

MARKET VENDORS GOOD PRACTICE GUIDE

*ILO - ASEAN Small Business Competitiveness*

A product of

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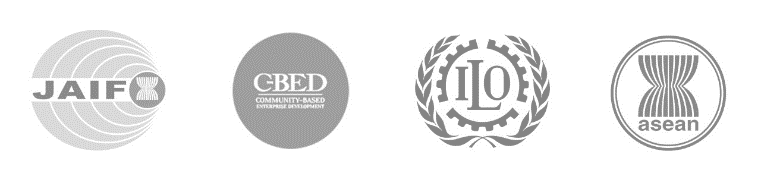


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Introductions

# Introduction

## About C-BED

Community-Based Enterprise Development (C-BED) is a low cost, innovative training programme designed by the International Labour Organization (ILO) to support skills development and empowerment in local communities for improvements in livelihoods, productivity and working conditions.

As an approach to training, C-BED is unique in that the programme is built around peer-to-peer, activity based learning methods with no role for teachers, experts, or external consultants specialised in the skill area. Instead, C-BED participants work together through a series of activities and discussions guided only by simple step-by-step instructions in the training manual. New knowledge, skills and competencies are developed through the interactions between participants and sharing of existing local knowledge and experience. In this way the programme is a low cost, sustainable option for any organization or community.

The C-BED programme is structured around two core training packages designed to develop competencies for business start-up and operation through a focus on marketing, financial management, and action planning. These are the C-BED for Aspiring Entrepreneurs and C-BED for Small Business Operators. Additionally, a growing suite of tools to strengthen business competencies and enhance skills for specific sectors is in continual development. These packages can be implemented as either stand-alone trainings or integrated in modular format into existing programmes.

## Market Vendors

Market vendors sell products and produce on to customers and consumers. They play a particular important role in tourist destinations as tourists purchase curios and handicrafts from such vendors. This enhances the tourist experience but also creates important business opportunities for the local community. The buying and selling of goods requires careful management of finances, purchasing of goods and suitable marketing to create a successful business and sustain livelihoods.

## The Market Vendor Package

**The Training:**

The market vendor package should be used to help aspiring and current market vendors start and improve their businesses. It focuses on key business principles to build on from what participants already know from managing their business and helps them to learn more. It can also build on from the learning in other C-BED tools namely SBO or AE. Participants bring experience to share and leave with a priority action plan (at least 3 actions to introduce improvements to their business). At the end of the training participants will have:

* Enhanced and advanced existing knowledge on market vendor development
* Strengthened critical competences to analyse job prospects or current conditions of work
* Affirmed the potential of enterprise development
* Identified steps and actions to improve a business or launch a business idea
* Decided on actions for the future
* Started planning effective collaborations and associations

**The Good Practice Guide:**

This Good Practice Guide (GPG) is designed to help all market vendors start and improve their businesses. Those who take part in the training day will be introduced to and become familiar with the GPG on the day. However, those who have not attended the training can also use the GPG. The GPG contains a number of practical tools, tips and exercises to help business or aspiring market vendors.

## How to use the Good Practice Guid

Exercise

Extra information for you to take note of

Ti­ps

Definitions

Case studies

Good practice tools

Developing a Business Plan

# 1. Developing a Business Plan

OBJECTIVES:

* Help you to understand the purpose of a business plan
* Look at what should go into a business plan
* Help you to assess your business

TRAINING GUIDE:

* The importance of this section was highlighted in session 2

A business plan is a helpful document for any small business because it helps the business owner to:

* Write down the main details of the business and keeps the information together in one place
* Check that all sections of the business are functioning well
* Show others the business successes
* Provide the evidence for a loan or grant



**DEFINITION:** Management Systems

A management system is a step-by-step set of processes and procedures for your business. It is used to help you run day-to-day activities smoothly and meet your business goals. Benefits of using systems include:

* Best use of financial resources
* Managing your time
* Happy customers
* Good relationships with producers and suppliers

**Business plan**

Writing a business plan will provide you with a roadmap for developing your own business. Once you have been through the GPG you should be complete the checklist below. It will help you to:

* Assess your business (what is good, what needs to improve)
* Know which headings to use
* Identify area/s to work on
* Allocate who is doing what
* Highlight the time allocated to complete the activity

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 1.1: Business Plan Checklist | | | | |
|  | Written? | Needs improvement (Y/N) | Who will do it? | By when? |
| Assess your business |  |  |  |  |
| Describe your business |  |  |  |  |
| Market analysis |  |  |  |  |
| Marketing plan |  |  |  |  |
| Management plan |  |  |  |  |
| Financial plan |  |  |  |  |
| Notes: |  |  |  |  |



**Checklist**

|  |  |
| --- | --- |
| Table 1.2: Business Plan Checklist |  |
| 1. Executive Summary (summary of 1 – 5 below)   * Name of business * Name of owner * The vision (where you would like to in 5 years time) * The structure of the business, who is involved and where it is * Describe the products and how they are made * What are the market opportunities for sales * What sales goals will you achieve over 1, 2 and 3 years * When applying for a loan: include the amount, how it will be used and how you will guarantee repayments based on the success of your business |  |
| 2. Description of the business:   * Product characteristics particularly in comparison to your competitors * Overview of the business including prices and marketing |  |
| 3. Market analysis:   * Specific product descriptions including size, material, weight * Description of clients and why they will buy from you * Assessment of market potential (e.g. more tourists or new hotels) * Competitive sales market, why you will be better than others * Unique selling point (e.g. locally sourced, organic or sustainable) |  |
| 4. Management plan:   * Structure of the business, who is responsible and who supports the business |  |
| 5. Marketing plan:   * Price the customer will pay and what competitors charge * Distribution (i.e. where will you be selling, mail order etc.) * Advertising and promotions |  |
| 6. Financial plan:   * Money required for loan to develop (or start) a business * Future financing when loan expires based on increased profits * Projected performance including estimated figures to show growth * Financial statement, estimate of total income, total expenditure and your total investment (including assets) * Income statement showing estimated performance over 3 or more years, total revenues and expenditure * Break even analysis showing that income from sales is higher than expenditure (i.e. business costs or outgoing flows) * Projected cash flow to show financial resources needed * Capital equipment (assets) i.e. business items, materials, equipment owned by you |  |



