

Starting and Growing My Business for Self Reliance

Guide for Rotary Shark Pond Entrepreneurial Training Classes

- CHAPTER 1—My Readiness for Business Success
- CHAPTER 2—Solving Unmet Customer Needs
- CHAPTER 3—Ensuring That I Have a Profitable Business
- CHAPTER 4—Finding Customers
- CHAPTER 5—Keeping Customers
- CHAPTER 6—Managing the Profitability of My Business
- CHAPTER 7—Keeping Separate My Business and Personal Money
- CHAPTER 8—Managing the Cash Flow of My Business
- CHAPTER 9—Growing My Business
- CHAPTER 10—Financing My Business
- CHAPTER 11—Continually Improving My Business
- CHAPTER 12—Presenting My Business



Chapter 1

Read: Rotary club members are passionate about providing sustainable solutions to poverty. Rotarians are People of Action. Our members and the Rotary Foundation work to strengthen local entrepreneurs and communities. We believe you are a child of God. He loves you and knows you. God is ready to give you the blessings of self-reliance that come from starting your own business. We will

work together as a group to help each other start and grow our businesses. Being self-reliant does not mean we get anything we desire. It is believing that through faith in God and our own effort, we can obtain the necessities of life. The following 12 chapters of entrepreneurial training will help you prepare to pitch your business plan to sponsors for a startup loan. Introduce yourselves to the group. Each participant takes one minute to share:

1. name
2. share your purpose for wanting to start or grow a business.
3. what they hope to gain from the self reliance course
4. something interesting about themselves

Read: Each week we will practice the following:

1. Observing and talking with customers: gather ideas, understand customers' needs, test products, adjust your business ideas, and gather feedback.
2. Journaling: write down your thoughts, ideas, and impressions.
3. Selling: learn to listen to the needs of others and identify appropriate solutions.
4. Financial statements: write down sales and expenses.

Each week you will be challenged to practice these skills. You will begin talking with potential customers. You will report your results next week. Your business plan will need more planning and improvements than you can imagine. A key part of creating your business is to write down your ideas, observations, and impressions each day. This week, begin using these pages or an electronic device to record your thoughts and ideas. This is your business notebook. Each week you will be asked to report on assignments you complete in your notebook. Bring it to the group meeting each week.

Rotary Shark Pond Contest

Some Rotary clubs around the world hold a contest called "Shark Pond." Budding entrepreneurs who complete this training course can compete for interest free startup loans to help launch their businesses. American sponsors choose who they would like to support and a friendship blossoms as they work together on the business. The loan amount is \$450 USD minus transfer fees with the option to renew for an additional \$459 after the first loan is 50% repaid and monthly record keeping is audited and approved.



Watch the video Entrapov Documentary (use the QR code or URL).
<https://videopress.com/v/wV3sSpe6>



Watch the Video: Ben on businesses that work best Ch 1 (use the QR code or URL): <https://videopress.com/v/tgtfAccB>

Quiz:

Chapter 1 Quiz 1: After watching the videos, answer the questions below by **sending an email**:

To: entrapovhomework@gmail.com
CC: [your supervisor's email address]
Subject: Chapter 1 Quiz 1 - [Your Name]

Answer these questions: Successful businesses have a few things in common.

1- They earn high margins. The product or service can be sold at a high price with a low cost to make it. Which one of these businesses benefits most from high margins?

- A. Dalisey's Virtual Assistant Service
- B. George's Poultry Farm
- C. Julie's Local Rice

2- They sell to middle class or wealthy customers (like business owners) who have money and are not as sensitive to higher prices. Which of these businesses benefits from selling to wealthy customers?

- A. Dalisey's Virtual Assistant Service
- B. George's Poultry Farm
- C. Julie's Local Rice

3- They can start small using market tests. They can make a simple version of the product or service at a small cost. Then they see if customers will buy the simple product before spending a lot of time and money to start a business. Which of these businesses could have started small with very little money needed to test the market (for example, buying a few chickens to learn the business)?

- A. Dalisey's Virtual Assistant Service
- B. George's Poultry Farm
- C. Julie's Local Rice

4- They know someone who is already successful in this type of business and learn from them to avoid the mistakes a new business is likely to make. Which of these business owners volunteered on a friend's farm before they started?

- A. Dalisey's Virtual Assistant Service
- B. George's Poultry Farm
- C. Julie's Local Rice

Choosing a Smart Business Idea

A good business is not about working harder. A good business is about choosing a smart idea. To understand this, we will look at a company called **Airbnb**.

A Simple Story

Three friends lived in a city where many travelers were visiting.

Problem:

- Hotels were **too expensive**

- Many homes had **empty rooms**

Instead of building a hotel, the friends did something smarter:

- They connected people who had extra rooms
- With people who needed a cheap place to sleep

The 3 friends did **not** own houses. They did **not** clean rooms. They made a **simple system** and took a **small fee**. That business became Airbnb.

What Makes Airbnb a Smart Business? Five Simple Questions Every Business Must Answer

1 Does it solve a real problem?

Question: Who is suffering right now?

- Airbnb solved expensive hotels for travelers
- Homeowners earned money from empty rooms

✗ Bad idea: “I just want to sell something so I’ll build another hotel”

2 Is it different?

Question: Why would customers choose you?

- Airbnb was different from hotels
- It was cheaper and more personal

✗ Bad idea: Selling the same thing as everyone else

3 Can it grow without killing the owner?

Question: If I get more customers, do I collapse or have to hire a lot of people to keep up?

- Airbnb built **one website** to connect travelers and home owners
- Millions of users use the same system

✗ Hard business: More customers = more hours of work

4 Who exactly is it for?

Question: Who is your customer? Be specific.

✗ Bad example: “I serve everyone age 18–80”

✓ Good example: “I serve business travelers in my town who cannot afford a hotel”

5 Will it survive in bad times?

Question: What if costs rise or competitors appear?

- Airbnb does not rent expensive buildings or carry inventory (stock)
- It can adjust prices easily because it has low expenses and high profit margins

✗ Risky business: Large construction loans and heavy building rental costs

The “Heavy vs Light” Rule

Think about your business as a backpack that you carry with you every hour of the day. There are two types of businesses you can carry around:

-  **Heavy business:** Needs buildings, expensive assets, large loans
-  **Light business:** Connects people, few assets

Hotels are **heavy**.

Airbnb is **light**.

Good businesses are LIGHT.

Quiz:

Chapter 1 Quiz 2: Answer the questions below by sending an email:

To: entrapovhomework@gmail.com

CC: [your supervisor’s email address]

Subject: Chapter 1 Quiz 2 - [Your Name]

Instructions: Describe your business idea and how it fits the rules of a good business listed below. You will receive a reply with feedback about how well your idea matches the suggestions below.

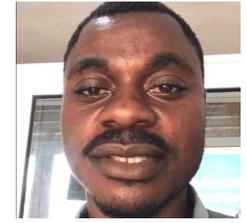
1. Describe your business in 3 sentences
2. What is the real problem your business solves for your customers?
3. How is your business clearly different from competitors near you?
4. How can your business grow without adding more hours of work than you can manage?
5. Who exactly is your ideal customer?
6. How can your business survive changes in price from your suppliers?

Homework Commitment:

Review the Business Plan Template shown below to help you understand what is required by sponsors that give microloans. Print or save a copy to your computer/phone. Fill it out each week as you work on

the lessons. The course work is designed to help you complete the business plan little by little over the next 12 weeks.

SKO Laundry Service Business Plan



By Richard Awuku of Ashimain, Ghana

Describe your business: Laundry Services, (washing and ironing every kind of garments). I have 85 regular customers. If given a grant, I will buy a washing machine combined with a dryer, (high capacity 18kg) for 9500ghc (\$900 USD). This will help me get my work done faster and also because I don't have a dryer now and the washing machine am using now is 13kg, so I am not able to work on comforters (duvets). Every month I get more than 90 duvets and always I pushed them to competitors with such facilities and they take 80 percent of the charges. This alone will add an additional \$630 dollars in net income.

For every \$1.45 in revenue the business spends \$.82 in expenses which leaves \$0.63 in net income (44% margin) after all expenses including self salary.

2022 Income Statement (with loan repayment added to show impact to financials).

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Revenue	\$820.00	\$855.00	\$985.00	\$985.00	\$985.00	\$1,015.00	\$1,015.00	\$1,015.00	\$1,293.50	\$1,293.50	\$1,293.50	\$1,656.50	\$13,212.00
Total units	600	665	654	654	654	750	750	750	820	820	820	1150	9087
Revenue per unit	\$1.37	\$1.29	\$1.51	\$1.51	\$1.51	\$1.35	\$1.35	\$1.35	\$1.58	\$1.58	\$1.58	\$1.44	\$1.45
Expenses													
Self salary	87.94	87.94	87.94	87.94	87.94	87.94	87.94	87.94	87.94	87.94	87.94	87.94	1055
Employee salaries	307.81	307.81	307.81	307.81	307.81	307.81	263.83	263.83	263.83	263.83	263.83	263.83	3430
Raw materials	97	97	97	97	97	114	114	114	114	114	114	0	1170
Store Rent	79.15	79.15	79.15	79.15	79.15	79.15	79.15	79.15	79.15	79.15	79.15	79.15	950
Grant Repayment	0	50	50	50	50	50	50	50	50	50	50	50	550
Technology	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92	35
Advertising	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	127
Transportation	2	2	2	2	2	2	2	2	2	2	2	2	22
Taxes/Fees	1	1	1	1	1	1	1	1	1	1	1	1	15
Other	12	5	5	5	5	5	5	10	10	10	5	10	87
Total Expenses	\$600	\$643	\$643	\$643	\$643	\$661	\$617	\$622	\$622	\$622	\$617	\$507	\$7,441
Expense per unit	\$1.00	\$0.97	\$0.98	\$0.98	\$0.98	\$0.88	\$0.82	\$0.83	\$0.76	\$0.76	\$0.75	\$0.44	\$0.82
Net Income/savings	\$219.81	\$211.81	\$341.81	\$341.55	\$341.55	\$354.22	\$398.20	\$393.20	\$671.70	\$671.70	\$676.70	\$1,149.03	\$5,771.28
Net Profit Margin	27%	25%	35%	35%	35%	35%	39%	39%	52%	52%	52%	69%	44%

My mission is to make laundry hassle-free for our customers, with a commitment to quality, efficiency, and exceptional customer service. I strive to be the go-to choose for laundry services in my community, and to build lasting relationships with our customers based on trust, reliability, and professionalism.



