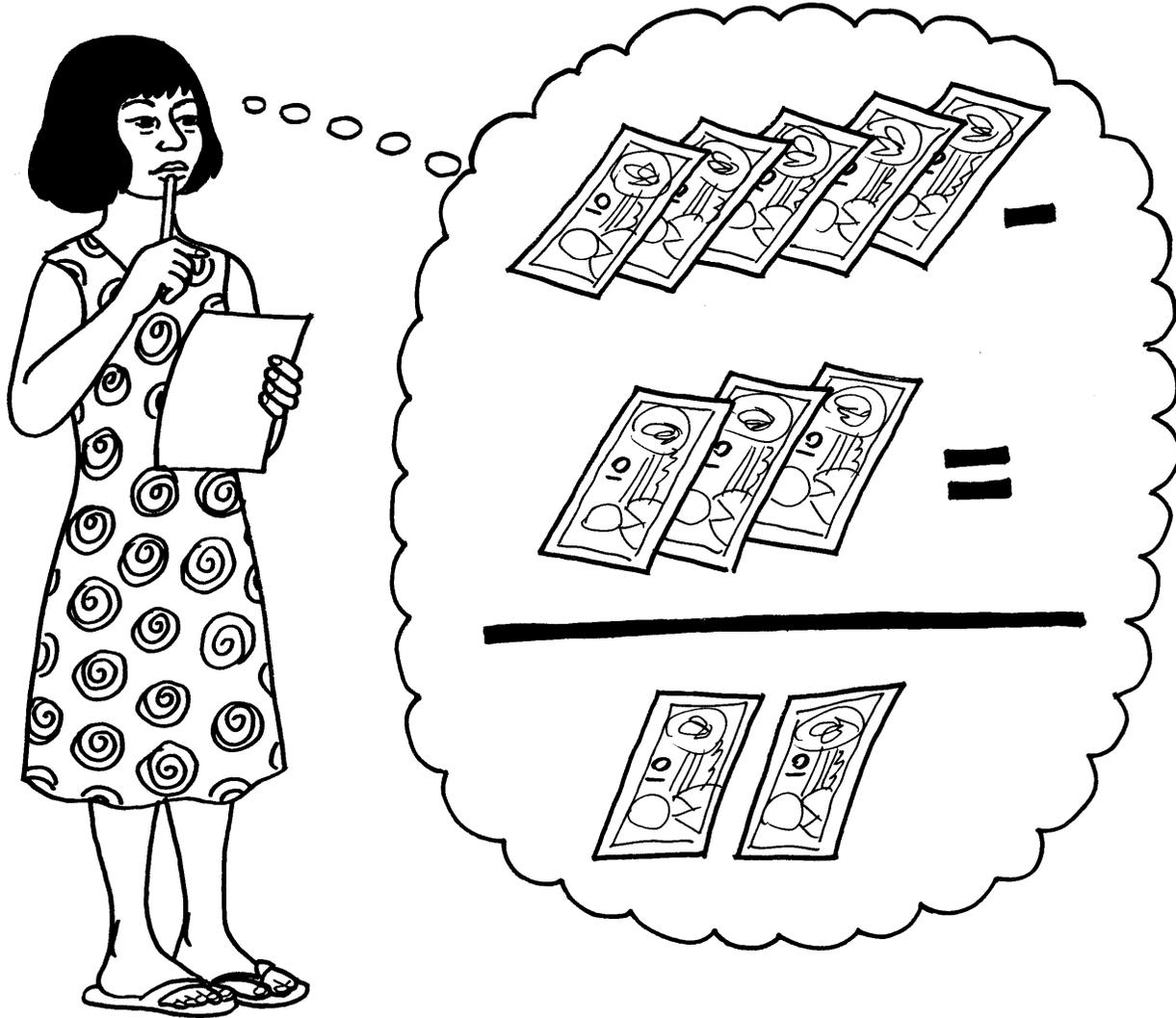


# MANAGE YOUR BUSINESS MONEY

## FACILITATOR MANUAL



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with

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*Freedom*  
from Hunger

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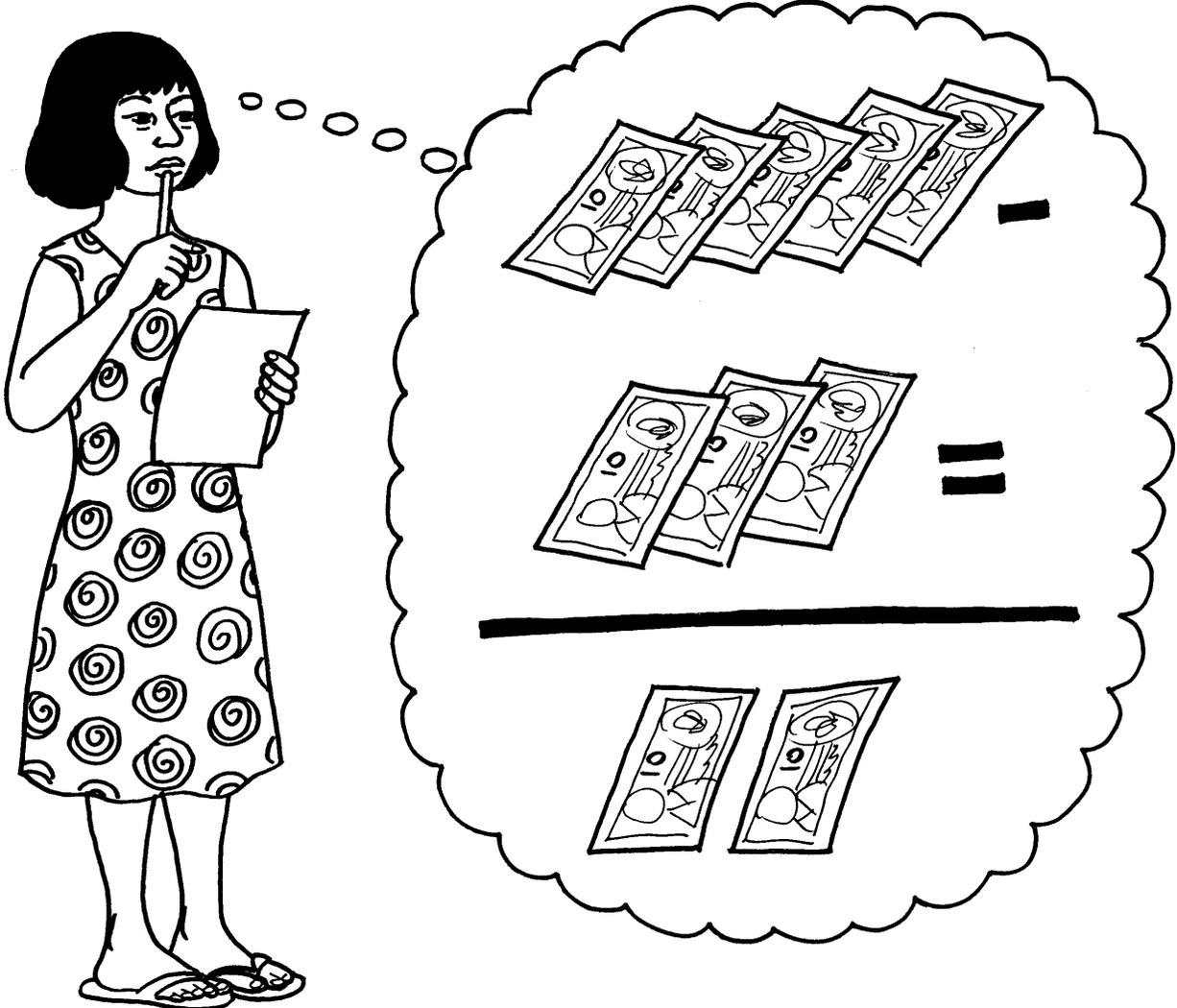
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# MANAGE YOUR BUSINESS MONEY

## FACILITATOR GUIDE



*Freedom*  
from Hunger



# MANAGE YOUR BUSINESS MONEY

## LEARNING SESSIONS

### Introduction

#### BACKGROUND INFORMATION

In business, “money makes money.” The success of the business and the ability to earn more depends very much on the client’s ability to manage business money. Business money is the capital used to buy inputs, pay for transportation, pay loan installments, stock goods for sale and so on. Businesspeople can increase their income by using their business money productively to generate more business profits. The following points summarize the major themes of the Manage Your Business Money topic.

Managing the business money starts with separating personal and business money so that businesses have enough capital to stabilize and grow. Many business owners take large amounts of personal money out of their businesses, especially for emergencies, and this depletes their potential to earn more income. If a business is stable or growing, its owner can expect a steady income from the business and, by saving, the owner can be more prepared for emergencies.

It is very important that borrowers invest the entire loan in their businesses to obtain the best return on the loan. If they use the loan for personal needs, they risk not earning enough to repay the loan with interest and earn a profit. It is more productive to invest all of the loan money in the business and take money from profits for personal needs.

Managing money also means keeping track of expenses, sales and profits on a regular basis. First, it is important that business owners know how to calculate profits and make sure that their business is earning a profit; otherwise, they may put themselves into debt by borrowing for an unprofitable business. Calculating profits is challenging. Businesspeople can learn to develop manual systems for estimating profits and controlling the amount of personal money they take from the business. When a businessperson knows the amount the business is earning, the businessperson can plan how to use the profits: for personal needs, saving for emergencies or investing in the business to make it grow. The more a business grows, the more personal income the owner is likely to earn.

One of the biggest threats to the business is the loss of business money. Two of the most common losses are using business money for personal needs and for assisting family and friends. Businesses also lose when they experience theft or are wasteful with materials.

Another way many businesses lose money is when they sell goods and services on credit and do not recuperate the cash they are owed. It is advisable for business owners to avoid selling on credit, but many are pressured to do so. Often, it is the only way to sell their goods. For those who must sell on credit, it is helpful to have guidance about how to determine the creditworthiness of customers, what terms to require, and how to regularly collect the money from customers.

Many of these potential losses can be reduced or prevented through carefully separating business money from personal funds and developing safeguards and controls.

## OVERVIEW OF THE MANAGE YOUR BUSINESS MONEY OBJECTIVES AND LEARNING SESSIONS

The purpose of the Manage Your Business Money Learning Sessions is to provide businesspeople with the information, skills and motivation they need to manage their business money in ways that earn them more profit. Many of the problems encountered among borrowers relate to pressures to use loan and business money to address personal problems or needs. The facilitator's job is to demonstrate how more money can be earned by the borrowers in the long run if they do their best to resist pressures to spend business money for personal needs and instead decide to invest money in their business. They are more likely to increase their business earnings if they

- keep business and personal costs separate;
- invest all of the loan money in the business;
- calculate profitability;
- track and plan expenses;
- prevent losses; and
- effectively manage credit sales.

