginning of the course you should place the pins on the corners of the board so that you will be able to reach them easily without having to disrupt the discussion to look for them.
- Marking points in bright or fluorescent colours. This will allow the participants to determine points of emphasis and to select topics.
- Always make sure that the thoughts and contributions of the participants during the discussion are visualised straight away. If you first allow a discussion of the individual contributions, the group contributions are lost and you risk endangering the fair consideration of all the contributions.
- Introduce the participants to the methods and give them the three fundamental rules for filling out the cards, preferably on a flipchart where you can leave it hanging for as long as it takes for the participants to master these rules:
 - Only one thought or statement per card.

- The statement must be able to be understood without any additional explanation.
- Write clearly and legibly. No more than three lines per card.
- Make sure that you have come up with a clear and concise formulation of the question to which the participants are to provide their contributions. Inform the participants how many cards they are allowed to use.
- Only work with card-based questionnaires when you are sure that it will be possible to create a useful structure from the participants' answers without spending excessive time.
- Read all of the cards before posting them on the board.
- Never leave out a card of your own accord, always make this a group decision.
- Arrange the contributions in accordance with clear structural principles which you explain to the participants beforehand.

The 'cluster' is probably the most important way of structuring for card-based questionnaires. You arrange the cards in accordance with specific content, this is always necessary when there are either too many cards or when the questionnaire itself was carried out with the aim of deriving a structure, e.g. as with brainstorming.

Furthermore you may also structure many contributions in the form of lists and even place them opposite one another when appropriate, e.g. ideas, problems, associations, expectations and fears, pros and cons or strengths and weaknesses.

You can also highlight the interdependent relationships between the various levels by arranging the cards into trees. This form of presentation can follow the clusters if you wish to deal intensively with a particular topic. In this case you should take the cards which you have grouped into clusters and, together with the participants, examine the relationship between the individual statements.

C. HINTS FOR ORGANISING AND PREPARING SEMINARS

The training package is based on participants-oriented and experiential learning methods with active involvement of the participants. They can be implemented with one trainer, but sometimes it is more convenient to have two trainers. For particular topics where specialized knowledge is required (to be discussed and imparted) experts can be invited.

Despite the detailed structured information given in the training material, some key organizational problems may still surface and have to be resolved ahead of the commencement of the training. It depends on your experience how to resolve them, the following hints are meant to support you in your trainer's duties.

1. *Selection of Training Venue*

The training venue for seminars should meet the following specifications:

- The main training room should allow free movements and should accommodate up to 30 participants (depending on the actual number of participants) sitting in a circle;
- There should be enough place on the walls to fix big sheets of paper with the working results;
- The training rooms should be available for you throughout the entire time of training.

2. *Preparation and Organization of Logistics*

Make arrangements for the training venue according to the specifications given above. Arrange for the required training equipment such as:

- Metaplan boards (alternative a pin wall, or simply a big black board or brown paper at the wall), for 25 participants you need 2-3
- Overhead projector with replacement bulb
- Flip-chart stand with enough paper
- Black board

Check whether the equipment is functioning properly, especially with regard to the overhead projector.

Make sure that all material needed is available the day before you start the seminar. The following list shows the materials approximately required for about 25 participants in a six-day course.

TRAINING CONSUMABLES & EQUIPMENT RENTALS

Training Equipment And Consumables	UNIT	Total Required	Notes
Metaplan Cards	A2	16	4 Pieces each of Colors Red, Green, Blue and Yellow
Flipchart Paper	No. of pads	10	
Markers	Box of Markers	6	2 Boxes each of Black & Blue Colors and 1 box each of Red and green Colors
Masking Tape	Pack of 5	1	
A4 Paper	Packet	1	
Calculators	No. of Calculators	5	
Glue Sticks	Pack of 12	2	
Sewing Thread	Pack of 4	3	1 Pack should be Green in color
Needles	Pack of 30	2	
Scissors	Pairs	10	
Yarn Coil	Bundle	3	
Dart Board	No. of Boards	1	
Arrows	Pack of 6 Arrows	4	
Soft Board	Boards	5	
Beads	Kg	15	

Please note that some exercises have a specific demand, which is not included here. Therefore it is recommended to start preparation and organization of the training seminar quite some time in advance.

Decide on the experts to be invited e.g. for the marketing course. You should send written invitations to the experts you would like to participate in the course and you should follow up your invitation by personal visits. Explain in detail what you expect from the invited providers.

3. Preparation of Sessions and the Course of the Training

The success of your seminar largely depends on the quality of your preparation. Take sufficient time for that and get background information on the participants: age, sex, education, professional experience, prior training. On that basic information you have to decide how much of knowledge transfer will be required.

If there is more than one trainer, one week prior to the start of the training program, the trainers should meet in order to plan the schedule in detail. They should decide who will be the overall lead trainer, being responsible for the whole seminar. As well they have to assign other roles: who will be responsible for conducting the first, the second and all other subsequent sessions, and who will act as co-trainer? The overall lead trainer's role should be maintained throughout the whole training.

A meticulous preparation allows you to be flexible in training, although this might sound contradictory. The reason is that you can really concentrate on the process only if you have prepared all the materials in advance.

It is advisable to have all transparencies, metaplan cards etc. prepared before the seminar starts.

The handouts given in the training material contain exercise material and background information for the participants. This type of handouts should be ready before the seminar starts, i.e. photocopied in sufficient numbers, sorted, punched and stapled. It is the task of the trainer to decide which other parts of the trainer material should be transferred to handouts in addition (also think of your costs!).

4. Organization During the Seminar

General administrative issues should be discussed at the very beginning of each seminar. This includes registration, self-organization of participants, the daily schedule, logistics, the course evaluation etc.

In the very beginning of the course, the participants should fill in a registration sheet (see chapter with forms) that has to be forwarded to the PSME staff after the course.

Calculate some time the day after the last session of the day, to be spent on reviewing the day's activities, including the daily evaluation result, and (if applicable) on finalizing or adjusting the next day's activities to the actual situation in class: additional training needs may have been identified, group dynamics may not have developed as intended or any other unforeseen circumstances may arise that may warrant a change in the planned schedule.

Make sure that all materials needed - handouts, transparencies, flip-charts, etc. - are ready the evening before you conduct the training.

4.1 Standard Daily Activities

If the seminar lasts more than one day, there are standard activities which are not specially mentioned in the session outlines. They structure the day and comprise:

a) Beginning of the day

- Feedback of previous day's evaluation results
- Administrative announcements (if any)

b) End of the day:

- Administrative announcements (if any)

- Daily/Final course evaluation

4.2 Evaluations

In every case a final course evaluation is a must! Have the brief sheet annexed to this trainers' guide filled in by each participant and handed back to the trainer, to be evaluated by the trainer and then forwarded to project sponsors or other reporting authority.

It is strongly recommended for longer courses to give participants the opportunity for daily evaluations. If there is enough time, you can have a short evaluation session in plenary and everybody just briefly gives a feedback- what has been good today, what has been the most important learning point for me, in which areas do I need some further information or training, what did I not like today?

For a written evaluation you will find a model format for daily evaluations annexed to this document. Please note that the evaluation results have to be analysed and discussed carefully in the trainers' team as well as with the participants. If the results are not discussed, it becomes a superfluous activity.

And finally, provide time at the end of the course for farewell activities and possible agreements between the participants to keep in contact or even co-operate.

PART TWO

TRAINING MATERIALS

This section contains a comprehensive collection of exercises, case studies and session units that cover all the relevant topics of the typical training workshop in small business management. The material for every session or unit has been carefully prepared to also enable less experienced trainers to deliver successful courses. An outline of each Exercise is presented in the table below:

1. TOWER BUILDING

The Tower Building Exercise is a very exciting exercise which uses role play in a very funny and lively way by showing how external factors can affect an entrepreneurs' plan. Intensively, participants learn that preparing and running a business is much more than 'just' business planning. The exercise also raises the question of social responsibility of entrepreneurs. Although being a role play, people are amazed at how close it comes to reality.

Story

Tower Building can be useful during the business plan course as an instrument to investigate some aspects of the entrepreneur's personal behavior. Some important aspects can be worked out regarding the need to overcome difficulties which may result from the business environment and from affective and social relationships interfering with the business performance. It is also used in entrepreneurial behavior courses.

In this exercise, 1 participant acts like an entrepreneur whose task it is to build within 10 minutes a vertical tower of wooden cubes or matchboxes, symbolizing the financial assets of his/her company. The tower's base is made by one single box. The necessary initial capital investment is represented by 12 matchboxes. The entrepreneur only got part of this amount. Therefore, he/she has to borrow the rest of the "money" from friends and the bank. The company only begins to profit when the entrepreneurs puts together more than 12 matchboxes on the tower and it does not fall down.

MODULE	COMPONENTS	EXERCISES	Main learning content
Entrepreneurial Competences	<ul style="list-style-type: none"> Personal entrepreneurial characteristics Risk management and responsibility acceptance Negotiation and competition 	<ul style="list-style-type: none"> To be or not to be 	Problem Solving Cycle and Entrepreneurial Competencies
		<ul style="list-style-type: none"> Dart Exercise 	Risk Management and Personal Entrepreneurial Competencies
		<ul style="list-style-type: none"> Beads Exercise 	Personal Entrepreneurial Competencies
		<ul style="list-style-type: none"> Tower Building 	Ability to deal with uncertainty and unpredicted external effects/Introduction to entrepreneurship
Finding the Business Idea	<ul style="list-style-type: none"> Idea generation idea selection Goal setting Matching person with project 	Mini - Goal Setting	Planning, Time Management and Goal Setting
		Brainstorm – Round Robin	Idea Generating and Creativity
		Brainteasers	Creativity
Market and Marketing	<ul style="list-style-type: none"> Market definition and sales target Marketing Budget Marketing mix and strategy Market survey 	Match Box Heroes	Market share and strategy for new business entering a market
		Mini-Market	Understanding marketing and 5 Ps
		Best Deal	Cooperation and competition
Production and Organization	<ul style="list-style-type: none"> Production process flow Time management Organizational chart Costing 	Crown Exercise	Planning, organization, costs, profit and loss, prices under competition; product development
		Match Making Exercise	Managing Growth
Financial Planning & Management	<ul style="list-style-type: none"> Records keeping Costs and Pricing Profit and loss statement Cash flow statement & management 	Overview of financial management	
		Records Keeping	Cash Book, Petty cash
		Cost Categories	Understand different types of costs

After the instruction of the co-participants the rounds begin: the entrepreneur can test tower building for a few moments (less than one minute) and then has to define his/her target (for example: 14 cubes). Then the real action starts. But the entrepreneur will be blindfolded and has to use the less skilled hand! As he/she starts building the tower 3 or 4 other participants will enter the scene one after another and play their roles as friend, banker, and relative. At the end, 3-4 people are standing around the entrepreneur and talk insistently to him/her. All this puts enormous pressure on the blindfolded entrepreneur who only wants to start his/her business successfully (i.e. build the tower). Basically, the actors want some boxes (representing money). If, for whatever reasons, the entrepreneur decides to give some boxes away, he/she can only take it from the tower under construction. When the time is over, the trainer counts the number of stacked cubes/boxes and verifies if the entrepreneur reached the established goal.

In processing the exercise, the group analyses the entrepreneurs' behavior concerning the establishment of goals and risks calculation. Another analyzed issue is the interference of external pressures, especially the influence of relatives, with the accomplishment of the entrepreneurs' goals.

Objectives

For participants to get awareness of:

- Ability to deal with uncertainty and unpredicted external effects
- Importance of being conservative in setting business objectives, especially for start-ups
- Necessity to include sufficient reserve of time, capacity and resources (also money) into business plans
- Positive and negative influence of relatives and friends on the business
- Readiness to deal with people trying to benefit from enterprise assets before the business is consolidated and can afford it

Requirements

Trainers/assistants	1 trainer and 1 assistant (to brief the role players). Briefing can also be done in a break before, if an assistant trainer is not available.
Time	– 1.5 – 2 hours
Didactic aids to prepare	– metaplan cards or chart with instructions (annex 4) – chart with table of results (annex 5)
Materials for the participants (during the exercise)	– 25 to 30 small and regular matchboxes – 1 or 2 pieces of dark cloth to blindfold the player(s) – marker pens and sheets of blank paper – copies of briefing notes containing suggestions on role performances
Important conditions of the room	– 1 table and 1 chair in the centre of the training room or in front of the plenary for the Entrepreneur

Implementation Process

STEP	TIME	MOST IMPORTANT CONTENTS	HINTS
Preparation, Explication of rules, Instructions	10'	<p>Selection of 1 participant who will act as entrepreneur</p> <p>Explanation of Entrepreneurs' Role</p> <p>Selection of 3 -4 volunteer Actors within the group.</p> <p>These selected actors to be briefed on their roles (this should be done outside the training room)</p> <p>Each block represents GHc10 (therefore entrepreneur needs GHc 120 = 12 blocks as capital)</p> <p>The trainers can do a mini role-play showing how the entrepreneur raised the funds initially and also show this on the rules chart in the diagram attached in this section. The actual characters can be used so that the entrepreneur is seen to be collecting money from them and this makes the whole exercise lively.</p>	<p>Prior to the actual exercise, prepare as annex instructions for the entrepreneurs and volunteers</p> <p>Actors should be Banker, Wife/Relative, Chief of Community/Friend and government inspector. It is essential to have the right participants playing these roles. The trainer can select and brief them before the exercise starts.</p> <p>Avoid selected actors coming from outside the room. They should be sitting within the overall group inside the room and then stand up and play their role in front of the plenary and very close to the entrepreneur.</p> <p>Take care: actors never can touch the tower or the blocks unless the entrepreneur gives it to them.</p>
First round	20'	<p>Entrepreneur firstly makes a pure estimate and says a target (Round 1 target).</p> <p>The entrepreneur then goes ahead to build the tower as best he/she can</p> <p>The entrepreneur establishes his/her goal (Round 2 target)</p> <p>Write down targets and verify results</p>	<p>Ensure goal is announced and published</p> <p>Publish amount of matchboxes built in the results chart</p> <p>Don't tell the entrepreneur that he/she will be blindfolded later on!</p>
Second Round	15'	<p>He/she gets blind folded and his/her useful hand is tied at the back</p> <p>The 3-4 selected characters perform their roles</p> <p>Announce and verify results</p>	<p>Give the entrepreneur about 3 minutes working alone and in calmly. Then the first actor comes. One minute later, next one and so on.</p> <p>Ensure characters make no physical contact with Entrepreneur or his table</p> <p>The plenary will laugh a lot. Make sure that it does not interfere with the action itself. Actor approaches the Entrepreneur at time, then stay on</p>

			simultaneously. Each character can place their role (e.g. banker) on a piece of A4 paper and place it on their chests.
Processing	30'	<ul style="list-style-type: none"> • How do you feel? – Entrepreneur <p>The discussion should be driven to the analysis of the entrepreneurs' behaviours regarding goal establishment and risk calculation. It is important that the group notices that the differences between behaviour styles related to risk taking (e.g. excessive caution or rejection of risky aspects of the situation) may lead to irrational decisions.</p> <ul style="list-style-type: none"> • What do you feel about the roles you played? - Actors • What do you think about the interference of these external pressures? – Entrepreneur • How did the external influences affect the entrepreneur? – participants • How did he react to it? – participants <p>What would you do differently? – participants</p>	<p>In some cases, the entrepreneur simply stops tower construction under the pressure of the external factors (actors). Carefully discuss this.</p> <p>Take care that processing never gets personal (e.g. 'you are a lousy entrepreneur').</p>
Generalising	15'	<ul style="list-style-type: none"> • Ask the participants to list how an entrepreneur can overcome external factors and challenges <p>Consequently the trainer may ask the following questions to the plenary:</p> <ul style="list-style-type: none"> • What can be learnt from this exercise? • What can be improved in your entrepreneurial behaviour • In real life, has anyone experienced or know someone who has experienced this? • How should the entrepreneur behave in such a situation and what are his options? 	<p>The trainer may choose to divide the class into two groups and deal with the questions in a group work. It can as well be (and mostly is) done in a plenary discussion.</p> <p>Make sure that participants understand: a plan is necessary to get well prepared. But implementation of the plan will suffer from many unforeseen factors. A business person needs reserves and a lot of persistence to survive these challenges.</p> <p>Carefully discuss the special role of the relative: what is the social responsibility of an entrepreneur?</p>

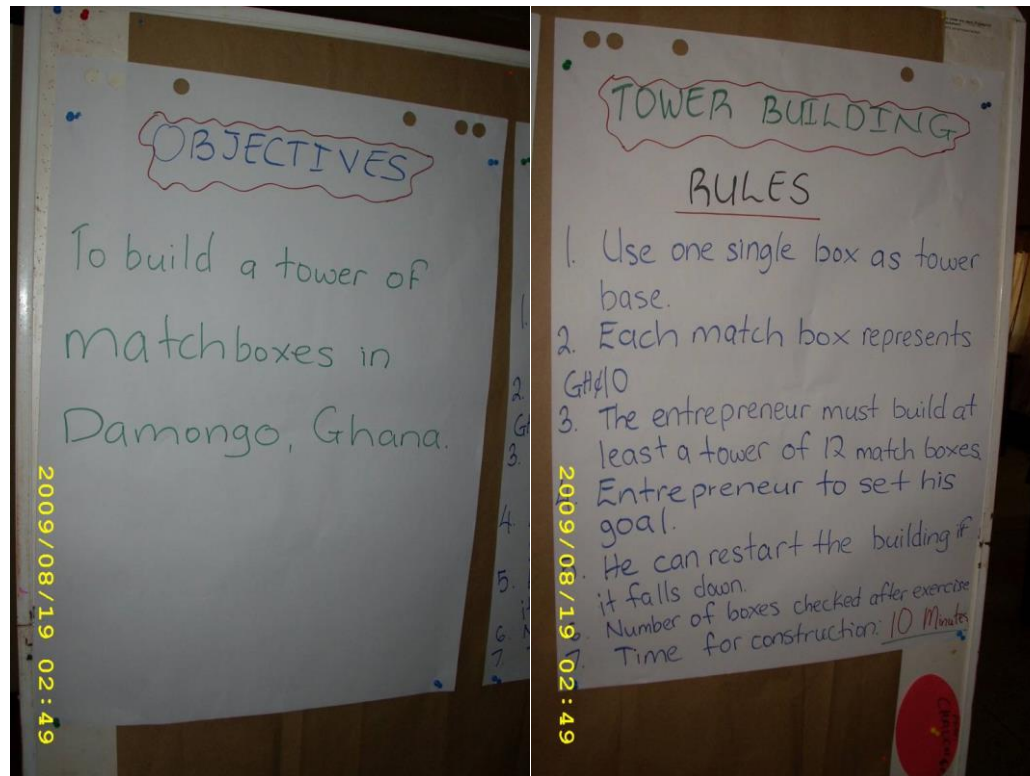
	<ul style="list-style-type: none">• Should the Entrepreneur have a certain degree of independence from these influences? How could this be attained?• What are typical influences in your reality (life, city, business)?• Why does a business plan need reserves?• What is the difference between business plan and reality later on?	Can and should he/she reject claims from desperate friends, relatives, others?
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Hints and Variations

The exercise can also be applied with two entrepreneurs to show differences of behaviour. Some trainers even do it simultaneously. You can try and find out.

You may let the entrepreneur really test tower construction in the first round, using the better hand and not blindfolded (he/she must not know the additional threats yet). Then ask again for the targets in round 2. Then blindfold him/her... The disadvantage of this is that in real life, entrepreneurs rarely have a chance to really test a business. When planning it, it is mostly in theory. But it makes the difference between plan and reality become even stronger.




Take care of the blocks. Sometimes, match boxes (which are normally used) are very plane and even, sometimes not at all. Test the material before and only then establish the minimum number (12 here in the description). If they are very even, increase the number, otherwise reduce it.



Instruction Table

Use a single match box as tower base

1. Each match box represents Ghc10
2. The businessman needs to build at least 12 boxes
3. The businessman should set his goal
4. The businessman can start again if the boxes fall
5. The number of boxes will be checked after the time is up
6. Time for building is 10 minutes

	Loan from Friend = 20Ghc
	Personal Savings = 50Ghc
	Bank Loan = 30Ghc

Important Note

The entrepreneur does not live in a protected area. He/she has to deal with external factors or challenges. These challenges are common in business and it is important that the entrepreneur understands how to handle them – even under largest stress. Such challenges may include family needs such as payment of school fees, rent and feeding. In some cultures, extended family may even endanger the survival of the company. Other external factors may include pressure to repay borrowed money from friends, family, the bank etc.