Work in progress

work done

Packaged and ready for pickup

SERVICES DELIVERABLE

- Wash and fold service: This is my basic laundry service that involves washing and folding customers' clothes, linens, and other items.
- Dry cleaning: A dry cleaning service typically involves cleaning garments and other items that cannot be washed in water, such as delicate fabrics, suits, or leather.
- Pressing and ironing: The business offers pressing and ironing services to customers who want their clothes to be professionally pressed and free of wrinkles.
- Pickup and delivery: I offer pickup and delivery services to customers who don't have the time or means to drop off their laundry in person.
- Garment preservation: My business offers garment preservation services for customers who want to preserve valuable or sentimental items, such as wedding dresses or vintage clothing.
- Rug cleaning: My business offers rug cleaning services for customers who want their area rugs or carpets to be professionally cleaned.

Describe your best customer – Cledox suits, a hotel located at Sakumono Village, I wash the hotel bed sheets and comforters (duvets). Because most of my customers or clients are people working, some in the government sectors and other doing their own business, I save them time with my service. I also make them look outstanding and elegance in a classic way or style this gives them the confidence to go out doing their business without worried about what to wear the next day.

Why do your customers do business with you rather than the competition (how are you different or better)?

Apart from the good services we provide, I also make loyalty my priority. For example, there are a number of times I found things in my customers items, and I return them back eg. wallets, pens, credit cards, Id cards, money, etc. I pick up and deliver laundry. And above all, I don't fade their items because I make sure I use the right cleaning products on their garments.

Prices to customers (10 ghc = \$1)

- Suit = 50 ghc

- Shirt = 10 ghc
- Jeans = 12 ghc
- Duvet / blanket = 80 ghc
- Wedding gown = 150 ghc
- Robe = 25 ghc
- Caftan is 25 ghc

How do your current customers know you exist? Most of my customers knew my existence by visiting my shop. My shop is by a road side. I have mounted a giant billboard to advertise my services

Why did you choose this business? I choose laundry business because I developed the passion for it 15 years ago when my formal boss would always ask me to come assist him on weekends to do his laundry at his residence. I was doing it so perfectly, and one day he encourage me to go into the laundry business. I also realised laundry is a business that will forever stay because the more people get busy at their various works, they will always be eager to look for people to assist then with their laundry.

Name your top ways to find new customers

- Most of my customer sees the giant billboard and get me connected,
- By referral
- A flier I drop every week at people residency in targeted areas

My business has already started, and I have been in business for more than 1 year. My business is my only source of income.

Chapter 2

Solving Unmet Customer Needs

Read: The Four-Way Test (shown below) is an ethical guide for Rotarians to use in their personal and professional relationships. Rotarians recite it at club meetings. The Rotary 4-Way Test is a simple ethical guide for Rotarians and others, asking four key questions about actions or thoughts:

Is it the TRUTH?

Is it FAIR to all concerned?

Will it build GOODWILL and BETTER FRIENDSHIPS?

Will it be BENEFICIAL to all concerned?

Discuss: Why is it important for business owners to live the 4 Way Test with their customers, suppliers, and employees?



Watch the Video: Selecting-the-right-business
<https://videopress.com/v/6QhLpD9p>

Review the list of business categories below. Choose the 3 that interest you most and that have customer needs you could potentially meet. If none of the categories interest you, type your own ideas into the Other box.

Accounting services | Food industry | Senior care services
Application development | Hairstyling | Social media services
Automobile services | Insurance | Sports lessons
Catering | Legal services | Translation services
Cleaning services | Moving services | Tutoring
Computer repair | Music lessons | Web design
Custom clothing | Personal fitness | Wedding services
Data analysis | Pet care | Yard care
Event planning | Photography | Other: _____

My #1 interest _____
My #2 interest _____
My #3 interest _____

Read: To have a good business idea, you need to find a problem that people will pay you to solve. To know if people will pay for your product or service, you need to ask them about it. When you talk to people who might buy from you, you can see if there is enough interest to make your business work. Their thoughts and ideas can also help you make your business better. You should start asking people about your business idea right away, before you spend a lot of time or money on it. Many business owners have to try different ideas and make changes before they find one that works.

Remember, God has given each of us special abilities (D&C 46:11). Many successful business owners choose a business that matches their abilities, what they're good at, what they love to do, and what they're passionate about. They don't do it just for money, but because they care about solving a problem or helping people. They often spend their free time thinking about their business because they want to make a positive change. This makes them work hard and stay focused on quality and doing their best, even when things get tough. Many successful business owners have experience working in their field or in a related field, or they have used the same products or services they now sell. This helps them know their competition, make important connections, and understand what customers need and what problems they have.

ACTIVITY

Step 1: This activity will help you see how your likes and skills can turn into a good business idea. Answer these 5 questions on your own:

What are 3 skills I have that I could use to make money?

What are 3 fields or jobs where I have a lot of experience or I'm really interested in?

What problems or needs are there in these fields that haven't been fixed yet?

Step 2:

Pair up with someone. Share with your partner a problem or need that you're really passionate about solving. It could be a problem or need that you have personal experience with or know a lot about.

Step 3: Based on the conversation you've just had, answer the questions below. Think about who might be your BEST customer. Be as specific as possible in describing your best customer, and write this information below each question:

Quiz:

Chapter 2 Quiz 1: Answer the questions below by sending an email:

To: entrapovhomework@gmail.com

CC: [your supervisor's email address]

Subject: Chapter 2 Quiz 1 - [Your Name]

Describe your BEST customer by answering the questions below.

- What is their age? (Don't say "all adults." Be specific)
- Gender? Do women or men usually decide to buy this product?
- Marital status (married or single)?
- What job or profession do they work?
- How much money would you guess they make each month?
- Where do they live?
- How many people like them live in the area you will be selling to?
- What is the personality like for the BEST customers?
- What do they do for fun?
- What is their family like? How many of them and what ages?
- What is your customer good at doing?
- What is your customer NOT good at doing?
- What are their religious beliefs?
- How does your customer spend their money?
- How and where do they shop for the product or service you want to sell?
- Do they already have a favorite place to buy the product you want to sell?
- Why do they choose to buy from their favorite shop and not from another?

Group Discussion: Have a few group members quickly share some aspects of their best customer.

DOES MY BUSINESS OPPORTUNITY HAVE A COMPETITIVE ADVANTAGE?

Read: All businesses have competitors, so your business needs to have a competitive advantage to earn a profit and keep customers. To have a competitive advantage, your business needs to be different or better than your competitors. A competitive advantage often provides an obstacle that makes it difficult for competitors to copy your service or product.



URL:

Watch the Video on Competitive Advantage

<https://videopress.com/v/3QRFbYnK>

Discuss: How could you design your business so that it will be unique and different than your competitors? This difference should help you serve your specific customers better than competitors.

Discuss: Think about 3 different businesses in your community that interest you and think about the specific competitive advantages they have. Record these advantages in your business notebook (below) and be prepared to share them with the group.

- 1.
- 2.
- 3.

Competitive advantage include:

- 1- They earn high margins.
- 2- Cannot be easily copied by someone else
- 3- Can start small using market tests before spending a lot of time and money on the business



Watch Video: Talking To Business Owners at <https://videopress.com/v/jN2RqTLI>

Homework:

This week you are assigned to talk with 3 business owners. Tell them you are a student in a class about entrepreneurship. Ask them:

- (1) what their customers buy most
- (2) what do they do differently and better than their competition
- (3) how do they source their products?

Each day this week, record in your business notebook any unmet customer needs you observe. Create a list of your top five unmet customer needs in your business notebook and be prepared to share them with the group next week.

Quiz:

Ch 2 Quiz 2: Turn in your homework by answering the questions below in an email:

To: entrapovhomework@gmail.com

CC: [your supervisor's email]

Subject: Chapter 2 Quiz 2 - [Your Name]

In your email explain who were the 3 business owners you spoke to? (1) what do their customers buy most? (2) what do they do differently and better than their competition? (3) how do they source their products?

Send your list of the top five unmet customer needs you wrote in your business notebook.

Chapter 3

Ensuring that I have a profitable business

Ponder: John 10:10 “I am come that they might have life, and that they might have it more abundantly.”



Watch: “He Polished My Toe” (video at <https://videopress.com/v/joe4RuVl>)

Discuss: What is an abundant life?

UNDERSTANDING VARIABLE COSTS AND FIXED COSTS



Watch: Careful With Fixed Costs (video at: <https://videopress.com/v/mdknwQPw>)

Read: There are two types of expenses in running a business: variable costs and fixed costs.

Variable Costs: The price of some things a business needs will change depending on how much they make and sell. These things are called “variable costs”. Some common examples of variable costs are the work needed to make and sell a product, the ingredients needed to make the product, or shipping the product to customers.

Fixed Costs: Some things a business needs will stay the same no matter how much they make and sell. These are called “fixed costs”. Examples of fixed costs are rent for a place to do business, paying back loans, paying workers, paying for things like electricity and water, and making sure the business is protected by insurance. Business owners should be careful before they start paying for new fixed costs.

