

Gender makes Business Sense (GmBS)

POWER³

AGRIBUSINESS DEVELOPMENT AND
LEARNING PROGRAMME FOR AGRIPRENEURS

MODULE 4

My Business Finance |



African
Union



AUDA - NEPAD
AFRICAN UNION DEVELOPMENT AGENCY

SIFA
Skills Initiative
for Africa
ATVET4W
Africa for women



supported by
giz
for International
Cooperation



Norwegian Ministry
of Foreign Affairs



Published by

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

P.O. Box 13732 Hatfield 0028

Pretoria, South Africa

+27 12 423 5900

On behalf of

German Federal Ministry for Economic Cooperation and Development (BMZ)

Programme/project description

Agricultural Technical Vocational Education & Training for Women (ATVET4W)

and Employment for Sustainable Development (E4D)

Responsibility for the content of external websites linked in this publication always lies with their respective publishers. GIZ expressly dissociates itself from such content.

GIZ is responsible for the overall content of this publication.

South Africa 2022



Module 4:



— — — — —



TABLE OF CONTENTS

1. Introduction	4
2. Learning Plan.....	6
3. Techniques and Requirements.....	7
4. Module Overview	9
5. Module Programme	10
5.1. Review of Module 3	11
5.2. Profit versus Cash.....	12
5.3. Business Viability.....	19
5.4. Applying Gender-Transformative Change to my Business	22
6. Summary	26
7. Model Answers	26



1. INTRODUCTION

Gender makes Business Sense (GmBS)¹ is a training approach that addresses the skills needs for women's economic and social empowerment in agribusiness. The approach results from an analysis of the challenges many women still face despite the technical and entrepreneurial skills acquired in training support programmes implemented in Africa by GIZ and the African Union Development Agency (AUDA-NEPAD). Besides participation in skills development, women need to achieve higher economic and social empowerment. The concept of "Gender-Transformative Change" is well suited to support this progression. The GmBS approach is part of this dynamic as a training programme designed to integrate the gender dimension into the economic goals of the entrepreneur.

The training programme was jointly developed and piloted in seven African countries² by ATVET4W and E4D3 - both GIZ projects based in South Africa. The training course is mainly aimed at women who manage agri-food processing enterprises. However, it can be adapted and extended to young learners at the end of their studies in agricultural training centres. The content is structured around five modules based on exploratory tools, socio-economic analysis tools and decision-making tools that are easily adaptable to the environment and educational level of the target groups.

The methodological approach used to conduct the training is interactive, and the learning sequences are designed to respond to the recurring questions of the target groups. They are professionals with practical experience, students or graduates trained in the theoretical concepts of entrepreneurship. The tools proposed for facilitating the training sessions are familiar to the users and selected according to the priorities for each of the three phases of the learning pathway.

- The first phase is clarifying and contextualising the concept of women's socio-economic empowerment. The activities in this phase focus on empowerment indicators from the Women's Empowerment in Agriculture Index (WEAI) designed by IFPRI⁴. These indicators serve as quality criteria and are divided into three domains (personal, interpersonal, and community), considered the "chessboard of power dynamics". To meet the learning objectives, Modules 1 and 3 provide appropriate tools such as the chart and anecdotes to differentiate "Gender" and "Sex", the "Gender Puzzle", and the "Quadrants of Gender-Transformative Change".
- The next phase is the analysis of business performance concerning the socio-economic empowerment of the entrepreneur. Data are collected from local enterprises on both economic and gender aspects. These data are analysed to deliberate on the profitability and viability of the enterprises and to draw lessons. Thus, modules 2 and 4 are mainly oriented towards building skills that can increase economic empowerment. The primary tool around which other equally important tools revolve is the adapted business model canvas using a gender-transformative lens.
- The last phase focuses on developing a **Gender-transformative business vision** customised to each enterprise. **Module 5** is devoted to this and allows each participant to consolidate the knowledge acquired in the previous modules and then converge them towards a "dream", which will be their source of inspiration for the change journey towards empowerment.

