

**HOW TO
WRITE & USE A
BUSINESS PLAN**

**BY
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ISSUES FOR CONSIDERATION

- 1. WHAT IS A BUSINESS PLAN**
- 2. IS A BUSINESS PLAN THE SAME AS A FEASIBILITY STUDY?**
- 3. IMPORTANCE OF A BUSINESS PLAN**
- 4. COMPONENTS OF A BUSINESS PLAN**
- 5. HOW TO WRITE A BUSINESS PLAN**
- 6. HOW TO USE YOUR BUSINESS PLAN**
- 7. CLASSWORK**

HOW TO WRITE PROPOSALS

COMPONENTS OF A PROPOSAL

1. **HEADING/TITLE- PLS BE SPECIFIC**
2. **INTRODUCTION- Brief description of your business**
3. **BODY OF THE PROPOSAL- WHAT YOU WANT TO DO FOR THEM**
4. **COSTING- HOW MUCH ARE YOU ASKING FOR.**
5. **Conclusion: Summarize the proposal's main points.**

EXAMPLES

TIPS ON WRITING PROPOSALS

- 1. Start with a firm introduction of your organisation.**
- 2. State the problem**
- 3. Propose solutions.**
- 4. Highlight your competence and ability to solve the problem**
- 5. Include cost implications**
- 6. State past similar jobs done by your organisation**
- 7. Include references**
- 8. Wrap up with a conclusion.**

**WHAT IS A
BUSINESS
PLAN?**

**IT IS THE ROAD MAP
YOU CREATE FOR YOUR
BUSINESS. IT SPECIFIES
GOALS AND STRATEGIES
FOR ACHIEVING THE
GOALS YOU HAVE SET**

Business plans are also a tool for fund raising and one of the ways you can show investors, bankers and other funding sources why your business is a money machine.

Your business plan should describe and illustrate the vision for your business, while convincing others to assist you in attaining that vision.

WHAT IS A FEASIBILITY STUDY

A feasibility study looks at the **viability or workability of an idea with emphasis on identifying potential problems and attempts to answer one main question: Will the idea work and should you proceed with it?**

Note that a **feasibility study is **different** from a **Business plan** in the sense that the **Business plan** is prepared only **after** the **feasibility study**. Says that you can go ahead with the business. If the **feasibility study** is negative, then there is no need for **A business plan** to be prepared.**

**COMPONENTS
OF A
FEASIBILITY
STUDY**

- **ECONOMIC ANALYSIS**
- **MARKET ANALYSIS**
- **TECHNICAL ANALYSIS**
- **LOCATION ANALYSIS**
- **MANPOWER ANALYSIS**
- **FINANCIAL ANALYSIS**
- **SENSITIVITY/RISK ANALYSIS**

WHAT IS THE IMPORTANCE & PURPOSE OF A BUSINESS PLAN?



1. To Clarify Direction

The primary purpose of a business plan is to define what the business is or what it intends to be over time.

Clarifying the purpose and direction of your business allows you to understand what needs to be done for forward movement.

Clarifying can consist of a simple description of your business and its products or services, or it can specify the exact product lines and services you'll offer, as well as a detailed description of your ideal customer.

2. Future Vision

Businesses evolve and adapt over time, and factoring future growth and direction into the business plan can be an effective way to plan for changes in the market, growing or slowing trends, and new innovations or directions to take as the company grows.

Although clarifying direction in the business plan lets you know where you're starting, future vision allows you to have goals to reach for.

3. Attract Financing

The Small Business Administration states, "The development of a comprehensive business plan shows whether or not a business has the potential to make a profit."

By putting statistics, facts, figures and detailed plans in writing, a new business has a better chance of attracting investors to provide the capital needed for getting started.

4. Attract Team Members

Business plans can be designed as a sale tool to attract partners, secure supplier accounts and attract executive level employees into the new venture.

Business plans can be shared with the executive candidates or desired partners to help convince them of the potential for the business, and persuade them to join the team.

5. Manage Company

A business plan conveys the organizational structure of your business, including titles of directors or officers and their individual duties.

It also acts as a management tool that can be referred to regularly to ensure the business is on course with meeting goals, sales targets or operational milestones.

6. To make sound decisions

As an entrepreneur, having a business plan helps you to define and focus on your business ideas and business strategies.

You not only concentrate on financial matters, but also on management issues, human resource planning, technology and creating value for your customer.

7. To help you identify potential weaknesses

Having a business plan helps you to identify potential pitfalls in your idea. You can also share the plan with others who can give you their opinions and advice.

Identify experts and professionals who are at a position to give you invaluable advice, and share your plan with them.

8. To communicate your ideas with stakeholders

A business plan is a communication tool that you can use to secure investment capital from financial institutions or lenders.

It can also be used to convince people to work for your enterprise, to secure credit from suppliers, and to attract potential customers.

9. To Test the Feasibility of Your Business Idea

Writing a business plan is the best way to test whether or not an idea for starting a business is feasible, other than going out and doing it.

In this sense, the business plan is your safety net; writing a business plan can save you a great deal of time and money if working through the business plan reveals that your business idea is untenable.



COMPONENTS OF A BUSINESS PLAN

A GOOD BUSINESS PLAN SHOULD CONTAIN

- 1. Executive Summary – A brief snapshot of your business.**
- 2. Objectives of the Business/Description – Describes the objectives of the business and what the business will be engaged in.**
- 3. Organization and management - your business and management structure as well as the key personnel.**
- 4. Products/Services - The products or services the biz will deal in**
- 5. Location- Where the business will be located.**
- 6. Target Market- Who do you plan to sell to**
- 7. Competition- Who are those already in the market.**
- 8. Marketing and sales strategy - How you'll market your business and also your specific sales strategy.**
- 9. Funding request - how much money will you need to take off**
- 10. Financial projections - supply information on how much the business is likely to spend and make in the short and long term.**
- 11. Profitability- How profitable is the business? How much profit Is the business likely to make in the short and long terms**

**LETS LOOK AGAIN AT
THE COMPONENTS
ONE BY ONE**



1.
**EXECUTIVE
SUMMARY**

This section consists of a few paragraphs describing what the business will be, where it'll be located (physically and/or digitally), how it'll make money and how it'll grow.

You'll expand on all these topics in much more detail later in your business plan.

A yellow teardrop-shaped graphic with a drop shadow, containing the text '2. OBJECTIVES'.

2. OBJECTIVES

These are your specific, measurable goals for the immediate future.

They can state an amount or range of money you plan to make, a percentage of the market you plan to capture, a profit margin you plan to attain, or a group of clients you plan to secure.

3. ORGANIZATION

Here's where you explain who'll own the company, who'll run it, and who'll be the final decision-maker(s).

Even if you only have a few employees or owners at this stage, you'll still want to draw up a basic organizational chart.

A chain of command can get muddled over time as people take initiative on various tasks, so it's best to be clear about this from the beginning



4. PRODUCTS/ SERVICES

Describe what you'll be selling, where you'll get it from (or how you'll create it) and how it's different from similar products or services already on the market.

You may also want to add details about how quickly you'll produce your product or render/perform your service.

A yellow teardrop-shaped graphic with a slight shadow, containing the text '5. LOCATION'.

5. LOCATION

Describe where the business will be located and your reasons for this location

6. TARGET MARKET

- **Who are your customers, and how will you reach them?**
- **How will your product or service help them?**
- **When, where and how often will they buy what you're selling?**

The answers to these questions usually take more than a single sentence to explain, so this section often includes breakdowns of all your potential customers, and how they will buy and benefit from what you sell.

7. COMPETITION

- **No matter what you're planning to sell, someone else is already selling something similar; or at least something that meets a similar need. Identify who these people are and where they are and how strong they are**
- **So describe how you're different from the competition, how they'll pose challenges to your business & how you plan to meet the challenges.**



8. MARKETING STRATEGY

- **Every product requires marketing and advertising, even if it's just word-of-mouth.**
- **This section is the place to explain how you'll get about marketing your product or service, and how you'll get it into customers' hands and homes.**
- **Include details about where you'll sell it and where you'll promote it.**



9. PROFITABILITY

- **Outline how profitable the business is. Give some specific statistics and figures to support this claim**

A red teardrop-shaped graphic with a white shadow, containing the text '10. STRENGTHS'.

10. STRENGTHS

- **Some strengths and advantages the business has that can be harnessed .**

11. WEAKNESSES

- **Some setbacks and disadvantages the business has that can hinder its success if not addressed .**



12.
OPPORTUNITIES

- **OPPORTUNITIES THE BUSINESS CAN TAKE ADVANTAGE OF.**

A red teardrop-shaped graphic with a white shadow, containing the text '13. THREATS'.

13. THREATS

- **Those things that will threaten the survival of the business if not eliminated or reduced.**



14. FINANCIAL ANALYSIS

- **Here's the section where you explain how you'll fund your business, how soon you expect to break even, how large you expect your profit margins to be, and how you plan to reinvest those profits.**
- **If you don't yet have a clear idea of, say, what your marketing budget will be, just estimate the percentages you'll put into advertising, growth, hiring, product development etc.**

STEPS IN WRITING A BUSINESS PLAN.

STEP 1- WRITE DOWN IMPORTANT INFORMATION ABOUT THE FOLLOWING

- YOUR COMPANY
- YOUR PRODUCT
- YOUR COMPETITION
- YOUR TARGET MARKET

STEP 2.

DETERMINE THE **PURPOSE** OF YOUR PLAN.
I.E WHAT EXACTLY DO YOU WANT TO ACHIEVE
WITH THIS PARTICULAR BUSINESS PLAN?
PEOPLE WRITE BUSINESS PLANS FOR DIFFERENT
REASONS. WHATS YOUR OWN REASON?

IS IT ANY OF THE FOLLOWING REASONS:

- TO GET PEOPLE TO INVEST IN THE BIZ?
- TO GET PEOPLE TO PARTNER WITH YOU?
- JUST TO GUIDE YOU AS YOU STEP OUT IN BIZ?
- TO PROVIDE GENERAL INFO ABOUT THE BIZ?

STEP 3. OUTLINE THE FOLLOWING:

- THE HISTORY OF YOUR BUSINESS**
- WHAT PRODUCTS OR SERVICES YOU OFFER**
- YOUR TARGET MARKET AND AUDIENCE**
- YOUR RESOURCES**
- HOW YOU'RE GOING TO SOLVE A PROBLEM**
- WHAT MAKES YOUR BUSINESS UNIQUE**

STEP 4. LIST OUT ASPECTS CONCERNING THE FINANCIAL PROSPECTS OF THE BUSINESS- PROVE THAT THE BUSINESS WILL MAKE PROFIT

Before anyone can support your business or invest in it, they will like to be sure that your business is going to make money and yield good returns. Because of this expectation, investors want to know everything about the financial prospects. To help with this process, document everything from your **expenses, cash flow, and business projections. Also don't forget seemingly minor details like your location strategy**

**STEP 5-
HAVE A STRATEGIC MARKETING PLAN IN
PLACE:**

**WRITE DOWN HOW YOU INTEND
MARKETING YOUR PRODUCTS/SERVICES.
I.E HOW WILL PEOPLE GET TO KNOW
ABOUT YOUR BUSINESS AND WHAT WILL
YOU DO TO CONVINCING THEM TO LEAVE
OTHERS IN THE SAME BUSINESS AS YOURS
AND COME AND PATRONIZE YOU- THIS IS
CALLED “MARKETING/SALES STRATEGY”**

LETS NOW GO INTO A PRACTICAL SESSION

CLASSWORK/CASE STUDY

**LETS PRACTICALLY SEE HOW TO WRITE
BUSINESS PLANS**

**PREPARE A BUSINESS PLAN
FOR STARTING A TABLE
WATER BUSINESS**

TITLE PAGE/COVER



BUSINESS PLAN

**STEP TABLE
WATER FACTORY**

SUBMITTED BY
ROYAL RESOURCES

08130352408

1. EXECUTIVE SUMMARY

STEP Table water production Factory will be located at Udu road, Udu local government area, due to proximity to power supply, water supply and nearness to the market

Investment of approximately **N54,43,500.00** will yield a total of **N82,824,000.00**, thereby bringing in a net profit of **N28,480,500.00** in the first year of establishment.

1.1 OUR VISION:

To be the leading manufacturer of sachet and bottled water in Nigeria

1.2 MISSION

To produce portable drinking water in the most hygienic condition that meets international standard.

3.1 TARGET MARKET

- 1. Hotels**
- 2. Restaurants and Canteens**
- 3. Event Planners, Parties and Corporate Functions**
- 4. Corporate Executives**
- 5. Government Officials**
- 6. Business People**
- 7. Celebrities**
- 8. Military Men and Women**
- 9. Sports Men and Women**
- 10. Students**
- 11. Tourists**
- 12. Everybody in our target market location**

4.1 COMPETITORS

Coca-Cola continued to lead bottled water, claiming an off-trade volume share of 20% with its Eva brand. Eva has an early mover advantage and a high quality reputation in the category. Moreover, like other soft drinks brands offered by Coca-Cola, Eva is widely distributed all over the Country and benefits from continuously strong advertising support.

CWAY is the second leading player overall, while Nestlé Nigeria Plc rounded out the top three its Nestlé Pure Life brand. Other prominent players competitors in this highly fragmented category included , AQUAFINA ,AQUA DANA, CASCADE, MOOWA, VOLTIC, OAK, OVAL BLUE, RAGOLIS, SWAN, LA VOITRE, LILY, GOSSY, SAPPHIRE ,COSCHARIS. All of these accounting for 40% of the trade volume share.

Apart from these, locally in Warri and it's environs, some indigenous company also has some considerable share of the market such as VIO, ENDORSE, ESHITON etc.