Example: Daniel owns a woodworking shop where he makes chairs, tables and furniture for his customers. Look at Daniel’s business expenses. He circled fixed or variable to show which type of expenses he has:

DANIEL'S BUSINESS EXPENSES		
Rent for shop	Fixed	Variable
Wood for furniture	Fixed	Variable
Delivery costs	Fixed	Variable
Daniel's wage	Fixed	Variable

Quiz

Chapter 3 Quiz 1: Answer the questions below in an email:

To: entrapovhomework@gmail.com

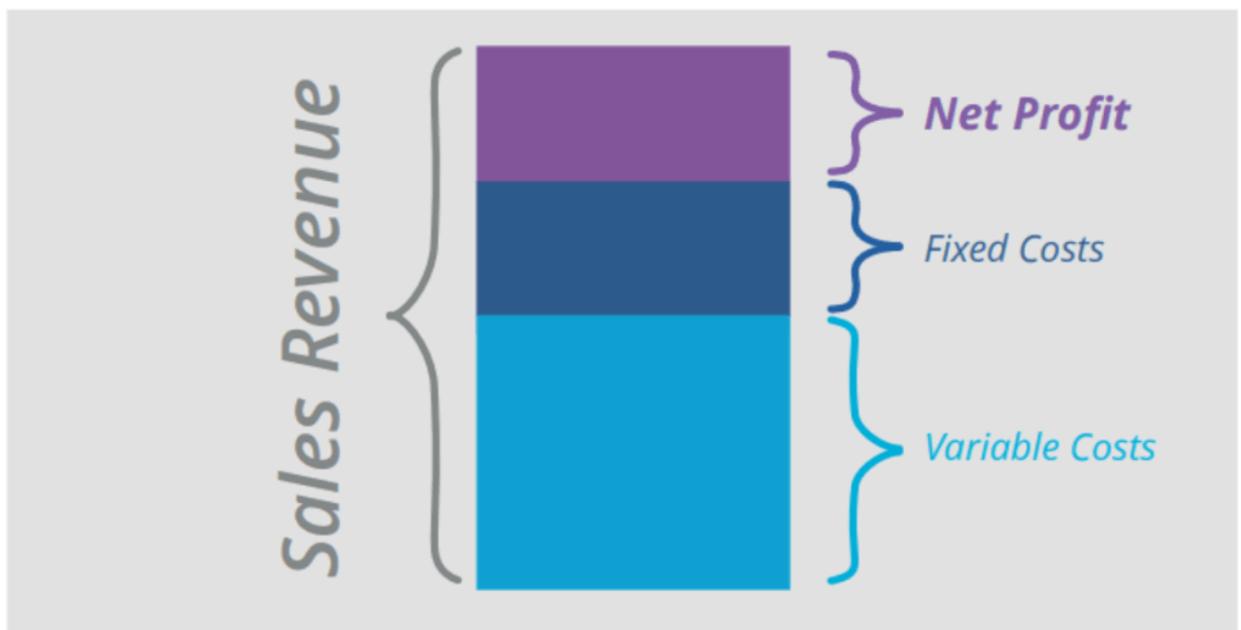
CC: [your supervisor's email]

Subject: Chapter 3 Quiz 1 - [Your Name]

What business expenses are required for your business? List each expense in your email and explain if it is a Fixed Cost or a Variable Cost.

Net profit is calculated as follows:

$$\text{Sales Revenue} - \text{Variable Costs} - \text{Fixed Costs} = \text{Net Profit}$$



UNDERSTANDING NET PROFIT MARGIN

Read: Profit is the money a business keeps after the costs (often called expenses) are taken away from the sales revenue. To know if your business is succeeding, you need to know the profit margin.

The profit margin is a percentage that you can calculate using math. This percentage tells you about the profitability of your business.



Watch Video: How to Calculate Net Profit Margin at <https://videopress.com/v/oJDa2iST>

Read: Most successful businesses have net profit margins that are around 10 percent or greater after paying the owner a high enough salary to live on. They also operate in a market where there is high customer demand and the possibility for their business to grow.

Examples of Net Profit Margin

Read: Look at the income statement below for SeyStitches of Accra, Ghana. Her sponsor was impressed that she had calculated the increase in profit margins that would come from new, industrial sewing machines purchased with an Entrapov grant.

Notice that her net profit margin increased from 9% to 67% because the new machines could make her products (dresses) 3 times as fast without increasing expenses. Notice how she showed in her income statement that monthly revenues in month 2 would be 3 times as large as revenues in month 1 (from 200 to 600) because of the faster machines and time saved by not having to take her dresses to a rented knitting machine to finish them.

Income Statement										
Your name is:		Josephine Sey		New machines will 3X revenues in month 2 due to time savings						
Business name:		Agbeshie								
		Seystitches								
Month	1	2	3	4	5	6	7	8	9	
Revenue	200	600	600	600	600	600	600	600	600	
Expenses										
Self salary	40	40	40	40	40	40	40	40	40	
Employee salaries	24	40	40	40	40	40	40	40	40	
Raw materials	48	48	48	72	48	48	48	48	40	
Rent	0	0	0	0	0	0	0	0	0	
Technology	30	30	30	30	30	30	30	30	30	
Advertising	12	12	12	16	12	12	12	12	12	
Transportation	12	12	12	15	12	12	12	12	12	
Taxes/Fees	8	8	8	8	8	8	8	8	8	
Other	8	8	8	8	8	8	8	8	8	
Net Income	18	402	402	371	402	402	402	402	410	
Net Profit Margin	9%	67%	67%	62%	67%	67%	67%	67%	68%	

PRICE FOR MY SERVICE OR PRODUCT

Read: Your price must be high enough to pay for all costs and the profits you hope to make. However, you must set your price based on what you think customers will pay for your service or product. The

price you charge depends on competitor prices and the quality of your service or product. You should work to increase the quality or perceived uniqueness of your service or product. This will allow you to charge a higher price than your competitors.

If the price customers are willing to pay would not make your business profitable enough, you should consider ways to lower your costs. Some of these ways include (1) purchasing in bulk at a reduced rate and (2) using multiple suppliers to gain better prices. If you are unable to lower your costs, you may need to choose a different business opportunity.

Calculate the net profit margin for your business opportunity for one month using the formula shown below. Fill in the boxes below with numbers from your business.

Net Profit Margin

$$\frac{(\text{Sales Revenue} - \text{Variable Costs} - \text{Fixed Costs})}{\text{Sales Revenue}} = \text{Net Profit Margin \%}$$

Net profit margin % = (Sales revenue - Variable costs - Fixed costs)/Sales revenue

Quiz:

Chapter 3 Quiz 2: Turn in your homework by answering the questions below in an email:

To: entrapovhomework@gmail.com

CC: [your supervisor's email]

Subject: Chapter 3 Quiz 2 - [Your Name]

In your email answer these questions:

Net profit margin % =

Sales revenue =

Variable costs =

Fixed costs =

Does your net profit margin suggest that you've selected a business opportunity that can be successful? If not, what can you change to increase your prices or reduce your costs?

The AI homework grader will respond with feedback about the following important factors in selecting a business opportunity.



Watch Video: Talking to Customers at: <https://videopress.com/v/pPF6A8gQ>

Homework Assignment:

Ⓐ I will have conversations with at least five potential customers. Go to where customers are buying the product you want to sell. Ask why they buy the product from this business. Ask how they would improve the product if they could. Ask how they feel about the product's price. Then after speaking with 5 customers, come back to this page and answer the questions below to submit your homework assignment to Entrapov and your class facilitator.

Quiz:

Chapter 3 Quiz 3: Turn in your homework by answering the questions below in an email:

To: entrapovhomework@gmail.com

CC: [your supervisor's email]

Subject: Chapter 3 Quiz 3 – [Your Name]

In your email explain who were the 5 potential customers you spoke to? (1) why did they buy from that shop? (2) What would they improve about the product? (3) How do they feel about the price?

Chapter 4

Keeping Separate My Business and Personal Money

Read: ROBERT D. HALES "God expects us to help solve our own problems. . . . We are thinking, reasoning human beings. We have the ability to identify our needs, to plan, to set goals, and to solve our problems." Every Good Gift, New Era, Aug. 1983, 8, 9

Discuss: "Let us not become weary in doing good, for at the proper time we will reap a harvest if we do not give up." (Galatians 6:9) Why does God sometimes let us struggle to find answers or solutions to our problems?

Discuss: Share with the group how you did with last week's commitments to go to where 5 customers are buying the product you want to sell. Ask why they buy the product from this business. Ask how they would improve the product if they could. Ask how they feel about the product's price.

SEPARATING MY BUSINESS AND PERSONAL MONEY



Watch Video: Separate-personal-biz money-self salary at

<https://videopress.com/v/wXTn0J6c>

Discuss: What do we learn from this video about keeping our business money separate from our personal money?

Why this matters:

If you mix business money and personal money, you will never know if your business is working. Good entrepreneurs separate their money.

Read: Pay yourself. As your business begins to earn money, you need to decide how to pay yourself. Many business owners start by paying themselves a small salary, which can increase as the business grows and becomes financially stable.

Keep separate bank accounts. The money you pay yourself should go into your personal bank account. This account should be separate from your business bank account.

Don't rob your own business. Successful business owners do not take money from their business bank account to give financial help to family or friends.



Video: Water-business-separate personal – biz records

<https://videopress.com/v/SLfSGnMN>

Read: Let's practice separating our business and personal money. For the following example, imagine that you have a business that sells drinking water. You sell water bottles for 10 each. You also have personal expenses for your family. Below is one week of activity.

 One Week of Money Activity. Read each line carefully.

Monday

1. Sold 100 bottles at 10 each
2. Bought food for family for 300

Tuesday

3. Paid 800 for business supplies
4. Sold 30 bottles at 10 each

Wednesday

5. Paid school fees for children: 500
6. Paid yourself a wage from the business: 1000
7. Paid tithing: 100

Thursday

8. Paid personal rent: 500
9. Sold 10 ice blocks at 10 each

Friday

10. Sold 100 bottles at 10 each
11. Paid business fees: 200

Saturday

12. Sold 20 bottles at 10 each
13. Bought new clothes: 100

Step 1: Sort the Money into BUSINESS or PERSONAL.

