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ESTABLISHING AN INDUSTRIAL DEVELOPMENT AND FINANCIAL  
ORGANIZATION FOR PROMOTION OF THE SMALL AND MEDIUM-SCALE  
ENTERPRISE SECTOR IN SIERRA LEONE

DP/SIL/87/003

SIERRA LEONE

Technical report No.5: manual on basic business  
management course (bmc) \*

Prepared for the Government of Sierra Leone and the National  
Industrial Development and Finance Organization Limited (NIDFO)  
by the United Nations Industrial Development Organization,  
acting as executing agency for the United Nations Development Programme

Based on the work of Herminia R. Fajardo,  
entrepreneurship development programme expert

Backstopping officer: Seiichiro Hisakawa,  
Institutional Infrastructure Branch

United Nations Industrial Development Organization  
Vienna

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\* This document has not been edited.

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ABSTRACT

The Basic Business Management Course (BBMC) Manual consolidates and formalizes documents, materials and practices of the Development Services Section of the National Industrial Development and Finance Organization into an organized guideline for the conduct of the said Course.

Modifications have been introduced in the sequencing of topics as well as in the strengthening of some areas that address the management weaknesses of target participant small-scale industry entrepreneurs.

A specific feature incorporated is a series of workshops through the course whereby outputs progressively build up towards the preparation of a business plan for financial assistance consideration.

BASIC BUSINESS MANAGEMENT COURSE

M A N U A L

INTRODUCTION

This manual has been designed for the basic business management course for small-scale industry entrepreneurs selected for development in management skills. Reference is made to the Entrepreneurship Development Expert's Report No. 2: Assessment of the NIDFO Entrepreneurship Development Programme, on the rationale and areas for improvement in the Basic Business Management Course (BBMC) conducted by the National Industrial Development and Finance Organization (NIDFO) through the Sierra Leone Opportunities Industrialization Center (SLOIC).

The design of this manual was undertaken with the cooperation of the Officer-In-Charge, Development Services, NIDFO, and the Entrepreneurship Development Specialist, UNV, from 25 March to 2 April (6 working days) to constitute the second training module in the entrepreneurship development programme.

The programme described herein addresses in particular the small-scale industry entrepreneurs who have not had formal education and training in business management. The participants will find the concepts and approaches simple, familiar and easy to understand. Terminologies are expressed in such a way that high-sounding business jargon are avoided. As much as possible efforts must be made by resource persons to stay closely to local situations depicting Sierra Leonean business systems and practices.

Workshops are built into the course to allow participants to immediately appreciate the application of procedures and guidelines covered in the sessions. The output of the workshops are inputs into the business plan preparatory to financial assistance.

## I COURSE OBJECTIVES

### A. General Objective

The course is designed to equip participants with the basic concepts and techniques in managing a small business enterprise.

### B. Specific Objectives

1. To familiarize the participants with the structure, characteristics and management problems of the small-scale enterprise sector in Sierra Leone;
2. To enable the participants to appreciate the role of the entrepreneur as a manager;
3. To provide the participants with knowledge and recognition of the resources put together in organizing and managing a small business enterprise;
4. To equip the participants with reasonable knowledge and skills in the functional areas of managing the enterprise; and
5. To enable the participants to prepare a business plan for his/her enterprise preparatory to MIDFC financial assistance.

## II TIME DISTRIBUTION

### Total Available Time:

2 weeks x 5 days x 6 hours = 60 hours

### Distribution:

<u>Objective</u>	<u>Module</u>	<u>Hours</u>	<u>%</u>
1, 2, 3	General Management	4.5	7
4	Marketing	9.0	15
	Production	12.0	20
	Records Keeping	9.0	15
	Finance	12.0	20
	Human Resources	1.0	2
5	Business Planning	9.0	15
	Course Adminis- tration	3.5	6
	Total	60.0	100

III COURSE OUTLINE

OBJECTIVE	MODULE	TOPICS/ACTIVITIES	SESSION	HOURS	TIME	DAY	RESOURCE PERSON	METHODOLOGY
To introduce participants to the course and to put them at ease	Course Administration	<ul style="list-style-type: none"> <li>- Opening Ceremony</li> <li>- Welcome to (<u>Training Institution</u>)</li> <li>- Course Introduction</li> <li>- Getting Acquainted</li> </ul>		X	9.00 - 9.15	1	NIDFO Official	<ul style="list-style-type: none"> <li>- Explain course objectives</li> <li>- Participants introduce themselves</li> </ul>
To familiarize the participants with the structure, characteristics and management problems of the small-scale enterprise sector in Sierra Leone.	General Management	<ul style="list-style-type: none"> <li>- Small-scale Enterprises in Sierra Leone                             <ul style="list-style-type: none"> <li>. Structure</li> <li>. Types of business</li> <li>. Characteristics</li> <li>. Management Problems</li> </ul> </li> </ul>	1	X	10.30-11.15		NIDFO Staff	<ul style="list-style-type: none"> <li>- Lecture/discussion</li> </ul>
To enable participants to appreciate the role of the entrepreneur as a manager		<ul style="list-style-type: none"> <li>- Role of the Artisanal and Small-scale Industry Entrepreneur as a Manager                             <ul style="list-style-type: none"> <li>. Planning</li> <li>. Organising</li> <li>. Staffing</li> <li>. Leading</li> <li>. Controlling</li> </ul> </li> </ul>	2	X	11.15-12.00		Training Inst. Staff	<ul style="list-style-type: none"> <li>- Lecture/discussion/illustrations</li> </ul>
		LUNCH BREAK			12.00-13.00			
To provide the participants with knowledge and recognition of the resources needed in an enterprise		<ul style="list-style-type: none"> <li>- Organizing the Enterprise                             <ul style="list-style-type: none"> <li>. Legal Form</li> <li>. Hiring and Training Personnel</li> <li>. Acquiring Machinery and Equipment</li> <li>. Identifying Materials sources</li> <li>. Looking for capital</li> <li>. Borrowing from a Bank of Financial Institution</li> <li>. Business Forms and Regulations</li> </ul> </li> </ul>	3	2	13.00-15.00		Training Inst. Staff	<ul style="list-style-type: none"> <li>- Lecture/discussion/illustrations</li> </ul>
		- workshop I - Describing Your Enterprise	4	1	15.00-16.00		Training Inst. Staff & Course Coordinator	<ul style="list-style-type: none"> <li>- Participants prepare a brief description of his/her enterprise using BMC - 004</li> </ul>
		TOTAL DAY 1		6				
To equip participants with reasonable knowledge and skills in functional areas of managing the enterprise	MARKETING	<ul style="list-style-type: none"> <li>- Marketing Your Products/Services                             <ul style="list-style-type: none"> <li>. Knowing Your Market</li> <li>. Knowing what Your Market Wants</li> <li>. Product Life Cycle</li> </ul> </li> </ul>	5	2	9.00-11.00	2	Training Inst. Staff	<ul style="list-style-type: none"> <li>- Lecture/discussion/illustrations</li> </ul>
		- workshop II - Describing Your Products/Services	6	1	11.00-12.00		Training Inst. Staff & Course Coordinator	<ul style="list-style-type: none"> <li>- Participants prepare a brief description of his/her products using BMC - 006</li> </ul>
		LUNCH BREAK			12.00-13.00			