The entrepreneur must be able to negotiate with creditors so as to restructure loans in order to meet new payment deadlines which are mutually agreeable for both parties. If the entrepreneur fails to negotiate with creditors these people or factors could affect his/her ability to produce which

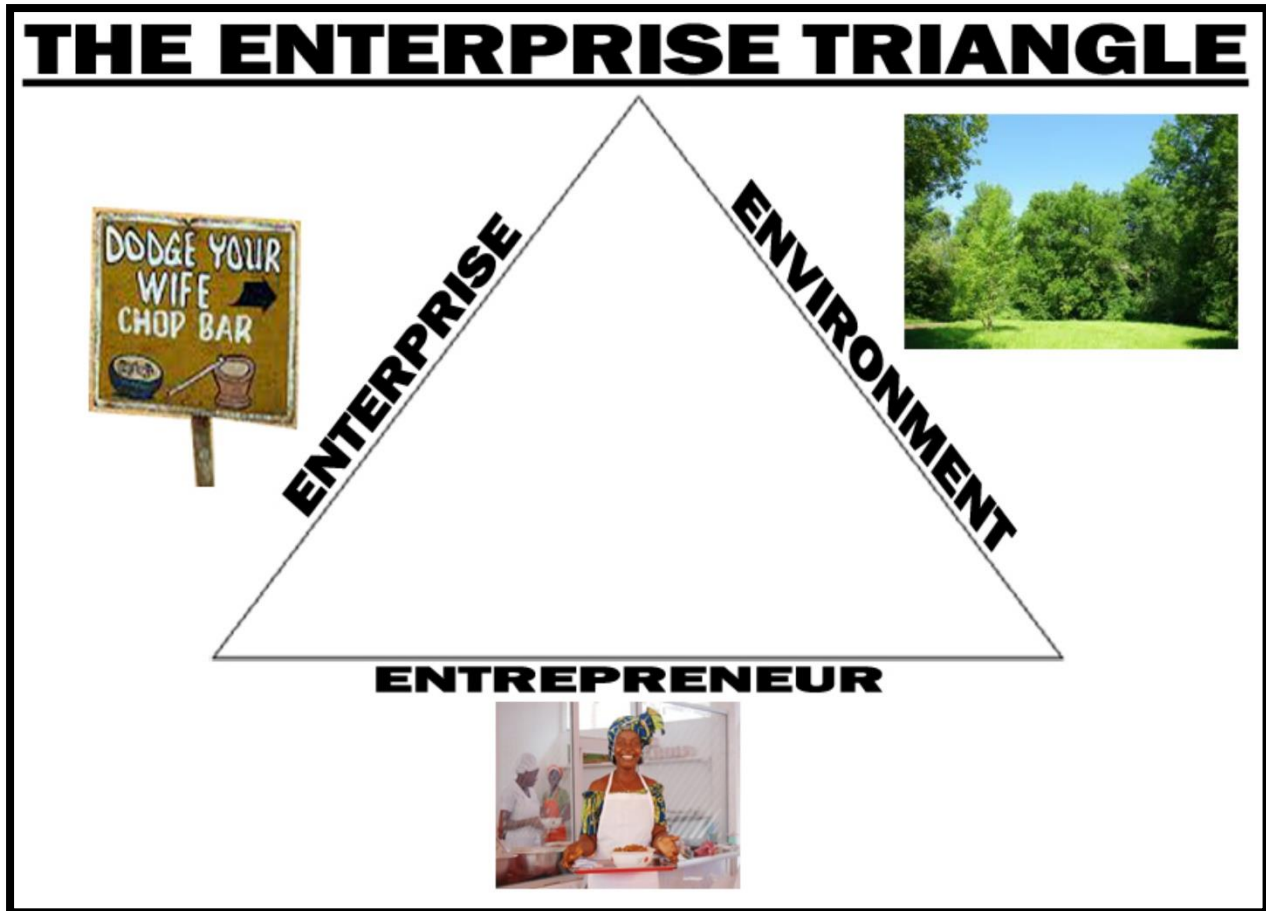
could ultimately lead to failure in the business. Also the entrepreneur should ensure to attend to personal matters at home so as to prevent these issues from affecting his/her work.

In addition, it is important for the entrepreneur to make realistic goals when planning for production and/or sales. Because most young entrepreneurs lack business experience and foresight the entrepreneur must express extra caution when forecasting future sales. This is critical because overestimation of future sales could lead to severe problems for the entrepreneur if any external factors prevent them from being achieved.

An entrepreneur must develop certain entrepreneurial traits such as good negotiating ability; moderate risk taking; proper planning; knowing one's limit; decision making and learning from failure. These traits will help the entrepreneur in succeeding in business.

Main Learning points:

- **Careful:** Think carefully of all external factors
- **Minimize:** Don't use maximum results in your plans. Never calculate full capacity use
- **Learning:** Accept that you need to learn. In the beginning, things will go slow and difficult.
- **Realistic:** Don't plan what you wish to achieve, plan what you can achieve.
- **Separate:** Control private expenditures. Separate them from business.
- **Socialize:** Establish rules about your social engagement as business person.
- **Relations:** Negotiate and communicate well and persistently.
- **Stress:** Learn to live with stress and keep smiling.



2. BEADS EXERCISE

The Bead (Pearl) Exercise is an active one which gets all participants involved in the production of beads (pearl necklaces) which are provided for sale to a buyer based on strict adherence to the specified samples. Participants sign delivery contracts and have a limited amount of time to meet the contract terms. The exercise does not yet touch costs but focuses on personal entrepreneurial competence. Winners are not those with

best technical abilities but those applying entrepreneurial behavior. What qualities do business people possess? And why are they much more successful in the second round?

Story

The Bead (Pearl) Exercise is one of the most well-known exercises in CEFE, dealing with the development and strengthening of individual/personal entrepreneurial competencies. The task for the participants is to produce individually or in small groups of not more than two people as many necklaces as possible within a given time limit. They can decide between three different prototype necklaces, which are shown on a wall as samples. The rules are strict, and only those necklaces which have been produced exactly according to the samples will pass the quality control. Participants have to submit a binding offer (number and types of necklaces) and face a penalty for not delivering. Usually, they overestimate their capacity, make very weak planning and organize their work poorly. In a second round, things improve a lot and most of them get profitable. One main point is that the best entrepreneur succeeds not because of physical abilities (in making handicraft necklaces) but because he/she applies entrepreneurial characteristics.

Objectives

To identify Personal Entrepreneurial Characteristics (The PECs metaplan for the illiterate/semi-literate group is slightly different and can be found in the attached document):

- ✓ Systematic planning
- ✓ Information seeking
- ✓ Risk taking
- ✓ Learning from failures

- ✓ Persistence
- ✓ Opportunity seeking
- ✓ Commitment to work contract

Requirements

Time	2.5 - 3.5 hours
Preparation of rooms	At the beginning: chairs around the soft board Afterwards: each participant or group look(s) for an individual working space in the room There should not be more than two people in a group
Requirements	
Trainers/assistants	Total: lead trainer plus one or two assistants
Didactic aids to prepare	Instruction chart, Performance chart, Flip chart or metaplan cards with entrepreneurial qualities (qualities of a business person)
Materials for the trainers (during the exercise)	Lead trainer: sample necklaces of all three types; Somewhere inside the room or with co-trainer: needles, rulers, better quality thread. Instead of beads you can also use noodles or straws which need to be cut before.
Materials for the participants (during the exercise)	Beads of different sizes and colours (quite often, noodles or straws are used) cups/containers, thread, metaplan cards for delivery commitment The trainer should ensure that there is adequate provision of materials (e.g. beads of various colours) before the exercise so as to avoid a shortage during the course of the exercise. However, material use in 1 st round can be recycled for 2 nd round. And a certain shortage of material can be discussed nicely in processing. There is no price payment for the materials.
Important conditions of the room	Two soft boards, spacious

Implementation Process

Step	Time	Most important contents	HINTS
Preparation, Explication of rules, Instructions	10'	Explanation of task Specification of necklaces and quality conditions Presentation of buyer and supplier Explication of delivery commitment	Make it clear that: the planning phase includes signature of delivery contracts and material supply all kinds of pre-products will be withdrawn at the end of the planning to have the same start conditions for all Divide class into groups of 2 max as the exercise is meant to emphasize personal / individual characteristics
First round	50'	20' Planning and preparation of production phase, incl. signature of commitment and material supply 15' Production 15' Quality control; gathering data	Do not volunteer information on any process The trainer should practice the calculations properly before production starts. To simplify the calculation, the trainer should just penalise the enterprises for all the necklaces that they fail to produce as against their delivery contracts (e.g. if a group signed to produce 7 of type A but only produces 4, then it should be penalised for 3 which fell short of the contract).
First round short processing	10-20'	Some key questions or just an open discussion <ul style="list-style-type: none"> • How do you feel about your performance? • If given a chance to do a second round, what will you do differently? 	It depends on the group if you spend more or less time. But do not spend too much time in this step. The analysis should still be left to the individual participants. Rather use this discussion to encourage the participants to improve significantly during the next round. Basically by: learning from failures, setting more realistic goals, reducing risks. But

Step	Time	Most important contents	HINTS
Second round	45'	15' Planning again and preparation of production phase, incl. signature of contract and material supply 15' Production 15' Quality control; gathering data	<p>don't tell them, try to get it from them.</p> <p>Take care that no rejects or semi-finished necklaces are floating around (attention, sometimes, they cheat 😊)</p> <p>Trainers should carefully observe all improvements</p> <p>In the second round, a co-trainer should have written on his chest with an A4 paper "Anybody who uses a green thread gets double the price". (You only provided red thread so far). The co-trainer should move around the room, silently but well visibly, once the participants are busy working in their groups. Make photos if possible. Participants will not believe that someone really walked around with this opportunity offer. They are completely focused on production and forget the world around them.</p>
Processing	20-40'	<p>– Reasons for performance and results</p> <ul style="list-style-type: none"> • What are your feelings now? • What was different compared to round 1? • What are the reasons for success and failure? • Why were some able to meet their commitments and others unable to do so? 	<p>Try to have a break before processing, so that participants can relax already</p> <p>you can analyse the performance chart and take notes for the following discussion.</p> <p>Take care of those who externalise the analysis ("you did not tell me about the needles"; "women are better prepared for this kind of production"); ask other to answer such statements.</p> <p>Make clear that success is strongly linked to</p>

Step	Time	Most important contents	HINTS
			<p>being entrepreneur not to having specific skills or getting everything ready made from outside.</p> <p>Use this opportunity to elaborate and publish the PEC's with the participants</p>
Generalising	20-40'	<p>Which qualities helped in achieving your target?</p> <p>How do you relate those qualities to your success?</p> <ul style="list-style-type: none"> - Generally in real life, what examples can we give that have made businesses succeed? 	

Hints and Variations

Pearl exercise is used in the beginning of business courses. Don't complicate it more by including costs. Such exercises follow later: envelope and crown exercise, for example. The really important points here are: success in business has much less to do with finance or technology than people say and think. Entrepreneur is a very special person, not just a qualified technician or rich person. Everyone can get there as long as he/she appreciates the PECS, their importance and the need to develop them.

Instructions

STANDARD AND QUALITY	BEADS SAMPLE AND PRICES		
<ul style="list-style-type: none">• Poor quality will be rejected.• Good quality according to set standards will be accepted.• Penalty for not meeting delivery quantity and quality.	A	B	C
	GHC 4.00	GHC 3.00	GHC 2.00
PLANNING TIME : 20 minutes	PENALTY		
PRODUCTION TIME : 15 minutes	A = GHC 3.00		
	B = GHC 2.00		
	C = GHC 1.00		

Learning Points



Qualities of a Business Person

- | | |
|---|--|
| <ul style="list-style-type: none"> ✓ Find Information ✓ Never Give Up <ul style="list-style-type: none"> ✓ Creative ✓ Set Goal ✓ Planning ✓ Accept Fault ✓ Make Decisions | <ul style="list-style-type: none"> ✓ Self Confidence ✓ Find Opportunity ✓ Not Too Much Risk ✓ Know Your Limit ✓ Be Flexible ✓ Commitment To Work Contract ✓ Learning From Failure |
|---|--|

3. TO BE OR NOT TO BE

Participants get some sweets and have to find a way to survive. A very simple task creates a lot of interaction. Some will survive others will not. And a very motivated discussion will arise on how to solve problems. This will be used to develop a problem solving strategy.

Story

In this exercise, participants deal with productive forms of problem solution. As many entrepreneurs, especially small ones, are not used to develop strategies but to react and therefore have to face problems in business life, the exercise has been created to make them become aware of personal problem solving behavior.

At the beginning of the simulation, each participant gets two numbers of resources (e.g. sweets) of identical colors to be used during the exercise. Three colors are available, for example A gets 2 green, B gets 2 blue and C gets 2 yellow, D gets 2 green again and so on. The task of the participants is to survive, which is represented by a lollipop for each survivor. The lollipops can be obtained in the "market", called 'Mother Nature', by exchanging 3 sweets of different colors for one lollipop (plus one sweet back). But the individually received resources are not enough to get a lollipop, so participants have to develop a survival strategy. Time for execution is short, and most probably not all participants will "survive".

Then they get a second chance. This time, two groups are formed, competing against each other. Differently to the first round, they get some time to develop a group strategy first and only after that the second round is executed.

Objectives

At the end of the exercise, participants will have learnt to:

- Analyse and develop individual problem solving behavior
- Understand failures in spontaneous decisions
- Appreciate planning
- Compare individual and group strategies
- Know the elements and process of productive problem solution

Requirements

Time	1 hour 20 minutes
Preparation of rooms	<ul style="list-style-type: none"> – U-shaped arrangement – softboards and/or flipchart
Requirements	

Trainers/assistants	1 trainer, 1-2 assistants
Didactic aids to prepare	<ul style="list-style-type: none"> – instruction chart (annex 1) – a sign for the table with "Mother Nature" written on it – <i>optional: a second sign with "Father Nature" written on it</i> – chart: problem solving cycle (annex 2), also to be distributed as hand-out
Materials for the trainers (during the exercise)	<ul style="list-style-type: none"> – sweets of 3 different colours easy to be distinguished (for a group of 24 persons, you need 16 sweets of colour a, 16 sweets of colour b, and 16 sweets of colour c) (if sweets are not available you can use other items of different colours like plastic straws or paper, metaplan cards etc.) – 1 lollipop per participant plus some additional lollipops and sweets lying down on a table with the "Market Mother Nature" chart fixed in front (if lollipops are not available you can replace them by little symbols made from paper, like a star)
Materials for the participants (during the exercise)	2 sweets of one single colour for each participant (sweets of 3 different colours are distributed among the participants)
Important conditions of the room	None

Implementation Process

Step	Time	Most important contents	HINTS
Preparation, Explication of rules, Instructions	10'	<p>Explication of the task, rules and conditions for survival (symbolised by obtaining a lollipop)</p> <p><u><i>Brief for the Observer</i></u></p> <p>The trainer should brief the observers that they should watch carefully during the planning and execution of tasks. The observers should take note of the manner in which groups make their plans, develop their strategies and also division of labour during the action phase.</p>	<ul style="list-style-type: none"> • Announce that time for execution will be only 4 minutes. • Be careful to shorten time if too many participants seem to survive. • Maximum number of survivors should not exceed 2/3 of all participants. If it gets close to this, close the market (no exchange of sweets or lollipops any longer) • Do not overemphasize on the extra sweet that is to be given with a lolly pop (should be mentioned during the reading of rules only but not by the Mother Market) • The trainer may also choose to select one or two participants as observers. These observers should make their contributions during processing of what they observed during the exercise.
First round	5'	<p>Distribute the sweets as follows: every participant gets 2 sweets of one single colour. 1/3 of the group receives sweets of colour a, 1/3 of colour b, and 1/3 of colour c</p>	<p>Participants may see what the neighbours get, but make sure that they don't start exchanging the sweets before you give the start signal (note if some people do and use it in processing: start action immediately, not even waiting to understand the rules of the market)</p> <p>Pay attention with the 'mother of nature': each participant has to bring 3 sweets of different colours. He/she then gets back 1 lollipop plus one sweet of a colour that the participant has to define. They try to make sort of self-service, by simply putting the sweets and taking lollipop and 1 sweet. Mother nature shall never admit such behaviour. On the contrary, mother nature can act slowly, even if the participants get nervous.</p>

Step	Time	Most important contents	HINTS
First round short processing	10'	<ul style="list-style-type: none"> • How many people survived? • What was the strategy for surviving • If given a chance to do a second round, what will you do differently? 	<p>Trainers should note down the reason for survival on a flip chart</p> <p>Points that will come up are: negotiation with other, trust, giving or getting credit (of one sweet), fraud, theft, helplessness, inefficiency of market (where they can exchange sweets against lollipops), uncertainty about market exchange rules</p>
Second round	20'	<p>Trainer forms 2 groups stating that now the groups will compete and the first group with all members having one lollipop in their hands will win. Allow a maximum of 10 minutes for planning</p> <p>Distribute resources like in round 1</p>	<p>Ensure that all sweets and lollipops from first round are collected prior to second round</p> <p>Participants usually immediately start action. Make sure that they all show their two sweets of one colour before you give the start signal.</p> <p>The winning group is the one in which each member gets a lolly pop. But the members have to hold and show their lollipop. It will not be accepted that a group leader has all the group members' lollipops in his hand.</p>
Processing	20-40'	<p>– Which group survived?</p> <ul style="list-style-type: none"> • How did you interpret the task? • On what basis did you develop your strategy? • What were the reasons for success? • What made the losing group lose? • Was there a difference between individual and group work? • Explain reasons? • Did you really develop a plan? 	<p>Refer to reasons for survival noted from first round processing</p> <p>Discuss the importance of developing efficient strategies</p> <p>Observe well the behaviour of participants during planning and action. Some are passive, some turn into leadership...</p> <p>Most groups commit the following mistakes:</p> <ul style="list-style-type: none"> • they don't develop a strategy (but during processing they say they did – observe well) • they don't look for the competitor or don't include their potential behaviour into their own plan

Step	Time	Most important contents	HINTS
		<ul style="list-style-type: none"> • Did all members understand and follow the plan? • Did you have specialised tasks (members who exchange, coordinate, monitor)? • Did you spend efforts on knowing what the other group plans to do? • During planning, did you only go into the mathematics (technicalities) of the exchange or did some participants also develop exchange strategies? <p>As a group, What would you have done differently in a third round?</p>	<ul style="list-style-type: none"> • they don't look for additional information (e.g. they could ask mother nature for discounts or whether exchange of a larger number of sweets is admitted) • they don't assign specific tasks • they don't monitor during action • they all focus on the mathematics of exchange; no different planning tasks are assigned (2 for mathematics, 2 for negotiations with market, 2 for observing competitor, 2 for defining exchange tactics etc.)
Generalising		<p>What does an entrepreneur need to resolve problems without wasting time and resources?</p> <p>Which type of organisation starts problem solving by allocating resources (Government)?</p> <p>Use the problem solving cycle to discuss a real business problem (the problem should be suggested by the participants)</p>	<p>Try to extract from the participants the elements of the problem solving cycle</p> <p>Try to refer to the actual exercise when going through the steps of the cycle. Give examples from your observation (in the first round, where did you start?? With action!! No analysis of the problem, no setting of objectives etc. Ask if this is a typical behaviour and what an entrepreneur could gain from a little planning effort.</p>