Instructions: For each number (1–13), write:

B = Business money

P = Personal money

Fill in the blanks below to label items #1-13 above as B or P (BUSINESS or PERSONAL). Then copy this into your email and fill it in:

1. ____ 2. ____ 3. ____ 4. ____ 5. ____

6. ____ 7. ____ 8. ____ 9. ____ 10. ____

11. ____ 12. ____ 13. ____

Now answer these BUSINESS money questions:

Total business income (money coming IN): _____

Total business expenses (money going OUT): _____

Business profit or loss (Income – Expenses): _____

Now answer these PERSONAL money questions:

Total personal income: _____

Total personal expenses: _____

Personal profit or loss (Income – Expenses): _____

Answer in one sentence: Why is it dangerous to mix business money and personal money?

How to Submit Your Quiz Answers (from above):

Chapter 4 Quiz 1: Turn in your answers written above in an email:

To: entrapovhomework@gmail.com

CC: [Your Supervisor's Email]

Subject: Chapter 4 Quiz 1 – [Your Name]

Your business can be profitable, even when your personal life is struggling. That is why money must be separated. Successful business owners understand that they need to save money for emergencies. Problems or difficulties will happen and savings will be needed. When considering helping someone financially, we should use wisdom to determine reasonable limits and conditions. We should rely only on extra **personal** resources and should never use business funds. Above all, we need to make certain that our business is a “house of order” (D&C 88:119).

PAYING TITHING ON MY INCOME

Read: In many religions, believers receive great blessings from paying tithing on their income. If we keep our business money and personal money separate, it's easier to calculate our tithing. Remember these principles:

1. Keep business and personal money in separate bank accounts.
2. Pay tithing on personal income (your self-salary) that you receive from your business.
3. Money in your business is not tithed. You should use that money to pay for business expenses, salaries, and business growth opportunities.

Read: Successful business owners keep daily records and use them to make informed business decisions. While many business owners don't enjoy keeping records, they make it a habit and a priority because they know that having accurate revenue and expense information will help their business succeed and grow.

We will work hard this week to keep separate accounts and to avoid the common mistake of getting so busy with business tasks that we get careless with critical, daily record keeping.

HOMEWORK: MAKE-A-SALE CHALLENGE

At this point you should begin selling the product or service your business will be providing, if you're not already doing so. During the next week, make at least one sale to a customer. Be creative as you work to sell your service or product. You may feel that your service or product is not yet ready to sell. However, selling will provide motivation to get your business going. Selling will also teach you what your customers think about your service or product. If you have difficulty selling, this feedback can help you change your business idea so it better meets the customer's needs. Decide how many customers you will need to talk with to make a sale—and then go do it.

Next week you will be asked to report (1) your experience with selling to at least one customer and (2) the number of days you sold.

Read: As you begin to sell, you will learn the best ways to find customers. Be willing to experiment with new ideas until you find one or more approaches that work. After you attempt to make sales this week, fill out the homework assignment below so your facilitator can see how you did and offer any advice they have.

Example: I tried to sell charcoal to my neighbor, Amankwa. I offered him 1 bag for \$3. He said he could pay \$2 so I sold him a smaller bag. He said it was a good product.

Quiz:

Chapter 4 Quiz 2: Turn in your homework by answering the questions below in an email:

To: entrapovhomework@gmail.com

CC: [Your Supervisor's Email]

Subject: Chapter 4 Quiz 2 – [Your Name]

In your email explain (1) How many people did you attempt to sell to? (2) How did they respond? (3) What did you learn about selling?

MY COMMITMENTS

Ⓐ I will pay myself a salary or wage and keep my business money in a separate account from my personal money.

Ⓑ I will keep separate records for my business and personal money.

Chapter 5

Managing the Profitability of My Business

Share with the Group: What were the results of your attempts to Make-A-Sale (last week's homework)?

Read: Great and marvelous events seem to motivate us, but small things often do not hold our attention. For example Alma said, "By small and simple things are great things brought to pass." Rotary club members are known as "People of Action." They take action related to Rotary's areas of focus, including fighting disease, growing local economies, and protecting the environment.

Discuss: What "small things" do some business owners sometimes forget that cause serious problems for their business?

Read: Successful business owners are well organized and keep track of their financial details. For your business to succeed, it's essential that you keep good financial records. Without good records, how will you know if your business is profitable? How will you know if you've been paid by all of your customers? How will you know your total expenses? In this chapter, we will learn about the importance of keeping good financial records.

We will learn about the term revenue, which refers to the money a business receives from selling services or products to customers. We will also learn about the term expense, which refers to the money spent by a business to obtain services or products. During the week, we will track our business revenue and expenses to see if we are making a profit.

Read: A Revenue and Expense Log (sometimes called an Income and Expense Log) is a common and important business form. The main purpose of the log is to record every time money comes in and goes out of your business. Another purpose is to help you keep business and personal finances separate. It's essential that you use it every day.

STEPS TO CREATE AN INCOME AND EXPENSE LOG

	<ol style="list-style-type: none"> Daniel has 1500 in his business cash box. He put that amount as his starting balance at the beginning of the week.
Monday	<ol style="list-style-type: none"> Sold 4 chairs. In the income column he puts 200. Adds 200 to the cash balance. New balance = 1700. Paid 100 in rent. In the expense column he puts -100. Subtracts 100 from the cash balance. New balance = 1600.
Tuesday	<ol style="list-style-type: none"> Paid 500 to Maxwell. In the expense column he puts -500. Subtracts 500 from the cash balance. New balance = 1100.
Wednesday	<ol style="list-style-type: none"> Sold a table and chair set. In the income column he puts 400. Adds 400 to the cash balance. New balance = 1500.
Thursday	<ol style="list-style-type: none"> Sold bedroom furniture. In the income column he puts 1000. Adds 1000 to the cash balance. New balance = 2500.
Friday	<ol style="list-style-type: none"> Bought materials. In the expense column he puts -1500. Subtracts 1500 from the cash balance. New balance = 1000.
Saturday	<ol style="list-style-type: none"> Sold a table. In the income column he puts 400. Adds 400 to the cash balance. New balance = 1400.
	<ol style="list-style-type: none"> Daniel finishes the week with 1400 in his business cash box.

Daniel wrote down his income and expenses every day. His income and expense log looked like this at the end of the week.

DANIEL'S FURNITURE INCOME AND EXPENSE LOG: AUGUST 14–20

Date	Description	Expense	Income	Cash Balance
Daniel's business starting balance				1500 ①
Monday 15/5	Sold 4 chairs		200 ②	1700 ③
Monday 15/5	Paid rent	-100 ④		1600 ⑤
Tuesday 16/5	Paid wages to Maxwell	-500 ⑥		1100 ⑦
Wednesday 17/5	Sold a table and chair set		400 ⑧	1500 ⑨
Thursday 18/5	Sold bedroom furniture		1000 ⑩	2500 ⑪
Friday 19/5	Paid for materials	-1500 ⑫		1000 ⑬
Saturday 20/5	Sold a table		400 ⑭	1400 ⑮
Daniel's business ending balance				1400 ⑯

Step 2: As a group, discuss the following situation: At the end of the week, Daniel's employee Maxwell says he hasn't been paid. Assume that Daniel kept receipts for all of his business transactions during the week and then recorded all of his revenue and expenses. How do Daniel's receipts and revenue and expense log help him resolve the issue of Maxwell saying he hasn't been paid?

CREATING A REVENUE AND EXPENSE LOG

Read: To know if your business is profitable, you need to create an income statement. To create an income statement, you first need to have a revenue and expense log.

You've seen how Daniel kept a revenue and expense log. Now, work with a partner to create a revenue and expense log and an income statement for Frank. If you need help

filling out the revenue and expense log or the income statement, see the answer key on the page after.

Step 1: Review Frank's revenue and expenses in the list of weekly activities below. Transfer his revenue and expenses onto the revenue and expense log on the top half of the next page.

REVENUE AND EXPENSES FOR FRANK'S UPHOLSTERY BUSINESS	
Monday	Receives the first half of the payment for current job: 2,000.
Tuesday	Pays 1,500 for materials.
Wednesday	Receives payment for a previous job: 500.
Thursday	Works on current job.
Friday	Pays another 1,000 for materials.
Saturday	Finishes current job. Pays an employee 500. Receives the other half of the payment for current job: 2,000.

FRANK'S REVENUE AND EXPENSE LOG: APRIL 21-26

Day	Description	Expense	Revenue	Account Balance
Frank's business starting balance				<i>3,000</i>
Frank's business ending balance				

Check your answers using the answer key on the following page.

Answer Key:

FRANK'S REVENUE AND EXPENSE LOG: APRIL 21–26				
Day	Description	Expense	Revenue	Account Balance
Frank's business starting balance				3,000
Monday April 21	Receives first half of payment		2,000	5,000
Tuesday April 22	Pays for materials	-1,500		3,500
Wednesday April 23	Receives payment for previous job		500	4,000
Friday April 25	Pays for materials	-1,000		3,000
Saturday April 26	Pays employee wages	-500		2,500
Saturday April 26	Receives other half of payment		2,000	4,500
Frank's business ending balance				4,500

Step 3: As a group, discuss what you learned about Frank's business from reviewing his Revenue and Expense Log.

Read: You need to record every sale and expense for your business every day. You also need to record every time you receive personal income and pay for personal/home expenses for your family every day. Your tool should be easy to use and accessible. Some business owners start by using a notebook and folders to record their receipts daily. These owners copy their notebook and receipts into a spreadsheet every night. Most owners will progress to more advanced record-keeping tools, such as digital applications (apps) and software packages, as their businesses grow.