5.1 EQUIPMENT/MACHINE

- 1. Standard water Treatment Plant.**
- 2. Reverse Osmosis System.**
- 3. Ozonator.**
- 4. Industrial Micron Filters.**
- 5. Industrial Ultra violet Sterilizer.**
- 6. Automatic bottling rinsing, filling and capping machine.**
- 7. Automatic Shrink Packing Machine.**
- 8. Online batch number printer.**
- 9. Semi-automatic PET Blowing machine.**
- 10. Storage Tanks**
- 11. Generating Set**
- 12. Desktop Computer + Printer for office use**
- 13. Office and Factory Furniture**
- 14. Safety and Protective Gears**
- 15. Delivery/Marketing Van + Branding**
- 16. Fire Fighting and Prevention Equipment**

6.1 PRODUCTION PROCESS

The various stages of the production process is as follows

- 1. Water is pumped from the borehole into the two overhead tanks of 5,000 liters each.**
- 2. Sample of water is taken to the laboratory for analysis and necessary treatment carried out. Chlorine is added to required level.**
- 3. The water passes through a series of filters outside the main building before entering the production room.**
- 4. In the production room, the water pass through ultraviolet light water purify before going into the packer and sealer.**
- 5. The automatic packer sealer fills the sachet and seals it immediately the finished packed product is removed manually into the finished product room for distribution.**

7.1 FINANCIAL SUMMARY

EXPENDITURE SUMMARY					
S/No	DESCRIPTION	UoM	QTTY	UNIT PRICE	AMOUNT
1	LAND/STRUCTURE	L/Sum	1	10,000,000.00	10,000,000.00
2	BOREHOLE/ WATER STORAGE	L/Sum	1	1,420,000.00	1,420,000.00
3	WATER TREATMENT EQUIPMENT	L/Sum	1	419,000.00	419,000.00
4	SATCHET WATER PRODUCTION MACHINE EQUIPMENT	L/Sum	1	2,200,000.00	2,200,000.00
5	VEHICLES/ GENERATOR	L/Sum	1	9,450,000.00	9,450,000.00
6	CONSUMABLES FOR SATCHET WATER PRODUCTION (6 Months)	L/Sum	1	2,731,000.00	2,731,000.00
7	LABOUR FOR SATCHET WATER PRODUCTION	Month	6	360,000.00	2,160,000.00
8	LABOUR FOR BOTTLE WATER PRODUCTION	Month	6	140,000.00	840,000.00
9	BOTTLE WATER PRODUCTION LINE	L/Sum	1	16,600,000.00	16,600,000.00
10	BOTTLE WATER CONSUMMABLES (6 Months)	L/Sum	1	5,443,500.00	5,443,500.00
11	LEGAL DOCUMENTATION	L/Sum	1	1,580,000.00	1,580,000.00
11	MISCELLANEOUS	L/Sum	1	1,500,000.00	1,500,000.00
				GRAND TOTAL=	54,343,500.00

SECTION B. REVENUE FROM SALES

ASSUMPTIONS (SACHET WATER PRODUCTION)

1	One automatic sealing machine produces 40 sachets per minute = 2,400 sachets/minute
2	20 SACHETS = 1 BAG
3	2,400 sachets = 120 bags/Hour
4	We assume that 100 bags/Hour is produced due to unforeseen circumstances
5	Assuming 1 Automatic Machine works for 4 hours/day = 400 Bags in a day
6	1 BAG = N70.00
7	THEREFORE, DAILY PRODUCTION = 400 BAGS x N70.00 = N28,000.00
8	N28,000.00 x 28 WORKING DAYS IN A MONTH = N784,000/Month
9	In one Year, N784,000 x 12Months = N9,408,000.00
10	3 MACHINES = N9,408,000.00 x 3 = N28,224,000.00

ASSUMPTIONS (50cl of BOTTLED WATER PRODUCTION)

1	20 pcs of 50cl = 1 Carton
2	DAILY PRODUCTION = 250 Cartons of 50cl (3,000 pcs)
3	1 Carton = N650.00
4	therefore, DAILY PRODUCTION = 250 Cartons x N650.00 = N162,500.00
5	N162,500.00 x 28 WORKING DAYS IN A MONTH = N4,550,000.00/Month
6	In one Year, N4,550,000.00 x 12 months = N54,600,000.00

REVENUE SUMMARY

S/N	DESCRIPTION	AMOUNT
1	REVENUE FROM SACHET WATER	28,224,000.00
2	DESCRIPTION	54,600,000.00

NET PROFIT FOR A YEAR

(subtract Total revenue from Total Expenditure)

S/No	DESCRIPTION	AMOUNT
1	TOTAL REVENUE	82,824,000.00
2	TOTAL EXPENDITURE	54,343,500.00
		28,480,500.00

CLASSWORK

**WITH YOUR UNDERSTANDING OF THE BUSINESS PLAN WE JUST PREPARED
IN CLASS, WRITE A BUSINESS PLAN FOR THE BUSINESS
YOU ARE ABOUT TO START TAKING ALL THE AREAS HIGHLIGHTED IN THE ONE
WE PREPARED EARLIER INTO CONSIDERATION**

**WHEN YOUR
BIZ HAS STARTED,
UNDERSTAND THE
FOLLOWING POINTS:**

**ONCE THE
BUSINESS HAS
STARTED YOU
NEED A NEW SET
OF SKILLS**

RECORD KEEPING SKILLS

FINANCIAL MANAGEMENT SKILLS

DELEGATION SKILLS

STRATEGIC PLANNING SKILLS

ORGANISING SKILLS

DECISION MAKING SKILLS

TEAM BUILDING SKILLS

CUSTOMER SATISFACTION SKILLS

CRISES MANAGEMENT SKILLS

YOU MUST

MARKET

THE

BUSINESS

**SUSTAIN
THE
BUSINESS**

**PUT STRUCTURES
IN PLACE- DON'T
BUILD THE BUSINESS
ON PEOPLE BUILD
IT ON STRUCTURES**

DIVERSIFY THE

BUSINESS- SEEK

MULTIPLE STREAMS

OF INCOME

NOTE:

DON'T DIVERSIFY

TOO EARLY, IT

COULD BE

DANGEROUS

**TEN CHALLENGES
TO STARTING A
BUSINESS FROM
SCRATCH**

**CONVINCING YOURSELF
DEVELOPING THE VISION &
BUSINESS IDEA
RAISING CAPITAL
ASSEMBLING THE BIZ TEAM
FINDING THE RIGHT
LOCATION**

FINDING GOOD EMPLOYEES
CONVINCING CUSTOMERS
TO ABANDON OTHER
OPTIONS
DEALING WITH COMPETITION
UNFORSEEN BIZ CHALLENGES
KEEPING UP WITH
TECHNOLOGY TRENDS

TWENTY TWO

COMMON

MISTAKES

ENTREPRENEURS

MUST AVOID

**CHOOSING THE
WRONG BUSINESS
ENTITY**

**NOT
PROTECTING
YOUR IDEA**

**CHOOSING THE
WRONG BUSINESS
PARTNERS**

NOT PACKAGING

YOURSELF AND

YOUR

PRODUCT/SERVICE

WELL

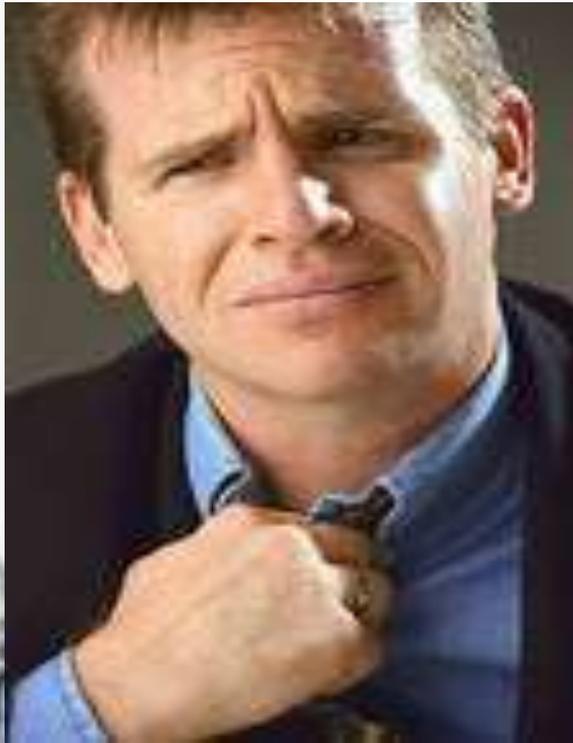
**HIRING STAFF
BASED ON
SENTIMENTS AND
EMOTIONS**

**FAILING TO TAKE
RISKS**

**GIVING UP TOO
EARLY**

**MOST OF LIFE'S
FAILURES ARE THOSE
WHO DID NOT KNOW
HOW CLOSE THEY WERE
TO SUCCESS BEFORE
THEY GAVE UP**

DON'T GIVE UP



**RELYING TOO
MUCH ON
EXTERNAL
ADVISERS**

**SERVING THE
CUSTOMER ON
ASSUMPTION**

**WRONGLY
CUTTING BACK
ON EXPENDITURE**

**RESPONDING
SLOWLY &
NEGATIVELY TO
CHANGE**

**IGNORANCE OF
YOUR
COMPETITORS
STRENGTHS**

REFUSAL TO

TRAIN YOURSELF

AND YOUR TEAM

POOR

MARKETING

STRATEGIES

POOR RECORD

**KEEPING/
/**

DOCUMENTATION

POOR HANDLING OF

FINANCE- NO

BUDGETING, NO

BOOK KEEPING,

ARBITRARY

SPENDING, ETC

**ABSENCE OF A
MISSION AND
VISSION
STATEMENT**

**WHAT IS THE
DIFFERENCE BETWEEN
VISION STATEMENT
AND MISSION
STATEMENT?**

VISION STATEMENT

IS WHERE

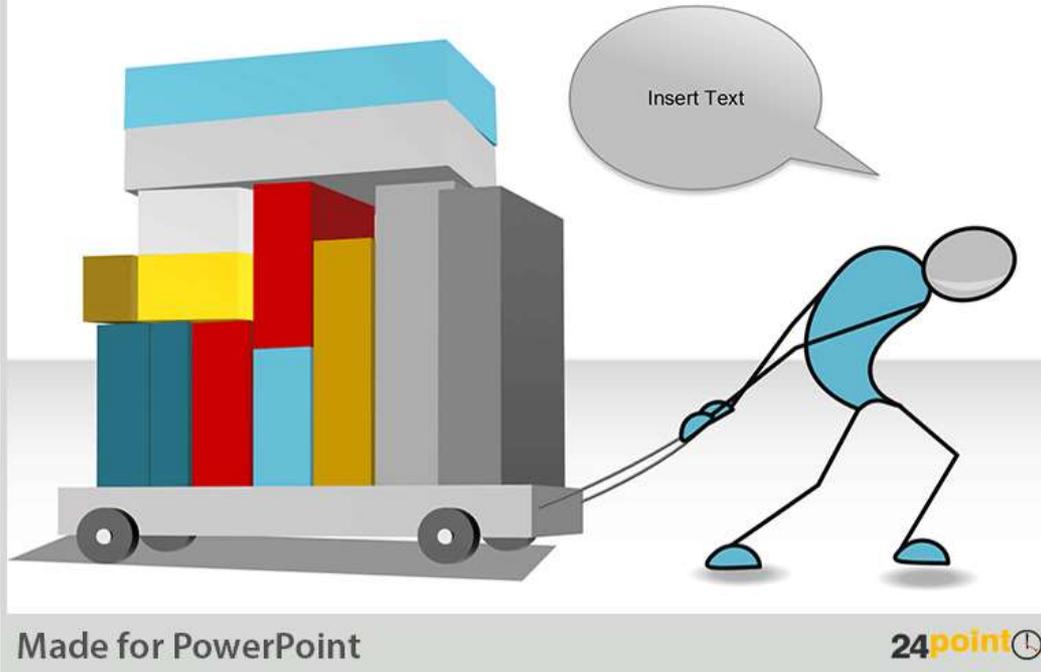
THE BUSINESS IS

GOING

**MISSION STATEMENT IS
WHAT THE BUSINESS IS**

**DOING TO GET TO WHERE
IT IS GOING**

Hard Work



Made for PowerPoint

24point!

VISION IS

DESTINATION



MISSION IS

ACTIVITY

MISSION IS

WHAT YOU DO TO

ACHIEVE YOUR

VISION

UNFORTUNATELY

MANY PEOPLE

GET CARRIED AWAY WITH

WHAT THEY ARE DOING

AND FORGET WHERE

THEY ARE GOING

SO THEY END

UP

LIKE THIS:



**MISSION WITHOUT VISION
LEADS TO CALAMITY**

OPERATING

WITHOUT

CORE VALUES

**WHEN CORE VALUES ARE
INSTILLED INTO THE STAFF
AND CLEARLY
UNDERSTOOD, IT BECOMES
THE BUSINESS CULTURE**

**OPERATING
WITHOUT A
PERSONAL
OBJECTIVE**

**UNNECESSARY AND
EXTRAVAGANT
SPENDING**

**TEN CRITICAL
FACTORS THAT
MAKE A BUSINESS
SUCCESSFUL**

1. THE RIGHT MINDSET

2. THE RIGHT IDEA

3. CAPITAL

4. A GREAT TEAM

5. THE RIGHT TIMING

6. NETWORKING

7. ADAPTABILITY

8. INTEGRITY

9. COMPETENCE

10. CUSTOMER LOYALTY

TEN REASONS BUSINESSES FAIL



1. DEFICIENT PREPARATION

2. DEFICIENT FUNDS

3. POOR MARKETING STRATEGIES

4. UNRELIABLE DEALERS

5. LACK OF CREDIBLE STAFF

6. POOR SALES

**7. LACK OF PRODUCT
DIVERSITY**

8. COMPANY REPUTATION

9. OVER-EXPANSION

10. LOCATION

TWENTY GREAT BUSINESS QUOTES FOR BUSINESS STARTERS FROM NOTABLE WORLD RENOWNED ENTREPRENEURS



**“You don’t have to be GREAT
to START, but you have to
START to be GREAT” – Bill
Gates**



. “The greatest failure is not to try. Had I listened to all the people during the course of my life who said, “You can’t. You’ll fail. It won’t work. You don’t have...,” I wouldn’t be here today.” –

Aliko Dangote



“The only thing worse than failing is not trying at all” – Mike Adenuga



“The greatest obstacle to making money is the refusal to take risks”- Mark



Money is the reward you get for taking Risks- Mark Zuckerberg



**Nothing big starts big. You
can start small, but don't
stay small- Aliko Dangote**

“You must be very patient, very persistent. The world isn’t going to shower gold coins on you just because you have a good idea. You’re going to have to work like crazy to bring that idea to the attention of people. They’re not going to buy it unless they know about it.” – Herb Kelleher

“Success is neither magical nor mysterious. Success is the natural consequence of consistently applying the basic fundamentals.” – Jim Rohn

**He who is unwilling to be
inconvenienced
Is unwilling to Be Celebrated**

**“The biggest risk a man
can take in life is not to
take any risk at all”-
Steve Jobs**

“It is better to be prepared for an opportunity that doesn’t come, than for an opportunity to come and you are not prepared for it.”

