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AGRICULTURE & FINANCE
CONSULTANTS

HORTICULTURE BUSINESS INCUBATION TRAINING GUIDE

FOR STARTERS



**THANTHWE BUSINESS INCUBATION CENTER
(THAIC)**

IMPRINT

Published by:



Supported by:

EMPOWERING YOUTH IN AGRIBUSINESS (EYA) TVET!
GIZ CLUSTER BUILDING
Area 43/498
Lilongwe 3
Malawi
Kristina.Spantig@giz.de
www.giz.de

February 2023

Authors

Dr. Dick Maganga
Frank Mkumba & Mervice Liwonde (UMODZI Consulting)

Contributor:

James Muhowa (AFC)

PREAMBLE

This manual has been compiled specifically for Thanthwe Incubation Centre and is written for use in the training of young people (15-35 years old) with basic literacy. It is primarily intended for incubates at the institution, assisted by instructors and mentors during training workshops.

This manual is divided into four parts. The first part is the introduction. The introductory aspects included are the key aspects of business incubation, horticulture, and entrepreneurship.

Part 2 of the manual focuses on business idea generation and covers aspects of business idea selection and business idea refinement using the Business Model Canvas.

Part 3 of the manual covers in detail the aspects of business planning and it is expected that at the end of the module, every incubate will have the skills to prepare his/her own business plan.

Part 4 of the manual will guide the incubates through the start-up stages of their businesses which follow the successful preparation of the business plan and also introduces them to business idea pitching.

When writing this manual, several assumptions were made about the incubates:

1. It was assumed that the young people have chosen to attend this course because they have an interest in horticulture and possess a basic understanding of it.
2. It was assumed that the primary reason for attending this course is not to learn how to produce horticultural products but rather how to establish successful horticulture enterprises.
3. It was assumed that the primary users of this manual will be both, the incubates and the instructors at the Incubator who will support them, and that the young people will be guided and mentored through the process.
4. It was assumed that the young people are new to the business incubator methodology and that they will be introduced to it at the beginning of this program.

COURSE STRUCTURE

This manual covers eight course modules as follows:

Part 1: Introduction

Module 1: What is business incubation? Module 2:

The Horticulture sector in Malawi Module 3:

Entrepreneurship

Part 2: Business Ideas

Module 4: Business Idea Selection Module 5: The

Business Modelling

Part 3: Business Planning

Module 6: Preparing your Business Plan

Part 4: Starting your Business.

Module 7: Steps to Starting your Business Module 8:

Pitching a business idea.

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PART 1: INTRODUCTION

MODULE 1: WHAT IS BUSINESS INCUBATION?

Module objectives

Time: 75 minutes

To prepare the incubates for effective participation in the business incubation program.

Learning Outcomes

At the end of this module, incubates will be able to:

- Describe the role of a business incubator.
- Explain the importance of business incubation.
- Describe the services and support that business incubators offer to incubate.

Delivery methods

1. Plenary discussion (15 Minutes)
2. Group discussion (40 minutes)
3. Group exercise (20 minutes)

Plenary discussion: In a plenary set up, the facilitator to write the word business, incubation, and business incubation and ask the participants what each word means. The facilitator to write the answers on a flip chart. Summarise the discussion with the information below

WHAT IS BUSINESS INCUBATION?

Business

A business is an activity undertaken by individuals directed towards satisfying human needs at a profit.

Incubation

An artificial means of supporting the development of a fragile developing system, such as to sit on (eggs) to hatch by the warmth of the body. A facilitator can give an illustration of how a typical chicken incubator works with a focus on the care and support given to ensure that eggs hatch.

1.1 Business Incubation

Business Incubation is the process wherein an individual or an organization supports the establishment and growth of a start-up. The goal of incubation is to increase the success chances of the start-up because in many countries up to 90% of all start-ups die in the first few months of their establishment due to lack of knowledge and resources. Those supporting the start-up are called business incubators. Essentially incubators are there to help start-ups and small businesses to grow.

Group discussions: The facilitator to put the participants in two groups and facilitate group discussions.

- **Group 1:** What is the importance of business incubation?
- **Group 2:** What services can be offered by a business incubator?

The groups to make presentations, and the facilitator to summarise with the following information.

1.2 Importance of Business Incubation

Start-ups often have little knowledge about management. Business incubators help start-ups manage finances and ensure proper use of money. They also support start-ups in planning, training, development, research, etc. Start-ups usually have a good idea but lack the resources to implement it. Thus, they require business incubators to fill the gaps.

1.3 Services offered by Business Incubators

Following are the most common services offered by the business incubators:

- They help start-ups to start basic operations and financial management.
- They offer marketing and public relations assistance to start-ups to set up a brand name.
- Business incubators have a strong network of influential people, and therefore, they can connect the start-up with the same to grow. Business incubators can provide assistance and resources for conducting market research.
- They help start-ups with sorting their accounting books.
- Business incubators bring credibility to the company. This helps the company to get loans and credit facilities from financial institutions.
- Business incubators, with plenty of experience behind them, help start-ups with presentations to impress investors.
- Business incubators also act as mentors and advisors and assist start-ups in all sorts of business-related issues.



Source: Worldbusinessincubationservices.com

The facilitator highlights the following.

1.4 The Type of Support Offered by Business Incubators

The sole focus of business incubators is to help a business or an idea to grow. There are two different ways incubators can assist a start-up: with direct and indirect help.

Direct assistance involves things such as the physical space to do business. Many start-ups do not have the money to invest in an office and all the other equipment and therefore, incubators often offer free space for start-ups in their programs. This type of help can also include things such as office materials, laboratories to test products and so on. Incubators can provide high-quality management for start-ups and other such mentoring help. There can be lessons and workshops in running a business. Start-ups can even enjoy access to in-house legal staff.

Indirect assistance could be in terms of creating networks by meeting other companies and entrepreneurs through the programs. Furthermore, the legal, as well as business connections, the incubator can direct the start-up towards can be very useful. Incubators can also help companies gain access to funds.

Exercise

The facilitator should ask the participants to complete this exercise in the two groups formed earlier.

1. State the type of support being offered by the business incubator.

No.	Description	Specific action	Type of Support Direct or indirect?
1	Provision of business development services	Business strategy support	
2	Provision of physical space in which SMEs can conduct their operations	Office space	
3	Provision of business development services	Accounting services	
4	Provision of business development services	Business registration	

1.5 Key take away

- I. A business incubation helps start-up at its infant stage for it not to fail.
- II. There are many types of support a start-up business can get through an incubation period such as office, office materials, and laboratories to test products, business management advice and mentorship, marketing and networking.
- III. There are mainly two types of incubation support direct and indirect assistance.

MODULE 2: THE HORTICULTURE SECTOR IN MALAWI

Module objectives

Time: 130 Minutes

To provide the incubates with a good understanding of horticulture and the horticulture sector in Malawi.

Learning Outcomes

At the end of this module, incubates will be able to:

- Define horticulture.
- Explain the importance of horticulture.
- Describe the vegetable supply chain in Malawi and the main actors in horticulture sector
- Appreciate the demand for horticultural products in Malawi

Delivery method

1. Brainstorming and demonstration (40 minutes)
2. Group discussion (30 minutes)
3. Demonstration and plenary discussion (30 minutes)
4. Mapping exercise (30 Minutes)

Brainstorming

The Facilitator should ask the participants if they grow vegetables? Why they grow them? The facilitator then show the participants the picture of Horticulture farmers (Use the one for Thanthwe farm) and ask what type of farming is this? Why it is important; the facilitator to take note of the answers from participants and write on a flip chart and summarises as below.

2.1 WHAT IS HORTICULTURE?

Horticulture is the art and science of the development, sustainable production, marketing, and use of high value, intensively cultivated food and ornamental plants. Horticulture includes ornamental and food plants that are grown with intensive and individualized care, and often in a small space rather than in an expansive field.

The plants producing the vegetables and fruits that we eat are all horticultural plants. They have a high value per acre and, like the ornamental plants, require intensive management. Ornamental plants include flowers, ornamental shrubs, ornamental trees and other plants, and they all have a fairly high value per acre. Horticulture requires intensive management on fewer acres and higher human input per acre and produces a higher value per acre.



Source: Thanthwe Incubation

2.2 Why is horticulture important?

Horticulture enriches diets. Horticulture, specifically, growing fruits and vegetables provides critical nutrients for a balanced diet.

Diets low in fruits and vegetables contribute significantly to some of the world's most widespread and debilitating nutrient-related disorders. Plants, crops, and green spaces sustain and enrich our lives by providing nutritious food, enhancing the beauty of our homes and communities, and reducing our carbon footprint.

Horticulture increases incomes. Farmers growing high-value crops, such as fruits, vegetables, flowers or herbs, consistently earn more than those growing other commodities do. Horticulture can be an engine for agricultural and economic diversification.

Horticulture contributes to quality of life, and the beauty, sustainability and rehabilitation of our environment and the human condition.

Group Discussions

The facilitator must put the participants into two groups and let them discuss the following questions.

1. How to differentiate the role of farmers and supermarkets in the horticulture sector in Malawi?
2. What are the roles of local vegetable sellers/ traders?

Role of Farmers	Role of Supermarkets

The facilitator should allow the participants to present their findings from the group discussion.

2.3 Challenges associated with Horticulture in Malawi

The facilitator should bring sample vegetables in the session such as tomatoes, onion, lettuce, Chinese cabbage, green paper (should be a mix of high value and low value vegetables). In plenary, by looking at each of the vegetable, facilitator must ask the participants to highlight challenges associated with growing each of the horticultural crops in Malawi and note the answers on a flip chart. The facilitator then summarizes the discussion below.

Despite being widely grown in Malawi, adequate supplies of vegetables are only mostly available during the rainy season. As a result, supplies are scarce throughout the other part of the year. The following characteristics are typical of vegetable supply chain arrangements in Malawi:

- I. The availability of most vegetables fluctuates due to seasonal characteristics. Marketing problems are experienced in periods of abundant production, but high prices can be obtained in periods of low production. Out-of-season cultivation of the most popular vegetables is currently not a viable option. To ensure a more even supply of quality vegetables throughout the year, a broader range of improved vegetable seed varieties is required.



Source: istock.com

- II. Few horticultural growers grow low volume high value vegetables such as broccoli, cauliflower, asparagus, sugar peas and garlic due to existing low domestic market demand.



Source: Shutterstock.com

- III. Knowledge of improved production techniques is lacking; hence, the development of crop diversification and out-of-season cropping is slow.



Source: IFPRI

- IV.** Inputs such as fertilizers, seeds and pesticides are often inadequate, difficult to access and expensive.