Quiz:

Chapter 5 Quiz 1: Turn in your homework by answering the questions below in an email:

To: entrapovhomework@gmail.com
 CC: [Your Supervisor's Email]
 Subject: Chapter 5 Quiz 1 – [Your Name]

In your email explain

- (1) What tools are you aware of that can help manage the financial details of your business and your family?
- (2) Why do you need to track your business expenses separately from your personal expenses?
- (3) What will happen to your business if you use the profits from your business to pay your children's school fees or hospital bills for a parent?
- (4) How can you avoid taking money out of your business by spending the profits of the business on your family or friends?
- (5) Who are the people in your life who will ask for part of your business profits once they see your success?
- (6) How can you protect your business and still maintain a friendship with them?

MY COMMITMENTS

- (A)  I will use a revenue and expense log every day to track the sales expenses from my BUSINESS (or the test products I am selling). Find the template using the QR code or URL at:

<https://docs.google.com/spreadsheets/d/1July62wBXcqqLw3ebMyMK8GQhEPBFC60soVRTX8bh2o/edit?usp=sharing>

- (B)  I will use a separate revenue and expense log every day to track my PERSONAL income and PERSONAL expenses. Download the template using the QR code or URL:

<https://docs.google.com/spreadsheets/d/1sbnrRdlyePFD5YBJU2s5vfl0OwWKKo6x62qKgxjfousA/edit?usp=sharing>

HOMEWORK:

Every day track the sales and expenses from your business and personal life. Then send a picture of it at the end of the week to your local area supervisor (trainer).

Chapter 6

Financing My Business

Read: Seystitches in Accra, Ghana specializes in styling, designing, and sewing clothing for all occasions. The owner, Josephine, had very specific goals when she pitched her business on Shark Pond.



Josephine told sponsors that if given a microloan she would purchase an Industrial Sewing Machine (for \$265), a knitting machine (for \$371), and expand her shop space and utilities to power new machines (for \$364). She provided photos of the machines and a bid from a contractor to do the construction work. This helped sponsors feel confident in her plans. She explained that the new machines would enable her to sew a dress 3 times as fast. The knitting machine would save 1 to 2 hours waiting in long lines to use a rented one for finishing each dress. With these new machines she could make an additional \$400 per month, tripling her revenue and increasing profit margins from 9% to 67% even after adding to employee salaries to handle the additional work (see below).

Business name: Seystitches			
Month	1	2	
Revenue	200	600	
Expenses			
Self salary	40	40	
Employee salaries	24	40	
Raw materials	48	48	
Rent	0	0	
Technology	30	30	
Advertising	12	12	
Transportation	12	12	
Taxes/Fees	8	8	
Other	8	8	
Net Income	18	402	
Net Profit Margin	9%	67%	

Discuss: Why does it help sponsors feel confidence in your business when you use words like *Revenue*, *Cash Flow Statement*, and *Profit Margin* when describing your business to them?

Discuss: Why is it helpful for sponsors to see your *Revenue & Expense Logs* and *Income Statement* when choosing who they want to sponsor?

Entrapov Income Statement Template

You will need to create an income statement like the one shown shown below to help sponsors understand your business. Income statements help sponsors decide which business they want to support.

Your name is:													
Business name:													
Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Revenue	\$400.00	\$500.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$6,900.00
Total transactions or units sold	20	40	35	55	55	55	55	55	55	55	55	55	590
Revenue per transaction or unit	\$20.00	\$12.50	\$17.14	\$10.91	\$10.91	\$10.91	\$10.91	\$10.91	\$10.91	\$10.91	\$10.91	\$10.91	\$12.32
Expenses													
Self salary	300	300	300	300	300	300	300	300	300	300	300	300	3600
Employee salaries	0	0	0	0	0	0	50	50	50	50	50	50	300
Raw materials	75	75	75	75	75	75	75	75	75	75	75	75	900
Store Rent	40	40	40	40	40	40	40	40	40	40	40	40	480
Technology	12	12	12	12	12	12	12	12	12	12	12	12	144
Advertising	10	10	10	10	10	10	10	10	10	10	10	10	120
Transportation	15	15	15	15	15	15	15	15	15	15	15	15	180
Taxes/Fees	5	5	5	5	5	5	5	5	5	5	5	5	60
Other	2	2	2	2	2	2	2	2	2	2	2	2	24
Total Expenses	\$459	\$459	\$459	\$459	\$459	\$459	\$509	\$509	\$509	\$509	\$509	\$509	\$5,808
Expense per transaction or unit	\$22.95	\$11.48	\$13.11	\$8.35	\$8.35	\$8.35	\$9.25	\$9.25	\$9.25	\$9.25	\$9.25	\$9.25	\$9.84
Net Income/savings	-\$59.00	\$41.00	\$141.00	\$141.00	\$141.00	\$141.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$1,092.00
Net Profit Margin	-15%	8%	24%	24%	24%	24%	15%	15%	15%	15%	15%	15%	16%

Fill in the income statement on the following page with information about your business. Month 1 is the first month you started selling your products or services. Fill out the form below using as many months of sales history as you have. If you have only been selling simple test products during this self-reliance course, add your weekly sales numbers to the chart below as if they were monthly numbers.

Below are numbers from Dalisey's Virtual Assistant business. During 1 week she earned \$30 from 10 orders made by her American clients. Her average order size is \$3. She spent \$6 in expenses from herself-salary, raw materials (commissions paid to Fiverr.com for referring clients to her), advertising, transportation, and other. So her average expenses per order are \$0.60 (\$6 divided by 10 orders = \$0.60 in expenses per order). Her net income is \$24 (\$30 revenue minus \$6 expenses). Her profit margin is 80% (\$24 net income divided by \$30 revenue).

Month	1	2	3
Revenue	30		
Total transactions or units sold	10		
Revenue per transaction or unit	= 3		
Expenses			
Self salary	1		
Employee salaries	0		
Raw materials	0		
Store Rent	0		
Technology	0		
Advertising	0		

Below is an example of an income statement for a business that purchases inventory twice a year when traveling to the capital city. Notice how expenses do not have to be consistent from month to month. A farm might work in a similar manner when harvest time and planting account for most of the income and expenses.

Month	7 Month Ago	6 Months Ago	5 Months Ago	4 Months Ago	3 Months Ago	2 Months Ago	1 Months Ago	This Month	Month 1 Forecast	Month 2 Forecast	Month 3 Forecast	Total
Sales revenue	250.00	264.00	254.00	242.00	289.00	296.70	485.00	753.07	800.74	998.22	1,493.67	6,126.40
Total transactions or units sold	21.00	23.00	22.00	25.00	29.00	31.00	30.00	32.00	36.00	37.00	40.00	326.00
Revenue per transaction or unit	11.90	11.48	11.55	9.68	9.97	9.57	16.17	23.53	22.24	26.98	37.34	18.79
Expenses												
Self salary	30.00	30.00	50.00	50.00	50.00	100.00	100.00	100.00	100.00	100.00	100.00	
Employee salaries	0.00	0.00	0.00	0.00	0.00	0.00	39.00	39.00	39.00	39.00	39.00	195.00
Raw materials	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	2,200.00
Store Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00
Technology	0.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	20.00
Advertising	0.00	0.00	0.00	6.50	0.00	0.00	0.00	0.00	5.00	0.00	0.00	11.50
Transportation	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	110.00
Loan repayment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes/Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	5.00
Other	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	110.00
Total Expenses	1,250.00	52.00	72.00	78.50	72.00	122.00	161.00	161.00	1,171.00	162.00	161.00	3,462.50
Expense per transaction or unit	59.52	2.26	3.27	3.14	2.48	3.94	5.37	5.03	32.53	4.38	4.03	
Net Income to reinvest	-1,000.00	212.00	182.00	163.50	217.00	174.70	324.00	592.07	-370.26	836.22	1,332.67	2,663.90
Net Profit Margin	-400%	80%	72%	68%	75%	59%	67%	79%	-46%	84%	89%	

Month	1	2	3	4	5	6	7	8	9	10	11	12
Revenue												
Total transactions or units sold												
Revenue per transaction or unit												
Expenses												
Self salary												
Employee salaries												
Raw materials												
Store Rent												
Technology												
Advertising												
Transportation												
Taxes/Fees												
Other												
Total Expenses												
Expense per transaction or unit												
Net Income/savings												
Net Profit Margin												

Homework:



Create your own Income Statement using the template found above or the online version at this QR code or URL below:

<https://docs.google.com/spreadsheets/d/1AOg9C3VHGoaM9Uar4kvMamrFeMGf1o-IBXNcxWZIJwk/edit?usp=sharing>

MY COMMITMENTS

- (A)  and I will use a revenue and expense log every day to track the sales expenses from my BUSINESS (or the test products I am selling). Find the template using the QR code or URL at:

<https://docs.google.com/spreadsheets/d/1July62wBXcqqLw3ebMyMK8GQhEPBFC60soVRTX8bh2o/edit?usp=sharing>

- (B)  I will use a separate revenue and expense log every day to track my PERSONAL income and PERSONAL expenses. Download the template using the QR code or URL:

<https://docs.google.com/spreadsheets/d/1sbnrRdIyePFD5YBJU2s5vfl0OwWKO6x62qKgxjfousA/edit?usp=sharing>

Every day track the sales and expenses from your business and personal life. Then send a picture of it at the end of the week to your local area supervisor (trainer).

Chapter 7

Managing the Cashflow of My Business

Read: A master gave each of his three servants a sum of money. The amounts were set according to each servant's previously demonstrated capabilities. The man then left for a long time. When he returned, he asked each of these servants to report what he had done with the money. The first two servants revealed they had doubled his investment. "Well done, thou good and faithful servant: thou hast been faithful over a few things, I will make thee ruler over many things: enter thou into the joy of thy lord," was the master's reply (Matt. 25:21-23). The 3rd servant was afraid and buried his talent in the earth. The Lord was not happy with the third servant...not because he did anything wrong, but rather because his fear had prevented him from doing anything at all.



Discuss: In what ways can fear prevent us from doing good with our gifts and abilities?

Share with the group: What did you learn by keeping separate records for your business and personal money?

THE DIFFERENCE BETWEEN PROFIT AND CASH FLOW

Read: You have learned that business success requires daily record keeping. Every time your business receives or makes a payment, you need to record it. You have also learned how to create an income statement, which shows a summary of the profit (or loss) achieved by your business over a specific period of time.

