



USAID
FROM THE AMERICAN PEOPLE

Local Enterprise
Support Project

Ibdaa Youth

Financial Capabilities: Facilitator's Guide


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Module 1 - Financial Capabilities

Session 1.1: Introduction


<p>Objectives</p> <ul style="list-style-type: none"> • Understand what financial capabilities are and the importance of them • Identify the ways that financial capabilities will support participants 	 20 minutes
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1. Understand what are financial capabilities – 7 minutes
 - a) Greet participants and say, “Welcome to this session where we’ll answer the question: ‘What are financial capabilities?’ We will answer this question both by defining the term, but also by discussing its relevance to your life and routine.”
 - b) Then say, “I would like to first start by asking you to think about what the word “financial” means to you?”
 - c) Ask for 1 -2 volunteers to share what this means to them
 - d) Then say, “Thank you for those ideas. Like you said, ‘financial’ or ‘finances’ refers to the management of money. Now what does “capabilities” mean to you?”
 - e) Ask for 1 -2 volunteers to share what this means to them
 - f) Then say, “These are great ideas, the way we will be talking about financial capabilities are building a combination of attitudes, new knowledge, new skills, and self-efficacy to help you and your families better manage your money and make more informed financial decisions both for you personally and for your businesses.
 - g) Some examples of new knowledge you can gain by learning and building your financial capabilities are how to manage your business money, and how to better access financial services. Basically to help you make money management decisions that will be most beneficial to you, your family, and your business.”
 - h) Ask the participants if they have any questions
2. Understand the importance of financial capabilities in your life – 4 minutes
 - a) Then say, “I would like to share a story with you about Ahmed. He is a young fruit seller who knew that he would like to purchase more inventory to sell even more fruits in the market. He decided to go to his local financial institution and ask for a loan though he had no business plan nor any clear idea of how to repay his loan. The financial institution denied his application because they he did not have a clear idea of how to repay nor a business plan as part of his application. Ahmed is frustrated by this and asks you, his friend, what he should have done differently?”
 - b) If you were Ahmed’s friend what would you tell him?
 - c) After 1-2 responses, summarize the discussion and thank participants for their input.

3. Identify ways that financial capabilities support you – 8 minutes
 - a) Then say, “I would like to ask you to break into pairs of two, please take 5 minutes to discuss ways you think learning about money management can help your personal life and your business life, if you have a small business.”
 - b) After 2 minutes ask 1 or 2 pairs to share back
4. Review new information – 1 minutes
 - a) Then say, “This concludes this session, I wanted to start our learning together by providing a foundation of why we are in this room together. We want to build our knowledge, skills and attitudes to support our money management both personally and for our businesses in the future.
 - b) Thank participants.

Module 2 - Financial Tools

Session 2.1: Savings - starting the behavior

<p>Objectives</p> <ul style="list-style-type: none"> • Understand the concept of saving • Identify what saving behaviors are 	 20 minutes
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1. Understand what savings is – 7 minutes
 - a) Greet participants and say, “Welcome to this session on starting a savings behavior. We will be discussing many topics today and many topics in the future.”
 - b) Then say, “I would like to first start by asking you to think about what the word “savings” means to you?”
 - c) Ask for 1 -2 volunteers to share what this means to them
 - d) Then say, “These are great ideas, saving means to put away additional income or money instead of spending it. It can be hard to do on a consistent basis but if you try simple tricks it can become a habit. For example:
 - i. Put aside 5% of all income
 - ii. Put into a savings group on a weekly basis
 - iii. Put into the postal savings fund at 5% of all money coming in
 - iv. Invest into something like gold, or livestock, or a commodity that can increase in value. This method of saving can be more secure than keeping currency in your home.”
 - a) Ask the participants if they have any questions
6. Understand the importance of savings in your life – 4 minutes
 - a) Then say, “I would like to share a story with you about Reem. She is a seamstress who invested her extra income into higher quality fabric and is able to charge more for her product. She has more money coming in and normally would re-invest into her small business, however she would like to save for a new sewing machine. Where can she do this as she cannot do this at her local microfinance institution?
 - b) If you were Reem’s friend what would you tell her?
 - c) After 1-2 responses, summarize the discussion and thank participants for their input.
7. Identify ways that savings can support you – 7 minutes
 - a) Then say, “I would like to ask you to break into pairs of two, please take 3 minutes to discuss ways you think savings can help your personal life and your business life, if you have a small business.”

- b) After 2 minutes ask 1 or 2 pairs to share back
8. Review new information – 2 minutes
- a) Then say, “Thank you to review there are many ways to start a savings behavior, like saving in kind, saving in a savings group, with a bank or at the post office.
 - b) Thank them and start the next session.

Session 2.2: Savings for a business goal

Objectives

- Identify goals
- Understand the benefits of planning to get what you want
- Identify the steps in goal setting
- Identify the financial support that can aid in achieving goals



25 minutes

1. Understanding goals and what they are – 7 minutes
 - a) Greet participants and say, “Welcome to this session on saving for a business or a goal. We will be discussing many topics today and many topics in the future.”
 - b) Then ask participants, “Please think about something you want to accomplish either personally or business-related, please be ready to share your ideas, but first I would like to share a short story.”
 - c) Tell participants about a goal you have or had in the past (either personal or business related). Explain what you did or are doing to reach your goal.
 - d) Moderator’s Note: Use a goal your group might share, such as earning money, finishing school, buying a bicycle or scooter, investing into a business.
 - e) Ask participants, “Do you think I will reach (or would have reached) my goal if I wait (had waited) and hope (hoped) for it?”
 - f) Ask participants, “Can you name some of the things you want to accomplish either personally or business-related.”
 - g) Record their ideas on chart paper or the white/chalk board.
 - h) Say to participants, “You have started to identify goals, it is good to have goals, and today we will discuss how to work toward achieving these goals.”
2. Identify goals and how to plan for this goal – 10 minutes
 - a) Say to participants, “Some people seem to reach their goals more often and others seem to have trouble reaching their goals. One factor that impacts whether or not a person reaches his or her goals is how he or she plans and works toward achieving the goal.”
 - b) Ask participants, “What do you think might happen if a person doesn’t make a plan to reach his or her goals?”

Possible responses

- You may feel hopeless about ever reaching your goal.
- You waste time, money, and effort on things that don’t help you reach your goal.
- You can miss opportunities because you aren’t looking for them.

- You lose your focus.
 - You might make excuses for not making progress toward your goal.
- c) Then ask, “What do you think are the benefits when a person makes a plan to reach his or her goals?”


Possible responses

- You can keep your focus on your goal.
 - You can use your time wisely.
 - You can look for people who can help you reach your goal.
 - You can save your time, money, and effort for your goal.
 - You feel encouraged when you see progress toward your goal.
- d) Distribute handout 2.2: Planning Sheet and hang flipchart or display visual of Planning Sheet, then say, “This is a planning sheet that will help you to:
- Decide what you want to accomplish either personally or business-related.
 - List the steps, what you need to do, to get what you want.
 - Put the steps in their proper sequence.
 - Start on the first step.
 - Keep you on track”
- e) You will see that there is a column on financial support, we will talk about this another day, but this planning sheet will help you to stay on track. It can be hard to achieve goals so it can be helpful to think about the following:
- Think about possible obstacles and what you could do to get around them.
 - If unexpected things happen, don’t be surprised and don’t give up.
 - Think about who might help you reach your goal and talk to them about the steps you will take.
3. Identify methods to save for goals – 6 minutes
- a) Then say, “As we discussed it can be difficult to achieve your personal or business related goals on your own, other than family and friends what are other options you have to save for a goal?”
- b) Ask for 1-2 responses, if they are not said you can share the following:
- Save at Jordan Post Office
 - Save at a commercial bank if you can maintain the minimum balance
 - Save in local savings group or cooperative

- c) Then say, “You will see these on your planning sheet. These are a few methods you can use to achieve your goals. We will talk about banking services for credit in the future.”
4. Review new information – 2 minutes
- a) Then say, “To review we discussed many ways to start saving for a business goal, some examples are to decide what you want to accomplish either personally or business-related:
- List the steps - what you need to do, to get what you want.
 - Put the steps in their proper sequence.
 - Start on the first step.
 - Keep on track.”
- b) Thank them and start the next session.