<b>Session Title</b>	<b>Purpose of the Session</b>
1. Separate Personal and Business Money	<ul style="list-style-type: none"> <li>▪ To recognize the importance of keeping business and personal money separate and to decide how to do it and commit to doing it</li> </ul>
2. Use the Business Loan for Your Business	<ul style="list-style-type: none"> <li>▪ To discuss the importance of investing the entire loan in the business activity and the consequences of diverting loan money to other uses</li> </ul>
3. Calculate Your Profits	<ul style="list-style-type: none"> <li>▪ To demonstrate and practice ways to calculate profits</li> </ul>
4. Track, Plan and Invest Your Business Money	<ul style="list-style-type: none"> <li>▪ To demonstrate how to track money</li> <li>▪ To examine why it is important to control spending and reinvest in the business</li> </ul>
5. Decide How to Use Your Profits to Meet Business and Personal Needs	<ul style="list-style-type: none"> <li>▪ To evaluate how to use profits from the business to reinvest in the business, save, and use for personal needs</li> </ul>
6. Prevent Business Money Losses	<ul style="list-style-type: none"> <li>▪ To identify ways business money is lost during the business cycle and how to prevent losses</li> </ul>
7. Manage Credit Sales	<ul style="list-style-type: none"> <li>▪ To examine the dangers of selling on credit and how to manage the risks of credit sales</li> </ul>
8. Review the Manage Your Business Money Learning Sessions	<ul style="list-style-type: none"> <li>▪ To review the key learning points in Manage Your Business Money Learning Sessions 1 through 7</li> </ul>

## PREPARING FOR EACH LEARNING SESSION

Each learning session begins with an information box summary of the learning session’s objectives, timing and preparation. **Review this summary carefully because it contains information that must be prepared before facilitating each learning session.**

All of the pictures needed to convey important information are provided and are located at the end of the learning sessions. Each picture is numbered and labeled for ease of identification. In addition, all of the pictures needed for the individual learning session are listed under the “preparation/materials” section of the information box. Pictures needed during a particular step are grouped together in the listing.

After this information box, the steps for conducting the learning session are listed. Please follow the steps in the order provided. Use your own words to explain each point, being careful to make sure that all of the information in the learning session is shared with the participants. Arrows and bolded text are used to emphasize that the question or presentation should be delivered as it is written. Boxes are used throughout the learning sessions to present important technical information.

**Important Principles to Remember:**

- Create a **safe learning environment** by assuring participants that their opinions are respected.
- Give feedback to the participants and **praise** them for their efforts.
- Think about ways to make the topic **useful** to all of the participants present.
- Let the participants know that you are a **learner** with them.
- Use **small groups** (as suggested in the learning sessions). Small groups help involve all participants, build a sense of teamwork and create safety.
- Show **respect** by valuing the participants’ knowledge of and experience with the subject.
- Be sure that throughout the learning session there is an opportunity for **thinking, acting and feeling**.



## SESSION 1: SEPARATE PERSONAL AND BUSINESS MONEY

### OBJECTIVES

By the end of this learning session, participants will have:

1. Examined the goal and objectives of the Manage Your Business Money topic.
2. Analyzed the stories of two businesspeople and how they manage their personal and business money.
3. Listed different types of personal and business money.
4. Discussed how to keep personal and business money separate.
5. Reviewed and discussed key learning points about separating personal and business money.

### PREPARATION/MATERIALS

- Be ready to list the main goal and objectives of the learning sessions
- Read and be ready to “tell” the story
- Make “play” (fake) money in local currency to demonstrate the transactions (Note: In this learning session, amounts do not matter [see Step 2]. However, Learning Sessions 3 and 4 require the following denominations: 3 notes of 100, 1 note of 50, 20 notes of 10 and 4 notes of 5.)
- Make two drawings of a woman managing her money. One drawing has 2 pockets on the woman’s dress into which you can put money. The same drawing also has a container for money in the background. On a separate piece of paper, make appropriate-sized “pockets” and a “container.” Staple both “pockets” and the “container” onto one of the drawings to hold the “play money.”

### TIME

30 minutes

### STEPS

1. Introduce the Manage Your Business Money Learning Sessions – 3 minutes
2. Tell stories to compare the money management of 2 businesspeople – 17 minutes
3. Discuss in pairs and large groups how to separate personal and business money – 7 minutes
4. Summarize the learning session – 3 minutes

### STEPS

#### 1. Introduce the Manage Your Business Money Learning Sessions – 3 minutes

*Welcome the participants and introduce the new topic:*

Today we are beginning the Manage Your Business Money Learning Sessions.

- **What are some of the challenges businesspeople face in managing their money?** [*Possible responses: Run out of money, do not have enough money to buy supplies, do not have enough money to buy food, do not know whether the business is making money or losing money, do not have money to make big investments, do not know where the money goes, do not have the money to pay back the loan, etc.*]

In this topic, we are going to discuss ways to better manage money so you can earn more. Information in the learning sessions includes:

- How to keep personal and business money separate

- How to invest loan money in the business so you can earn more money
- How to make sure your business is earning money
- How to track, plan and invest your money to keep your business growing and meet your personal needs
- How to prevent money losses in your business
- How to manage credit sales to customers

This information is going to help you avoid problems such as running out of cash to buy supplies for your business or food for your family.

Everyone has some experience and knowledge to share and everyone has something to learn. We are going to learn together through stories, discussions and practical activities. Please feel comfortable asking questions. And please respect each other's knowledge and questions.

## 2. Tell stories to compare the money management of 2 businesspeople –

17 minutes

Let us begin with an explanation of the difference between **personal money** and **business money**. There are 2 different ways to use money. The first is for personal expenses. This is money that you spend on yourself or your family. When it is gone, you do not get it back.

The second way is to use money for your business. Business money makes more money for you. It goes into supplies and other items used to run your business. If it is managed well, the money comes back to you.

*Hang the picture you drew of the woman with no pockets. Tell the first story:*

This is Alice. Listen to Alice's story. Then we are going to have some questions to help us learn about managing our money.

### Story of Alice

Alice has a small shop located in front of her house. She sells groceries, such as eggs, sugar, flour, matches, cigarettes and soap. If she needs any sugar or other groceries, she takes them from the store. Sometimes Alice loses customers because she runs out of items. She does not have enough money to buy more items until she sells something. She often does not have enough money to buy food for her family. She wonders why her business is not making money. She must ask her husband for more money to put into the business.

Let us discuss Alice's story.

- **What is happening with Alice's business and why?** *[She runs out of money for her business. She mixes her personal and business money. She takes food from her business for her family.]*

- **What are ways Alice can keep her business and personal money separate?** *[She can stop taking food from the business. She can set aside business money to replace the items that she sells. She can use her profit to buy things from her own store and from the market for her family.]*

Now let us hear about Haya. Maybe she is doing some of the things recommended for Alice.

*Hang the picture you drew of Haya with the pockets and container.*

### Story of Haya

Haya is a baker. She wakes up early every morning and makes bread. She keeps 2 loaves for the family and delivers the rest to the shops. The shopkeepers pay her every day for her bread and give her bread orders for the next day. She tries not to buy anything in the shops. Instead, when she gets home, she puts the money in a special container, hidden in her house. *(Put all of the “play” money into the “container” stapled to the picture.)*

Haya plans how to spend her money. Once each week, she counts her money to see how much she received. *(Remove the play money from the container.)* She checks the supplies for her business and decides how much she needs for the next week. She sees if any equipment needs replacing. Haya finally checks her food supplies to see what the family needs. She puts the money to buy business supplies in her left pocket and the money to buy food for her family in her right pocket. *(Put some play money in each of her pockets.)* She puts a little of the money back into the container for emergencies *(put some money back into the “container”)*. Then Haya goes shopping to buy supplies and food. Her family usually has enough to eat.

Let us discuss Haya’s story.

- **What are some examples of how Haya is managing her money?** *[She has enough supplies for her business. She saves her money every week and then puts her business and personal money in two different places before she spends it. She plans how to spend her money and saves some money every week.]*

Sometimes keeping her personal and business money separate is difficult for Haya.

- **What are examples of Haya’s difficulties and what can she do differently?** *[She has to try hard every day not to buy anything in the shops. She eats bread from the business. She can buy the bread from herself at the beginning or end of the week, using her personal money, instead of keeping 2 loaves every day without paying.]*

Lead a group discussion about the stories. Say:

Earlier we learned that personal money is money that you spend on yourself and your family.

- **What are some examples of the personal costs in the stories or from your own experience?** *[Food, clothes, rent, school fees, medicine, large family events such as weddings and funerals, etc.]*

We also learned that business money is money to spend on supplies and other things needed for your business.

- **What are some examples of the business costs in the stories or from your own experience?** *[Supplies, equipment, rent, licenses, training, transportation.]*

From these stories we can see that Haya kept her business and personal money separate. She planned her spending. She kept emergency money in a hidden container. She did not spend any money until the end of the week. She planned her shopping and put money for her business expenses in one pocket and money for her personal and family expenses in another pocket.

- **Why is it sometimes difficult to separate business money from personal money?** *[It is difficult to know which is business money and which is personal money. If there is a big problem or event, such as someone is sick or someone is getting married, then sometimes the business money is used.]*

### 3. Discuss in pairs and large groups how to separate personal and business money – 7 minutes

Please form pairs and discuss the following question:

- **What can you do to keep your personal and business money separate?** *[Keep records every week. Only take a certain amount of personal money out every day. Save money for the big events. Keep your savings in a bank so it is not easy to get.]*

*After 2 minutes ask for a volunteer to explain what she is going to do to keep her personal and business money separate. Praise the plan.*

### 4. Summarize the learning session – 3 minutes

Ask:

- **What are the main lessons you learned today?**

*Listen to responses from the group. Add any of the following points that are not mentioned:*

**Key Learning Points: Separate Personal and Business Money**

- Business money and personal money are different:
  - ♦ business money is for earning you more money
  - ♦ personal money is for spending on personal needs
- Separating personal and business money helps control personal spending—this keeps more money in the business so you earn more money
- It is important for every businessperson to keep track of business and personal expenses

➤ **What questions or comments do you have about keeping personal and business money separate?**

May I have 2 volunteers to report back, at the next meeting, specific ways you are keeping your business money separate from your personal money?

*Note the volunteers' names and remember to call on them at the next meeting. Say:*

Good work today. You made plans to separate your personal and business money. This gives you more control over your money. The next learning session discusses the importance of investing your loan money in your business.

*Thank everyone for participating.*



## SESSION 2: USE THE BUSINESS LOAN FOR YOUR BUSINESS

### OBJECTIVES

By the end of this learning session, participants will have:

1. Reviewed and discussed keeping business money separate from personal money.
2. Analyzed stories about 3 borrowers and the importance of using all of the loan money for the business.
3. Identified and decided what they can do to use their own loans and earnings to earn more money.