OBJECTIVE	MODULE	TOPICS/ACTIVITIES	SESSION	HOURS	TIME	DAY	RESOURCE PERSON	METHODOLOGY
		<ul style="list-style-type: none"> <li>- Marketing (continued)               <ul style="list-style-type: none"> <li>. Setting the right price</li> <li>. Promoting your products</li> <li>. Distributing your products</li> <li>. Other related marketing activities</li> </ul> </li> </ul>	7	3	13.00-16.00		Training Inst. Staff	- Lecture/discussion/illustrations
		TOTAL DAY 2		6				
		- Workshop III - Describing Your Market/ Sales Plan	8	3	9.00-12.00	3	Training Inst. Staff & Course Coordinator	- Participants prepare description of his/her market using BBMC - 008
		LUNCH BREAK			12.00 - 13.00			
	PRODUCTION	<ul style="list-style-type: none"> <li>- Producing Your Products/Services               <ul style="list-style-type: none"> <li>. Production Inputs</li> <li>. Shop Location and Layout</li> <li>. Types of Production system</li> </ul> </li> </ul>	9	3	13.00 - 16.00		Training Inst. Staff	- Lecture/discussion/illustrations
		TOTAL DAY 3		6				
		<ul style="list-style-type: none"> <li>- Producing (continued)               <ul style="list-style-type: none"> <li>. Planning and Controlling Production</li> </ul> </li> <li>- Workshop IV - Production Plan</li> </ul>	10	1	9.00 - 10.00	4	Training Inst. Staff	- Lecture/discussion/illustrations
			11	2	10.00 - 12.00		Training Inst. Staff & Course Coordinator	- Participants prepare his/her production plan to meet sales plan form #S III. Use BBMC - 011
		LUNCH BREAK			12.00 - 13.00			
		<ul style="list-style-type: none"> <li>- Producing (Continued)               <ul style="list-style-type: none"> <li>. Producing Quality Products</li> <li>. Analyzing Value of Products</li> <li>. Controlling Your Inventory</li> </ul> </li> </ul>	12	3	13.00 - 16.00		Training Inst. Staff	- Lecture/discussion/illustrations
		TOTAL DAY 4		6				
		<ul style="list-style-type: none"> <li>- Producing (Continued)               <ul style="list-style-type: none"> <li>. Maintaining Your Equipment Properly</li> <li>. Reducing your cost of production</li> </ul> </li> <li>- Workshop V - Computing Products Cost</li> </ul>	13	2	9.00 - 11.00	5	- Training Inst. Staff	- Lecture/discussion/illustration
			14	1	11.00 - 12.00		Training Inst. Staff & Course Coordinator	- Participants estimates product costs using BBMC - 014
		LUNCH BREAK			12.00 - 13.00			
	RECORDS - KEEPING	<ul style="list-style-type: none"> <li>- Setting up Business Records               <ul style="list-style-type: none"> <li>. Why should you keep records</li> <li>. Basic Guidelines in Record Keeping</li> <li>. Records and Reports to keep</li> </ul> </li> </ul>	15	3	13.00 - 16.00		Training Inst. Staff	- Lecture/discussion/illustrations
		TOTAL DAY 5		6				

OBJECTIVE	MODULE	TOPICS/ACTIVITIES	SESSION	HOURS	TIME	DAY	RESOURCE PERSON	METHODOLOGY
		- Business Records (Continued) • Use of Accounts • The Accounting Cycle	16	3	9,00-12,00	6	Training Inst. Staff	- Lecture/discussion/illustrations
		LUNCH BREAK			12,00-13,00			
		- Business Records (Continued) • The Balance Sheet • The Income Statement	17	3	13,00-16,00		Training Inst. Staff	- Lecture/discussion/illustrations
		TOTAL DAY 6		6				
	FINANCE	- Managing Money and Assets • Use and sources of funds • Analysing the financial statements	18	3	9,00-12,00	7	Training Institute Staff	- Lecture/discussion/illustrations
		LUNCH BREAK			12,00-13,00			
		- Managing Money (Continued) • Budget • Cash Management	19	3	13,00-16,00		Training Institute Staff	- Lecture/discussion/illustrations
		TOTAL DAY 7		6				
		- workshop VI - Projected Revenue and Expense	20	3	9,00-12,00	8	Training Institute Staff and Course Coordinator	- Participants prepare projected revenue and expenses based on sales plan form #S III and production plan form #SIV. Use Form BMC - 020
		LUNCH BREAK			12,00-13,00			
		- workshop VI - Continued	21	3	13,00-16,00		Training Institute Staff and Course Coordinator	Continuation
		TOTAL DAY 8		6				
	HUMAN RESOURCES	- Managing Your Human Resources • Plan Your Personnel Requirements • Recruiting/Selecting the Right One • Training Employees • Paying Employees Fairly	22	1	9,00-10,00	9	Training Institute Staff	- Lecture/discussion/illustrations
To enable the participants to prepare a Business Plan preparatory to NEDPC financial assistance	BUSINESS PLAN	- Business Planning • Scope of Enterprise Planning • Basic Steps in Preparing a Business Plan	23	2	10,00-12,00		"	"
		LUNCH BREAK			12,00-13,00			
		- workshop VII - Preparing the Business Plan	24	3	12,00-16,00		Training Institute Staff and Course Coordinator	- Participants prepare his/her business plan from outputs of WS I to VI. Use BMC - 023
		TOTAL DAY 9						