Module 3 - Business Ideas

Session 3.1: Developing Business Ideas

<p>Objectives</p> <ul style="list-style-type: none"> • Identify potential business ideas • Identify steps to explore business idea viability 	 40 minutes
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1. Discussion on business ideas – 5 minutes
 - a) Greet participants and say, “Welcome to this session on developing business ideas. Our objectives for this session are to learn to identify some potential business ideas, and to explore whether or not our business ideas are viable.”
 - b) Then say, “In previous sessions we have discussed personal and business related goals. Today we are going to discuss very specifically business goals and ideas. I would like to start by sharing a story of my friend Omar, over the years he has had many business ideas, but was always fearful that he would not succeed or that he did not have access to capital (or money) to pursue his business idea. Omar liked to make sweets, but knew there were many shops in his town that already sold these sweets.”
 - c) Then ask, “What do you think Omar could do to develop his business ideas?”
 - d) Ask for 1 – 2 responses and thank participants for their ideas.
2. Identify what business ideas are – 15 minutes
 - a) Then say, “In small groups of 3-4 I would like you to discuss the following question: What business ideas do you have that you think could be successful in your community and why? Please take the next 10 minutes to discuss this and have one person be ready to share back with the larger group.”
 - b) After 10 minutes ask for 1 -2 groups to share with the larger group, summarize the discussion and thank participants.
3. Identify steps to explore business idea viability – 15 minutes
 - a) Then say, “Those are great ideas, I would like to share the next part of the story of my friend Omar. He found out that sweets topped with almonds are quite popular and most sweets in his community are topped with pistachios. He spoke to a few bakeries to find out if they might like to sell sweets topped with almonds. Omar could make the sweets and then sell them to a bakery in bulk. But the bakeries were not convinced that they would sell.
 - b) What do you think Omar could do to change the bakery owner’s mind about a new type of sweet for his bakery?”
 - c) After 8 minutes ask for 1 -2 groups to share with the larger group, summarize the discussion and thank participants.
4. Review new information – 5 minutes

- a) Then say, “Thank you we discussed many subjects here and have listed our business ideas.”
- b) Thank participants and start the next session.

Session 3.2: Collecting Market Intelligence

Objectives

- Determine what a market is
- Determine strategy to collect market information



40 minutes


1. Discussion on what a market is and collecting information on the market – 7 minutes
 - a) Greet participants and say, “Welcome to this session on collecting market intelligence. The objectives of this session are to determine what a market is, and identify strategies to collect market information or intelligence.”
 - b) Then say, “I would like to start today by asking what the word “market” means to you?”
 - c) Record responses on a flipchart or summarize in discussion. Then say, “Market in this context means a group of customers who are interested in your products and/or services that you are offering and/or selling.
 - d) Then say, “To succeed in creating a business or to launch a new product, it is necessary to collect market information. The purpose or objective of this information collection is to assess the potential market segment, search for the necessary information to be able to have a better understanding of the surroundings, competition, customers, supply and demand process – all this to approve or adopt the appropriate competitive positioning.
2. Identify key questions for new businesses to consider when collecting market information - 20 mins
 - a) Then say, “To better understand and to assess your potential customer and market what are questions you think you would need to ask yourself first?”
 - b) Distribute handout 3.2 “Assessing my Market,” then say, “On this sheet there are a series of questions to consider when you are first thinking about your business, in pairs I would like for you to take 10 minutes to discuss these questions, but keep in mind the following key points for each question.”
 - c) Read handout as a group. The facilitator should then explain the questions in detail.
 - What will I sell?
 - Here you must specify the product / service you want to market, and make sure that your product /service fulfills /satisfy customers’ needs (in terms of characteristics, use, packaging, distinction, etc.)
 - To whom will I sell?
 - Knowing the customers, through analyzing their needs which a product / service has to address. Also to identify these types of needs and to estimate a customer’s purchasing power as well as the size of the potential customers I may have.

- How will the sales process happen?
 - o It is important to choose the distribution method that suits the product / service and the proper positioning / repositioning in the market. However, we must not forget that the distribution process should take into account the habits of customers (direct sale with instalments, wholesale, etc.)
 - Who are your competitors?
 - o “Before adopting any strategy, it is necessary to analyze your direct competitors: who offers a product / service that is similar to yours? It is also necessary to analyze your indirect competitors: who offer different product /service but fulfills the same customer need?”
 - o You must search for information relating to: the product offered / service, proposed price, payment terms /facilities, seniority, reputation, location, marketing strategy, etc.
 - The Target Market:
 - o T This phase includes identification and analysis of the potential market, estimating its volume /size, possibility of expansion and profitability. Therefore, it should be segmented – taking into consideration the geography of the market.
 - o It is important to take into account all players of the target market (potential competitors, suppliers, customers, etc.) to choose an appropriate competitive positioning.
- d) After 10 minutes ask for 2 pairs to share what they discovered by responding to the questions, summarize the discussion and thank all for participation.
3. Determine strategy to collect market information – 10 minutes
- a) Then say, “This assessment is off to a great start. What are ways that you might collect market information in your community?”
 - b) Brainstorm this with the whole class and write on a flipchart. Summarize discussion
4. Review new information – 2 minutes
- a) Then say, “Thank you. We have identified many questions we will consider as we begin to collect market information to test if our business ideas are good.
 - b) Thank them and start the next session.

Session 3.3: Demand & Competition (Walking the Community)

Objectives

- Identify the concepts of demand and competition concepts.
- Determine whether or not there are demand and competition for their own products or services.
- Learn how a business coach can be a source to provide support and assistance to them to start managing their business.

 2 hours

Preparations should have been made on day 1, so that all of the necessary arrangements have been made for day 2 when the field trip takes place. Also, arrange for participants to meet with businesses and interact with customers. Note if there is gender sensitivity please join the female participants and explain what they are doing or pre-arrange visits with women-owned businesses.

Pre-field trip preparation for the facilitator.

There are two objectives for this field trip. One is to have the participants explore demand and competition in relation to a product or service of their choosing, and the second is to help participants connect with, and learn directly from, entrepreneurs in their communities.

The steps required for the field trip preparation are listed below:

- Plan the route that you will take in your market tour. If it makes sense for the group to meet in a location other than the classroom on the morning of day 2, let them know that on day 1. If the class is meeting somewhere new, choose a location that has tables so that the class can easily fill in the handouts you'll distribute.
- Identify entrepreneurs who can talk to participants about the weekly tasks that they should do to manage their business.
- There is always a possibility that an entrepreneur will not be available when you arrive to speak with them. Consequently, put in place alternative plans to interview two or three other entrepreneurs. It might be useful to consider choosing young entrepreneurs to communicate with participants more effectively.
- Plan your interviews at times when entrepreneurs are not too busy.
- Encourage youth to practice what they will do in the market tour by playing roles as a group before going out to the market tour.

1. Identify the concepts of competition and demand – 10 minutes
 - a) Greet participants and say, “Welcome to this session on demand and competition. We will be defining these concepts today and after some discussion, we will be going out in the community to explore the market firsthand.”
 - b) Then say, “I would like to start today by reviewing another discussion on collecting market information. We talked about the importance of understanding your customers needs and your ability as a business to deliver a good product or

service. We also discussed the importance of knowing how large or small your customer base would be.”

- c) Read the story aloud and let the participants follow the story with you.
- d) “This story is about Zain’s efforts to start a business to carry and deliver purchases, and the corresponding competition faced by others who do the same service for the same customers.

Because Zain is a smart woman and has the ability to observe what is happening around her, she immediately realized the importance of walking around her community to explore everything related her business ideas, their relationships to each other, and the extent to which they responded to the people’s needs. As she was walking around she noticed that there were lots of young people selling the same thing, she also noticed big, medium and small businesses in different fields (services, trade, industry) and she realized that any business, no matter what their product or service, depends on specific skills to run it and innovative ideas set the product apart. In order for her to compete and learn effective ways to attract customers, Zain observed a few small businesses in a sector tin which she had experience, sewing. She observed that many sewing businesses used the same design and same colors for all of the items they produced.