1. Below is a list of business success criteria. Read through and explain the meaning in your own words. If you do not know what the phrase means, ask someone or look it up in a dictionary or on a website.
2. Choose your top 5 criteria. The ones you think are the most important. Write them up in the table below and explain why they are important.
3. Then score your own business using the criteria good, okay, or needs to improve.
4. Score yourself on all 32 criteria. Try to include actions or activities that you could do to improve your business.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 1.3: Business Success Factors | | | |
| Word cloud | | | |
| Place of business/sales | | Know customers’ needs | Good sale price |
| Know my business costs | | Cost of products | Family support |
| Good quality products | | Staff/workers busy | Good marketing techniques |
| Attracting customers | | Products available | Skilled workers |
| Good storage | | No wastage of products | Availability of loans |
| Know your daily tasks | | Good working conditions | Good bookkeeping |
| Clean workspace | | Sufficient customers | Tracking your money |
| Organized workspace | | Know your types of costs | Good business person/s |
| Satisfied with your business | | Product in good condition | Knowing what you earn |
| Equipment in good condition | | Know the tasks of your workers | Knowing what you are owed |
| Customers come back to you | |  |  |
| My own business success criteria | | | |
| My 5 top business success criteria | My reasons for selecting this criteria | | Do you do this well; score yourself:  ☺ Good  😐 OK  ☹ Needs improving |
| 1. |  | |  |
| 2. |  | |  |
| 3. |  | |  |
| 4. |  | |  |
| 5. |  | |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 1.4: Business Success Criteria | | | | | |
|  | Success criteria | ☺ Good | 😐 Okay | ☹ Not good | What I can do? |
| 1. | Place of business/sales |  |  |  |  |
| 2. | Know my business costs |  |  |  |  |
| 3. | Quality of products |  |  |  |  |
| 4. | Customers |  |  |  |  |
| 5. | Storage of products |  |  |  |  |
| 6. | Daily tasks and routines |  |  |  |  |
| 7. | Clean workspace |  |  |  |  |
| 8. | Organized workplace |  |  |  |  |
| 9. | Satisfied with business |  |  |  |  |
| 10. | Equipment condition |  |  |  |  |
| 11. | Know what you are owed |  |  |  |  |
| 12. | Know customer needs |  |  |  |  |
| 13. | Cost of products |  |  |  |  |
| 14. | Sale price |  |  |  |  |
| 15. | Products available |  |  |  |  |
| 16. | Waste of products |  |  |  |  |
| 17. | Productivity of staff |  |  |  |  |
| 18. | Staff work conditions |  |  |  |  |
| 19. | Sufficient customers |  |  |  |  |
| 20. | All costs included |  |  |  |  |
| 21. | Product in good condition |  |  |  |  |
| 22. | Know staff tasks |  |  |  |  |
| 23. | Customers come back |  |  |  |  |
| 24. | Sale price |  |  |  |  |
| 25. | Family supports you |  |  |  |  |
| 26. | Marketing techniques |  |  |  |  |
| 27. | Skilled & reliable staff |  |  |  |  |
| 28. | Availability of loans |  |  |  |  |
| 29. | Bookkeeping |  |  |  |  |
| 30. | Tracking your money |  |  |  |  |
| 31. | Good business person |  |  |  |  |
| 32 | Know what you earn |  |  |  |  |
| Can you group some of them together - for example, the ones related to finance, marketing, staff etc.?  Can you think about ordering them according to how easy - difficult they will be to address them?  Can you think about how you will make changes, do you know what to do? (e.g. more organized yourself, seek advice from others, search for learning materials like books, magazines, internet) | | | | | |



**SWOT**

* **S**trengths: inside the business
* **W**eaknesses: inside the business
* **O**pportunities: come from outside the business
* **T**hreats: come from outside the business

**Strengths:** will give your business an advantage over similar businesses. For example: quality products or location for sales.

**Weaknesses:** are those aspects that you and your business are not good at. For example: Supplier is inconsistent, high costs of transporting products.

**Opportunities:** are things that happen outside your business that can help you. For example: new guesthouses in the area or tourists using the bus station.

**Threats:** are things, outside the business, which may harm your business and reduce your profit. For example: your business idea is popular and people copy the idea or there are fewer tourists for you to sell to.

When strengths and opportunities are greater than weaknesses and threats, you are in control of your business and can take calculated risks. When weaknesses and threats are greater then the strengths and opportunities, you will need to take serious action to save your business.

This is an example of a SWOT analysis.

|  |  |
| --- | --- |
| Table 1.5: SWOT analysis | |
| Strengths | Weaknesses |
| Prime location in local market  Will sell a variety of products  Knows several handicraft producers  Has the skills to source products and negotiate good product prices | Inconsistent financial management  No marketing or development plans |
| Opportunities | Threats |
| Many visitors coming to the area  More hotels and guest houses  Has good relationships with many of the local residents and businesses | Competitors can easily start a similar business which might lead to a decrease in sales |
| Are there more strengths than weaknesses? Yes  No  Are there more opportunities than threats? Yes  No  How will I handle weaknesses and threats?  I will improve my business by paying more attention to the finances and marketing.  I will provide a good service to my producers and customers so that I keep ahead in my business.  I will use my friends, family and other contacts to support and promote my business. | |

|  |  |
| --- | --- |
| Table 1.6: SWOT analysis | |
| Strengths | Weaknesses |
|  |  |
| Opportunities | Threats |
|  |  |
| Are there more strengths than weaknesses? Yes  No  Are there more opportunities than threats? Yes  No  How will I handle weaknesses and threats?  I will  I will  I will | |

Developing a Marketing Plan

# 2. Developing a Marketing Plan

OBJECTIVES:

* Help you to understand the purpose of a marketing plan
* Look at what elements should go into a marketing plan

ACTIVITY BOOK:

* The importance of this section was highlighted in session 3

## 2.1. Marketing Plan

A marketing plan will help you to collect information about the business and then plan marketing activities that are effective and help to increase your sales. Some simple notes for developing a marketing plan include:

* Write down the main details of the business and keeps the information together in one place
* Check that all sections of the business are functioning well
* Show others the business successes
* Provide the evidence for a loan or grant



**Definitions**

Marketing is the process of communicating the value of a product or service to the customers in order to sell your product or service. It includes:

* Market analysis
* Product description
* Sales
* Promotions
* Advertising



**Checklist**

Using this checklist will provide you with a roadmap to developing your own marketing plan. Once you have worked through this section on marketing you should be able to complete the checklist. It will help you to know:

* Which customer needs the product/s will satisfy
* What products you will sell
* Who you will sell your products to
* How the products will be sold

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 2.1.1: Marketing Plan Checklist | | | | |
|  | Written? | Needs improvement (Y/N) | Who will do it? | By when? |
| Describe the business |  |  |  |  |
| Customer feedback |  |  |  |  |
| Competitors |  |  |  |  |
| Analysis of market |  |  |  |  |
| Product |  |  |  |  |
| Place |  |  |  |  |
| Promotion and advertisements |  |  |  |  |
| Notes: | | | | |

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**Case studies**

Pom Sittuwe lives in a small town with her two teenage children. She has been buying locally produced handicrafts and selling them in the Saturday Walking Street Market. Business has been good for the past two years. Pom has managed to get enough handicrafts from surrounding villages and she has a good turnover of stock. She is thinking about trying to expand her business by including other options for sales as she has noticed there are more visitors to the area using guesthouses and homestays. Pom has assessed her current business and wants to improve on her marketing and financial management. She is even thinking of taking out a loan from her uncle, who has offered her good repayment terms, including a very low interest rate. Before he invests he would like to know that his money is safe and that Pom will be able to make the monthly repayments to him and so he has asked her for a simple business plan with some projections.