Source: iStock

- V.** Smallholder growers face marketing problems because most of them are not well organised do not have access to transport and rely mainly on intermediate vendors to buy from their farms. The majority of farmers work strictly as individuals; there are few cooperatives in the sector.
- VI.** Post-harvest losses of vegetables are very high. Air-conditioned transport and storage are not available. Handling and packing of the produce are very rough, which leads to further losses in the quality and quantity of the fresh produce.
- VII.** In the informal sector traders try to prevent the vegetables from wilting by keeping the vegetables wet. However, the source of water is often contaminated and it causes a health hazard for the consumers.
- VIII.** There is no market information for horticultural produce; market awareness is very low among growers on quality specifications, prices and demand developments in the supermarket sector and other market channels.
- IX.** A few commercial vegetable growers are emerging and supplying the supermarkets and main wholesale buyers in the urban areas. In terms of volumes of supplies and quality, the commercial growers cannot meet the full demand from the emerging supermarket sector.



Source: Thanthwe Incubation Centre

- X. At present, no formal export of vegetables exists, although there is some informal cross-border trade with neighbouring countries. No data is available to substantiate this activity.
- XI. To supplement local production, tomatoes, onions, Irish potatoes, and garlic are imported mainly from South Africa and to a lesser extent, Tanzania.
- XII. Irrigation in vegetable gardens is usually by a watering can or bucket from shallow wells.



Source: Researchgate

- XIII. Pesticide application, if any, is very often done incorrectly. There is no control over pesticide applications and Maximum Residue Levels (MRLs) are not checked by public and private stakeholders in the fresh produce sector.



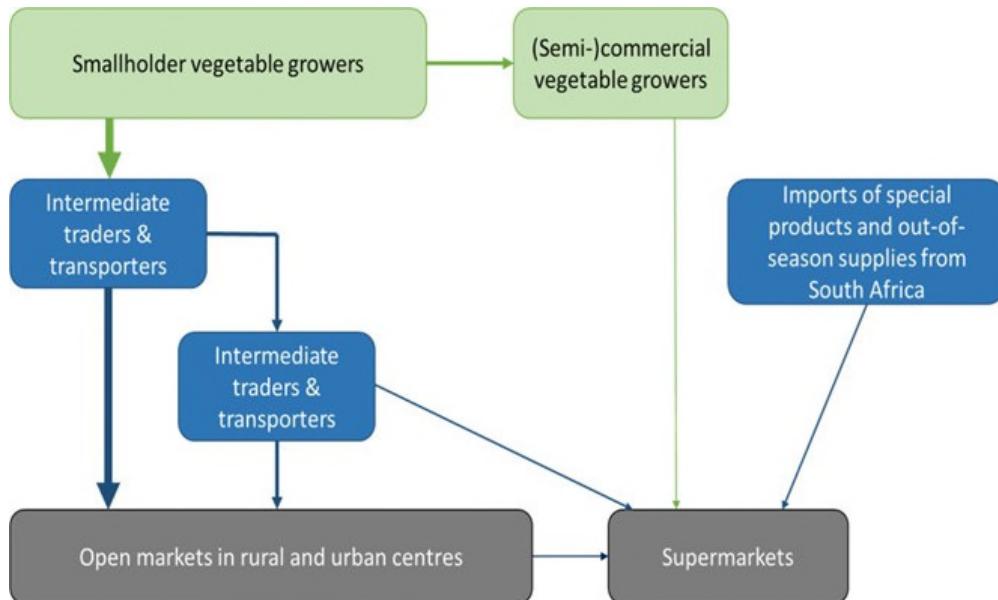
Source: IFPRI.com

- XIV. Growers obtain their seeds from small-scale input suppliers and the supermarkets in the cities for their seed supplies. The collection of seeds is, however, limited and is often restricted to the most popular types of vegetable (cabbage, rape, Chinese cabbage, tomatoes, onions).

2.4 The Main Horticulture Supply Chain Actors in Malawi

The facilitator should introduce the topic on horticulture supply chain in Malawi. Through open question, the facilitator should ask what a value chain is and what are actors? The facilitator should illustrate through a diagram below the value chain actors for Horticulture.

The following is the supply chain for horticulture products in Malawi which all vegetable growers, including smallholder farmers need to understand:



Supermarkets in Malawi source fresh produce as much as possible locally. However, the quality, quantity and range of products required is not always available in the country. As a result, considerable quantities of fruits and vegetables have to be imported also. Products such as oranges, apples, grapes and more exotic products such as mushrooms are imported. Other products, e.g. Irish potatoes, garlic and cherry tomatoes are imported from South Africa occasionally during periods when the quality and/or quantity of the local produce is insufficient. Cabbages, carrots, bananas and onion are more or less exclusively sourced locally throughout the year.

The supermarkets buy the local produce mainly from four different sources:

- Intermediate traders who source fresh produce from local producers or rural traders and offer it on the market; the fresh produce is mainly sourced from smallholder producers or their cooperative organisations who lack market contacts and transport.
- The vegetable producer in the peri-urban and rural areas: these are usually semi-commercial growers who have their own transport and contacts with the procurement officers at the supermarket stores and deliver their own and neighbours' produce to the supermarkets.
- The vegetable and fruit vendors at the open markets in urban markets; supermarkets supplement their supplies with direct purchases of fruits and vegetables when the supplies from intermediate traders and semi-commercial growers are insufficient.
- Imports from South Africa for higher quality and specialty products, including the out-of-season supplies of certain fresh products; imports are sourced directly from South African wholesale and distribution centres.

Group discussions, the facilitator should now ask the participants to work on the horticulture supply chain for one of the horticultural crops in Malawi (use the ones that were being demonstrated)

In plenary the facilitator to ask the participants three things that growers should do to meet supply requirements of supermarkets in Malawi?

The facilitator to summarise the discussion with the following information.

2.5 Demand development in the supermarket sector

The demand development for the Malawian supermarket sector is difficult to estimate in quantitative terms. The demand figures in the table below were forecast estimates by some researchers and were based on past actual demand in supermarkets in Malawi. They represent a conservative demand estimate for the coming years in the supermarket sector and give a fair indication of the future demand level or market size:

Table 1: Supermarket demand for locally produced fresh vegetables in Malawi.

Products	Unit	2014	2015	2016	2017	2018	2019	2020
Tomatoes	Ton	25	75	135	165	330	435	435
Carrots	Ton	9	27	49	81	119	157	157
Potatoes	Ton	20	60	108	180	264	348	348
Onions (red)	Ton	10	25	45	75	110	145	145
Green beans	Ton	3	7	23	38	55	73	73
Green pepper	Ton	6	18	32	52	77	102	102
Apples	Ton	20	56	101	169	247	281	281

Source: Development of a horticultural fresh produce supply chain in Malawi - Report on a Scoping Mission (Sept 2013)

The table above only includes the most important fresh horticultural products. In reality the range of products is much broader and also includes different kinds of spinach leaves (rape, mustard, Chinese cabbage), chilies, cauliflower, cucumber, broccoli, garlic, water melon, aubergine, lettuce, sweet potato, sweet corn, butternut and pumpkin.

Key take away

- I. Horticultural crops in Malawi faces various challenges such as lack of reliable markets, high cost of inputs, pests and diseases and climate change.
- II. Smallholder farmers, local vegetable sellers/ traders and supermarkets are key supply of horticultural crops in Malawi.
- III. Horticultural crops provide nutrients for a balanced diet, this could be key in marketing.

MODULE 3: ENTREPRENEURSHIP

Module objectives

Time: 200 Minutes

To provide the incubates with a good understanding of entrepreneurship.

Learning Outcomes

At the end of this module, incubates will be able to:

- Distinguish between an entrepreneur and a small business owner.
- Describe the qualities of a successful entrepreneur.
- Prepare themselves for entrepreneurship.

Delivery methods

1. Plenary discussions (60 minutes)
2. Group discussions (30 minutes)Business Game (60 minutes)
3. Individual exercise (60 minutes)

3.1 Entrepreneurship

In a plenary discussion the facilitator to ask the participants to close their eyes and travel to an imaginary land. The participant rides a bike going to the market and arrives at the market, at the market sees a boy selling plastic papers and women selling vegetables and Irish potato at the other side of the market are shops people are selling processed groundnut flour and maize flour. The facilitator can ask the participants to open their eyes and ask them the following questions.

1. What did they see during the imaginary trip?
2. Did they see any Businessperson? How do they define a businessperson?
3. Did they see an entrepreneur? In their own understanding, who is entrepreneurs?
4. What is the difference between an entrepreneur and a businessperson?

The facilitator can summarise with the information below.

Introduction

An entrepreneur is a person who is willing and able to transform a new idea or innovation into a successful innovation. The term entrepreneur is often used in a broad sense to include most small-business owners. The two groups share some of the same characteristics, and some of the reasons for becoming an entrepreneur or a small-business owner are very similar.

However, there is a difference between *entrepreneurship* and *small-business management*. Entrepreneurship involves taking a risk, either to create a new business or to greatly change the scope and direction of an existing one. Entrepreneurs typically are innovators who start companies to pursue their ideas for a new product or service. They are constantly working on improving the previous state of their business.

Although entrepreneurs may be small-business owners, not all small-business owners are entrepreneurs. Small-business owners are managers or people with technical expertise who started a business or bought an existing business and made a conscious decision to stay small. For example, the proprietor of your local bookshop is a small-business owner.

Here is an example of a Malawian entrepreneur to illustrate this point.

Mdingase Tewete is the managing director of Kombeza Foods, a dairy processing company in Malawi. The business was started in 2017 and produces yoghurt. At the beginning, the company produced 30 litres of yogurt per day, but this volume has grown to over 2,000 litres. The company started with drinking yoghurt and today it also produces regular yoghurt. Kombeza was the first Malawian company to make yoghurt with real fruit.

After only two years of operations, Kombeza is sourcing milk from more than 200 farmers, employing over 25 people, and is selling its products in Shoprite and throughout the country.

This is what Mdingase said about entrepreneurship: "Had I known that entrepreneurship would be this hard, I would have prepared myself better mentally. When you see successful people, you never see all the problems they went through to get there. All these people also went through challenges, sleepless nights and times when they considered giving up". That is entrepreneurship!