Zain took some of her savings that she put into a local savings group and purchased some magazines to see different sewing styles. She also used the Internet to explore the latest trends and styles with regard to sewing and made new designs. She tested this with a few women in her neighborhood who really liked the news style and started to get lots and lots of requests.”

- e) Ask participants, “What happened when she noticed the presence of many people doing the same thing?”
- f) Then ask, “Why did Zain succeed at the end?”
- g) Summarize the discussion and make sure to include:
 - Zain succeeded when she found there is a need (or market) for her product.
 - Zain realized that there are others who offer the same product but she researched to find out how she could improve the product.
 - She thought of a way to provide her product in a way that attracts customers and interests them.
 - She tested the product before investing more money into it.

2. Identify opportunities to increase competition and demand – 8 minutes

- a) Then say, “When people want or need a product or a service, then there is demand for the product or service. Write the word “Demand” on the flip chart.
- b) Then say, “When there are people who provide same services or products to the same customers, these are the competitors, Write the word “Competition” on the flip chart.

- c) Ask participants, “What else could Zain do to increase her competition and demand?”
 - d) Write down their ideas on the flip chart. Here are some suggestions:
 - Offer a good price.
 - Be friendly.
 - Choose a good location.
 - Choose a brand name and a logo for her commercial business.
 - Work at regular times (same times every day)
 - e) Distribute handout 3.3 prior to the departure. Go through the content of the handout and explain that they should each choose one product or service that they think might be a viable business idea. Then, as they walk around the market, they should answer the questions in relation to the chosen product or service.
3. Field trip: Walk in your community – 90 minutes (45 minutes of observations + 45 minutes for discussions with entrepreneurs)
- a) See notes earlier in this section for the preparation that should be made ahead of time for the field trip.
 - b) Explain to participants, “We are going to now go out into the community. Explore the offerings of the businesses in the market and write down your observations on your handouts. Then we will meet at [location] in 45 minutes to speak with a small-business owner.”
 - c) When the group meets with the entrepreneur, introduce the entrepreneur and explain why the class is interested in speaking with him/her. Say “We have been learning about competition and demand in the market. What are some of the challenges you’ve had with competition and demand in your business? How did you overcome them?”
 - d) After the entrepreneur answers the questions, ask the youth if they have any questions for him/her and facilitate a discussion. After about 15 minutes, move on to a second entrepreneur. If only one entrepreneur will be interviewed, spend 45 minutes speaking with him/her, then thank the entrepreneur for his/her time and return to the classroom.
 - e) Bring back all participants together and then ask participants,
 - “What did you see during your walk and observations?”
 - “What did you hear from customers?”
 - “What new information did you collect on the market that will impact or change your business idea?”
 - “What important insights did the entrepreneurs we spoke to have about competition and demand?”
 - “Was it beneficial to speak with these individuals? Why?”

4. Review new information – 2 minutes
 - a) Then say, “Thank you, today was an exciting opportunity for us to begin to test our ideas.”
 - b) Thank them and start the next session.

Session 3.4: Your Customer

Objectives

- Describe target customers
- Identify the various methods to attract customers



50 minutes

1. Describe your customers – 15 minutes
 - a) Present and distribute handout 3.4 “My Customer”
 - b) Explain to participants, “We recognize the importance of knowing our customers, and now let's explore what are the important things we need to know to understand some of our customers’ qualities.”
 - c) Use prepared sheets or draw on the flip chart a picture of the following:
 - A Carton of Oranges (or any other product of your choice).
 - Mechanic (or any other service of your choice).
 - d) Say to participants, “A business may be about selling a product (e.g. an orange) or a service (e.g. mechanic). Let us first look to the business of selling a product, an orange. (Point to the flip chart or handout row labeled “My Business Idea” and write in “Fruit seller.”)
 - e) Ask participants, "Who will buy this product?" Take a few minutes to record responses on handout or flipchart.
 - f) Then ask participants, “Why would all those customers buy this product?" Take a few minutes to record responses on handout or flipchart.
 - g) Then ask participants: “How much would all these customers be willing to pay for this product?” Take a few minutes to record responses on handout or flipchart.
 - h) Then ask participants: “How would your answers differ if the product is a carton of oranges instead of one kilo of oranges?”(Responses may include that the customer can be a salesman who buys oranges to sell at a higher retail price.)
 - i) Thank participants for their great ideas. Then ask the same questions as posed above however this time discussing a service industry like being a mechanic. Don't forget to record the responses on the handout or flip chart.
2. Discuss different strategies to attract customers – 20 minutes
 - a) Explain to participants, “When you walk around the market you can see there is competition, a good business idea and plan will take into account what their competitors are doing and see where your business idea can build an edge – an edge is a strategy used to attract more customers to your business in the face of competition and can help you to maintain, or increase your sales and profit.”

- b) Ask for two volunteers and pull them aside to whisper or speak in a quiet voice so the other participants cannot hear what you are saying, then tell them, “You will play the role of fruit sellers, and will compete for “customers”(played by your classmates). You will both be selling the same product and bought this product for 25 piasters, but can sell your product at any price, but the end result will be to make a profit. While I am organizing the other participants you can prepare your strategies separately.”
 - c) Then separate the rest of the participants into two groups and say, “Imagine now that you are customers in a market and want to buy from one of these two sellers, but you are looking for the best deal.”
 - d) Then say, “Ok shoppers you have 7 minutes to find the best deal in the market. Sellers you have 7 minutes to make the best deal while still making a profit.”
 - e) After 7 minutes, ask the group to come back together, then ask the customers:
 - How did the sellers attract you to buy from them?
 - From whom did you buy and why?
 - How important is the price?
 - f) Ask the sellers:
 - How many bananas have you sold?
 - How much money do you have now?
 - What did you do to attract customers?
 - What have you done and had the greatest impact?
 - g) Thank participants for volunteering and offering great participation in the activity.
3. Identify strategies to attract customers – 10 minutes
- a) Distribute handout 3.4 “How can I attract my customers’ attention?” and show flipchart.
 - b) Ask participants to brainstorm on ways to attract customers to their business, and write down their thoughts on the flip chart, their ideas may include the following:
 - The use of humor and fun or singing to attract the attention of customers.
 - Open the shop at regular hours
 - Provide good quality of products
 - Ensure that the product display is elegant, clean and organized
 - Put an attractive sign for customers explaining why they should purchase your product.
 - Friendly talk with customers about your products.

- Announcing special offers (for example, buy three and get one free).
- c) Then ask the following:
- How will you act when you are trying to attract new customers?
 - What are good practices you have observed from sellers in the market that attracted you to buy their goods or services?
 - What were practices that you did not like and turned you away from buying their goods or services?
- d) Summarize the discussion and thank participants.
4. Review new information – 5 minutes

How did Zain choose her business location?

Zain continued to produce new sewing designs from her home, yet she found it difficult to sell, especially because her house is located in a remote area away from customers, as well as it being far from where she can get her raw materials (like fabric) which she needs. For these reasons, she decided to find a good location to sell her goods. Zain has observed other shop owners who sell their goods on streets that are not very busy. Zain realizes that her criteria for selecting a new location must be close to her customers but away from competitors at an affordable price. She started walking around the areas where she has sold the most products and started to inquire about renting a small space. She found a great small kiosk to sell her goods, two streets away from her competitor.

- a) Then say, “Thank you for your participation today, it was fun to learn together. We have discussed many things today, we discussed what financial capabilities are, how to save for business and personal goals, identifying market opportunities and customers. We are on our way to building our financial capabilities and business knowledge. I would like to challenge each of you to take the new information you have received and share with at least 1 or 2 people. Are you willing to do this?”
- b) Ask participants to raise their hand if they are willing to share the new information. Thank them for their time and tell them the time and place for the next sessions.