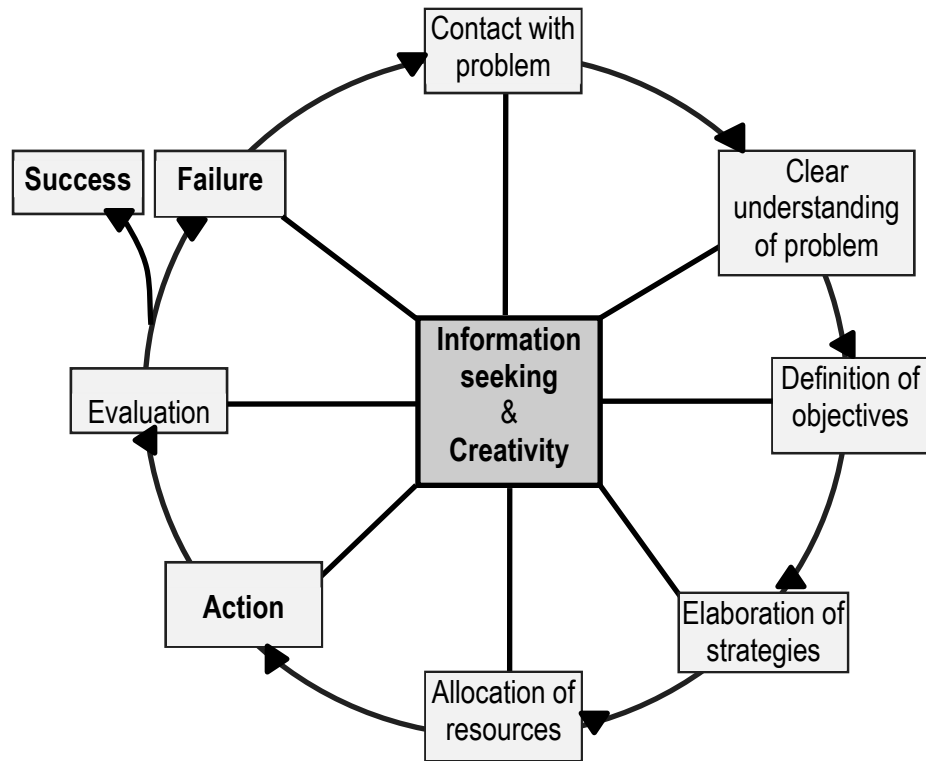
Instruction Chart

TO BE OR NOT TO BE

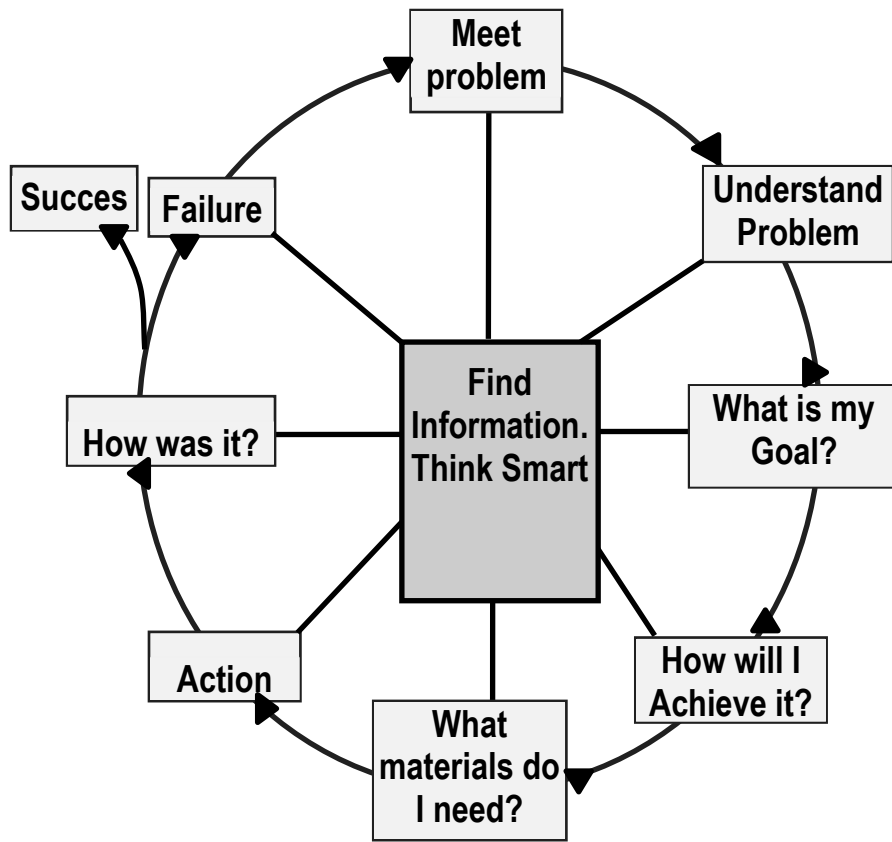
**OBJECTIVE : SURVIVAL
RULES**

- 1. 3 BEADS OF DIFFERENT
COLOURS
= 1 LOLLIPOP + 1 BEAD**
- 2. 3 LOLLIPOPS = 7 BEADS**

Problem Solving Cycle



How to solve problems



4. DART EXERCISE

Dart may be simply seen as a game. This exercise transforms it into an experience which gets under the skin. Several companies compete on the dart market. Technical skills are not decisive. Those companies will win that find the right match of strategy and calculated risk taking. Real money is involved to make decisions relevant. Far beyond a game, the companies enter into serious business decisions. Apart from risk taking, other personal entrepreneurial qualities are developed, such as commitment to work contract, opportunity seeking, goal setting, systematic planning and self-confidence.

Story

The trainer explains to the participants that they should form groups (or companies) consisting of five to six members, each. Each company is required to make specified real money investment. The companies will compete in a Dart market as each group throws the darts to a dartboard following specified rules, and in return gains specified points. The exercise is played in three rounds during which the members of the companies decide jointly about the risk to be taken by every active player.

There are always only three active players per company and round. The other members act as silent partners. The rules of the game change from round to round in order to simulate different market conditions. The companies' success or failure depends on their capability to develop and effectively employ suitable strategies to match the players' skills with the distance from which the darts are to be thrown, and the changing conditions (rules of the exercise).

Objectives

After completion of the exercise, participants

- ✓ have enhanced certain personal entrepreneurial qualities, such as commitment to work contract, opportunity seeking, goal setting, system planning and self-confidence;
- ✓ understand risk as a necessary ingredient of business life;
- ✓ understand the difference between gambling and moderate risk taking;
- ✓ have learnt to adjust strategies to changing external conditions.

Requirements

Time	3 hours
Preparation of rooms	– Dart board is hung on the wall at shoulder height (or any suitable surface). It can also be laid on the floor to avoid

	<p>damages and to make it more difficult for those who know dart game.</p> <ul style="list-style-type: none"> – 8 m of masking tape to indicate the multipliers. These multipliers vary from 1 (pretty close to the dart board, about 1,5 m) to 64 ((at the end of the tape, about 8 m). Note that the distance between the multiplier cards, which are fixed with the masking tape, increases gradually, i.e. between multiplier 1 and 2 it may be about $\frac{1}{2}$ m, then between 2 and 4 about $\frac{3}{4}$ m and so on. <p>Participants stand in groups of five members, each, in a semicircle facing the dartboard.</p>
Requirements	
Trainers/assistants	One lead trainer and 1-2 co-trainers
Didactic aids to prepare	<ul style="list-style-type: none"> – Dart Board Score Chart – Companies' Scoring Chart <p>These can be found in the materials section of this manual</p>
Materials for the trainers (during the exercise)	<ul style="list-style-type: none"> – Coins (small change) – Money box for every company to put in its investment – 1 dartboard (preferably fixed on a wooden base or laid on the floor) – 3 light, very simple darts – 3 heavy, semi-professional darts (new technology) – Masking tape – Metaplan cards – Soft boards and flip charts – Large sheets of paper (to be fixed on the soft boards)

	<ul style="list-style-type: none"> - Marker pens <p>The chart explaining the different sections of the Dart board should have the scores indicated on them to reduce the number of charts to be drawn and increase the understanding of scoring.</p>
<p>Materials for the participants (during the exercise)</p>	<ul style="list-style-type: none"> - Real money (Participants must bring their own money; it must not be provided by the trainer! The value depends on the financial situation of the participants. As a rule: average income for about 1 to 2 hours per company and round) - Paper - Pens, pencil - Metaplan cards - 1 marker pen per group - 1 small box to keep the collected money <p>Participants should be informed a day earlier to come along with real money, as it involves payment for registration and trials.</p> <p>Registration should be 1 – 2 hours average income per company and round.</p> <p>Trial throw (set of three darts) is about ½ of this value.</p>

Implementation Process

Step	Time	Most Important Contents	Hints
Preparing the room		<ul style="list-style-type: none"> – Dart board is hung on the wall at shoulder height or laid on the floor – Preparing of the multipliers with masking tape and meta plan cards. 	<p>Preparing the distances: Put the multiplier cards on the floor and fix them with the masking tape. The participants later on will chose their position and throw from these cards. The trainer must do this well before the class commences</p>
Grouping	5'	Forming of groups through energiser. You need at least 3 groups. Number of group members should not exceed 6.	<p>Allow for sufficient time for group formation. The trainer should use any of the group formation energisers</p>
Introduction of the exercise	5'	<p>The purpose and general rules of the exercise are explained, i.e.:</p> <ul style="list-style-type: none"> • The groups are to enter and compete in the dart market. • The groups prove their skills in successfully throwing the darts onto the dart board. • The participants have to invest to enter the market. Therefore, a specified entrance fee has to be paid by all groups for registration. • Only three members per group are allowed to play per round. • A prize will be awarded to the best company. 	<p>Emphasise that the exercise is not only fun but also a good opportunity to learn important lessons that can make the participants become better entrepreneurs. Take enough time for explaining. Explain the meaning and role of the 'silent partners'. Allow for enough time for the groups to determine the active distance and their throwing distances. Avoid too many rules. Since participants use own money, and can win or lose, the prize is not decisive.</p>
Explaining the rule 1 st round	15'	<ul style="list-style-type: none"> • The participants can see the light darts and are allowed to touch them before round 1 starts. 	<p>At this stage only touching is allowed. Take time to explain thoroughly to satisfy the</p>

Step	Time	Most Important Contents	Hints
		<ul style="list-style-type: none"> • With the help of the Dart Board Score Chart the lead trainer explains how the scoring will be done. • The trainer shows the masking tape with the multipliers and explains the multipliers' function. • The lead trainer explains that the group scoring highest during the respective round will win the amount paid by all groups. 	<p>participants.</p> <p>Make sure each participant understands particularly the Multiplier and the Score Areas within the dart board.</p>
Preparation of groups for action	10'	<ul style="list-style-type: none"> • Each group selects three members to play in round 1. • Each group also chooses the distance (multiplier) from which every active member will throw the darts. There will be three shots per active group member and in round 1 all three of a company will throw from the same multiplier. • The names of the players and the throwing distances are written on metaplan cards by the companies and collected by a co-trainer. • The lead trainer allows individual trial shots against a moderate payment of a specified training fee for sets of three shots. 	<p>Remind the active group members that their individual results will count for the whole group.</p> <p>Carefully observe the discussions in the companies. Do they consider: risk (as a matter of distance), competitors (as a matter of pressure), skills (as a matter of competence or need for training)...</p> <p>Take notes of your observations (on a metaplan card). Use them later on in processing.</p>
Action 1 st round	20'	<p>Companies act for the first round, one after another.</p> <p>The trainer announces the score of each shot and transfers the results for each individual to the Companies Scoring Chart</p>	<p>The trainer should check that the participants do not step over the distance mark (multiplier card) on the masking tape.</p> <p>The result of each shot should be announced properly and loudly. Cheering from the group members is appreciated.</p>

Step	Time	Most Important Contents	Hints
			A co-trainer closely controls the handling of the darts and watches safety matters.
Publishing of results 1 st round	5'	Announcement of the overall results of round 1. Giving the award (i.e. money collected as entrance and trial shot fees) to the winning group.	
Explanation of rules 2 nd round	5'	The trainer explains the new rules for round 2, that is: each group with negative score (below zero) has to pay a penalty that equals to the entrance fee. The penalty paid is added to the winning companies' prize.	
Preparation of groups 2 nd round	10'	The lead trainer allows individual trial shots against payment as before. The companies submit the paper with names and distances of the active members.	This time, active members can chose individual distances (multipliers). Remember: in the 1 st round members of one company had to agree on one position and throw from the same. Carefully observe, if the groups use own results and performance of competitors for their new strategy in the discussion. Or do they only play around? Do they discuss new rules as options for their business?
Action 2 nd round	10'	The companies act for the second round, one after another. The trainer announces the score of each shot and transfers the results of each player to the Companies' Scoring Chart.	The trainer should check that the participants do not step over the distance mark on the masking tape. The result of each shot should be announced properly and loudly. A co-trainer closely controls the handling of the darts and watches safety matters.

Step	Time	Most Important Contents	Hints
Publishing of results 2 nd round	5'	<p>Announcement of the overall results of round 2.</p> <p>Giving the award (i.e. money collected as entrance fee and penalty) to the winning group.</p>	
Explanation of rules 3 rd round		<p>The trainer explains the new rules for round 3 as follows:</p> <ul style="list-style-type: none"> • Double entrance fees. • Use of heavy darts as an option to be chosen by companies. A fee of ¼ of the entrance fee is charged for that. • Individual trial shots against payment are allowed as before. • Retention of the penalty rule. • Companies may declare bankruptcy against payment of an equivalent of ¼ of the entrance fee (to avoid further losses). 	
Publishing results of 3 rd round	25'	<ul style="list-style-type: none"> • Announcement of the scores of each shot. • Co-trainer transferring the results to the scoring table • Announcement of the result of the 3rd round and the overall results. • Award of the money collected as entrance fees and penalty to the winning group. 	

Step	Time	Most Important Contents	Hints
Processing	30'	<p>Key questions concerning the groups' strategies under changing conditions:</p> <ul style="list-style-type: none"> • How did your company decide about name, active and silent members as well as the distances to be taken (individual decisions or group consensus)? • How did you reconcile minimising risk and maximising opportunity? • Why did you decide like you did on the distances (basis for decision)? • How did the penalty affect your strategy? • Ask all groups for interpretation if changes of active members and distances during the various rounds took place. Refer to the Scoring Sheet! Why? • Why did the losing companies not meet their goals? • Ask the respective groups for clarification if anything unusual happened (bankruptcy, quarrelling, payment of penalty,). • Why did some groups or individual members not use the training opportunity (trial shots)? • Why did they not use training to test the heavier darts and to learn how to use them? • Which entrepreneurial qualities did you experience? Write on metaplan cards! Discuss individual cards and ask the other participants to 	<p>Reinforce the need for calculated risk-taking attitude of successful entrepreneurs based on the individual and corporate skills of the company and its members. This reinforcement has to centre around the fact that - like in this exercise - people will invest their own money into their business and may be in danger of losing it, if they are too confident and not taking feedback as learning experience to calculate their risk.</p> <p>Get from the participants that calculated risk lies somewhere in the middle, i.e.: If you chose distance 1 or 2, you are not ambitious enough. You will probably not survive competition. You show an attitude that is rather typical for people who apply for public service. If you chose 32 or 64 you are a gambler. This attitude has nothing to do with entrepreneurship.</p> <p>Check if the results and new rules were taken to adjust strategies. Refer to examples from the result chart: a participant who failed to hit the board increased distance in next round – why? / A participant who hit in the centre, did not increase distance – why? / An unsuccessful participant was not replaced – why?</p> <p>Check if the value of training is appreciated by the group. Check if a group who used trial shots performed better (especially when getting the new</p>

Step	Time	Most Important Contents	Hints
		<p>comment on it.</p> <ul style="list-style-type: none"> • Which business lessons did you learn from this exercise? • Lead over to the strategies applied by the different companies. Show their respective performance with the help of the Scoring Chart. • Inquire from them how they changed (or not) their strategy. • Ask them to classify these strategies according to the three main ones previously mentioned during the training. • Which company decided to use an adapting strategy, i.e., through practice, method of throwing, changing distance, or the usual case to adapt to the new situation (rules) with the same personnel or same darts? • Which company tried to change the situation, e.g. by influencing the trainers to introduce other rules or not to introduce those rules played during the game because it feared losses? Who tried to influence members of others companies (disturbance during their shots, "psychological war")? Which company gave a personal loan to another company (which was short of cash)? 	<p>technology). Use this example for discussion. Check if and why new technology was used or not. Explain that a strategy is only appropriate if its own qualities and environment are considered adequately. The goals of all companies were the same in this exercise, namely to make money! It is difficult to favour only one strategy at any time. A good entrepreneur always tries to figure out the strengths and potential outcome of several strategies before he/she decides to go for one.</p> <p>Note: the graph should not be pre-drawn but developed with the participants.</p> <p>Make a little drama:</p> <p>(a) You start throwing from 2 and hit well</p> <p>(b) You increase distance (risk) to 16. Ouch, that was too much. You fail.</p> <p>(c) You get announce to have 3 trial shots and use them from 8. You make it well and</p> <p>(d) You throw from 8.</p>
Generalising	30'	<ul style="list-style-type: none"> • Which strategy was the most effective? Do not only look at the results and the money gained! Poor (throwing) qualities of one company may 	<p>Explain that exactly that has to happen in a company:</p> <p>a) start with low risk</p>

Step	Time	Most Important Contents	Hints
		<p>have barred its way to win the money.</p> <ul style="list-style-type: none"> • What are typical behaviours in your village/town/region? Do entrepreneurs rather gamble or are they very cautious? Give examples. • Let us think about a hair dresser shop (chose examples which are relevant for the group). What would be too cautious, what too risky in your village/town? • Let us think about a carpenter who wants to buy a new high technology bandsaw which would require all his savings. When would such a decision be gambling? When would it be calculated risk? <p>A simple risk analysis graph should be used for pictorial generalisation.</p>	<ul style="list-style-type: none"> b) increase and go beyond c) see failure as an investment into learning d) adapt your distance e) slowly increase, as you get more and more secure <p>If one company desisted in round 3 and declared bankruptcy: discuss if that was lack of persistence or a wise decision. Relate discussion to the results. If the company was really uncompetitive, it was wise. And explain that it is very hard to give up a business.</p>

Hints and Variations

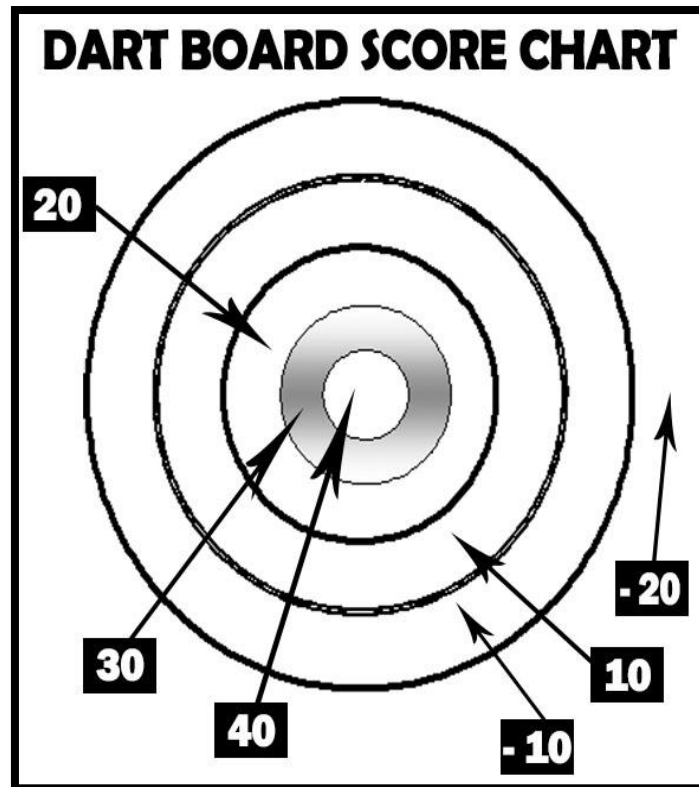
There are cultures where gambling is essential. A person who risked all and lost all will be more esteemed than another who started cautiously and small and survives with a small growing business. There are other, risk adverse cultures where people try to transfer all risk to others (banks, workers, customers) and where they hesitate to enter into entrepreneurship with no risk. Both attitudes are unhealthy for businesspeople: enterprising is not gambling on one side. On the other, entrepreneurship without risking own funds, work, efforts, time does not exist.

Participants need to find out their own pattern with regard to risk taking. Finally, they need to understand and internalize, even appreciate moderate risk taking. In the exercise, this is somewhere between position 4 and 16.

Mathematical concepts for risk calculation (probability, impact) are not applied here and not needed for small and medium and businesses.

However, the result chart is quite big and may confuse participants, especially with a lower educational background. Nevertheless, exercise works out. As CEFE trainer you need to observe a lot (assistants should take care of managing the result chart and logistics in the exercise). Use these observations during processing by simply referring to them: 'Peter, you threw from position 16 and failed, why did you continue on the same position in the next round?' Or 'Company Golden Darts did not at all discuss the opportunity of trial shots (training) Why?' When you use this, participants with limitations in reading and analysing the result chart will follow you and benefit from the discussion.