OBJECTIVE	MODULE	TOPICS/ACTIVITIES	SESSION	HOURS	TIME	DAY	RESOURCE PERSON	METHODOLOGY
		- workshop VII - Continued	25	3	9.00-12.00	10	Training Institute Staff and Course Coordinator	Continuation
		LUNCH BREAK			12.00-13.00			
		- Business Planning ( Continued)	26	1	13.00-14.00		Course Coordinator	- A participant presents his/her business plan. Participants presenter drawn by lot.
To evaluate the Course	COURSE	- Course Evaluation		1	14.00-15.00		Course Coordinator	- Participants evaluate the course using Develop- ment Service Programme Evaluation Form
		- Closing Ceremony		1	15.00-16.00		"	
		TOTAL DAY 10						

#### IV GUIDELINES FOR EACH SESSION

An outline of topics to be covered in each session are provided to assist the assigned resource person (s).

The terms used have been simplified for easy understanding. Resource persons are requested to avoid using heavy technical terms considering the characteristics of participants. Likewise, the approach to the lecture/discussions should be procedural rather than conceptual in order to give the participants guidance on what he should do rather than what he ought to know.

The session guidelines are:

1. BBMC - 001 SMALL SCALE ENTERPRISES IN SIERRA LEONE
2. BBMC - 002 ROLE OF THE ARTISANAL AND SMALL-SCALE INDUSTRY ENTREPRENEUR AS A MANAGER
3. BBMC - 003 ORGANIZING THE ENTERPRISE
4. BBMC - 004 WORKSHOP I - DESCRIBING YOUR ENTERPRISE
5. BBMC - 005 MARKETING YOUR PRODUCTS AND SERVICES (1)
6. BBMC - 006 WORKSHOP II - DESCRIBING YOUR PRODUCTS/SERVICES
7. BBMC - 007 MARKETING YOUR PRODUCTS/SERVICES (2)
8. BBMC - 008 WORKSHOP III - DESCRIBING YOUR MARKET/SALES PLAN
9. BBMC - 009 PRODUCING YOUR PRODUCTS/SERVICES
10. BBMC - 010 PRODUCING YOUR PRODUCTS/SERVICES (1)
11. BBMC - 011 WORKSHOP IV - PRODUCTION PLAN
12. BBMC - 012 PRODUCING YOUR PRODUCTS/SERVICES (2)

13. BBMC - 013 PRODUCING YOUR PRODUCTS/SERVICES (3)
14. BBMC - 014 WORKSHOP V - COMPUTING PRODUCT COST
15. BBMC - 015 SETTING UP BUSINESS RECORDS (1)
16. BBMC - 016 SETTING UP BUSINESS RECORDS (2)
17. BBMC - 017 SETTING UP BUSINESS RECORDS (3)
18. BBMC - 018 MANAGING MONEY AND ASSETS (1)
19. BBMC - 019 MANAGING MONEY AND ASSETS (2)
20. BBMC - 020 WORKSHOP VI - PROJECTED REVENUE AND EXPENSES
21. BBMC - 021 MANAGING YOUR HUMAN RESOURCES
22. BBMC - 022 BUSINESS PLANNING
23. BBMC - 023 WORKSHOP VII - PREPARING YOUR BUSINESS PLAN

SMALL-SCALE ENTERPRISES IN SIERRA LEONE

DEFINITION

A small-scale enterprise (SSE) may be defined in general as one wherein the owner-manager performs the varied range of tasks involved in the guidance and leadership in the enterprise. In other words, it is an establishment wherein the entrepreneur is the marketing, production, finance and personnel manager. In addition, the entrepreneur is the principal technician as well.

In terms of employment size, for purposes of NIDFO assistance, the small-scale enterprise is one which employs not more than 15 workers.

POTENTIAL CONTRIBUTIONS TO THE ECONOMY

The following are some of the most commonly recognized contributions of SSEs to the economy:

1. Creation of employment opportunities at relatively low capital investments,
2. Regional dispersal of industrial activities,
3. Equitable distribution of income,
4. Generation of foreign exchange,
5. Nurturing of entrepreneurial talents,
6. Establishing industrial linkages.

STRUCTURE

Small-scale enterprises are the backbone of the economy of a developing country like Sierra Leone. They dominate the manufacturing sector in terms of number and actually contribute to employment.

1. Number of Establishments

The NIDFO survey of manufacturing and related services sector in 1989 gives the estimated magnitude of small-scale enterprises in the country, as follows:

<u>Classification</u>	<u>Employment Size</u>	<u>No. of Establishments</u>
Artisanal	1 - 5	4,175
SSE	6 - 15	<u>1,699</u>
Total		<u>5,874</u>

2. Distribution of SSEs by Location and Constitution, %

<u>Constitution</u>	<u>Location</u>				<u>Total</u>
	W	E	S	N	
1. Sole Proprietorship	19	32	17	19	89
2. Partnership	3	3	2	2	10
3. Limited Company	2	-	-	-	2
4. Cooperative	1	-	-	-	1
5. Others	1	-	-	-	1
TOTAL	26	35	19	21	100.0

Source: Report on Manufacturing and Related Services Sector of Sierra Leone, NIDFO, 1990 (Table VI).