Session 3.5: Selecting a Location and Developing a Marketing Strategy

Objectives

- Determine appropriate locations to set up businesses
- Identify a marketing strategy




45 minutes

1. Discuss and determine appropriate locations to execute business ideas – 15 minutes
 - a) Explain to participants: “Once you know who your customers are, you can choose the best location for your business, let’s first look at Zain’s experience in selecting a location for her business.”
 - b) Ask participants:
 - What is good about the location that Zain selected?
 - What did she do in order to choose the location?
 - What should you consider when trying to choose a business location?
 - c) Discuss Participants’ answers to help them realize that a good location must be:
 - Accessible and easy to reach by customers.
 - Away from competition.
 - Close to a safe place as you will store your money and your goods.
 - Have a good surrounding area where people in your community have a need of your product or service.
2. Discuss selecting a business location – 13 minutes
 - a) Distribute “My Business Location” handout or write on a large sheet on the flip chart so that all participants can see clearly. Then point to the “My Business location” column and ask participants to go into pairs.
 - b) Then say: “In your pairs please discuss the two questions on the handout and write your ideas about different locations and how the location can better meet your customer needs. Please take 7 minutes to brainstorm this and be prepared to share with the larger group.”
 - c) Ask for 2-3 volunteers to share their location ideas if they are comfortable with sharing and why they think the location could meet their customers needs.
 - d) Thank participants for sharing.
3. Discuss marketing strategies – 15 minutes
 - a) “We have discussed the importance of location, but the importance of a marketing strategy is equally as important as location. There are actually 4 Ps used to define a marketing strategy: Product (or Service), Price, Place and Promotion. If these “Ps” are properly selected, your business should thrive. But

also remember that your strategy will need to change continually. Your competition will change over time, as will your customers, so a good marketing strategy should be reassessed often. Marketing can bring more people to you, increasing your sales and profit!

- b) Ask participants to take 5 minutes to brainstorm this question. As participants offer answers, write them on the flipchart paper prepared for this brainstorm.
 - c) If participants are struggling to find ideas, prompt them to think about:
 - Who will your clients be?
 - How will you attract those clients?
 - How will they know about your service?
 - How will you convince them to buy from you and not someone else?
 - What factors are important? (Location of your store? Hours you are open? The way you treat your clients?)
 - Does your customer need your product or service? Can you convince them that they need your product or service? How?
 - d) Summarize the discussion and thank participants for their ideas.
 - e) Then say, “Part of knowing your customer is making them aware of your product or service. If they do not know that your product or service exists, they will not be able to buy it. If your product is difficult to find, the customer will buy from a more convenient seller instead. What are strategies to get the word out about your products and services?”
 - Are these cost-effective?
 - Are these the best way to communicate to your customers? Why?
 - f) Ask 1-2 volunteers respond and then summarize discussion.
4. Review new information – 2 minutes
- a) Then say, “Thank you , we have discussed how to attract customers and the importance in selecting a strategic location.”
 - b) Thank them and start the next session

Session 3.6: Financial Products and Financial Needs

<p>Objectives</p> <ul style="list-style-type: none"> • List the types of financial products/services offered by institutions • Match distinct financial needs with specific financial product/service • Describe what services are most appropriate to meet different types of financial needs and why 	 50 minutes
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1. Identify financial products offered by different financial services organizations – 20 minutes
 - a) Begin by asking participants, “What kinds of financial products do you know about?” Lead the discussion to conclude that the four most common types of financial products are Savings, Loans, Insurance, Payment Services or Digital Payments.
 - b) Then distribute Handout 3.6 and ask participants to list all of the different types of financial institutions in their community, then ask the class:
 - What financial service providers are in this community?

Write the responses on a flipchart and ask participants to record on handout 3.6.

- c) Then ask, “What products do the financial service providers here offer? Are there other products that are not listed on this list? In pairs please take 5 minutes to discuss this and list these on handout 3.6.”

Definitions of Financial Products		
Savings	Loans	Payment Services or digital payments
Accounts at commercial banks hold deposits and pay interest. Different types of accounts are tailored to short- or long-term savings goals.	Money lent to client for various purposes, like start up businesses, green energy, education, home loans etc	Bank transfers money from client account to designated recipient, e.g.
Interest rate varies with type of account and length of time money held in account.	Type of loan and terms vary with purpose.	remittances to family members.
Post office savings and savings groups		Mobile money transfers and e-wallet through JoMoPay
		Online Bill payment through eFawateercom

- d) After 5 minutes, ask 2-3 pairs share and see if there are some products that were not mentioned amongst the microfinance institutions.
2. Match financial needs with financial products – 20 minutes
- a) Then say, “Now let us look at our handouts with some of the products and services and Financial Service Providers. In your same pairs I would like for you to discuss and identify what are the services that will assist you with your businesses?”
- b) Bring the group back together and then ask for participants to share and pose the following questions:
- What were some of the financial needs?
 - What type of service did you discuss being useful to grow your business? Why?
- c) Distribute handout 3.6 (2), then say, “Here is a list of existing products and services in your area for the different Microfinance Institutions. You can use this to help think about what products might help you to grow your business.”
- d) Then say, “It is important to know some of the requirements for taking a loan, here are a few to consider:
- Usually to qualify for a microfinance loan, you must be the owner of your business and be directly involved in it.
 - Depending on the country, there will usually be a minimum age requirement for accessing financial services: often 18 years old, though some may be a little younger or older for savings accounts.
 - You will be required to present a valid form of identification: you should check with the specific institution about which types of identification documents they accept, and whether one is enough or they want to see two different IDs.
 - In many cases nationality is also a factor; loans are often issued only to citizens or permanent residents of this country.
 - A location for your business will show the lender that you have the space in which to carry out your plans to invest the loan.
 - Sometimes a guarantor or collateral will be required – Collateral is the security for a lender: the plan for them to get their money back if you are unable to pay.
 - And lastly, minimum period of time already in business can be required.
- e) When you take out your loan, you need to make sure you are fully aware of both the terms of the loan and the logistics involved in taking out and repaying the loan. Let’s look at each of the ones listed here.

Know the terms:

- Interest rates: what percentage of the total loan capital does the lender charge?
- Repayment schedule: how often will you be required to make payments? How much will you pay each time?
- Flexibility measures: where do you have flexibility in repayment? For example, some programs allow two postponed payments per year, as long as they are not consecutive.

Know the logistics:

- Where do you need to go to take out your loan? Is it easily accessible?
- Can you make your repayments electronically, or will you need to go to a bank? If you do need to go somewhere yourself, how expensive will the trip be – will it be worth traveling that distance for the loan you are looking for?

- f) Distribute Handout 3.6.1 on Preparing to take a loan
3. Discuss how to use financial services more effectively – 7 minutes
- a) Say the following. Say the following: “Now that we have identified the financial services available to us, we need to talk about how best to use them.”
 - b) Turn to a partner and discuss the following question: “How can you better use the services of a bank?”
 - c) Ask for a few volunteers to report their ideas. Summarize these ideas, reinforcing participants’ good points.
 - d) Thank the participants for their good work.
4. Review new information – 3 minutes
- a) Then say, “Thank you, there is a lot of information in these handouts. It will be important review the information to see what financial products and services can meet your needs.”
 - b) Thank them and start the next session

Session 3.7: Managing your business money - Balance Sheet

Objectives

- Identify the benefits of a balance sheet
- Identify the components of a balance sheet



55 minutes

1. Identify the importance of a balance sheet – 5 minutes

- a) Welcome participants to this session on creating a balance sheet, then say, “Simply selling your product or service without using proper evaluation and monitoring tools that assess the business performance is like walking with your eyes closed, hoping you are going in the right direction. A balance sheet and income statement are the tools that can help a business owner make sure he or she is on the right track. Every business, no matter how small or large it is, needs to have a clear understanding of what is going on behind the scenes.

We will discuss the importance of an income statement in later sessions and will spend the next hour on focusing on what is a balance sheet and why it is important.

A balance sheet is one of the most useful and convenient financial techniques (or “tools”) for analyzing your business as it tells you how much your business is worth.