Source: howwemadeitinafrica.com

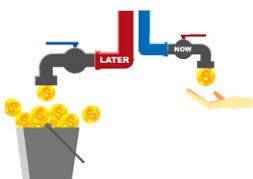
3.2 Qualities of Successful Entrepreneurs

Successful entrepreneurs share similar qualities with one another:

Qualities of Successful Entrepreneurs	Explanation
Strong leadership qualities	 <p>A leader has strong communication skills and the ability to put together a team of people toward a common goal in a way that the entire team is motivated and works effectively to get there as a team. A leader earns the trust and respect of his team by demonstrating positive work qualities and confidence, then fostering an environment that multiplies these values through the team. A leader who nobody will follow is not a leader of anything at all.</p>
Highly self-motivated	 <p>Leaders are typically strong personalities. Nobody makes progress by sitting back and waiting for things to happen. Successful people go out into the world and stimulate change through their actions. Typically, leaders enjoy challenges and will work tirelessly to solve problems that confront them. They adapt well to changing situations and are typically experts at helping their teams change with them by motivating them toward new goals and opportunities.</p>
Strong sense of basic ethics and integrity	 <p>Sustainable business people maintain the highest standards of integrity because at the end of the day, if you cannot prove yourself a credible businessperson, nobody will do business with you, you are out of business. Effective leaders also admit to any error made and offer solutions to correct rather than lie about, blame others for, or dwell on the problem itself</p>

<p>Willingness to fail.</p> 	<p>Successful entrepreneurs are risk-takers who have all gotten over one very significant hurdle: they are not afraid of failure. That is not to say that they rush in with reckless decisions in order to fail. In fact, entrepreneurs are often successful because they are calculating and able to make the best decisions in even the worst of cases. However, they also accept that, even if they make the best decision possible, things do not always go according to plan and may fail anyhow. Do not be afraid to fail, put it out there and give it your best shot.</p>
<p>Serial innovators</p> 	<p>Entrepreneurs are almost defined by their drive to constantly develop new ideas and improve on existing processes. In fact, that is how most of them got into business in the first place. Successful people welcome change and often depend on it to improve their effectiveness as leaders and ultimately the success of their businesses as many business ideas relies on improving products, services and processes in order to win business.</p>
<p>Know what you don't know.</p> 	<p>While successful entrepreneurs are typically strong personalities overall, the best have learned that there is always a lesson to be learned. They are rarely afraid to ask questions when it means the answers will provide them with insight, which they can then make good use of. Successful entrepreneurs are confident, but not arrogant to the point that their confidence is a weakness that continually prohibits them from seeing a bigger picture and ultimately making the best decisions for the business.</p>
<p>Competitive spirit</p> 	<p>Entrepreneurs enjoy a challenge, and they like to win. They would have to since starting a business is pretty much one of the biggest challenges a person can take on in their lifetime. In business, it is a constant war with competition to win business and grow market share. It is also a personal challenge to use all of this to focus inward and grow a business from nothing into a powerhouse that either makes a lot of money or is so effective that it is sold or acquired for a profit as well.</p>
<p>Understand the value of a strong peer network.</p> 	<p>In almost every case, entrepreneurs never get to success alone. They understand that it takes a network of contacts, business partners, financial partners, peers, and resources to succeed. Effective people nurture these relationships and surround themselves with people who can help make them more effective. Any good leader is only as good as those who support him.</p>
<p>Risk taking</p> 	<p>Successful entrepreneurs take 'calculated' risks</p>

Problem solvers	Entrepreneurs are constantly on the look out to develop solutions their communities are facing (i.e., they see every-day challenges as an opportunity to create a business).
	

Delayed gratification	Successful entrepreneurs are willing to delay pleasure as they invest to enjoy long lasting pleasure in future
	

Group discussion and person stories

The facilitator asks the participants to reflect on the case study of Mdingase and let the participants analyse the entrepreneurial characteristics that Mdingase has. The participants should then share their personal stories about the business they started how they failed or succeeded, why? The facilitator to note any entrepreneur character of interest and comment accordingly.

The Bucket Game (60 minutes)

Instructions

1. The facilitator should set up the room by placing a bucket in the room. One meter away from the bucket, the instructor should place a chalk mark with the number "1" written on it. Two meters away, the instructor should mark the number "2". Three meters away, the instructor should mark the number "3".
2. The facilitator should then set up the flip chart, putting the score sheet template on one page (see below) and the reward table on another (see below).
3. The exercise is designed to give participants a chance to win prizes and prove their efficiency.
4. The facilitator should now explain to the class that they are participants in a ball toss competition where they can win but also lose prizes. The participants will (individually) have chances to throw a ball into the bucket. There will be two rounds.
5. **Round 1: Throwing with spectators.** The facilitator should put the participants in two groups. Each group should choose two people who will represent the group. The two will be given a chance to choose any position/ distance they want to throw the ball into the bucket. They can each make two attempts while the other participants watch and cheer. Record the results as in round one.
6. **Round 2: Throwing to win prizes.** The facilitator should then announce that in this round the players can win prizes and will have one chance each to play. Give each participant three packets of biscuits. To make the attempt each player must pay by turning in all three packets of biscuits. If the player chooses not to play, he/she may keep the biscuits. If the player's throw is not successful, he/she loses her biscuits and receives no prize. A successful throw will be rewarded with prizes. The further away from the bucket, the higher the reward.

Round 1 – Scoresheet template

Name	Group	Distance Chosen	Score

Round 2 – Reward Template

Distance from the bucket	Costs (Biscuits)	Reward (Biscuit)/Points
1	3	1
2	3	2
3	3	3

Playing the Game

The facilitator should invite those who wish to participate in the game to do so, while the others are observing, and record their scores as in round 2. The facilitator will make sure that participants pay before each throw, and to award them any prizes afterwards.

Discuss the results using the following leading questions:

- Why did you choose a certain distance in rounds 1 and 2?
- Why did some participants decide not to participate in round 2?
- Was the reward in round 2 worth taking the risk for?
- From the lessons learnt from this game, what risks are there for an entrepreneur in starting a business?
- What characteristics of an entrepreneur have you learnt from this game?

The facilitator should summarise the activity and share with participants the following information about risk taking and entrepreneurship.

3.3 Risk Taking

- An entrepreneur assesses the situation, possibilities, the risks, and the benefits and then decides whether something is worth doing or not.
- Although everyone is faced with situations involving risks at one time or another, it should be noted that an entrepreneur's success depends on their ability to take moderate, calculated risks. In business and in life, there is clearly no way to avoid risk taking. When entrepreneurs take risks, they discover their own abilities and become more able to control their own futures. Entrepreneurs are calculated risk-takers. This means that they take risks after reckoning or estimating the probability of success or failure. They enjoy the excitement of a challenge, but they do not gamble. They avoid high-risk situations because they want to succeed. They like achievable challenges.
- Entrepreneurs take risks to mobilise resources for business investment.
- Understanding how and why to take risk is especially important to an entrepreneur, whose members are often risk adverse because of responsibility with other members and fear, meaning they tend to avoid risk! Risk taking needs to be calculated—well planned and well thought out. It is therefore good to involve other members of the enterprise before taking some risks.
- Entrepreneurs take great satisfaction in accomplishing difficult, but realistic tasks by applying their own skills. Hence, low risk situations and high-risk situations are avoided because satisfaction is unlikely in either situation. In short, entrepreneurs like a difficult, but achievable challenge.
- Although risk-taking is a style of behaviour, calculated risk-taking is a skill that can be learned and improved. Entrepreneurs should evaluate their needs before deciding to take a risk.
- Some of the questions an entrepreneur can ask itself before engaging in any decision

- requiring risk include:
- Is the end goal worth the risk involved?
 - What are the biggest obstacles to achieving the goal?
 - In summary, an entrepreneur:
 - Takes calculated risks.
 - Evaluates the risk-return trade-off.
 - Uses their previous experiences to estimate risk;
 - Acts independently of others.

3.3 Prepare yourself for entrepreneurship

Individual Exercise 3.1 (40 minutes)

The facilitator must ask the participants to share their challenges as entrepreneur, the facilitator record those challenges? The facilitator should then facilitate a discussion on the possible solutions to the challenges.

Challenges	Solutions

After the individual exercise members must present their findings and in plenary discussion. The facilitator must conclude with the following information:

Entrepreneurship is a lot like diving into a deep sea without really knowing what is going to happen next. It is therefore essential to learn how to condition yourself to effectively handle the challenges of entrepreneurship - mentally, spiritually, emotionally & physically.

A lot of these are all negative situations. However, this is precisely what realistic entrepreneurship looks like. It involves converting these negative situations into a positive outcome. This is exactly what entrepreneurs do.

As humans, we are always prone to take the easy way out. Our mind is constantly working to help us get what we want faster and through the easiest way it knows how to. Therefore, we are naturally prone to avoid pressure, endurance, and habit. Entrepreneurship, however, involves endurance, habit, perseverance, emotional intelligence and lastly skill. These are the best five words that describe the skill requirements for Entrepreneurship.

Here are some ways to start developing an entrepreneurial attitude and conditioning yourself for entrepreneurship:

a. Strengthening the Mind

Entrepreneurs are constantly looking to grow and become better individuals. They know the value of developing a healthy mind with good thought patterns. You need to know how to feed your mind and enable it to grow by reading great books, attending business seminars, watching videos that can inspire you and even meeting people that inspire you.

To condition yourself for true entrepreneurship, you must hang around successful people and find out what they are feeding their minds with. All actions flow from our thoughts and therefore for an entrepreneur to develop an appetite for bold action they have to strengthen their mind and develop a capacity for knowledge that has the power to start and grow a successful business.

b. Constant Dreaming

By constantly dreaming about your business and envisioning what your business could look like (even before starting one), you can position yourself to achieve your dream! People who dream big have a unique combination of brain chemistry that allows them to dream unrealistically combined with an ability to take a risk along with the different action steps needed to achieve their dream. If you lack the ability to dream big and yet find yourself wanting to pursue entrepreneurship, ask yourself why you really want to do it.

Entrepreneurship demands unrealistic dreaming. Many people around you may call you foolish but you should tell them what Steve Jobs said, "Those people who are foolish enough to think that they can change the world are the ones that actually do". Develop a sense and an attitude of dreaming big for your business idea so that your internal wiring knows you are in for the long-term in order to achieve this dream.

c. Dealing with Uncertainty

Mastering the ability to deal with uncertainty in business can help drive decision-making, even when there are unknowns.

We cannot see into the future, and that is the thing about dealing with uncertainty. If we knew what was about to happen, would we change our decisions? As businesses, we take risks all the time. Risks are about probabilities that can be reasonably assigned. However, uncertainty is trickier. It is about futures for which a probability can is not determined. It is fear of the unknown, and that very fear can prevent us from making bold choices, initiating change, and innovating in our businesses.

Innovation is what drives business forward and allows for growth. However, without overcoming uncertainty, innovation cannot happen. If you are a leader, manager, or business owner, you need practical tips to help improve how you tackle uncertainty in the face of everyday business decisions.

d. Manage your internal discussions.

Before you make any kind of decision, the final person you consult with is yourself! We are always having internal discussions before doing anything. We need to understand the way we undertake these discussions and figure out how we can manage our internal discussions before making any kind of decision to speak or act. The best way to manage these discussions is to be positive. An entrepreneur is an optimist. Optimism therefore is an essential element to condition yourself for great success.

An entrepreneur cannot have any tolerance for negativity or passive thinking.

Key take away

- I. All successful entrepreneurs have unique traits such as risk taking, delayed gratification, competitive spirit
- II. One must be mentally prepared in dealing with uncertainty before venturing into entrepreneurship.
- III. Greater rewards in business are associated with greater risks.

PART 2: BUSINESS IDEAS

MODULE 4: BUSINESS IDEA SELECTION

Module objectives

Time: 120 minutes

To equip the incubates with skills on how to select successful business ideas.

Learning Outcomes

At the end of this module, incubates will be able to:

- Describe a business idea.
- Generate business ideas.
- Select a successful business idea from among many.