3. % Distribution of SSEs in Production  
By Employment Size and Activity

ACTIVITY	Employment Size				Total
	1 - 4	5 - 9	10 - 14	15 +	
1. Food Products, Beverages	3	3	1	2	9
2. Wearing Apparel, Tailoring	22	12	1	-	35
3. Metal Products	9	4	1	1	15
4. Furniture	7	10	3	2	23
5. Footwear	2	-	-	-	2
6. Others	4	6	1	4	15
TOTAL	48	35	7	10	100

Source: Report on Manufacturing and Related Services Sector of  
Sierra Leone, NIDFO, 1990 (Table IV).



4. % Distribution of SSEs in Service By Employment Size and Activity

ACTIVITY	Employment Size				Total
	1 - 4	5 - 9	10 - 14	15 +	
1. Repair of Elec. Motors, etc.	-	1	1	-	2
2. Repair of Domestic Elec. Eqpt.	4	3	-	-	7
3. Repair of Radios, TVs	10	3	1	-	14
4. Repair of Footwear	9	1	1	-	11
5. Repair & Maintenance of Motor Vehicle	10	24	17	10	61
6. Other repairs	6	-	-	-	6
TOTAL	39	32	20	10	100

CHARACTERISTICS

1. Advantages

a. Flexibility

When faced with sudden and drastic changes in the business environment, SSEs can react faster since they are not encumbered by organizational bureaucracy. Because they have limited overhead costs, they can readily adjust to abnormal economic situations.

b. Fast Decision Making

In situations requiring immediate action, the small entrepreneur can readily make decisions and execute them since he/she, as a one-person leader, holds all decision-making authority.

c. Rapid Response to Growth Opportunities

The small enterprise can meet changing product designs ahead of a large competitor. It is able to identify competitive opportunities which often leads to the development of new products with good potentials for growth.

d. Special Service

The small entrepreneur can give prompt attention to special requests of customers, such as for extra quality, custom-made design, special delivery and others.

e. Close Personal Contact

The small entrepreneur is personally in touch with production workers, customers, suppliers, creditors, etc. The management style of most entrepreneurs is often described as paternalistic. This gives a human quality to interpersonal relations and a more effective collaboration and flexibility in daily operations not usually found in bigger organizations.

f. Competitiveness in Production

SSEs generally have the edge in producing goods:

o with limited volume

Where volume required is limited, mass production by mechanization is not possible.

o with selective demand

Where the market is limited to certain areas or influenced by cultural habits, small firms operating in a community can economically meet the selective demand.

o of high precision

Products calling for high precision and narrow tolerance are usually better produced by SSEs where the owner-manager can still closely direct and control production.

o made on light equipment

SSEs are in a better position to turn out products which are light, small, of moderate precision and frequently made on light equipment or by relatively simple assembly operations.

2. Disadvantages

a. Handicap in obtaining credit and capital

SSEs generally cannot raise capital in the organized financial markets. Because of greater unit costs and greater risks involved in small credit transactions, small entrepreneurs have difficulty in obtaining loans from banks and other financing institutions.

b. Lack of bargaining strength

In buying inputs (materials and supplies) and selling end products, the small entrepreneur generally has no bargaining strength and may not be able to exercise influence in setting the market price.

c. Uneconomical scale

Unlike large manufacturers, SSEs cannot take advantage of the economies of volume production where unit costs are lower. Scale also allows for economies in purchasing, transporting and marketing.

TYPES OF SSEs

According to line of business SSEs may be classified into:

1. Product Enterprise

Enterprises that convert raw materials into final product by processing.

2. Processing Enterprises

Firms that operate under contract with other enterprises and perform one or more mainly simple operations in the total manufacturing process.

3. Subcontracting Enterprises

Enterprises that undertake subcontracting work for other enterprises in terms of manufacturing components or supplies or doing specialized operations.

4. Service Enterprises

Establishments engaged in servicing, repair and manufacture of custom-made products. Ex. printing, machine shops.

Sometimes SSEs are classified according to technology level, as follows:

1. Traditional Enterprises

Enterprises characterized by products, techniques and skills of previous generations.

2. Modern Enterprises

Enterprises catering to the requirements of the emerging modern economy. Products are suited to modern needs. Entrepreneur is progressive in outlook continually searching for improved methods. The production processes utilize technology-efficient machines, good plant layout, etc. Organization and management ideas, such as business planning, budgeting, market study, cost accounting, etc. are applied in the business operations.

BARRIERS TO SSE GROWTH

Barriers to the growth of small scale enterprises in developing countries are classified into three.

1. Entry Barriers

These are such forces limiting access to identified business opportunities and the capital needed for these opportunities, such as economies of scale, industrial policy, infrastructure, access to technology. Individual barriers include ignorance, lack of information, shortage of resources.

## 2. Survival Barriers

These concerns the problem of continuity and viability of small enterprises. Such barriers may be related to the general environment, specific conditions surrounding the small enterprise unit.

Examples are personality factors, need for technological adjustment, underdeveloped capital market, lack of information optimum size of market, cultural factors affecting management, failure of support programs.

## 3. Exit Barriers

These refer to constraints that limit the termination of small enterprises that have outlived their business viability or those that inhibit growth to a larger size. These barriers explain why some SSEs that are losing money would not close down or why others with clear growth potentials refuse to develop into bigger-sized enterprises.