**Definitions**

* **Manufacturer:** makes products.
* **Wholesaler**: sources bulk products and sells them on to the retailer; they don’t usually sell direct to the public (customers). If the retailer can cut out the need for the wholesaler (i.e. they get products from the person who makes them) they don’t have to pay the costs of the wholesaler - so the products are usually cheaper. A wholesaler would be used if the seller cannot access the producer (does not know who or where they are or it is expensive to travel to buy from producer).
* **Service provider (operator)**: does not sell products but sells a service (e.g. repairing sewing machine, hair cutting).

|  |  |
| --- | --- |
| Table 2.1.2: Pom Sittuwe’s Business Description | |
| Name of business: | Ethnics 4 All |
| Type of business | ❑ Manufacturer ❑ Service operator  🗹 Retailer ❑ Wholesaler |
| What need will the products satisfy? | Handicrafts for local people, visitors and tourists to support local craft workers (i.e. social responsibility), presents for festivals and special events (i.e. Mother’s day & graduation day cards), and souvenirs from their holiday/visit. |
| What products will the business produce? | None, the products are purchased from rural handicraft producers. |
| Who will the products be sold to? | To people who live, work or visit the town. |
| How will the products be sold? | In the market, in guesthouses, bus stations, coffee shops and in special ‘event’ markets (e.g. for graduation - outside the school on graduation day). |



**Business Description**

|  |  |
| --- | --- |
| Table 2.1.3: Business Description | |
| Name of business: |  |
| Type of business: | ❑ Manufacturer ❑ Service operator  ❑ Retailer ❑ Wholesaler  ❑ Other |
| Which needs will the products satisfy? |  |
| What products will the business produce? |  |
| Who will the products be sold to? |  |
| How will the products be sold? |  |

## 2.2. Analyzing The Market: Customer Feedback

The next step to writing a marketing plan is to analyze your market - the customers and your competitors.

1. Talk to potential/future customers.

* What products do they want to buy?
* What do they think about other people selling similar products?

1. Observe your competitors’ businesses.

* What sort of quality, range, sizes etc. do they sell?
* How much do they charge?
* How do they attract customers? What offers, discounts do they use?

1. Ask friends, family and other business people.

* What goods sell well?
* What do they honestly feel about your business?
* What do they think about your competitors’ products?
* How do they attract customers?

1. You need to continually improve to ensure that your business remains successful. This picture represents the cycle that needs to be followed.



**Customer Service**

This form can be used to survey lots of customers. Photocopy several forms on to one A4 sheet to save copying costs.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 2.2.1: Customer Surveys | | | |
| Customer Survey | ☹ | 😐 | ☺ |
| The quality of my products? |  |  |  |
| The price of my products? |  |  |  |
| The range and types of my products? |  |  |  |
| The sizes of my products? |  |  |  |
| What about other similar market traders’ products (quality, price, range, sizes)? |  |  |  |
| Please write your comments to the above question here: | | | |
| Is there anything you can suggest to me to help to improve my business? |  |  |  |
| Please write your comments to the above question here: |  |  |  |
| Thank you! If you would like to leave me your contact details (email/telephone), please do so here: | | | |

You can use this form below to collect the feedback about your business or you can use it when you are talking to people.

|  |  |
| --- | --- |
| Table 2.2.1: Customer Feedback | |
| 1. Your customer suggestions and feedback | |
| What products of mine do you particularly like and why? |  |
| Are there any products that you would like me to stock? |  |
| What do you think about my business, be honest please! |  |
| Are my prices right - not too expensive, not too cheap? |  |
| 2. My observations of other handicraft businesses | |
| Assessment of the quality of my competitors (i.e. other handicraft traders). |  |
| How does the quality compare to cost of competitor products? |  |
| What marketing techniques do my competitors use? |  |
| What about pricing - more or less than mine (examples please) |  |
| 3. Your family and business colleagues’ feedback | |
| What products sell well in your business (comparing similar business)? |  |
| What do you think of my business, any ideas or suggestions? |  |
| Do you know other traders, what do you think of their products? |  |
| Which of my products are too expensive or too cheap (examples)? |  |
| What I have learnt from the feedback and observations: | |
| What changes will I make in my business in relation to this analysis? | |

## 2.3. Analyzing The Market: Market Segments and Competitors

**Market segments.** This about the ways to see your products and where to sell your products:

* Door-to-door, product parties, charity and holiday events, outside the school etc.
* Places where tourists go (guest houses, coffee shops, temples, and parks)
* By post, sometimes called mail order or internet
* Larger specialist businesses who have a global reach and sell products similar to yours (you would become the supplier to the larger business)

**Customer needs and preferences.** You must sell what the customer needs, not what you like, or what you think will sell:

* Observe what handicrafts your competitors sell
* Ask potential and existing customers
* Think about seasonal products. For example, winter socks/hats, New Year festival t-shirts or wallets
* Fashion is important. For example, one year customers want pink, next year it is dark colours. Keep an eye on fashion magazines and Asian handicraft websites
* Age of your customers is also a factor. Are they mainly women between the ages of 15 to 25 years or 25 to 40 years?
* Gender and culture play a role in what people like. For example, young Asian women might prefer named designer brands like D&G, whereas others prefer the handmade, handcrafted style

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**Market Segment Analysis**

The tool below will help you to analyze your own markets segments, customer needs and competitors.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 2.3.1: Pom Sittuwe’s Potential Customers | | | |
| Market segment | Potential customers | Needs and preferences of customers | Analysis of competitors |
| 1. | Individuals (own market stalls) | Light and easy to pack when travelling  Easy to post overseas  Reminder of their visit | Few handicraft traders in market/or other business outlets  Higher cost of transported goods from other countries (keep it local)  Limited time to purchase - time spent on main business (e.g. guesthouse) |
| 2. | Other businesses (e.g. guesthouses, bus station, local craft shops, galleries, and cafes) | Currently source products themselves (time consuming as it is not their main business and they cannot leave their shop)  They usually don’t know where to find the products |
| 3. | Schools, universities (students, teachers, parents waiting for their children) | Students only have specific times available to buy the products, and have a limited budget. | Very few competitors exists in the schools’ compound |

|  |  |  |  |
| --- | --- | --- | --- |
| Table 2.3.2: Market Segment Needs Analysis | | | |
| Market segment | Potential customers | Needs and preferences of customers | Analysis of competitors |
| 1. |  |  |  |
| 2. |  |  |
| 3. |  |  |

## 2.4. Four 'P's' of The Marketing Mix

**1. Product:**

What products are you selling to your customers?