Delivery methods

1. Brainstorming (30 minutes)
2. Group Exercise (40 minutes)
3. Individual Exercises (10 minutes)
4. Group discussions (30 minutes)

BUSINESS IDEA SELECTION

The facilitator to get participants form a circle then ask the participants who have a business or had a business and ask them to share how they come up with the business idea. After sharing experiences, on the middle the facilitator write as the following questions and then brainstorm s to introduce this module.

- What is a business idea?
- Give an example of a business that may be too challenging.
- How do people generate a business idea
- The facilitator to write the answers on a flip chart and summarise.

4.1 What is a business idea?

A business idea is a description of what business you are intending to operate. This is the beginning of any successful business. A business idea tells you the following:

- The gap your business will fill in the market and what kind of customers you will attract.
- The description of a goods or services you will be selling.
- Your target buyers
- The distribution channels that your business is going to use to sell its goods or services.
- How much your business will depend upon and affect the environment?

You need to understand the needs or problems in your community because your business idea is that which brings a relevant solution to the problems.

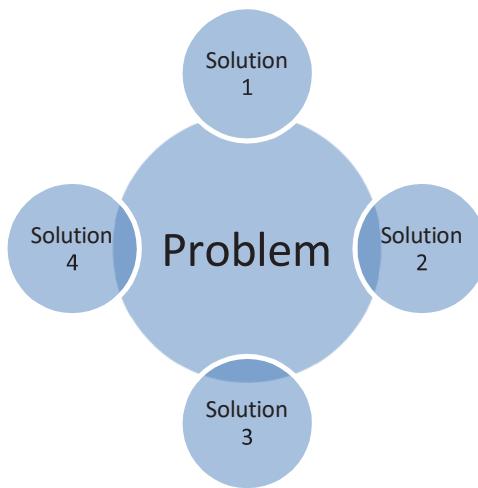
Generating business idea: we generate business ideas from problems in a community. The example below illustrates what could be possible business ideas. In plenary discuss the following example

Problem
The supermarkets in Lilongwe are importing onions from Zimbabwe and sometimes there are shortages in the shops.
Possible Business idea

Group Exercise 4.1

The facilitator puts the participants into groups and let them identify one main problem from the challenges they identified in section 1.3 (challenges assorted with horticulture sector in Malawi) and let them come up with four solutions in relation to the main problem and challenge identified.

Table 4.1



The facilitator must emphasize that for each solution identified participants can generate a business idea from it. All the generated business ideas can be analysed using the checklist below.

4.2 Assessing the Business Ideas

The facilitator, in a plenary to ask the participants what key things they must consider before selecting a business idea. All responses to be noted on the flip chart and summarise with the following.

Before selecting a business idea, you need to answer the following key questions. Any gaps in your answers may suggest that the business idea is not immediately feasible.

Who will buy your product or services?

Customers are at the centre of every successful business. Good planning means investing in understanding your customers' needs, their willingness to pay and their ability to pay for your goods or services. Ascertain how big the demand is since both under production and over production are likely to destroy your business. Find out who are the customers who buy the products or services. For example, it may be:

- a. End use consumers or users of the product/ service
- b. Retailers
- c. Wholesalers selling to a third person.
- d. Big companies or big projects

How will your product or service reach your customers?

You may choose to deliver the product or service yourself. In the case of a product, you may choose to deliver it through an aggregator, wholesalers or a distributor who will make it available to retailers who will, in turn, make it available to the final consumer.

To what extent does your business depend on the environment?

Key questions here for you to answer for yourself include:

- Does your business depend on weather, soil, or any other natural resource?
- How much does your business depend on the natural environment?
- What can you do to protect this environment or reduce the impact of your business on the environment?

Does the physical infrastructure necessary for the business to survive exist?

Is there support infrastructure such as electricity, water, and road networks that will be necessary for the business to survive and grow?

Does the law allow you to do the kind of business that you are proposing?

You will need to examine whether the law allows you to operate the kind of business you are proposing and which laws and bylaws you will need to comply with.

Exercise 4.4

The facilitator must emphasize to the participants to refer table 4.1; for each preferred business idea, please answer the following questions:

No.	Question	Response
1	What is your Business Idea?	
2	Who will buy your product or service?	
3	How will your product or service reach your customers?	
4	Does the business depend on the environment?	Yes/No
5	What infrastructure is critical for the survival of your proposed business?	
6	Does the critical physical infrastructure exist?	Yes/No
7	Does the law allow you to do the kind of business that you are proposing?	Yes/No

If you have answered 'No' to any of questions 4, 6 and 7, that idea is not feasible and should be abandoned. Do the same exercise using the rest of the business ideas.

4.3 Checklist for Selecting a Successful Business Idea

Selecting the wrong business is the most frequent mistake that start-up entrepreneurs make. Here is a checklist to help you select a successful one:

1. Choose a business you know well.
2. Do not tackle businesses that may be too challenging.
3. Try to identify a business that has long-term economic potential.
4. Do not ignore opportunities that are right in front of you.

5. Look for a business that will grow in both today's and markets of tomorrow. Many small retail stores are no longer in business because huge stores provide more choices to the customer and often at a cheaper price.
6. Most service businesses give you the ability to raise prices without reducing product demand.
7. Avoid businesses that do not give you the ability to raise prices to expand margins without losing market share to competitors.
8. Avoid businesses where you must compete entirely on price and in which you must have the lowest cost to survive.

Things to watch out for:

1. Impatience – choose properly and carefully.
2. Do not let overconfidence short-circuit you from analysing your selection of businesses carefully. You must not be afraid of hearing the negative aspects; it is much better to be aware of them and face them early on.
3. Be realistic. Do not become lured by high rewards. They will come later if you choose the right business and if you understand every aspect of the business before you open its doors.

Key take away

- I. Any business idea for it to be successful must answer the needs of its customers.
- II. Meeting customers' needs will guarantee a successful business.
- III. Business idea generation and proper and careful selection is the genesis of any successful business

MODULE 5: BUSINESS MODELING

Module objectives

Time: 160 minutes

To equip incubates with skills for refining business ideas using the Business Model Canvas

Learning Outcomes

At the end of this module, incubates will be able to:

- Understand Business modelling.
- Describe the business model canvas.
- Explain how to use each of the nine elements of the BMC.

Delivery method

1. Brainstorming (30 minutes)
2. Plenary discussions (70 minutes)
3. Group exercise (60 minutes)

The facilitator should remind the participants of what they have been discussing from Business Idea selection and introduce the topic of business modelling.

What is Business Modelling

Business modelling is a high-level planning for how a business will earn and maximise profit. Whoever wants to build a viable business needs to understand the market and the client. Business Model Canvas (BMC) becomes a very important tool to quickly analyse business ideas.

THE BUSINESS MODEL CANVAS – REFINING THE BUSINESS IDEA

5.1 What is the Business Model Canvas

The Business Model Canvas (BMC) is a tool for quickly and easily defining and communicating a business idea or concept. It is a one-page document, which works through the fundamental elements of a business or product, structuring an idea in an understandable way.

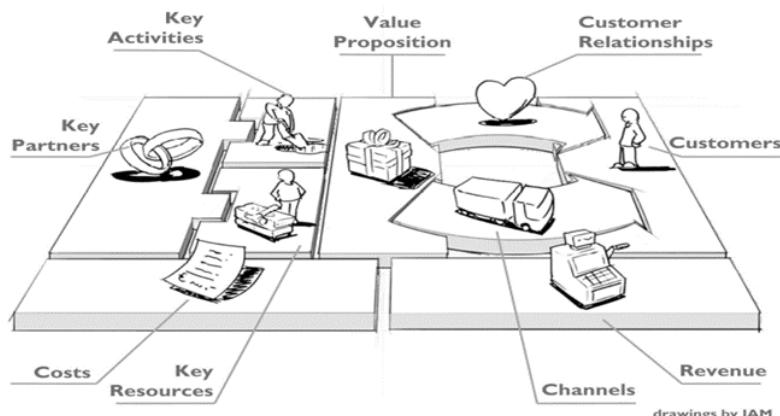


Figure 5.1: The Business Model Canvas

The right side of the BMC focuses on the customer (external), while the left side of the canvas focuses on the business (internal). Both external and internal factors meet around the value proposition, which is the exchange of value between your business and your customer/clients.

5.2 Why do we use a Business Model Canvas?

- To quickly draw a picture of what the idea involves.
- It allows us to get an understanding of your business and to go through the process of making connections between what your idea is and how to make it into a business.
- It looks at what kinds of customer decisions influence the use of your systems.
- It allows everyone to get a clear idea of what the business will likely be.

How to use a Business Model Canvas?

In Plenary Discussion, the facilitator should ask the following question and write the answers on a flip chart.

- Why is the value proposition central to every business?

Value Proposition

The Value Proposition is the starting point for any business/product. It is the fundamental idea of the exchange of value between your business and your customers/clients. Generally, value is exchanged from a customer for money when a problem is solved, or a pain is relieved for them by your business. Good questions to ask when defining your business/product:

- What is the problem I am solving?
- Why would someone want to have this problem solved?
- What is the underlying motivator for this problem?

A good way to approach this for customers is by looking at your customer segments and figuring out where your product/service solves the problem for your customer. If you are selling your product or service to another business, you are a key partner in them achieving their Value Proposition for their customers.

Customer Segments

Customer Segmenting is the practice of dividing a customer base into groups of individuals that are similar in specific ways, such as age, gender, interests, and spending habits.



Source: istockphoto.com

Things to consider when determining your Customer Segments:

- Who are we solving the problem for?
- Who are the people that will value my value proposition?
- Are they another business?
- If so, what are the characteristics of those businesses?
- Does my value proposition appeal to men/women or both?
- Does it appeal to young adults aged 20 to 30 or teenagers?
- What are the characteristics of the people who are looking for my value proposition?

Another thing to gauge and understand is your market size, and how many people there are in the Customer Segment. This will help you understand your market.

Customer Relationships

We know our Value Proposition and have a better understanding of our customers, but what is the relationship we have with our customers? Customer Relationships is defined as how a business interacts with its customers. Do you meet with them in person? Or over the phone? Or is your business predominantly run online so the relationship will be online too? This helps clarify the points of engagement between you and your customer and the modes used to relate to your customers. This will also help you start to define your operations as a business and help you identify opportunities for automation.

Channels

In a Plenary discussion ask the participants the following questions and write the answers on a flip chart.

- Why is the selection of marketing channels critical to the success of every business?

Channels are defined as the avenues through which your customer meets your business and becomes part of your sales cycle. This is generally covered under the marketing plan for your business. Examples of channels are social media, public speaking, email marketing, networking, sales and promotions for commission, billboards, TV, Radio and Trade shows.



Source: Directiveconsulting.com

Good questions to ask when identifying the channels to reach your customers are:

- How are we going to tell our customer segment about our value proposition?
- Where are our customers?
- Are they on social media?
- Are they driving their car and listening to the radio?
- Are they at an event or conference?
- Do they watch TV at 7pm on a Friday night?

Understanding how to reach your customers is crucial to your business.

Key Activities

The Key Activities of your business/product are the actions that your business undertakes to achieve the value proposition for your customers.