### PREPARATION/MATERIALS

- Read and be ready to “tell” the stories
- “Play” (fake) money in local currency from Learning Session 1—ensure that the denominations allow for a clear demonstration of transactions
- Make 3 different drawings of women selling typical products. (See the Sample Pictures 1, 3 and 4, located at the end of the learning sessions.) Staple “pockets” onto each woman to hold the “play” money. Make 2 paper-dress cutouts to fit over the drawings of one woman and her daughter during Maria's story (see Sample Picture 2).
  - ♦ Use your drawings in Step 2; make them similar to the following Sample Pictures:
    - + 1: Maria and her daughter
    - + 2: Dresses
    - + 3: Theresa
    - + 4: Sara

**Note:** When it is time to hang the drawings, hang them in separate locations around the room. Have equal amounts of money for each woman/drawing. During the stories, add or remove money to and from each woman's pocket to represent the way the cash flows during her business transactions. Use the money as a visual tool so the participants understand the effect of loan management practices on each business. The exact amount of money is not important.

### TIME

30 minutes

### STEPS

1. Review the importance of keeping business money separate from personal money – 3 minutes
2. Tell stories that compare the loan management practices of 3 borrowers – 20 minutes
3. Discuss in pairs and in the large group how to manage your loan well – 7 minutes

### STEPS

1. **Review the importance of keeping business money separate from personal money** – 3 minutes

*Welcome the participants and introduce today's topic. Say:*

Today we are going to learn the importance of investing loan money in the business. Before we begin, let us review the previous learning session.

- **Who can remind us about the difference between business money and personal money?**
- **Why is it a good idea to keep them separate?**

*Add any of the following points that are not mentioned:*

**Key Learning Points: Separate Personal and Business Money**

- Business money and personal money are different:
  - ♦ business money is for earning you more money
  - ♦ personal money is for spending on personal needs
- Separating personal and business money helps control personal spending—this keeps more money in the business so you earn more money
- It is important for every businessperson to keep track of business and personal expenses

In the previous learning session, 2 volunteers agreed to try separating their personal and business money. Please come forward to report on your experiences.

*Praise the volunteers' efforts and respond to any questions.*

During the previous learning session we learned the importance of keeping business money separate from personal money. In this learning session we are going to learn the importance of investing loan money in the business.

- **Why is it important to invest loan money in the business?** *[To earn enough money to repay the loan and get more profit.]*

*Say:*

- You earn more money by investing your entire loan in your business.
- When you invest your entire loan in your business, you are more likely to earn more, so it is easier to pay back the loan and the interest.

Let us analyze why this is true.

**2. Tell stories that compare the loan management practices of 3 borrowers –**  
20 minutes

Here are 3 stories about borrowers. After each story, we are going to discuss how the borrowers used their loan money.

*Hang the first drawing of Maria and her daughter (see Sample Picture 1). Stand next to the drawing and begin the story.*

**Story of Maria**

Maria gets her loan *(put money in the pocket on the drawing)*.

Maria plans to use the full loan amount to buy rice to sell as a business. However, when she arrives at the market to buy the rice,

she sees a dress. She has not bought a new dress in a long time. She decides to buy it. *(Remove about one-fourth of the money and put a new paper-dress cutout on Maria.)*

Maria's daughter, who is with her, starts begging for a new dress, too. Maria buys her a dress as well. *(Remove one-fourth more of the money and put a new paper-dress cutout on Maria's daughter.)*

Maria has only half of the loan remaining. She purchases rice for her business. *(Remove all of the remaining money from Maria's pocket.)*

Maria returns to her community and sells the rice. However, her earnings are much less than she planned. She barely manages to make her loan repayment. *(Show only very little money in Maria's pocket.)*

Let us discuss Maria's story.

➤ **What happened to Maria's loan?**

*[She spent half of her loan money on personal items. She earned money, but not very much.]*

➤ **What advice can you give to Maria about using her loan?**

*[She can spend her loan on the rice. Then when she sells the rice, she can use some of the profit for dresses. Also, she can save little by little for a new dress.]*

Here is the second story.

*Hang the second drawing of Theresa (see Sample Picture 3). Stand next to the drawing and tell the story.*

### **Story of Theresa**

During the previous loan cycle, Theresa worked hard to find paying customers. She bought her potatoes at the city market and sold door to door in her community. Theresa earned a good profit from her last loan. *(Show some money already in the pocket of the picture.)*

Theresa now gets a new loan. *(Put the loan money in Theresa's pocket.)*

With part of the new loan, Theresa buys more potatoes to sell. *(Remove about one-half of the loan money.)*

With the remaining portion of the loan, Theresa decides to sell tomatoes and rice as well. She also decides to buy a table to better display her products. *(Remove more of the money.)*

A friend from her loan group comes to see Theresa. The friend has a problem. She is not due for another loan for a long time, but she has run out of money for her loan payments. Her child died earlier in the

year after a lot of medical expenses. She asks Theresa for some of her loan money.

Theresa explains that she must use her loan money in her business. Otherwise, she does not have money to repay her loan. But, she says, she has a little money saved for emergencies. Her friend can borrow Theresa's emergency money if the situation is that serious. The friend is grateful for her help and promises to return the money when times are better.

Now Theresa has more products to sell and a table to display them nicely. Theresa is making more money and can easily repay her loan. *(Put about one-half of the money that was removed back into Theresa's pocket.)* Theresa decides to put a little extra money in her savings to make up for what she loaned to her friend.

Let us discuss the second story.

- **In what ways did Theresa use her second loan to earn more money?**  
*[She bought potatoes, more products to sell and a table. She reinvested all of her loan in her business, along with some of the profit from her previous loan.]*
- **What did Theresa do to make sure she spent all of her loan on her business?** *[She used her savings—instead of her loan—to help her friend.]*

Let us hear one more story.

*Hang the third drawing of Sara (see Sample Picture 4). Stand next to the drawing and tell the story.*

### Story of Sara

Sara is a seamstress. Sara asked for a loan that was twice as much as she planned to invest in her business. *(Put some money in Sara's pocket.)*

Sara thought it would be a good idea to have some extra money to pay the regular loan repayments, just in case she got into trouble. Also, her daughter is getting married. Sara wants to give a large party to celebrate her daughter's wedding and to impress her friends. Sara uses some of the extra loan money to give a party for her daughter. *(Remove about one-half of the money from the pocket and **throw it into the air**.)*

Sara's business activity continued as usual, but it did not earn enough to cover even her regular loan payment. So, Sara used some of the extra loan money she borrowed to make the repayments. *(Remove about one-half of the remaining money from the pocket and **throw it into the air**.)*

At the end of the loan cycle, Sara did not have enough money to repay the total loan. She had to give all her business cash to the loan group.

She lost her sewing machine and she had no resources to continue her business. *(Remove all of the remaining money in Sara's pocket.)*

Let us discuss Sara's story. Think about how Sara used her loan.

- **What happened to Sara and her business?** *[She borrowed more than she needed for her business activity and used it for her daughter's wedding. And, she used loan money to make the payments. This money did not make any income for her and she still needed to pay interest on it. Her business closed and she lost her membership in the loan group.]*

The wedding for Sara's daughter was an important social obligation. Also, it was Sara's practice to borrow extra money to cover her loan payments.

- **What can Sara do differently next time?** *[She can borrow only what she plans to put into her business. She can postpone social obligations until she saves enough money.]*

Let us talk about all 3 stories together and what they tell us about how to use loan money.

- **Who did the best job managing her loan?** *[Theresa]*
- **How did Theresa do this?** *[Theresa invested the entire loan in her business. She used loan money to improve the business by investing in a table. She looked for new places to sell. She diversified her products and used good selling techniques.]*

We see that some people use a part of their loans for personal expenses. They do this because they have social obligations, because they have friends who ask to borrow money and for many other reasons.

- **What can you do to avoid or manage these kinds of pressures?** *[Develop a strong savings habit. Explain that your loan is strictly for your business.]*

### 3. Discuss in pairs and in the large group how to manage your loan well – 7 minutes

We are now going to discuss how to improve the use of a business loan. Please form pairs to discuss the following question. You have 3 minutes.

- **In your own business, how can you do a better job of using your loan?**

*After 3 minutes, ask 2 or 3 volunteers to report their ideas.*

*Ask the participants to applaud the ideas. Ask:*

- **What are the main lessons you learned today?**

*Listen to responses from several participants. Add any of the following points that are not mentioned:*

**Key Learning Points: Use the Business Loan for Your Business**

- Use all borrowed money for the business
- Reinvest enough earnings in the business to help the business grow
- Request only the loan amount needed for the business
- Diverting loan money to personal use can seriously hurt the business

In the next learning session we are going to learn how to calculate the amount of profit your business is making.

*Thank everyone for participating.*

## SESSION 3: CALCULATE YOUR PROFITS

### OBJECTIVES

By the end of this learning session, participants will have:

1. Reviewed the importance of investing loan money in the business.
2. Discussed the importance of calculating business profits.
3. Practiced calculating business profits in a sample business.

### PREPARATION/MATERIALS

- Draw a picture of a businesswoman and her flour business
- Find or make three boxes or containers. Label them: “Cash-In,” “Business Costs” and “Personal Costs” (For illiterate groups, use symbols or pictures to represent these labels.)
- “Play” (fake) money in local currency. Use the following denominations:
  - ♦ 4 notes of 5
  - ♦ 3 notes of 10
  - ♦ 1 note of 50
  - ♦ 1 note of 100

### TIME

30 minutes

### STEPS

1. Review the importance of investing loan money in the business – 3 minutes
2. Demonstrate how to calculate profits – 12 minutes
3. Practice calculating profitability for your business – 15 minutes

### STEPS

1. **Review the importance of investing loan money in the business** – 3 minutes

*Welcome the participants and introduce today’s topic. Say:*

Today we are going to discuss how to calculate your profit. Before we begin, let us review the previous learning session.

- **What are the key recommendations about how to use loans?**

*Ask for volunteers to share what they remember. Add any of the following points that are not mentioned:*

### Key Learning Points: Use the Business Loan for Your Business

- Use all borrowed money for the business
- Reinvest enough earnings in the business to help it grow
- Request only the loan amount needed for the business
- Diverting loan money to personal uses can seriously hurt the business

*Say:*

I would like to invite a volunteer to share experiences using these recommendations. Tell us:

- **How did you use the recommendations to improve the use of your loan or your earnings in your business?**

*Summarize the ideas and reinforce good practices.*

## 2. Demonstrate how to calculate profits – 12 minutes

In the previous 2 learning sessions, we saw how important it is for your business to earn money. When your business earns money, you can buy more for your family. You can save more to cover important family expenses. You can pay back your loan with interest. And you can reinvest in the business to help it grow and make more money.

It is important to calculate how much the business is making so you can:

- √ put aside the right amount of money to reinvest in the business and help it grow
- √ know how much to take out for the family
- √ know how much to save

I am going to demonstrate how to calculate profits using Lena's flour-selling business. Lena has 3 boxes to hold her money. She keeps a "Cash-In" box for any money coming into her business (*show the Cash-In box*). She also has a box to hold the money she uses for her business costs. This is her "Business Costs" box (*show the Business Costs box*). Finally, she has a box where she places money to use for any personal expenses (*show the Personal Costs box*).

Here is how Lena keeps track of her business money and how she knows how much money she makes.