Instructions



DART EXERCISE RULES

- 1. Four companies are participating.**
- 2. Real money will be used.**
- 3. Distances are chosen by individual companies & three shots per member.**
- 4. Trial shots at 50 GHp**
- 5. Registration is GHC 1.00**

Results Chart

DARTBOARD EXERCISE													
Companies' Scoring Chart													
DART	Round 1				Round 2				Round 3				GRAND
	Name	Multi	Score	Total	Name	Multi	Score	Total	Name	Multi	Score	Total	Total
Company													
Total													
Company													
Total													
Company													
Total													
Company													
Total													

Risk-Analysis (For Trainers)

Risk Analysis is both, an analytical and strategic planning instrument,

- to evaluate alternatives
- to prepare best decisions
- to enable solid implementation plans

Steps:

The process starts with identifying possible sources and factors for risks. This is a brainstorm activity based on comprehensive information.

1. Determine the risk sources
 - technical, economic, social, juridical
2. Determine the risk factors
 - Change wishes
 - Respecting the budget
 - External resources
 - New techniques
 - Perfectionism
 - Personal
 - Planning mistakes
 - Project running mistakes
 - Respecting deadlines
 - Environment influences
3. Evaluate risks of alternatives
 - a) Impact Weight Matrix of Alternatives:
impact with regard to quality, costs, time
 - b) Risk Portfolio of Alternatives
visualisation with regard to impact and probability
4. Evaluation of the Risk of Elements of the Selected Plan
 - Effects
 - Probability
 - Effectiveness of counter-measures
5. Prepare risk plan
 - causes
 - precaution
 - measures
 - early warning

5. BRAINTEASERS / CREATIVITY

Brainteasers is an exciting and unique exercise which helps bring out the creative thinking of participants by providing them little challenges which they need to solve individually in the classroom environment. Each of them is solved in front of the whole class after the class has been given sufficient time to solve them individually, and the rules of creativity are discovered and discussed.

Story

Creativity is a much desired quality which has tremendous impact on success and achievement. Today's world rewards highly innovative and creative people by providing such individuals or corporations with opportunities for increased sustainable growth and development. By going through a series of increasingly challenging brainteasers, participants understand how creativity works and they learn the 4 features of creativity. These are thinking simple, thinking beyond the borders, openness or craziness and persistence.

Objectives

For participants to:

- ✓ Grasp the concept of Creativity and Innovation
- ✓ Practice with exercises which bring out their creative abilities
- ✓ Learn how to enable and avoid killing creativity
- ✓ Learn in-depth about the creative process
- ✓ Enhance their creativity skills
- ✓ Internalize the 4 features of creativity
- ✓ Learn how to apply creativity and innovation to all aspects of life

Requirements

Trainers/assistants	1 lead trainer
Time	1-1.5 hours
Didactic aids to prepare	All the dotted exercises, square exercises, Metaplan exercise, Metaplan cards for publishing the features of creativity
Materials for the participants (during the exercise)	– Markers – A4 paper, Scissors, rulers, razor blade,
Important conditions of the room	– U shape sitting arrangement for participants

Implementation Process

Step	Time	Most important contents	HINTS
Preparation, Explication of rules, Instructions	10'	<p>The trainer may choose to start the exercise with a simple brainteaser (Why do people kiss? (Have a brainstorm on that); Farmer's Square) or an energiser.</p> <p>Provide participants with paper and pens and then give them the tasks (one after another, see below) Instruct participants not to show their solution to their neighbour (copying is information seeking and not creativity).</p> <p>Inform participants who finish early to keep their work covered.</p>	<p>Make it very energetic with a lot of laughter, and always stimulate participants to try harder finding a solution. The room must vibrate and participants must have changed their mind set at the end of actions. What seems to be an easy exercise is a real challenge to the trainer.</p> <p>Trainers should ask if participants are familiar with dot exercises. If yes, select alternatives.</p> <p>The trainer should ensure that he/she knows all the solutions carrying out the exercise.</p> <p>The trainer should endeavour to learn as many brainteasers as possible in case a particular group catches on too quickly on the usual puzzles.</p>
First round	10'	<p>Start with 3 dots / 3 straight lines: this is really simple. Participants hesitate to draw the solution. Carefully observe 2-3 such examples and when most have done it, ask these examples, why it was difficult to them and why they hesitated. The answer should be: 'because it was too obvious and simple'. Now take this answer and bring up the first creativity rule: 'Be Simple!' Explain that the best creative ideas are the simple ones, but we as adults are shy to come up with something not sophisticated.</p> <p>Continue with 9 dots / 4 straight lines: participants need more time now. Always walk around and encourage them to keep trying. When you find someone with a correct solution, praise him/her but also turn his/her paper round so that neighbours</p>	<p>Trainer should be cautious of time in-between all the dotted exercises. It is absolutely essential that the trainer does not <i>give</i> the solutions but <i>gets</i> them, at least from one participant.</p> <p>You can chose how to publish the results: (a) you call participants to show them on a flip chart paper in front of all, or (b) you ask them to show the solutions which they have drawn on their individual papers. You can expose them on a pin board in front of all.</p> <p>Trainer should decide how many dotted exercises to do before moving on to the square exercise. But the creativity rules N° 1, 2 and 3 should be presented with adequate brainteasers.</p> <p>Ensure that for each brainteaser you know the</p>

Step	Time	Most important contents	HINTS
		<p>don't copy. Look for 2-3 typical wrong solutions. When most participants have completed (right or wrong) ask 2-3 of them with <i>wrong</i> solutions first, to draw them in front of the plenary (use different colours). Then ask the one who got the correct answer first to draw it as well. Now discuss with all, what enables us finding the solution? The answer should be visible from the wrong and correct drawing: only when we go beyond self-imposed barriers (an imagined square around the nine dots) we will find new solutions. Now show the 2nd creativity rule: think beyond borders.</p> <p>Increase complexity and apply 9 dots / 3 straight lines: some people will say 'it's impossible'. Encourage them to try. And use successful participants to stimulate and motivate others. This step also refers to the 2nd rule.</p> <p>Apply 9 dots / 1 straight line: participants need to think beyond border not only referring to the borders on the paper but also to their brain. They have to open their brain. There are many solutions to this brainteaser and participants will come up with one or two. State the 3rd creativity rule: Openness (or think crazy). Encourage them to find more solutions.</p> <p>Participants present their results on a A4 paper Publish and process for each dotted exercise</p>	<p>correct solution to each puzzle. If the participants are unable to come up with it themselves, encourage them again. Be persistent. Only if nothing helps, you can give a solution. In that case, you should apply an additional brainteaser so that they can at least apply what you told them.</p> <p>Attention 9 dots / 3 straight lines: (a) someone will give a solution with 3 diagonal but straight lines which only touch part of the dots, as shown in the handout. Now others will object: 'but the dots don't have a surface, you cannot do it with diagonal lines'.</p> <p>Discuss with participants that this again is a self-imposed border or limitation, which prevents us from being creative. Make sure that they grasp and accept the solution. (b) Some participants might come up already with a solution that only requires 1 line. Appreciate them but tell them to wait until next step comes.</p>
Second Round	10'	<p>Round 2 covers the Square exercise: First, let them try on their own papers. Then start kind of an auction, by asking: 'how many squares do you</p>	<p>It is really essential that they open their minds by seeing more and more. This needs group dynamics. Once the number exceeds about 35 squares, it is</p>

Step	Time	Most important contents	HINTS
		<p>see?' Write their offers on the flip chart where you expose the squares. Like an auctioneer push them to offer more. When someone offers about 25 or 3 squares, ask him/her to show it in front of all. Then again ask them to see more....</p> <p>Participants present their results on a A4 paper</p> <p>Publish and process for the square exercise</p>	<p>enough that participants come in front and only explain (show) how and where they see additional squares (in other words: a more creative way of thinking and looking at the challenge). You don't need to count them at this stage any longer.</p>
Third Round	10'	<p>Metaplan card exercise</p> <p>Participants get metaplan cards to find their solution which can be presented to the others.</p> <p>State creativity rule N° 4: Persistence</p> <p>Publish and process for the Metaplan card exercise</p>	<p>Ensure that the metaplan cards are stuck on the floor, a table or flat surface so that participants can't handle them.</p> <p>In this case, don't show how to do it. Instead, tell them: 'since rule N° 4 is about persistence you have to continue on your own later on. And please, those who got the solution, don't explain it to others.'</p>
Publishing / Processing	15'	<p>Publishing and processing is done in each single step.</p>	<p>Publishing here means: (a) to appreciate those who found solutions, in order to encourage other to try harder, and (b) to let them show their solutions to the others.</p> <p>Processing here means: (a) to discuss their constraints and limitations, (b) to get acceptance of the solutions, (c) to deduce the creativity rules by discussion (get it from them).</p>

Step	Time	Most important contents	HINTS
Generalising	10'	<p>How did you find the actual solution in comparison to the original task?</p> <p>Was your first thought “this is impossible? If Yes or No, discuss?</p> <p>Are people born with creativity or can it be acquired? How?</p> <p>Can the environment and processes encourage creativity? How?</p> <p>How do you think you can use creativity to improve your business?</p>	

Learning Points



Brain teasers with Solutions

Farmer's Story

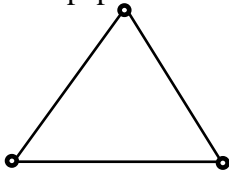
There was a piece of farmer's lands which was given to 4 of his children (size 100 X 100cm). This was shared equally amongst 4 sons (each owning a quarter). The Father (original owner of the land fell ill and his sons spent their entire savings trying to get him well. Unfortunately, they were unsuccessful and the only resort available was to sell one quarter of this piece of land to raise money to save their father's life. This unfortunately did not save the life of their father. The sons were now forced to share the remaining $\frac{3}{4}$ piece of land equally amongst them. As a consultant, the task is how do you share this remaining piece of land equally amongst 4 sons in the same size, the same shape and the same position?



C	C	B	B
C	C	B	B
D	D	A	A
D	D	A	A

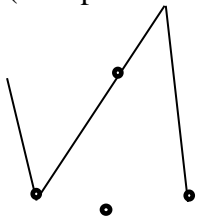
1. Three Dots with Three Lines:

Task: Connect the **three dots with three straight lines**, without lifting your pen from the paper.



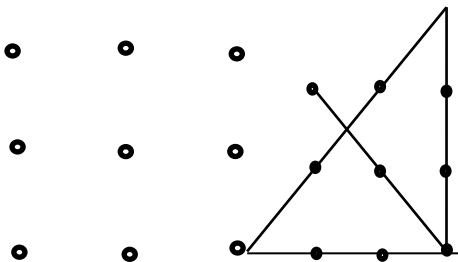
The solution seems too **simple** to be the right one. Creative thinking means not to be ashamed to think and to propose something simple.

Now think about a possible alternative solution for the three dots, avoiding a triangle.
(This part of three dots is a preparation for the following creativity tasks)



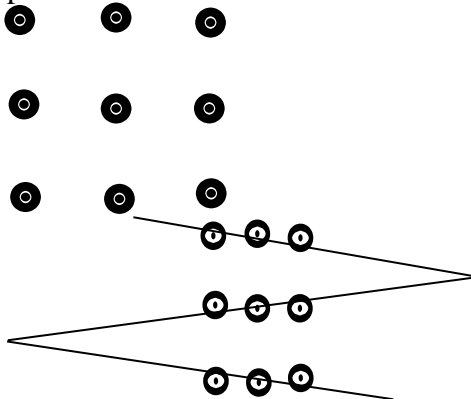
2. Nine Dots with Four Lines:

Task: Connect the nine dots with four straight lines, without lifting your pen from the paper. In order to find the solution one has to go beyond the imagined borderline of the square frame and of one's own mind.



3. Nine Dots with Three Lines:

Task: Connect the dots with three straight lines. In order to find a solution one has to open perception and thinking more openly and wilder. One of many solutions could be to see that a dot is not necessarily a one-dimensional phenomenon.

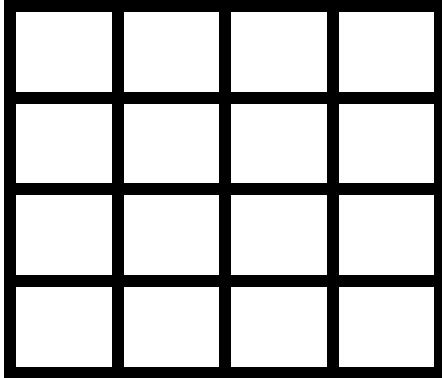


Once, the idea of real creativity has been accepted, the door is open to much more innovative

thinking: connect the nine dots with only one straight line!

Again, there are many possible solutions...

4. The Squares



How many square do you see?

You perhaps start with 16, then 17, then...

Be aware that there are hundreds of squares! Where are they? How can I learn to see them?

You can use a cube of sugar (shown below) to depict the infinite nature of the number of squares.

Rules of Creativity

Creativity means bringing into existence **an idea that is new** to you. Innovation is the practical application of creative ideas. Creative thinking is an innate talent that one is born with and a set of skills that can be learned.

The main features of creative thinking which can be trained are:

1. Thinking **simple**: Don't look for complicate solutions and don't be ashamed to think simple. The most important inventions of making are simple, like e.g. the wheel.
2. Thinking **beyond the borders**: Our thinking constantly is limited by our habits, education, knowledge, experience and culture. Often, that makes us think that something is impossible. Creativity only is possible when going beyond these limitations.
3. **Openness** for impossibilities / **Craziness**: Innovative ideas are different from what we are used to live with. Consequently we resist to accept such changes. We consider them as 'crazy' are not open for it. Creative thinking means to open our mind for things which are at the first glance impossible. Ideas coming out thereby may be understood as "crazy".
4. **Persistence (Never Give Up)** in situations where the first thought is "impossible" or, after some time of creative thinking "that's it". The real innovative area only starts after having developed the "typical" ideas, those that are easy to catch. Uniqueness is one of the key success factors for people and systems and having just the same ideas that anyone could have is not unique.

6. BRAINSTORMING/IDEA GENERATION (ROUND ROBIN)

"Round Robin" is a very joyful and productive brainstorming exercise during which up to 600 project ideas (production and service businesses) can be generated in 45 minutes time, especially when the maximizing version is applied. It allows participants for new thinking during the tossing of the soft ball in a circle from one to another compelling every receiver of the ball to name a product/service within a short period of time, and it surely attributes the "project idea generation crown" to someone who truly deserves it.

Story

Participants are seated or standing in a circle. A specific topic is given to them. This could be (just as examples)

- 'what could be sold to people above 40 years of age?
- 'what products or services are needed in this room (building)?
- a foto with a family in the street – with the question: 'what do these people need'?

Now the symbol of creativity is introduced. This could be a simple ball (made of paper), a rag doll or any other thing that could be thrown as a symbol and without breaking. The trainer throws the symbol to one participant who has 5 seconds time to come up with one idea (see rules below). Then he/she throws the symbol to the next participant who also has 5 seconds and needs to say another idea. All ideas are noted on paper. So it goes on. When a participant fails to bring a new idea (which has not yet mentioned before) within 5 seconds he/she get a yellow card. When it happens for the 2nd time with that person he/she has to leave the circle and write 10 more ideas on a flip chart.

Learning does not materialize so much during processing and generalizing, as in most CEFE exercises, but in the action phase, when participants have to come up with ideas like they never did before. Nevertheless, learning is very important here: participants may have some vague business ideas, but usually they are copied from similar shops and have no uniqueness at all. In practice, ideas that all people can have without great creative efforts already are implemented by many others and competition will be tremendous. With a little investment into creativity, entrepreneurs can escape this threat and come up with much more promising ideas. Finally, brainstorm is not only needed for business start-ups. Almost every day, an entrepreneur has to find solutions where creativity is needed.

Project idea generation exercises are positioned between the brain teasing games meant to increase the participants' creative capacities (creativity training) and the macro- and micro screening devices utilized as a strainer to identify the most promising project ideas for the individual participants.

Objectives

For participants to:

- ✓ Generate as many ideas as possible for a given subject
- ✓ Learn the Brainstorming tool
- ✓ Learn the brainstorming rules
- ✓ Experience in practice that everyone has much more ideas and creativity potential than imagined
- ✓ Get amazed by the power of creative thinking and fascinated by the beauty of ideas that only emerge after a while
- ✓ See and understand the difference between simple superficial ideas that all people have and those that are unique

- ✓ Reconsider their own business idea and eventually generate and chose a better, more unique one

Requirements

Trainers/assistants	1 lead trainer, 2 assistants (initially to note down all ideas – this can be done later on by drop outs from the brainstorming circle)
Didactic aids to prepare	Photographs of different target markets (can be taken from a journal)
Materials for the participants (during the exercise)	<ul style="list-style-type: none"> – Ball or symbol – Marker – Flip Chart Paper – Ruler – Soft board
Important conditions of the room	– Participants need space to sit or stand in a circle

Step	Time	Most important contents	HINTS
Preparation, Explication of rules, Instructions	10'	Explanation of the rules and regulations: <ul style="list-style-type: none"> • Products related to the training hall should be mentioned (production or service) • No brand names • Throw the soft ball to someone else sitting in the circle • The receiver of the ball should mention one product (service) within 5 seconds • If he (she) fails, a yellow card will be submitted] • If someone fails again, he (she) is out (red card) • Ask participants to suggest how many ideas they think can be generated in the room within the 45 minutes. Ensure to publish at least 3 responses to refer to in processing. 	Trainers should encourage a trial run
Action	30'	Generation of project ideas with the given topic	<p>Participants who are 'out' shall write additional ten ideas each. Then they could assist the people who take note of the ideas from the circle. Ensure that all participants who are out of the exercise but are not writing do not constitute a distraction to the continuation of the round robin activity.</p> <p>Attention: ensure that really all ideas are noted. If needed, control the speed of the symbol passing from one to another. Make sure that ideas are spoken out loud and clearly. Ideas should be written with numbering to make counting easier at the end. The participants inside the circle may even number the ideas serially.</p>

Publishing	5'	What do you think? How many ideas we generated? Crowning of the winner How do you feel after this exercise? Why?	Prepare a prize for the 'king/queen of creativity'
Processing		<ul style="list-style-type: none"> • Which project ideas might raise your interest? • Did you, quite in the beginning, experience the feeling that your brain was empty, but then, suddenly, a new door opened and you got much more ideas – even better ones? What are your conclusions from that? 	
Second round (this is an option; only do that if you have time and see the need for reinforcing)		Divide the class into minimum of 5 groups Each group is given a photograph. They comprise, a baby, a young man, an old man, a lady and a woman Each group is to generate products and/or services that can be provided for the chosen photograph	
Second round Processing		<p>Publish all group Ideas on each photograph</p> <ul style="list-style-type: none"> • How do you feel after this exercise? • What do you think is the difference between 1st and 2nd round? • Have we exhausted all possible products and services for each photo? 	Additional products & services should be included to the existing list
Generalising		<ul style="list-style-type: none"> • What do you think about this number of ideas? • Compare the total number of ideas generated with the number of ideas originally mentioned by the participants. • What do you think the pictures represent in reality? • In which situations do you think brainstorming exercises can be appropriately applied by entrepreneurs? • Do you see very common and rather untypical ideas? 	<p>Each photo represents a target market.</p> <p>Brainstorm can be used in all private and business situations (e.g.: where should I buy my raw material? how could I get credit?)</p> <p>The untypical ideas only emerge after some time and effort spent. They offer better market chances with less competition. They may attract new customers.</p>

		<p>Give examples.</p> <ul style="list-style-type: none">• When did the untypical ideas emerge?• Which advantages do such unique or strange ideas have in business life?• Please tell us about your idea and how this could become more innovative now.• How could you apply brainstorm at home?	<p>Brainstorm at home: do it alone but apply the rules. If possible invite 1 or 2 friends to assist you. Never are afraid of strange ideas; selection comes later.</p>
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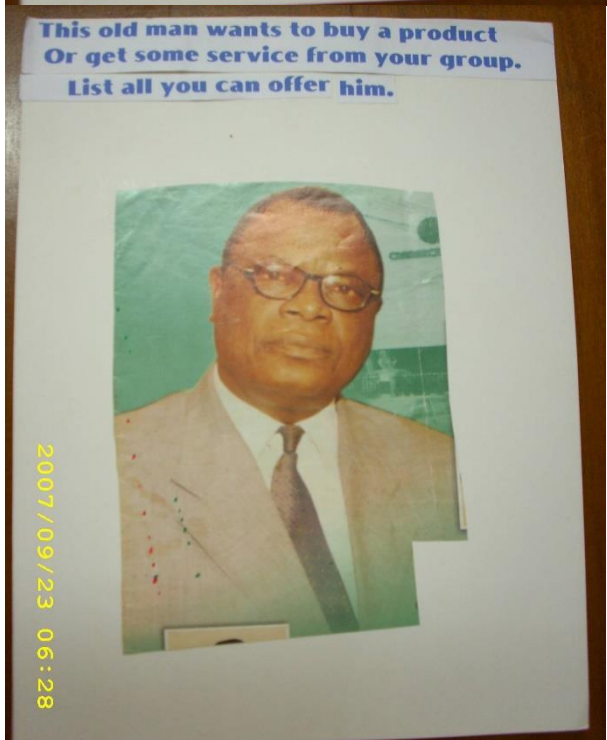
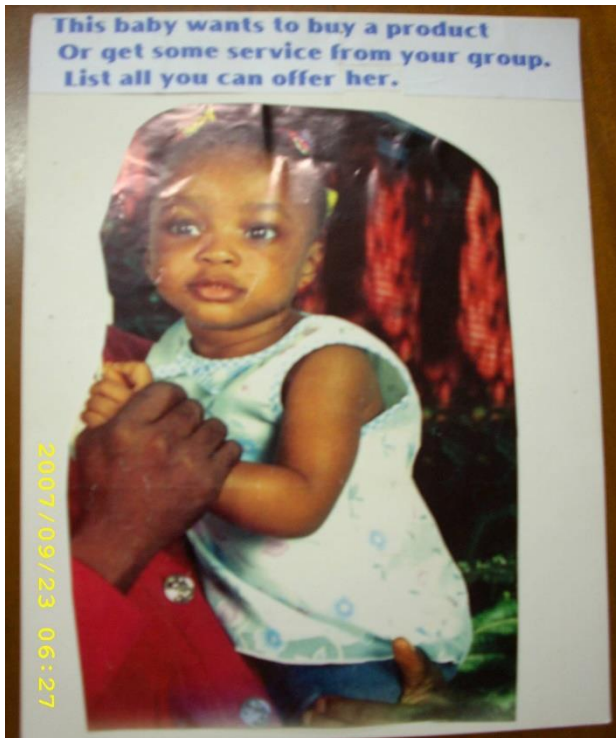
Hints and Variations

You can also apply brainstorm in a competition of 2 (or more) groups, especially, when the number of participants exceeds 20. In this case, you don't throw a symbol but encourage teamwork within the groups. This alternative is simpler to handle, also because participants then have to note their ideas. But challenging participants individually, as it happens in Round Robin, has the great advantage that they really experience a potential that many of them never discovered or even tried before.