¹ Gender makes Business Sense

² Benin, Burkina Faso, Ghana, Kenya, Malawi, and South Africa

³ E4D: Employment for Development

⁴ IFPRI: International Food Policy Institute



Each module is designed as three blocks of 90 min with breaks of 30 min and 60 min, respectively. Thus, contact time is 4,5 hours, while module time is 6 hrs.

Module 3 explored:

- My Change Maker Profile
- Mental Models
- Working with Gender-Transformative Change (GTC)
- The Power of 3 in business.

Module 4 focuses on **managing Business Finance for a small business**. During Module 4, participants will explore:

- Profit and Cash Flow calculation
- Cash Flow challenges
- The challenges associated with borrowing money
- Business Viability



2. LEARNING PLAN

The Learning Plan below is the module's plan for instruction and assessment and is connected to the learning outcomes.

TOPIC NO.	TOPIC TITLE	LEARNING OBJECTIVES	LEARNING OUTCOMES	
			K A S	[K – KNOWLEDGE; A – ATTITUDE; S - SKILLS]
1.	Review of Module 3	Test comprehension of the key concepts learned during Module 3	K	Demonstrate an understanding of the lessons learned during Module 3
2.	Profit and Cash Flow calculation	Explore the things which determine Profit and positive Cash Flow for a business	K	Demonstrate an understanding of calculating Profit and Cash Flow for my own business
		Consider why it is important to project Profit and Cash Flow for a business	A	Articulate the importance of calculating Profit and Cash Flow for my own business
		Learn how to calculate Profit and Cash Flow for a business	S	Calculate Profit and Cash Flow for my own business
3.	Cash Flow challenges	Explore how credit to customers will impact on Cash Flow for my own business	K	Demonstrate an understanding of how business growth and credit to customers will impact on Cash Flow for my own business
		Consider the importance of restricting credit to customers	A	Articulate the importance of pacing business growth and restricting credit to customers
		Consider how credit to customers impacts on Cash Flow for my own business	S	Calculate how business growth and credit to customers impact on Cash Flow for my own business
4.	Business Funding challenges	Explore how borrowing will impact on Cash Flow for my own business	K	Demonstrate an understanding of how business finance will impact on Cash Flow for my own business
		Consider the importance of restricting borrowing to a business	A	Articulate the importance of restricting borrowings for a business
		Consider how borrowing impacts on Cash Flow for my own business	S	Calculate how business loans impact on Cash Flow for my own business
5.	Business Viability	Learn what break-even is and use the break-even in assessing the financial viability of a business	K	Demonstrate an understanding of using the break-even calculation as a means of determining the financial viability of my own business



		Explore the importance of determining business viability	A	Articulate the importance of determining business viability
		Identify the key parameters/variables that can affect the break-even or viability of a business positively or negatively	S	Include the break-even to decide on the viability of my own business
6.	Application	Apply the lessons learned during Module 4 to open more possibilities for gender-transformative change in business.		Areas for continued self-development are identified

3. TECHNIQUES AND REQUIREMENTS

The table below outlines the techniques applied in each activity and the resources required to achieve activity outcomes, such as stationery or workspace.

TECHNIQUE	ACTIVITY NO	REQUIREMENTS (SPACE, EQUIPMENT, MATERIAL)	DURATION (NH)	CONCEPTS / TOOLS / TEMPLATES / WORKSHEETS
Quiz	1	Small tables with seating for 4 and 6 persons, Slides, Participant's Guide.	20 minutes	Q&A
Business Game	2 Business Game tasks a) to c)	Slides and Participant's Guide For each small group, a flip chart, marker pens and a small table with seating for 4 and 6 persons. Business Game Board and Kit Gender Puzzle	20 minutes	Pre-start-up Profit and Cash Flow Profit Work Sheet Cash Flow Work Sheet
	3 Business Game tasks d) to j)		20 minutes	Start-up Profit and Cash Flow Profit Work Sheet Cash Flow Work Sheet
	4 Business Game tasks k) to q)		20 minutes	Expansion Profit and Cash Flow Profit Work Sheet Cash Flow Work Sheet
	5 Business Game task r)		40 minutes	Growth Profit and Cash Flow Profit Work Sheet Cash Flow Work Sheet