– Michael Dell

**“It is better to aim at
perfection and miss it than
to aim at imperfection and
hit it.” – Thomas Watson**

“Behind every adversity is an opportunity. If you lament over the adversity, you will miss the opportunity” - Strive Masiyiwa

“When you reach an obstacle, turn it into an opportunity. You have the choice. You can overcome and be a winner, or you can allow it to overcome you and be a loser. The choice is yours and yours alone. Refuse to throw in the towel. Go that extra mile that failures refuse to travel. It is far better to be exhausted from success than to be rested from failure.” –

Mary Kay Ash

“The most meaningful way to differentiate your company from your competitors, the best way to put distance between you and the crowd is to do an outstanding job with information. How you gather, manage and use information will determine whether



**SUCCESS IS NOT A
MATTER OF LUCK AS
MANY PEOPLE THINK.
IT IS THE RESULT OF
PLANNING, EFFORT
AND TAKING
ADVANTAGE OF
OPPORTUNITIES**

**DON'T RUN AWAY
FROM CHALLENGES
THEY ARE
OPPORTUNITIES IN
DISGUISE.**

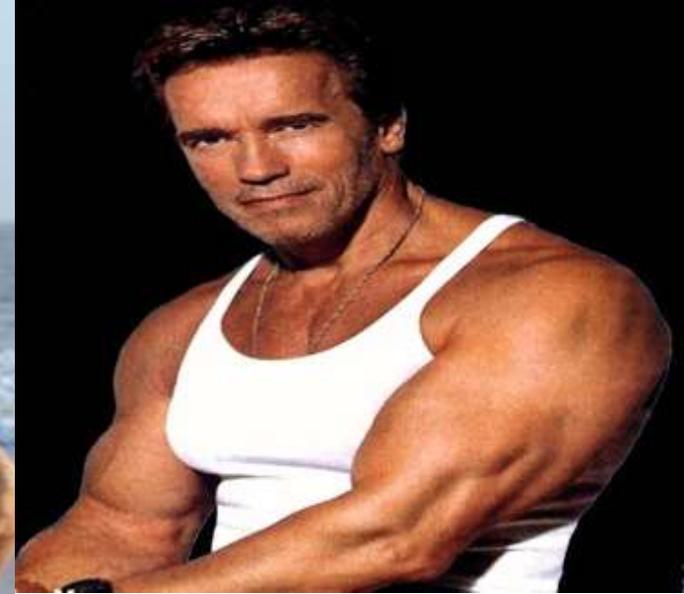
THE DOOR OF SUCCESS OPENS TO THOSE WHO PUSH HARDEST



**FAILURE IS NOT STARTING
SMALL, IT IS STAYING SMALL**

**FAILURE IS NOT FALLING
DOWN, IT IS STAYING DOWN**

**FAILURE IS NOT MAKING
MISTAKES, IT IS NOT
LEARNING FROM YOUR
MISTAKES**



**STRENGTH DOES NOT COME FROM
WINNING. YOUR STRUGGLES AND
CHALLENGES DEVELOP YOUR
STRENGTH. WHEN YOU GO
THROUGH HARDSHIPS & DECIDE
NOT TO SURRENDER, THAT IS
STRENGTH. – ARNOLD
SCHWARZENEGGER**



- “I built a conglomerate and emerged the richest black man in the world in 2008 but it didn’t happen overnight. It took me 30 years to get to where I am today. Youths of today aspire to be like me but they want to achieve it overnight. It’s not going to work. To build a successful business, you must have, tenacity of purpose”- Dangote

**I WISH YOU THE BEST
AS YOU STEP INTO THE
COMPLEX, BUT
REWARDING WORLD
OF BUSINESS**

**THANK YOU
FOR
LISTENING**

VIKNIRO VENTURES NIGERIA LIMITED

(*TRAINING *CONSULTING *HUMAN RESOURCES MANAGEMENT)

SUITE G4 ELIM PLAZA, OFF OGUNU RD, BY SHELL GATE, WARRI. DELTA STATE - 08061214116

Dear Sir,

PROPOSAL FOR ORGANISING A 5-DAY CORPORATE LEADERSHIP & PERSONAL EFFECTIVENESS TRAINING PROGRAMME FOR DIRECTORS, DEPUTY DIRECTORS AND ASSISTANT DIRECTORS OF FEDERAL MINISTRY OF ENVIRONMENT

Vikniro Ventures Nigeria Ltd is one of Nigeria's leading Training and Capacity Building Firms. We offer high quality training programmes to private and public organisations in Nigeria. Our clients include: **Delta State Government, Rivers State Government, Chevron, SPDC, NNPC and a host of others.**

We are hereby proposing to organize the above training programme for **Directors, Deputy Directors and Assistant Directors** of the Federal Ministry Of Environment with a view to improving their competence and effectiveness for the ultimate achievement of the organizations corporate objectives.

COURSE CONTENT

1. MODERN CORPORATE LEADERSHIP METHODOLOGIES
2. INTRODUCING THE CONCEPT OF TOTAL QUALITY MANAGEMENT (TQM) IN TO THE FEDERAL MINISTRY OF ENVIRONMENTS OPERATIONS.
3. STRATEGIC PLANNING - WITH FOCUS ON SHORT, MEDIUM & LONG TERM PLANNING
4. EFFECTIVELY MANAGING & MOTIVATING SUBORDINATES
5. GOAL SETTING
6. TIME MANAGEMENT
7. BEHAVIOURAL ETHICS TIPS FOR MANAGEMENT STAFF
8. PERSONAL EFFECTIVNESS AND PERSONAL ORGANISATION.

PROGRAMME DURATION- 5 DAYS

TRAINING FEE = Four Hundred And Fifty Thousand Naira Per Participant (N450,000) –
(Covers Course Materials and Certificates)

Attached is our company profile.

Yours Sincerely,

Pst Afolabi Adun
Executive Director (Training)

BEEKS FASHION & TAILORING VENTURES

(*TRAINING *CONSULTING *HUMAN RESOURCES MANAGEMENT)

SUITE G4 ELIM PLAZA, OFF OGUNU RD, BY SHELL GATE, WARRI. DELTA STATE - 08061214116

The Proprietor
Our Lady's Group Of Schools
Asaba

Dear Sir/Madam,

PROPOSAL FOR SEWING SCHOOL UNIFORM FOR YOUR STUDENTS AT CHEAPER RATE

INTRODUCTION

BEEKS FASHION & TAILORING VENTURES is a leading Tailoring business in Delta state providing high quality services to numerous clients including schools.

We are hereby proposing to offer our services to your reputable and quality school by taking over the sewing of your school uniforms.

Our prices are very reasonable and our quality is very commendable. Below are our rates:

- 1. Boys Shorts—**
- 2. Boys Shirts----**
- 3. Boys Trousers**
- 4. Girls Uniform—**
- 5. Cardigan-----**
- 6. Sports wear-----**

Please note that the above prices are negotiable and we can give discounts based on the number.

We will be grateful for an opportunity to meet with you for further discussions and also to show you some of our designs.

Please call 08061214116 for further clarifications.

Yours Sincerely

Miss Becky Odion
Director



Startup Clinic

How to Nurture Your Baby Business as a Yagaprenuer or Steprenuer.

NURTURING YOUR BUSINESS FROM ZERO TO GREATNESS ...my experience



10yrs



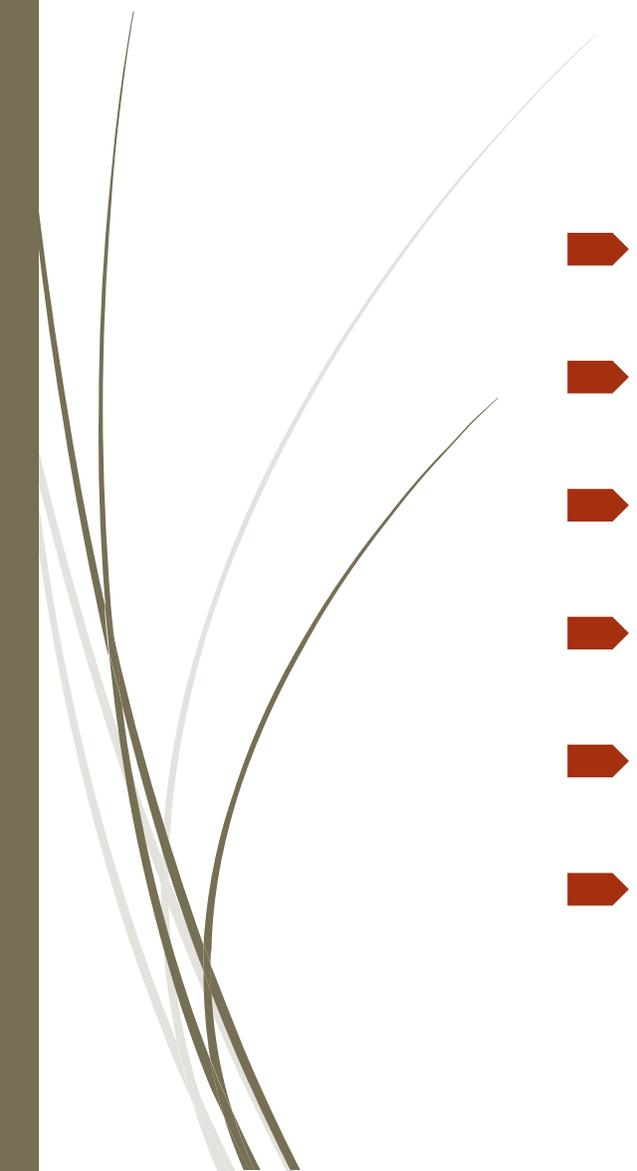


You can trust me to guide you

- ▶ I've been involved with 12 startups in the past 17 years
 - ▶ 2 social enterprises. 2 sub-nationals, 1 has gone international
 - ▶ 10 corporate businesses. 2 failed
- ▶ I took a startup from conception to expansion stage in 7 years, winning 3 industry awards along the way
 - ▶ I started with N63,000 and a borrowed laptop
- ▶ My biggest win: I revived a dead business within 4 months and it became profitable in the 6th month
- ▶ My biggest goof: I lost N6 million in 3 months
- ▶ My dream: to be responsible for Africa's biggest success stories
- ▶ Presently:
 - ▶ I am involved with 1 startup at expansion stage
 - ▶ I have successfully midwived the starting up of a Software Solution Startup. We successfully raised the startup capital required
 - ▶ I co-founding an e-Commerce Startup that is successfully generating revenues.
 - ▶ I am sitting on the board of 4 other startups already in their 4th and 2nd years. One already broke even



In this workshop

- Creating a winning Product/ Service
 - Making money from your Product/ Service
 - Importance of good record keeping
 - Managing your overhead costs
 - Raising additional funds
 - You have with it takes! WIN!!
- 



YOU MUST HAVE A PRODUCT OR SERVICE TO SELL

- *What value are you bringing to the market?*

- **Who are your major competitors?**
 - **Why do people buy from them? (their strength)**
 - **What do people dislike about their product/service? (their weakness)**
 - **What does the buyers need that none of them is doing yet? (opportunities)**
- **What can I do better than the competitors? (my strength)**
- **What are my competitors doing that I am not able to do for now? (my weakness)**
- **What are the buyers looking for that no one is doing that I can do? (my opportunities)**



Create a product/service that you are the best at and meets the need no other competitor is meeting at a price most of your buyers can afford.

EXAMPLE:

“Next day party wears” by Doriscon

“Call for choir robe” by Pretty



Learn from my mistakes

- ▶ No matter how much you believe in your product, it is as good as the market says it is
 - My C-band vs Ku-Band story in 2006
 - ▶ **No matter how great your product is, if there is no market need for it, it's a still birth**
 - My SchoolManager story in 2008
 - ▶ No matter much accolades your product receives, if no one is ready to pay good money for it, you'll soon be broke
 - My CakeApp story in 2017
- 



YOU MUST BE MAKING MONEY

- If you don't have a market, you don't have a business

➤ Who is going to buy your product/ service?

➤ Who are they?

➤ Where are they?

➤ How do I reach them?

➤ What will attract them?

➤ How much are they willing to pay?

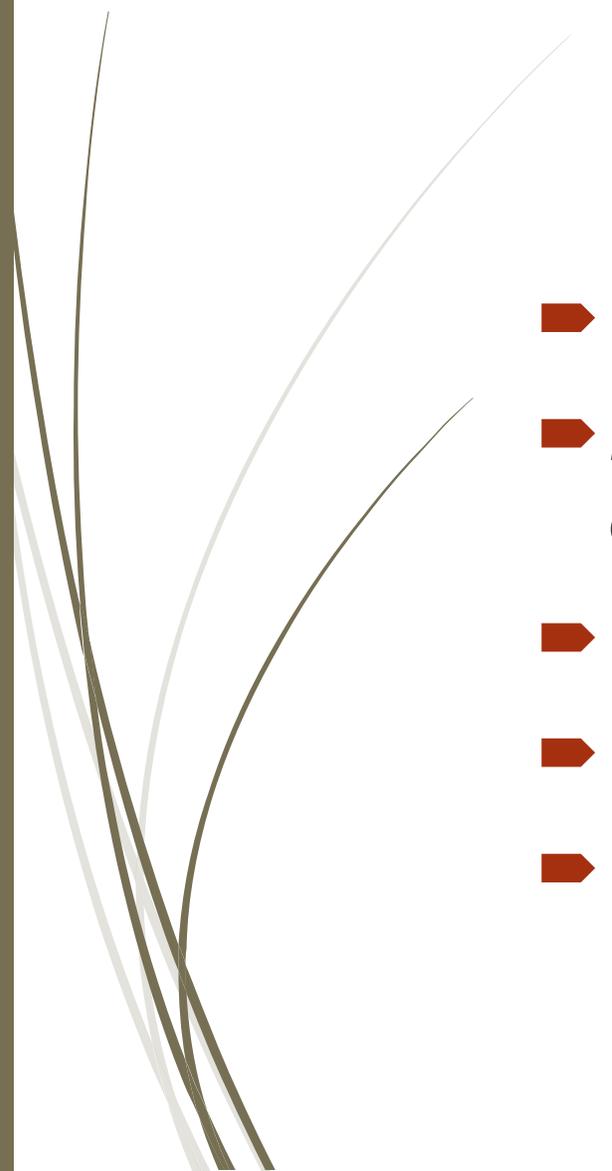
➤ *Your product cost = raw material cost + your operating cost + transport + marketing + delivery + personnel + your salary + your savings + your future investments*

➤ Go get them to buy from you now

➤ Sell to everyone that buys again and again, then again, and again...