Barriers may be psychological, economic or legal. There are cost-related barriers to exit, such as labor commitments, financial obligations, etc. On the other hand, growing larger may be hampered by the skills and capability of the entrepreneur.

BNIC - 002

ROLE OF THE ARTISANAL AND SMALL-SCALE INDUSTRY  
ENTREPRENEUR AS A MANAGER

FUNCTIONS OF THE MANAGER

1. Planning

- a. Setting Objectives
- b. Analyzing Present Resources
- c. Determining Alternative Courses of Action
- d. Examining Alternatives
- e. Selecting Best Course of Action

2. Organizing

- a. Deciding on Necessary Activities
- b. Establishing Authorities and Responsibilities
- c. Delegating
- d. Division of Labor

3. Staffing

- a. Selecting, Hiring and Assigning Workers

4. Leading

- a. Obtaining Worker Understanding
- b. Understanding the Human Factor of an Enterprise
- c. Leadership
- d. Motivation
- e. Communication

5. Controlling

- a. Setting Up Performance Standards
- b. Measuring Actual Performance
- c. Comparing Actual with Planned Performance
- d. Evaluating Variations and Taking Appropriate Action



ORGANIZING THE ENTERPRISE

- A. HOW TO CHOCSE THE LEGAL FORM
  - 1. Sole Proprietorship
  - 2. Partnership
  - 3. Limited Company
  
- B. HOW TO HIRE AND TRAIN PERSONNEL
  - 1. Apprenticeship
  - 2. Technical Training Institutions
  
- C. HOW TO ACQUIRE MACHINERY AND EQUIPMENT
  - 1. Buying Brand-New Equipment
  - 2. Buying Used Equipment
  - 3. Leasing Equipment
  
- D. HOW TO IDENTIFY RAW MATERIALS SOURCES
  - 1. Suppliers of Locally Available Materials
  - 2. Suppliers of Imported Raw Materials
  - 3. Quality of Materials
  - 4. Reliability of Suppliers
  - 5. Foreign Exchange Implications

E. HOW TO RAISE CAPITAL

1. Determining Your Financial Requirements

- a. Fixed Capital
- b. Working Capital
- c. Pre-Operating Capital

2. Looking For Sources of Capital

- a. Equity Capital
- b. Retained Earnings
- c. Short-Term Loans
- d. Long-Term Loans
- e. Supplier's Credit

F. HOW TO BORROW FROM A BANK

- 1. Application Forms
- 2. Borrowing Procedures
- 3. Collaterals
- 4. Credit Investigation
- 5. Interest Rates
- 6. Repayment Schedules

G. REGISTERING YOUR BUSINESS

1. Ministry of Industry and State Enterprises
2. Central Bank of Sierra Leone
3. Administrator General's Office
4. Income Tax Department
5. Others

H. BUSINESS LAWS AND REGULATIONS

1. Labor Laws
2. Commercial Laws
3. Contracts
4. Income Tax
5. Insurance

WORKSHOP I - DESCRIBING YOUR ENTERPRISE

THE ENTERPRISE:

1. Name of Business:.....
2. Name of Owner (s):.....  
 .....  
 .....  
 .....
3. Address:.....  
 .....
4. Year of Establishment:.....
5. Legal Form of Business:
  - 1) Sole Proprietorship .....
  - 2) Partnership .....
  - 3) Limited Company .....
  - 4) Others (Specify) .....
6. Brief Description of Activities:

	Production and Distribution		
Main Products	Manufacture	Wholesale	Retail
1)			
2)			
3)			
Main Service			
1)			
2)			
3)			

7. Did you start the business yourself?

Yes .....

No .....

If no, how did you acquire it?

.....  
.....  
.....

8. No. of Employees:

- A. 1) Full-Time .....
- 2) Part-Time .....
- 3) Apprentice .....
  
- B. 1) Skilled .....
- 2) Semi-skilled .....
- 3) Unskilled .....

9. Investment Details (Current Value):

A. Fixed Capital

- 1) Land .....
- 2) Building .....
- 3) Machinery .....
- 4) Furniture .....
- 5) Others .....

B. Working Capital

- 1) Cash in hand/bank .....
- 2) Raw materials .....
- 3) Finished goods .....
- 4) Others .....

10. A. What are the factors that determined the choice of location of your business:

- 1) Residence in neighborhood .....
- 2) Availability of site .....
- 3) Availability of materials .....
- 4) Market opportunities exist .....
- 5) Others (Specify) .....
- .....

B. Are you satisfied with the location of your business?

Yes ..... No .....

If no, why?

.....  
.....  
.....  
.....

Are you planning to move out?

Yes ..... No.....

11. The goals of this business are to:

A. Expand operations by .....

(% increase)

by ....., 19.....

B. Secure financing of .....  
from.....  
by....., 19..... for the following:

1) Machinery and Equipment:

.....  
.....  
.....  
.....  
.....  
.....

2) Raw Materials:

.....  
.....  
.....  
.....  
.....  
.....

I will be able to secure this loan by pledging the following assets:

.....  
.....  
.....  
.....  
.....  
.....

MARKETING YOUR PRODUCTS/SERVICES

A. KNOWING YOUR MARKET

1. What does the market buy?
2. Why does the market buy?
3. Who buys?
4. How is buying done?
5. Assess the size of your Market
  - 1) Rule of Thumb Method
  - 2) Comparison to Similar Business
  - 3) Your Experience
  - 4) Pre-selling

B. KNOWING WHAT YOUR MARKET WANTS

1. Customer's Needs
2. Customer's Buying Habits
3. Market Research: How to go about it.
4. Competition

C. PRODUCT LIFE CYCLE

1. Introductory Phase
2. Growth
3. Maturity



BENC - 006

NAME:.....

Date:.....