* The range: bags, hats, scarves, socks, wallets etc.
* The size: large bags, small bags, wallets, S/M/L etc.
* The style: rucksack, over the shoulder, clasp etc.
* The gender or age: suitable for babies, children, older people, men and/or women
* Quality: cheap and low cost, medium range, expensive and high cost)
* Colour: dark, light, mixed, modern, traditional etc.
* Packaging: re-used supermarket bag, specially printed brown paper bag, organza gift bag for expensive products like jewelry etc.



**Product Description**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 2.4.1: Product Description | | | | | |
|  | 1: Rice sack wallet | 2: | 3: | 4: | 5: |
| Quality | Reused/reused, double strength, waterproof |  |  |  |  |
| Colour (main/secondary) | Cream/white, colour writing (varies) |  |  |  |  |
| Size/dimensions | 6” x 3” |  |  |  |  |
| Packaging | No package or cover, business logo label only |  |  |  |  |
| Unique selling points | Recycled, trendy, low cost, sustainable, local |  |  |  |  |



**Ti­ps**

* Keep a record of all your different types of products. Fill in each of the 5 product categories (quality, colour etc.) for each product, as in the table above
* Make sure you describe in as much detail as possible
* Try to keep sizes simple. For example, a dress could be in small, medium, large, extra large (stock 4 sizes). Instead of 8, 10, 12, 14, 16, 18, 20 (7 sizes) as this would increase the amount of stock you need to hold.
* Packaging can really excite a customer and can cost next to nothing to add. For example, simple white tissue type paper to wrap, little drawstring bags and at least a logo label which has your contact details and your business unique selling point (e.g. sustainable, organic, ethnic, locally made, natural dyes) could be used
* There is often a challenge as to the quality versus cost. Handicrafts should be well made and do the jobs they are intended for.

**2. Place:**

Where and how will you reach your customers?

* Customers come to you at your market stall or event stall
* You sell to other businesses that are likely to interact with visitors and tourists
* What about mail order (i.e. for customers on holiday who have returned home)?
* Have you thought of selling via the Internet or Facebook (again using mail order)?
* What location is best for your customers?
* Where are your customers likely to spend time?
* Can you carry the products to the stall?
* Are there any services available, such as water, electricity, toilet, or a changing room (for trying on clothes)?
* Do you need to consider your suppliers when choosing a location?
* Can you still make a profit if you are far from your producers?
* Can you sell through somebody else’s place (e.g. a kiosk in the bus station, wall display in a guest house or stall in the municipality office)?
* How much is the rent?

****

**Palace**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 2.4.2: Location Choice Example** | | | | | |
|  | Main bus station (cabinet) | Lucky’s guesthouse | Walking street market |  |  |
| Why here? | Visitors/tourists come by bus, supply only, collect money weekly | Visitors/tourists stay, supply only, collect money weekly | Tourists/visitors, keeps me in touch with customer needs good use of time |  |  |
| Disadvantages? | Sign goes missing, some products lost/stolen | None | Transport, pack, unpack, carry, rain, sun, no electricity |  |  |
| Cost / rent? | None, commission paid (5% of all goods sold) | No charge, they support local businesses | $5 small pitch/stall  £10 big pitch/stall |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 2.4.3: Location Choice Template** | | | | | |
| Is it:  ❑ Rented ❑ Own ❑ Sublet Space ❑ Sale/Return ❑ Other | | | | | |
|  | 1. | 2. | 3. | 4. | 5. |
| Why here? |  |  |  |  |  |
| Disadvantages? |  |  |  |  |  |
| Cost / rent? |  |  |  |  |  |



**Ti­ps**

* Think of, and then assess as many places as you can, ask friends for ideas, visit guest houses, coffee shops, other handicraft shops
* Think about the cost of your time. You cannot be in more than one place at a time. You could employ someone to do another market but you still have to pay for their time
* Selling through a 3rd party (i.e. bus station, coffee shop) is often a very cost effective way. Usually, you simply pay a commission or percentage of products sold
* Market and street traders have to keep fit and healthy. They have lots of heavy things to carry and they are out in all weather. Remember to drink plenty of water in the hot season
* How to display your products: use a clean, plain cloth for the table. Hang, fold, and elevate (i.e. use a box under the cloth) some items. Mirrors work well for jewelry.

**3. Promotion:**

How will you let your customers know about your products and how will you encourage them to buy?

* You can use signs at your main stall (e.g. opening and closing hours, contact telephone, your name, business name, and email address)
* Do you explain on a business card, leaflet or sticker, where your products come from and how you are supporting local producers, encouraging ethnic culture and crafts?
* Do you have notices or leaflets offering discounts for 10 or more purchases of the same product or incentives like three items for the price of two?
* What about a guarantee for quality?



**Promotion**

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| --- | --- | --- |
| Table 2.4.4: Advertising | | |
| Type | Details | Costs |
| Sign for market stall | Sign writer to make with business name, business owner, telephone number | $30 |
| Business cards | As above, but includes USP (e.g. sustainable, locally, hand made etc.) | $12 |
| Product labels | Small sticky tear off labels to put on all packaging, name and telephone only | $5 |
|  |  |  |
|  |  |  |
|  |  |  |
| Promotions | | |
| Type | Details | Costs |
| Seasonal discounts | 10% off for Mother’s Day, Winter Clearance 20% off | 10% of income for same period |
| Bulk buy | 20% off for 5 or more of the same product; free mailing for order over $100 | Mailing cost $2 per 100; 1/5 |
| Buy 2 get 1 free (anytime of year) | Various time of the year including low season, rainy season, Chinese New Year | 1/3 |
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**Ti­ps**

* Advertising and promotion are very similar concepts. Advertising is sell by telling, whereas promotion could be sell by offers
* You should give customers information about your products and your unique selling points, put it on signs and have little labels or tags printed so that you can attach to each item
* You can pay or (try to get it for free) for advertisements in a newspaper, magazine or on radio. You can also try by making you advertisement a news event (e.g. a new location)
* You could also pay for a promotion advertisement when you have new offers. Remember it will cost you, networks and word of mouth might be better
* Try to track and record promotions and advertisements so that you know whether you gain or lose. It should at least cover the cost of the promotion/advertisement

**4. Price:**

What prices you are going to charge? The price is very important. If it is too high, you might not sell enough; if it is too low, you won’t make enough money. Pricing is covered in Section 4.