Profit is defined as the money left over for your business after you subtract your expenses from your revenue. While profit is an important metric, it's not the only one that demands your attention as a business owner.

Cash flow is a metric that focuses on the timing of the movement of money in and out of your business every day. Cash flow is the lifeblood of your business. When your business has cash available, you can pursue options for growth, make investments, and save money for unexpected situations or emergencies. Your income statement might show that your business is profitable, but it will go bankrupt if it doesn't have enough cash to pay its obligations. Cash flow problems are one of the leading causes of business failure.



[Watch Video: How-much-cash-is-available at https://videopress.com/v/EzqbGJ55](https://videopress.com/v/EzqbGJ55)

Read: To know if Maria has enough cash to grow her business, she needs to know three things: the past, the future, and the cash flow. She can find out these three things by creating a cash flow statement.

Read: To know if Maria has enough cash to grow her business, she needs to know three things: the **past**, the **future**, and the **cash flow**. She can find out these three things by creating a cash flow statement.

STEP 1: The Past

Using her income statements, Maria writes down her income, fixed expenses, variable expenses, and profit or loss for the last two months.

	2 Months ago	Last Month	This Month	Next Month	Month 3	Month 4
Income	4400	4400				
Fixed Expenses	-3300	-3300				
Variable Expenses	-1000	-1000				
Profit (or Loss)	100	100				
Starting Cash						
Available Cash						

Based on the numbers from the past two months, Maria writes what she thinks her future income, fixed expenses, variable expenses, and profit or loss will be.

	2 Months ago	Last Month	This Month	Next Month	Month 3	Month 4
Income	4400	4400	4400	4400	4400	4400
Fixed Expenses	-3300	-3300	-3300	-3300	-3300	-3300
Variable Expenses	-1000	-1000	-1000	-1000	-1000	-1000
Profit (or Loss)	100	100	100	100	100	100
Starting Cash						
Available Cash						

Maria doesn't plan to make any changes to her business, so she thinks her income and expenses for the next six months will be the same as the last two months.

STEP 2: The Future

Based on the numbers from the past two months, Maria writes what she thinks her future income, fixed expenses, variable expenses, and profit or loss will be.

	2 Months ago	Last Month	This Month	Next Month	Month 3	Month 4
Income	4400	4400	4400	4400	4400	4400
Fixed Expenses	-3300	-3300	-3300	-3300	-3300	-3300
Variable Expenses	-1000	-1000	-1000	-1000	-1000	-1000
Profit (or Loss)	100	100	100	100	100	100
Starting Cash						
Available Cash						

Maria doesn't plan to make any changes to her business, so she thinks her income and expenses for the next six months will be the same as the last two months.

STEP 3: Available Cash

Starting cash is what Maria has in the bank at the start of the month. In this case, she starts with 50.

	2 Months ago	Last Month	This Month	Next Month	Month 3	Month 4	Month 5	Month 6
Income	4400	4400	4400	4400	4400	4400	4400	4400
Fixed Expenses	-3300	-3300	-3300	-3300	-3300	-3300	-3300	-3300
Variable Expenses	-1000	-1000	-1000	-1000	-1000	-1000	-1000	-1000
Profit (or Loss)	100	100	100	100	100	100	100	100
Starting Cash	50	150	250	350	450	550	650	750
	100	100	100	100	100	100	100	100
Available Cash	150	250	350	450	550	650	750	850

Each month she adds her monthly profits to her starting cash to get her available cash ($50 + 100 = 150$).

The available cash becomes the starting cash for the next month (150).

Discuss: Look at the cash flow statement above. How much money does Maria have available at the end of month six?

Answer = 850

Read: There are two types of cash flow:

Positive cash flow occurs when the total amount of cash **coming into** your business during a specific period of time is greater than the total amount of cash **leaving** your business during that same time. This is what you want: a positive cash flow.

Negative cash flow occurs when the total amount of cash **leaving** your business during a specific period of time is greater than the amount of cash **coming into** your business during that same time. This is a risky, undesirable situation that you should address immediately with actions that generate cash as quickly as possible and reduce costs.

Let's review three different examples to understand cash flow pressures and how a business owner might address them. Imagine that a business starts the month with 300 in cash. The business usually receives cash payments of 200 every Monday and 200 every Wednesday. It pays out 300 in cash every Friday. Example A shows the cash flow cycle for this business over a period of three weeks. Money comes into and flows out of the business in a predictable pattern.

Example A: Ideal cash flow

	Week 1							Week 2							Week 3						
CASH IN	START	200	200					200	200					200	200						
CASH OUT					300						300								300		
CASH TOTAL	300	500	700	400			600	800	500			700	900	600							
	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S

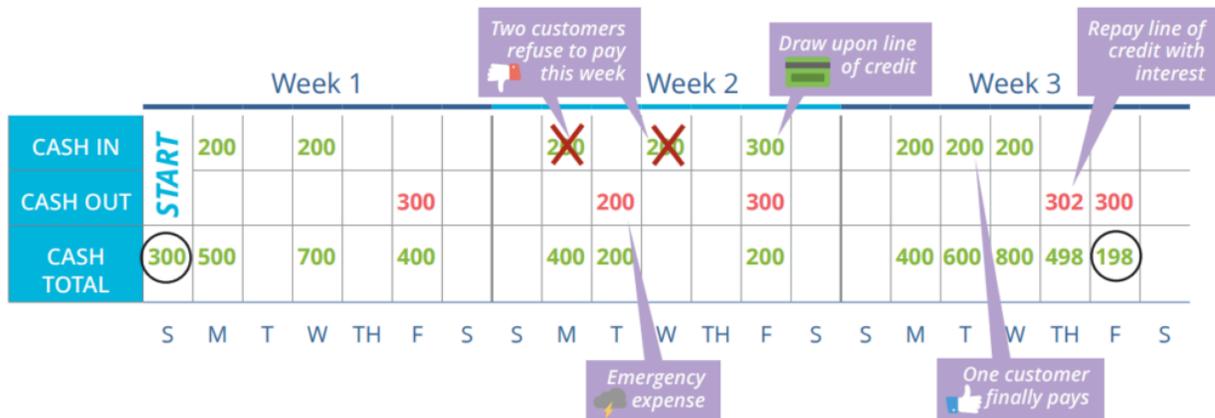
Based on the numbers from the past two months, Maria writes what she thinks her future income, fixed expenses, variable expenses, and profit or loss will be.

	2 Months ago	Last Month	This Month	Next Month	Month 3	Month 4
Income	4400	4400	4400	4400	4400	4400
Fixed Expenses	-3300	-3300	-3300	-3300	-3300	-3300
Variable Expenses	-1000	-1000	-1000	-1000	-1000	-1000
Profit (or Loss)	100	100	100	100	100	100
Starting Cash						
Available Cash						

Maria doesn't plan to make any changes to her business, so she thinks her income and expenses for the next six months will be the same as the last two months.

Example C shows the same surprises and setbacks as example B. But in this case, the business owner is prepared. She relies on her line of credit to keep her business operating. She repays the balance on her line of credit as soon as possible.

Example C: Potential negative cash flow—prepared



Discuss: What do these examples teach you about the challenges of managing cash flow?

It's common for business owners to have cash flow challenges. Some of these challenges include:

- The newness of the business, which makes it difficult to receive and pay on credit.
- Growth opportunities, which can reduce the amount of available cash.
- Having inventory, which ties up cash.
- Customers paying on credit, which delays the amount of incoming cash.
- Selling to other businesses that pay on credit, which delays the amount of incoming cash.
- Uneven sales due to seasonality or other factors, which can create peaks and valleys in the amount of cash you have.
- Unexpected expenses.
- Nonpayment by customers (bad debt).

Discuss: What potential challenges do you anticipate with the cash flow of **your business**? Write them in your notebook.

Step 1: As a group, review the following strategies for improving the cash flow of your business. Pause after each bullet point to identify the pros and cons of these strategies to get paid quickly.

- Offer discounts to customers who pay early. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Consider implementing a late-payment charge. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Either don't offer payment on credit, or establish strict terms for payment on credit. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Accept credit card payments. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Issue invoices promptly. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Create an accounts receivable (collections) follow-up plan. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Offer automatic bill payment to customers. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?

Step 2: As a group, review the following strategies for **conserving cash**. Pause after each bullet point to identify the pros and cons of these strategies to conserve cash.

- Pursue a business opportunity with very few fixed costs (like rent, machines, or employees). What are the pros (positive aspects of this strategy)? What are the con's (negative aspects)?
- Cut unnecessary expenses. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?

- Hold very little inventory of unsold product. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Wait to pay your own expenses until a few days before they are due. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Negotiate delayed payment terms with suppliers if necessary. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Maintain a cash reserve. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?
- Obtain a loan or line of credit to borrow from during periods of uneven cash flow. What are the pro's (positive aspects of this strategy)? What are the con's (negative aspects)?

Step 3: Individually write answers to the following questions:

What actions could you take to speed up the flow of cash coming into your business?

What actions could you take to slow down the flow of cash leaving your business?

ACTIVELY MANAGING MY CASH FLOW

Read: As explained earlier, cash flow is the timing and amount of cash that flows in and out of your business during a specific period of time. It's not enough to occasionally check your business bank account and hope that the numbers work out. You need to carefully watch the cash flow of your business. You should know how much cash your business has available in the future. You need to write down and continually update your cash balance including future expenses (a forecast of future cash flow). Your forecast should show your expected cash flow for the next few months. Your forecast won't be 100% accurate, but it's important that you plan for your current cash position and future cash flow forecast. Successful business owners keep a cash savings for unexpected expenses.

Individual Activity

Make a list of potential cash flow challenges your business may face. Write the list in your notebook along with the strategy you will use to avoid running out of cash if the challenge actually happens.

MY COMMITMENTS

Ⓐ I will pay myself a salary or wage and keep my business money in a separate account from my personal money.

