



**BUSINESS PROMOTION CENTRE
MINISTRY OF COMMERCE INDUSTRY AND COOPERATIVES**

**STARTER
FINANCIAL
TOOLKIT**

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A basic toolkit or Trainers' Guide in the form of a series of separate Modules for delivery face-to-face in workshops to participants wishing to start or have started a micro or small business. Modules may be delivered as listed or matched to participants needs.

**INTRODUCTION
& USER GUIDE**

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MCIC's FINANCIAL TRAINING TOOLKIT

Providing basic financial training to businesses is very important for the development of a healthy private sector in Kiribati. This toolkit is designed to assist trainers from the Ministry of Commerce, Industry & Cooperatives & Modules 2 to 14 may be presented to participants with little, if any, modification.

This Toolkit is designed to fill a training gap for budding entrepreneurs seeking to start or better manage a new or existing micro to small business, including youths, women in business, retired employees & specialised NGOs. This product is a stand alone toolkit that may be used prior to or in conjunction with the International Labour Organisation (ILO) "Pacific Start your own Business" programme. The learning experiences offered are precursors to prepare participants for the training offered in the ILO "Improve Your Business" programme or formal accredited TAFE or university programmes.

Prior to undertaking a training workshop, it is recommended that a needs analysis survey of potential participants is completed to determine:

- Basic participant statistical information
- The subject matter of greatest interest
- The number of likely participants
- If the number is sufficient to warrant a workshop
- If any modification to existing training material is required
- The preferred face to face delivery method
- A delivery programme for training workshops

Module 1 is designed exclusively for this purpose for use by trainers.

WHO CAN BENEFIT FROM THIS TOOLKIT?

The Toolkit is structured as a series of short Modules. Each Module covers a particular financial issue or topic. Topics are designed to expand on prior topics in order to build the knowledge & confidence of entrepreneurs starting or about to start a new private sector business. The Toolkit may be of benefit to:

- Individuals, groups of individuals & micro businesses seeking basic information about business documentation & financial records that are required &/or will assist them to manage their business & plan for their future
- Small businesses in need of guidance on business or financial systems to manage their affairs, including record keeping, working capital, cash flow & business forecasting
- Business owners & managers wanting to refresh basic cash flow management techniques as a precursor undertaking formal financial or business planning in order to grow their knowledge & hone their business skills before expanding their business or undertaking a larger investment.

Although listed in an order that the Modules might be presented to entrepreneurs & business owners in an early stage of development, Modules may be mixed & matched for selected audiences in a workshop environment. If presented in a single workshop it is likely that the workshop would take 3 to 3.5 days to complete. However, they may equally, perhaps more appropriately, be presented once a week over 13 weeks or daily over a shorter period. Each Module should take between 2 & 2.5 hours to adequately allow for activities & discussion, in groups or individually. An ideal participant number is between 16 & 30, seated in groups of 4 or five with participants from the same business separated to increase the opportunity for creativethinking.

In short, the Toolkit is designed to be sufficiently flexible to allow trainers to facilitate a range of delivery options & timetables.

NOTES:

1. It is possible to mix & match Modules for delivery to selected groups with special interests. When Modules are mixed, it is essential that participants have the prerequisite knowledge & skills to benefit from & participate in the activities.
2. Modules are not designed to take precisely the same length of time to present in a workshop environment. When mixing & matching Modules it is necessary to be cognisant of the time required for delivery of the Modules. It is not recommended that Modules be shortened or abridged for fear that the intended context may be lost or misinterpreted. It is better, if in doubt, to allow more, rather than less time for face to face training.
3. All material is designed for delivery in English. For workshop training across Kiribati it is important to remember that English is normally the participants second language.
4. It is desirable, if possible, that the trainer can speak in the local vernacular. For training in the Outer Islands it may be desirable to translate the workshop PowerPoint presentations into local vernacular prior to delivery to ensure the understanding of participant.

OBJECTIVES OF THE TOOLKIT

Participants in the workshops require minimal or no particular business skills. The main requirement is a desire to learn more than they currently know & the intention to start or grow an existing business. An important message from the topics presented is that financial information provides a picture of a business that assists the owner(s) to better understand their business &, as a result, make better decisions for its future. The Modules promote the following themes as participants progress through them:

1. Record all business cash in & out
2. Separate business & private activities
3. Forecast cash flows to avoid surprises
4. Manage working capital (debtors, creditors & inventory)
5. Build a basic understanding of your financial statements
6. In the long run, you must generate both profit & cash flow
7. Prepare & use a budget to challenge your business performance
8. It pays to understand your costs, pricing & profitability

Specifically, the Modules listed are targeted at the following market groups:

- Unemployed or employed but thinking about starting their own new business
- Running an existing micro business keeping minimal or no records of business activity, but wishing to know what advantage there is in keeping business documents & records.
- Small businesses that keep some records, but want a better understanding of what they may do better to manage their business
- Women's groups, with members skilled in arts & crafts or selling produce or fresh food in markets or roadside stalls or at the farm door, wishing to upskill members.
- Religious or other sponsored social groups seeking to encourage members or retired employees wanting to further or prolong their working life & business interests

What you need to do in order to maximise the benefit from this workshop

Prospective participants may be budding entrepreneurs, currently operators of a micro or small business or anyone intending to do so in the immediate or near future. A willingness to learn, an open mind & a calculator with basic functions are all that is needed for participation in this workshop. In some circumstances, activities can be completed using soft copy only, when participants are versed in the use of laptops.