- b) A business owner should typically prepare a balance at the end of each month.
- c) A balance sheet can answer many questions, such as:
- How can I better manage my money in my business?
 - Is my business growing or not?
 - How much money should I borrow?
- ### 2. Identify the components of a balance sheet – 45 minutes
- a) Distribute handout 3.7 and say, “Let’s look at the example of a balance sheet and identify the components.
- A balance sheet shows what your business has, which will be listed under Assets.
 - It also shows what your business owes to others, found under the Liabilities.
 - It also shows what belongs to you, which is called Equity. In simple terms, equity is what you have minus what you owe to others, or assets minus liabilities.
 - The most important rule of a balance sheet is that a balance sheet has to balance. Assets have to equal liabilities plus equity.

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Assets are classified as either:

- Current – short-term
- Non-current – long-term

- b) “Based on what you see in your handout, can you name the current and non-current assets for me?” The participants should provide the following answer:

Current assets are:

- Cash
- Accounts Receivable (debts people owe me)
- Inventory

Non-current assets are:

- Machinery
- Tools
- Furniture

- c) Continue by saying, “I would like to point out that when you prepare a balance sheet, you should never mix personal and business items. A balance sheet is used to determine the state that your business is in, thus, you should only include things that are business-related. When you calculate how much cash your business has, you should only include the cash that belongs to your business, not to you or your family. Listing family assets or liabilities on the balance sheet of your business creates an inaccurate financial report that is not representative of the true state of affairs of your business.”

Can you tell me what should be included under Accounts Receivable (or debts that people owe you) and Inventory?

- d) The participants should provide the following answers:

Accounts Receivable

The following are entered here:

- What customers owe you for goods bought on credit
- What market-sellers or shop-owners owe you for goods delivered to them
- Loans or salary advances to employees
- Any other loan made

Inventory

The inventory is made up of:

- Finished products (products ready for sale)
- Unfinished products (products started but not yet finished)

- Raw materials (examples are: fabric, leather, nails, wood, flour, sugar etc.)
- e) Does anyone have an idea what is the main basis for separation of assets into current and non-current? Ask 1-2 people to share their thoughts.
- f) Then explain, “Assets are classified based on their liquidity or how quickly an asset is expected to be used up or turned into cash. Current assets are more liquid than non-current assets, meaning that assets like cash, accounts receivable and inventory are used up or turned into cash quicker than assets like furniture, machinery and tools.”
- g) As we mentioned earlier, liabilities are everything that your business owes to others. Liabilities include the following:
- Accounts payable – amounts owed to suppliers for goods and services bought on credit (i.e. received but not yet paid for)
 - Wages payable – the amount that you owe to your workers for the work they have done
 - Taxes payable – the income tax amount your business owes to the government
 - Bank loans payable/other loans payable
 - Unearned revenue (customer advance payments) – any payments your customers made to you before receiving the product or service
 - Equity
- h) Then say, “As we mentioned earlier, assets are what is owned by your business, and liabilities are what is owed by your business. Equity represents the difference, the amount that belongs to you as the owner of the business. Equity represents how much your business is worth.”
- i) Ask the participants to summarize the discussion about balance sheets and what they have learned in this session. Encourage them to share their opinion about the importance of the balance sheet.
- j) Then say, “I would like to point out that a balance sheet does not look at an overall period, but rather gives you an instant snapshot in time. When you prepare a balance sheet it would be a report that accounts what your assets, liabilities and equity are as of a particular date, not a period. You as a business owner can get a lot of important information by looking at your balance sheet. You can quickly assess whether your business is profitable or not, if you are having trouble paying off your debts or collecting money that is owed to you by others. Comparing the most current balance sheet with those prepared on different dates in the past is also a useful exercise that can show trends in your business.”
- k) Overall, a balance sheet is a valuable tool for assessing the business and its viability, both for the owner and potential creditors. Many MFIs believe that it is the best method for its clients to use in order to determine what state their business is in.

- l) Balance sheets aren't the only important record that banks or other lending institutions will want to look at. Your income statement is also very important. We will discuss the importance of an income statement in our next session.
3. Review new information – 5 minutes
 - a) Then say, “Thank you, we have discussed the components and benefits of using a balance sheet. Next we will discuss what an income statement is and how to use these two tools to manage your business money.”
 - b) Thank them and start the next session

Session 3.8: Managing your business money: Income Statement

Objectives

- Identify the benefits of an income statement
- Identify the components of an income statement



45 minutes

1. Identify the importance of an income statement – 10 minutes
 - a) Welcome participants to this session on creating an income statement, then say, “In the previous session we learned how valuable a balance sheet was in assessing the state of business affairs. You should also remember that balance sheet is not the only tool that can be used to evaluate the success of your business. Income statement is another resource business owners use to evaluate profitability of their ventures.”
 - b) Then ask, How many of you have heard of or seen an income statement? Can someone explain to us what it is?
 - c) Take a few minutes to allow the participants to share their thoughts, then say, “The purpose of an income statement is to give you an idea of how much revenue your business is generating through the sale of goods (like oranges or dresses and shirts) or services (like fixing a car or giving a haircut), what the associated expenses are, and what income remains, also called net income or net profit. Income statement differs from a balance sheet in that it looks at a period in time, while a balance sheet is a snapshot of a specific moment. Thus, we can say that an income statement is important because it shows the profitability of a business over a specified period of time. This time period that the statement covers is chosen by the business and can vary (i.e. daily, weekly, monthly, etc.)”

After doing the market research Zain decided to open a tailor shop. She rented a small store and hired a seamstress to help her meet the local demand. Zain estimated that she could make 30 shirts and 20 dresses per week. She priced the shirts at 25 JD and dresses at 35 JD. She also took a closer look at her expenses and was able to find the following:

Fabric (for 30 shirts and 20 dresses): 700 JD

Thread, zippers, buttons, and other materials (for 30 shirts and 20 dresses): 50 JD

Rent (per week): 100 JD

Water and electricity (per week): 10 JD

Wages to the seamstress (per week): 75 JD

Scissors (when needed): 5 JD

Printing flyers (when needed): 15 JD

Renting a camera (when needed): 15 JD

2. Identify the components of an income statement – 30 minutes

- a) Begin by saying, “Let’s look at these 3 main components of an income statement: income, revenue, and expenses.

Revenue is money earned from the sale of goods and services.

Let’s assume Zain sells all of the shirts and dresses at the prices she set. What is her total revenue for a week? Please work with your neighbor to calculate Zain’s total revenue and record it on the income statement.”

Give the participants a minute to calculate and record the revenue. Check that the answer is $(30 \times 25) + (20 \times 35) = 1450 \text{JD}$.

- b) Then say, “Now, let’s define expenses: Expenses include the total cost of goods sold and operating expenses.

Cost of Goods Sold includes the cost of the raw materials that were used to produce the sold merchandise (i.e., fabric, thread, buttons, zippers, etc.). What is Zain’s Cost of Goods Sold?”

Give the participants a minute to calculate and record the Cost of Goods Sold. Check that the answer is $700 \text{ (for fabric)} + 50 \text{ (thread, zippers, etc.)} = 750 \text{ JD}$

- c) Then say, “Operating expenses are other expenses that a business incurs through its normal business operations.

In addition to buying the raw materials, Zain must also pay the rent and utilities (water and electricity) for her shop. She also needs to pay salary to her employee. If Zain decides to create some flyers with photos of her products, these marketing expenses should also be included in the Income Statement as Operating Expenses.

The cost of equipment (i.e. sewing machine) should not be treated as an operating expense. However, the depreciation of the equipment should be reported as depreciation expense on income statement during the time period that the equipment is used.

For example, if Zain buys a sewing machine for 520JD and she expects the machine to last 2 years, she would record 5JD as a depreciation expense every week for 2 years ($\text{Cost of equipment} / \text{number of periods} = 520 \text{ JD} / 104 \text{ weeks} = 5 \text{ JD per week}$).

Please take 2-3 minutes to work with your neighbor to calculate other operating expenses.”

- d) Then say, “The third element of an income statement is income or profit. Profit is what you get when you subtract expenses from revenue. There are 3 types of profit: gross profit, operating profit and net profit (or net income).