How to start selling now!

- Package a promo to attract new buyers
 - Make group sales to your community, church, etc
 - Do door-to-door marketing
 - Do telemarketing (cold calls)
 - Use Social Media (details on next slide)
- 



Using the Social Media Advantage



- ▶ Everyone lives on the internet today
 - ▶ Facebook
 - ▶ Whatsapp
 - ▶ Instagram
 - ▶ Twitter
 - ▶ Google
 - ▶ Nairaland
 - ▶ LinkedIn
- ▶ Determine which social media platforms your buyer spend their days
- ▶ Stop throwing away your valuable time on the social media – make money with it
 - ▶ Story telling / Endorsements
 - ▶ Picture stories/ Posts/ Broadcasts
 - ▶ Page reviews
 - ▶ Paid Promotions



Learn from my success

- ▶ Never target a market you have no access to nor have capacity to serve or can neither access nor serve. It's a black-hole!
 - My iJAMB story of 2009

 - ▶ A well planned marketing campaign makes you larger than life! - LOL
 - My Syscomptech VSAT story of 2007/2008
- 



How to retain customers & repeat sales

- 
- Keep records of everyone that buys from you
 - Call them immediately after delivery to confirm they are satisfied
 - Call them sometime later to thank them for patronage
 - Send them SMS/WhatsApp on tips about your product/service
 - Offer them discount for repeat purchase
 - Offer them commission for referring a buyers



Learn from my success

- ▶ Everyone who loves your service is either a customer for life or a showroom!
- My encounter with Jide Alaiwiye, 2013
- 



YOU MUST KEEP GOOD RECORDS

- Profit & Loss at a glance
 - Areas to apply cost management
 - Follow-up on account receivables
 - Effective debt management (integrity is a capital)
 - Fund raising
 - Tips
 - Even before you start
 - Spend from the bank
 - Keep every receipt
 - Issue receipts/ invoices
 - Justify every expenditure, else don't spend
- 



Learn from my mistakes

- ▶ Keep records. Play by the book. It's all for your good.
 - My fund raising experience for Syscomptech in 2014/15
- 



KEEP YOUR OVERHEAD COST LOW

- the silent killer of small startups

- Don't spend on high capital infrastructure
 - Share
 - Rent
 - Lease
 - If you own high capital infrastructure, rent it out /share for additional revenue
 - Don't hire on impulse
 - Have a fixed term of payment that allows you business float
 - Spend from the bank
 - Pay yourself salary (not every money the company makes is yours)
 - Negotiate everything
- 



How to negotiate effectively

- ▶ Don't be in a hurry when negotiating
 - ▶ Be ready to give up something
 - ▶ Keep your eye on the big picture
 - ▶ Your biggest leverage is your integrity – start now to build it
- 



Learn from my success story

- ▶ Start as small as you possibly can! You will start faster and learn the ropes more.
 - My VSAT Business vs My SMARTCARD Business experiences
 - ▶ Never start a business without a clearly articulated and well written business plan, you will never know it when you are derailing, neither would you know what to do with your success if it comes.
 - My VSAT Industry Success story of 2008
- 



How to raise more funds for your business

- ▶ Pre-orders
 - ▶ Requires integrity
 - ▶ Don't do this unless you have control & know the business well
- ▶ Personal funds?
 - ▶ Savings
 - ▶ Liquidation of personal property
- ▶ Get an investor
 - ▶ By giving up equity (percentage ownership of your business)
 - ▶ From a friend or relative
 - ▶ Investment firms
- ▶ Loans
 - ▶ MFB
 - ▶ Other credit companies
 - ▶ Relatives



YOU ARE A WINNER!



Q & A



Anything aspect you need me to expatiate on?



START NOW!

I am here and always ready to help you get there!

Salvation Alibor

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Twitter: @salvyalibor

Skype: salvyalibor

LinkedIn: Salvation Alibor



STARTING YOUR BUSINESS WELL

BY

PST AFOLABI ADUN

AREAS TO BE CONSIDERED IN THIS PRESENTATION

- **IMPORTANT QUESTIONS YOU MUST ASK YOURSELF BEFORE STARTING BUSINESS TO DETERMINE HOW PREPARED YOU ARE.**
- **BASIC SKILLS YOU MUST DEVELOP TO BE SUCCESSFUL IN BUSINESS (IN ADDITION TO THE PRACTICAL SKILLS YOU HAVE RECEIVED)**
- **BASIC THINGS TO CONSIDER WHEN STARTING BUSINESS**
- **THE PROCESS OF STARTING A BUSINESS (STARTING WELL)**
- **SOME COMMON CAUSES OF BUSINESS FAILURE**
- **ADVICE TO BUSINESS STARTERS**

**IMPORTANT
QUESTIONS YOU MUST
ASK YOURSELF
BEFORE STARTING
YOUR BUSINESS**

IMPORTANT QUESTIONS YOU MUST ASK YOURSELF

- 1. What kind of business do I want to start?**
- 2. Do I have the required knowledge and information about this business**
- 3. Do I have the required skills and expertise that the business requires or should I get more training first or I will learn on the business?**
- 4. What **SPECIFIC** products or services will my business provide?**
- 6. Who will be my target market?**
- 7. Do I have the time and money needed to get my business started?**
- 8. What will differentiate my business idea and the products or services I will provide from others in the market? i.e What will make me stand out in the crowd.**
- 9. Where will my business be located?**
- 10. How many people will I need at the beginning? How will I get them and pay them?**
- 11. How much money do I need to get started?**
- 12. Where will I get the start up funds from?**
- 13. How soon will it take before my products or services are available?**
- 14. Who are my competitors, how many are they and how strong are they?**
- 15. How will I advertise my business better than my competitors?**
- 16. How will I market/sell my products**
- 17. How will I price my product/service compared to my competitors?**
- 18. How will I set up structures in my business to facilitate growth?**
- 19. How will I manage my business?**
- 20. How long do I have until I start making profit?**
- 21. How will I take care of my customers and make them keep coming back**
- 22. How will I cope with unforeseen circumstances and disappointments?**

**SKILLS YOU MUST
DEVELOP TO BE
SUCCESSFUL IN
BUSINESS**

SKILL-1

PERSONAL

SKILLS

Note that

Personal skills

**are not learnt in
school. You must
develop them on
your own**

PERSONAL SKILLS INCLUDE:

- **SELF DISCIPLINE**
- **SELF CONFIDENCE**
- **PUNCTUALITY**
- **SINCERITY**
- **INTEGRITY**
- **INTELLIGENCE**
- **COURTESY**
- **PATIENCE**
- **EFFECTIVENESS**
- **DETERMINATION**

SKILL-2

RISK TAKING

SKILLS

**MONEY IS THE
REWARD YOU GET
FOR TAKING RISKS**



TAKE RISKS-
THE MORE RISKS
YOU TAKE, THE
MORE YOUR
CHANCES OF
SUCCESS



**THE ONLY STRATEGY
THAT IS GUARANTEED TO
FAIL IS NOT TAKING RISKS
AT ALL.**

**THE BIGGEST RISK A MAN
CAN TAKE IS NOT TO TAKE
ANY RISK AT ALL**

OTHERS SKILLS INCLUDE

- COMMUNICATION SKILLS**
- CUSTOMER CARE SKILLS**
 - NEGOTIATION SKILLS**
- SELLING/MARKETING SKILLS**
- DECISION MAKING SKILLS**
- PROBLEM SOLVING SKILLS**

**BASIC THINGS
YOU MUST
CONSIDER WHEN
STARTING
BUSINESS**

THINGS TO CONSIDER

1. YOUR FEASIBILITY STUDY- IS THE BUSINESS IDEA VIABLE? WILL IT SELL?
2. YOUR BUSINESS NAME
3. YOUR BUSINESS LOCATION
4. YOUR BUSINESS PLAN
5. YOUR TARGET MARKET
6. YOUR MARKETING/AWARENESS STRATEGY
7. FUNDING
9. ACCOUNTING AND SIMPLE RECORD KEEPING
10. YOUR SKILLS, TRAINING AND KNOWLEDGE OF THE BUSINESS
11. YOUR ENVIRONMENT
12. YOUR LIKELY COMPETITORS
13. YOUR CASH FLOW

THE PROCESS OF STARTING A BUSINESS

STEP1- GET AS MUCH INFORMATION ABOUT THE BUSINESS YOU WANT TO START

INFORMATION REQUIRED WILL INCLUDE:

- 1. What are the requirements for starting such a business?**
- 2. Who are those already in the business and what challenges are they facing?**
- 3. Is there a ready market for this business? If yes where is the market?**
- 4. What are the **Strengths, Weaknesses, Opportunities and Threats** I can identify in relation to this Biz?**
- 5. How profitable is the business?**
- 6. What Risks are involved.**
- 7. What Pitfalls should I watch out for?**
- 8. What is the survival rate of this business**

**THE ABOVE EXERCISE IS CALLED
A FEASIBILITY STUDY**

STEP 3- WRITE A BUSINESS PLAN-

A business plan is the road map you create for your business. It identifies goals and outlines the strategies you plan to use to achieve those goals. It tells the world how you approach business and how your business approaches the world. Business plans are also a tool for fund raising and one of the ways you can show investors, bankers and other funding sources why your business is will succeed. Your business plan should describe and illustrate the vision for your business, while convincing others to assist you in attaining that vision.

**WE WILL TREAT
BUSINESS PLANS
EXTENSIVELY
LATER TODAY**

STEP 4- IDENTIFY YOUR MARKET

Assess the market by targeting the customers most likely to need your products or services. This is called Market Survey.

STEP 5. DETERMINE YOUR FUNDING NEEDS & START SOURCING FOR THE FUNDS

THE FOLLOWING BUSINESS FINANCING/FUNDING OPTIONS MAY BE CONSIDERED

- 1. PERSONAL SAVINGS**
- 2. SALE OF ASSETS**
- 3. FAMILY AND FRIENDS**
- 4. COOPERATIVES**
- 5. PARTNERSHIPS**
- 6. COLLABORATION**
- 7. MICRO CREDIT SCHEMES**
- 8. ANGEL INVESTORS**
- 9. SOFT LOANS**

STEP 6. CHOOSE A LOCATION FOR THE BUSINESS

Select a location that best fits the needs of your business, Dont just jump at any location you see. Some locations are cheap but not good for business growth.

Consider the following when choosing a location:

- 1. A place that offers opportunity for growth and expansion.**
- 2. A place where there is minimum competition**
- 3. Closeness to suppliers.**
- 4. Accessible to Customers (important).**
- 5. No security problems**
- 6. No negative reputation.**

STEP 7. REGISTER YOUR BUSINESS NAME WITH THE CORPORATE AFFAIRS COMMISSION

REGISTERING YOUR BUSINESS IS VERY IMPORTANT FOR THE FOLLOWING REASONS

- 1. It gives the business recognition with the government.**
- 2. Once your business name is registered, no one else can use that name and that helps to protect your business.**
- 3. Without your business name registered you wont be able to open a bank account for your business as all Banks require business registration certificates for this.**
- 4. Most investors will definitely want to know if the business is registered before they invest in your business or give you any form of support.**

OVERLEAF IS INFORMATION ON HOW TO REGISTER YOUR BUSINESS

REQUIREMENTS FOR REGISTRATION OF BUSINESS NAME

1. Name of the business
2. Name of Individual
3. Business address
4. Residential address
5. Valid Identity Card
6. Passport photographs
7. Business objectives
8. Registration Fee

STEP 8. LET PEOPLE KNOW WHERE YOU ARE

Now that you have gotten a location and you want to start operating from there, you have to consciously let people know that you are there. This is called **PUBLICITY**

The following should be considered:

- 1. Sign Board.**
- 2. Complimentary Card.**
- 3. Banners.**

STEP 9. LET PEOPLE KNOW WHAT YOU DO

Its not enough for people to know **where you are**, they must also know **what you are doing** and **how your products or service can benefit them**. This is called **ADVERTISING**. Then you must even go a step further to **convince them to buy what you are selling or providing**. This is called **MARKETING**.

People need to know about the business and its products and services. You must also give them reason to patronize you in the midst of alternatives.