*As you explain, use the boxes to demonstrate how the system works.*

### Lena's Flour Business Transactions for Week 1

	Cash-In	Business Costs	Personal Costs
<b>1. Beginning of the Week</b>	<b>100</b> →	<b>50</b> →	<b>50</b>
2. Purchase flour		-30	
3. Transportation		-5	
4. Helper		-5	
5. Market fee		-5	
6. Mandatory Savings		-5	
7. Sale of flour	100		
8. Food for the family			-50
<b>At the End of the Week</b>	<b>100</b>	<b>0</b>	<b>0</b>

Say:

1. At the beginning of the week, Lena has 100 in her Cash-In box. This money is her earnings from the previous week.

*(Put 100 in the Cash-In box: 3 notes of 10, 4 notes of 5, and 1 note of 50.)*

Based on her expenses last week, Lena decides to spend 50 for her business and 50 for her personal expenses.

*(Move 50 from the Cash-In box to the Business Costs box and 50 to the Personal Costs box. In the Business Costs box, put 3 notes of 10 and 4 notes of 5. In the Personal Costs box, put 1 note of 50.)*

2. During the week, Lena buys 30 worth of flour.  
*(Take 30—3 notes of 10—out of the Business Costs box and give it to another participant.)*
3. Lena spends 5 on transportation.  
*(Take 5—1 note of 5—out of the Business Costs box and give it to another participant.)*
4. Lena spends 5 for a helper to carry the flour.  
*(Take 5—1 note of 5—out of the Business Costs box and give it to another participant.)*
5. Lena spends 5 on her market fee.  
*(Take 5—1 note of 5—out of the Business Costs box and give it to another participant.)*
6. Also, Lena makes a mandatory savings deposit of 5, which is required to get a loan.  
*(Take the final 5—1 note of 5—out of the Business Costs box and give it to another participant.)*
7. Lena sells 50 cups of flour at 2 each, for a total cash amount of 100.  
*(Have one of the participants give you 100 and put it in the Cash-In box.)*
8. Lena also buys 50 worth of food and other supplies for her family.  
*(Take 50 out of Personal Cost box and give it to another participant.)*

At the end of the week, Lena has 100 in her Cash-In box, and she must decide what to do with it.

*Ask if there are any questions about the demonstration. Respond to questions and continue.*

Let us discuss Lena's money management system.

➤ **How well did Lena manage her money? Why do you think this?**

*[She did well. She kept her business and personal money separate. She was able to meet her business and personal needs. She saved. She ended the week with 100.]*

➤ **What different costs did Lena have?**

*[Materials, market fee, labor, transportation and savings—because her group requires it.]*

➤ **How much profit did Lena make in her business?**

*[She made 50. Calculate: 100 in sales minus 50 in business expenses = 50 profit.]*

Say:

<b>Sales Income minus Business Costs = Profit</b>
---

Ask:

➤ **Is Lena's business growing? Why or why not?**

*[No, because she begins and ends the week with the same amount of money. She invests the same amount in materials every week and makes the same amount of profit.]*

### 3. Practice calculating profitability for your business – 15 minutes

Prepare the participants to calculate the profitability of their businesses. Ask them to find a partner.

Say:

Think about your business activities from last week *(or from one day)*. Discuss:

- The total amount you earned from sales last week *(or during one day)*
- The total amount of your business expenses last week *(or during one day)*
- The total amount of profit *(sales minus expenses)*

After 5 minutes, ask one or more pairs, depending on the time remaining, to report how they calculated profits.

Remind the participants:

You can use the box accounting system or envelopes, pockets, bags or other containers to separate your costs and income.

Talk with participants about the following key learning points:

#### Key Learning Points: Calculate Your Profits

- It is important to know how much your business earns so you can better plan and manage your money.
- Cash is different from profits:
 

$$\text{Money from Sales minus Business Expenses} = \text{Profit}$$
- Business expenses include raw materials, transportation, rent, your savings, your required savings and your loan repayments.
- A cash-box system or something similar is useful for understanding profits and keeping track of money.

In the next learning session we are going to learn how to know if the business is growing and how to plan for business growth. We are going to learn to use the

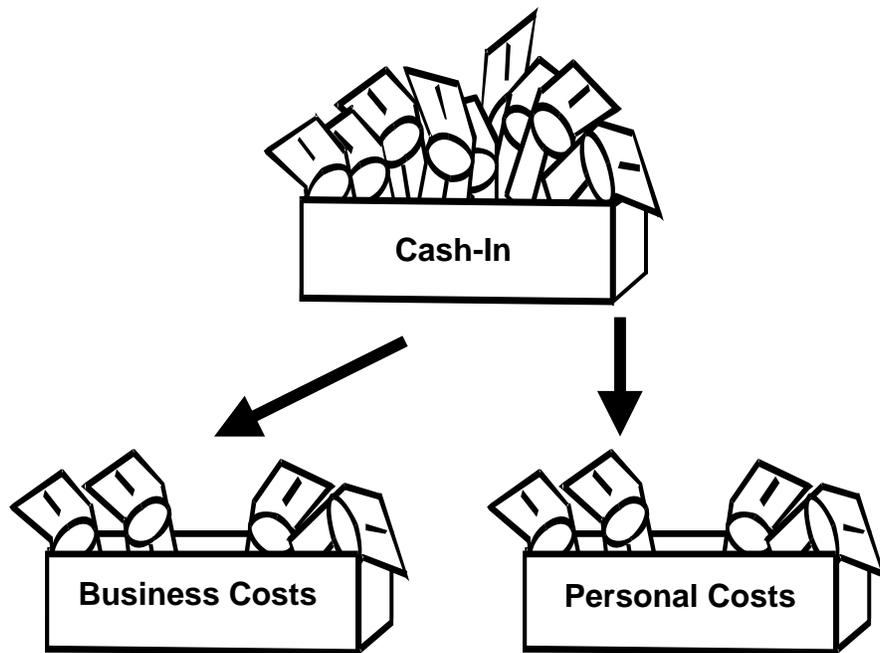
box accounting system the way Lena did. In order to do this, you need to remember the amount you spend in your business during a specific period and the amount of money your business brings in during the same period.

*Ask for a volunteer to track sales income, business costs and profits between now and the next learning session.*

*Note to the Facilitator:* *Meet with the volunteer after the meeting to explain the assignment. Ask the volunteer to track the following items during one day or one week and prepare to share the results with the rest of the group at the next meeting.*

- *Income from sales*
- *List of supplies/services needed to carry out the business*
- *The cost of these supplies/services*
- *The total costs of doing business (raw materials, fees, help, transportation, etc.)*
- *The profit: income minus expenses*

## Box Accounting System



## SESSION 4: TRACK, PLAN AND INVEST YOUR BUSINESS MONEY

### OBJECTIVES

By the end of this learning session, participants will have:

1. Used the box accounting system to demonstrate:
  - how to track money and control spending
  - the importance of reinvesting income in the business
  - how to calculate profit
2. Assessed how increased investment can increase profits.

### PREPARATION/MATERIALS

- Help the volunteer from the previous learning session prepare the presentation
- Use your drawing of a businesswoman and her flour business from Learning Session 3 (or draw a new picture of another appropriate business)
- Use the same three boxes or containers marked “Cash-In,” “Business Costs” and “Personal Costs” (or symbols/pictures to represent these labels) from Learning Session 3
- Supplement the “play” (fake) money, using local denominations in amounts that allow a clear demonstration of transactions (see Steps 1 and 2)

### TIME

30 minutes

### STEPS

1. Review ways to calculate your profit – 10 minutes
2. Demonstrate the use of the box accounting system to track, plan and invest money – 10 minutes
3. Demonstrate how to determine profit – 10 minutes

### STEPS

1. **Review ways to calculate your profit** – 10 minutes

*Welcome the participants and introduce today’s topic. Say:*

Today we are going to discuss ways to track, plan and invest your business money. Before we begin, let us review the previous learning session.

*Ask the volunteer from the previous learning session to come forward to explain and, if possible, demonstrate the methods used to track and calculate profits.*

*If the volunteer used the box accounting system, help by demonstrating with play money as the explanation is given. Prompt as needed by asking for information about the following:*

- Total income from sales
- Costs of purchases to carry out the business
- Total costs
- Amount of profit
- Difficulties tracking costs or income
- Anything useful about tracking costs and income

*Praise the volunteer's efforts and respond to any questions raised.*

## **2. Demonstrate the use of the box accounting system to track, plan and invest money – 10 minutes**

*Use the boxes or containers marked “Cash-In,” “Business Costs” and “Personal Costs.” Say:*

In the previous learning session we saw Lena use boxes to track her money. We call this a “box” accounting system. You can use bags, baskets, pockets or any container as long as you know which container is for cash coming in and which containers are for business costs and for personal costs. It is also important to make sure the method you choose keeps your money safe. Today we are going to show how the box accounting system can help you track, plan and invest money wisely.

Lena had 3 boxes that she used to separate her money:

- Cash-In box for money coming into the business
- Business Costs box for money for business expenses
- Personal Costs box for money for personal and family expenses

We learned that Lena's business is profitable but not growing. Let us demonstrate this again. Let us see how Lena's business might grow if she uses some of her earnings and invests all of her loan in her business.

*Identify 9 volunteers to help with the demonstration. Give each volunteer the amount of money listed below, in the notes specified. Ask the volunteers to come forward and play their roles as needed.*

- *Lena: 100 (10 notes of 10)*
- *3 customers for Lena: (Give each customer 1 note of 100)*
- *Lender: 100 (10 notes of 10)*
- *Flour seller*
- *Transporter*
- *Food Seller*
- *Market Manager*
- *Laborer*

### Lena's Flour Business: Transactions for Week 2

	Cash-In	Business Costs	Personal Costs
<b>1. At the start of the week</b>	<b>100</b> →	<b>50</b> →	<b>50</b>
2. Lena receives a new loan		100	
<b>3. Total available for the business</b>		<b>150</b>	
4. Purchase flour		-90	
5. Transportation		-10	
6. Helper		-20	
7. Market fee		-10	
8. Loan repayment and savings		-20	
9. Sale of flour	300		
10. Food for the family			<b>-50</b>
<b>At the end of the week</b>	<b>300</b>	<b>0</b>	<b>0</b>

Say:

- At the beginning of the week, Lena has 100 in her Cash-In box.  
(Give Lena 100 [5 notes of 10 and 1 note of 50]. Ask Lena to put the money in her Cash-In box.)

Based on Lena's expenses last week, she decides to spend 50 on her business and 50 for personal costs.

(Ask Lena to put 5 notes of 10 in the Business Costs box and 1 note of 50 in the Personal Costs box.)

- Lena then gets a loan of 100, which she plans to spend entirely on her business.  
(Ask the Lender to give Lena 100 [10 notes of 10]. Ask Lena to put all of this loan money in her Business Costs box.)

It is important to put the loan money directly into the Business Costs box to make sure you spend it only on the business.

➤ **How much money does Lena have for her business?**

[150]

- During the week, Lena buys 90 worth of flour instead of her usual amount of 30.

➤ **From which box does Lena take this money?**

[Business Costs box.] (Ask Lena to take 90 out of the Business Costs box and give it to the flour seller.)