Questions to ask:

- What activities does the business undertake in achieving the value proposition for the customer?
- What is the resource used? Time? Expertise? Distribution of product? Technical development? Strategy? Offer resources (human/physical)?
- What actions does it take you and/or your staff to achieve value exchange?

Key Resources

Next, you should think about what practical resources are needed to achieve the key activities (actions) of the business. Key means the resources your business requires to do business. These resources are what is needed practically to undertake the action/activities of your business. Examples:

- Office space
- Computers
- Hosting
- People (staff)
- Internet connection
- Car
- Electricity

Key Partners

Key Partners are a list of other external companies/suppliers/parties you may need to achieve your key activities and deliver value to the customer. This answers the question 'if my business cannot achieve the value proposition alone, who else do I need to rely on to do it?' An example of this is if I sell groceries to customers, I may need a local baker to supply fresh bread to my store. They are a key partner to achieve the value my business promises to the customer.

Cost Structures

Your business cost structure is defined as the monetary cost of operating as a business (refer to section 7.7).

- How much does it cost to achieve my business' key activities?
- What are the costs of my key resources and key partnerships?
- How much does it cost to achieve the value proposition for my customers/users?
- Are there additional costs to running a business, e.g. legal and insurance costs?
- What is the cost of my business?
- It is important also to place a monetary value on your time as a cost. How much would it cost you to hire you? What is the opportunity cost of running your business?

Revenue Streams

Revenue Streams are defined as the way by which your business converts your Value Proposition or solution to the customer's problem into financial gain. It is also important to understand pricing your business according to the pain of purchase in exchange for the pain of solving the problem for your customer. However, how do you gain revenue?

There are many different revenue models here:

- Pay per product.
- Fee for service
- Fixed rate
- Subscription
- Dividends

Exercise (30 minutes)

Partner analysis helps you identify partners and stakeholders that are best suited for your business needs

Individual exercise: The facilitator should ask the participants the following questions and let them record them on a piece of paper.

- List all the identified partners for you to implement your idea.
- Summarize partners' role in your proposed business.

Table 5.1: Summary of partner analysis

Partners (name and category)	What benefits can be derived from the partner?	How can you foster a stronger relationship?

Exercise 5.2 (60 minutes)

The facilitator should ask the participants to analyse their business idea using the BMC tool template. Follow the following instructions to fill in the respective areas of the BMC template.

1. Customer segments

List the top three segments of your customers.

2. Value proposition

Describe your goods and or products and the purpose value that your customers will find in them.

3. Revenue streams

State how money will flow into your business from the sales.

4. Channels

State how you will reach out to your customers with the proposed value.

5. Customers' Relations

Describe how this shows up and how you will maintain it.

6. Key activities,

What will you be involved in daily to deliver the value in the proposed manner?

7. Key resources

What resources, skills, finances, natural environment etc. will you need to deliver your proposed value to the customers?

8. Key partners

State the strategic partnerships that you will be required to establish to deliver the proposed value to your customers in an efficient and sustainable manner?

9. Cost structures

List your top costs by looking at the key activities and resources that you will need in the business.

Based on the outcome of the analysis, provide your assessment in a summary statement. The statement must contain a conclusion of whether you will proceed with the business or not.

The facilitator will review individual BMCs and give feedback to the participants.

Key take away.

- Business modelling is a high-level planning for how a business will earn and maximise profit.
- BMC helps refine your business idea.

PART 3: BUSINESS PLANNING

MODULE 6: PREPARING YOUR BUSINESS PLAN

Module objectives

Time: 200 minutes

To equip incubates with skills in the preparation of winning business plans

Learning Outcomes

At the end of this module, incubates will be able to:

- Describe the role and purpose of a business plan.
- Describe the specific uses of a Business Plan
- Describe the outline and contents of a Business Plan
- Develop a basic business plan.

Delivery methods and duration

1. Plenary Discussions introduction to a business plan (70 minutes each)
2. Plenary discussion: sections of a business plan (120 minutes)
3. Reflection (10 minutes)

THE BUSINESS PLAN

The facilitator should draw a picture to illustrate a need for direction. The facilitator should ask the following question to the participants.

- What is a business plan?
- What is a business plan used for?
- Who develops a business plan?

The facilitator can summarize the discussion with the following information.

6.1 What is a Business Plan?

One way of ensuring a much higher degree of success when starting a new business and even continuing with a current ongoing successful business is to have a Business Plan. There are many reasons why a business plan should be prepared. Each is sufficient by itself for why one must go through the exercise of preparing the actual business plan. Regardless of the specific reason, the underlying goal of preparing a business plan is to ensure the success of the business.

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you know where to put your resources, deal with problems you do not expect, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals. Much depends on it: outside funding, credit from suppliers, management of your operation and finances, promotion and marketing of your business, and achievement of your goals and objectives.

Despite the critical importance of a business plan, many entrepreneurs put off preparing a written document as long as they can. They argue that their marketplace changes too fast for a business plan to be useful or that they just do not have enough time. However, just as a builder will not begin construction without a blueprint, eager business owners should not rush into new ventures without a business plan.



Source: led.eu

6.2 Importance of a Business Plan

The importance of a business plan is in that it enables you to validate a business idea, secure funding, set strategic goals and then take organised action on these goals by making decisions, managing resources, risks and change, while effectively communicating with stakeholders.



Source: companyplan.com

The major difficulty in preparing business plans is in properly preparing them. Do not just randomly select information for your plan. Carefully research each sector of the market which you are about to become involved in. It will not only make a difference to your success at financing, but it should also make a difference in your success in business.

Successful start-up business plans do not need to be complicated and full of technical jargon with complex corporate structures. The purpose of a well-prepared business plan is not to show how sophisticated you are as a writer, but how practical and attainable your goals are.

Whether you are trying to raise K2,000,000 or K200,000,000, you should be sure to address certain crucial areas that convince investors that your business is a good risk. You should also always tailor your plan to meet the specific circumstances of your business, emphasizing its strengths and addressing the potential problems and challenges to be faced.

6.3 Uses of a Business Plan

You can use your business plan for three purposes:

- Communication Tool
- Management Tool
- Planning Tool

Communication tool

The Business Plan is used to attract investment capital, secure loans, convince workers to hire on, and assist in attracting strategic business partners. The development of a comprehensive business plan shows whether or not a business has the potential to make a profit. It requires a realistic look at almost every phase of business and allows you to show that you have worked out all the problems and decided on potential alternatives before actually launching your business.

Management Tool

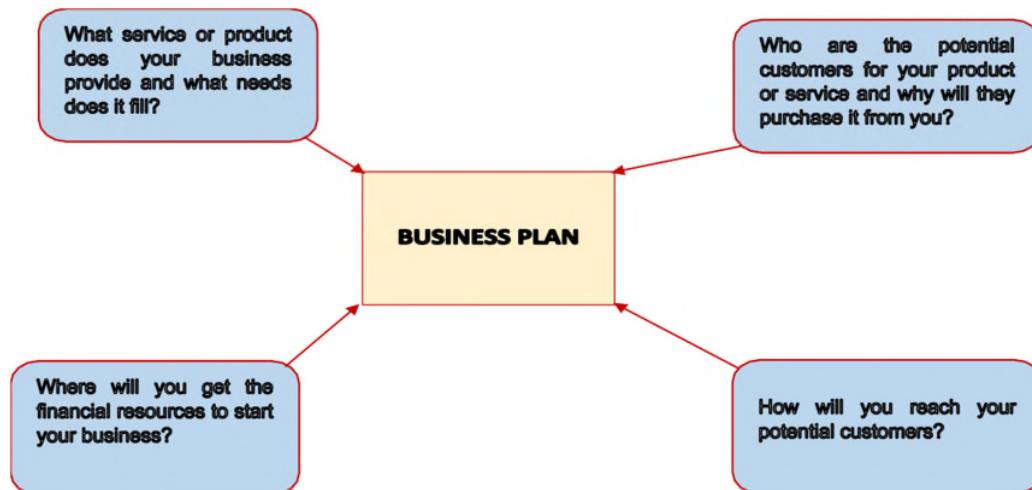
The business plan helps you track, monitor and evaluate your progress. The business plan is a living document that you will modify as you gain knowledge and experience. By using your business plan to establish timelines and milestones, you can gauge your progress and compare your projections to actual accomplishments.

Planning Tool

The business plan helps you see where you want to go in the future and the steps you need to take to get there. It also makes you put down all of your ideas for your business and all of the different areas you need to work, so you know what to do right now.

6.4 Four Core Questions

Before you can write your business plan, you need to answer the following questions:



Source: Author

6.5 Key sections of a Business Plan

The following are key sections that you need to have to be able to prepare a business plan successfully.

Cover Page

A cover page is required as it gives the reader what the document is all about, who prepared the document, to whom the document belongs to, the period the document relate to and contact details of the owners of the document.

The cover page should have a logo of the Business if available on the top of the cover page and title or name of the document. Below is an example of the cover page.

Insert the company logo where available.

Name of the Business

Business Plan

Prepared by:

Name of BUSINESS contact

Tel: (xxx) xxxx xxxx – Business contact number

E-mail: email address of Business contact

Date [19/01/2022]

Table of Content

- It gives a detailed summary of all the sections in the Business Plan.
- The Table of Content should be linked to the various sections for easy automatic update.

Executive Summary

This section should:

- It should be written at the end of writing the business plan.
- Provide a snapshot of what is contained in the whole Business Plan
- Be one page but should contain all the important information.
- If the business is looking for finance, it should clearly state the amount of finance that is required, the expected returns from the investment for the potential investor.

Background and Introduction

Business History

This section contains a brief history of the business.

- 1) When did your business start?
- 2) Where is it located? (Village, T/A, District, PA)
- 3) Why was the business started?
- 4) Who started the business?
- 5) Is your business registered?
- 6) When was it registered?
- 7) What is the legal framework of your business?
- 8) What type of products and services is your business involved in?

Business Objectives

- 1) Why does your business exist?
 - 2) What is the vision of your business?
 - 3) What are your core values?
 - 4) What do you want to achieve in the following timeframe? (They should be SMART)
- **Short Term (0-6 months):**
 - Objective...
 - Objective...
 - **Medium Term (6-18 months):**
 - Objective...
 - Objective...
 - **Long Term (18+ months):**
 - Objective...
 - Objective...

Sponsors/Business Promoters

- 1) What is the ownership structure (shareholding)
- 2) Qualifications of the key owners

Table 1: Business Promoters

#	Name	Position	Contact Details		Qualifications
			Phone Number	Email Address	
1	James Phiri	Director	+265-111-333-444	jp2@gmail.com	
2					
3					
4					

Market Aspects

1. Business Environmental Scan

1. How do you understand the business environment around you? (Why are we doing environmental scan and what tools are we using to do the scan)
- a) **SWOT Analysis**

- What is the SWOT (Key for your Farmer Organization? (Strength and Weaknesses are internal factors and Opportunities and Threats are external factors)

Table 2: SWOT Analysis

SWOT ANALYSIS	
STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> • Strong leadership (explain what this means) • 	<ul style="list-style-type: none"> • Lack of finance •
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Government support through extension • 	<ul style="list-style-type: none"> • Competition from new market entrants •

b) **PESTLE Analysis**

- 1) How do you analyse external factors around your business using the PESTEL tool?