WORKSHOP II - DESCRIBING YOUR PRODUCTS/SERVICES

1. Products/Services

My Company will be selling the following:

Product/Service	Selling Price
1)	
2)	
3)	

2. Customers

Below is a description of my company's customers:

1) The number and type of people most interested in my products/ services are:

.....

.....

.....

.....

2) These people primarily work and live in the following areas:

.....

.....

.....

.....

3) These customers purchase about .....  
worth of our products/services every .....  
(day/week/month).

4) The main reason customers purchase our products/services is:

- a. good quality .....
- b. reasonable price .....
- c. up-to-date design .....
- d. accessibility to shop .....
- e. others (specify) .....  
.....

5) The names of my primary customers are:

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

3. Competition

1) My competitors are as follows:

.....  
.....  
.....  
.....  
.....  
.....

2) Compared to my competitors I have a competitive advantage with my products/services in the following areas for the following reasons:

A. Price:.....  
.....  
.....  
.....

B. Quality:.....  
.....  
.....  
.....

C. Service/Convenience: .....  
.....  
.....

D. Location: .....  
.....  
.....

E. Reputation: .....  
.....  
.....

F. Methods of Selling:.....  
.....  
.....

G. Reliability:.....  
.....  
.....

H. Others: .....  
.....  
.....  
.....

4. Market Coverage

What is the market coverage of your business?

Coverage	Approximate Value, Le
1) Local only	
2) National level	
3) Foreign	

5. Market Size

Do you think your market size is

- 1) big .....
- 2) medium , , .....
- 3) small .....

MARKETING YOUR PRODUCTS/SERVICES

(Continued)

D. SETTING THE RIGHT PRICE

1. Cost-oriented Pricing
  - a. Cost-plus Method
  - b. Break-even Technique
2. Demand-oriented Pricing
3. Competition-oriented Pricing
4. Other Pricing Strategies
  - a. Loss-leader pricing
  - b. Psychological pricing
  - c. Target-earnings pricing

E. PROMOTING YOUR PRODUCTS

1. Advertising
2. Personal selling
3. Publicity
4. Sales Promotion

F. DISTRIBUTING YOUR PRODUCTS

1. Wholesale
2. Retail
3. Jobbers
4. Agents
5. Factors Affecting Choice of Distribution Channel
  - a. Product Characteristics
  - b. Consumer Characteristics
  - c. Transportation Facilities
  - d. Communication Facilities

G. OTHER RELATED MARKETING ACTIVITIES

1. Branding Your Product
2. Packaging Your Product
3. Possibility of Exporting

NAME:.....

Date:.....

WORKSHOP III - DESCRIBING YOUR MARKET/SALES PLAN

1. What are your future plans to increase the size of your market/  
number of customers?

Plan I: .....  
.....  
.....  
.....  
.....

Plan II: .....  
.....  
.....  
.....  
.....

Plan III: .....  
.....  
.....  
.....  
.....

2. Do you sell on credit?

Yes .....

No .....

3. How long before you collect:

1) One week .....

3) Two months .....

2) One month .....

4) Three months .....

4. Sales Plan

1) Based on my study of the market I project my sales for the next twelve (12) months for my main products, as follows:

a. Product: .....

Month	Quantity, Units	Value, Le
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Year 1 TOTAL		



b. Product: .....

Month	Quantity, Units	Value, Le
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Year 1 TOTAL		

c. Product: .....

Month	Quantity, Units	Value, Le
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Year 1		
TOTAL		

2) I believe these sales to be reasonable based upon  
the following facts:

.....  
.....  
.....  
.....  
.....  
.....

5. Marketing Methods

I can achieve my sales plan because I will do the following:

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

PRODUCING YOUR PRODUCTS/SERVICES

A. PRODUCTION INPUTS

1. Raw Materials
2. Methods of Production
3. Machinery and Equipment
4. Labour

B. SHOP LOCATION AND LAYOUT

1. Shop Location
2. Shop Layout

C. TYPES OF PRODUCTION SYSTEM

1. Continuous Production
2. Intermitent Production

D. MAKE PRODUCTION EFFICIENCY YOUR GOAL

1. Productivity of Materials
2. Productivity of Labor
3. Productivity of Machines

BBMC -010

PRODUCING YOUR PRODUCTS/SERVICES

(Continued)

E. PLAN YOUR WORK

1. Plan what and how many you will produce and when.
2. Plan delivery and supply level of materials and purchased parts.
3. Plan your machine maintenance.

F. CONTROL YOUR WORK

1. Set Performance Standards
2. Actual Production
3. Analyze Variance of Actual and Standard
4. Institute Corrective Measures

NAME:.....

Date: .....

WORKSHOP IV - PRODUCTION PLAN

1. What inventory level of finished goods should you maintain?

one week .....

two weeks .....

one month .....

2. What is your production capacity?

.....  
.....  
.....

3. How many days do you operate in a month? .....

4. Production Plan

In order to meet my sales plan (Workshop III) my production plan is as follows:

a. Product:.....

Month	Sales Plan, Quantity	Finished Goods Inventory End	Production Plan
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
YEAR 1 TOTAL			

b. Product:.....

Month	Sales Plan, quantity	Finished Goods Inventory End	Production Plan
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
YEAR 1			
TOTAL			



c. Product:.....

Month	Sales Plan, Quantity	Finished Goods Inventory End	Production Plan
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
YEAR 1 TOTAL			

INSTRUCTIONS:

1. Sales Plan quantity to be picked up from Workshop III.
2. Finished Goods Inventory, End to come from No.1, Workshop IV.
3. Production Plan = Sales Plan + Finished Goods Inventory, End - Finished Goods Inventory, Beginning.
4. Finished Goods Inventory Beginning for any month is the same as FG Inventory End of preceding month.