- Lena must pay 10 for transportation.
- Lena must pay 20 for the helper.
- Lena must pay 10 for the market fee.

➤ **From which box does Lena take this money?**

*[Business Costs box.] (Ask Lena to take 40 out of the Business Costs box and give 10 to the Transporter, 20 to the helper, and 10 to the market manager.)*

7. Lena then repays her loan and makes her mandatory savings deposit totaling 20.

➤ **From which box does Lena take this money?**

*[Business Costs box.] (Ask Lena to take 20 out of the Business Costs box and give it to the Lender.)*

Last week Lena had only 5 for saving, but this week she has her savings **and** her loan repayment.

8. During the week, Lena sells 150 cups of flour at 2 each, for a total cash amount of 300. *(Ask the 3 customers to come forward and each pay 100 for flour.)*

➤ **Where does Lena put this money?**

*[Cash-In box.] (The customer volunteers give Lena 300; Lena puts it in the Cash-In box.)*

9. Lena also buys 50 worth of food for her family.

➤ **From which box does Lena take this money?**

*[Personal Costs box.] (Ask Lena to take the 50 out of the Personal Costs box and give it to the food seller.)*

Now, at the end of the week, Lena has 300 in her Cash-In box and must decide what to do with it.

*Ask Lena to count out all of the money in the Cash-In box to show how much is there.*

*Thank the volunteers for their help with the demonstration.*

**3. Demonstrate how to determine profit – 10 minutes**

Let us determine how much profit Lena made.

➤ **How much did Lena spend on her business? How do you know?**

*[Lena spent 150—she spent the amount she invested from last week (50) plus the new loan amount (100). She had the cost of replacing materials, transportation, rent, loan payment and required savings. You know Lena spent 150 because there was 150 in the Business Costs box and now the box is empty.]*

➤ **How much did Lena sell? How do you know?**

*[Lena had 300 in sales—the Cash-In box was empty at the beginning of the week after Lena put 50 in the Business Costs box and 50 in the Personal Costs box. At the end of week two, there was 300 in the Cash-In box.]*

- **How much of this money is business expenses money that Lena has to put back into the business to keep it going? Where will she put this money?** *[150 for business expenses. Put 150 back into the Business Costs box.]*
- **How much profit did Lena make? How do you know?** *[150 in profit. Sales of 300 minus expenses of 150 = 150 in profit.]*
- **How did Lena's business profits change from the previous week to this week? Why?** *[Lena's profits went up by 100. For the previous week Lena's profit was 50. This week her profit is 150.]*
- **Why did Lena's business grow?** *[Because Lena took a loan to invest more in her business. This allowed her to sell more.]*

*Make the following points:*

**Key Learning Points: Track, Plan and Invest Your Business Money**

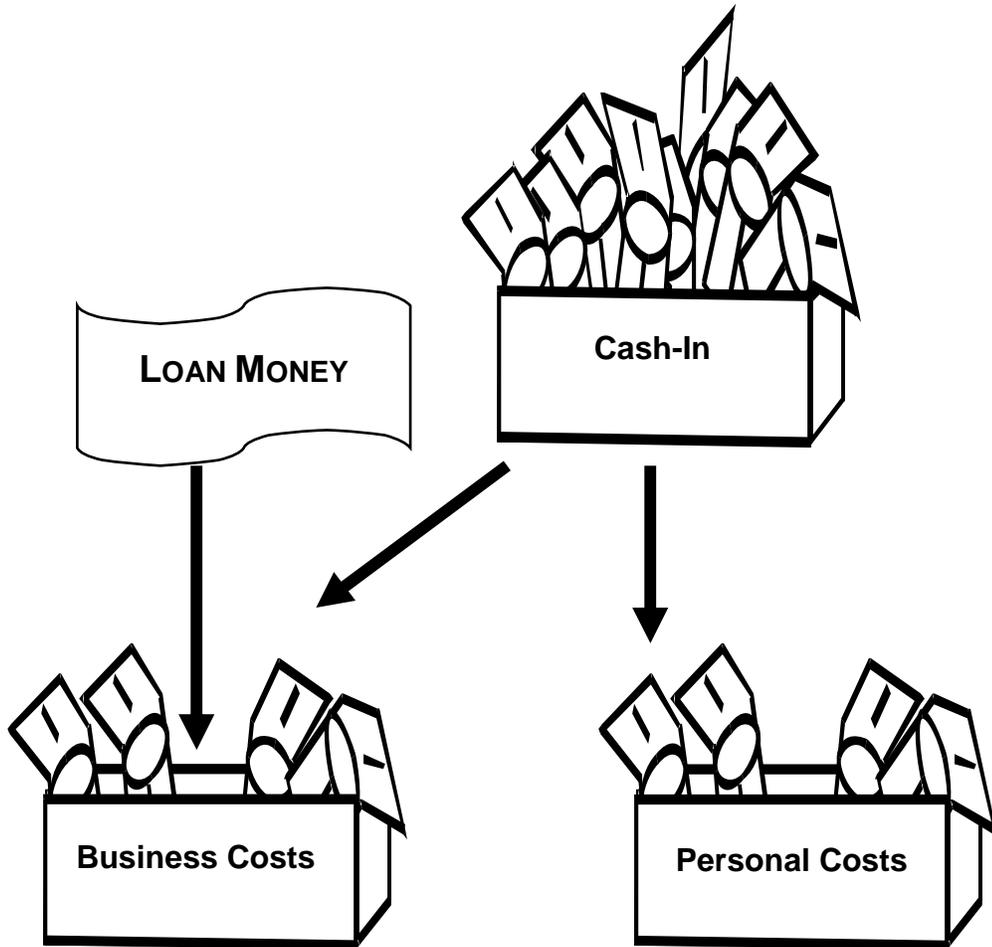
- Find a way to track your sales income, business costs and profits
- Reinvest enough money in your business to keep it going
- Increasing your investment can increase your profits
- Sales Income minus Business Expenses = Profit

*Close the learning session by giving the participants the following assignment:*

Before the next learning session, think about how you use your profits. Be ready to share your experiences with the other participants.

*Thank the participants for their good work.*

## Box Accounting System



## SESSION 5: DECIDE HOW TO USE YOUR PROFITS TO MEET BUSINESS AND PERSONAL NEEDS

### OBJECTIVES

By the end of this learning session, participants will have:

1. Reviewed ways to track, plan and invest business money.
2. Used the box accounting system to demonstrate 3 ways to use profit.
3. Decided how to apply the box accounting system to their businesses.

### PREPARATION/MATERIALS

- Use the same 3 boxes or containers marked “Cash-In,” “Business Costs” and “Personal Costs” (or symbols/pictures for illiterate groups)
- Find or make 1 more box marked as “Savings”
- “Play” (fake) money—use local denominations in amounts that allow a clear demonstration of transactions (see Step 1)

### TIME

30 minutes

### STEPS

1. Review Lena’s business – 10 minutes
2. Decide how to use profits – 20 minutes

### STEPS

#### 1. Review Lena’s business – 10 minutes

*Welcome the participants and introduce today’s topic. Say:*

Today we are going to discuss how to use your profits to meet business and personal needs. Before we begin, let us quickly review the previous learning session.

*Demonstrate, with help from the participants, the transactions of Lena’s second week of business.*

Let us review together the transactions for Lena’s flour business. When I name the transaction, everyone tell me where to get the money and where to put it.

1. Lena started with 100.  
*[Put 100—10 notes of 10— in the Cash-In box]*
2. She decides to use 50 for personal costs.  
*[Take 50—5 notes of 10—from the Cash-In box and put it in the Personal Costs box]*
3. She decides to use 50 for business costs.  
*[Take 50—5 notes of 10—from the Cash-In box and put it in the Business Costs box]*
4. She got a loan of 100.  
*[Put 100—10 notes of 10—in the Business Costs box]*

5. She spent 150 in business costs.  
*[Take 150 out of the Business Costs box]*

6. She earned 300 from sales of flour.  
*[Put 300 in the Cash-In box]*

➤ **What are Lena’s profits?**

*[150 in profits. Sales of 300 minus expenses of 150 = 150 profit]*

➤ **How much money does Lena need to put back into the business to keep it going at the same level?**

*[150 to pay all the business costs, including required savings and loan repayment]*

*Praise the participants for their work. Review the key points from the previous learning session:*

**Key Learning Points: Track, Plan and Invest Your Business Money**

- Find a way to track your sales income, business costs and profits
- Reinvest enough money in your business to keep it going
- Increasing your investment can increase your profits
- Sales Income minus Business Expenses = Profit

**2. Decide how to use profits – 20 minutes**

Let us now discuss the various ways Lena can use her profits.

➤ **What can Lena do to help her business grow again—without taking an extra loan?** *[Lena can plan for business growth by putting more of her profit into her Business Costs box to invest in her business]*

Lena may want to buy more materials. She may want to invest in a new product, or buy a new table or a scale or a measuring cup.

➤ **What are other ways Lena can use her profit?**

*[Food for the family, other household needs, medicines, social obligations, savings, etc.]*

*Say:*

You have decisions to make about how you use your profits. Are you going to use them to grow the business? To make personal savings? Or to pay for your regular household expenses?

How you use your profits depends on what you want for your business and your personal life. Let us discuss in small groups how Lena can make good decisions about how to use her 150 in business profits.

There are 3 choices Lena can make when she decides how to use her money. (*Show the boxes.*) She can put it in:

- the Business Costs box to grow the business
- the Personal Costs box for personal and family needs

And today we add another box she can put her money in:

- a Savings box to keep money for future emergencies or large expenses

When working in your small group, Lena's money can be divided among the boxes in any way you think is good for Lena.

Please form groups of 5 or 6 persons and discuss:

- **How much of Lena's 150 profit do you recommend Lena put in each box? Why?**

Be prepared to demonstrate the amount of money your group decides Lena is going to put in each box. You have 5 minutes.

*After 5 minutes invite a representative from one group to demonstrate. Give the representative play money to put into the different boxes: Business Costs, Savings and Personal Costs. Ask the representative to explain the reasons for placing that amount in each box.*

*Ask 2 or 3 groups with different ideas to tell what they decided and why. Then ask:*

- **What did the groups do differently in the way they used Lena's money? Explain.**

*Encourage a good discussion about why one makes different choices about the use of profits.*

Thank you for your good ideas. There are many different ways to use the money. If **personal** needs are high, profits need to be used to meet them. It is always good to **save** something for future needs and unexpected events. If there is enough money, it is good to **put more money into the business** if you think you can sell more by doing this.