Participants will be asked to undertake learning activities & provided with hard or soft copy activities & exercises to do, either in a group environment, individually & both. The output of these may be retained by participants. At the conclusion of the workshop, all participants may be provided with a copy of the PowerPoint presentation used during the workshop, either by email or download to a USB device provided by the participant.

COMPOSITION OF THE MODULES

A short summary of the contents of each Module follows.

Module 1: Participant Needs Analysis (for trainers only)

Preparing a needs analysis
What questions do we ask? (Activities 1, 2 & 3)
Using a needs analysis
Getting feedback (Activity 4)
Monitoring & Evaluation

This Module is strictly for trainers to use prior to undertaking workshops with participants. It offers a process from setting up a needs analysis to assessing success of the actual training.

Module 2: Business Goals & Record Keeping

Business Goals (Activity 1)
Attributes of good record keeping
Basic guidelines for record keeping
Source documents (Activities 2, 3 & 4)
Other business documents

This is an introductory Module opening with a brief activity on setting personal & business goals. Some basic business documents are then introduced.

Module 3: Assets, Liabilities & Equity

What do I need to know?
Assets (Activity 1)
Liabilities (Activity 2)
Equity (Net Assets)
Accounting Equation
Balance Sheet (Activities 3 & 4)

We introduce the components of a balance sheet in this Module. It is a foundation stone in the building of sound financial management.

Module 4: Cash Book

Why a cash book?
Cash receipts book
Cash payments book (Activity 1)
Bank reconciliation (Activity 2)
Review of theory & practice (Activity 3)

We demonstrate how to prepare a basic cash book by example & then practice. We complete the cycle by demonstrating a bank reconciliation with an activity to match.

Module 5: Cash Flow

What is cash flow?

Cash flow vs profit (Activity 1)

Remember the Supply Chain

The cash flow plan (Activity 2)

Working capital (Activity 3)

This Module stresses the importance of cash flow in a small business. No cash usually means no business. It highlights the difference between cash flow & profit.

Module 6: Working Capital

Definition

Debtors (Activity 1)

Debtor control (Activity 2)

Creditor

Inventory records (Activities 3 & 4)

The management of debtors & inventory is the natural extension of cash flow management. The Module presents these different, but important, management issues.

Module 7: Business Cycles

Business cycles

Estimating working capital (Activity 1)

Inventory valuation

Trading cycle (Activities 2)

Cash conversion cycle (Activity 3)

There are several significant business cycles in any business. This Module looks at ways to manage each to improve cash flow

Module 8: Cash Flow Forecasting

Cash forecasting

Cash budgeting

Business management (Activity 1)

Tips to improve cash flow cycle

Making a plan (Activity 2)

All preceding modules have been leading to this. In order to manage a business it is important to do a forecast to avoid or anticipate the appropriate time to take action.

Module 9: Making a Profit

Records required (Activity 1)
Accounting equation (Activity 2)
Income statements
Profit & cash flow
Profit matters (Activity 3)

This Module introduces the calculation of profit & the need for achieving a profit in the longer term, not just a positive cash flow.

Module 10: Budgeting

The budget process & limitations
Sales budget
Production to cost of sales budgets
Operating expenses & statement (Activity 1)
Budget control & variance analysis (Activity 2)
Capital budgets

In this Module we look at budgeting in a production & service environment. We look at the purpose of a budget; i.e. to measure performance against a predetermined standard.

Module 11: introduction to Marketing

What is marketing?
Looking at a market sector (Activity 1)
Vision & attitude
Market research (Activity 2)
Growing your business (Activity 3)
Competition & Diversification

This Module is the first of a series of three on growing a business or introducing a new product. It considers the link between broad business goals & targeting a specific market

Module 12: Product Branding

Attributes of a brand?
Vision & brand (Activity 1)
Brand positioning & UVP (Activity 2)
Brand design (Activity 3)
Brand communication & packaging

Product differentiation is the focus of this Module; how to achieve it & communicate a brand message to customers.

Module 13: Quality Assurance

Quality management Activity 1)
Supply chain (Activity 2)
Quality systems
HACCP (Activity 3)
Do I need a quality system?

If a business is to expand into world markets, it must meet world accepted quality standards. This Module starts the learning process to achieving higher standards.

Module 14: Costing a Product

Cost relationships
Cost behaviour (Activity 1)
Break-even analysis (Activity 2)
Product costing
The costing process (Activity 3)

Knowing the cost of your product is important for all businesses. This Module introduces cost/volume/profit analysis & explores the costing process for a product or service.

Module 15: Pricing a Product

Methods of pricing (Activity 1)
Pricing strategies (Activity 2)
Influences on price
Cost plus pricing
Pricing in practice (Activities 3 & 4)

This final Module looks at product pricing; the alternative ways to price, the circumstances in which we adopt each & the link to costs. Activity 4 is provided should time permit.