10. INTRODUCE YOUR PRODUCT/SERVICE INTO THE MARKET

- 1. Carefully look out for what your competitors are **not** doing, not what they are doing.**
- 2. Seriously explore the possibility of reducing your prices without necessarily compromising quality (If this is possible). This will immediately attract immediate attention and patronage to your business.**
- 3. Offer incentives that your potential customers can't refuse- Mouth watering, irresistible but sensible and strategic incentives. Don't promise what you can't deliver.**
- 4. Personally contact potential customers explaining why and how your products/services are better than others and why they should leave their current service/product providers and try you out- Sell yourself**
- 5. If possible package/repackage your product to make it look more attractive than others in the market.**
- 6. Consider using the following Marketing initiatives OVERLEAF**

1. Send SMS to people you think may need your products/services informing them about your product
2. Print and hand-out your business cards
3. Advertise on street banners.
4. Join social networking websites, e.g Facebook, Twitter
5. Design a beautiful website for your business if you can afford it.
6. Target your market well
7. Take your products to trade fairs/exhibitions
8. Make and distribute flyers
10. Paste posters
11. Offer discounts on your products/services as a temporary sales measure.
12. Include contacts information on all outgoing communication. (Your phone number)
13. Advertise on Radio. You can also consider TV if you can afford it.
14. Send Proposals to specific people or organizations that need your products and services.
Don't wait for them to come
15. Beautify your business premises
16. Use word of mouth always
17. Offer quality products/services always
18. Advertise on the internet, especially on Yahoo, Facebook & Google
19. Meet and discuss with other business people at events
20. Ask your existing customers/clients to recommend you to others.
21. Use beautiful packaging for your products.
22. Offer the best product/service at a reasonable price.
23. Embrace new technology always

11. COMMENCE CUSTOMER CARE & CUSTOMER SATISFACTION INITIATIVES

With all the above in place and by the grace of God, people will start patronizing you. When this happens, you now have to embark on what we call **CUSTOMER CARE. The following will help:**

CUSTOMER CARE TIPS

POINTS TO NOTE ABOUT THE CUSTOMER

- 1. He is the business's greatest asset.**
- 2. He is the reason for the business's existence- why?- No customer, No business.**
- 3. He is the one who makes “Pay days” possible - No customer, No income, No salary.**
- 4. He is the business's most potent publicity tool- positively or negatively.**
- 5. He is doing the business a favour by patronising it.**
- 6. He has a choice – I.e. your competitors.**
- 7. The business needs him more than he needs the business.**
- 9. A satisfied and happy customer is the best way to get other customers.**
- 10. The customer is KING.**

EIGHT THINGS YOU MUST GIVE YOUR CUSTOMERS TO MAKE THEM COME BACK

- 1. Quality service or products.**
- 2. Prompt service delivery (Be fast- Don't waste their time).**
- 3. Decent, safe and secure purchasing environment.**
- 4. Courtesy, respect and regard.**
- 5. Patience and consideration**
- 6. Sincerity and integrity.**
- 7. Value for money received.**
- 8. A reason to come back in the midst of alternatives.**

CUSTOMER CARE TIPS

- 1. Make your Customers feel welcome at all times.**
- 2. Be Patient with Customers.**
- 3. Be Polite to Customers.**
- 4. Be Accessible and Available.**
- 5. Be Timely and prompt in service delivery.**
- 6. Take their Complaints and Grievances seriously and act on them fast.**
- 7. Use appropriate language.**
- 8. Show that you care.**
- 9. Provide high quality service at all times.**
- 10. Strive to exceed the customers expectations.**
- 11. Know what your competitors are doing and develop the internal competence to stay ahead of them.**
- 12. Honour your customers- let them feel appreciated.**
- 13. Treat customers with courtesy and regard**
- 14. Have a customer feedback system.- Ask them if they are satisfied with your service or product.**
- 15. Have a fast and dependable complaints resolution system.**
- 16. Have a suggestion box and customers complaints line.**
- 17. Take customers complaints seriously and act on them fast.**
- 18. Make your business environment Customer friendly**

12. PUT GROWTH STRUCTURES IN PLACE AND CHANNEL PROFITS BACK INTO THE BUSINESS

SOME COMMON CAUSES OF BUSINESS FAILURE



- 1. Wrong location.**
- 2. Inadequate cash reserves.**
- 3. Failure to understand your market.**
- 4. Failure to price your product or service correctly.**
- 5. Failure to anticipate competition**
- 6. Changes in the market place/technology.**
- 7. Uncontrolled growth.**
- 8. Over-dependence on a single customer.**
- 9. Poor customer care.**
- 10. Poor marketing**
- 11. Poor packaging of service or products.**
- 12. Excessive over head.**
- 13. Poor book keeping**
- 14. Improper accountability and no spending restrictions.**
- 15. Bad/unreliable workers**

**ADVICE
TO
BUSINESS STARTERS**

- 1. Be hardworking and committed to the growth of your business. Don't be distracted- Give it your full and maximum attention and effort. Also learn and know as much as possible about the business you are going into. Ask questions, attend seminars, check the internet if you can etc. Business success is a lot about information and knowledge. Don't take chances, ask questions.**
- 2. Ensure you operate your business legally- Register the business, pay taxes and levies as and when due, repay any loans obtained. Don't embark on illegal activities in your business, don't cheat people, don't falsify figures, don't let your business be used to perpetuate fraud and deceit.**
- 3. Try and locate your business as close to your target market as possible. The closer you are to them, the easier it will be for them to reach you and do away with your competitors. Also consider the possibility of making your prices attractive (without running at a loss). If you are cheaper and better, people will naturally gravitate towards you. You can then increase prices later. (Think about this well)**
- 4. Don't put money or profit first when you start. Put business growth first. It will bring profit**
- 5. Ensure your business place (Shop, office, workshop etc) is neat, decent and presentable at all times. Also ensure the things that represent you and your business are up to standard, attractive and they represent you well. These include your signboard, complimentary card, fliers, posters etc**

6. Bear in mind that success in business is not automatic and it is also not overnight. Don't listen to anyone who tells you otherwise. You will experience challenges, unforeseen circumstances and even failure in some cases, but don't give up or back out. Remain steadfast and focused.
7. See how you can take advantage of technology to grow your business. Don't be an analogue entrepreneur. Be as digital as possible. Use Bulk Sms, Emails, Social Media, Websites etc to publicize
8. Respond and adjust to changes as fast as possible. Timing is very important in Business.
9. Join associations, groups and cooperatives that will help move your business forward. Don't be a lone ranger. There is a lot to benefit from networking with other people.
10. You can start small but don't stay small.
11. Ensure you do your Market analysis and Risk analysis before you launch out. This will save you a lot of errors and time wasting when you eventually start.
12. Embark on aggressive but strategic publicity of your business. Let as many people as possible know your business has started and has entered the market.
13. Take Customer Care and customer satisfaction extremely serious. It's a very important condition for business success. The quality of a business is determined by the quality of its customers
14. If you must borrow, borrow for what will make the business grow, not for personal pleasure and ensure you use borrowed funds judiciously and for the purpose it was borrowed for.

15. Don't eat your profit at the beginning. Channel profits back into the business and reinvest it. Also develop a savings culture.
16. Open a bank account and keep it busy. Banks help people with **busy** accounts, not necessarily **heavy** accounts
17. If you need to employ one or two people to start with you, ensure you employ on merit not sentiments. Go for intelligent, presentable, knowledgeable and customer friendly people

TEEN THINGS

EVERY BUSINESS PERSON

MUST TAKE SERIOUSLY

CONCERNING HIS/HER

PRODUCT OR SERVICE

- 1.NEED-** IS THERE A NEED FOR THE PRODUCT/SERVICE
- 2.PUBLICITY-** STRATEGIC, TARGETED AND DELIBERATE PUBLICITY
- 3.AVAILABILITY-** ENSURE IT IS AVAILABLE TO THOSE THAT NEED IT
- 4.AFFORDABILITY-** DON'T LET IT BEYOND THE REACH OF THOSE WHO NEED IT
- 5.QUALITY-** DON'T PRODUCE OR SELL FAKE THINGS OR RENDER POOR QUALITY SERVICE- IT'S THE FASTEST WAY TO RUIN YOUR BIZ
- 6.ACCESSIBILITY-** MAKE IT EASY FOR PEOPLE TO GET TO YOU OR YOUR PRODUCTS. IF THEY DON'T COME, GO TO THEM
- 7.ALTERNATIVES-** GIVE YOUR CLIENTS ALTERNATIVES/OPTIONS
- 8.PACKAGING-**Package your product well and professionally.
- 9.CUSTOMER SATISFACTION-** Satisfied customers will always come back and will also tell others.
- 10.BRANDING-** STRIVE TO BECOME A BRAND IN YOUR FIELD AS EARLY AS POSSIBLE- STRIVE TO STAND OUT

**INTRODUCING YOUR
PRODUCT/SERVICE
INTO THE MARKET**

**THERE IS HARDLY ANY BUSINESS
YOU WILL GO INTO TODAY THAT
QUITE A NUMBER OF PEOPLE ARE
NOT ALREADY DOING. HOW THEN
WILL YOU BREAK INTO THIS
MARKET AND CAPTURE YOUR
OWN SHARE OF THE MARKET?
HERE ARE SOME TIPS FOR YOU:**

**1.CAREFULLY SURVEY THE EXISTING MARKET –
ENTRY REQUIREMENTS, TYPE OF
PRODUCT/SERVICE, ETC**

**2.CAREFULLY SURVEY THE EXISTING PLAYERS IN
THE MARKET- (SUPPLIERS, BENEFICIARIES,
REGULATORS, ETC)**

**3.CAREFULLY SURVEY THE EXISTING COMPETITORS
– THEIR STRENGTHS, WEAKNESSES, SPREAD,
METHOD OF OPERATION, PRICES, THE INCENTIVES
THEY ARE OFFERING CUSTOMERS, THEIR
SUPPLIERS, LOCATION ETC.**

4.TARGET THE SECTION OF THE MARKET THAT YOUR COMPETITORS HAVE NOT YET REACHED- DON'T STRUGGLE WITH THEM WHERE THEY ARE STRONGEST AND FULLY ESTABLISHED. THERE MUST BE A SECTION OF THE MARKET THAT HASN'T BEEN REACHED.

5.LOCATE YOUR BUSINESS IN THIS AREA THAT HAS NOT BEEN REACHED, WHILE STILL MAKING EFFORT TO MAKE AN IMPACT IN THE AREAS THAT HAVE ALREADY BEEN REACHED.

6.CAREFULLY LOOK OUT FOR WHAT YOUR COMPETITORS ARE NOT DOING, NOT WHAT THEY ARE DOING.

7.SERIOUSLY EXPLORE THE POSSIBILITY OF REDUCING YOUR PRICES WITHOUT NECESSARILY COMPROMISING QUALITY (IF THIS IS POSSIBLE). THIS WILL IMMEDIATELY ATTRACT IMMEDIATE ATTENTION TO YOUR BUSINESS.

8.EMBARK ON AGGRESSIVE BUT STRATEGIC PUBLICITY OF YOUR PRODUCTS /SERVICES

9.MOVE FROM ADVERTISING AND PUBLICITY TO FULL SCALE MARKETING- THEY ARE NOT THE SAME THING- ADVERTISING IS AWARENESS, MARKETING IS SALES

10.OFFER INCENTIVES THAT YOUR POTENTIAL CUSTOMERS CAN'T REFUSE- MOUTH WATERING, IRRESTABLE INCENTIVES

11.IF POSSIBLE WRITE PROPOSALS TO BIG POTENTIAL CUSTOMERS DETAILING WHY AND HOW YOUR PRODUCTS/SERVICES ARE BETTER AND WHY THEY SHOULD LEAVE THEIR CURRENT SERVICE/PRODUCT PROVIDERS FOR YOU – SELL YOURSELF BUSINESS TO THEM.

12.TAKE ADVANTAGE OF TECHNOLOGY AS SOON AS POSSIBLE- BULK SMS, EMAIL, SOCIAL MEDIA ETC

13. IF POSSIBLE PACKAGE/REPACKAGE YOUR PRODUCT TO MAKE IT LOOK MORE ATTRACTIVE THAN THE EXISTING ONES IN THE MARKET.

14. IF YOU CAN AFFORD IT, HAVE A PRODUCT/SERVICE LAUNCH AND INVITE PROSPECTIVE CUSTOMERS TO WITNESS IT. THIS IS A VERY FAST WAY TO LET PEOPLE KNOW ABOUT YOU AND YOUR PRODUCT, BUT IT'S EXPENSIVE.

15. PAY ATTENTION TO THINGS LIKE YOUR SIGNBOARD, BUSINESS NAME, COMPLIMENTARY CAR, LETTER HEADS ETC

**HOW TO TAKE
CARE OF YOUR
CUSTOMERS AND
TREAT THEM WELL**

**CUSTOMER CARE,
CUSTOMER
MANAGEMENT &
CUSTOMER RELATIONS**

ISSUES FOR CONSIDERATION

- UNDERSTANDING THE TERMS: CUSTOMER, CUSTOMER SERVICE, CUSTOMER SATISFACTION
- VITAL TRUTHS BUSINESS STARTERS MUST UNDERSTAND ABOUT THE CUSTOMER
- OBLIGATIONS TO THE CUSTOMER- WHAT EVERY BUSINESS OWES ITS CUSTOMERS
- TIPS FOR RELATING WELL WITH CUSTOMERS AND ACHIEVING CUSTOMER LOYALTY
- HANDLING CUSTOMER COMPLAINTS
- CUSTOMER CARE, CUSTOMER MANAGEMENT AND CUSTOMER RELATIONS

WHO IS A CUSTOMER?

A customer is any individual, group or organization that requires your services, comes to you for such services and pays for services rendered.

OR

A CUSTOMER is simply anybody or organisation that you provide services or products for with the intent of receiving payment.

WHAT IS CUSTOMER SERVICE?

Customer Service is the provision of a service to a customer.

Organizations/Business owners' must put in place a framework that will enable all staff to work towards delivering excellent and professional service to the business' customers.

WHAT IS CUSTOMER SATISFACTION?

Customer Satisfaction measures what people think or how they feel about the services they were provided i.e how satisfied are the customers in relation to the services provided by the business.

VITAL TRUTHS BUSINESS OWNERS MUST ACCEPT ABOUT THE CUSTOMER



VITAL TRUTHS YOU MUST ACCEPT ABOUT THE CUSTOMER

- **HE IS THE BUSINESS GREATEST ASSET.**
- **HE IS THE REASON FOR THE BUSINESS EXISTENCE**
- **HE IS THE ONE WHO MAKES “PAY DAYS” POSSIBLE- NO CUSTOMER! NO INCOME!**
- **HE IS THE BUSINESS’S MOST POTENT PUBLICITY TOOL**
- **HE IS CONNECTED TO AT LEAST TWENTY OTHER POTENTIAL CUSTOMERS**
- **HE IS DOING THE BUSINESS A FAVOUR BY PATRONISING THE BUSINESS SINCE THERE ARE OTHER BUSINESSES HE COULD HAVE GONE TO FOR THE SAME SERVICE**
- **HE HAS A CHOICE OR CHOICES (YOUR COMPETITORS)**
- **YOUR BUSINESS NEEDS HIM MORE THAN HE NEEDS YOUR BUSINESS**
- **A SATISFIED AND HAPPY CUSTOMER IS THE BUSINESSSS BEST PUBLICITY MATERIAL**
- **HE CAN RUIN OR ENHANCE THE BUSINESS’S REPUTATION WITH HIS MOUTH**
- **ANY ORGANIZATION THAT WANTS TO STAY AFLOAT IN THIS HIGHLY COMPETITIVE BUSINESS CLIMATE, MUST TAKE ITS CUSTOMERS SERIOUSLY.**

TEN OBLIGATIONS EVERY BUSINESS OWES ITS CUSTOMERS

- **EFFICIENT SERVICE- QUALITATIVE AND TIMELY SERVICE.**
- **NEAT, SAFE AND SECURE OPERATING ENVIRONMENT.**
- **COURTESY**
- **PATIENCE**
- **CONSIDERATION**
- **SINCERITY**
- **VALUE FOR MONEY RECEIVED**
- **CONFIDENTIALITY**
- **RESPECT AND REGARD**
- **A REASON TO COME BACK IN THE MIDST OF ALTERNATIVES**

TIPS FOR RELATING WELL WITH CUSTOMERS



Because your competitors are not sleeping, your customers will always have choices, consequently you must do everything possible to ensure that in spite of the numerous choices available to the Customers, they stay with your Business. Here are some tips for achieving this:

1. BE PERSONABLE AND CONNECT WITH CUSTOMERS

- Listen more than you talk
- Be extremely patient with customers
- Put yourself in their shoes

2. USE APPROPRIATE LANGUAGE

Watch your

- language
- choice of words,
- Your tone
- Body language
- mannerisms

when interacting with customers

3. SHOW THAT YOU CARE:

4. Provide high quality service at all times.

5. Strive to exceed the Customers expectations.

6. Know what your competitors (other Businesses) are doing and develop the internal competence to stay ahead of them.

7. Honour your Customers – Let them feel genuinely appreciated.

8. Treat Customers as they would want to be treated. If you are not sure how they would want to be treated, treat them as you would want to be treated if you were in their shoes.