PRODUCING YOUR PRODUCTS/SERVICES

(Continued)

G. PRODUCING QUALITY PRODUCTS

1. Quality Requirements or Standards
  - a. Raw Materials
  - b. In-process Goods
  - c. Finished Products
2. Worker Training
3. Operating Condition of Machines
4. Inspection
5. Quality Control

H. ANALYZING VALUE OF PRODUCTS

1. Relate Product Function to Design
2. Cost Reduction Without Affecting Product Function

I. CONTROLLING YOUR INVENTORY

1. When Do You Order?
2. How Often Do You Order?
3. How Much Should You Order?

PRODUCING YOUR PRODUCTS/SERVICES

(Continued)

J. MAINTAIN YOUR EQUIPMENT PROPERLY

1. Corrective Maintenance
2. Preventive Maintenance

K. REDUCING YOUR COST OF PRODUCTION

1. Reducing Cost of Materials
2. Reducing Labor Cost
3. Reducing Waste of Machinery and Equipment Cost

BBMC - 014

NAME:.....

Date:.....

WORKSHOP V - COMPUTING PRODUCT COST

1. Materials Cost

a. Product:.....

Material	Quantity Per Unit	Unit Cost	Total Cost
TOTAL MATERIALS COST			

b. Product:.....

Material	Quantity Per Unit	Unit Cost	Total Cost
TOTAL MATERIALS COST			

c. Product:.....

Material	Quantity Per Unit	Unit Cost	Total Cost
TOTAL MATERIALS COST			

2. Labor Cost

Estimate for labor cost per piece of:

- Product a .....
- Product b .....
- Product c .....

3. Production Overhead Cost

Estimate your production overhead cost per product.

Include such items as:

- 1) Machine Cost Per Month
- 2) Rental Cost Per Month
- 3) Utilities Expense Per Month
- 4) Owner/Manager's Salary Per Month

Add these all up and divide by the quantity of products made per month.

4. Total Product Cost

1) Product:.....

Raw Materials Cost .....

Labour Cost .....

Overhead Cost .....

.....

Total Cost .....

2) Product:.....

Raw Materials Cost .....

Labour Cost .....

Overhead Cost .....

.....

Total Cost .....

3) Product:.....

Raw Materials Cost .....

Labour Cost .....

Overhead Cost .....

.....

Total Cost .....

SETTING UP BUSINESS RECORDS

A. WHY EVERY BUSINESS SHOULD KEEP RECORDS

B. WHAT BOOKS TO KEEP

1. Basic Guidelines in Records-keeping

2. Records and Reports

a. Journal

b. Ledger

c. Supporting Documents

SETTING UP BUSINESS RECORDS  
(Continued)

D. USE OF ACCOUNTS

1. Debit
2. Credit
3. Cash Accounts
4. Asset Accounts
5. Liability Accounts
6. Equity Accounts
7. Sales Revenue Accounts
8. Rent Accounts
9. Other Accounts

E. THE ACCOUNTING CYCLE

1. Journalization
2. Posting to the Ledger
3. Trial Balance
4. Adjusting the Books
5. Financial Statements
6. Closing the Books
7. Reversing Entries



BEMC - 017

SETTING UP BUSINESS RECORDS  
(Continued)

C. FINANCIAL STATEMENTS

1. The Balance Sheet

1) Assets

a. Current Assets

b. Fixed Assets

c. Other Assets

2) Liabilities

a. Current Liabilities

b. Long-term Liabilities

3) Owner's Equity

2. The Income Statement

1) Revenues

2) Expenses

E. BUSINESS DOCUMENTS/RECORDS

1. Official Sales Receipt
2. Service Invoice
3. Credit Memo
4. Cash Voucher
5. Check
6. Purchase Invoice
7. Statement of Account
8. Promissory Note
9. Others:
  - 1) Check Stubs
  - 2) Petty Cash Voucher
  - 3) Payroll

MANAGING MONEY AND ASSETS

A. USES AND SOURCES OF FUNDS

1. What to Use Funds For

- 1) Purchases
- 2) Salaries
- 3) Utilities
- 4) Rental

2. Where to Get Funds

- 1) Owner's Equity
- 2) Loans or Borrowings
- 3) Revenues

B. ANALYZING THE FINANCIAL STATEMENT

1. Measures of Liquidity
2. Measures of Profitability
3. Percentage Breakdown of Income Statement
4. Break-even Analysis

MANAGING MONEY AND ASSETS

(Continued)

C. BUDGET

1. Set the Objective
2. Forecast Sales
3. Assess Costs Involved
4. Determine the Budget Period

D. CASH MANAGEMENT

1. Planning Cash Requirements
  - 1) Make the Sales Forecast
  - 2) Set up Operating Budget
  - 3) Prepare the Cash Budget
    - a. Cash Inflow
    - b. Cash Outflow
2. Daily Cash Report
  - 1) Cash Shortages
  - 2) Cash Excess
3. Monitoring and Controlling Cash Budget
4. Safeguarding Cash from Loss

BBMC - 020

WORKSHOP VI - PROJECTED REVENUE AND EXPENSES

SALES (From W S III)	.....
Less: COST OF SALES (Estimate)	.....
	.....
GROSS PROFIT ON SALES	.....
Less: OPERATING EXPENSES (W S V)	.....
	.....
NET OPERATING PROFIT	.....
Less: INTEREST EXPENSE	.....
	.....
NET PROFIT	.....

MANAGING YOUR HUMAN RESOURCES

A. MANAGING PEOPLE

1. Plan Your People Requirements
2. Recruit Prospective Employees
3. Select the Right Person
4. Introduce New Employees to their Job
5. Train Employees Properly
6. Pay Your Employees Fairly

B. LEADERSHIP

C. MOTIVATION

D. COMMUNICATION

BUSINESS PLANNING

A. SCOPE OF ENTERPRISE PLANNING

1. What would you like your business to be a year from now?
2. What changes are taking place in the business and how should you prepare for them?
3. How can you attain your goals?
4. What time-table should you follow in accomplishing your plans?