Breakdown PESTEL for each question

- a. What are the Political issues that can affect your business?
- b. What are the Economic issues that can affect your business?
- c. What are Social Issues that can affect your business?
- d. What are the Legal issues that can affect your business?
- e. What are the Environmental issues that can affect your business?
- f. What are the Technological issues that can affect your business?

Table 3 PESTLE Analysis

PESTLE ANALYSIS	
POLITICAL	ECONOMICAL
<ul style="list-style-type: none"> Inconsistent government policies e.g., banning of exports of certain commodities. 	<ul style="list-style-type: none"> Unstable market prices because of inflation Poor economic environment e.g., low salaries affecting the market demand of the business's products.
SOCIAL	TECHNOLOGICAL
<ul style="list-style-type: none"> Increase in population creating a market for the business's products 	<ul style="list-style-type: none"> Use of mobile phones to access market information.
LEGAL	ENVIRONMENTAL
<ul style="list-style-type: none"> The need to comply with taxation and employment acts. The requirement to meet healthy and safety standards at workplace. 	<ul style="list-style-type: none"> Climate change affects productivity.

Products and Services

a. PRODUCT (Ask product related questions)

b. SERVICE (Ask Service-related questions)-

1. What products and services do you intend to offer?
2. How will these products and services conform to international standards specifications?
3. How are you going to preserve, package and present your products?
4. What is the shelf life and recommended storage methods for your product?

2. The Market

- a. What will be your target market?
- b. How accessible is the market?
- c. How easy will it be to penetrate the market?
- d. What is the size of your market considering past and recent trends?
- e. What are your future potential markets?
- f. What government regulations affect exportation and local distribution?
- g. What mode of transportation will you use for your products?

A. Supply and Demand Situation

- i. Supply

Product 1, 2,3...

- 1) What are the current supply and recent trends in the target markets?
- 2) How sustainable is the current supply base and what is the potential for future development?
- 3) How competitive is your product on the market? (How do you differentiate your product from the market?)
- 4) What is your market share? Where you are now and where do you want to be?

ii. Demand

Product 1, 2, 3...

- a. What is the end use of each of your products and its estimated annual use?
- b. How do you forecast the demand for each product based on key assumptions?
- c. What factors affect the demand for your product?

B. Marketing

- a. What marketing strategy are you going to use for your products?
- b. How are you going to promote your product?
- c. What long-term sales contracts do you have?
- d. What marketing function exists within and outside your business?
- e. What is the annual cost of your marketing plan?
- f. What marketing challenges do you foresee?
- g. What market functions exist within your business? (e.g., partners)

Example Advertising:

Table 4: Advertising

#	Advertising channel	Details	Cost	Justification
1	Community Radio	There is a community radio that advertises products produced locally from 6.30am to 7:30 am and then from 6.30 pm to 7:30pm.	• Free	<ul style="list-style-type: none">• Most of our target market segment listens to the community radio during the allocated times.• The community radio is free of charge hence cost effective
2				
3				

Example Sales Promotion:

Table 5: Sales Promotion

#	Strategy	Details of incentive	Justification
1	Discount for bulk purchases	A 10% discount is offered to customers who buy more than 10 bags of soya.	The business will make a profit despite the 10% discount if it sells more than 10 bags. The 10 bags of 50 kg each are the minimum number of bags it needs to sell in order to cover all the costs or break even.
2			
3			

C. Pricing Strategy

- a. What are your competitor's prices?
- b. What market trends exist?
- c. Is there any government protection and price control?
- d. What is your proposed price position?
- e. What credit policies and customer service approach do you use?

D. USP (Unique Selling Position)

1. What will make consumers purchase this product/service as opposed to competitors?

Technical Aspects

1. Location

- a. What is the location of the business (district, country, village, and distance from the nearest urban center)?
- b. What Infrastructures are within and around the proposed location? (access roads and other means of transport, storage facilities, communication linkage, electricity and water)
- c. Justify your business location.

2. Plant and Equipment

- a. How suitable is it to use technology in your business?
- b. What is the production capacity of the machinery?

3. Production Process

- a. What is the layout of the production line? (outline different production processes that the business is involved in)
- b. Describe the production process including flow chart where applicable.
- c. What are the Usages, safe life and re-order levels of raw materials and recurring items?
- d. What quality control systems do you have?
- e. What is the product development process?

4. Environmental and Work Safety Considerations

- a. How do you plan to manage a clean environment?
- b. What national and international regulations apply to your plan? (e.g., aflotoxin, variety, moisture content)
- c. What safety measures are you going to take for workers?

Management and Manpower

1. Current Staff Table 6: Salary

Staff Type	Number	Monthly Salary (MK)	Annual Salary (MK)	Total Annual Salary (for staff type)
Chief Executive Officer	1	100,000	1,200,000	1,200,000
Production Manager	1	90,000	1,080,000	1,080,000
Night Guards	2	40,000	480,000	960,000
Role....				
TOTAL				

What will the estimated salary for each staff as summarized in the table below? (Consider also situation where executive is working as management)

Qualifications and Duties Table

Table 7: Qualifications and Duties

- What qualifications will you require for each member of staff you are going to employ?

Staff Type	Required Qualifications and Experience	Main Duties
Chief Executive Officer	Bachelor of Business Administration	<ul style="list-style-type: none"> • Strategic Direction of the Business • Recruitment and training of staff • Financial Management • Business Development
Etc.		

Governance

- Who is responsible for governance issues in the business?
- How did you come up with the decision to choose them?
- How are decisions made in business?
- When and how often do executive committee /management meetings occur?

Table 8: Board of Directors

Name of Board Member	Position in the Board	Profession
Mr. Samuel	Chairperson	<ul style="list-style-type: none"> • Chartered Marketer
Mr. Lloyd	Secretary	<ul style="list-style-type: none"> • Lawyer

i. **Planned Future Staff**

- What type of staff are you planning to employ in the future and how much salary are you intending to be paying them?

Table 9: Planned Future Staff

Staff Type	Number	Monthly Salary (MK)	Annual Salary (MK)	Total Annual Salary (for staff type)
Role 1				
Role 2				
Role 3				
Etc.				

ii. **Organisation Hierarchy**

- How does your organization structure look like?
- What are the qualifications of those who are in the organization structure starting with the board of directors?

Financial Aspects

This is another important section of the business plan. All the business key stakeholders are interested in the commercial viability of the business.

To populate this section, it is important to gather more financial information. Some of the financial information to be gathered may include the following.

1. Financial Assumptions

- What financial assumptions do you have in place based on past experience and professional judgment? This is summarized below.

Table 10: Financial Assumptions

#	Descriptions	Assumption	Basis for assumptions
1	Revenue of MK40 million will be generated	The business will produce 200 beds, which will be sold at MK120,000 each.	<ul style="list-style-type: none">• There has been an average increase in minimum price of 20% for the past five years.• The business has signed a contract with local lodge
3	Payroll cost will be MK600, 000 per month	The minimum price will remain constant at MK50, 000	<ul style="list-style-type: none">• The Government sets the minimum wage once in a year during the parliament sitting in June.
etc.			

2. Capital Costs

- List all assets your business has. This included fixed assets as well.

Table 11: Capital Costs

#	Capital Assets	Cost (MK)
1	Land and Building	
2	Machinery and Plant	
3	Motor vehicles	
4	Furniture and Fittings	

3. Current Assets:

- What assets does your business have that can easily be converted into cash? There is a need to understand the Debtors Policy e.g. 30 days or 90 days.

Table 12: Current Assets

#	Current Assets	Amount (MK)
1	Raw materials	
2	Finished goods	
3	Debtors	
4	Prepayments	
5	Cash and Bank balance	

4. Current Liabilities

- List of all liabilities that are currently due or falling due within the next 12 months.

Table 13: Current Liabilities

#	Current liabilities	Amount (MK)
1	Overdrafts	
2	Trade payables	
3	Taxes	
4	Salaries	
5	Interest on loan that are due	
Etc.		

5. Revenue

1. Revenue Assumptions

- What different revenue streams does your business have? For each revenue stream estimate the following:
 - What is your annual production volumes? (Historical and forecast)
 - What is your Unit selling price?
 - What is your annual sales revenue (product of the above two)?

Table 14: Sales Projection

Product A Revenue	2019	2020	2021	2022	2023
Volume					
Price					
Revenue					

Cost Assumptions

i. Variable Costs

- What are your variable costs?

Variable costs are those costs that can be directly attributed to the volume of production. They are known as Variable Costs because they change with changes in the volume of production.

Table 15: Variable Costs

#	Variable Costs	Amount (MK)
1	Raw materials	
2	Direct labour	
3	Packaging materials	
4	Transport	
Etc.		

Fixed Costs

- a. What are your fixed costs?

Unlike variable costs, Fixed Costs remain relatively constant over a period of time with changes in the volume of production. Examples of fixed costs are listed in the **Table 16** below.

Table 16: Fixed Costs

#	Fixed Costs	Amount (MK)
1	Salaries	
2	Rent and rates	
3	Depreciation of assets	
4	Interest on loans	
5	Directors' fees	
6	Professional fees	
Etc.		

6. Financial Statements

After gathering the above financial information, prepare the following three key financial statements:

- a. Statement of Comprehensive Income (formerly known as Profit and Loss Account)
- b. Statement of Cash flows
- c. Statement of Financial Position (formerly known as Balance Sheet)

These three financial statements can be either in the main body of the business plan or in the appendix.

6.6 Triple Bottom Line Impact

What are some of the social, economic, and environmental aspects affecting your business?

*The impacts should be “SMART”.

a. Social Impacts

What social impacts are you going to target to achieve?

b. Environmental Impacts

What environmental impacts are you going to target to achieve?

c. Economics Impacts:

What economic issues are you going to target to achieve?

6.7 Risks Management

This section contains a detailed analysis of the risks the Business is exposed to. Risks may render implementation of continued operation difficult or impossible. Risk Assessment is a continuous process and should be done regularly, as the business environment is dynamic.

Risks are analysed according to their likelihood of occurrence and their severity /impact when they occur. Mitigation strategies are planned for each identified risk.

Risks with high impact and high likelihood of occurrence are ranked first and are given priority. This does not mean that the other risks are not important as they can change their status due to the ever-changing business environment.

(H)igh, (M)edium, (L)ow

The table below is an example of the Risks analysed in terms of likelihood and potential impacts.

Table 17: Risk Management

What risks according to the rating above (High, Medium, and Low) are likely to affect your business?

RISK	Description	Likelihood	Potential Impact	Company Response
Lack of access to Bank Loans to finance the budget deficit.	The business does not have assets that it can offer as security for loans hence the cost of debts for any loan it may obtain is envisaged to be high.	H	L	The preparation of this detailed and comprehensive Business Plan should provide potential investors with the confidence that the business is a viable investment opportunity.
Etc.				