9. Have an efficient Feedback system:- There must be a way of knowing what your Customers feel and think about your Business.

10. Have a fast and dependable Complaints Resolutions

11. Periodically circulate FEEDBACK forms to Customers

SIX SPECIFIC THINGS EVERY BUSINESS MUST DO TO IMPROVE CUSTOMER SERVICE

- 1. Make the Customers feel welcome at all times**
- 2. Be Patient with Customers**
- 3. Be Polite to Customers**
- 4. Be Accessible and Available**
- 5. Be Timely and prompt in service delivery**
- 6. Take their Complaints and Grievances seriously**

COMPLAINTS MANAGEMENT (Handling/Resolving Customers Complaints)

WHAT IS A COMPLAINT?

- Any reservation or expression of dissatisfaction made by a service recipient or service user in relation to the service provided. It is usually as a result of a failure of the service provider to provide the level and quality of service expected by the service recipient.

A complaint could be received in:

- **Writing** – Filling a complaints form, writing a letter, email, etc.
- **Verbally** – One to one discussion or over the Telephone, or electronic media

FACILITATING COMPLAINTS

The first step in handling Customers complaints is to provide opportunities and avenues for Customers to complain and voice their reservations / dissatisfaction. To do this, it is recommended that Business do the following:

- **HAVE A COMPLAINTS/SUGGESTION BOX PLACED CONSPICUOUSLY IN THE BUSINESS RECEPTION AND ENCOURAGE CUSTOMERS TO USE THEM.**
- **PERIODICALLY CIRCULATE FEEDBACK FORMS/QUESTIONNAIRES TO CUSTOMERS**
- **BUSINESS OWNERS SHOULD INTERACT REGULARLY WITH THE CUSTOMERS WITH A VIEW TO GETTING CUSTOMERS IMPRESSIONS, OBSERVATIONS AND RESERVATIONS AND DISSATISFACTION, AND ADDRESSING THEM IMMEDIATELY**
- **HAVE A CUSTOMERS COMPLAINTS PHONE LINE WHICH CUSTOMERS CAN CALL IN CASE OF ANY RESERVATIONS OR COMPLAINTS.**

TEN CUSTOMER MANAGEMENT TIPS

- 1. Make Excellent Customer Service a top Priority**

TEN CUSTOMER MANAGEMENT TIPS

2. Have your Customers in mind as you engage in strategic planning

TEN CUSTOMER MANAGEMENT TIPS

3. Encourage and reward your employees for positive actions they take in relation to customer care

TEN CUSTOMER MANAGEMENT TIPS

4. Create a goal and vision for your company

TEN CUSTOMER MANAGEMENT TIPS

5. Create a Plan or customer management strategy

TEN CUSTOMER MANAGEMENT TIPS

- 6. Create a plan that will excite the customers.**
- 7. Get advice from people that know your customers well and seek feedback from your customers.**
- 8. You should also strive to give your customers incentives and bonuses just to keep them happy. Try initiating a customer loyalty program.**

TEN CUSTOMER MANAGEMENT TIPS

- 9. Put your customers first in everything you do.**
- 10. Always remember that “The customer makes Pay days possible”**

**HANDLING VERBAL
COMPLAINTS MADE BY
CUSTOMERS**

- **DON'T ARGUE WITH THE CUSTOMER ON THE SPOT.**
- **GET THE DETAILS OF THE COMPLAIN-GET ALL THE NECESSARY INFO.**
- **APOLOGIZE TO THE CUSTOMER ON THE SPOT EVEN IF YOU THINK HE DOESN'T DESERVE IT. DON'T INVESTIGATE BEFORE APOLOGIZING.**
- **PROMISE TO DO SOMETHING ABOUT THE PROBLEM OR SITUATION.**
- **ADDRESS THE COMPLAINT AS SOON AS POSSIBLE – CORRECT THE SITUATION.**
- **CHECK IF THE CUSTOMER IS NOW SATISFIED- OBTAIN FEEDBACK**
- **TAKE STEPS TO PREVENT A RE-OCCURRENCE**
- **INFORM YOUR SUPERIOR FOR RECORD PURPOSES AND TO ASCERTAIN IF YOU ADDRESSED THE SITUATION THE RIGHT WAY. (DON'T KEEP CUSTOMERS COMPLAINTS TO YOURSELF)**
- **IF YOU HAVE THE CUSTOMERS PHONE NUMBER, SEND A TEXT MESSAGE FURTHER APOLOGIZING AND PROMISING THAT THERE WONT BE A RE-OCCURRENCE.**

**STRIVE TO BECOME A
BRAND- MAKE YOUR
BUSINESS STAND OUT**

BRANDING

**BRANDING SIMPLY
MEANS STANDING OUT
IN THE CROWD.
BECOMING A
REFERENCE POINT**

SOFT DRINK



COCA COLA

ROAD

CONSTRUCTION



JULIUS BERGER

NODDLES



INDOMIE

CARS

TOYOTA



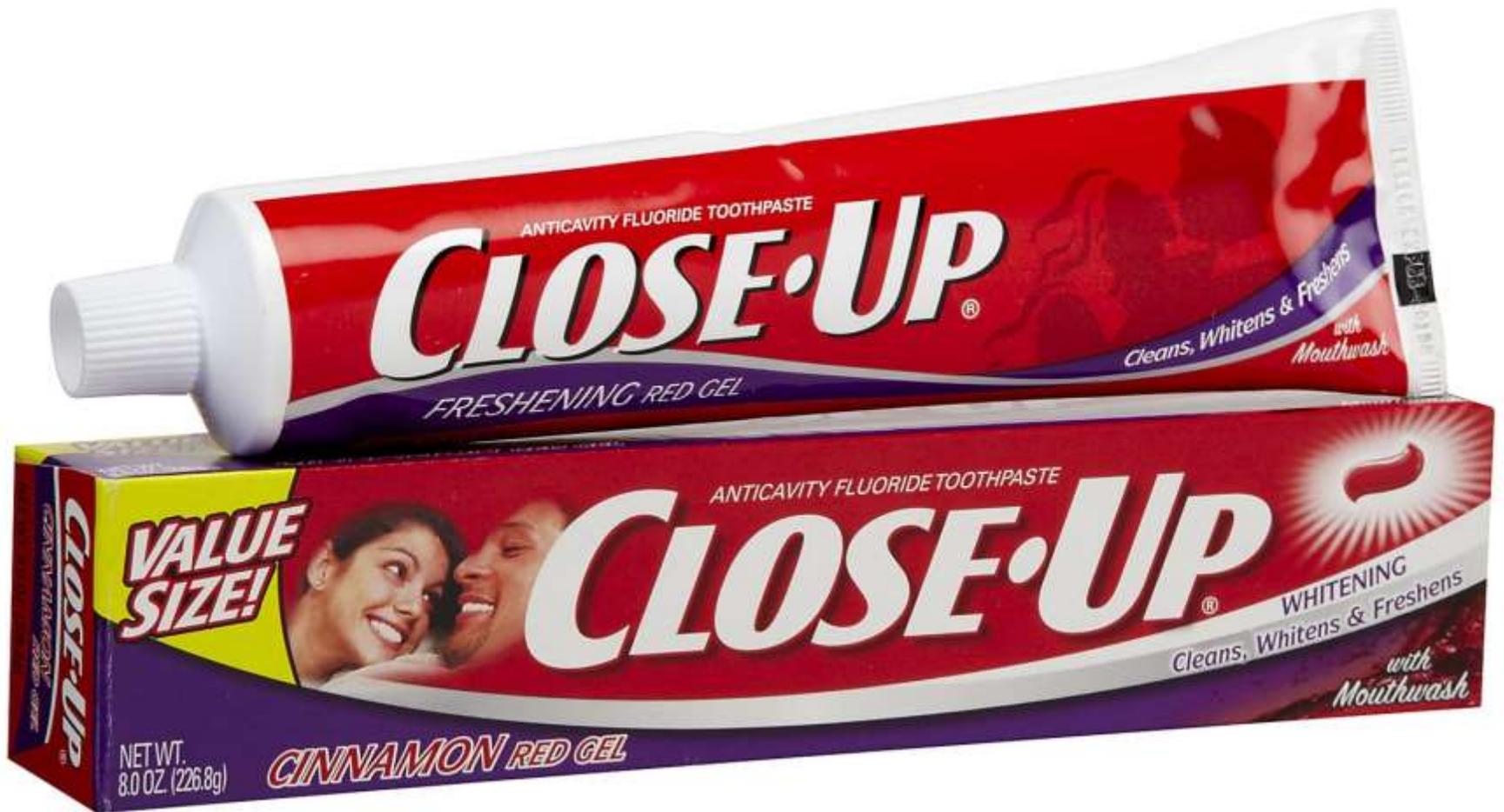
ELECTRONICS

SONY/LG/ PANASONIC



TOOTH PASTE

CLOSE-UP



TEA

LIPTON



SOFTWARE



Microsoft[®]



Microsoft[®]



Microsoft[®]

PHONES



SAMSUNG/NOKIA

**YOU TOO CAN MAKE
YOUR BUSINESS
A BRAND AND A
HOUSEHOLD NAME.**

BRANDING TAKES

- **COMMITMENT TO QUALITY**
- **DETERMINATION**
- **SERIOUS EFFORT**
- **REFUSAL TO COMPROMISE
STANDARD**

**THANK
YOU FOR
LISTENING**



**DIRECTORATE OF YOUTH MONITORING
AND MENTORING,
DELTA STATE**

MENTORSHIP FOR BUSINESS START-UP AND GROWTH

A PRESENTATION BY

- **DIRECTORATE OF YOUTH MONITORING AND MENTORING
(DYMM)**

OUTLINE

- **Background Information**
- **About Us**
- **Introduction to Business Mentoring**
- **Mentoring Session of Financial Literacy Skills**
- **Conclusion**
- **Questions**

BACKGROUND INFORMATION

S.M.A.R.T

Strategic Wealth Creation Projects and Provision of Jobs for all Deltans

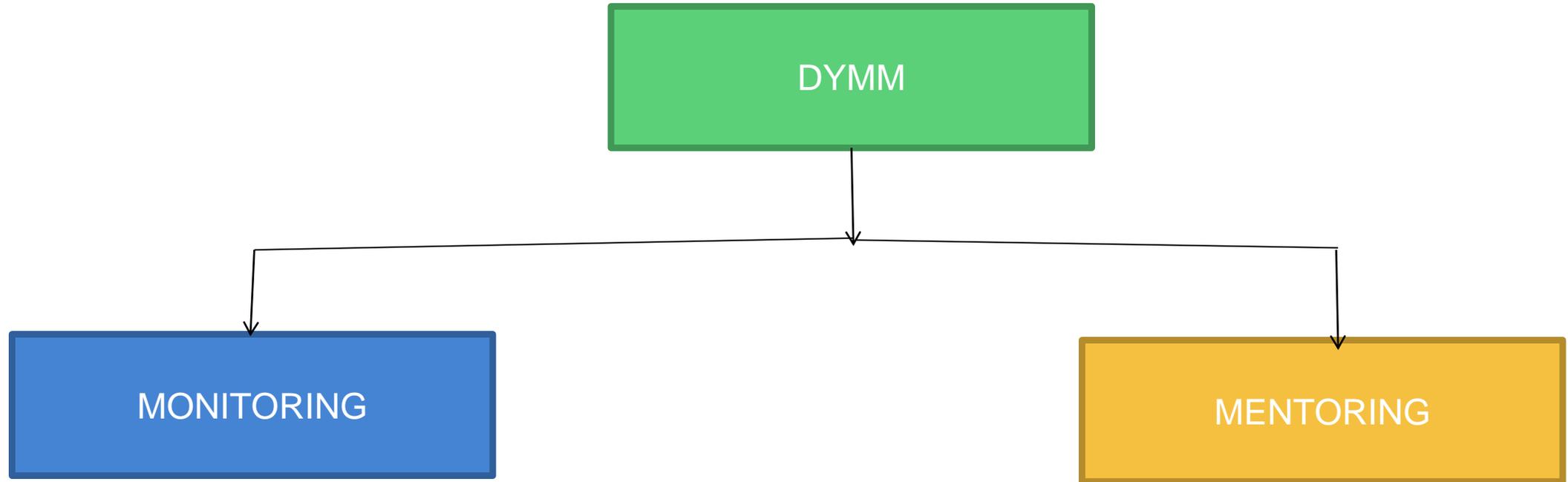
Meaningful Peace Building Platforms aimed at Political and Social Harmony

Agricultural Reforms and Accelerated Industrialisation

Relevant Health and Education Policies

Transformed Environment through Urban Renewal

ABOUT US



Who is a mentor?

- A mentor is a “trusted counselor or guide”.
- A mentor shares knowledge and life experiences.
- A mentor may be older or younger than the person being mentored.
- A mentor must have an area of expertise
-

WHO IS A MENTEE?

A person who is advised, trained, or counselled by a mentor.