Ⓑ I will keep separate records for my business and personal money.

Ⓒ I will continue to use a revenue and expense log every day to track the sales and expenses from my business or the test products I am selling to learn more about the market and customers I plan to serve. Use the templates below.



BUSINESS Revenue & Expense Log. Find the template using the QR code or URL at:

<https://docs.google.com/spreadsheets/d/1July62wBXcqqLw3ebMyMK8GQhEPBFC60soVRTX8bh2o/edit?usp=sharing>



PERSONAL Revenue & Expense Log. Download the template using the QR code or URL:

<https://docs.google.com/spreadsheets/d/1sbnrRdIyePFD5YBJU2s5vfI0OwWKO6x62qKgxjfousA/edit?usp=sharing>

Every day track the sales and expenses from your business and personal life. Then send a picture of it at the end of the week to your local area supervisor (trainer).

Chapter 8

Growing My Business

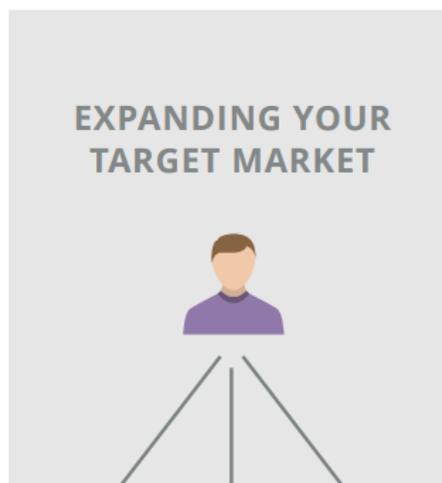
Success Story: Julies Ventures offers quality, stoness-free, nutritious local rice to consumers in the Greater Accra Region. The company uses a car to leverage what I call the “ice cream truck” sales model. The car is outfitted with a PA system to play ads for rice as they slowly drive through neighborhoods selling to clients who enjoy the convenience of not having to carry heavy bags of rice home from the market in a taxi. The company has faced many challenges from currency devaluation, increasing costs to buy rice from farmers, and car troubles. It forced the company to reduce its inventory (rice stock) from 35 bags to 5 bags in May 2023. The company needed to quickly grow profit margins to build inventory. They implemented “bundle pricing” by selling cooking oil and rice together for one *bundled* price. Cooking oil is a high margin item, meaning that there is a lot of profit made in each sale. By requiring customers to purchase both oil *and* rice, Julie’s rice was able to increase profits without making their rice too expensive for customers to buy. They also negotiated with rice farmers to receive rice on credit (consignment) and pay after sales were made. This helped keep cash in their business rather than tying up all of their cash in inventory purchases.



Watch the video of Julie’s Rice using the QR code or URL:
<https://videopress.com/v/VOLd6PIA>

Discuss: How was Julie able to save her business?

Read: Once your business has been successful for several months in delivering a profitable service or product, it could be ready for growth opportunities. Most business owners grow their business in one of three ways, as shown below.



EXPANDING MY SERVICES OR PRODUCTS

Read: One effective way to grow your business is by offering additional services or products that meet the needs of your best customers. New services and products create additional sales.

Step 1: Brainstorm

Think of **new products or services** you could add to your business.

- Write as many ideas as you can
- Be creative

1. _____
2. _____
3. _____
4. _____
5. _____

Step 2: Choose Your Best Idea

Which idea solves a real problem and could bring in more money without much extra cost?

Read: Your ability to grow your business depends upon your personal savings. Successful business owners consistently save money. We have been taught to pay our tithes and offerings first. Then we pay ourselves by saving a portion of our money. Save money for emergencies and unplanned expenses. Savings provides peace of mind and the ability to grow your business. There are many ways to save money, but what is most important is to save money every week.

CUTTING UNNECESSARY COSTS

Read: To maintain a healthy profit margin, business owners must often learn to operate with relatively few resources. Successful business owners are frugal (thrifty) and good at determining which expenses are important and which are not. Sometimes they take bold action to keep their costs low.

Discuss: What approaches have worked best to help you save money consistently?

 **ACTIVITY: Simple Cash Flow for Your Business**

What is cash flow?

**Cash flow means knowing how much money comes IN,
how much goes OUT,
and how much is LEFT.**

If you run out of cash, your business stops — even if sales are good.

Quiz:

Answer the questions below in this workbook, then email your answers to submit the assignment.

Email your answer to: entrapovhomework@gmail.com

CC: [Your supervisor's email]

Subject line: Chapter 8 Quiz 1 – [Your Name]

Using your Business Revenue & Expense Logs, fill in the last two months of numbers:

	2 Months Ago	Last Month
Income	_____	_____
Expenses	_____	_____
Profit or Loss	_____	_____

Step 2: Estimate the Next 3 Months (Do Your Best). You are NOT required to be perfect. Just make your best guess.

FUTURE MONTHS (Estimate)

	This Month	Next Month	Month 3
Expected Income	_____	_____	_____
Expected Expenses	_____	_____	_____
Profit or Loss	_____	_____	_____

Step 3: Starting Cash. Answer this honestly:

How much cash do you have right now?

Starting Cash = _____

Step 4: Cash Left After One Month. Use THIS MONTH numbers only.

Available Cash = Starting Cash + This Month Profit

Available Cash = _____

Answer this **question**: If your business makes a profit but you still run out of cash, what could be the reason? (Write 2 sentences to explain how this can happen.)

Email your answers from the questions above to: entrapovhomework@gmail.com

CC: [Your supervisor]

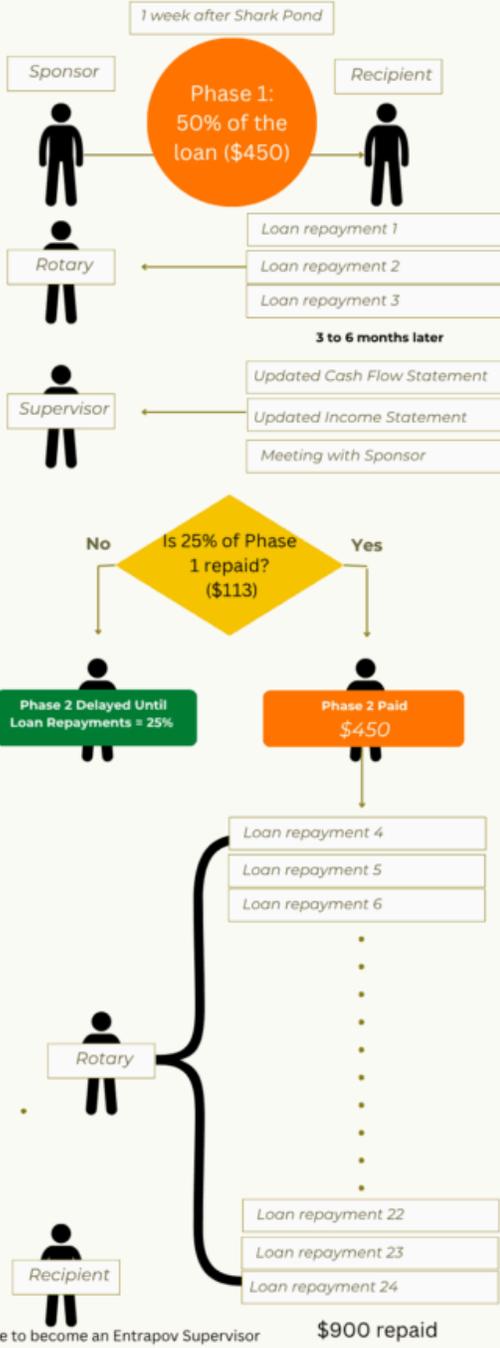
Subject line: Chapter 8 Quiz 1 – [Your Name]

Cash Flow Management Will Be Critical To Receiving A Loan From A Sponsor

Entrapov sponsors offer loans in 2 phases. The first loan phase of \$450 is given right after Shark Pond. Phase 2 can be released to the Receiver after 50% of the Phase 1 loan balance has been repaid and at least 3 additional months of financial statements have been reviewed to the satisfaction of the sponsor and your supervisor.

Expansion Loan

\$900 loan requires 1+ year of accurate income statement & cash flow statement history



MY COMMITMENTS

Ⓐ I will pay myself a salary or wage and keep my business money in a separate account from my personal money.

Ⓑ I will keep separate records for my business and personal money.

Ⓒ I will continue to use a revenue and expense log every day to track the sales and expenses from my business or the test products I am selling to learn more about the market and customers I plan to serve. Use the templates below.



BUSINESS Revenue & Expense Log. Find the template using the QR code or URL at:

<https://docs.google.com/spreadsheets/d/1July62wBXcqqLw3ebMyMK8GQhEPBFC60soVRTX8bh2o/edit?usp=sharing>



PERSONAL Revenue & Expense Log. Download the template using the QR code or URL:

<https://docs.google.com/spreadsheets/d/1sbnrRdIyePFD5YBJU2s5vfl0OwWKO6x62qKgxjfousA/edit?usp=sharing>

Every day track the sales and expenses from your business and personal life. Then send a picture of it at the end of the week to your local area supervisor (trainer).

Chapter 9

Continually Improving My Business

Read: *Shark Pond* is a Rotary service project in the form of an entrepreneur pitch show like *Shark Tank*...but friendly. Budding entrepreneurs are trained and then “pitch” (present) their business ideas to Rotarian guest judges who award them with start-up loans to fund their business. The show takes place over video conferencing. Watch the video below and think about what the sponsors might be looking for when choosing an entrepreneur to support.



Video: Shark Pond Highlights at <https://videopress.com/v/gmLnnGSP>

Discuss: Why do you think the sponsor in the video (Rich) chose to fund this entrepreneur (Agnes) instead of one of the other entrepreneurs who pitched at the event?

What Entrapov Sponsors Want and How to Attract Them

As you write your own business plan, it is important to think about who will be reading it...the Sponsors. Entrapov provides interest free loans from Angel Investors using the Shark Pond competition as part of the application process.