Budgeting and Pricing

# 3. Budgeting and Pricing

OBJECTIVES:

* Help you to understand how to manage financial flows and how to set prices
* Understand different costs and how to work out profit
* Gives you a number of tools to use to record financial flows

ACTIVITY BOOK:

* The importance of this section was highlighted in session 4

Money is the key to your business. There are several points to address in the action plan below to ensure you are running an efficient and effective business:

* Business money must be kept separate from personal money
* Your selling price must cover your business overhead costs, like rent, wages, materials etc.
* Keep your fixed costs as low as possible because they are a strain on your business. Variable costs will change according to how much you sell so, although still important, they are less likely to damage the overall profit
* Write down your money transactions on a daily basis and assess them at least monthly



**Definitions**

There is no simple definition of budgeting because there are many terms used in business for managing your money. However, we can keep it simple using basic bookkeeping techniques and templates, including the essentials below:

* Cash book
* Sales invoice file
* Purchase invoice file
* Expenses book
* Petty cash book



**Checklist**

This checklist will provide you with a roadmap to developing your own systems for bookkeeping. You can complete the table when you have worked through the tools.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 3: Financial systems checklist | | | | |
|  | Written? | Needs improvement (Y/N) | Who will do it? | By when? |
| Product prices |  |  |  |  |
| Sales prices |  |  |  |  |
| Costs (fixed and variable) |  |  |  |  |
| Profit |  |  |  |  |
| Cash book |  |  |  |  |
| Sales invoice |  |  |  |  |
| Purchase invoice |  |  |  |  |
| Expenses and receipts |  |  |  |  |
| Petty cash |  |  |  |  |
| Stock control |  |  |  |  |
| Notes: | | | | |

## 3.1. Estimating Product Prices and Monthly Sales

There is little point in trying to manage or improve your business if you do not manage the money. Managing your business transactions effectively means that at any time you know the financial details of your business including:

* How many products you purchased from a certain supplier
* How much you charged a customer
* What assets you have in hand (i.e. purchased from supplier but not sold, also known as stock)
* Whether you are charging enough for your products to make a profit after the business expenses have been paid

Our first task is to find out whether the business is making a profit, or at least covering all the business expenses. To do this we need to check product prices against our sales and costs, using the following tools:

* Estimating product prices
* Estimating monthly sales of products
* Raw material costs (variable)
* Labour costs (variable)
* Fixed costs (includes overheads)
* Total costs per month
* Price x Sales - Costs = Profit

**1. Estimating product prices:**

[10mins] How much you will charge your customers for your products? In order to make a profit, the price customers will pay must be higher than your costs to provide the product and inline with your competitors’ prices. To set your prices you have to know:

* How much your potential customers are willing to pay
* Your competitors’ prices - the highest and the lowest prices in the market for the same type of products
* Your costs to bring the products to a selling point such as a market

**2. Estimating monthly sales:**

When you have your estimate you can work out your monthly sales. You can do this in several ways:

* Comparison with sales figures for the same period the previous year
* Comparison with other handicraft traders
* Conduct a survey with potential customers
* Field testing by having a very small range of products to experiment with - what sells quicker, how many etc. (This is not a good method if there is a high investment cost involved.)
* Advanced orders: a written agreement is usually better than a verbal agreement.

****

**Estimating Price and Sales**

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.1.1: Example - estimating product prices example | | | |
|  | 1: Rice bag Wallet | 2: | 3: |
| What customers will pay | $1.50 |  |  |
| Competitor highest  Competitor lowest | $2.25 (sold in city shop)  $1.25 (sold from home) |  |  |
| My price (before discount offers) | $1.50 |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.1.2: Estimating Product Prices | | | |
|  | 1: | 2: | 3: |
| What customers will pay |  |  |  |
| Competitor highest  Competitor lowest |  |  |  |
| My price (before discount offers) |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 3.1.3: Example - Estimating Monthly Sales | | | | | |
| Months | Product 1 | Product 2 | Product 3 | Product 4 | Product 5 |
| 1 | 80 |  |  |  |  |
| 2 | 90 |  |  |  |  |
| 3 | 100 |  |  |  |  |
| 4 | 150 |  |  |  |  |
| 5 | 100 |  |  |  |  |
| 6 | 100 |  |  |  |  |
| Total (over 6 month period) | 620 |  |  |  |  |
| Monthly average | 104 |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| Table 3.1.4: Estimating Monthly Sales | | | | | |
| Months | Product 1 | Product 2 | Product 3 | Product 4 | Product 5 |
| 1 |  |  |  |  |  |
| 2 |  |  |  |  |  |
| 3 |  |  |  |  |  |
| 4 |  |  |  |  |  |
| 5 |  |  |  |  |  |
| 6 |  |  |  |  |  |
| Total (over 6 month period) |  |  |  |  |  |
| Monthly average |  |  |  |  |  |



**Ti­ps**

* This activity might be difficult when you start a new business because you will need some estimates before you go on to the next step. It may be necessary to add 5 - 10% more to your estimates to cover loss of products (e.g. water damage, theft etc.) or higher sales.
* Average the sales (add all 6 months together and then divide by 6 to get an average) because as a business grows the sales should grow.
* Some businesses are seasonal, meaning that they will sell less and more depending on the time of year. People buy handicrafts when they are on holiday. The same applies to weather, as people are less likely to be at outdoor markets when it is raining heavily.

## 3.2. Know Your Costs

**Variable and fixed costs = money out**

You now have an idea of how many products you hope to sell and an estimate of what price to sell them for, but you cannot confirm these numbers until you have worked out what it is going to cost you to sell the products. There are a number of different types of costs involved. Your costs are either fixed costs or variable costs. Fixed costs do not change according to how much you sell, if you have a bad week (i.e. it rains and you cannot set up your stall) you still have to pay your fixed costs. Variable costs (include raw materials and labour costs) are different; you only have to pay them if you make sales (e.g. packaging for the product).