Commented [CC1]: Description missing



	6 Business Game task s)		20 minutes	Cash Challenges Profit Work Sheet Cash Flow Work Sheet
	7 Business Game task t)		30 minutes	Borrowing Challenges Profit Work Sheet Cash Flow Work Sheet
	8 Business Game task u)		35 minutes	Break-even
Individual activity	9 Application	Participant's Guide For each participant, a small table and chair.	35 minutes	Application of Profit calculation and business Viability for own business Profit Work Sheet Cash Flow Work Sheet
Individual activity	10 Personal Development Plan	Participants Guide: Personal Development Plan Daily log	15 minutes	Personal Development Plan
Individual activity	11 Daily Log	Participants Guide: Daily log	10 minutes	Daily log



4. MODULE OVERVIEW

The module overview below summarises what participants will learn in the module and its relation to the course. It also outlines the main ideas, relevant information, and material covered in the course module.

TOPIC	CONTENT	ACTIVITY
Review of Module 3	Test comprehension of the key concepts learned during Module 3	Activity 1 Quiz
Profit and Cash Flow	Business Game: <ul style="list-style-type: none"> • Profit calculation • Cash Flow calculation • Cash Flow challenges • Borrowing challenges 	Activity 2 to 7 Case study: M&J's Chili Paste AND Business Game Activity 9 Application
Business Viability	Break-even	Activity 8 Case study: M&J's Chili Paste AND Business Game
Application	Applying the lessons learnt in respect of Gender-transformative Change and Business Viability	Activity 9 Application Activity 10 Personal Development Plan Activity 11 Daily Log



5. MODULE PROGRAMME

Module 4: Managing my Business Finance					
Block 1 09:00-10:30	Mins	Block 2 11:00-12:30	Mins	Block 3 13:30-15:00	Mins
Review of Module 1 Activity 1 Quiz	20	Business Game (continued) Activity 5: Growth Business Game task r). Sharing Processing	40	Business Viability Activity 8 Business Game task u). Processing Generalising	30
Profit & Cash Flow Introduction Activity 2: Pre-start-up Business Game tasks a) to c) Sharing Processing	10 20 20	Activity 6: Cash Challenges Business Game task s). Sharing Processing Generalising	20	Application of learning to own business Introduction Activity 9 Business Game Application Sharing Processing	5 20 5 5
Activity 3: Start-up month 1 Business Game tasks d) to j) Sharing Processing	20	Activity 7: Borrowing money Business Game task t). Sharing Processing Generalising	30	Activity 10 Personal Development Plan Activity 11 Daily Log Sharing	10 10 5
Activity 4: Expansion month 2 Business Game tasks k) to q) Sharing Processing	20				
Total	90	Total	90	Total	90



5.1. Review of module 3

Duration	20 minutes	
Techniques	Quiz	
Requirements	<ul style="list-style-type: none"> • Slides • Participant's Guide 	
Procedure	<p>LINKAGE WITH PREVIOUS SESSION</p> <p>The quiz aims to refresh and reinforce the previous day's learning.</p>	
	<p>INTRODUCTION: <i>(5 Mins)</i></p> <p>The facilitator provides a brief overview of the Module 3 topics on a flip chart or PowerPoint bullet points:</p> <ul style="list-style-type: none"> • My Change Maker Profile • My Mental Model • Working with Gender-transformative Change • The Power of 3 in Business; and • Applying the above to their own businesses. 	
	<p>ACTION</p> <p>ACTIVITY: <i>(15 Mins)</i></p> <p>Host a quick quiz with the following questions on the previous day's learning. The quiz is done in plenary by quickly throwing a ball to the participants randomly responding to the questions below. It is important to maintain the momentum that keeps everyone energised and involved.</p> <ul style="list-style-type: none"> • Name the three personal preferences which could enable or block possibilities of transformative change. Feeling, Thinking, Doing 	<p>Activity</p> <p>1</p>