B. BASIC STEPS IN PREPARING THE BUSINESS PLAN

1. Study Your Market (W S II)
2. Study How Your Market Will Behave in the Future ( W S III)
3. Prepare a Production Plan (W S IV)
4. Prepare a Financial Plan ( W S V & VI)

WORKSHOP VII - PREPARING THE BUSINESS PLAN

Consolidate all workshop outputs (I to VI) and prepare your business plan using the following outline:

Name of Business:.....

Name of Owner:.....

Address:.....  
.....

Date:.....

A. INTRODUCTION (See W S I)

.....is an enterprise whose principal business is .....

The goals of this business are to:

1. Expand operations by .....  
(% increase)  
by.....19.....



2. Secure financing of <sup>Le</sup> .....  
from NIDFO by .....19.....  
for the purpose of purchasing the following:

1) Machinery and Equipment

.....  
.....  
.....  
.....  
.....  
.....

2) Raw Materials

.....  
.....  
.....  
.....  
.....  
.....

I will be able to secure this loan by pledging the following assets:

.....  
.....  
.....  
.....  
.....  
.....

B. PRODUCTS/SERVICES (See W S II)

This enterprise will be selling the following:

	<u>Product/Service</u>	<u>Selling Price</u>
1.		
2.		
3.		

The raw materials for these products/services will be obtained from the following suppliers in the following quantity and frequency:

<u>Materials</u>	<u>Supplier</u>	<u>quantity</u>
1.		
2.		
3.		
4.		
5.		

C. CUSTOMERS (See W S II)

1. The customers of my business are:

.....  
.....  
.....

2. These people primarily work and/or live in the following areas:

.....  
.....  
.....

3. The customers purchase about Le..... worth of my products/services every .....(day/week/month).

4. Customers purchase my products/services because:

.....  
.....  
.....  
.....

5. The names of my primary customers are:

.....  
.....  
.....  
.....

D. COMPETITION (See W S II)

1. My competitors are:

.....  
.....  
.....  
.....

2. Compared to them the advantage of my enterprise are:

.....  
.....  
.....  
.....  
.....  
.....

E. PRICING (See W S V)

The company's prices are based on the following material costs, labour costs, overhead costs and intended profits:

.....  
.....  
.....  
.....  
.....  
.....

F. MARKETING METHODS (See W 3 III)

Describe your marketing methods.

G. SALES FORECAST (See P. S IV)

Present consolidated sales forecast of all main products.

H. PROJECTED REVENUE AND EXPENSES (See W.S. IV, V & VI)

Present consolidated income statement for the enterprise.

I. EXPLANATION OF EXPENSES

Explain all expenses and justify the amounts.

J. OTHER INFORMATION

State all other information to support your business plan.

Submit relevant documents to support your plan.



## V TARGET PARTICIPANTS

The participants shall be the artisanal and small-scale industry entrepreneurs who have been selected by NIDFO for developmental assistance. They would have undergone the Entrepreneurship Motivation Training (EMT) conducted by the Development Services Section of NIDFO.

They come from varied types of business within the assistance scope of NIDFO, namely food processing, textile including tailoring, wood-working, metal works, leather works, mechanical services and electrical/electronics services. Varying in age from about 25 to 55 years, they can be a mixture of males and females. Their educational levels are likewise varied with a few illiterates.

The heterogenous character of the participants, therefore, requires flexibility and adaptability on the part of the resource persons to achieve optimum impact and effectiveness of the program.

## VI NOTES ON USE OF THE MANUAL

The Basic Business Management Course (BBMC) has been designed within the established objectives of NIDFO to equip participants with the basic concepts and techniques in managing small business enterprises.

The manual has been put together to provide guidelines for NIDFO in the arrangements with training institutes in the conduct of the programme. It will serve as well should NIDFO decide eventually to run the programme in-house.

The sequencing of topics has been drawn up to provide a progressive learning pattern building up towards the preparation of the business plan. Each workshop incorporated in the course contributes to the achievement of the general and specific objectives, as well as the preparation of a business plan preparatory to financial assistance.

Time allocation for each module/topic has been carefully distributed giving commensurate attention to the degree of weaknesses perceived in the small-scale industry entrepreneur in Sierra Leone.

Completion of the course, however, will not necessarily make the participants highly knowledgeable in business management considering the course duration of two weeks. At the most they would have learned the basics of business management. The effectiveness of the program may be measured through time (at least one year) when the entrepreneur would have gradually implemented what he/she has learned. Like any other business management training of small-scale industry entrepreneurs, the speed by which trained entrepreneurs put into practice what they have learned is facilitated by an accompanying extension service.

Any revision or modification in the future must take into consideration all the factors that influenced the design of this course.

A Course Coordinator from Development Services Staff must be designated by NIDFO for the conduct of the course.

When economically viable each participant must be provided with a set of the training materials used in the programme for further reference as they implement what have been learned.

Assignment of resource persons must assure capability to deliver the subject matter at the level suitable to the participants.

VII SPECIFIC GUIDES FOR COURSE COORDINATOR

The Course Coordinator is primarily in charge of the preparation, conduct, monitoring and evaluation of the programme. He/She should see to the following:

1. Preparation of all training materials, especially workshop forms, at least one (1) week before the scheduled date.
2. The programme with time and dates must be ready for participants when they register. The name and position of resource persons must be indicated in the programme.
3. He/She must be present throughout the programme, introduce each resource person properly and see to it that all training materials for the day/session are ready.
4. He/She gives appropriate instructions to the participants on the workshop papers the outputs of which are needed in subsequent workshops.
5. He/She must know the programme structure and requirements.
6. He/She must administer the programme evaluation by participants at the end of the course.
7. He/She should see to it that resource persons are informed of the topic, time and date of sessions assigned to them.
8. He/She must prepare a report on each programme to MIDFO management.