Learning Points

Rules of Brainstorming		Making Ideas	
1. Stimulate	5. Don't be shy	1. Encourage	5. Try best
2. Record all ideas	2. Don't criticize	2. Write all ideas	6. Don't condemn
3. All ideas are welcome	3. Don't evaluate	3. All ideas are ok	7. Don't chose yet
4. Try hardest	4. Break old rules	4. Don't be shy	

Photos of Target Market



**This lady wants to buy a product
Or get some service from your group.
List all you can offer her.**



2007/09/23 06:28

**This woman wants to buy a product
Or get some service from your group.
List all you can offer her.**



2007/09/23 06:27



7. MINI MARKET

A very exciting, fun filled, action packed session in which participants simulate a real buying and selling market experience using real money. Participants make products and offer services and attempt to sell them to the buyer. Through this interactive activity participants are able to understand the marketing mix and the 5 P's of marketing.

Story

In this exercise, all participants act as individual sellers, trying to sell a self-made or self-owned item or a service to the trainer who acts as customer. In one corner of the room, a table is prepared with materials participants can use for their production. As in real life, participants have to perform in a limited market, as only few products will be acquired by the customers. After a short time given for preparation, the mini market is opened to the customers who are offered many different products and eventually services.

The customers usually are 3 carefully selected participants. They walk around as they wish, listening to the sellers advertising their items. Finally, the customers choose products or services they want to buy and acquire them in a real selling-buying transaction. That means, the customers will pay with their own money and probably only purchase items they are really interested in.

During preparation of the sellers, the customers will have a structured discussion with one facilitator about factor that influences their buying decisions.

In processing the exercise, the results and marketing strategies are analysed. Many participants will recognise that they failed to start with the most important: investigating customer's needs, desires and tastes and to develop a proper marketing strategy afterwards.

They also get aware of the difficulties selling in a limited market and their personal skills to negotiate. Finally, the basics of marketing are elaborated as result of the discussion.

Mini market is a good introductory exercise as it allows discussing various aspects of marketing. It also stimulates entrepreneurial creativity.

Objectives

For participants to get awareness and understanding of:

- ✓ Basic elements of marketing – marketing mix
- ✓ Importance of aspects beyond product and price, which may be more important in marketing
- ✓ Selling and negotiating skills
- ✓ Importance of meeting clients' demands
- ✓ Importance of market research

✓ Requirements

Trainers/assistants	One lead trainer and one assistant
Time	1.5 – 2 hours
Didactic aids to prepare	- instruction chart (rules of the exercise) - flipchart or metaplan cards with 5 Ps written on it
Materials for the facilitators (during the game)	- small money to buy some products
Materials for the participants (during the game)	- materials as usually used in training
Important conditions of the room	- Space enough for individual production and selling

Implementation Process

Step	Time	Most important contents	HINTS
Preparation , Explication of rules, Instructions	10'	<p>Explanation of the participants` tasks: every participant has 15 min. to decide on a product or service which he will try to sell to the customers and prepare the chosen item for selling.</p> <ul style="list-style-type: none"> • Clarify the rules of the exercise utilising the prepared chart: <p>Hence:</p> <ul style="list-style-type: none"> • Divide the participants into 2 groups: Buyers and Sellers are kept in separate rooms • Both groups are briefed on the rules 	<p>Inform participants prior to exercise to bring real money. Preselect 3 participants as customers. They should have different purchasing behaviour (male – female; young-old; little money-more money) and be able to observe and communicate. These people will be presented to the other participants as their potential clients. But nothing shall be said about their eventual behaviour as customers.</p> <p>Tell them to listen to the instructions carefully as you will not repeat the instructions.</p>
Action	45'	<p>Participants choose their individual products/services, produce it, and prepare their 'shop' or their selling.</p> <p>Buyers (during preparation and outside the class room) list:</p> <ul style="list-style-type: none"> • what they would desire to purchase; • what are their main criteria for buying something <p>Buyers enter the market to transact / sellers try to offer and sell</p>	<p>Trainers should ensure the buyers' lists are collected to be used for processing. This could be on flip chart paper or metaplan cards.</p> <p>Instruct the buyers:</p> <ul style="list-style-type: none"> • that they are completely free in their buying decision; • that they shall observe what attracts their attention and decision to buy and what disgusts them on the market. <p>Trainers must carefully observe (and note) differences in the 5 Ps of marketing among the various sellers, and the performance during sales communication.</p>

Step	Time	Most important contents	HINTS
Processing	30'	<p>Some key questions or just an open discussion</p> <ul style="list-style-type: none"> • Who sold and who bought? • How much? • Now Publish buyers list • What are your feelings now? • Why did you choose your product/service? • What was your strategy in marketing your product/service? • What are the reasons for success and failure? • Who asked the buyer(s) about his (their) needs and tastes before deciding on a certain product/service? • Why did most not ask any customer? • Did bargaining work out in some cases and not at all in others? • Did the buyers buy anything or not on your list? Why? • What have been the practical reasons for buyers to buy something? • What is the difference between the idea that buyers had before (outside classroom) and during real market? 	<p>Publish sales results on flip chart. Publish main points coming out from discussion.</p> <p>Trainer should be careful of questions directed to either buyers or sellers. However use your observations to have examples which will bring out the 5 Ps of marketing during the discussion.</p> <p>Take care that discussion leads to the understanding that selling / marketing is much more than just product and price.</p>
Generalising	20'	<ul style="list-style-type: none"> • What can be learnt from this exercise? • How can we improve the marketing of the products /services? • Did you observe people in real life with good products 	<p>Trainers should paste the 5P's as responses come from the participants</p> <p>The trainer can use the example of a pot of stew to discuss the mix. There are several ingredients in a pot of stew which make it tasty. Only one or</p>

Step	Time	Most important contents	HINTS
		<p>and prices who fail to sell well? Give examples. What do they need to change in order to increase sales and profit?</p> <ul style="list-style-type: none"> • How can you apply the 5 Ps in your business? Give practical examples. 	<p>two ingredients is not sufficient to make a nice tasting stew.</p>

Hints and Variations

Some trainers chose to provide packaging material and even possible products for the sellers. Others define that buyers have to buy at least one and max. 3 products. We recommend not to do so. Keep markets as real as possible. No one will provide future entrepreneurs with such stuff, unless they actively seek for it. And no one will tell buyers what and how much to buy.

Also don't tell them where to place their shop. Let it happen.

You might wish to act as buyer yourself. Be careful. It is part of the CEFE philosophy that participants experience the action. Let them act as buyers as well. Don't be afraid that they might not have cash to buy something. They should indeed have a little cash. And then it is up to the sellers to come up with products that customers could buy.

Take care that no promises are sold, i.e. something to be delivered after the market has closed.

You may choose to let participants work in small groups. This should only be done in real large classes (above 30). Individual experience in this exercise is very rich and should be used.

Instruction

MINI - MARKET

- 1. Sell an item or service to the buyer.**
- 2. It is a real business transaction (goods bought cannot be returned).**
- 3. No credit sales.**

PLANNING TIME : 15 minutes

ACTION TIME : 10 minutes



Results



Learning Points

Marketing Mix and Marketing Strategy (For Trainers and Literate Groups Only)

The marketing mix is the integrated approach towards Marketing. The Marketing Strategy has the task to ensure the achievement of the business sales target (x% share of the market for the products / services a, b, c within y time). The elements of the marketing mix, as instruments of the marketing strategy must be necessary and sufficient to achieve the targets. Nevertheless:

<p>1. PRODUCT / program (refers to both, products and services)</p> <p>1.1. program policy</p> <p>1.1.1. width (how many and which product / service lines)</p> <p>1.1.2. depth (what within a product line is offered)</p> <p>1.2. product strategy</p> <p>1.2.1. product design</p> <p>1.2.2. branding</p> <p>1.2.3. packaging</p> <p>1.2.4. additional services</p>	<p>2. PRICE</p> <p>2.1. price policy</p> <p>2.1.1. competition by pricing</p> <p>2.1.2. specific price segment targeting</p> <p>2.1.3. market</p> <p>2.2. price decision based on</p> <p>2.2.1. demand</p> <p>2.2.2. costs</p> <p>2.2.3. competitors</p> <p>2.3. price conditions</p> <p>2.3.1. discounts</p> <p>2.3.2. payment targets</p>
<p>3. PLACE</p> <p>3.1. location</p> <p>3.1.1. access to and for the target market</p> <p>3.1.2. strategic position in the market and with competitors</p> <p>3.2. infra-structure</p> <p>3.2.1. premises</p> <p>3.2.2. supplies</p> <p>3.2.3. transport & communication</p> <p>3.3. distribution</p> <p>3.3.1. channels</p> <p>3.3.1.1. direct</p> <p>3.3.1.2. indirect</p> <p>3.3.2. target</p> <p>3.3.2.1. intensive</p> <p>3.3.2.2. exclusive</p> <p>3.3.2.3. selective</p>	<p>4. PROMOTION</p> <p>4.1. public relations</p> <p>4.2. advertisement</p> <p>4.2.1. methods</p> <p>4.2.2. tools</p> <p>4.3. incentives</p> <p>4.3.1. events</p> <p>4.3.2. promotion</p>
<p>5. PERSON / PERSONNEL</p> <p>5.1. capacity</p> <p>5.1.1. different levels</p> <p>5.1.2. different tasks</p> <p>5.2. quality</p> <p>5.2.1. selection</p> <p>5.2.2. qualification</p>	

8. MATCH BOX HEROES

An extremely exciting and interesting exercise where participants form groups and attempt to pick up match sticks previously scattered on the training room floor. Match sticks are counted for each group and participants learn essential marketing concepts like market potential, share and entry strategy.

Story

This exercise serves as an introduction into market potential. It introduces the concept of market, market share, sales volume and entry strategy.

3 - 4 groups are formed and sent out of the classroom for a moment. However not too far. The groups are not allowed to see that one trainer scatters matchsticks in the training room, about half of them very obviously on the floor, the other part hidden (wherever possible and suitable).

A co-trainer gives the task to the participant groups outside: to get as many matchsticks as possible within a stipulated time frame (max. 2 min.). When the room is prepared, doors are opened and participants try to do their best. The matchsticks are counted for each group and the winner is acknowledged. Some matchsticks however are in locations which cannot be easily found by the participants. The significance of all this is discussed in the plenary.

Objectives

After completion of the exercise participants will:

- ✓ understand supply and demand
- ✓ understand the relationship between market share, market volume and sales volume
- ✓ Get aware of unattended gaps in the market
- ✓ Get aware and appreciate better entry strategies:
 - explore unattended markets,
 - avoid predatory competition,
 - avoid simple copying of others.

Requirements

Trainers/assistants	1 trainer (1 assistant, otherwise the room can be prepared during a break and the trainer only gives the instructions outside)
Time	– 1 - 1.5 hours
Didactic aids to prepare	– Result exercise chart – Result Graph
Materials for the participants (during the exercise)	– about 200-300 match sticks (usually ca. 5-7 matchboxes) – masking tape – marker pens and sheets of blank flip chart paper

Implementation Process

Step	Time	Most important contents	HINTS
Preparation, Explication of rules, Instructions	10'	<p>Form 3 - 4 groups and send them out of the class room</p> <p>Distribute in open and hidden spaces (for example below chairs and tables, behind lamps, but not in private areas like bags of participants) 200-300 match sticks in the class room (each one representing one client or the market potential).</p> <p>Inform the groups outside of the classroom that there are match sticks distributed all over the training room; that they will have <u>one minute</u> to search and collect the highest number of matches possible, that they shall quickly prepare a plan how to get the highest number.</p> <p>Trainer encourages groups to discuss their plans and strategies</p> <p>Inform participants that each match stick represents a unit of sale</p> <p>Each match stick = GHc10</p>	<p>Ensure participants do not have access to room once outside. Also make sure that none of them are peeping as well.</p> <p>Half of the match sticks should be in hidden places. Count the matches that you use for later statistics</p> <p>The rest should be scattered in obvious place</p> <p>NEVER tell them that there are also hidden match sticks.</p>
First round	20'	Open the door and let the participants find and collect the matchsticks	Regardless the time given to them, stop the action when the first participants start finding hidden match sticks.
Processing	20-40'	<p>Ask each group how many sticks were collected</p> <p>Publish results using the result chart</p> <p>How do you feel?</p> <p>What was your strategy?</p> <p>Why do you think you were the highest?</p> <p>Why do you think you were the lowest?</p>	<p>Counting should be witnessed</p> <p>Don't overdo discussing the strategy of the groups here. The learning point starts when you ask: what do the matches represent? Spend a bit more time here before you hunt for "market gap"</p>

Step	Time	Most important contents	HINTS
		<p>What do all collected matchsticks represent? <u>Market Volume (Total Sales)</u></p> <p>What do the match sticks collected by each group represent? – <u>Sales Volume (Sales)</u></p> <p>What can we call the match sticks collected by one group as a percentage of the total match sticks collected altogether? – <u>Market Share</u></p> <p>Do you believe that all the match sticks collected by all groups represent then entire market? What do those not found represent? – <u>Market Gap (Unexplored Market)</u></p> <p>What can we call the total number of matchsticks in the room (found and un found)? – <u>Market Potential</u></p> <p>Ask each group, if there was another round, how many match sticks do you think you will get? How do you interpret this estimate/new projection? – <u>Sales Potential (Sales Target)</u></p>	<p>Trainer makes reference to the gap between what was scattered and what was collected.</p> <p>Probably they will all increase their targets and overestimate the market potential. Discuss realistic goals again.</p>
Generalising	20'	<p>Why did each group focus on the obvious market? From this exercise, is it right to compete for the obvious markets? What should be an Entrepreneurs approach when entering a new market? Should new comers necessarily result in cut throat</p>	Trainers to encourage participants to relate to real life examples

Step	Time	Most important contents	HINTS
		competition?	

Instructions

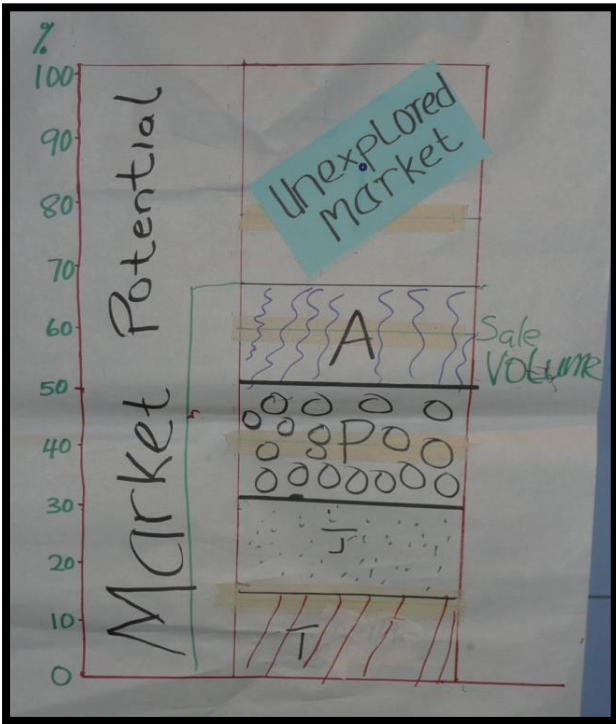
RULES FOR MATCHBOX

- 1. There are match sticks distributed all over the hall.**
- 2. Search and collect as many as possible in 2 minutes.**
- 3. Collection of match sticks after 2 minutes attract a penalty of disqualification.**

PLANNING TIME : 5 minutes

Group	Sales Volume	Market Share	Sales target	
T	40	24.69%	40	16%
J	33	20.37%	50	13.2%
P	51	31.48%	60	20.4%
A	38	23.46%	40	15.2%
Total	162	100%	190	250
	Market Volume		Projected market volume	

MATCH BOX HEROES				
Group	SALES VOLUME	MARKET SHARE	SALES TARGET	
TOTAL				



Results Chart

PART THREE

OVERVIEW OF FINANCIAL MANAGEMENT

i. Definition:

Financial Management can be defined as:

The management of the finances of a business / organization in order to achieve financial objectives

ii. Objectives:

Taking a commercial business as the most common organizational structure, the key objectives of financial management would be to:

- Create wealth for the business
- Generate cash, and
- Provide an adequate return on investment bearing in mind the risks that the business is taking and the resources invested

iii. How Money Flows Through A Business:

As a business, you engage in various activities whereby money flows through your business. Essentially, you have money coming into your business and money going out of your business. These money flows are called *transactions*. Money will flow into your business from four main sources, and it will flow out of your business for four main reasons – each is essentially the opposite of the other.

Money flowing into your business may take one of two forms:

1. INFLOWS
2. OUTFLOWS

INFLOWS:

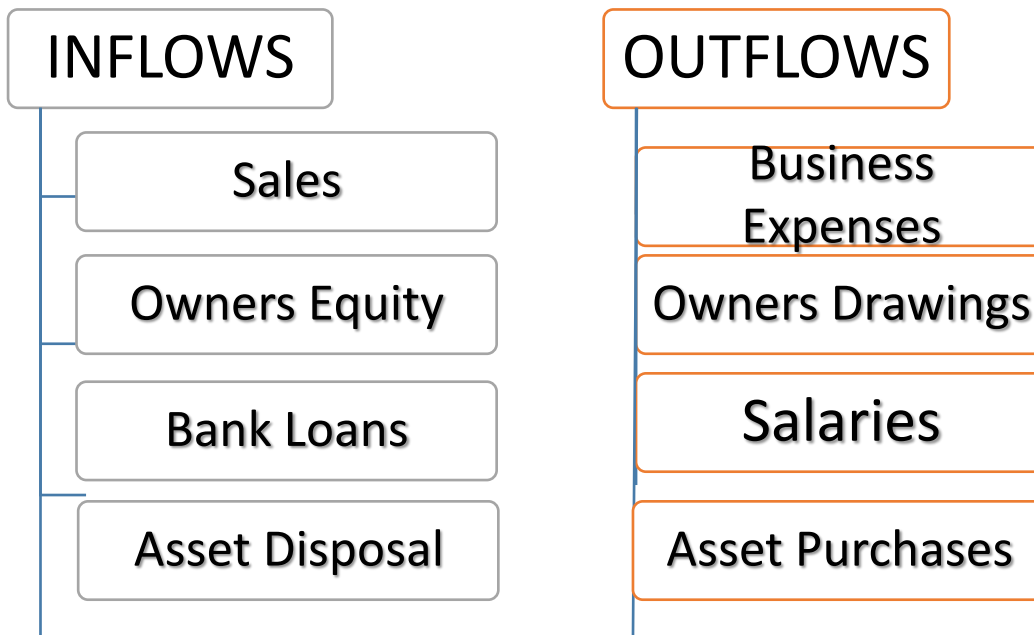
Money or Cash flowing into the business, mainly in the form of:

- income from selling goods or services
- money from selling business assets
- money you have contributed to the business
- money you have borrowed.