Gross profit = Revenue – Cost of Goods Sold

Zain needs to know her Gross Profit in order to calculate her Profit before tax or Operating Profit.

$$\text{Operating Profit} = \text{Gross Profit} - \text{Operating Expenses}$$

The third type of profit is net profit.

$$\text{Net Profit} = \text{Operating Profit} - \text{Income tax}$$

- e) Then explain, “Income tax is typically calculated as a percentage of the operating profit. Let’s assume Zain’s income tax is 10% of the operating profit of her business.

Work with your neighbor to calculate Zain’s net profit. Give the participants a minute to calculate and record the Net Profit.”

Check that the answer is 384 JD. Here are the calculations:

Revenue	1450
-	
COGS	
Materials	750
=	
Gross Profit	700
-	
Operating Expenses	
Rent	100
Utilities	10
Depreciation	5
Wages	75
Marketing	30
Other	
Total operating expenses	220
=	
Operating Profit	480
-	
Income Taxes	96
=	
Net Income	384

- f) Then say, “It is important not to confuse income tax with other expenses, like rent, wages, etc., because income tax can only be determined once operating profit is calculated.

Net income or net profit is the measure of profitability of a business. Thus, income statement is an important tool that lets a business owner summarize business revenues and expenses in order to measure the profitability of an enterprise.”

3. Review new information – 5 minutes

- a) Then say, “Thank you, we have discussed what the different components are of an income statement, how to use this with a balance sheet and the benefits of tools in managing your business money.”
- b) Thank them and start the next session

Session 3.9: Profitability

Objectives

- Practice calculating profitability
- Identify ways that can increase profit



45 minutes

1. Practice calculating profitability – 25 minutes
 - a) Read profit story #1 and ask the participants to work with their neighbour to calculate the net profit. After a few minutes ask a few groups to share their answers.

Profit Story #1

During week 1, Zain spent the amount of 750 JD on raw materials (like fabric, thread, zippers, buttons, etc.).

She used all the raw materials to produce the 30 shirts and 20 dresses, and by the end of the week she sells only 20 shirts and 12 dresses. She priced the shirts at 25 JD and dresses at 35 JD each.

Zain's other expenses that week included the following:

Rent: 100 JD

Water and electricity: 10 JD

Wages to the seamstress: 75 JD

Depreciation: 5 JD

Income tax: 20%

Can you help Zain calculate her profit for the week?

Correct answer: Zain had a loss of 20 JD that week. Here are the calculations:

Revenue	920
-	
Cost of Goods Sold (COGS)	
Materials	750
=	
Gross Profit	170
-	
Operating Expenses	
Rent	100
Utilities	10
Depreciation	5
Wages	75
Marketing	0
Other	
Total operating expenses	190
=	
Operating Profit	-20
-	
Income Taxes	0
=	
Net Income	-20

- b) Ask the participants to work with their neighbour to calculate the net profit. After a few minutes ask a few groups to share their answers.

Profit Story #2

During week 2, Zain decided to purchase better fabric to improve the quality of her dresses and shirts. She spent the total of 955 JD on raw materials. She also decided to increase the price of the shirts to 30 JD and dresses to 40 JD each. In addition, she rented a camera to take photos of her products and printed the promotional flyers advertising her tailor shop.

She used all the raw materials to produce the 30 shirts and 20 dresses, and by the end of the week she sold of the dresses and shirts that she produced.

Zain's other expenses that week included the following:

Rent: 100 JD

Water and electricity: 10 JD

Wages to the seamstress: 75 JD

Depreciation: 5 JD

Renting a camera: 15 JD

Printing flyers: 15 JD

Income tax: 20%

- c) Correct answer: Zain had a net profit of 420 JD that week. Here are the calculations (refer participants to Income statement worksheet):


Revenue	1700
-	
Cost of Goods Sold (COGS)	
Materials	955
=	
Gross Profit	745
-	
Operating Expenses	
Rent	100
Utilities	10
Depreciation	5
Wages	75
Marketing	30
other	
Total operating expenses	220
=	
Operating Profit	525
-	
Income Taxes	105
=	
Net Income	420

- d) Then say, “Zain also realized that buying an additional sewing machine could help her increase her yields of dresses and shirts by 2 additional products per day. “
- e) Divide the group into small groups of 3-4, then ask for each group to discuss the following question: “Should she invest into buying an additional sewing machine that costs 520 JD? Why or why not? Could she take a loan? Would it be worth it to take a loan?”

- f) After 5 minutes invite 1-2 groups to share back their discussion. Thank all participants.
2. Identify ways that increase the profitability – 15 minutes
- a) Zain discovered that her rent for her business had increased, she would need to pay 150 JD every week to the landlord /owner instead of the 100 JD she used to pay. She also learned that the fabric store she always purchased her raw material from has closed down and that now she must buy fabric and thread from a more expensive store. This means that her Costs of Goods Sold will also be higher.
- b) Ask participants, “Using what you have learned about the income statement and what components of an income statement affect the net profit, what are the different things that Zain could do to increase her profits?”
- c) Write their answers on a large sheet of paper on the flip chart and direct them whenever it is necessary. Guide the discussion by pointing the participant’s attention to a simplified formula:
- Income (or profit) = Revenues – Expenses**
- Thus, profit can be increased by:
- increasing revenue by increasing the prices, or selling more products
 - decreasing expenses
 - or both at the same time
- Revenue = Price x Quantity**
- d) Ask participants: "All of these things can increase profits, but how can it harm our businesses?"
- e) Help participants understand the likelihood of having any of the following issues:
- Increase selling prices: They might not sell anything at all because their prices might be very expensive, especially if higher than the prices of competition.
 - Sell more products: if they wanted to reduce the selling price in order to sell more products, it might not help achieving sufficient profit.
 - Lowering expenses: They might not sell a lot because cheap materials might be of lower quality.
3. Review new information – 5 minutes
- a) Then say, “Thank you we have discussed ways to calculate your profitability and ways to increase your profit.”
- b) Thank participants and start the next session

Module 4 - Budgets and Spending

Session 4.1: Making a Personal Budget

<p>Objectives</p> <ul style="list-style-type: none"> • Defined what a budget is • Understood the importance of a budget • Described the steps to create a budget • Made a budget • Given advice to each other about how to adhere to a budget • Identified something new about budgeting to share with family members 	 55 minutes
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1. Define what a budget is and why it is important – 4 minutes
 - a) Begin by saying, “A budget is an itemized report of all your actual and likely income and expenses for a particular period of time. Creating a personal budget on a regular basis is a useful tool that can help you understand how you are spending your money and where you can save. By understanding your spending through budgeting you can build up your savings and reduce your debt.

A budget provides an easy and organized breakdown of what money you have coming in (your income) and what money you have coming out (your expenses). The main purpose of a personal budget is to help you prioritize your spending and manage your money better.”
2. Explain the steps of how to make a budget – 15 minutes
 - a) Say, “It is important to learn the steps involved in creating a budget.” Then, ask participants to form groups of 5 or 6. Give each group a sheet of flipchart paper and ask them to hang it up on the wall. Give each group a set of budget step cards in random order. Ask them to organize the cards and tape them to the flipchart paper sheet in the sequence they think is right for creating a budget. Give them 5 minutes for this activity.

“Steps to Create a Budget” Cards

Review your financial goals

Estimate amount of income by source

List all expenses and amount needed for each one

Make sure your expenses are not more than your income

Decide how much you will save

Review and adjust as needed

Steps to Create a Budget

1. Review your financial goals
2. Estimate amount of income by source
3. List all expenses and amount needed for each one
4. Make sure your expenses are not more than your income
5. Decide how much you will save
6. Review and adjust as needed

b) Then read the following story:

Alaa Makes a Household Budget

Alaa runs a small store while his wife works as a seamstress. He and his wife live in a house with his 2 brothers and his mother who is unable to work. Alaa thinks about his family situation and asks himself, “What family activities will bring in income and what expenses do we have next month?”