|  |  |
| --- | --- |
| Table 3.2.1: Costs Definitions | |
| Term used | Definition |
| Variable costs | Variable costs change with the amount of products you sell. They include raw materials and labour costs. A handicraft trader would include costs like transport and postage of products to the customer etc. For example, telephone calls are a variable cost, but not the telephone itself, as the cost changes depending on how often and how long you talk on the telephone. |
| Raw materials | These are the basic materials used to make the final product. For example, the packaging for jewellery or the logo labels for the products. Raw materials come under variable costs because the cost changes depending on how many of the products are sold. |
| Labour costs | Labour costs are the amount of wages you pay yourself, your employees or the commission you give to people selling for you (e.g. the bus station kiosk manager). Labour costs come under variable costs’ because the amount changes according to what you sell (e.g. kiosk manager - she does not get a regular wages, just a percentage of what she sells). Likewise your wage should depend on how productive you are. |
| Fixed costs | Fixed costs are the same regardless of the amount of products you sell. For example, the cost of your Saturday Night Market stall, your telephone etc. |

|  |  |  |
| --- | --- | --- |
| Table 3.2.2: Fixed vs Variable Costs | | |
| Item | Variable | Fixed |
| Monthly rent for your stall |  |  |
| Commission for the bus station kiosk |  |  |
| Loan repayment for the motorbike |  |  |
| Staff coffee |  |  |
| Electricity for the stall |  |  |
| Telephone credit |  |  |
| Cleaning products |  |  |
| Post and packing of products to be sent overseas |  |  |
| Business owner’s social security payments |  |  |
| Loan repayment to Uncle |  |  |
| Holiday pay for the business owner |  |  |
| Transport costs to collect products from the villages |  |  |
| Accommodation costs to observe handicraft trade fair in the City |  |  |
| New cloth for market stall table |  |  |
| Scissors |  |  |
| New signs for display cabinets |  |  |
| Business cards with logo |  |  |
| Plastic boxes with lids to transport the products to market |  |  |
| Product packaging |  |  |



**Note**

Remember to keep personal costs out of the business account. For example, a business owner bought a new dress from a neighbour in the market and took the money out of her cash tin - this is not good practice, unless you record it and pay it back. Social security payments and business tax should come out of the business accounts for the business owner and any full time employees.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.4: Variable Costs (Raw Materials) | | | |
| Raw material | How much? | Unit price? | Cost per product? |
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| Total cost per product |  | | |
| Total per month |  | | |
| Cost per month |  | | |

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| --- | --- | --- | --- |
| Table 3.2.3: Variable Costs (Raw Materials) | | | |
| Raw Material | How much? | Unit price? | Cost per product? |
| Logo printed brown bag | 1 | $10 for 100 | $0.10 |
| Logo sticky labels | 1 | $5 for 100 | $0.05 |
| Total cost per product | $0.15 | | |
| Total per month | 18.8 (taken from previous calculation) | | |
| Cost per moth | $2.28 for variable raw materials | | |

**VARIABLE COSTS:** raw materials



**Ti­ps**

* Keep a record of all these costs
* If you have access to markets to buy production material (e.g. rice sacks) you could provide them for your producer (handicraft maker). Be aware of the production costs and negotiate
* Look around and get quotations for costly items you need to purchase, ask for discounts for bulk purchases
* Write down or draw what you want to have made or have printed (signs, leaflets, labels) so that if mistakes are made you don’t have to pay. For example, if the shop sign had the wrong telephone number on it



**VARIABLE COSTS:** Labour

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.5: Variable Costs (Labour/Wages) | | | |
| Who? | Per month | Rate | Cost per month |
| Person: Me | 5 hours per day x 6 days per week x 4 weeks per month = 120 hours | $1 per hour | $120 |
| Person: Bus station kiosk | Estimate 10 sales per month of product costing $1.5 (taken from previous calculation) = $15 | 10% of goods sold | $1.50 |
| Variable labour cost per month |  | | |

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.6: Variable Costs (Labour/Wages) | | | |
| Who? | Per month | Rate | Cost per month |
| Person: Me |  |  |  |
| Staff |  |  |  |
| Selling point 1 |  |  |  |
| Selling point 2 |  |  |  |
| Selling point 3 |  |  |  |
| Cost per month |  | | |



**Ti­ps**

* The percentage for the bus station kiosk person could also be put into the raw material cost calculation, but it is better suited to labour costs. Either way, it remains a variable cost.
* Keep your own wages as low as possible whilst you are developing a new business and when you are expanding your business into a new area or phase.
* Staff on hourly wages is better for your business than a monthly salary because you are only paying when the person is working.
* As your business establishes and you start to make a profit consider putting loyal staff on to a salary. You will be responsible for providing holiday pay and other employment benefits (e.g. health, social security, maternity leave etc.) but you will be doing the right thing and they are likely to be more effective. You could also consider a basic monthly wage with commission percentage paid for products sold.



**Fixed costs**

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.7: Fixed Costs | | | |
| Item | Purchase price | Number of months used | Cost per month |
| Monthly rent for market staff | - | - | $4.00 |
| Monthly rent display case in coffee shop | - | - | $1.00 |
| Table for market stall | $10 | 24 | $0.4 |
| Business leaflets | $5 | 12 | $0.2 |
| Sign for market stall | $10 | 24 | $0.4 |
| Sign for coffee shop | $2 | 24 | $0.8 |
| Sign for bus station kiosk | $2 | 24 | $0.8 |
| Travel to producers (once per month) | - | - | $8.00 |
| Fixed cost per month | $15.6 | | |

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.8: Fixed Costs | | | |
| Item | Purchase price | Number of months used | Cost per month |
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|  |  |  |  |
| Fixed cost per month |  | | |



**Ti­ps**

* When you first start a business, or expand the business, you will have to spend money on fixed costs. This means you need to allocate a percentage of the cost to each product you sell effectively adding it to the selling price.
* If you add your costs (fixed and variable) to the purchase price you have a better idea of what you should sell the product for, so that you cover your expenses.
* Some of our fixed costs are allocated weekly or monthly, such as rent or travel, but others cover more than a month so you can calculate the cost based on how long the item will last (e.g. a table will last for about 2 to 3 years).



**Total Cost**

|  |  |
| --- | --- |
| Table 3.2.9: Example - Total Costs Per Month | |
| Type of cost | Total cost per month |
| Raw material (variable) | $2.26 |
| Labour costs (variable) | $121.50 |
| Overheard (fixed) | $15.6 |
| Total costs (outgoings) per month | $139.36 |
| Price x sales - costs = profit | |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Step 1 | My price | X | My sales | = | Monthly sales | | $1.50 |  | 104 |  | $156.00 |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Step 2 | Monthly sales | \_ | My costs | = | Profit | | $156.00 |  | $139.36 |  | $17.00 | | |



**Note**

We have only used your sales at the Saturday Night Market. You will need to do a similar calculation for your other selling points (for example, the bus station kiosk and the coffee shop display case).

|  |  |
| --- | --- |
| Table 3.2.10: Total Costs Per Month | |
| Type of cost | Total cost per month |
| Raw material (variable) |  |
| Labour costs (variable) |  |
| Overheard (fixed) |  |
| Total costs (outgoings) per month |  |
| Price x sales - costs = profit | |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Step 1 | My price | X | My sales | = | Monthly sales | |  |  |  |  |  |      |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Step 2 | Monthly sales | \_ | My costs | = | Profit | |  |  |  |  |  | | |

## 3.3. Systems for Tracking and Recording

In this section of the toolkit we will work through some financial templates that we can use as financial systems for the business. These include:

* Product stock card
* Bookkeeping systems
* Cash book
* Sales invoices
* Purchase invoices
* Expense claims
* Petty cash book

Why financial systems are important:

* Makes sure you don’t forget money that is owed to you, or money you owe to the supplier or producer
* Provides the information and evidence of a business success or failure
* Helps you to manage more efficiently, not wasting time or money, and effectively, doing it better
* Know what stock you have and when to order new stock, so that you don’t run out and you give the producer time to make new stock, such as giving a month’s notice of products needed
* Shows business trends. For example, which are the most profitable weeks or months (when sales are at their highest or the success of a marketing campaign). This information helps you to target sales and make the most of your business
* Essential if you want to take a loan or require financial support



**Ti­ps**

Keeping up to date with paperwork and financial systems is not always easy:

* Get into a good habit by doing your business paperwork as you go along and enter daily or at least weekly
* Think about the paperwork as part of the business, like setting up your market stall and allocating time to do it.
* The more you do it, the better you will be
* Look on the Internet for some practical demonstrations about bookkeeping and accounting

|  |
| --- |
| Table 3.2.11: Systems for Tracking and Recording |
| Golden rules of financial management:   * Keep business money separate from your personal money. * If you have money from a loan it must be kept for business use only, not personal use. * Record your financial transitions (money in, money out) on a daily basis. * Work out your profit or loss on a monthly basis. * Plan your purchases and expenses by putting some of your money aside to pay for big monthly bills (e.g. the rent). * Be aware of stock and money, so that it is not lost, damaged or stolen. * Manage your credit sales (e.g. record products and stock given to others without payment - like selling in a coffee shop or bus station). |
| Business investment:   * Loans can be useful when starting a business and when you want it to grow. Only ask for the amount you actually need. * Loans should not really be used to fill a gap when the business is failing because the loan interest payment will only increase your gap. * Use some of your monthly salary to reinvest in the business and to help it grow. |
| The box accounting system to manage your money:   * Helps to plan, track and manage your money (business and personal). * Use the three box systme * Cash in * Business costs out * Personal costs out * See sample template. |
| Keeping track and managing loss- common problems:   * Poor quality products * Damaged products are either the fault of the producer or your fault in relation to poor storage of products * Loan was not used only for the business (used for personal items) * Product did not sell or low demand for product (incorrect buying, demand not checked) * Products and/or money stolen. Keep written records, keep money locked away and/or hidden * If you are owed money agree on a payback date and then keep following up |
| Keeping track and managing credit (sales):   * These are important because as soon as you let someone have something without paying for it you have a loss * Credit sales are risky. You should avoid them if you can * If you have to give credit, judge according to the person and their circumstances * Keep a record of the credit. Write down who, how much and the payback date * Ask the person to leave something with you of similar value (e.g. a watch or motorbike document). * Consider charging more for credit product/s and keep the extra money separate in case people don’t pay you back |
| Managing your product stocks:   * Record all stock purchases to include date, product ID number, number of products purchased * Record all stock sales to include date, who they were sold to, money received/credit given, and number of products * Keep a running balance of stock so that at any given time you know what you have purchased, what you have sold and what you have in storage * Remember, stock held (purchased but not yet sold) is a business asset and assets are part of what the business owns, so treat the same as you would your money. |

|  |  |
| --- | --- |
| Table 3.2.12: Booking Systems | |
| Essential bookkeeping systems | Definition |
| Cash book | Essential bookkeeping method to record income and expenses requiring a manual cashbook and calculator. There is no recording of assets, liabilities and equities as in a double entry method so it cannot be used to produce a balance sheet; this is not a problem for small business. |
| Sales invoice | Essential bookkeeping method to record who has your products and owes you money for them. A sales invoice would be given to someone who makes bulk purchases from you - i.e. not your cash buyer at the market. It can be used to offer discounts for speedy payments. The customer returns the remittance slip with the payment so that you know who it is from. It is best to have 2 files, issued and paid. Write up the invoice and keep a copy in the issued file. When you receive the payment write paid on the invoice and transfer it to the paid file. |
| Purchase order | Essential bookkeeping method to record what you have purchased (i.e. stock, equipment) and how much you owe (i.e. your business expenses). The vendor or supplier (handicraft maker) to whom money is owed is called a creditor. Again, you can keep them in two files: purchase issued and purchase paid. The business owner should supervise all purchase invoices by making sure the price is agreed with the supplier in advance and checked off against the suppliers’ invoices when they arrive - they should match in terms of description, quantity and price. If there are any differences they should be addressed with the supplier immediately. An accounts payable template can be used to summarise the purchase orders, highlighting the amount owed and the date payment needs to be made. |
| Expense claim and receipt | Essential bookkeeping method to record what the business pays out in terms of expenses incurred on behalf of the business. For example, if you asked a friend to collect your orders from the supplier whilst she was visiting the area you would pay expenses to cover some of her costs. A receipt such as the bus ticket should accompany these costs. The business can also issue receipts for goods sold to a customer. |
| Petty cash | Essential bookkeeping method to record small cash payments for day-to-day business items like tea and telephone credit. The petty cash box can also be used to hold money in from customers. You start off with a petty cash float(i.e. $50). All transactions (in and out) are recorded on a petty cash voucher that is then entered into the petty cash log. At the end of each month you ‘top up’ the petty cash box to the original float amount ($50). |
| Stock Control Cards | Essential bookkeeping method to record details about your stock (i.e. items purchased). Remember, stock is money. A stock card will record how much stock you have purchased over what period of time so that you have information about best sellers. It will remind you when to order so you don’t run out of product items and they can be used to highlight theft and damage. |

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**Cash Book**

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| --- | --- | --- | --- | --- | --- |
| Table 3.2.13: Example - Bookkeeping Made Simple: cash book | | | | | |
| The Three Box System (business money in and out, and personal money | | | | | |
| Month: JAN  Year: 2014 | Description | Money  in  business | Money out  business | Money out  personal | Balance |
| 01.01 | Cash loan to set up the business | 1000.00 |  |  |  |
| 01.01 | Travel to village producers |  | 8.00 |  |  |
| 01.01 | Purchase products (80 x $1) |  | 80.00 |  |  |
| 03.01 | Market space rent January |  | 4.00 |  |  |
| 03.01 | Display case rent January |  | 1.00 |  |  |
| 03.01 | Table to sell products |  | 10.00\* |  |  |
| 03.01 | Advertising leaflets |  | 5.00\* |  |  |
| 03.01 | Signs ($10 and 2 x $2) |  | 14.00\* |  |  |
| 04.01 | Product sales  Week 1 - 15 x $1.50 | 22.50 |  |  |  |
| 11.01 | Product sales  Week 2 - 22 x $1.50 | 33.00 |  |  |  |
| 18.01 | Product sales  Week 3 - 23 x $1.50 | 34.50 |  |  |  |
| 25.01 | Product sales  Week 4 - 20 x £1.50 | 30.00 |  |  |  |
| 26.01 | My wages (5 hours x 6 days x 4 weeks at $1 per hour) |  |  | $120.00 |  |
| Total |  | $1120.00 | $122.00 | $120.00 | $878.00 |