OUTFLOWS:

Money flowing out of your business, mainly in the form of:

- payments for expenses of carrying on the business
- payments to buy or replace business assets
- payments to you from the business (drawings)
- money lent to others.



RECORDS KEEPING

Why keep records?

Keeping accurate and up-to-date records is vital to the success of any business. The business must realize that records kept will be one of the most important management tools it possesses and, therefore, it should be allocated due importance. Many business owners invest a lot of time and effort into the running of their business and yet fail to realize the importance of maintaining good documentation. The business owner is looking for the maximum return from their investment and the maintaining of good records is part of that equation.

For the business to achieve its success and profit, it is necessary for the scores to be kept, as it were. Keeping records is really like score keeping - if you went to a football game where no one kept the score, you would have to ask "what was the point of that whole exercise?" By keeping the score you are able to work out who is winning and whether you are winning at all. Many people do not know the "current score" of their own business because they have failed to realize the importance of keeping good and adequate records.

Any record keeping system should be accurate, reliable, easy to follow, consistent as to the basis used and be very simple. Good record keeping is vital in regards to meeting the financial commitments of the business and providing information on which decisions for the future of the business can be based. While the business maintains records to monitor and record its normal business activities, it is also necessary because of obligations under the taxation laws.

How will it help you?

Keeping clear and accurate records will contribute to the success of your business in the following ways:

- Assists you in preparing your financial statements quickly and accurately.
- Provides information to enable the control of cash in the business.
- Provides management information to base business decisions on.
- Contributes promptly to assessing the financial situation of the business at any time.
- Saves a lot of time and effort.
- Keeps a good track of the costs of staff and their performance.
- Measures the business performance against the projections that were originally set down in the business plan.
- Highlights quickly areas where problems could arise and enable remedies to be put in place.
- Fulfills the obligations as to taxation law.
- Assists you in calculating how much tax you have to pay.
- Assists in providing information required by your bankers.
- Helps in detecting thefts within the business itself.
- Increases the chances of the business operating and achieving success.

What will your records tell you?

The following check list will give you an idea of some of the things that your records will be able to reveal as far as your business is concerned:

- The income you are generating now and how much income you can expect to generate in the future.
- How much you owe for goods or rent or other expenses.
- How much cash you have on hand and how much cash is tied up in other things such as stock.
- How often you turnover your stock.
- Your gross profit and your net profit.
- How your financial situation compares with last year or with your budgets.
- How much cash is owing to you at any time and how long has it been outstanding.
- What are your actual expenses and overheads compared to your projections?
- Which of your products are making a profit and which are running at a loss?
- How your business compares in financial terms, as well as product quality and service supplied etc., with those of your competitors and with the industry in general.

Good records will keep you on your toes and enable you to monitor every situation. It is no use finding out six months down the track that a particular product has been selling at a loss, or that your sales are 50% less than what was in your budgets, or that you are owed GHC50,000.00 more than expected at any particular time of the year.

After you have put together a good system for recording, make sure you use the system to help you in the business. Monitor it, protect it and back it up.

Record Keeping, Bookkeeping and Accounting

Financial Accounting

Business essentially consists of the buying and selling of goods and services. In our industry for instance, services are offered for sale. Business accountants who specialize in **financial accounting** are skilled at recording, summarizing, and reporting financial transactions. Financial transactions include **revenue**, the term used to indicate the money you take in, **expense**, the cost of the items required to operate the business, and **profit**, the Ghana Cedi that remain after all expenses have been paid.

These transactions can be used to develop the following profit-oriented formula:

Revenue - Expenses = Profit

Basic Bookkeeping Structure

<p><u>SOURCE DOCUMENTS</u> Where Original Information is to be found →</p>	<ul style="list-style-type: none"> • Sales and purchases invoices • Debit and credit notes for returns • Bank paying-in slips and cheque counterfoils • Receipts for cash paid out and received. • Correspondence containing other financial information
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<p><u>ORIGINAL ENTRY</u> What happens to it→</p>	<p>Classified and then entered in books of prime entry:</p> <ul style="list-style-type: none"> • Sales and purchase journals • Returns inwards and outwards journals • Cash book • The journal
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<p><u>DOUBLE ENTRY</u> How the dual aspects of each transaction is recorded →</p>	<u>Double Entry Accounts:</u>			
	<i>General Ledger</i>	<i>Sales Ledger</i>	<i>Purchases Ledger</i>	<i>Cash Book</i>
	Real & Nominal Accounts	Debtors Accounts	Creditors Accounts	Cash Book & Petty Cash Book



<p><u>CHECK ARITHMETIC</u> Checking the arithmetical accuracy of double entry accounts→</p>	<p>Trial Balance</p>
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<p><u>PROFIT OR LOSS</u> Calculation of Profit or Loss for the Accounting Period →</p>	<p>Profit & Loss Account (Income Statement)</p>
<p><u>CLOSING FINANCIAL POSITION</u> Financial statement showing liabilities, assets and capital at the end of the accounting period→</p>	<p>Balance Sheet</p>

Source Documents

The start of the bookkeeping process begins with accounting source documents – the paperwork. In most cases, when a business transaction is carried out a document is produced which contains the details of each transaction. These documents get their name from the fact that they are the origin of the information that is recorded into the accounting books.

A Source document is a written document that provides the details of a transaction and evidence that the transaction has taken place. It is the evidence that a financial transaction occurred. If a company is audited, source documents back up the accounting journals and general ledger as an indisputable audit trail.

Both businesses (and people) involved in the transaction will get a copy of the accounting source document produced.

A source document describes all the basic facts of the transaction such as the amount of the transaction, to whom the transaction was made, the purpose of the transaction, and the date of the transaction. Every document therefore has a few things in common:-

What are the features of a source document?

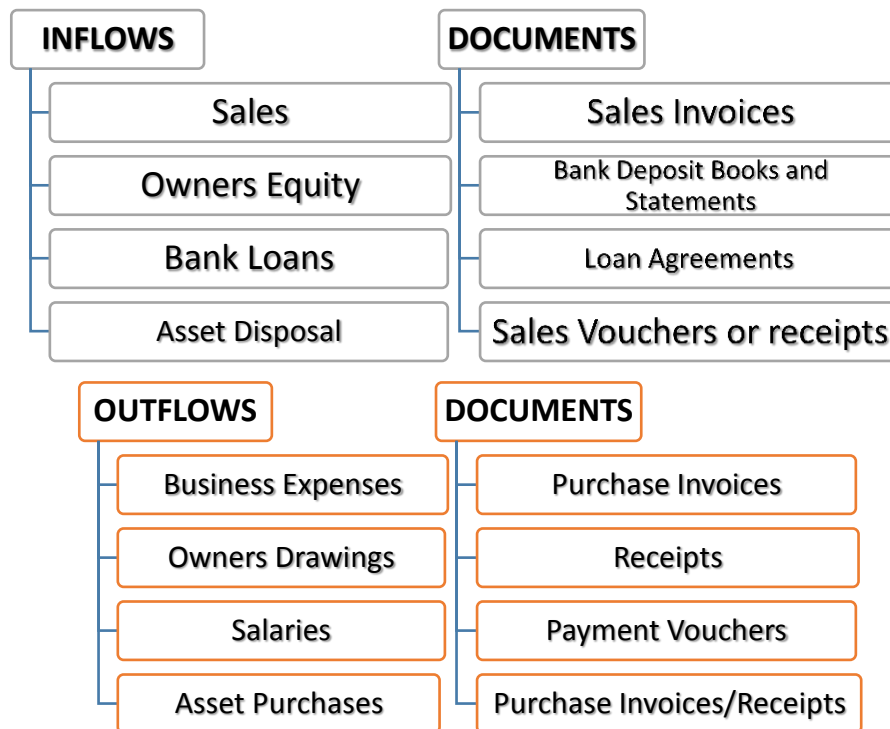
1. Date when transaction took place
2. Names and addresses of people /companies involved
3. Nature of transaction
4. Total amount of money involved
5. Terms and conditions of transaction
6. An authorised signature.

What is the importance of source documents?

1. For audit purposes to check for fraud.
2. Evidence that a transaction has occurred.
3. Provide important information which are recorded into the books of prime entry.

What are the uses of source documents?

- Invoice -- To inform buyer of the amount to pay for goods and services supplied
- Credit Note -- To correct an overcharge in the invoice or when the buyer returned goods
- Debit Note -- To correct an undercharge in the invoice
- Payment Voucher -- An evidence of payment to a named party
- Cheque Counterfoil -- As record of amount paid by cheque
- Receipt -- To acknowledge money received
- Bank Statement -- Summary of monthly transactions for current account holder
- Petty Cash Voucher -- Record petty cash expenses
- Office memo -- Record company's internal transactions



Books of Prime Entry

Books of Prime Entry are books in which business transactions are first recorded before they are posted to the ledgers. They are also called Books of Original Entry or Day Books.

What is a Journal?

A journal is a book of accounting entries where transactions are recorded chronologically. The journal is also called a 'day book', a 'book of prime entry' or a 'book of original entry'.

What are the types of books of prime entry / books of original entry?

1. Purchases Journal
2. Sales Journal
3. Returns Outwards Journal / Purchases Returns Journal
4. Returns Inwards Journal
5. General Journals
6. Cash Book
7. Petty Cash Book

- Similar transactions are recorded into one book in order of date
- Unnecessary detail in the ledger is cut down as only totals are posted to the ledger.

THE CASH BOOK

The Cash book is a book of original entry in which transactions relating only to cash receipts and payments are recorded in detail. When cash is received it is entered on the debit or left hand side (Cash In). Similarly, when cash is paid out the same is recorded on the credit or right hand side of the cash book (Cash Out).

Source Documents:

For Every entry made in the cash book there must be a proper source document. Source documents are documents containing evidence of payment and receipts. When money is received generally a printed receipt is issued to the payer but counterfoil or the carbon copy of it is preserved by the cashier. The copy receipts are called debit vouchers, and they support the entries appearing on the debit side of the cash book. Similarly when payment is made a receipt is obtained from the payee. These receipts are known as credit vouchers.

Balancing Cash Book:

The cash book is balanced at the end of a given period by inserting the excess of the debit on the credit side as "by balance carried down" to make both sides agree. The balance is then shown on the debit side by "To balance brought down" to start the next period. As one cannot pay more than what he actually receives, the cash book recording cash only can never show a credit balance.

A Simple Cash Book Exercise

Kwabena owns a small business. Below are transactions of his business over a one week period.

Day	Activity	Amount (GHC)
Monday	Cash Sales	150
	Paid Light Bill	10
Tuesday	Cash Sales	100
Wednesday	Cash Sales	120
	Bought foods stuff	100
Thursday	Cash Sales	180
	Paid Water bill	10
Friday	Cash Sales	80
	Paid workers	60
Saturday	Cash Sales	150
	Hiring of Delivery van	20
	Bought foodstuff	120

Simple Cash Book (Ledger)

Solution

S/No	DATE	ACTIVITY	CASH IN GHc	CASH OUT GHc	BALANCE GHc
1	Monday	Cash Sales	150		150
2		Paid Light Bill		10	140
3	Tuesday	Cash Sales	100		240
4	Wednesday	Cash Sales	120		360
5		Bought foods stuff		100	260
6	Thursday	Cash Sales	180		440
7		Paid Water bill		10	430
8	Friday	Cash Sales	80		510
9		Paid workers		60	450
10	Saturday	Cash Sales	150		600
11		Hiring of Delivery van		20	580
12		Bought foodstuff		120	460
			780	320	

COST CATEGORIES

There are differences in costs that everybody is aware of, however it is not easy to describe the difference sometimes. This exercise guides participants through the jungle of different cost categories without lecturing - by putting them in the shoes of a very interesting business.

Story

Costs are not the favourite finance subject even for the finance specialists. When it comes to understanding the costs and their differences, it is very important to avoid the dry lecturing and turn it into amusing role-play/case study for the participants.

Agree with participants on a business you will talk about – e.g. carpentry. There are quite a number of different costs that the business makes. First, try to get out from the group a general understanding of the difference in cost categories - fixed, variable, direct and indirect costs should appear. Do this by asking them which different costs they can imagine. Carefully guide them (without lecturing) to recognize that some costs have to be paid regardless the volume of production and sales (e.g. office rent), which are fixed costs. Others depend on the quantity (e.g. timber) these are variable costs. Then you have costs which you can directly relate to a product (e.g. upholstery for chairs) – direct costs. And others where this is not possible (e.g. telephone bill) – indirect costs.

Once this is clear, you continue with a kind of case study, a business that has two components: carting and coffee shop. Divide a soft board into 4 squares, fixed, variable, direct and indirect costs (should have been prepared during the previous discussion) and ask participants to come out one by one and place their metaplan card in the category where it fits and explain why it fits there. Leave the discussion to the group, however be aware of the trick cards that do not represent costs for the business (e.g. loan repayment, necklace for the secretary).

There are also three alternatives for the exercise using different trades. These are:

- ✓ Fisherman
- ✓ Fishmonger
- ✓ Chop Bar
- ✓ Poultry
- ✓ Etc.

Depending on your training context you can easily prepare a relevant similar set of cards to be used.

Objectives

After completion of the exercise, participants

- ✓ Understand the difference in 4 cost categories
- ✓ Realize the importance of distinguishing 4 categories of costs

Requirements

Time	1 - 2 hours
Preparation of rooms	U shape
Trainers/assistants	1 trainer
Didactic aids to prepare	Soft board
Materials for the trainers (during the exercise)	Soft board, marker, flipchart
Materials for the participants (during the exercise)	Metaplan cards with costs, ready made by trainers
Important conditions of the room	Enough space to fit all the participants

Implementation Process

Step	Time	Content	Hints
Introduction	30-30'	<ul style="list-style-type: none"> ✓ Introduce the nature of the business by asking for examples of interesting businesses that participants know. ✓ Take a suitable one and request for the help with structuring costs in such a business. ✓ Ask participants to mention costs of such a business. ✓ By taking two opposite cost examples (office rent / raw material) try to get them to fixed and variable costs. If they don't catch it, ask them when they have to pay it and if the amount differs. ✓ Take two other suitable examples to get direct and indirect costs. ✓ In total: get out of the group the differences in cost categories. ✓ When doing so, prepare a chart with four quadrants on a soft board, as shown in the materials below. 	
Action	30'	<p>Explain them that you plan to start a recreation centre with carting cars and a coffee shop. You need help to divide the costs.</p> <ul style="list-style-type: none"> ✓ Give participants the metaplan cards with costs on each card. ✓ Ask them to place their card, one by one, into 	<p>If the environment is not familiar with the carting concept, the nature of the business should be changed into something similar as provided in the "Story" section and with the metaplan card files belong to this exercise.</p> <p>Prepare metaplan cards with the costs of the</p>

Step	Time	Content	Hints
		<p>the square where it fits.</p> <ul style="list-style-type: none"> ✓ If there is a card which is not in the correct place, try to use the group to help participants understand the real position of the card. 	<p>business that you want to use.</p> <p>Number of metaplan cards (different costs) should be equal to the number of participants in order to keep everybody in the exercise.</p> <p>The trainer should ask the participants to explain to the class their reasons for placing a card on in particular quadrant immediately after placing it.</p>
Publishing	0	not required / however, you can ask them how they feel	
Processing	20'	<ul style="list-style-type: none"> ✓ Make sure that everyone agrees with the final result on the board. ✓ Which categories are more critical (dangerous) for the carting and coffee shop? ✓ Why do you think so? ✓ Why is it important to understand differences in costs? ✓ What benefit is to differentiate cost categories? 	For answers reads handout below
Generalization	20'	<ul style="list-style-type: none"> ✓ Do you know to calculate the manufacturing costs of different items in your business? ✓ Why is this important? ✓ Give examples of costs in your business (idea). ✓ Where and how could you make your business 	To fight against the devil of fixed costs; for aggressive pricing policies, meaning that you should cover at least variable costs, plus a little mark up as a contribution to fixed costs

Step	Time	Content	Hints
		more profitable?	

Hints and Variations

For participants with limited educational background, cost categories will remain quite alien concepts. The Objective here is not to turn them into accountants or controllers. But they should understand to look at their business (idea) and critically check:

- Can I improve (reduce) fixed and indirect costs? Just as example: many small start-ups dream of becoming a manager, having a full time secretary and buying a representative car, regardless the necessity of it. Unfortunately, so many of them do it and later on complain that they do not have enough resources to maintain the business.
- Can I make a difference between the costs of different products? Another example: a beauty shop offers haircut, manicure and massage. Is the shop owner aware where he/she makes profit and where losses? Can he/she focus on problem areas or on increasing the profitable services without knowing how to find out?

Even without having the skills to calculate it in an academically correct way, small business people gain a lot when they simply understand to look at different cost categories.

Learning Points

For the trainer and literate participants

COST: An expenditure (a decrease in assets or an increase in liabilities) made to obtain an economic benefit, usually resources that can produce revenue. A cost can also be defined as the sacrifice to acquire a good or service. Used in this sense, a cost represents an asset. An expense is a cost that has been utilised by the company in the process of obtaining revenue. Costs can be classified in many ways, including the following:

Direct and indirect costs

- Direct costs are outlays that can be identified with a specific product, department or activity (e.g., direct labour and direct material costs).
- Indirect costs are outlays that cannot be identified as can direct costs (e.g., taxes, insurance, telephone expense).

Essence: used to calculate differentiated manufacturing costs for a range of different products or services. Cost reduction strategies should focus on indirect costs.

Fixed, variable, and mixed costs

- Fixed costs remain constant in total (not per unit) regardless of the volume of production or sales, over a relevant range of production or sales. Rent and depreciation are typically fixed costs. Total depreciation remains constant. Variable costs fluctuate in total (not per unit) as the volume of production or sales fluctuates. Direct labour costs, direct material costs used in production, and sales commissions are examples of variable costs. Mixed costs contain elements of fixed and variable costs. Costs of supervision and inspections are often mixed costs.
- *Essence: used to calculate break-even point. The sales price should at least recover the variable costs. Everything above this is considered a contribution margin to “overheads”, i.e. fixed and/or indirect costs. Cost reduction strategies should focus on fixed costs.*

BREAK EVEN STORY

A small business person just succeeded to finish the first week of his production and sales. He is so happy about his income that he invites all participants to a party. But they will warn him that he cannot consider the money as profit. Stepwise, the pipe producer/carpenter tells his story and participants will help him to get costs right and develop – without knowing – the breakeven point concept. Very simple, easy to understand introduction into BEP.

Story

The facilitator appears as a smoking pipe producer - a sympathetic simple minded man (woman). As he has just produced the first set of pipes and earned 2.000 LC, he is so happy that he shows his income (2 blue metaplan cards of 1.000 LC each), puts them on the soft board and invites all participants to a party. By the way he puts the invitation and – if necessary – additional questions – participants will understand that he confuses income with profit and will warn him that he still has to pay the costs. He will ask “which costs” and participants will answer something that the trainer can transform into fixed and variable costs.

The money that he earned and the costs are symbolised by metaplan cards of different colours. The situation is simplified to a maximum: Only one month is considered in the drama. At the beginning of the month, the piper/carpenter has to pay fixed costs of 3.000 LC. In each *week*, he earns 2.000 LC and has to pay 1.000 LC as variable costs.

When he fixes the cost metaplan cards (red for fixed costs and yellow for variable costs) next to the income cards (blue), it is obvious that he did not (yet) made profit. (He earned 2.000 LC and had to pay 3.000 LC fixed costs plus 1.000 variable costs). He will start crying loudly: “I make losses, am bankrupt, close my small business...” He does it in a way that participants encourage him to continue. So he puts the income metaplan cards (2.000 again) for week 2 and says: “at least no losses”. But participants will correct him again, saying that he had forgotten variable costs of week two.