*Summarize the following points:*

### **Key Learning Points: Decide How to Use Your Profits**

- Reinvest enough money in your business to keep it going
- Invest even more money to help your business grow
- Save to prepare for the future
- Think carefully about how much of your profit to keep for personal use—balance personal needs with business and savings opportunities
- Businesses that grow provide more family income and security and ensure loan repayment

*Say:*

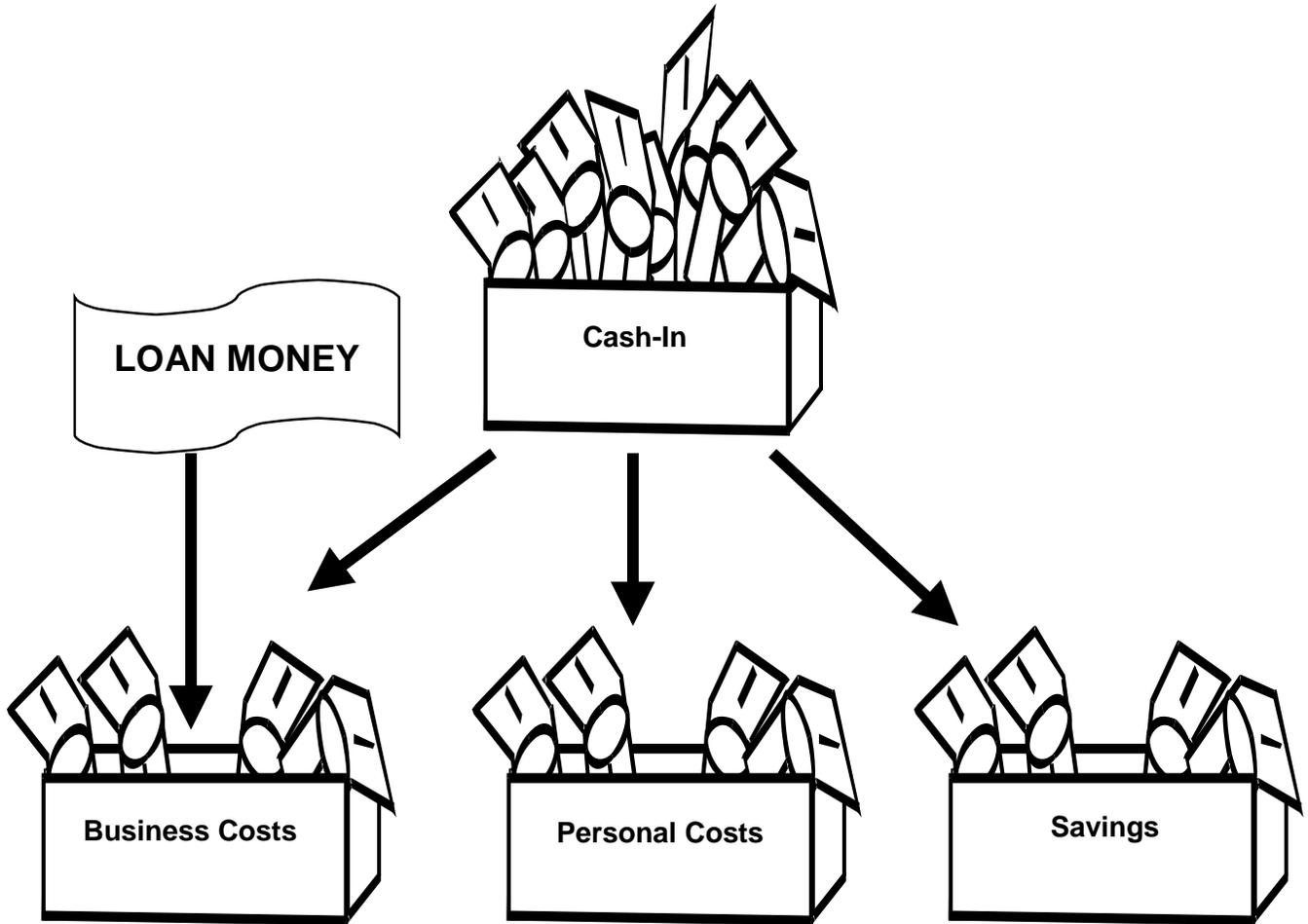
Think about what you learned today. Think carefully about how much to use to grow the business, save or spend on personal needs.

➤ **How are you going to manage your profits differently now?**

*Allow several volunteers to respond. Thank the participants for their good ideas. Say:*

Let us applaud the good work we all did today! In the next learning session we are going to learn how businesses lose money and how to prevent money losses.

## Box Accounting System





## SESSION 6: PREVENT BUSINESS MONEY LOSSES

### OBJECTIVES

By the end of this learning session, participants will have:

1. Summarized key learning about managing business money.
2. Analyzed 3 stories about how business money is lost.
3. Identified ways to control and minimize business money losses.
4. Discussed how investing business money productively results in increased profits.
5. Identified and made commitments to take specific actions to improve their business money management.

### PREPARATION/MATERIALS

- Pictures for use in the following steps (they are numbered and located at the end of the learning sessions):
  - ♦ Step 2
    - + Sample Picture 5: Phyllis
    - + Sample Picture 6: Isabel
    - + Sample Picture 7: Susan

### TIME

30 minutes

### STEPS

1. Summarize key learning about money management – 2 minutes
2. Tell stories that compare the business money management of 3 borrowers – 15 minutes
3. Discuss in pairs business-loss issues and identify ways to avoid them – 13 minutes

### STEPS

1. **Summarize key learning about money management** – 2 minutes

*Welcome the participants and introduce today's topic. Say:*

Today we are going to discuss ways to prevent the loss of your business money. Before we begin, let us review the key lessons from previous learning sessions.

During Manage Your Business Money Learning Sessions 1 through 5, we discussed:

- 1) Ways to separate your personal and business money
- 2) How and why to use your business loan for your business
- 3) How to calculate your profits
- 4) Ways to track, plan and invest your business money
- 5) Deciding how to use profits to meet business and personal needs

We learned that with patience, hard work and wise investment your business can give you more money to spend on your family.

These are important messages, but they are not always easy to follow. We know that businesses can lose money in many ways. Today we are going to talk about the ways businesses lose money and how to prevent business money losses.

**2. Tell stories that compare the business money management of 3 borrowers –**  
15 minutes

*Post the picture of Phyllis. Say:*

I am going to share 3 stories with you. Here is Phyllis' story:

### **Story of Phyllis**

Phyllis is a candy producer. She receives her loan and takes some of the money to buy milk to make candy. She is happy to get an extra-low price from a new person in the community selling milk. On her way home, her mother-in-law asks to borrow some money. Phyllis is worried about what her husband is going to say if Phyllis does not give his mother the money. So, Phyllis gives the remaining portion of her loan to her mother-in-law. When Phyllis gets home, she opens the milk and finds it is very old and spoiled. She does not have enough money left to buy more milk to make candy. She wonders how she is going to make her loan payments and buy food for her family.

Let us discuss Phyllis' experience.

➤ **What happened to Phyllis' business money? Why?**

*[She ran out of money to buy milk for making candy. She purchased defective materials and gave her mother-in-law loan money that was for her business.]*

➤ **What can we recommend to Phyllis to avoid these problems?**

*[Be sure the supplier has good-quality materials. Do not give loan money to anyone. It is for your business. Phyllis can explain that she has a loan agreement to only spend the money on her business. She can discuss the problem with her solidarity group members to help find a solution.]*

*Post the picture of Isabel. Say:*

These are very good observations. Now, let us hear about Isabel.

### **Story of Isabel**

Isabel used all of her loan money at the city market buying new and different products to bring back and sell in her community. She bought oil, honey and small notebooks. She was excited about selling new products in the community. The honey and oil sold well. Isabel even sold some to friends who did not have cash but promised to pay the next week.

Unfortunately, no one bought the notebooks. People did not like the small size.

At the end of one day at work, Isabel's young child started crying and Isabel tended to her. She was distracted and forgot to put the lid on the honey container. The next day, Isabel found that ants had infested the honey and it was ruined. Customers came to buy honey, but Isabel had none to sell. She is worried about how she is going to repay her loan and feed her family.

➤ **What happened to Isabel's business? Why?**

*[The notebooks did not sell. Isabel had not checked to ensure there was a demand for them. Her honey was spoiled because she did not store it carefully. She sold some of her products on credit.]*

➤ **What can Isabel do differently next time?**

*[She can check with potential clients to determine whether they are going to purchase the products she wants to sell. She can avoid selling on credit. She can protect her stock against spoilage.]*

Post the picture of Susan. Say:

That was a good discussion. Now, let us hear about Susan.

### Story of Susan

Susan made a good profit with her previous loan. She put some of the earnings from the profit into the purse she uses for her business costs. With her earnings and a new loan, Susan decided to buy a cabinet to display in a nice, clean way the bread she sells. She bought some tea and sugar to sell, too. She worked hard to find paying customers by selling at the city market and going door to door in her community. This loan cycle Susan sold more products and earned more money than ever before. When she returned from her loan meeting to check her cash and make her plan for the next week, she found that a lot of money was missing. So was her husband. He came home later that night with a new radio and new clothes.

➤ **What did Susan do to manage her business money?**

*[She kept her business earnings separate to reinvest in the business. She purchased a cabinet to display her products. She bought additional products. She looked for good customers at the city market and by going door to door in her community.]*

➤ **What can Susan do about her husband using the business money?**

*[She can explain her obligations to repay the loan. She can request that he repay the money. She can request that he respect her business money and discuss any needs for that money with her before taking it. She can remove the temptation by keeping as much of her money as possible in a savings account.]*

We see that there are many ways that businesses lose money. We also see that there is usually something you can do to try to prevent these losses, even when the cause of the loss is not under your control.

**3. Discuss in pairs business-loss issues and identify ways to avoid them –**  
13 minutes

Now you have an opportunity to discuss your own business-loss issues and how to address them. Please turn to the person next to you. You have 8 minutes to discuss:

- **How is money leaking out of your business?**
- **What are you going to do to stop the leaks?**

*Let the pairs discuss for 4 minutes. Remind them to discuss both businesses. They have 4 more minutes.*

*Ask:*

- **Who is going to tell us about your money-loss issue and ways you are going to stop the losses?**

*Ask for as many volunteers to report as time allows. Thank them for their ideas.*

*Say:*

Today we learned some important ways to prevent the loss of business money.

**Key Learning Points: Preventing Business Money Losses**

- Money can leak out of a business in many ways, including: poor-quality production or supplies, poor stock management, selling on credit, personal pressure to spend business money on other items
- These losses can be prevented if you face them, identify the causes, and develop good strategies to prevent them

- **What questions do you have about preventing business money losses?**

In the next learning session we are going to learn how to offer and manage credit to customers.

*Thank everyone for participating.*

## SESSION 7: MANAGE CREDIT SALES

### OBJECTIVES

By the end of this learning session, the participants will have:

1. Reviewed the dangers of selling on credit.
2. Developed ways to manage the risks of selling on credit.

### PREPARATION/MATERIALS

- Draw pictures and label the drawings: Anna, Bertha and Cindy—or use volunteers from among the participants, putting a name tag on each (see Step 2)
- Photocopy and cut out the individual cards using the Situations for Managing Sales on Credit (the cards are located at the end of this learning session) (see Step 3)

### TIME

30 minutes

### STEPS

1. Review ways to prevent business money losses – 3 minutes
2. Tell stories about 3 customers buying on credit and discuss in small groups – 8 minutes
3. Analyze a credit sales situation – 19 minutes

### STEPS

#### 1. Review ways to prevent business money losses – 3 minutes

*Welcome the participants and introduce today's topic. Say:*

Today we are going to discuss the dangers of selling on credit and how to manage credit sales. Before we begin, let us review the previous learning session about how good money management can prevent the loss of money from our businesses.