**Example: analysing your finances:**

* Money out is $122 (business costs) + $120 (your wages)
* 80 products were sold during the month. You paid $1 for each and sold them at $1.50 each, giving you an excess of $40. You then have to take out your monthly costs ($139.36 estimated in a previous activity - this figures includes wages of $120).
* You had some start up capital ($1000) that you will be able to pay back once the business is running well and you have had $120 wages for yourself. If you did not take any wages for the first three months whilst building up your customer base, your figures would be fine.
* Also, you paid $29 for fixed cost items (table, signs, leaflets) that will last many months, but they show up in the month they were purchased.
* When you do your bookkeeping for the next month (February) take the $878 figure and put it on the top of the first column (i.e. where the $1000 figure is on the above table) - this is your new monthly starting balance.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 3.2.14: Bookkeeping Made Simple - cash book | | | | | |
| Month  Year | Description | Money  in  business | Money  out  business | Money  out  personal | Balance | |
| 01st |  |  |  |  |  | |
| 2nd |  |  |  |  |  | |
| 3rd |  |  |  |  |  | |
| 4th |  |  |  |  |  | |
| 5th |  |  |  |  |  | |
| 6th |  |  |  |  |  | |
| 7th |  |  |  |  |  | |
| 8th |  |  |  |  |  | |
| 9th |  |  |  |  |  | |
| 10th |  |  |  |  |  | |
| 11th |  |  |  |  |  | |
| 12th |  |  |  |  |  | |
| 13th |  |  |  |  |  | |
| 14th |  |  |  |  |  | |
| 15th |  |  |  |  |  | |
| 16th |  |  |  |  |  | |
| 17th |  |  |  |  |  | |
| 18th |  |  |  |  |  | |
| 19th |  |  |  |  |  | |
| 20th |  |  |  |  |  | |
| 21st |  |  |  |  |  | |
| 22nd |  |  |  |  |  | |
| 23rd |  |  |  |  |  | |
| 24th |  |  |  |  |  | |
| 25th |  |  |  |  |  | |
| 26th |  |  |  |  |  | |
| 27th |  |  |  |  |  | |
| 28th |  |  |  |  |  | |
| 29th |  |  |  |  |  | |
| 30th |  |  |  |  |  | |
| 31st |  |  |  |  |  | |
| Totals |  |  |  |  |  | |

****

**Sales Invoice**

|  |  |
| --- | --- |
| Table 3.2.15: Sales Invoice | |
| Sales invoice | |
| Date: | Invoice number: |
| To: | From: |
| |  |  |  |  | | --- | --- | --- | --- | | Quantity | Description | Unit price | Cost | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | | |
| Comment | Subtotal |
| Discount |
| Tax |
| Total due: |
| Payment due by: | |
| Bank account details: | |
| Interest \_\_% per annum will be charged on late payments | |
| *CUT HERE* | |
| Remittance | Customer name: |
| Invoice number: |
| Amount paid: |



**Purchase Order**

|  |
| --- |
| Table 3.2.16: Bookkeeping made simple - purchase order |
| (your logo) Order number ……………………………….…………..  Order date ……………………………………..…………    Expected delivery date …………………………………  The purchaser (you)  ……………………………………………………  ……………………………………………………  ……………………………………………………  The supplier:  ……………………………………………………  ……………………………………………………  ……………………………………………………   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Product number | Product description | | Quantity | Unit price | Total | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | |  |  | |  |  |  | | Comments: | | Sub Total | | |  | | Tax (% at, if applicable) | | |  | | Postage/transport | | |  | | Total owing | | |  | |

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**Expense and Receipt Form**

|  |
| --- |
| Table 3.2.17: Expenses and Receipt Form |
| Date ………………………………   |  |  |  | | --- | --- | --- | | Details | Receipt Y/N | Amount | |  |  |  | |  |  |  | |  |  |  | |  |  |  | | Total | |  |   PAID BY (print and sign) ……………………………………………………………………………………………………  RECEIVED BY (print and sign) …………………………………………………………………………………………… |

**PE**

**Petty Cash**

|  |
| --- |
| Table 3.2.18: Petty Cash Log |
| |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month: | | | | | | | | | | | Date | Detail | | | | Cash in | | Cash out | | Balance | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | |  |  | | | |  | |  | |  | | Total cash left | | | | | | | | |  | | Float | |  | Less total cash left |  | | = Topup | |  | | |

|  |
| --- |
| Table 3.2.19: Petty Cash Voucher |
| |  |  |  |  | | --- | --- | --- | --- | | Petty cash voucher | | | | | Date |  | Cash out |  | | Detail |  | Cash in |  | |  |  | Total |  | | Voucher no |  |  |  | |  |  |  |  | | Petty cash voucher | | | | | Date |  | Cash out |  | | Detail |  | Cash in |  | |  |  | Total |  | | Voucher no |  |  |  | | Petty cash voucher | | | | | Date |  | Cash out |  | | Detail |  | Cash in |  | |  |  | Total |  | | Voucher no |  |  |  | |



**Product Stock**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 3.2.20: Product Stock Card | | | | |
| Product name: Men’s wallet  Product code: MW1 | | | | |
| Supplier/producer contact: | | | | |
| Description: | | Value and mark up | | Comments: |
|  | | Buy  Sell | |  |
| Date | IN (B/F) | OUT | Balance | Comments |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Totals |  |  |  |  |

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**Ti­ps**

* You can you one sheet per product and code them if you have more than one type of men’s wallet.
* Make up a simple code that you will remember; if the products come in S / M / L you could write MWL.
* If you give products on credit or sale - as you might for people selling your products in their shops (e.g. coffee shop or bus station) you can use this card and mark in the details (as above\*\*). They pay you when they have sold the product but you must keep a note of the stock.



**Profit and Loss Statement**

|  |  |  |  |
| --- | --- | --- | --- |
| Table 3.2.21: Profit and loss statement | | | |
| Income | | | |
| Description | Amount | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  | Total income | |  |
|  | | | |
| Cost of goods sold | | | |
| Description (e.g. stock, inventory, materials sold to customers etc.) | Amount | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  | Total costs of sales | |  |
|  |  | Gross profit  (Total income minus costs of sales) |  |
|  | | | |
| Expenses | | | |
| Description (e.g. advertising, postage, fuel etc.) | Amount | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  |  | | |
|  | Total expenses |  | |
|  |  | Net profit  (Gross profit minus expenses) |  |



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