Again it looks like losses and the pipe producer collapses again. But when participants convince him to continue week three will give a final and balanced result. “What is this now” the piper may ask. And eventually some participants will say “break-even”. But even when not familiar with the technical terms they can see and understand that total revenues have equalled fixed and variable costs.

Completing the month by yet another week – and same income and variable costs – finally the piper is left with a little surplus. Participants will tell him “this is your profit”. If you want you may still provoke the question that he has to pay taxes on profit.

After that story, the piper changes role, becomes a facilitator again and brings the participants to summarizing the understanding of revenues, costs, break even and profit.

Alternative Story Using Kwakwu the Carpenter

- ✓ A skilful carpenter needs to pay Rent of GHc200 and Electricity bill of GHc100 to enable him produce.
- ✓ He charges GHc 200 for a set of furniture
- ✓ He uses GHc 100 out of the GHc 200 for purchase of materials for production
- ✓ He receives an order from Mr Boakye to produce a set of furniture at GHc 200 in the first week of business.
- ✓ Kwakwu the carpenter has decided to throw a party in a grand style using the money.
- ✓ Ask participants if he should go ahead with the party?
- ✓ In the second week, Kwakwu receives his second order from Mrs Asantewaa and still wants to use it for the party.
- ✓ The trainer should ask participants if he should go ahead with this.
- ✓ In the third week, Mr Ben made an order for a nice set of furniture and paid Kwakwu GHc 200 for this.
- ✓ Kwakwu was still eager to throw his party using this money.
- ✓ The trainer should ask if they think that he should do this.
- ✓ In the fourth week he receives yet another order from Madam Theresah.
- ✓ At this point he makes a profit (ask class about this) and still expresses his desire to throw a party.
- ✓ The trainer should ask the participants what they think about this?

Objectives

After completion of the exercises participants have improved their:

- ✓ understanding of income, costs, profit and the differences between them,
- ✓ understanding of the difference between fixed and variable costs,
- ✓ understanding of the idea (not the formulas) of Break Even,
- ✓ awareness that incoming money cannot be spent for private purposes, as it is not profit

Requirements

Time	45 mins – 1:15 hours
Preparation of rooms	participants in U-shape; pin boards in front
Trainers/assistants	1 facilitator
Didactic aids to prepare	
Materials for the trainers (during the exercise)	metaplan cards symbolizing the money; perhaps a little pipe and a costume for the pipe producer; some carpentry tools such as a hammer for Kwakwu (of course, the trainer can also play the drama of a different profession)
Materials for the participants (during the exercise)	
Important conditions of the room	

Implementation Process

Step	Time	Content	Hints
Introduction		Facilitator enters the room as simple pipe producer/carpenter – no further introduction	Each income received should show a time period (week) Income Card GHc 100 (Green/Blue) Fixed Cost Card GHc 100 Pink/Orange Variable Cost Card GHc 50 Yellow
Action		The Piper/carpenter tells his story (see “the Story”) and goes slowly through the four weeks	The exercise depends on how you play your role and tell the story. By asking right questions, participants will prevent the piper/carpenter from making mistakes. Variable cost should be explained as materials to make it easier for participants to understand. Use a breakeven point masking tape on the board to visualize the BEP.
Publishing		not needed; the results of the pipe/carpentry business are visualised with metaplan cards	
Processing		Processing is integrated into the story that the pipe producer/carpenter tells. Processing here means: transforming the problems and confusion of the pipe producer/carpenter into better understanding and right conclusion at the end: ✓ when did he break even? ✓ what does that mean for him?	
Generalization		✓ what does BEP tell us in real businesses ✓ introduce BEP quantity (how many units must I produce to break even at a given price) and BEP price (what sales price do I need to break even at a given quantity or capacity)	
Application		in subsequent exercise (case study) or when preparing the business plan	

Hints and Variations

Even with a very low level of education of participants, you can introduce the simplified break even calculation in figures using the alternative break even story, given above under ‘Story’. Break participants into about four or five groups, give them the formula for BEP calculation and let them try. After calculation let them all present their result. Most probably, they will have different ones, which gives you a beautiful occasion to find out the mistakes, of course, together with the participants. You should ask what has happened at breakeven point).

CEFE offers a more complex BEP case study exercise and one exercise where different ratios are elaborated and compared (‘Lucky Luke’). Medium business math skills are required here. The BEP story can be used as an introduction to those more technical sessions as well.



Instructions and Results

Learning Points

Break-even analysis is a tool to determine the level of production / sale at which the project will cover both fixed and variable costs. It indicates the minimum amount of revenue that a project must earn in order to cover the total cost incurred so that it does not incur any loss, i.e.

Total sales revenues = at least equal to total cost

The point of equality of total revenue and total costs is a point of zero profits and zero losses. In appraising industrial projects the break-even analysis principally determines viability. It is a useful appraisal tool in that it provides answers to the following questions:

1. At what level of production will the project be able to cover all its cost?
2. What is the minimum price required for the product to be viable at different levels of production?
3. What happens if financial assumptions of costs or prices are changing?
4. What are the best, worst and probable scenarios of the project?

The break-even analysis is not limited to simple calculations on given formulas, rather, the analysis becomes more meaningful if there is thorough interpretation of the results of the calculation.

For the break-even analysis, costs are categorised into **variable** and **fixed** costs.

CALCULATION OF CONTRIBUTION MARGIN (CM)

The contribution margin (CM) is the contribution of each unit of production towards covering fixed costs of the project and eventually the margin of profits. Simply, it is the difference between selling price (SP) and the variable cost per unit (VCU), i.e.:

$$\text{CM} = \text{SP} - \text{VCU}$$

Given the formulae:

$$\text{B/E Point in units} = \frac{\text{TOTAL FIXED COSTS}}{\text{CONTRIBUTION MARGIN per unit}}$$

BREAK EVEN POINT IS WHEN...

TOTAL INCOME =

TOTAL FIXED COSTS

+ TOTAL VARIABLE COSTS

CROWN EXERCISE

How can an entrepreneur face tough competition and still make a reasonable profit? Participants make crowns to sell to a foreign buyer who has limited funds to make purchases and will only buy the cheapest crowns which meet basic requirements. The participants work in groups and compete to earn the most money. Crown exercise can be used to train special aspects like profit and loss, break even, organization, management, financial planning, entrepreneurial skills – or all at once. Very lively, interactive and motivational.

Story

The crown exercise is a production simulation exercise. Groups compete against one another in a highly competitive and limited market and are hence forced to adopt a low cost production plan. The market segments competition and limited buying power can have a dramatic negative effect on success and profitability if not taken into account by the entrepreneur.

This group exercise has been designed so that participants see the importance of taking the market (customers and competitors) into account when planning, producing and selling a product.

In the exercise the lowest price is the greatest motivator for the buyer to purchase crowns. The essential function of the product must however be maintained i.e. the crown must look like a crown, stay on one's head and must not fall apart. The market will accept crowns until the budget for purchasing is spent. Best quality is of secondary importance, **unlike** the envelope exercise where it is of primary concern for the buyer who buys all products at a predefined price, as long as they meet his specification

The buyer wants to buy as many functional crowns as possible, yet is limited by his/her buying power. For example: if the total purchasing power of the market is 100 and the lowest selling price is 5 then the buyer will buy 20 crowns. If the company offering a price of 5 can only provide 12 crowns, the buyer will take them all and pay 60. He will then proceed with the next cheapest company, offering at, let's say, 6.50. Since 40 are left over, he will now buy 6 crowns and pay 39. Any other crowns will remain unsold at the expense of the entrepreneurs who failed to apply an appropriate production plan and set an appropriate selling price.

The winner will be the one who earns the greatest profit.

Objectives

After completion of the exercise, the participants:

- ✓ understand the effects of a limited market on their production plan;
- ✓ calculate a competitive selling price that covers their fixed and variable costs and results in profit;
- ✓ apply knowledge of Break-Even point;
- ✓ develop creativity to reduce costs;
- ✓ strengthen their organization to increase productivity.

Requirements

Time	3 to 6 hours (depending on how many aspects you want to get out from the exercise)
Preparation of rooms	<ul style="list-style-type: none"> - Tables and chairs for groups of 4 to 5 people - A table and chair for the buyer and shop where raw material and equipment is sold to the participants
Trainers/assistants	1 trainer, 1 or 2 co-trainers
Didactic aids to prepare	1 flip chart per group to present group results
Materials for the trainers (during the exercise)	<ul style="list-style-type: none"> - Instructions handout - Price list of items on sale at the shop and labour costs - Crown sample (The trainer may make a sample for each group.) - Ensure that the stapler is not used for the sample (use glue)
Materials for the participants (during the exercise)	<ul style="list-style-type: none"> - Metaplan cards - 60 per group (ordinary paper can be used as well) - Scissors - 1 to 3 per group - Staplers - 1 to 2 per group - Rulers - 1 to 2 per group - Rolls of Masking Tape - 1 to 2 per group - Ensure to inform the participants a day earlier on the need to come with money.
Important conditions of the room	<ul style="list-style-type: none"> - Sufficient space for the groups to produce crowns - Buyers table to be relatively private to ensure confidential negotiations

Implementation Process

Step	Time	Most Important Contents	Hints
Introduction	2'	To motivate participants. The trainer asks for volunteers who want to be entrepreneur and invest their own money into a company that will produce crowns and can give him a good profit. Company staff (the other participants are then assigned to the companies)	The trainer can do an energiser to form the groups and also motivate the participants Groups = companies to consist of 4 or 7 participants each. You need at least 3 companies. There is no problem to have large companies. Introduce the exercise as an opportunity to practise producing a product for a particular market.
Explication of rules/ instructions	8'	Explain the rules. Don't allow companies to cooperate or form a cooperative. If they negotiate to form a cartel to agree on one price, let them do so. Usually it will be broken by at least one company. If not (i.e. all offer identical prices), simply invite the first group and buy from them then continue with next group until you spent your money.	Tell them that you will only go over the instructions once. Any other information, which they would like to know apart from those given, will have to be sought by them from the facilitators on an individual basis. Don't inform participants about the purchasing power of the buyer. This amount, which the buyer will spend, is calculated as follows: add all costs of the companies (you can do that during action round) + 30% of it = purchase power.
Action Round 1 Preparation	20'	Entrepreneurs plan the production process and purchase equipment and raw materials.	Record the purchases and number of workers that are to be used by each group. Have a sample of the crown on the buyer's table for the entrepreneurs to inspect (the trainer may choose to make one crown for each group as samples). Allow them to make a trial production. For this you can provide a sample kit of tools and material. But don't forget to recollect it. When they want to purchase equipment and material, only deliver it against a purchase list, where the company defines

Step	Time	Most Important Contents	Hints
			its name and planned number of crowns. The production phase will start after 20 min. for preparation, which includes purchase. If they did not purchase during preparation they can do it during production but will lose time for production. The companies have to pay for the purchased items.
Action Round 1 Production	15'	The entrepreneurs and accountants for each group control the production process and determine the selling price. Labourers produce crowns.	Continually remind the participants of the time remaining to construct a crown. This will create a time pressure factor. 5 min. before production time is over the companies have to deliver a paper with their company name and the binding selling price. This is kept secret by the trainer until publishing.
Action Round 1 Selling	20'	According to their prices, the businesses are called. Cheapest first. Quality is quickly checked and transaction done. The buyer buys as much as he can with his money. Then he continues with next company until his money is spent. Companies return to their places and calculate their profit or loss. Each accountant with the aid of other group members compiles a Profit & Loss Statement on the prepared flip chart to present their company's results.	<p>Check to determine if the crowns meet the minimum standard i.e. stay on one's head (not too big not too small) and don't fall apart.</p> <p>Don't allow sellers to negotiate price. Do selling in public. Here the other companies will get to know their competitors' prices.</p> <p>One or two of the groups that make the most expensive offers will only be able to sell some of the crowns they produced or even nothing.</p> <p>Where two sellers sell at the same price, the buyer may choose the group with superior quality to buy from first.</p> <p>Those who did not sell anything may object to the closing of the market. Tell them that the reasons why they didn't sell anything will be determined in the processing stage.</p>

Step	Time	Most Important Contents	Hints
Round 1 Publishing and short Processing	5' 15'	Ask the participants how they feel? Ask participants reasons for success and failure and note findings on the flipchart	The winning group is not necessarily the one that sold the largest quantity of crowns, but the one who earns the greatest profit. Explain your reasons for buying
Action Round 2 Preparation Production Selling/Publishing	15' 20' 15' 5'	Repeat Action of Round 1 Each accountant with the aid of other group members compiles a Profit & Loss Statement on the prepared flip chart to present their group's results. Award the winning group with a prize.	Depending on the targets set by the companies and related costs in the 2 nd round you will get a new purchase power limit. Carefully observe that prices usually have huge differences in 1 st round and come closer in 2 nd round. Obviously, a market price for such crown develops, and the question is if companies can provide their product at this competitive price level and make profit. Creativity is a main aspect for increasing productivity and competitiveness. The companies may have ideas to save costs. For instance, instead of cutting only one crown from three metaplan cards, they can reduce the height of the crown and cut the cards in a way that they get 6 crowns from 3 cards. This reduces raw material costs and work time for cutting. They can also use a stapler instead of glue sticks which increases capacity. Allow any such ideas as long as the product is still a crown. Do not advise the companies of such solutions. However, if a company approaches you asking if they could alter the crown design, encourage them. Explain your reasons for buying
Processing	20' - 30'	Key questions: <ul style="list-style-type: none"> How did the entrepreneurs determine how many items to produce, and equipment and 	The trainer should elicit activities in specific groups by making reference to notes made during action, to draw out learning points. These activities may include

Step	Time	Most Important Contents	Hints
		<p>raw materials to purchase?</p> <ul style="list-style-type: none"> • How did the information explained during rules instruction impact on your planning? • What are the reasons for success and failure? • Why did you offer the buyer such a high/low price? • How did you brief your labourers? • What factors influence production planning? 	<ul style="list-style-type: none"> • Everyone was employed • Very quality conscious equipment that breaks down. • Disorder in production.
Generalising	10' - 20'	<ul style="list-style-type: none"> • What can be learnt about the impact of the market segment characteristics (limited purchasing power & competition) on the production plan? • Guide discussion through the 'learning points (see below) <p>Ask participants if they can give real life examples of companies</p>	<p>Try to bring up calculating break-even as a basis for price fixing in a simplified manner</p> <p>Did anyone think of using the stapler? Did you make better use of paper? Did you develop other ideas and did you apply them?</p>

Hints and Variations

Crown exercise can be used for many different aspects of entrepreneurial skills, business management, marketing, organization, costs, break even, pricing, financial statements. Accordingly, you have to adjust the time schedule. If for example education level is high enough and you have introduced break even point, you can ask them to calculate their break even point after 1st and second round. Or you can discuss productivity: how to measure and to improve.

On the other side, if the level is rather limited, simplify the result tables, reduce the topics to be discussed, don't go into depreciation or costs of goods sold, but focus on the simple aspects of: how can we become competitive / how can we make sure that we can offer products at markets prices and still gain some money / how can we find out, if we make profit / how can we use creativity.

LOVE SHOP
Metaplan Cards = GHC 2.00
Scissors = GHC 4.00
Gluestick = GHC 1.00
Ruler = GHC 4.00
Masking Tape = GHC 2.00
Chair = GHC 8.00
Table = GHC 8.00

CROWNS




**OFFER
 PLANNING
 SUPPLY** } **20 minutes**

PRODUCTION TIME = 15 minutes

RESULT CHART
ROUND 2

GH¢	GROUP 1		GROUP 2		GROUP 3		GROUP 4	
	PLANNED	REAL	PLANNED	REAL	PLANNED	REAL	PLANNED	REAL
NUMBER (A)								
PRICE PER ITEM (B)								
SALES GH¢ (C) = (A X B)								
COST OF SALES (D)								
GROSS PROFIT E = (C-D)								
OTHER COSTS (F)								
NET PROFIT G = (E-F)								

Instructions

CROWN EXERCISE								
RESULT CHART								
ROUND 1								
GH¢	GROUP 1		GROUP 2		GROUP 3		GROUP 4	
	PLANNED	REAL	PLANNED	REAL	PLANNED	REAL	PLANNED	REAL
NUMBER (A) 								
PRICE PER CROWN (B)								
SALES GH¢ (C) = (A X B)								
COST OF SALES (D)								
GROSS PROFIT E = (C-D)								
OTHER COSTS (F)								
NET PROFIT G = (E-F)								

Result Charts Learning Points

Processing and Generalization:

INCREASE COMPETITIVENESS (in-depth for the Trainer)

1. **Information Seeking**
 - a. Planning
 - b. Competitor: quantity, quality, prices, technology, processes
 - c. Demand (quantity, quality, prices, specific requirements)
 - d. Ideas for marketing strategies

2. **Cost Reduction**
 - a. Specialization
 - b. Equipment/technologies
 - c. Productivity/efficiency (capacity utilization, idle capacities, process optimization)
 - d. Negotiation (suppliers, labor)
 - e. Reduction of losses
 - f. Reduction of product to effective demand (elimination of values that the client doesn't look for)

3. **Organization and Planning**
 - a. Review of targets (SMART)
 - b. Identification and elimination of bottlenecks
 - c. Production plan:
 - i. Production flow and process
 - ii. Distribution of tasks
 - iii. Supervision / Incentives / Sanctioning
 - d. Leadership and management
 - e. Training

Basket Market

Participants play in a basket market to win customers for their companies. Groups select participants to shoot at a goal. Depending on the success and some external factors, companies will face increasing or decreasing markets and expenditures. All this affects their cash flow. Without managing their cash well and adapting the company's strategy to cash realistic projections, the competing small enterprises will fail. In a very lively way, the Basket market will convince participants of the importance of cash flow and how to do it properly. They will even love doing it.

Story

In this exercise, the participants form groups and act as enterprises. They have to establish the cash flow tables for their enterprises as forecasted and later on as real. "Real" means that in a competitive environment the number of customers can vary, and that unpredicted incidents happen influencing the cash situation of the enterprise. Thus, the forecasting has to be checked and if necessary adapted to reality, over a period of three months.

The exercise is a funny and lively one, as the number of customers for each enterprise is determined by attempting to shoot as many goals as possible out of three attempts. The performance of each company in relation to the other companies (competitors) defines the number of present customers. Participants discuss observations of their respective cashflow statements and cashflow management is discussed.

Objectives

The participants

- ✓ understand that cashflow statement is the most important financial tool for small businesses;
- ✓ appreciate doing cashflow,
- ✓ understand that doing and understanding cashflow is nothin that just must be done or simply is done by an accountant without the entrepreneur looking at it,
- ✓ are able to calculate the different categories of a cash flow,
- ✓ experience the quickly and sometimes unpredictably changing cash situation of an enterprise
- ✓ use cashflow to change management strategies

Requirements

Time	3 hours ++
Type of Technique	Simulation exercise
Preparation of rooms	U-shape arrangement of chairs
Difficulty level	High
Trainers/assistants	1 trainer, 2 co-trainers/assistants
Didactic aids to prepare	1 flip chart per group to present group results

Materials for the trainers (during the exercise)	<ul style="list-style-type: none"> – Instructions handout / Story of Adwoa’s Chop Bar – Events printed out of paper or metaplan cards – Goal post (a chair) – 1-3 balls – Softboards and pins – Blind Folds
Materials for the participants (during the exercise)	<ul style="list-style-type: none"> – Marker Pens – Flip Chart Paper
Important conditions of the room	<ul style="list-style-type: none"> – Sufficient space for the groups to shoot at goal and also work on cashflow statements in individual groups spread across the room

Implementation Process

Step	Time	Most important contents	HINTS
Introduction	2'	Introduce the exercise as one that the participants will like as it will include sport activities.	In preparations, the trainer should ensure that copies of handouts (tasks) for each participant, a ball, a basket or a goal, shooting distance market on the floor, 1 cash flow chart prepared for each group are done and ready before the class starts.
Group forming	3'	Use an energizer to form 3-5 groups with each having at least three members. The groups should invent company names.	
Instructions	20'	The case study should be simulated via role play within 5 to 10 minutes to give a clearer understanding to the participants (Adwoa opens a Chop Bar)	The trainer and an assistant should perform the role play See exercise material called 'task 1' (is in the form of a cartoon story mimicking the role play).
Task 1 a		Distribute the exercise material (scenario with task 1 and blank cash flow sheet) to the enterprises. Explain that the enterprises should look at the scenario carefully and should fill in the first column (real 0). They should remember the role play just concluded.	Let the participants fill in the charts without prior explanation. Let them commit mistakes. These will be discussed in the plenary. Prepare paper stripes with the width of 1 column in the cash flow chart, which participants can use if corrections are needed.