	<ul style="list-style-type: none"> Name the three levels on which change is needed to transform power relations. Name three forms of power needed to shift unequal power relations (Power over). 	
	<p>PROCESSING:</p> <ol style="list-style-type: none"> Call for further clarification to any questions above or provide additional information as requested by reviewing the topics from Module 3. Request participants to share one key lesson learned in the four topics covered under module 3. 	(5 Mins)



Facilitators Tips

- Keep the quiz quick and fun.** Take answers from a range of participants
- The quiz should be energising** to draw participation from all.
- The quiz provides a recap of the previous module and a bridge to the next module.
- Ensure that no one participant is dominating** in answering the quiz questions. If one participant dominates, mention that the others must also get a chance to respond.
- If there is hesitation from the group** of participants to provide answers, nominate some participants to give the answers.

5.2. Profit versus Cash

Duration	160 minutes
Techniques	Business Game and Discussion
Requirements	<ul style="list-style-type: none"> Business Game Kit Business Game “How to Play” Guide Three tables, with 5 to 10 chairs spaced around each table, depending on the number of participants Profit, Cash Flow, Balance Sheet and Work Sheets



	<ul style="list-style-type: none"> • Flipchart and Markers • Slides • Resource Book: Module 2, par. 2.4 and Module 4, par. 4.1-4.3 • Participant’s Guide. 												
Procedure	<p>LINKAGE WITH PREVIOUS SESSION</p> <ul style="list-style-type: none"> • The previous sessions focused on basic gender-transformative change concepts and building a business model. • The session focuses on two of the business model elements, namely income generation and cost structures, and aims to explore profit and cash flow challenges experienced by start-up and growing small agri-businesses. 												
	<p>INTRODUCTION: (10 Mins)</p> <p>Introduce the Case Study M&J’s Chili Paste (see page 5 of the “How to Play” Guide). Michael and Jane have realised that their business is now a fully-fledged business. M&J’s Chili Paste is part of an agribusiness value chain (stretching from suppliers to farmers, farming itself, agri-processing (manufacturing), to the marketing of agriculture products and rendering services to farmers, and they want to step up in taking their business so the next level.</p> <p>Do the following:</p> <p>Divide the Agripreneurs into groups ranging in size between 3 and 10 to have a maximum number of 3 groups. Ensure a spread across groups of:</p> <ul style="list-style-type: none"> • Experienced and inexperienced • Formal education levels • Gender and age groups • Suppliers, farmers, manufacturers, traders, and service providers <p>Give each group a copy of the BUSINESS GAME and explain the layout of the Game Board.</p>												
	<p>ACTION</p> <p>ACTIVITY: (10 Mins)</p> <p>Request participants to do tasks a) to c):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th>TASK</th> <th>ACTIVITY</th> <th>PAGE: HOW TO PLAY GUIDE</th> </tr> </thead> <tbody> <tr> <td>Task A</td> <td>Capitalising the business</td> <td>Page 6</td> </tr> <tr> <td>Task B</td> <td>Capital expenditure</td> <td>Page 6</td> </tr> <tr> <td>Task C</td> <td>Calculation of Cash available</td> <td>Page xxx</td> </tr> </tbody> </table>	TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE	Task A	Capitalising the business	Page 6	Task B	Capital expenditure	Page 6	Task C	Calculation of Cash available	Page xxx
TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE											
Task A	Capitalising the business	Page 6											
Task B	Capital expenditure	Page 6											
Task C	Calculation of Cash available	Page xxx											

Commented [CC2]: Missing Page



SHARING:*(5 Mins)*

Request 1 group to share their calculation of the cash available. Request the other groups to share only if their outcome differs from the first group.

Share with the participants the outcome of Activity 2:

- Profit calculation Work Sheet How to Play Guide page 7
- Cash Flow calculation worksheet How to Play Guide page 8
- Balance Sheet How to Play Guide page 8.

PROCESSING:*(10 Mins)*

Request participants to reflect and share:

- Why were no profits/losses made during the pre-start-up phase of the business?
- Why the spending on equipment is merely cash flow out of business in exchange for assets and not impacting profits/losses?