Triple Bottom-line Impacts:

By virtue of starting operations, any business has an effect on the environment it is operating in, whether in a positive or negative way. These could be in terms of the behaviour of the people living around the business (social), or nature (trees, soils, animals, and other aquatic beings, etc.) or economically (living standards, it is, therefore, a responsibility of every business to try to critically examine these potential impacts and strategize on how best to promote (if positive) or reducing (if negative). The business plan, therefore, documents such analysis in a way that would be understandable to both the business and other interested parties.

Reflection:

What measures should we put in place to take care of the impacts of our business in our community?

No:	Triple Bottom line measures		
	Social:	Environmental:	Economic:
1			
2			
3			
4			
5			
6			

Risk Management:

These are unavoidable eventualities which could have an effect (mostly negative but could also be positive) on the business or while the business is implementing its business plan. In terms of business plan, therefore, the business tries to identify those risks, prioritize them, and come up with strategies for mitigating those risks as they happen or reducing their effects on the business.

Implementation Plan

This is the outline of different activities, which will be undertaken in order to carry out the business plan. A business plan is nothing without a clear roadmap in terms of these activities for achieving whatever objectives in that plan.

Implementation Plan

How are you going to implement the key objectives and goals that have been outlined in this business plan"? Outline these strategies as summarized in the **Table 18** below,

Table 18: Implementation Plan

Objectives	Description of Objective	Activity	Time for carrying out the activity	Resources	Responsible Person	Assumptions
Short Term Objectives	Increase production of door frames from 50 to 80 per week by June 2022	Recruit part time workers	March to April 2022	Allowances-MK12, 000/day	Production Manager	Materials will be available
Medium Term Objectives	Procure a computer worth MK500, 000 for maintaining financial records by March 2022	Get quotation Increase sales efforts	February to December 2022	Finance Officer	Price of computer will be MK500, 000 in 2020	Customers will be buying the products at least 15 per month
Long Term Objectives	Construct a Mk50 million warehouse. Save not less than MK10 million annually from profits	December 2024	Transport to sell products to high end and distant markets	The processing machine and equipment	MD	The business will be able to generate more than MK20 millions of profit annually

Appendix. The appendix helps to have a concise Business Plan by reducing the content of the main body. It contains some other information that is important but was not included in the main body of the Business Plan. The information contained in the appendix can.

Complements or acts as supporting evidence for the information contained in the main body. Include details and studies used in your business plan, for example:

- a. Brochures and advertising materials
- b. Industry studies
- c. Maps and photos of location
- d. Magazine or other articles
- e. Detailed lists of equipment owned or to be purchased.
- f. Copies of leases and contracts
- g. Copies of valuation of land and buildings
- h. Letters of support from future customers
- i. Market research studies
- j. List of assets available as collateral for a loan

PART 4: STARTING YOUR BUSINESS

MODULE 7: STEPS TO STARTING YOUR BUSINESS

Module objectives

Time: 150 minutes

To prepare incubates for the task of starting their businesses.

Learning Outcomes

At the end of this module, incubates will be able to:

- Undertake all the tasks necessary to ensure a successful start of the business.

Delivery methods and duration

- Plenary discussions: introducing the topic (40 minutes)
- Group work: 40 Minutes
- Plenary discussion of each step (70 minutes)

In a plenary discussion, the facilitator should ask the participants who have registered businesses to share how they registered their businesses. What steps were followed; as the participants are explaining, the facilitator should start summarizing the 10 steps.

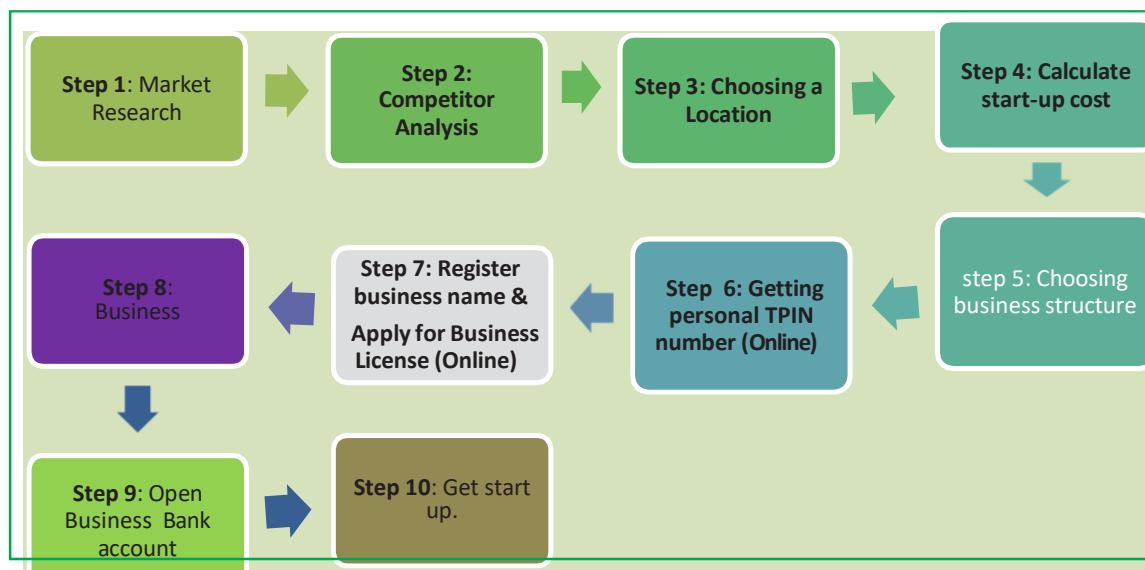
- The facilitator should choose volunteers from the participants and each participant must take one-step and write on a meta plan and give each card to a participant. They should then stand in a line and discuss each step in a plenary. The facilitator to conclude the discussion with the following information.

Group work: The facilitator should put the participants into groups and let them discuss. The 10 following steps in detail.

No	Step	Requirements for the step to be done	Where it is done/ responsible office
----	------	--------------------------------------	--------------------------------------

Steps to consider before business start-up.

The facilitator should explain that entrepreneurs identify business opportunities through understanding problems that exist in society or community and come up with innovative ways to solve the problems. **There are about 10 steps, which one can follow, in a Malawian context to start up a business.** However, in other instances, the steps can be less or more varying from situations. To this learning will only consider the following steps.



7.1 Step 1: Conduct market research

Market research will tell you if there is an opportunity to turn your idea into a successful business. It is a way to gather information about potential customers and businesses already operating in your area. Use that information to find a competitive advantage for your business.

Market research lets you reduce risks even while your business is still just a dream. Gather demographic information to better understand opportunities and limitations for gaining customers. This could include population data on age, wealth, family, interests, or anything else that is relevant for your business.

Then answer the following questions to get a good sense of your market:

Key question	Answer
○ Demand: Is there a desire for my product or service?	
○ Market size: How many people would be interested in my offering?	
○ Economic indicators: What is the income range and employment rate?	
○ Location: Where do my customers live and where can your business reach?	
○ Market saturation: How many similar options are already available to consumers?	
○ Pricing: What do potential customers pay for these alternatives?	

You can do market research using existing sources, or you can do the research yourself and go direct to consumers.

Existing sources can save you a lot of time and energy, but the information might not be as specific to your audience as you would like. Use it to answer questions that are both general and quantifiable, like industry trends, demographics, and household incomes.

Asking consumers, you can give you a better understanding of your specific target audience. However, direct research can be time consuming and expensive. Use it to answer questions about your specific business or customers, like improvements you could make to buying experience and where customers might go instead of your business.

Here are a few methods you can use to do direct research:

Surveys

A survey is both the set of questions and the process of collecting, aggregating, and analysing the responses from those questions. For example, a product survey is a tool that a company can use to learn what their users think about their products. Running a survey before launching a product means you get to see what people really want and need.

Sample product survey questions to ask customers about your product:

1. How often do you use our products?
2. Which features are most valuable to you?
3. How would you compare our products to our competitors'?
4. What important features are we missing?
5. What are you trying to solve by using our product?
6. What other types of people could find our product useful?
7. How easy is it to use our product?
8. How would you rate the value for money?
9. How likely are you to recommend this product to others?
10. How could we improve our product to better meet your needs?

Questionnaires

A questionnaire is any written set of questions e.g. the sample product survey questions above.

Focus groups.

A focus group is a market research method that brings together 6-10 people in a room to provide feedback regarding a product, service, concept, or marketing campaign. A trained moderator leads a discussion within the group that is designed to gather helpful information.

In-depth interviews

An in-depth interview is a type of interview with an individual that aims to collect detailed information beyond initial and surface-level answers.

Individual Activity: For the business you selected earlier on, how would you conduct market research? The participants write information in their notebooks and share feedback. In a plenary, the facilitator introduces each of the steps below and then engages the participants through questions and answers on why each step is important.

7.2 Step 2: competitor analysis

Competitive analysis helps you learn from businesses competing for your potential customers. This is key to defining a competitive edge that creates sustainable revenue.

Your competitive analysis should identify your competition by product line or service and market segment. Assess the following characteristics of the competitive landscape using the table below.

Table 6: Analysing your competitors.

No	Question	Competitor 1	Competitor 2	Competitor 3	My strategy
1	What is the market				
2	What are the strengths				
3	What are the weaknesses				

My business assessment

What are my windows of opportunity to enter the market?	
o what are the importance of my target market to my competitors?	
o What are the barriers that may hinder me as I enter the market?	

Several industries might be competing to serve the same market you are targeting. Important factors to consider include the level of competition, threat of new competitors or services, and the effect of suppliers and customers on price.

7.3 Step 3: Choosing a business location.

Where you locate your business depends in part on the location of your target market, business partners, and your personal preferences. In addition, you should consider the costs, benefits, and restrictions of different government agencies.

It is also at this stage that you familiarise yourself with the city assembly in that locality so that you should start paying city rents for your business. The rents vary from place to place and are determined by the type and size of business. Finding out the price of the city rents for a particular business before actual implementation will help you come up with precise start-up cost of your business.

7.4 Step 4: Calculate your business start-up costs before you launch.

The key to a successful business is preparation. Before your business opens its doors, you will have bills to pay. Understanding your expenses will help you launch successfully.

Calculating start-up costs helps you:

- o Estimate profits.
- o Conduct a break-even analysis.
- o Secure loans
- o Attract investors.

Identify your start-up expenses.

There are common start-up costs you are likely to have no matter what. Look through the following list, and make sure to add any other expenses that are unique to your business:

Start- up cost	MWK
o Office space	
o Equipment and supplies	
o Communications	
o Water and electricity	
o Employee salaries	

Some assets you can either buy or rent.

Know the assets and equipment you need. You will have to decide whether you want to buy or lease assets for your business. The first step is figuring out which assets will help your business succeed.

Once you have determined all the assets you need for your business, you can decide how you would like to acquire them, whether to buy or lease. Leasing can be a good option if you need to quickly get a lot of equipment, or if the equipment you need is very expensive. Commercial space can also be leased, so you can rent a place to run your business. In some cases, leasing can actually be less expensive than purchasing with a high-interest loan.