What is the Business mentoring?

- Mentoring is defined as a professional relationship in which a more experienced businessman (the mentor) supports and encourages a less experienced businessman (the mentees) to develop specific skills and knowledge that will maximise their business potential and improve their performance.

-

Benefits of Business Mentoring to a mentee

- Reducing the levels of risks in decision making
- Opening of more business opportunities
- Making business progress more quickly
- Focusing more energy on the important issues
- Acquiring knowledge, skills, work ethics
- Being held accountable
- Being challenged to do better.

MENTORRING SESSION ON FINANCIAL LITERACY SKILLS

Financial Literacy Skills



Money is power

Financial Literacy

Without financial literacy
and the knowledge of
how money works, you
can't make money



WHAT IS FINANCIAL LITERACY?

Financial literacy is the set of skills and knowledge that allow you to understand:

 The financial principles you need to know to make informed financial decisions, and

 The financial products that impact on your financial well-being.

SOME AREAS OF NOTE IN FINANCIAL LITERACY SKILL BUILDING:

- **Understanding the key financial products** you may need in your business – including bank accounts, stocks etc
- **Understanding basic financial concepts** like interest rate, investment return, risk, diversification and so on
- **Understanding money and financial issues** – even if you don't really like to talk about them

SOME BASIC TIPS:

✎ Rule 1 in financial literacy:

“Live below your means.”

In other words, ***do not spend every penny you make.***



SOME BASIC TIPS:

✎ Rule 2 in financial literacy:

“Always have a budget!”

Practice the discipline of sticking to your plan with minimal adjustments



SOME BASIC TIPS:

✍️ Rule 3 in financial literacy:

“Stop impulsive buying!.”

Never buy until you’ve had time to determine how the expense will fit into your spending plan



SOME BASIC TIPS:

Tips on things not to borrow for such as:

Never borrow to repay debt

Never borrow to buy a gift

~~Never borrow to finance for comfort & pleasure e.g.
clothes, drinks etc~~

Never borrow to finance uncompleted projects that will not yield any income

Never borrow to finance items that cannot be used to generate income

SOME BASIC TIPS:

Tips on Investment Management Decision:

When making profit, increase the activities that lead to profit

When making losses, stop the activities that lead to losses
completely

Always direct resources and energies to profitable ventures

Never borrow to finance items that cannot be used to generate income

COPING WITH FINANCIAL CHALLENGES

Accept that your financial crisis is real — it will not go away on its own except it is dealt with.

Avoid making any new credit purchases.

Adjust your spending habits and cut expenses.

Encourage additional family members to look for employment.

BUSINESS DON'T

- The Business of Business is Business
- Don't rely on trust – tighten loosed ends, sign MOUs

Follow the finance – be signatories to the accounts of all your business concerns

CONCLUSION

- **THERE IS NO FREE LUNCH IN LIFE!.”**

-
- **Do something, get something. Do nothing, get nothing.**

Thank you!

BASIC BUSINESS RECORDS AND ACCOUNTS PART 1

A PRESENTATION TO BENEFICIARIES OF DELTA STATE JOB CREATION PROGRAMME (YAGEPRENUERS & STEPRENUERS)

BY MR. BENSON OJOKO (FCA)

The term “record keeping” refers to the orderly and disciplined practice of storing business records. Record keeping is one of your most important responsibilities as a small business owner. The success of your business depends on creating and maintaining an effective record system, whether your business is a sole proprietorship, partnership, or corporation. Without good records it is impossible to determine the financial condition or profitability of a business.

Record keeping ranges from simple file folder systems to complex on-line electronic systems. Whether simple or complex, a record keeping system must be easy to use and provide adequate storage and retrieval of records. Most importantly, the record keeping system you choose must be suited to your particular business needs. The type, size, and complexity of your business, as well as your business' available resources, will help to determine the record keeping system best suited to you and your business

Large and medium-size companies have internal accounting personnel and sophisticated records and systems to guide management. On the other hand, the owner of a small business usually relies primarily on himself/herself, a bookkeeper and an outside accounting firm to maintain the company's records and provide guidance.

Therefore, the small business owner should be familiar with, and recognize the importance of, proper record keeping and accounting requirements.

Record keeping and why it is necessary

Complete and accurate **financial record keeping** is crucial to your business success for a number of reasons. Record keeping is not solely about fulfilling regulations or legal requirements. Record keeping is also about understanding your business, now and in the future. Reasons why you should keep good records include;

- a) Good records provide the financial data that help you operate more efficiently, thus increasing your profitability.
- b) Detail Tracking - Owning a small business will require you to track a significant amount of information, such as customers, sales, and inventory. Without a proper record keeping system, you may lose sight of important

business details, leading to problems with serving your customers. If you do not know details about your customers, such as who your customers are and what your customers like, your business may not be able to meet buyer demands. You risk disappointing a customer, maybe losing that customer forever. Staying informed of customers, their orders, and the inventory to provide for their purchases is challenging. Without a proper record keeping system, tracking important details of your business may be impossible.

c) Planning Proper record keeping helps to plan your business' future. How does a business owner who fails to track his customers determine inventory needs for the next quarter, year, or longer? For example, what if you own a clothing store? Clothing store owners must anticipate the need for inventory throughout the year, due to seasonal cycles. By knowing if and when inventory will be needed, you can anticipate the need to finance inventory. You also can avoid carrying too little or too much inventory, such as extra swimsuits into the fall season.

d) Legal Compliance. As an owner, you will likely execute contracts and be required to hold various licenses and permits. As an employer, you will be required to maintain and report employee payroll for tax purposes.

e) Accurate and complete records enable you, and your accountant, to identify all your business assets, liabilities, income and expenses. That information, when compared to appropriate industry averages, helps you pinpoint both the strong and weak phases of your business operations.

f) Good records are essential for the preparation of current financial statements, such as the income statement (profit and loss) and cash-flow projection. These statements, in turn, are critical for maintaining good relations with your banker/lenders. They also present a complete picture of your total business operation, which will benefit you as well.

g) Good records are critical at fulfilling your tax responsibilities to Federal, State and Local Government. Poor records could cause you to underpay or overpay your taxes. In addition, good records are essential during an IRS audit, if you hope to answer questions accurately and to the satisfaction of the IRS.

What good record tell you

Here are just some of the questions that might be considered in assessing your record keeping needs:

- How much income are you generating now and how much income can you expect to generate in the future?
- How much cash is tied up in accounts receivable (and thus not available to you) and for how long?

- How much do you owe for merchandise? Rent? Utilities? Equipment?
- What are your expenses, including payroll, payroll taxes, merchandise, advertising, equipment and facilities maintenance, and benefit plans for yourself and employees (such as health insurance, retirement, etc.)?
- How much cash do you have on hand? How much cash is tied up in inventory? What is your actual working-capital budget?
- How frequently do you turn over your inventory? Which of your product lines, departments or services are making a profit, which are breaking even, and which are financial drains?
- What is your gross profit? What is your net profit? How do all of the financial data listed above compare with last year - or last quarter? How do they compare with the projections in your business plan?
- How do all the financial data compare with those of your competitors? With those of the industry?

It is essential that you try to determine the precise financial condition of your business. It is as critical as maintaining good customer relations.

Good *record keeping* is time-consuming and can take away from the time you need to run your business. However, as shown above, it is essential.

Basic record keeping systems

A basic *record keeping system*, whether on paper or an off-the-shelf computer software program, should be simple to use, easy to understand, reliable, accurate, consistent and designed to provide information on a timely basis. It generally needs:

- A basic journal to record transactions (receipts, disbursements, sales, purchases, etc.)
- Accounts receivable record
- Accounts payable records
- Payroll records
- Petty cash records
- Inventory records

Your accountant can develop the entire system most suitable for your business needs and train you in maintaining these records on a regular basis. These records will form the basis of your financial statements and tax returns.

Common Record Keeping Tools

Start your business with a simple record keeping system. As your business grows, expand your record keeping system to accommodate more records and increasing complexity.

- (a) Paper Based - Sometimes, the simplest system is the best, especially when first starting out. For example, file folders, Cabinet Storage etc
- (b) Computer based - While most businesses will need to maintain some form of paper-based record keeping, computer-based systems are becoming the norm. Implement computer-based systems over time as you become more comfortable with computer record keeping. With computer systems, your records will take less space and can be transmitted over the Internet. Many businesses and government agencies will allow you to purchase goods, apply for licenses and pay fees over the internet. Remember, back up computer system records to separate hard drives daily, at a remote location if possible.

© Cloud Computing - As an alternate or to supplement paper-based and computer systems, one more option is becoming increasingly available: cloud computing. You use cloud computing to store, manage, and process data on the internet, rather than using a local personal computer. The advantages of cloud computing are that 1) you don't need to install software upgrades; 2) you are less likely to lose your data because of computer crashes; and 3) you can access your information (such as financial information) from any location that has access to the internet.

Business Software

Regardless of whether you use a computer system, cloud-based computing, or a combination of the two, you will need to think about business software to help keep your records. When choosing software, it is a good idea to determine your particular business needs.

Cash flow basics

To be competitive, small business owners must prepare for all future events and market changes. One of the most important aspects of such preparation is **cash flow planning**. Failure to properly plan *cash flow* is one of the leading causes for small business failures.

Experience has shown that many small business owners lack an understanding of basic accounting principles. Knowing the basics will help you better manage your cash flow. There are also self-instruction guides from which you can obtain a more thorough knowledge of accounting.

The operating cycle is the system through which cash flows, from the purchase of inventory through the collection of accounts receivable. It measures the flow of assets into cash. If your operating cycle from the purchase of supplies through the collection of receivables totals 180 days, this is the amount of time which you must finance.

Since capital providers, such as lenders, require a return on their investment, this financing will, of course, bear interest. The longer your operating cycle, the higher your financing cost will be. It is important to analyze your operating cycle and forecast your cash needs to minimize the amount which must be financed without running short of cash.

Cash flow analysis should show whether your daily operations generate enough cash to meet your obligations and how major outflows of cash to pay your obligations relate to major inflows of cash from sales.

As a result, you can tell if inflows and outflows from your operation combine to result in a positive cash flow or in a net drain. Any significant changes over time will also appear. Understanding this will lead to better control of your cash flows and will allow adequate time to plan and prepare for the growth of your business.

It is best to have enough cash on hand each month to pay the cash obligations of the following month. A monthly cash-flow projection helps to identify and eliminate deficiencies or surpluses in cash and to compare actual figures to past months.

When cash-flow deficiencies are found, business financial plans must be altered to provide more cash. When excess cash is revealed, it might indicate excessive borrowing or idle money that could be invested. The objective is to develop a plan that will provide a well-balanced cash flow.

Aiming for positive cash flow

To achieve a *positive cash flow*, you must have a sound plan. Your business can increase cash reserves in a number of ways:

Collecting receivables: Actively manage accounts receivable and quickly collect overdue accounts. Revenues are lost when a firm's collection policies are too passive. The longer your customer's balance remains unpaid, the less likely it is that you will receive full payment. Conversely, the faster you collect on your receivables, the shorter your operating cycle will be.

Tightening credit requirements: As credit and terms become more stringent, more customers must pay cash for their purchases, thereby increasing the cash on hand and reducing uncollectable accounts. While tightening credit is helpful in the short run, it may not be advantageous in the long run. Looser credit allows more customers the opportunity to purchase your products or services. Any consequent increase in sales should be measured against a possible increase in uncollectable accounts which could result in bad debt.

Adjusting the price of products: Many small businesses fail to make a profit because they erroneously price their products or services. Pricing is the critical

element in achieving a profit and maintaining positive cash flow. Before setting your prices, you must understand your product's market, distribution costs and competition. Remember, the marketplace responds rapidly to technological advances and international competition. Monitor all factors that affect pricing on a regular basis and adjust as necessary.

Taking out short-term loans: Loans from various financial institutions are often necessary for covering cash-flow problems. Revolving credit lines and equity loans are common types of credit used in this situation. Such loans must not be taken to finance unrealistic expenses.

Increasing your sales: Increased sales would appear to increase cash flow. However, if large portions of your sales are made on credit, when sales increase, your accounts receivable increase, not your cash. Meanwhile, inventory is depleted and must be replaced. Because receivables usually will not be collected until, say, 30 days after sales, a substantial increase in sales can quickly deplete your firm's cash reserves. A computer can facilitate tracking this critical data, as well as speed the time required to consider "what if" scenarios.

Managing your expenses: Watch your expenses carefully. It makes sense to pay early if your suppliers offer a discount for early payment. If no discount exist and the supplier allows you 30 days to pay, take advantage of the 30 days and do not pay in 5. However, beware of penalties for late payment and the potential impact on your credit rating. You should monitor your expenses to make certain they are necessary and reasonable in amount.

Your cash reserve

You should always keep enough *reserve cash* on hand to cover expenses and as an added cushion for security. However, it is unwise to keep more money on hand than is necessary. Excess cash should be invested in an accessible, interest-bearing, low-risk account, such as a savings account, short-term certificate of deposit or Treasury bill. Keeping excess cash on hand limits both your growth and the return on your investment.

Basic Business Records and Accounts Part II

Accounting

Accounting is the process of recording the financial transactions of your business. In every business, money comes in and money goes out.

Accounting is nothing more than tracking the when, who and how much of money flowing through your business, and then reporting it. It's that simple. See? Nothing to be afraid of!

Accounting is further defined as "a systematic process of identifying, recording, measuring, classifying, verifying, summarizing, interpreting and

communicating financial information.” It reveals profit or loss for a given period, and the value and nature of a firm's assets, liabilities and owners' equity.

Key Accounting Terms to be familiar with

Assets & Liabilities Both words, assets and liabilities appear on your Balance Sheet.

An asset is anything your business owns. Examples are cash (money in the bank), accounts receivable, inventory, a loan to an employee, equipment - any tangible thing that your company holds. The cost of an asset is not deducted on your Profit & Loss Statement.

A Liability is something you owe to someone else. Examples are accounts payable, equipment loans, tax liabilities – basically anything you owe. Unless liabilities exist for a specific or strategic reason, you want to keep them to a minimum. The payment of a liability is not deducted on your Profit & Loss Statement.

To win in the game of business, you want to grow your assets and shrink your liabilities.

Owner's equity This is the difference between assets and liabilities, and represents the total value of your business. It includes the capital you and others paid into the company, shares you've issued, dividends paid, and the earnings you've retained from operating your business.