ACTION**ACTIVITY:***(15 Mins)*

Request participants to do tasks d) to j). See pages 7 to 12 of the “How to Play” Guide:

TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE
Task D	Month 1 Production costs	Page 9
Task E	Calculation of Cash available	Page 9
Task F	Month 1 fixed business running costs	Page 9
Task G	Production Efficiency	Page 10
Task H	Sales	Page 10
Task I	Calculation of Cash available	Page 10
Task J	Decide on Borrowing money	Page xxx

Activity**2**

Commented [CC3]: Missing page



	<p>SHARING: <i>(5 Mins)</i></p> <p>Request 1 group to share their calculation of the cash available. Request the other groups to share only if their outcome differs from the first group.</p> <p>Share with the participants the outcome of Activity 3:</p> <ul style="list-style-type: none"> • Profit calculation Work Sheet How to Play Guide page 11 • Cash Flow calculation worksheet How to Play Guide page 11 • Balance Sheet How to Play Guide page 12. 																								
	<p>PROCESSING: <i>(5 Mins)</i></p> <p>Request participants to reflect and share:</p> <ul style="list-style-type: none"> • Why Cash ≠ Profit? • Why do start-up businesses seldom make a profit? • Why does loss-making erode the wealth of the owners? 																								
	<p>GENERALISING: <i>(5 Mins)</i></p> <p>Clarify the following with the groups:</p> <ul style="list-style-type: none"> • The difference between loan (capital) repayment and interest payments; and • Depreciation. 																								
	<p>ACTION</p> <p>ACTIVITY: <i>(20 Mins)</i></p> <p>Request participants to do tasks k) to q):</p> <table border="1" data-bbox="242 1290 916 1693"> <thead> <tr> <th>TASK</th> <th>ACTIVITY</th> <th>PAGE: HOW TO PLAY GUIDE</th> </tr> </thead> <tbody> <tr> <td>K</td> <td>Month 2 Production costs</td> <td>Page 12</td> </tr> <tr> <td>L</td> <td>Month 1 fixed business running costs</td> <td>Page 13</td> </tr> <tr> <td>M</td> <td>Production Efficiency</td> <td>Page 13</td> </tr> <tr> <td>N</td> <td>Sales</td> <td>Page 13</td> </tr> <tr> <td>O</td> <td>Calculation of Cash available</td> <td>Page 13</td> </tr> <tr> <td>P</td> <td>Borrowing money</td> <td>Page 13</td> </tr> <tr> <td>Q</td> <td>Reconciliation of Cash on Game Board with Cash reflected in the Cash Flow calculation Work Sheet</td> <td>Page 16</td> </tr> </tbody> </table>	TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE	K	Month 2 Production costs	Page 12	L	Month 1 fixed business running costs	Page 13	M	Production Efficiency	Page 13	N	Sales	Page 13	O	Calculation of Cash available	Page 13	P	Borrowing money	Page 13	Q	Reconciliation of Cash on Game Board with Cash reflected in the Cash Flow calculation Work Sheet	Page 16
TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE																							
K	Month 2 Production costs	Page 12																							
L	Month 1 fixed business running costs	Page 13																							
M	Production Efficiency	Page 13																							
N	Sales	Page 13																							
O	Calculation of Cash available	Page 13																							
P	Borrowing money	Page 13																							
Q	Reconciliation of Cash on Game Board with Cash reflected in the Cash Flow calculation Work Sheet	Page 16																							