Type of acquiring the equipment	Benefits / advantages	Disadvantages
Leasing	<ul style="list-style-type: none">• Needs less cash or credit upfront.• Short-term leases let you test out the equipment.• Maintenance is sometimes included at no extra cost• Lease payments for business assets are typically tax deductible	
Buying	<ul style="list-style-type: none">• You can claim depreciation on your taxes.• The lifetime cost to buy is usually less than leasing.• You can count it as an asset on your balance sheet	Depends if you have enough cash or credit available and you are confident you will be using the assets for a long time.

7.5 Add up your expenses for a full financial picture.

Once you have identified your business expenses and how much they will cost, you should organize your expenses into one-time expenses and monthly expenses.

One-time expenses are the initial costs needed to start the business. Buying major equipment, hiring a logo designer, and paying for permits, licenses, and fees are generally considered to be one-time expenses.

Monthly expenses typically include things like salaries, rent, and utility bills. You will want to count at least one year of monthly expenses.

Add up your one-time and monthly expenses to get a good picture of how much capital you will need and when you will need it.

List of my one-off expenses	Amount	List of my monthly expenses	Amount
Total		Total	

Individual activity: The facilitator asks each participants to answer the following in two groups

Based on any business idea you generated,

- Conduct competitive analysis.
- Calculate the start-up costs.
- Add all expenses to have a full picture of the financial needs.

7.6 Step 5: Choosing a business structure.

You will need to choose a business structure before you register your business with the state. Most businesses will also need to get a tax ID number and obtain the appropriate licenses and permits. Consulting with business counsellors and mentors can prove helpful. The following are the common business structures:

Sole proprietorship sole proprietorship is easy to form and gives you complete control of your business. You are automatically considered to be a sole proprietorship if you do business activities but do not register as any other kind of business. Sole proprietorships do not produce a separate business entity. This means your business assets and liabilities are not separate from your personal assets and liabilities. You can be held personally liable for the debts and obligations of the business. Sole proprietors are still able to get a trade name. It can also be hard to raise money because you cannot sell stock, and banks are hesitant to lend to sole proprietorships.

Partnership Partnerships are the simplest structure for two or more people to own a business together. There are two common kinds of partnerships: limited partnerships (LP) and limited liability partnerships (LLP).

Limited partnerships have only one general partner with unlimited liability, and all other partners have limited liability. The partners with limited liability also tend to have limited control over the company, which is documented in a partnership agreement. Profits are passed through to personal tax returns, and the general partner, the partner without limited liability, must pay self-employment taxes.

Limited liability partnerships are similar to limited partnerships but give limited liability to every owner. An LLP protects each partner from debts against the partnership, they won't be responsible for the actions of other partners.

The facilitator to guide a discussion on which business structure will they choose and why

7.7 Step 6: Getting Personal Tpin

For one to register a business with the registrar general it is mandatory to first have a personal Tpin number. You can access this by registering with MRA on their website

7.8 Step 7: Register business name and apply for a license online

Your location and business structure determine how you will need to register your business. Determine those factors first, and registration becomes very straightforward. For most small businesses, registering your business is as simple as registering your business name with the Registrar Generals department. Ask your mentor for more information. The licenses and permits you need from the city or district council will depend on your business activities and business location. Your business license fees will also vary. Local councils tend to regulate a broad range of activities including manufacturing, retailing, restaurants, and wholesaling. Some licenses and permits expire annually. Keep close track of when you need to renew them to avoid penalties.

7.9 Step 8: Get a Business Tpin

Your TPIN, which is provided by the Malawi Revenue Authority (MRA), is very important. You need it to pay government taxes, open a bank account, and to do business with the government and agencies. You should get it right after you register your business.

7.10 Step 9: Open a business bank account.

As soon as you start accepting or spending money in your business, you should open a business bank account. Common business accounts include a current account, and a savings account. You can open a business bank account once you have a TPIN from MRA. Rates and fees vary from bank to bank, so you should shop around to make sure you find the lowest fees and the best benefits.

7.11 Step 10: Use your start-up cost calculations to get start-up funding

It is a good idea to create a formal report of your expected start-up costs. You want it in a format that is clear and easy to understand. Investors and lenders compare expected costs to projected revenue and determine the potential for your business to profit. Once you know how much start-up funding you will need, it is time to figure out how you will get it.

a. Fund your business yourself with self-funding.

Self-funding can come in the form of turning to family and friends for capital or using your savings accounts. With self-funding, you retain complete control over the business, but you also take on all the risk yourself. Be careful not to spend more than you can afford.

b. Get venture capital from investors.

Investors can give you funding to start your business in the form of venture capital investments. Venture capital is normally offered in exchange for an ownership share and active role in the company.

Venture capital differs from traditional financing in a number of important ways. Venture capital typically:

- o Focuses on high growth companies.
- o Invests capital in return for equity, it is not a loan.
- o Takes higher risks in exchange for potential higher returns.
- o Has a longer investment horizon than traditional financing?

Almost all venture capitalists will, at a minimum, want a seat on the board of directors. So be prepared to give up some portions of both control and ownership of your company in exchange for funding.

c. Get a small business loan.

If you want to retain complete control of your business, but do not have enough funds to start, consider a small business loan. To increase your chances of securing a loan, you should have a business plan, expense sheet, and financial projections for the next five years. These tools will give you an idea of how much you will need to ask for, and will help the bank know they are making a smart choice by giving you a loan.

Once you have your materials ready, contact banks and other lenders to request a loan. You will want to compare offers to get the best possible terms for your loan.

In plenary, participants should discuss the advantages and disadvantages of sources of start-up funding.

No	Source of funding	Advantages	Disadvantages
1	<i>Self-funding</i>		
2	<i>Venture capital</i>		
3	<i>Business loan</i>		

MODULE 8: PITCHING A BUSINESS IDEA

Module objectives

Time (200 minutes)

To equip incubates with skills for pitching their business idea to investors.

Learning Outcomes

At the end of this module, incubates will be able to:

- Prepare a pitch.
- Make an impactful pitch.

Delivery methods and duration

1. Plenary discussions (40 minutes each)
2. Group discussions (60 minutes)
3. Role Play Exercise (60 minutes preparation and 5 minutes presentation per incubate)

In plenary discussion, the facilitator to ask the participants what business pitching is and summarize the discussion with information provided by the material in this section.

PITCHING A BUSINESS IDEA

8.1 The Need for Business Idea Pitching

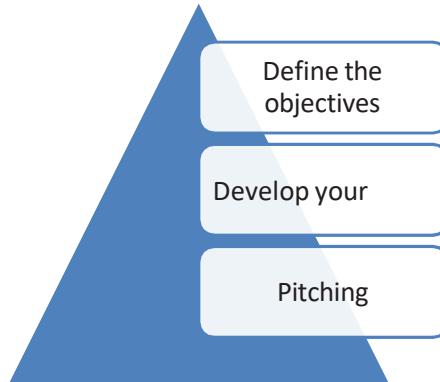
If you want to raise money for a start-up business, you will need to know how to pitch your business idea so that you can attract investors into funding your business. All business owners need to be able to pitch, whether it is to potential customers or to investors and banks to raise money for your new business start-up. Pitching might appear to require a brilliant, innovative business idea with the potential to make millions in the first year, but the reality is quite different.

Serious business investors are looking for realistic business plans and ideas when it comes to funding new businesses. If you have a great business idea, making sure you have an excellent pitch to match will make it easier to raise money for your start-up. Here are important tips for pitching your business idea to investors.

8.2 Create an Elevator Pitch

Make sure that you can sum up your business idea in a way that is easy to understand. Imagine you have 30 seconds to describe your business, and then sum up what it does, why it exists and what is unique about it. If business investors cannot easily understand your business idea, then they will not have confidence that your customers will get it either. Practice talking about your idea in just 30 seconds. If asked, you can then expand on the why, what, and how of your business idea.

Steps to pitching.



STEP1. Define your objectives.

Start with the WHY. Designing a powerful pitch is all about reaching the hearts and minds of your audience. To achieve both, think of a balance. The credibility of your business model should be balanced with the emotions you create by presenting your solution. To develop the perfect pitch, you and your team must clarify the following questions upfront:

- **What is your development stage?** When did you start the business idea and what have you achieved until now?
- **Whom are you presenting to and how much time do you have?** Is it an investor, potential partner, your friends, a jury? Do you have 3, 5, and 10 minutes or longer?
- **What are you asking for?** What do you want the audience to do after the pitch: speak to you, join your team, donate money, invest money, offer expert advice etc.?

Remember to always answer these questions: Who is your target audience and what do you want from them? Before every new pitch, remember to go back to your key objectives.

STEP 2. Develop your pitch.

By keeping in mind the context and audience to whom you are pitching, develop your pitch. The AIDA Model gives you a structure for your pitch. Use the worksheet to structure it with short and concise bullet points. How can you best sell your idea?

The AIDA Model: Step 2

A-Attention Catch the Attention of your audience.

- Comparisons, personal stories, bold statements, questions or visual descriptions of the problems you aim to tackle can help you catch the attention of your audience and make them curious to learn more.

I- Interest Raise the interest of your Audience.

- Connect to their context and emphasize advantages and benefits of your idea for the audience you're speaking to focus on how your solution is unique and what you've already achieved

D-Desire Awaken the desire of your audience.

- Explain how you are solving a need for them and demonstrate how they will gain from working with you or investing in you.

A- Action A call for action by your audience

- Invite the audience to learn more about you, support you, partner with you, purchase from you, invest in you or replicate with you. Offer possibilities and let them know how to get in contact with

How to Pitch a Business Idea

a. Step 1: Know Whom You are Pitching.

In plenary the facilitator to ask the participants the following question

- Why is it necessary to know whom you will pitch to?
- Why are inventors interested in pitching?
- What are some of the tips of conducting a successful pitch?

Tips for pitching

A good pitch is only about what you say, but also how you say it. Consider the following list when it comes to the moment you have to pitch.

- Be able to summarise who are creating value for and how
- Show emotions and heart- it is not only numbers remember you show a brighter future.

Have your pitch ready at any time – chances can come in the most unexpected moments.

- Rehearse, rehearse and rehearse – present at least 7 times before you enter a stage
- Feedback is the breakfast of champions – leave your ego at the door and focus on getting better every day
- Think about your grandmother – would she understand your ideas?
- Keep eye contact with your audience and make them feel important
- If you use PowerPoint or Keynote, have one page that summarizes your idea perfectly and is easy to remember.
- Know whom you are pitching to, ask questions that stimulate the decision makers – keep eye contact with them.

Role Play Exercise 8.1 (120 minutes preparation, 10 minutes per incubate presentation)

The facilitator to ask the participants to Prepare a pitch for their business idea and present it to the class in 10 minutes. Please note that videos of each presentation will be taken to be reviewed afterwards.

Key take away

- Understand what matters when you design and perform a pitch.
- Be able to create your pitch according to your development stage
- Realize how you can convince your audience with a strong pitch

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