He thinks about how much money is coming in to the house weekly or monthly from the farm, his work and other sources. He thinks about how much they will need to spend during the same period. He asks his wife to write down what her income and spending will be in the next month or more. Including his wife’s income in this budget is one key difference between a household budget and a budget for his store, which includes only the income and expenses of his business.

Then Alaa checks to be sure his household does not plan to spend more than the income than it will receive. He also decides on how much to save.

He follows the income and spending closely over time to compare his plan with what really happens. He changes his estimates for the next month based on what he learns.

- c) Ask the group:
 - What does Alaa do to make a budget?
 - d) Ask volunteers to respond. Reinforce their ideas and make sure they mention the following steps to make a budget.
 - i. Review your financial goals
 - ii. Estimate amount of income by source
 - iii. List all expenses and amount needed for each one
 - iv. Make sure your expenses are not more than your income
 - v. Decide how much you will save
 - vi. Review and adjust as needed
3. Make an Annual Budget – 30 minutes

- a) Distribute a set of 2 worksheets to each participant: Handout 4.1a: Budget Worksheet and Handout 4.1b: Infrequent Income and Expenses. Explain to participants that they will learn how to fill in the worksheets step-by-step as outlined below.

As you explain each step, demonstrate how to do it using your own example. Then say, “Let us first look at Income”

- a) On the Budget worksheet, define your sources of income and write them in the first column under “Income.” Some of these sources may provide income every month and some may provide income only at certain periods of the year.
- b) Estimate the expected income by month from each source and write it in the appropriate box on the worksheet. Some of your income may come infrequently in larger sums. To figure out what this irregular income is on a monthly basis, determine how much you receive annually and divide this by 12 (see the example below). Use Handout 4.1b: Infrequent Income and Expenses worksheet for this calculation. Transfer the monthly amount you calculate for infrequent income to the Budget Worksheet.

Infrequent Income

Income	No. of Times Received	Amount	Annual Amount	Monthly Income (divide annual amount by 12)
Farming	2	1) 100	240	20
		2) 20		
Livestock Sales	1	120	120	10

- c) Add up the total income for each month.
- d) Walk around the room and offer to help anyone who needs it.

- e) On Handout 4.1: Budget Worksheet, write your expenses for each category of expense: debt payment, necessities, optional expenditures and so on.
- f) Estimate your expenses for each category for each month. You may pay some expenses only once a year or once every quarter. If you have an infrequent expense like this, it is useful to spread it across months in your budget. To figure out how much your irregular expenses would be on a monthly basis, calculate the total expense per year and divide by 12 (See example below). Use Handout 4.1b to figure this out and transfer the monthly amount you calculate to the Budget Worksheet.


Infrequent Expenses

Expense	No. of Times Paid	Cost per Time Paid	Annual Costs	Monthly Cost (divide annual cost by 12)
School Fees	2	60	120	10
Holidays	1	30	30	2.5
Member Dues	3	4	12	1

- g) Add up the total expenses for each month on the Budget Worksheet.
 - h) Compare Income and Expenditures - Subtract the total spending for each month from total expected income for each month.
 - i) Ask the participants the following questions:
 - What can you do if the number is positive? [Save more, pay off debts.]
 - What can you do if the number is negative? [Cut spending, find ways to earn more until you can control spending.]
 - j) Say to participants: Make sure you budget what you think you can save each month on the savings line.
 - k) Then say: Now that we have practiced creating a personal budget, who can explain how will the knowledge about the personal budget can help you?
 - l) Ask 3-4 participants to share their thoughts.
4. Review new information – 5 minutes
- a) Then say, “Thank you for your participation today, we have discussed a lot.”
 - b) Then ask, “What do you remember discussing today?”
 - c) Take 2-3 responses, then say.
 - d) We discussed topics on using a balance sheet and income statement, making a personal budget, selecting a business location and understanding financial services. I would like to challenge each of you to take the new information you have received and share with at least 1 or 2 people. Are you willing to do this?”

- e) Ask participants to raise their hand if they are willing to share the new information. Thank them for their time and tell them the time and place for the next session

Session 4.2: Making Spending Decisions

<p>Objectives</p> <ul style="list-style-type: none"> • Prioritized a broad range of expenses • Identified a set of guidelines to help them choose financial priorities in the future • Compared their priorities with what the expert financial planners recommend 	 30 minutes
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1. Set financial priorities for Alaa’s family – 20 minutes
 - a) Welcome participants and then explain:
 - b) We are going to talk about prioritizing expenses. Very few people in the world have so much income that they can pay for everything they want to buy or do. Most of us must make difficult decisions and trade-offs, especially during times when our income does not cover all of our expenses.
 - c) There are no perfect answers when it comes to prioritizing and choosing among expenses, but there are some general guidelines. Today we will talk about how you currently make these decisions, and we will highlight some common ways to help you set your own personal financial priorities and handle your financial difficulties in the future.
 - d) Post the flip chart with Alaa’s expenses. Describe these expenses to the participants with the following story.

Alaa’s Expenses

Alaa has taken a loan with a term length of 6 months. He must make payments every month. Every 2 weeks there are school fees for his younger brother. His mother is unable to work and will need care and support in the future. Alaa’s other brother is going to be married in about a year.

Every day Alaa needs to buy food for the family. In 2 months the rains will come and the roof needs repairs. Alaa and his wife like to go out to eat with the family on Friday evenings. He also likes to save regularly for emergencies (his younger brother tends to get sick quite often and will likely need medicine prescribed by the doctor).

Alaa also buys gas for the stove once a month and even though he lives in his mother’s house, he still has to pay for electricity every month and water every three months. Alaa usually go shopping (clothes, shoes, etc.) at the market at least once a month.

- e) Alaa does not have enough money this month to meet all of his expenses and savings needs for the future. Pretend you are Alaa and answer the following question: “How will you decide which are the most important things to use your money for this month?”

Alaa's Expenses	
Expense	When needed
Bank loan payments	Regularly – monthly
School fees	2 weeks
Care for mother	Future
Brother's wedding	About 10 months
Food for family	Regularly – daily
Roof repairs	About 2 months
Going out to dinner	Every Friday
Savings for emergencies	—
Electricity bill	Regularly – monthly
Water bill	Regularly – every 3 months
Gas for the stove	Regularly – monthly
Shopping at the market	Regularly – monthly

- f) Please form groups of 3 or 4 people and decide how you want to prioritize these expenses.
- Which are the most important?
 - Which are the least important?
- g) Distribute Handout 4.2: Alaa's Expenses to each group.
- h) Put a number “1” next to the item if it is the highest priority; a “2” next to the item if it is somewhat high; a “3” if the item has medium priority; and a “4” if the item is the lowest priority for spending. One person should be responsible for numbering and someone should be prepared to present your priorities to the large group. You will have 10 minutes to do this.
- Remember that although some of the larger expenses do not occur this month, they will be necessary in the future.
- i) Demonstrate, using “food for the family.” Put a “1” next to the item.
- j) What questions do you have? Walk around to the teams to answer any questions.
- k) After the teams have finished, invite 2 of them to present their decisions. Ask them to present the order of their priorities and describe their reasons.
2. Compare priorities with what the expert financial planners recommend – 10 minutes
- a) Explain: Expert financial planners recommend the following order of priorities for spending:


- Take care of debt
 - Meet necessary day-to-day expenses
 - Save for future goals and needs
- b) Ask the group the following: How do your spending priorities compare with what the experts recommend?
- c) Encourage a number of responses from the participants. Then ask: Why do you think the experts recommend these priorities?
- d) Invite 3-4 volunteers to answer. Make the following points if the participants omit them.
- Debt is costly.
 - When payments are missed, the loan costs grow even higher.
 - Failure to make payments can lead to the loss of future access to credit.
 - Loan fees on late payments can increase the amount of money you owe and increase the risk of having to make loan payments with money intended for basic necessities.
 - When debt is out of control it can threaten the well-being of your family.
 - Basic expenses must be taken care of for the well-being of the household.
 - Money not needed to pay debt and necessary expenses is available to set aside for the future or spend on treats or luxury items.
- e) Ask the participants to do the following, “Return to your groups and decide if there is anything you want to change in the spending priorities you determined for Alaa’s family.”