Activity
3



	<p>SHARING: <i>(5 Mins)</i></p> <p>Request 1 group to share their calculation of the cash available. Request the other groups to share only if their outcome differs from the first group.</p> <p>Share with the participants the outcome of Activity 3:</p> <ul style="list-style-type: none"> • Profit calculation Work Sheet How to Play Guide page 14 • Cash Flow calculation worksheet How to Play Guide page 14 • Balance Sheet How to Play Guide page 15. 						
	<p>PROCESSING: <i>(5 Mins)</i></p> <p>Request participants to reflect and share:</p> <ul style="list-style-type: none"> • Why is there a difference between Profit for the month and accumulated Profit since start-up? • Why is interest called “the cost of borrowing money”? • What is the impact of allowing credit to customers on Cash Flow? 						
	<p>ACTION</p> <p>ACTIVITY: <i>(30 Mins)</i> Activity</p> <p>Request participants to do task r):</p> <table border="1" data-bbox="236 1160 909 1249"> <thead> <tr> <th>TASK</th> <th>ACTIVITY</th> <th>PAGE: HOW TO PLAY GUIDE</th> </tr> </thead> <tbody> <tr> <td>R</td> <td>Months 3 and 4 Profit and Cash</td> <td>Page 16</td> </tr> </tbody> </table> <div style="text-align: right; font-size: 2em; font-weight: bold; color: #8B4513;">4</div>	TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE	R	Months 3 and 4 Profit and Cash	Page 16
TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE					
R	Months 3 and 4 Profit and Cash	Page 16					
	<p>SHARING: <i>(5 Mins)</i></p> <p>Request 1 group to share their calculation of the cash available. Request the other groups to share only if their outcome differs from the first group.</p> <p>Share with the participants the outcome of Activity 3:</p> <ul style="list-style-type: none"> • Profit calculation Work Sheet How to Play Guide page 16 • Cash Flow calculation worksheet How to Play Guide page 17 • Balance Sheet How to Play Guide page 17. 						
	<p>PROCESSING: <i>(5 Mins)</i></p> <p>Request participants to reflect and share:</p> <ul style="list-style-type: none"> • Why can an increased production volume impact losses turn into profit? • Why do increased monthly fixed business running costs have a negative impact on profit? 						



- What is the effect of profit on the wealth of the owners?

ACTION

ACTIVITY: (10 Mins)

Request participants to form new 4 to 5-person groups and do task s):

TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE
S	Name and discuss the impact of cash flow challenges you experience in your business	Page 17 and 18

Activity

5

SHARING: (5 Mins)

Request one group to share their cash flow challenges. Request the other groups to share only if they have discussed different challenges.

PROCESSING: (5 Mins)

Request participants to reflect on:

- What are the causes of cash flow challenges?
- What are the impacts of such cash flow challenges on their businesses?
- What can be done to mitigate cash flow risk in a small start-up and growing business?

ACTION

ACTIVITY: (10 Mins)

Request participants to form **new** 4 to 5-person groups and do task t):

TASK	ACTIVITY	PAGE: HOW TO PLAY GUIDE
T	Discuss the dangers of borrowing money from banks on the one hand and the other hand from informal lenders.	Page 18 -20

Activity

6

SHARING: (5 Mins)

Request 1 group to share their view on the dangers of borrowing. Request the other groups to share only if they have discussed different dangers



	<p>PROCESSING: <i>(10 Mins)</i></p> <p>Request participants to reflect on:</p> <ul style="list-style-type: none"> • What good and bad experiences they have had with borrowing? • What are the impacts of borrowing on their profitability and cash flow? • What will they do differently in future in respect of borrowing?
	<p>GENERALISING: <i>(10 Mins)</i></p> <p>Clarify the following with the groups:</p> <ul style="list-style-type: none"> • The 5 Cs, which lenders consider How to Play Guide page 18 • Other credit risks for lenders How to Play Guide page 19 • The key financial ratios which lenders consider: <ul style="list-style-type: none"> • Debt ratio How to Play Guide page 19 • Debt Service Cover How to Play Guide page 20 • Safety Margin How to Play Guide page 20





Key Points / Take-aways

Both Profit and Cash are important for a business. A business can make a good profit but fail as it may run out of cash. Businesses run out of cash for several reasons, including:

- Selling on credit to customers.
- Growth in production volumes.
- Increase in fixed monthly running costs; and
- The burden of interest and loan capital repayments



Facilitators Tips

No complex calculations are required when playing the Business Game. However, the activities require that participants move money on the Game Board and check the Module answers for correctness as the game progresses. Therefore, using calculators (most mobile phones have built-in calculators) is required.