#### ➤ **What volunteer is going to tell us ways that were used to stop money from leaking out of your business?**

*Ask the volunteer to tell what happened. If needed, prompt with questions to ensure that the following information is included:*

- *The cause of the business loss*
- *How the volunteer tried to stop the loss*
- *What worked and what challenges occurred*
- *What was learned from the experience*

*Thank the volunteer for sharing. Say:*

One of the biggest sources of money loss is customers buying on credit, paying back slowly or not paying back at all. Today, we are going to talk in detail about this money-loss problem and how to manage it. We are going to study 3 stories to understand the problem.

## 2. Tell stories about 3 customers buying on credit and discuss in small groups – 8 minutes

*Ask participants to form groups of 5 or 6 persons each. Give the instructions and tell all 3 stories before asking any questions.*

*Post the drawings you made or ask 3 volunteers to come forward and stand in front of the group. Put a name tag on each volunteer: Anna, Berta and Cindy. Say:*

I am going to tell you the stories of 3 customers. Listen to the stories. Pretend that the women in the stories are your customers. Decide if you are going to sell to them on credit.

### **Anna**

Some days Anna does not have any money. She asks to buy what she needs on credit. Sometimes she pays back, but is very late with her payments. And sometimes she does not pay at all.

### **Berta**

Berta is a good customer who always pays in cash. Her husband lost his job and she wants to buy on credit.

### **Cindy**

Cindy says everyone around here sells on credit. If she cannot get credit from 1 seller, she can go to the next seller.

In your small groups, discuss the following question for 3 minutes:

- **Are you going to sell on credit to any of these women if they are your customers? Why or why not?**

*After 3 minutes, ask 3 or 4 groups to report their discussion. Thank them for their reports.*

*Ask the participants the following question. Probe for several reasons, including those listed.*

- **What are the dangers of selling on credit?**  
*[If the credit is not repaid, the business can lose money. It reduces the cash available for the business. Cash is not available to purchase new materials for the business.]*

## 3. Analyze a credit sales situation – 19 minutes

*Ask participants to remain in their groups. Say:*

Now we are going to analyze situations about a seller with customers who want to buy on credit. On these cards (*show the cards*) I have examples of typical situations when customers ask to purchase on credit. Each group is going to analyze 1 situation. You are going to report how the seller can manage the situation without losing any money from the business. You have 3 minutes to discuss the situation and prepare your response.

*Let each group select a card. If necessary, go to each group and read the card for them.*

**Situations for Managing Sales on Credit**

- Everyone in the community sells on credit. Gina knows that when she sells on credit, sometimes she is not repaid or she is repaid late and loses money. She wants to stop selling on credit. What can Gina do?
- Manuel is one of your best customers. He buys food supplies on the same day every week. Just before the end of the month, he is short on cash because his paycheck runs out. He always wants to purchase food supplies from you on credit the week before he is paid. Are you going to sell to Manuel?
- Dorothy purchased on credit last week. She has not yet repaid. She wants to buy on credit this week. She promises she is going to pay next week on Tuesday because she is certain that her own business is going to do better. What do you do?
- Susan’s baby is very sick. She needed expensive medicine and Susan has no money left to buy food. She asks you to sell to her on credit. She promises she is going to pay you back when she can get some money. What do you do?
- Amy is used to buying on credit from you. She always pays back within a month. You are trying to stop sales on credit because you know that it is going to improve the availability of money for your business. Amy is back again to buy on credit. What do you do?
- Jack has only half the money needed to buy your product and wants to pay the rest next week. You do not know him very well. What do you do?
- Wanda wants to buy food on credit for a party she is having. She has purchased on credit from you many times before this, but she always took many months to repay. What do you do?
- Lila is a member of your borrowers’ group. Her business recently failed. She wants to borrow some of your business funds to try again. What do you do?

*After 3 minutes, say:*

It is time for the reports. A representative from each small group is going to:

- Give a brief summary of the story you selected
- Tell how your group decided to manage the customer

Once you are finished, the large group is going to decide:

- If it thinks the idea is going to work
- What additional steps can be taken to prevent losing money from the business

*Analyze as many stories as time allows.*

*Summarize the conclusions. Add any points that the participants did not mention. Say:*

Here are some additional strategies to consider when you make sales on credit.

### **Strategies for Managing Sales on Credit**

- Try to sell for cash as much as possible
- Try to sell on credit only when the person is well-known to you for being reliable and for keeping promises
- Ask customers when they plan to repay and write down or remember that date—every week, go through your list, check the date they promised to repay and contact the people to collect the money that is due
- Visit the customer frequently and collect loan installments each time, if possible
- Give “discounts” for paying cash—charge a higher price for sales on credit

In some places, people do the following things as well:

- Set money aside to cover possible losses from sales on credit—count this as a business cost
- Ask the borrower to leave an asset with you that you can sell to cover losses, if necessary
- Work with other sellers in your area—ask all sellers to commit to reduce the number of sales they make on credit

- **What questions or comments do you have about strategies for managing sales on credit?**

*Say:*

Let us close this learning session by summarizing the things we learned today.

*Draw responses from the group until the Key Learning Points below are made.*

### **Key Learning Points: Managing Credit Sales**

- Lending on credit is risky and is to be avoided whenever possible
- If you do lend on credit, be careful about the people and the circumstances
- If you lend on credit, be sure to ask people to repay the money

Thank you for your participation. In the next learning session we are going to review everything we learned about managing your business money.



**Game Cards:  
Situations for Managing Sales on Credit**

Everyone in the community sells on credit. Gina knows that when she sells on credit, sometimes she is not repaid or she is repaid late and loses money. She wants to stop selling on credit.

➤ **What can Gina do?**

Cut on dotted line

Manuel is one of your best customers. He buys food supplies on the same day every week. Just before the end of the month, he is short on cash because his paycheck runs out. He always wants to purchase food supplies from you on credit the week before he is paid.

➤ **Are you going to sell to Manuel?**

Cut on dotted line

Dorothy purchased on credit last week. She has not yet repaid. She wants to buy on credit this week. She promises she is going to pay next week on Tuesday because she is certain her own business is going to do better.

➤ **What do you do?**

Cut on dotted line

Susan's baby is very sick. She needed expensive medicine and Susan has no money left to buy food. She asks you to sell to her on credit. She promises she is going to pay you back when she can get some money.

➤ **What do you do?**

Cut on dotted line



**Game Cards:**  
**Situations for Managing Sales on Credit (continued)**

Amy is used to buying on credit from you. She always pays back within a month. You are trying to stop sales on credit because you know that it is going to improve the availability of money for your business. Amy is back again to buy on credit.

➤ **What do you do?**

Cut on dotted line

Jack has only half the money needed to buy your product and wants to pay the rest next week. You do not know him very well.

➤ **What do you do?**

Cut on dotted line

Wanda wants to buy food on credit for a party she is having. She purchased on credit from you many times before this, but she always took many months to repay.

➤ **What do you do?**

Cut on dotted line

Lila is a member of your borrowers' group. Her business recently failed. She wants to borrow some of your business funds to try again.

➤ **What do you do?**

Cut on dotted line



## SESSION 8: REVIEW THE MANAGE YOUR BUSINESS MONEY LEARNING SESSIONS

### OBJECTIVES

By the end of this learning session, participants will have:

1. Recalled information contained in Manage Your Business Money Learning Sessions 1 through 7.
2. Presented to their peers the key lessons of each learning session.
3. Discussed questions about the learning sessions.

### PREPARATION/MATERIALS

- Review key points of Learning Sessions 1 through 7. See the learning session summaries at the end of Learning Session 8
- Post all of the pictures used in Learning Sessions 1 through 7: Sample pictures 1 through 7 and your drawings of Anna, Bertha and Cindy

### TIME

30 minutes

### STEPS

1. Introduce the learning session – 5 minutes
2. Review and discuss key points of the learning sessions – 5 minutes
3. Use small groups to present learning session summaries to all participants – 20 minutes

### STEPS

#### 1. Introduce the learning session – 5 minutes

Today is the final Manage Your Business Money learning session. We learned many things about how to manage business money. During today's learning session we are going to review what we learned.

I am going to read the title or purpose of each learning session. Then you are going to try to recall the stories, demonstrations, pictures or games used in that learning session.

*Encourage the participants to remember all of the learning sessions. Refer to the pictures used in the learning sessions to help participants remember key points. Assist them as necessary.*

<b>Manage Your Business Money Learning Sessions</b>	
<b>Learning Session Title/Purpose</b> <i>(Read to the participants)</i>	<b>Learning Session Activity</b> <i>(Prompt with this information only as necessary.)</i>
1. Separate Personal and Business Money	<i>Story of Alice with her small store, who uses her supplies to feed her family; and Haya, the bread baker who manages her supplies and business money well.</i>
2. Use the Business Loan for Your Business	<i>Story of Maria, who buys some dresses with her loan money. Story of Theresa, who uses her loan to add a table and more products to her business. Story of Sara, who uses her loan for her daughter's wedding.</i>

<b>Manage Your Business Money Learning Sessions (continued)</b>	
<b>Learning Session Title/Purpose</b> <i>(Read to the participants)</i>	<b>Learning Session Activity</b> <i>(Prompt with this information only as necessary.)</i>
3. Calculate Your Profits	<i>Introduced the box accounting system for Lena's flour business and ways to calculate profit.</i>
4. Track, Plan and Invest Your Business Money	<i>Discussion about the second week of Lena's flour business when she takes a loan to invest more in her business.</i>
5. Decide How to Use Your Profits to Meet Business and Personal Needs	<i>Demonstration about how Lena used her profit to grow her business.</i>
6. Prevent Business Money Losses	<i>Story of Phyllis, who makes candy but bought poor-quality product and gave her loan money to her mother-in-law. Story of Isabel, who buys honey, notebooks and oil. Story of Susan, whose husband uses her business money.</i>
7. Manage Credit Sales	<i>Stories of Anna, Berta and Cindy, who are customers trying to buy on credit.</i>

## 2. Review and discuss key points of the learning sessions – 5 minutes

*Say:*

We are going to form 7 groups, 1 for each learning session. Each person is going to count off a number starting with 1 and counting up to 7. After 7, the eighth person starts at 1 again until every participant has a number. All of the "1s" join a group, the "2s" join another group, and so on. There are going to be 7 groups at the end.

*Assist in forming the groups. Assign each group 1 learning session and say:*

Each small group is going to prepare to teach the rest of the groups the key lessons of the assigned learning session. Include the following in your presentation:

- The name of the learning session
- The important lessons of the learning session

Your group has 3 minutes to prepare. You may choose a presenter or present together. Each presentation can take no more than 2 minutes!

*Circulate among the groups to provide guidance as necessary.*

**3. Use small groups to present learning session summaries to all participants – 20 minutes**

*Call for everyone's attention. Then say:*

It is time to begin the presentations. If your group is not presenting, please listen carefully.