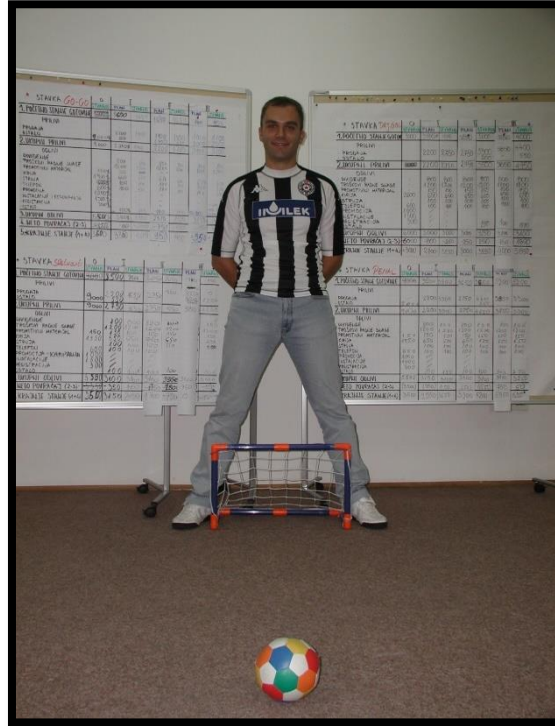
	15'	Let one group present their result. Discuss why there might be differences.	Differences should only occur in the case of insurance. Guide the participants to find mistakes and correct them by plenary discussion rather than you explaining it.
Task 1 b: forecast	20'	Discuss in the plenary how a forecast could look like, especially the meaning of "initial/starting cash" and "net flow return". Once this is clear let the groups prepare a forecast for three months.	
	15'	Let another group present their forecast. Discuss and correct where needed. Let the other groups correct errors.	
Task 2: 1 st round of shooting	30'	Announce that now the Basket Market will start. Have 3 representatives of each company shoot the ball once. Publish results in the scoring chart (see instructions). Ask the participants to finish task 2 by calculating the "real" cash flow of 1 st month and by revising the forecasts.	Define the distance from which to throw / shoot the balls in the basket by fixing a line of masking tape to the ground. Let the companies use the prepared stripes to correct the forecasts. They shall not erase or overwrite. The stripes can then be pinned over the original calculation. Take care that always the final cash flow from the "real" column is put forward to the "real" initial/starting cash column of the following month.
Presentation of results	15'	Have another group report on their results. Correct and (let participants) explain.	

<p>Task 3, 2nd round of shooting</p>	<p>20'</p>	<p>Distribute task 3 to the participants, and reveal to them 4 events that are valid for all groups. Have 3 representatives of the companies shoot or throw the ball again. Publish results of the company shots in the scoring chart. Ask the participants to finish task 3 by calculating the "real" cash flow (including the events!) and by revising the forecast for the 3rd month.</p>	<p>Cut out the chosen events and stick them on flip chart or metaplan cards for visualization.</p>
<p>Task 4, 3rd round of shooting</p>	<p>15'</p>	<p>Distribute task 4 to the participants, and reveal to them 4 new events that are valid for all groups. Have respectively 3 representatives of the companies shoot the ball again. Publish results of the company throws in the scoring chart. Ask the participants to finish task 4 by calculating the "real" cash flow (including the events!).</p>	<p>Write the chosen events beforehand on a separate flip chart page or metaplan cards for visualization.</p>

Processing	20'	<p>Present all cash flows at once. Discuss with participants:</p> <ul style="list-style-type: none"> ✓ why did the winner win? ✓ did all groups adapt their financial management (forecasts, strategies etc.) to reality properly ✓ did losing companies accept consequences and leave market 	<p>refer to specific result on the charts, where companies e.g.:</p> <ul style="list-style-type: none"> • continued claiming to win 2 clients despite disastrous shooting performance • ignored foreseeable bankruptcy • did not use the cash flow forecast information for strategic changes but rather ignored them or polished them to look better <p>strategies might be:</p> <ul style="list-style-type: none"> ✓ reduce costs ✓ increase incentives ✓ entice good workers ✓ don't pay salary/owner's pay to bad management ✓ invest into training
Generalization & Application	20'	<p>The trainer should emphasize:</p> <ul style="list-style-type: none"> ✓ value and limits of forecasting ✓ difficulties and ease of cash flow ✓ necessity of cash flow ✓ ability of company to react and adapt strategies ✓ cash flow as the most important financial statement ✓ cash flow as means for risk awareness, early warning system, controlling 	<p>Of course, do this by getting it from participants. Don't lecture.</p>

Hints and Variations

Under time pressure, you can skip the introductory stage one role play and start immediately with the Basket Market. In such a case you need to address a bit more time during first round: participants will prepare their statement and projections and weaknesses in understanding and utilization need to be discussed.

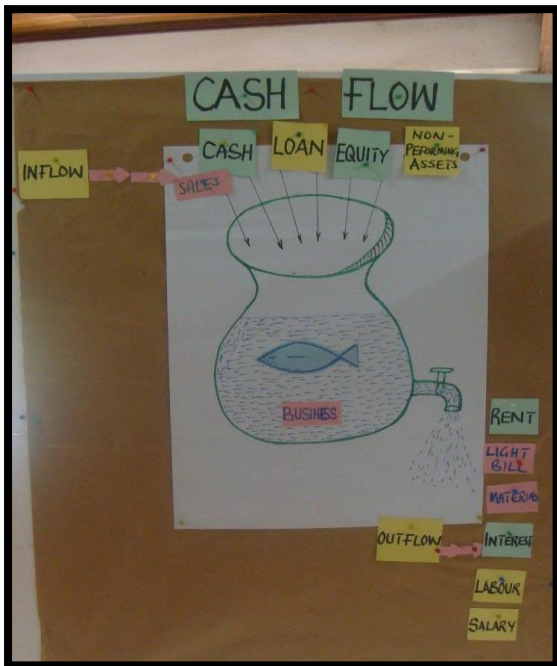


RULES FOR BASKET MARKET

- 1. Each company has three shots at the goal post**
 - * The winning company gains 2 additional clients**
 - * The second best company wins 1 additional client**
 - * The third company loses 1 client.**
 - * The fourth company loses 2 clients.**

Instructions and Chart

*Attention: Instead of a 'goal' as shown in the next photo, you can also simple use a chair.
And the 'ball' can be formed with used flipchart paper and a bit of masking tape.*



BASKET MARKET SCOREBOARD									
COMPANY	1 ST ROUND			2 ND ROUND			3 RD ROUND		
	NO. OF HITS	RANK	NO. OF NEW CUSTOMERS	NO. OF HITS	RANK	NO. OF NEW CUSTOMERS	NO. OF HITS	RANK	NO. OF NEW CUSTOMERS
1									
2									
3									
4									

Learning Points (Trainers)

Cash Planning and Forecasting

CASH IS KING! The life blood of any business is its ability to collect cash and pay bills as well as pay its employees, particularly its owners. Far too often small businesses are profitable, but they do not have enough operating capital to meet current needs. Consequently, they may be forced to sell out to a stronger competitor, sell a portion of the company to investors at an undesirable price or close the doors and put the company out of business. None of these alternative are typically what the owners intended when starting the business.

The ability to forecast cash resources and uses is an art and is by no means a well-defined science. None of us have a crystal ball and any cash forecast which is prepared by the management of a company or an outside consultant can be no more than a guess as to when the customers will pay and when your business will pay its obligations. Hopefully, the more effort that is put into cash forecasting the better will be the educated guess and the more accurate the resultant picture of the future operations of your business.

Starting the Analysis

One of the most significant factors to be considered in your cash flow forecast is the volume of sales which will be generated in the next several months and for the rest of the period for which you intend to forecast. Your sales forecast must be as fine-tuned as possible. It is typically unrealistic to assume that there is a million dollar market for your product in your area and you will be able to capture a specified percent of it. A sales forecast needs to be based upon specific facts. These might include your sales history or the history of similar businesses you have owned or operated or the competition. In your area of industry, what has been experience of similar operations?

Some of the questions which should be addressed would include what other factors can I control such as adding new product lines, deleting unprofitable operations, adding a new salesperson, or terminating one that is not producing to quota? In preparing a forecast, you must also take into consideration items such as the seasonality of your business, the relative state of the economy and the period over which you will forecast.

Obviously your ability to forecast sales for the next month is better than it is for three to five years from now. The amount of detail which must be included in the cash forecast is really a matter of preference. It can be based on per-unit sales extended out by the sales price of each type of unit or an average sales volume per day, week or month of your type of business in its current environment.

Cash Collections

Once you have determined a reasonable level of sales and you are comfortable with the forecast you have made, you must address questions such as: what percentage of my sales are received in cash, and what portion are credit sales for which I will have to carry accounts receivable? For those that are receivable base, how soon is the cash collected? Do I have to wait for customers to pay me or do third parties such as Visa or MasterCard take the customer's account and convert it to cash for me with an appropriate discount?

If you are relying on customer payments for collection of receivables you must determine what portion of the receivables will be collect in thirty days, sixty days, ninety days and thereafter, and what portion, if any, may never be collected. To assume that 100% of your sales will ultimately be converted to cash is probably unrealistic especially considering the

current economic environment and the tight cash situation that may face some of your customers.

Other sources of cash may be available in addition to sales. Do you expect to bring in a partner or other investors, or can you borrow money from a bank? When will you receive the cash how much will you get? Part of your cash flow analysis may be to determine how much investment money or borrowings will be required to operate your business.

Once you are comfortable with the cash receipt side of your business, and the timing of the collections of funds from your sales and other sources, it is necessary to consider the expenses and other cash needs of your business operation.

Disbursements

Certainly if your business entails sales of inventory you will have to purchase the merchandise from others or purchase the component parts and pay employees to assemble it. This may require a significant outlay of cash before the first dollar of sales is generated and received. You should consider how often and in what amount your employees must be paid and when their payroll taxes must be deposited.

Additionally, you need to know the credit trade terms your vendors are willing to advance to you. Do you have to pay for inventory items on a C.O.D. basis or can you pay from them thirty or forty-five days after receipt? What expenses must be paid to allow you to convert purchased merchandise to saleable inventory? If your production requires utilities to run machines or supplies that are required such as dispensable chemicals or packing materials that must be purchased prior to the sale of the inventory, you should factor in the timing of these payments.

In addition to the cost of manufacturing, you should consider whether your productive capacity will allow you to generate enough inventory to support the level of sales which you are predicating. If the volume of sales you forecast is above and beyond your ability to produce today, what changes in your operating environment must be made to meet the production levels? Will you need additional employees, if so, how much will they cost? Do you have to acquire additional machinery for your shop operations? What is the cost of the machinery and when will you have to pay for it?

Once you have determined the cost of operating your production or service facilities, you need to consider what other expenses you must pay to keep the doors of your business open. You typically will have to pay rent for your office or manufacturing facility. You must consider how much the monthly payment is and when it has to be paid. Ask yourself if there will be other cash requirements such as a deposit on first and last month's rent. If you are opening a new business, you must consider what your cash requirements are to make your facility ready for your needs and purposes. Will you have to buy or rent furniture? Will you need to make tenant improvements or pay deposits for utilities and other services?

You also need to consider many of the overhead items and costs to open a new business that will hopefully be one-time expenses. These may be attorney's fees for drafting partnership agreements or for incorporating your business, costs to obtain business licenses, authorization from the taxing authorities, as well as costs of setting up an accounting system, stationery costs, and costs for signs or logos.

It may seem like the list of costs and expenses to be incurred is endless. It may even discourage you in moving forward with your business endeavour. However, it is imperative

to make the list as detailed as possible to ensure that you have sufficient funds to make your operation ready for business prior to running out of cash. The more detailed the list and the more sufficient information you can provide, the less chance there is of unpleasant surprises as you move down the stream to opening your business.

Timing

In addition to determining the amount and volume of expenses and cash outlays you will have to make, it is critical to determine the timing of such payments. As we have discussed in other chapters, there may be a variety of financing alternatives which are available to you. Most of the start-up cost which you incur can be delayed or deferred until you can generate the cash from your operation to help pay them. They need to be carefully analysed and factored into your cash flow analysis. However, a good rule of thumb is to assume that you are going to have to pay your expenses sooner than you think and that you will collect your cash slower than you anticipate. If you work with this attitude, any surprises should be favourable ones.

Cash Flow Projections

Cash flow projections can be very slow, time consuming and tedious to undertake. It is often very tempting to hire someone else to prepare the projections for you. There are a variety of individuals who can help you do this, but the critical factor is that they only **help**. You as the owner and operator of the business are the only one truly qualified to develop your cash flow projections. You know what it takes to open and operate your business. Certainly a trained professional can offer guidance and ask pointed questions to be sure you are considering all of the necessary and sometimes hidden costs of operating a business. However, the more effort you put into developing the cash flow projections, the more accurate they will tend to be. This exercise may also help you to pinpoint areas of potential cash savings which you had not otherwise considered.

We have included a worksheet as an exhibit following this chapter which may assist you in developing a cash flow analysis. Bear in mind, however, this worksheet does not include all the items that should be considered in preparing your cash flow analysis but should help raise many of the questions which you need to ask yourself before deciding how much cash will be required to establish and operate your business and what period of time must elapse before you can expect to pay back the lender or return profits your investors.

ENERGIZERS

As the name explains, these short exercises are used to energize the participants, i.e., to invigorate them, make them physically and mentally alert. During a course, despite the application of group dynamics and experiential learning approach, there are times when participants feel tired, exhausted or even sleepy which is quite a normal reaction in view of the participatory and ambitious daily program.

During the various steps of a course, energizers can be used:

- for warming-up at the very beginning of the program,
- as ice-breakers to stimulate interaction at the beginning of an exercise,
- as openers to introduce a new topic;
- to prepare the group for the following tasks;
- to form groups if needed for the following exercise (the boat is sinking to form groups).
- to prepare for a long exercise or to overcome tiredness during a long exercise before starting the next round;

- to create or maintain a positive learning atmosphere, as they provide fun and laughter, warmth and closeness.

Their charming and humorous ways help to activate the participants mentally while movements during execution of an energizer activate them physically.

Energizers can be employed not only in the morning, after lunch or tea/coffee breaks, when level of attention has to be risen, but also in other moments of a working day as they draw the participants' attention back to the subject matter and, thus, contribute a lot to the success of the seminar approach.

As a good trainer, you should have a rich repertoire of energizers to choose the most suitable one for your specific session and target group. And also, there are situations when you need an energizer immediately, so you should prepare some of them in advance.

The conduct of energizers follows certain rules which are similar to those of brain-storming. Fun and laughter during the energizer is the most important criterion; never criticize participants because of a certain degree of noise they emit during the energizer. When choosing an energizer, please do consider also:

- ❖ All participants should be involved; energizers focusing too much on competition while excluding individuals or sub-groups only reach the objective partially. Despite that, sometimes this excluding type of energizers is justified in case competitive exercises are the main topic of the respective session.
- ❖ The level of confidence between the participants. Energizers requiring much physical contact or putting one person in the middle should not be applied at the beginning of the training. If you are not sensitive to what is possible at a certain time, the energizer may obstruct the group building process;
- ❖ The age of the participants. Older persons possibly prefer not to move so much or to act as children.

- **DO WHATEVER TO THE DOLL**

Objective: Starting a session
Duration: 15 minutes
Material Requirements: One doll
Preparation of room: Participants standing in a circle.

Procedure:

Pass a doll to the person on your right in the circle. Ask everybody receiving the doll to do something to it (e.g., rock it, kiss it, squeeze it, etc.) according to one's desire.

After one round when all have done something to the doll, instruct them to do what they have done to the doll to their partner on the right, one at a time.

Some participants, who do not understand why they should do something to the doll, will hesitate. Some may feel too shy to repeat the action done to the doll with their partner on the right, especially when the partner is of the opposite sex; but some really like this idea!

Be careful of cultural taboos especially of the opposite sex.

Hints

Encourage the participants to do any new activity to the doll compared to their predecessors in the circle.

Assure that everyone has the attention of all when he is repeating the activity done to the doll with his partner on the right; ensure that everybody does not start this action at the same time.

You may use this exercise as an "ice breaker" in case a stiff atmosphere still prevails among the participants.

- **DANCING ON A PAPER**

Objective: To energize the participants and make them laugh

Duration: 10 minutes

Material Requirements: - Big sheets of paper according to the number of pairs, Music

Preparation of room: Participants forming pairs

Procedure:

Put the manila paper on the floor. Each pair is assigned to one paper. Start the music. The pairs are requested to dance on the paper. Stop the music. Cut the paper into two half's. Start the music and request the pairs to dance on the paper again. Continue the process and punish those who are failing to keep dancing on the paper. The winning pair is the pair who is able to dance on the smallest paper.

Hints

None.

- **THE BOAT IS SINKING**

Objective: To energize the participants through action and fun in groups of various numbers

To group participants into sub-groups of different numbers.

Duration: 10 - 15 minutes

Material Requirements: None

Preparation of room: Participants in a semi-circle to await the necessary explanations; afterwards they may move freely in the room

Procedure:

Participants are told that they should imagine being on a sinking boat. The available rescue boats give only place to a limited number of people with a number varying from one round of the game to the other as announced by the facilitator.

While the participants move around freely in the room the facilitator announces loudly "The boat is sinking; rescue boats form 4 (or any other number)" so that the participants form groups of 4. Those who cannot find their rescue boats (maximum three in the given example!) are remembered by the facilitator with the aim to find out those three participants with the maximum number of errors after numerous repetitions of this game; they will have to entertain the group with either a song, a pantomime or something else of their choice (joke, physical exercise, etc.).

Hints

Give them additional movement tasks while moving around and awaiting the announcement of the number: move backward, sidestepping, hop on one (two) leg(s), duck walk, etc. to assure that no sub-groups stand too close together. A loud voice is absolutely needed so that everybody may hear the commands.

- **PASS THE COIN**

Objective: To create a positive atmosphere

To release tension

To start a session

Duration: 10 Minutes

Material Requirements: 2 coins requirements

Preparation of room: Chairs aside, so participants are able to line up in two groups

Procedure:

Each group gets one coin, which participants have to give to the next person in line (from beginning to end). The first participant in each group has to put the coin into his/her collar. The coin has to go down under his/her clothes and has to fall on the ground. The next one in line takes the coin and does the same procedure. The line which gets done first is the winner!

Hints

Some participants might be too shy to do so. Only carry out this energizer within a group, which has been working together for a while.

EVALUATION FORMS

MONITORING REPORT TO BE FILLED IN BY THE ACCREDITED TRAINER

Name and address of training provider:

Title of training:

Course Program (main learning units):

Duration of course (hours):

Date of training:

Number of participants:

General remarks about the implementation (own judgment about success):



MONITORING SHEET TO BE FILLED IN BY EACH PARTICIPANT AT THE BEGINNING OF THE COURSE

Name of participant's company:

Address:

Size of company (number of employees):

Type of products or services on offer:

Reason for participation in course:

Price paid by you for the course:



FINAL COURSE EVALUATION

1. How important for your business is it what you learnt in the course?

(please tick the box: 1 = not at all important to 5 = very important):

1 2 3 4 5

2. Did you learn much? (please tick the box: 1 = almost nothing to 5 = very much):

1 2 3 4 5

3. How did you like the presentations of the trainer? (please tick the box: 1 = not at all to 5 = very much):

1 2 3 4 5

4. Overall satisfaction with the course (please tick the box: 1 = very low up to 5 = very high satisfaction):

1 2 3 4 5

5. Any remarks with regard to the course (e.g. areas for improvement in the implementation of the training, or things you liked especially):

DAILY EVALUATION
(Only If The Course Lasts Longer Than 1 Day)

	☺	☹	☹
1. Relevance of content			
2. Knowledge building			
3. Quality of facilitation			
4. Learning from others			
5. How do you feel personally?			

Comments:.....

- Before using the above given table for daily evaluation, you should explain what is meant by the three categories:
 ☺ = positive/adequate ☹ = medium/indifferent ☹ = negative/insufficient
- Distribute a copied evaluation sheet at the end of the day and ask the participants to tick the square which reflects their opinion.

You can add more columns (categories) in order to get more detailed feedback from the participants.