The time allowance for playing the Business Game is extremely strict. Care must be taken to keep to the schedule in the guideline. If not, facilitators risk running out of time to make the three most important sessions, namely Business Viability, Application and GTC, in managing Business Finances

5.3. Business Viability

Duration	30 minutes
Techniques	Business Game and discussion
Requirements	<ul style="list-style-type: none"> • Business Game Kit • Business Game “How to Play” Guide • A total of 3 tables, with 5 to 10 chairs spaced around each table, depending on the number of participants • Profit, Cash Flow and Balance Sheet Work Sheets • Flipchart and Markers • Resource Book: Module 4, part. 4.4 • Slides • Participant’s Guide



<p>Procedure</p>	<p>LINKAGE WITH PREVIOUS SESSIONS</p> <p>During Tasks 2 to 7 of the Business Game, we explored profit and cash flow challenges.</p> <p>This session on Business Viability focuses on the two methods of break-even calculation and calculation of the Safety Margin for a business.</p>
	<p>INTRODUCTION <i>(10 Mins)</i></p> <p>Introduce the concept that some businesses are born dead, meaning that some businesses are designed to fail as they do not have enough production capacity to generate sufficient sales to cover their monthly fixed costs.</p> <p>Calculating the break-even is one way of determining the viability of a business.</p> <p>Introduce the basic break-even calculations:</p> <ul style="list-style-type: none"> • Break-even (in kg. units) = $\text{FIXED COSTS} \div \text{CONTRIBUTION MARGIN}$ • Break-even (in Sales value) = $\text{FIXED COSTS} \div \text{CONTRIBUTION MARGIN \%}$ • Safety margin = $\text{Actual Sales} \div \text{Break-even Sales}$ <p>Share the break-even and safety margin calculations for M&J's Chili Paste with the groups; see How to Play Guide page 22:</p> <ul style="list-style-type: none"> • Production cost per Unit • Contribution Margin per Unit • Contribution (Gross Profit) % • Monthly fixed cost & cash outflow • Break-even in Units • Break-even in Sales value • Safety Margin



	<p>ACTION</p> <p>INSTRUCTION: <i>(10 mins)</i></p> <p>Participants are to form new 5 to 10-person groups with a gender, experience level and age mix. Request the groups to:</p> <ul style="list-style-type: none"> a) Check if the break-even and Safety Margin calculations for M&J's Chili Paste are correct; and b) Comment on the viability of the business, if it operates at 75% production capacity with a 10% Safety Margin 	<p>Activity</p> <p>8</p>
	<p>SHARING: <i>(5 Mins)</i></p> <p>Request 1 group to share their view on the correctness of the calculations and the viability of M&J's Chili Paste. Request the other groups to share only if their opinions differ from the first group.</p> <hr/> <p>PROCESSING: <i>(5 Mins)</i></p> <p>Request participants to reflect on:</p> <ul style="list-style-type: none"> • What critical information must an Agripreneur know to determine the break-even of their business? • How an increase in fixed monthly costs will the break-even changes? • How will break-even be calculated differently between farmers/manufacturers/traders/service providers? 	



Key Points / Take-aways

An Agripreneur must know the following information to determine the viability of their business:

- Monthly fixed business running costs; and
- Contribution (Gross Profit) %





Facilitators Tips

When introducing the activity (given access to electricity, a laptop, data projector and a screen), the facilitator can use the Excel model in explaining the impact of the following variables on break-even (business viability):

- Price decreases (without being able to cut costs accordingly)
- Production cost (variable cost) increases (without being able to adjust the pricing accordingly)
- Fixed monthly (overhead) cost increases (without being able to adjust the pricing accordingly)

If electricity is unavailable, the facilitator can use a Flipchart to illustrate this impact. In this case, the facilitator draws the graphic (which is displayed by the Excel Spreadsheet) on a Flipchart and, with assorted colour pens, illustrates the changes.