*Ask each group to present, in order and one at a time. Ensure that each group names the learning session before starting the presentation. Carefully time each presentation. At the end of 2 minutes say, "Time is up!" Use the following Summary of Key Learning Points to ensure that all of the information is covered. Add any points that are not mentioned.*

*Allow the presenter(s) to respond to 1 or 2 questions after each presentation. Assist in clarifying any issues, as needed.*

*Continue the process until all of the groups finish presenting. Then say:*

Thank you for this review of the Manage Your Business Money topic. You now have new information and skills to help you improve your business. Make every effort to apply the new learning in your daily life! If you do, you increase your chances of business success.

Let us applaud ourselves for our efforts!

## **Summary of Key Learning Points in the Manage Your Business Money Learning Sessions**

### **Key Learning Points**

#### **Manage Your Business Money Learning Session 1: Separate Personal and Business Money**

- Business and personal money are different:
  - ♦ business money is for earning you more money
  - ♦ personal money is for spending on personal needs
- Separating personal and business money helps control personal spending—this keeps more money in the business so you earn more money
- It is important for every businessperson to keep track of business and personal expenses

### **Key Learning Points**

#### **Manage Your Business Money Learning Session 2: Use the Business Loan for Your Business**

- Use all borrowed money for the business
- Reinvest enough earnings in the business to help the business grow
- Request only the loan amount needed for the business
- Diverting loan money to personal use can seriously hurt the business

### **Key Learning Points**

#### **Manage Your Business Money Learning Session 3: Calculate Your Profit**

- It is important to know how much your business earns so you can better plan and manage your money
- Cash is different from profits: Money from Sales minus Business Expenses = Profit
- Business expenses include raw materials, transportation, rent, your savings, your required savings and your loan repayments
- A cash-box system or something similar is useful for understanding profits and keeping track of money

**Key Learning Points**  
**Manage Your Business Money Learning Session 4:**  
**Track, Plan and Invest Your Business Money**

- Find a way to track your sales income, business costs and profits
- Reinvest enough money in your business to keep it going
- Increasing your investment can increase your profits
- Tracking and planning your business money can help you make wise money choices
- Sales Income minus Business Expenses = Profit

**Key Learning Points**  
**Manage Your Business Money Learning Session 5:**  
**Decide How to Use Your Profits to Meet Business and Personal Needs**

- Reinvest enough money in your business to keep it going
- Invest even more money to help the business grow
- Save to prepare for the future
- Think carefully about how much of your profit to keep for personal use—balance personal needs with business and savings opportunities
- Businesses that grow provide more family income and security and ensure loan repayment

**Key Learning Points**  
**Manage Your Business Money Learning Session 6:**  
**Prevent Business Money Losses**

- Money can leak out of a business in many ways, including: poor-quality production or supplies, poor stock management, selling on credit, personal pressure to spend business money on other items
- These losses can be prevented if you face them, identify the causes, and develop good strategies to prevent them

**Key Learning Points**  
**Manage Your Business Money Learning Session 7:**  
**Manage Credit Sales**

- Lending on credit is risky and is to be avoided whenever possible
- If you do lend on credit, be careful about the people and circumstances
- If you lend on credit, be sure to ask people to repay the money



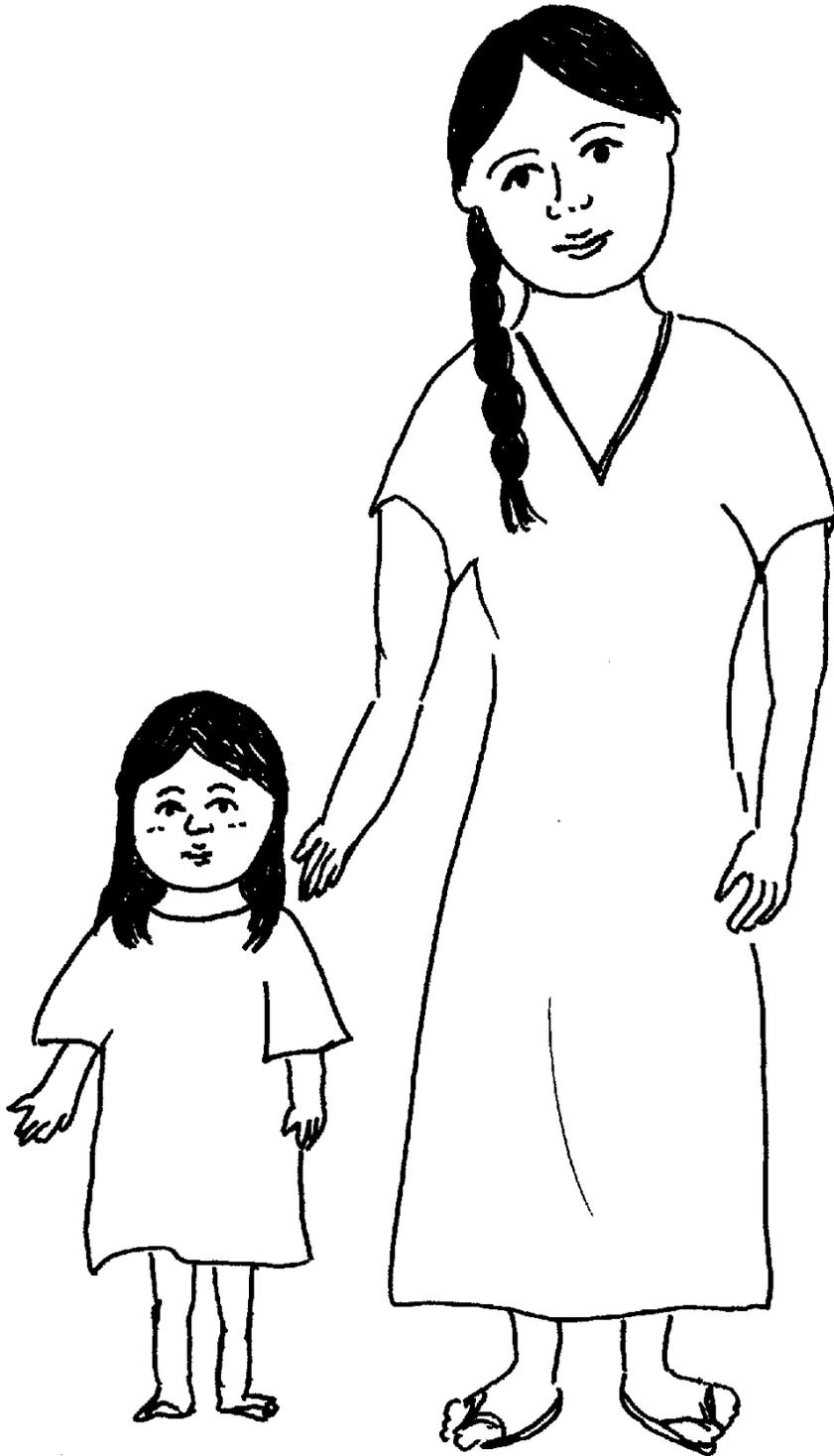
**PICTURES**

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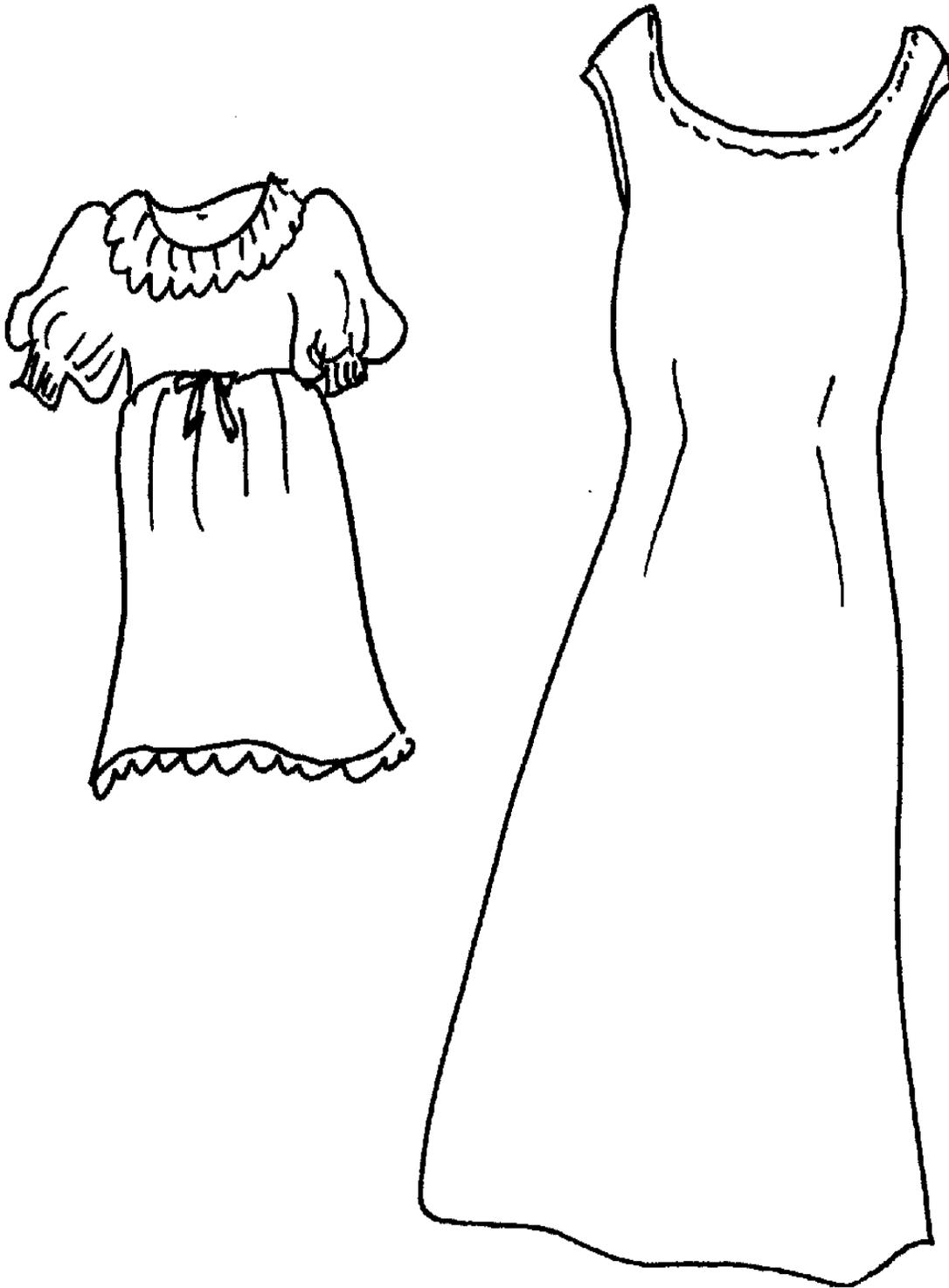
**MANAGE YOUR BUSINESS MONEY  
LEARNING SESSIONS**



Picture 1  
Maria and Her Daughter













Picture 4  
Sara