Q: Who are Entrapov sponsors?

A: Americans or Europeans who believe in God. They are not rich but have enough money and feel blessed. They like to travel and learn about new cultures.

Q: Why do sponsors want to help an entrepreneur?

A: They want to feel like they are changing someone's life for the better. They want to make a friend. They want to get videos and messages showing your successes. They think startup businesses are interesting. They like to travel and want to learn about new cultures. In America we have a saying, "A picture is worth 1000 words." Sponsors want to see photos of you and your family and of your business. They want to know about you and feel like they are helping someone. They think your life, family, and business is interesting. They want to be confident that your business will succeed. They will choose to support a business that has high profit margins, low risk of failure, and lots of demand from customers who can afford to buy.

Read: Next week you will be asked to record a 2 minute video pitch on your business. You will pretend you are making this presentation to a group of sponsors. Your video needs to include the following items:

- The unmet customer need that you will solve
- The service or product you offer
- Evidence that your business can be profitable (past sales)
- How exactly will you spend the loan money
- How the items you purchase with the loan money will make you more successful than you would be without the loan money



Assignment: Create your own business proposal using the Entrapov Business Plan Template found at the QR code or the URL found below:

https://docs.google.com/file/d/1JaY6CHGextM0SI3mMRmNPR7tyg_PK9H1/edit?usp=docslist_api&filetype=msword

Download instructions: Open the file in Google Docs, then Save a copy of the file to your phone or computer. This allows you to make changes without changing the original template

Then answer the questions about your own business.

Send it to your area supervisor (class leader) so they can give you helpful suggestions and make sure it is complete.

How Do I Get To Shark Pond to Pitch For a Zero Interest Loan?

Work with your self reliance supervisor to complete a Shark Pond Loan Application packet. The packet must include the following:

1. Business proposal using the Shark Pond Business Plan template in Word or Google Docs format



2. Revenue & Expense logs for the past 60 days (any format is fine)



3. Income Statement in Google Sheets or Excel format



4. Recorded 1 to 2 minute pitch video

Assignment: Look through the business plans of past Shark Pond entrepreneurs that can be found at Entrapov.com/blog

MY COMMITMENTS

Ⓐ I will finish writing my business proposal and send it to my supervisor.

Ⓑ I will continue to use a revenue and expense log every day to track the sales and expenses from my business. At the end of each month I will send a copy to my self reliance supervisor.

Chapter 10

Presenting My Business

Share with the group

How complete is the business plan that you started writing last week? Any challenges you need help with?

This week you will record a **pitch video** to introduce yourself to potential sponsors. The video should:

- Show your **smiling** face looking at the camera.
- Say your name, where you live, the name of your business, and what problem your business solves for your customers
- Explain what your product is and how it works
- Explain how you will use the loan money if you are given a loan
- Explain **HOW** the loan money will help improve profits and save time
- Thank the sponsors for their consideration
- Gather photos of yourself and your business that can be added to your business plan.

Quiz:

Email your answers to the questions below

To: entrapovhomework@gmail.com

CC: [Your supervisor's email]

Subject line: Chapter 10 Quiz 1 – [Your Name]

Questions:

Why does a Shark Pond sponsor want to hear your business pitch and what are they wanting to hear from you?

Why is it important to smile and make a friendly connection with the sponsor?

How much do you think the sponsors know about the products or services you sell?

In America they say, "A picture is worth 1000 words." Why does the sponsor want to **see** where your business is located and what your family looks like in photos and videos?

If the sponsors live far away and do not know very much about your products and services, how can you help them understand?

Why is it important that you speak clearly, loudly, and slowly when talking to the sponsors?

Sometimes entrepreneurs do not get sponsored the first time they pitch their business on Shark Pond. This is because sponsors can't understand what they are saying due to a poor internet connection. Or sponsors can't see the entrepreneur's face clearly when the power is out. How can you overcome challenges that sometimes prevent an entrepreneur from getting sponsored on their first pitch?

Email your answers to the questions above

To: entrapovhomework@gmail.com

CC: [Your supervisor's email]

Subject line: Chapter 10 Quiz 1 – [Your Name]



Watch Emmanuel's pitch video found at the QR code or URL:

<https://videopress.com/v/bol8Map8>

Discuss: What was effective and what could be improved?



Watch Miriam's pitch video found at the QR code or URL:

<https://videopress.com/v/F4FXqWVN>

Discuss: What was effective and what could be improved?

Individual Activity

Write an outline of the main ideas you will share in your **pitch video** to introduce yourself to potential sponsors. Be sure to write what you will say and do that includes the items shown below:

- Show your **smiling** face looking at the camera.
- Say your name, where you live, the name of your business, and what problem your business solves for your customers

- Explain what your product is and how it works
- Explain how you will use the loan money if you are given a loan
- Explain **HOW** much the loan money will help improve profits and save time
- Thank the sponsors for their consideration

Homework

Record a pitch video and send it to your area supervisor

Chapter 11

Presenting My Business

plan
at



Read: In 1965 in Kenya young Joseph W. Sitati wanted to get an education. This required him to be courageous in presenting his plan for the future to those who could help him. Watch the video found at the QR code or URL below: <https://videopress.com/v/0tTJbbCA>

Discuss: Why was young Joseph Sitati able to accomplish his goals?

Read: One of our key business skills is selling. Sometimes this takes courage. But successful business owners talk with potential customers every day—both formally and informally—to share their business message, to gain feedback, and ultimately to generate sales. Today we will deliver business presentations to our group members and to guests who have joined us.

The purpose of your business presentation is to clearly communicate the value that your business offers. During a Shark Pond event, the sponsors will introduce themselves, then the host will briefly introduce you and might even play your pitch video. Then you will be given a few minutes to share your business plan, introduce yourself, and answer questions asked by the sponsors. Today we are going to practice answering questions from sponsors. This is an important part of the pitch because it helps you make a personal connection with the sponsors. The sponsors will choose who they want to sponsor after listening to 2 entrepreneurs present their business and answer questions.



Watch this highlight video from a past Shark Pond event. Take notes about what the entrepreneurs did that worked well and what they could have done better.

https://youtu.be/s1d375i_66Y



What's Next? -> How to Get to Shark Pond

Path to Shark Pond



Step 1. Student Entrepreneurs complete the 12 week Entrepreneurial Training & turn in all homework assignments to the local Area Supervisor (self reliance class leader) in their city by using the online curriculum at entrapov.com/training or via email or WhatsApp.

Step 2. After attending all 12 sessions of the training, Student Entrepreneurs submit their Shark Pond Application Packet to their local area supervisor The Shark Pond Application Packet must include:

1. Business proposal using the Entrapov template in Word or Google Docs format
2. Revenue & Expense logs for the past 60 days (any format is fine)
3. Income Statement in Google Sheets or Excel format
4. Cash Flow Statement in Google Sheets or Excel format
5. Recorded 1 to 2 minute pitch video

Step 3. Area Supervisor makes sure all homework assignments have been completed. Area Supervisor reviews each student's Shark Pond Application Packet to make sure it is complete and is well done.

Step 4. Area Supervisor schedules a Pre-Qualification Pitch Event with the local Rotary Club they belong to.

Step 5. Area Supervisor sends the Student's completed Shark Pond Application Packet to their local Rotary Club so 3 to 4 club members can read the packet before the Pre-Qualification Pitch Event.

Step 6. Area Supervisor leads a Pre-Qualification Pitch Event with their local Rotary Club. The Rotarians give feedback to help the Student make changes to improve their pitch. They praise things they like and give encouragement.

Step 7. Student and Area Supervisor make changes to their Shark Pond Application Packet based on the Rotarian's feedback.

Step 8. Area Supervisor sends completed application packet to Entrapov Controller (Dalisey Brooks).

Step 9. Entrapov Controller, Dalisey, reviews the Student's Shark Pond Application Packet to make sure it is complete. Controller suggests changes, corrects spelling errors, and ensures the math is done correctly in the financial statements. Then the Controller sends the final Shark Pond Packet to the Entrapov President.

Step 10. Entrapov President schedules Shark Pond service project with an American Rotary Club, Family, or Business.

Step 11. Entrapov President posts the application packet to Entrapov.com/blog at 2 weeks before the Rotary Shark Pond Service Project (event/show). Entrapov President asks Entrapov Judges Trainer to contact Shark Pond Judges to schedule and conduct a Judges Training with them before the event. Judges Trainer reviews the Application Packet and Judges Training Slide deck with Judges. Judges Trainer helps Judges download and set up WhatsApp on their phones. Judges Trainer creates a WhatsApp group with the judges during the call. Trainer adds each Judge and Entrapov President to the WhatsApp Group. Trainer explains how the Judges can send the sponsorship money to the Entrapov President after the event/show.

Step 12. Entrapov President sends the link to the application packets to Shark Pond Judges 1 week before the Rotary Shark Pond Service Project (event/show).

Step 13. Entrapov President leads and records the Rotary Shark Pond Service Project (event/show). Entrapov President ensures that the sponsored Student Entrepreneur is added to the WhatsApp group during the Shark Pond Service Project (event/show).

Homework Assignment: Once you feel like you are ready to pitch your business on Shark Pond, submit the following to your Area Supervisor:

- Business proposal using the Entrapov template in Word or Google Docs format
- Revenue & Expense logs for the past 60 days (any format is fine)
- Income Statement in Google Sheets or Excel format
- Cash Flow Statement in Google Sheets or Excel format
- Recorded 1 to 2 minute pitch video

Your Area Supervisor will be organizing a ***pre-qualifying pitch event*** with their Rotary Club to help you practice. Those who are successful in the pre-qualifying pitch event will have the opportunity to pitch at the big Shark Pond event where loans are given to those who are chosen by sponsors.

Chapter 12

Office Hours

Your area supervisor trainer will have a schedule of the live office hours in which you can get a mentor to help you with your business plan.