5.4. Applying Gender-Transformative Change to my Business

Duration	60 minutes
Techniques	Activity and discussion
Requirements	<ul style="list-style-type: none">• Profit and Break-even calculation Work Sheet• Participant's Guide
Procedure	<p>LINKAGE WITH PREVIOUS SESSIONS</p> <p>During Tasks 2 to 8 of the Business Game, we explored profit, cash flow challenges and business viability.</p> <p>This session focuses on applying the lessons learnt to participant's own businesses in respect of:</p> <ul style="list-style-type: none">• How is business viability influenced by gender-based roles, norms & power dynamics?• What is holding this in place?• What are the gender-related barriers and opportunities linked to business viability?• How can business viability be improved through gender-transformative change?• Developing a personal development plan for implementing changes in managing the finances of their businesses; and• Capturing a daily log.



INTRODUCTION:*(5 Mins)*

Application is the final phase in the Experiential Learning Cycle, directed at allowing participants to reflect on applying the lessons learnt in respect of business viability and GTC.

The activity is done in 3 phases:

- Firstly, by doing a basic profit and breakeven calculation for their businesses,
- Secondly, by mapping out a personal development plan for implementing gender-transformative changes in managing the finances of the business going forward; and
- Finally, by doing a daily log.

ACTIVITY:*(20 Mins)*

The Application activity is done individually. However, the facilitator can allow 2-person groups in cases where some participants are less literate/ numerate.

Request the participants to do the following:

- A basic Profit calculation for the past month OR the past production cycle; and
- A Safety Margin calculation,

SHARING:*(5 Mins)*

- Request one participant to share the outcome of the Profit calculation.
- Request another participant to share the outcome of the Safety Margin calculation

PROCESSING:*(5 Mins)*

Request participants to reflect on:

- How gender-transformative changes could impact Profitability, Cash flow and business viability?
- Practical examples of gender-transformative changes which could impact Profitability, Cash flow and business viability?








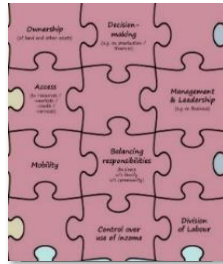
ACTIVITY:

(10 Mins)

Put emphasis and give examples on possible actions that could be taken at the household level and with partners in the enterprise to make the business socially and economically balanced. Participants do continue and finalise individually the activity started in Module 2. Request participants to **map out a Development Plan**

GmBS Development Plan template: rainy season (from.....to.....)

	 Individual	 Household	 Enterprise	 Systems & Structures	 Culture
Goals					
Actions to be taken					
Supports					
Expected Outcomes					



- Ownership
- Decision making
- Access to resources
- Management and leadership
- Mobility
- Balancing responsibilities
- Control over use of income
- Division of labour



Name

Start date Revision date

Next reflection date:

Module 2	
Goal (What is the desired change I want to see?)	
Actions (How can I make it happen?)	
Support (What support do I need & whom from?)	
Expected outcome (How will I know it is happening?)	
Statement of personal Intent (Am I convinced and committed?)	

ACTIVITY

(10 Mins)

Participants do the activity individually. Request participants to do a Daily Log:

DAILY LOG	MODULE 4
What sounds most important for my own context?	
How can this be applied in my business?	
What are the desired changes I want to see based on what I learnt from each module?	

SHARING:

(5 Mins)

- Request 1 participant to share their Plan. Allow brief reflection on the sharing by other participants.



6. SUMMARY

In Module 4, we explored profit, cash flow, and business viability. Finally, we have explored the gender-transformative changes you identified that could strengthen your business profitability and viability.

7. MODULE ANSWERS

Activity 1 – Answers to Quiz

Question	Answer
Name the three personal preferences which could enable or block possibilities of transformative change:	FEELING THINKING DOING
Name the three levels on which change is needed to transform power relations:	ME (the individual) WE (the family/business) ALL of the US (the community/society)
Name three forms of power needed to shift unequal power relations (Power over).	POWER WITHIN (self-awareness) POWER TO (taking action / influencing) POWER WITH (taking collective action)