Expenses: Expense accounts track how much you spend. They arise from buying and maintaining assets, paying off liabilities, and paying yourself a salary or draw. When expenses exceed income, you are losing money. Losses are paid for by equity (defined later). Too many expenses in excess of income, and you're out of business.

Income: This is the money your business earns by providing products and/or services. It also includes any interest you earn on your excess cash and the dividends you receive by holding the stock of other businesses.

Gains: You record a gain when you sell an asset, other than inventory, for more than its purchase price. An example of a gain would be the sale of equipment for more than its original cost.

Losses: Losses occurs when you sell a non-inventory asset for less than cost. An

example would be if your company sold off a vehicle for less than its depreciated salvage value.

Debit & Credits: Debits & Credits are accounting-specific words, and represent entries in your General Ledger (the chronological list of every financial transaction in your "books"). Credits appear on the right side, and Debits appear on the left side of your General Ledger. For every value posted as a Credit, there must be a balancing entry posted as a Debit. Unless you are in the accounting business, this is all you need to know about this.

Double-Entry Accounting Double-Entry Accounting is also known as "Real" Accounting. Double-entry simply shows both sides of any transaction.

Why it matters...

Every financial move you make affects your Balance Sheet. Double-entry accounting assures that every transaction is completely recorded to maintain balance.

Income Statement (aka Profit & Loss, P&L) Your income statement reports your income and expense results from business operations for a set period of time. It tallies the income you bring in and the expenses that go out. This report is commonly produced on a monthly basis, and again on a quarterly basis. An annual income statement, along with other financial reports, will be used to produce your annual income tax return. It can be generated to display this year's period next to last year's for comparison purposes. It's the bottom-line indicator of how your business did for the period chosen.

General Ledger Your General Ledger is the recording of all your debits and credits.

Trial Balance: This is the list of balances extracted from the general ledger

Balance Sheet We all want to know how we're doing, right? Your Balance Sheet is a snapshot of your business' financial position at a given point in time. It represents the balances of Asset, Liability and Equity accounts on the day it is generated, and results in the business Net Worth. It provides a picture of how liquid and solvent (flush with cash) your business is or isn't; how burdened with debt your business is; and what equity the business holds. Many banks will analyze a business' balance sheet to determine whether or not they will extend financing.

Fixed Costs Fixed costs are expenses your business incurs on a regular basis that don't fluctuate month to month with sales. Rent, internet and phone bills are examples of fixed costs. Sometimes you might hear these costs being referred to as "overhead" or "general & administrative" expenses. Bottom-line, it's a cost that is fixed, and it won't change based on products or services you sell or don't sell.

Variable Costs Variable costs are the opposite of fixed costs. They are costs that are directly related to the volume of your business operations. For example, if you manufacture and sell wooden sheds, then the amount you spend on wood goes up and down based on how many sheds you sell. This cost for wood is a variable cost because it changes based on your business needs. Tied to sales are commissions, shipping, royalties, etc. Marketing and advertising can be a variable expense if they are not contractually constant and season or situational in nature. Get it? Expenses that can vary are variable!

Owner's Equity As the owner of a business, you basically own the assets inside that business. The equity of the assets in the business is comprised of the total value of the assets, minus the total value of liabilities. What's left over is called equity. As the owner of the business, you have rights to the equity. This is called Owner's Equity. From year to year it adjusts for annual profit or loss and any distributions or dividends paid out to owners.

Cash or Accrual Accounting These words identify "accounting methods". Cash and/or accrual accounting are methods of reporting financial transactions. They represent the two different ways for generating accounting reports. The cash method is distinguished by its "real time" treatment of transactions – you record income when you actually receive money, and expenses when you actually spend it. Transactions suspended in time (receivables and payables, most notably) are not shown on cash reports. In contrast, the accrual method records transactions when they are created – an invoice to a customer shows in sales, and an expense for office supplies shows when the Staples order is received. At some point in the future you will receive payment from the customer and will pay the Staples bill, but the income and expense have already been recorded in your accrual books. Accounting assumes every invoice will be collected and every bill paid. For this reason, accrual accounting is the pure reflection of your business' activity. Unfortunately, some invoices become bad debts, so the cash accounting method is a more real-time reflection of where your business is today. For tax purposes, businesses with inventory are generally required to report on the accrual basis, and businesses without inventory are reported on the cash basis.

Accounting Equation. There are seven main account categories namely Assets, Liabilities, Owners Equity, incomes, gains, expenses and losses.

The Accounting Equation

The first three account types (i.e. Assets, Liabilities and Owners Equity) appear on a company's balance sheet such that $ASSETS = LIABILITIES PLUS OWNER'S EQUITY$. This is the basic accounting equation, and it is meant to disclose the

financial condition of a company at a specific point in time. The four remaining account types, income, gains, expenses and losses, appear on the company's

income statement.

Basic Bookkeeping Principles For Your Small Business

A debit increases an asset, expense or loss or decreases a liability, owner's equity, income or gain.

A credit decreases an asset, expense or loss or increases a liability, owner's equity, income or gain. In an accounting transaction, the sum of the debits must equal the sum of the credits.

For example, if you write a \$100 check to Office Depot for N70 of office supplies and N30 to ship a package, the accounting entry would be a debit of N70 to the office supplies account (increases an asset), a debit of N30 for shipping expense account (increases an expense), and a credit of N100 to the cash account (decreases an asset). The two debits equal the one credit, namely N100. For convenience, you can picture activity in an account in the form of a T-ledger, with debits on the left and credits on the right, separated by a vertical line. The debits minus the credits is the account balance. Asset accounts normally have a debit balance, whereas credit balances are normal for liability and owner's equity accounts

Accounting Principles

Accrual accounting is more complex but also more accurate, because it satisfies these principles:

Matching: Expenses should be matched to revenues. For example, sales

commissions should be recognized in the period when the sales are booked, not in the period when the sales revenue is collected.

Revenue recognition: You recognize revenue as soon as a service is performed or a product is sold.

Cost: The initial, or historical, amount spent on an item doesn't change over time, regardless of any subsequent changes to its value. Net value can change, due to events such as depreciation or damage, but these are separate entries from original cost.

Time period: Every transaction is assigned to an established time period, such as a month or a year, and financial statements must indicate the date or date range for the information presented.

Economic entity: The business activity of the company you own must be maintained separately from your personal transactions.

Going concern: It is assumed your business will continue in operation for the foreseeable future. You must disclose if this assumption is incorrect.

Full disclosure: You must report all material economic activity, either in the standard financial statements or in the footnotes to those statements.

Illustration of Bookkeeping Entries

Single Entry Bookkeeping

The single entry bookkeeping system does not explicitly record the two-fold effect of transactions. Under this method, separate books are maintained for the company's *basic accounts* such as cash, receivables, and payables. Therefore, the accounting records are incomplete.

For example, consider the following transactions:

- On October 1, 2017, Mr. Briggs invested N30,000 to start a marketing consultancy business.
- On October 5, the company purchased a computer for the office, N1,000.
- On October 8, the company rendered services and received N500.

Under the single entry, the company may use a *cashbook* to record its cash receipts and disbursements. After recording the above transactions, the cashbook will look this:

Date	Particulars	Amount	Balance
10-01-2017	Beginning balance		N 0.00
10-01-2017	Investment of owner	N 30,000.00	30,000.00
10-05-2017	Purchase of computer (1,000.00)		29,000.00
10-08-2017	Cash from customer	500.00	29,500.00

We can readily determine the cash balance using this recording method. However, it will be difficult to determine the balances of other accounts such as revenues and expenses unless the company maintains separate books for them as well.

An important note to consider here is that a valid set of financial statements can still be prepared even if the accounting system is incomplete. But, it will require additional work to reconstruct the accounts to conform to the double-entry method.

Double Entry Bookkeeping

Under the double entry method, every transaction is recorded in at least two accounts. Once all transactions are processed into the accounting system, the balances of all accounts will be readily available.

All accounts have a *debit* and a *credit* side. Debit means *left* and credit means *right*.

Because of the two-fold or duality effect of transactions, the total effect on the left will always be equal to total the effect on the right. Hence, the famous line "debit equals credit".

Now, here is the rule: To *increase an asset*, you debit it; to *decrease an asset*, you credit it. The opposite applies to liabilities and capital. To *increase a liability or a capital account*, you credit it; to *decrease a liability or capital account*, you debit it. *Expenses* are debited when incurred and *income* is credited when earned.

Here's a table to summarize that:

Accounting Element	To Increase	To Decrease
1. Asset	Debit	Credit
2. Liability	Credit	Debit
3. Capital investment	Credit	Debit
4. Capital withdrawal	Debit	Credit
5. Income	Credit	Debit
6. Expense	Debit	Credit

Tip: If you are having a hard time remembering the table above, you actually only need to familiarize yourself with the "To Increase" part. The action to decrease the accounts is simply the opposite of the action to increase them.

Transactions are recorded using *journal entries* in the journal. A *journal entry* is a record showing the date of the transaction, the account/s debited, the account/s credited, their respective amounts, and an explanation to describe the transaction.

Using the transactions presented earlier, the journal would look like this:

Date	Particulars	Debit	Credit
2017			
Oct 1	Cash	30,000.00	
	Mr. Briggs, Capital		30,000.00
	To record initial investment.		

Date 2017	Particulars	Debit	Credit
5	Computer Equipment	1,000.00	
	Cash		1,000.00
	To record purchase of computer.		
8	Cash	500.00	
	Service Revenue		500.00
	To record cash for services rendered.		

As mentioned earlier, every transaction has a two-fold effect. Thus, each transaction is recorded in at least two accounts. Notice the two-fold effects in the above examples.

For a head start, let us take a look at how we came up with the journal entry for the first transaction. In that transaction, Mr. Briggs invested N30,000 to start a marketing consultation business on October 1, 2017.

1. Place the date of the transaction on the leftmost side of the journal.
2. Determine the account to be debited and the amount. In this case, there is an increase in cash because of the contribution. To increase cash, an asset account, we debit it. So, we would then record Cash and place the amount, 30,000 on the debit column.
3. Next, we determine the account credited. We are recording the owner's initial contribution. It increases the company's capital; therefore we would credit the capital account – Mr. Briggs, Capital, and place the amount in the credit column. Credits are recorded below the debits. Also, notice the indentions used.
4. Finally, provide a brief explanation at the end of the entry.

See if you can figure out the logic behind the other two journal entries.

After recoding the transactions, we now have a running record of *all* accounts, and hence a complete accounting system.

In addition to the journals, some companies maintain separate books for some of their important accounts for better control

Accounting Cycle

The accounting cycle, also commonly referred to as *accounting process*, is a series of procedures in the collection, processing, and communication of financial information.

As defined in earlier lessons, accounting involves recording, classifying, summarizing, and interpreting financial information.

Financial information is presented in reports called *financial statements*. But before they can be prepared, accountants need to gather information about business transactions, record and collate them to come up with the values to be presented in the reports.

Accounting Cycle Steps

1. Identifying and Analyzing Business Transactions

The accounting process starts with identifying and analyzing business transactions and events. Not all transactions and events are entered into the accounting system. Only those that pertain to the business entity are included in the process.

For example, a personal loan made by the owner that does not have anything to do with the business entity is not accounted for.

The transactions identified are then analyzed to determine the accounts affected and the amounts to be recorded.

The first step includes the preparation of business documents, or *source documents*. A business document serves as basis for recording a transaction.



2. Recording in the Journals

A journal is a book – paper or electronic – in which transactions are recorded. Business transactions are recorded using the double-entry bookkeeping system. They are recorded in journal entries containing *at least* two accounts (one debited and one credited).

To simplify the recording process, special journals are often used for transactions that recur frequently such as sales, purchases, cash receipts, and cash disbursements. A general journal is used to record those that cannot be entered in the special books.

Transactions are recorded in chronological order and as they occur.

Journals are also known as *Books of Original Entry*.

3. Posting to the Ledger

Also known as *Books of Final Entry*, the ledger is a collection of accounts that shows the changes made to each account as a result of past transactions, and their current balances.

After the posting all transactions to the ledger, the balances of each account can now be determined.

For example, all journal entry debits and credits made to Cash would be transferred into the Cash account in the ledger. We will be able to calculate the increases and decreases in cash; thus, the ending balance of Cash can be determined.

4. Trial Balance

A trial balance is prepared to test the equality of the debits and credits. All account balances are extracted from the ledger and arranged in one report. Afterwards, all debit balances are added. All credit balances are also added. Total debits should be equal to total credits.

5. Financial Statements

When the accounts are already up-to-date and equality between the debits and credits have been tested, the financial statements can now be prepared. The financial statements are the end-products of an accounting system. For the purpose of this class, emphasis is on the Profit & Loss Account and the Balance Sheet.

A complete set of financial statements is made up of: (1) Statement of Comprehensive Income (*Income Statement and Other Comprehensive Income*), (2) Statement of Changes in Equity, (3) Statement of Financial Position or *Balance Sheet*, (4) Statement of Cash Flows, and (5) Notes to Financial Statements.

Further Illustrations on Trial Balance, Profit and Loss Account and Balance Sheet using index example.

Basic Business Records and Accounts Part 3

Individual assignments

1. Write the following transactions in the simple cash book and post into the ledger, Trial Balance and Profit & Loss Account: 2018

Jan. 1	Cash in hand	15,000
" 6	Purchased goods for cash	2,000
" 16	Received from Akbar	3,000
" 18	Paid to Babar	1,000
" 20	Cash sales	6,000
" 25	Paid for stationary	600
" 30	Paid for salaries	1,000
" 31	Purchased	2,000

2. Enter the following transactions in the columnar petty cash book of a cashier who was given N10,000 on 1st March, 2018 on the imprest system:- 2018

March 2	Paid for postage stamps	800
" 2	Paid for stationary	1000
" 3	Paid for Telephone bill	400
" 3	Paid for postage stamps	600
" 8	Paid for paper	100
" 12	Paid for postage	600
" 18	Paid for trips to office depot	200
" 23	Paid for ink and nibs	400
" 25	Paid for Tiffin to office peons	600
" 26	Paid for train fair	500
" 28	Paid for bus fair	400
" 29	Envelops and letter heads	600
" 30	Printing address on above	400
" 31	Taxi fare to manager	1000