Give the groups a few minutes for this exercise. Then ask for volunteers to share their new ideas. What did you change and why?

- f) Say, “Making spending decisions can be difficult. Individuals and families must decide what is the right decision for them at the time. What is important is to think very carefully when making decisions and have a plan for dealing with the consequences. For example, Alaa first wants to make sure his family has enough food every day. He also wants to make some payment on his loans because he knows that if he does not, one day he may lack the money to buy food for his family and medicine for his son. Each family must balance the need to meet basic expenses, pay down debt and find something to save.”
3. Review new information – 5 minutes
- a) Then say, “Thank you we discussed how to prioritize a broad range of expenses; identified a set of guidelines to help them choose financial priorities in the future; compared their priorities with what the expert financial planners recommend

b) Thank them and start the next session

Session 4.3: Staying on Track: tracking income & expenses

<p>Objectives</p> <ul style="list-style-type: none"> • Practice using income and expenses daily tracking sheets • Discuss how to use daily tracking of income and expenses in their own lives 	 70 minutes
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1. Introduction – 2 minutes

- a) Explain, “In the previous two sessions we focused on the ways you can manage your personal finances. Prioritizing expenses and creating a personal budget are great tools that can help you make better financial decisions, reduce your debt and build up your savings. The ability to effectively manage your personal finances is also crucial if you are thinking about starting a business.

Just like creating a list of revenues and expenses was required to prepare a personal budget, tracking income and expenses is a necessary part of financial management of your business.”

2. Practice using the Daily Income and Expenses Tracking Sheets – 35 minutes

- a) Read the story of Alaa.

Alaa’s Story

Alaa runs a small store while his wife works as a seamstress. As a client of a local microfinance program, he receives financial capabilities training. At 1 of the sessions he learned how to track his income and expenses, both for his household and his enterprise. We are going to look at all of his revenues and expenses that he recorded for the first 3 days of the week.

- b) Ask the participants to use the flipchart paper to create and post 2 identical blank Daily Income Tracking Sheets on the wall (participants should use Handout 4.3a as a template): one sheet will be used for personal income and the second one will be used to record business income.

c) Each sheet should look like this:

Alaa's Income				
Daily Income Tracking Sheet (Week 1)				
Sources of Income	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL (1 Week)
Total Income				

d) Then hand out the income cards to participants:

Income Cards

0	350	350	350	350	350
1,050	1,050	2,000	2,000	1,800	1,800
1,500	1,500	5,300	5,300		

- e) Use the example Daily Income Tracking Sheet below (completed for 3 days) to read what Alaa earned.
- f) Ask the participants to paste the income cards in the appropriate place on the blank Daily Income Tracking Sheet chart on the wall, posting all personal revenues to one of the sheets and all business revenues to the other. Explain that they should have 1 card for each entry on Alaa's Daily Income Tracking Sheet.

Alaa's Income

Daily Income Tracking Sheet (Week 1)

Sources of Income	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL (1 Week)
Wages (Husband & Wife)	350	350	350	
Business Income (Store)	2,000	1,800	1,500	
Total Income				

- g) Also ask the participants to use the flipchart paper to create and post 2 blank Daily Expense Tracking Sheets on the wall (using Handout 4.3b as a template). Just like before, one sheet will be used for personal expenses and the second one will be used to record business expenses.
- h) Personal Expense Tracking Sheet should look like this:

Daily Expenses Tracking Sheet (Week 1)

Types of Expense	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL
Necessary Household Spending				
Optional Spending				
Total Expenses				

i) Business Expense Tracking Sheet should look like this:

Daily Expenses Tracking Sheet (Week 1)				
Types of Expense	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL
Debt Payments (Principal and Interest)				
Business Spending				
Total Expenses				

j) Then hand out the expense cards to participants:

Expense Cards

200	200	180	180	1,200	1,200
1,000	1,000	3,200	300	300	1,500
1,180	3,880	400	400	400	800
800	800	1,200			

- k) Now read Alaa's expenses listed on the Daily Expenses Tracking Sheet below. Ask the participants to paste the appropriate expenses cards to the right column on the blank Daily Expenses Tracking Sheets on the wall. Just like in the previous exercise, ask the participants to post all personal expenses to one of the sheets and all business expenses to the other one.

Alaa's Expenses

Daily Expenses Tracking Sheet (Week 1)

Types of Expense	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL
Moneylender (was used for the store operations)			200	
Loan Payment to Bank/MFI (business loan)		180		
Food			400	
School Fees	800			
Store inventory (goods for sale)		1,000		
Business Spending	300			

- l) Ask participants to sum the rows and columns on each of the charts and paste the cards with the correct number in the appropriate places on the charts.
- m) Here is what all charts should look like:

Alaa's Income – Personal

Daily Income Tracking Sheet (Week 1)

Sources of Income	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL (1 Week)
Wages (Husband & Wife)	350	350	350	1,050
Total Income	350	350	350	1,050

Alaa's Income – Business

Daily Income Tracking Sheet (Week 1)				
Sources of Income	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL (1 Week)
Business Income (Store)	2,000	1,800	1,500	5,300
Total Income	2,000	1,800	1,500	5,300

Alaa's Expenses – Personal

Daily Expenses Tracking Sheet (Week 1)				
Types of Expense	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL
Necessary Household Spending				
Food			400	400
School Fees	800			800
Optional Spending				
Total Expenses	800		400	1,200

Alaa's Expenses – Business

Daily Expenses Tracking Sheet (Week 1)				
Types of Expense	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	TOTAL
Debt Payments (Principal and Interest)				
Moneylender			200	200
Loan Payment to Bank/MFI		180		180
Business Spending				
Store inventory (goods for sale)	1,200	1,000	1,000	3,200
Business Spending	300			300
Total Expenses	1,500	1,180	1,200	3,880

- n) Ask, “What do you notice about Alaa’s income and expenses, if you compare personal income with personal expenses and then business income with business expenses?”
- o) The participants should discuss the following:
- Alaa’s personal income is not enough to cover his personal expenses
 - It is not necessarily a problem, since the school fees are probably not paid every week
 - He may have had 150 JD in savings (150 JD was by how much Alaa’s personal expenses exceeded his personal income)
- p) After listening to a number of ideas from participants, say the following, “A key step in financial planning is to list all income and expenses and track them every day, week and month. To get a real picture of your financial situation you must list all income and expenses.”
3. Track daily cash balance using information from Income and Expenses Tracking Sheets – 20 minutes
- a) Put a blank Daily Cash-Flow Tracking Sheet on the wall.

Daily Cash-Flow Tracking Sheet

	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	Day 4 Wed.	Day 5 Thu.	Day 6 Fri.	Day 7 Sat.	TOTAL (1 Week)
Starting Cash								
<i>Add:</i>								
Total Income								
<i>Less Total Expense</i>								
<i>Less Savings in Institution or Group</i>								
Ending Cash								

- b) Say, “Let’s assume that Alaa had 600 JD on hand at the beginning of Day 1. We also know that Alaa puts 30 JD every day in savings.

Using personal income and expenses, demonstrate how to transfer the information from the Income and Expenses Tracking Sheets to the Daily Cash-Flow Tracking Sheet for Monday only.

- c) Then ask the participants to help you fill in Day 2 and Day 3. See below:

Daily Cash-Flow Tracking Sheet

	Day 1 Sun.	Day 2 Mon.	Day 3 Tue.	Day 4 Wed.	Day 5 Thu.	Day 6 Fri.	Day 7 Sat.	TOTAL (1 Week)
Starting Cash	600	120	440	360				
<i>Add:</i>								
Total Income	350	350	350					
<i>Less Total Expense</i>	800		400					
<i>Less Savings in Institution or Group</i>	30	30	30					
Ending Cash	120	440	360					

- d) Ask, “What questions do you have?” Address any questions from the group.
- e) Say, “You can use a similar tracking sheet to help you track your expenses on a monthly basis as well by taking what you are totaling and tracking week by week and then putting them into a monthly tracker.

Overall, keeping track of all the cash you have coming in and out is very useful if you want to stay on top of you personal finances. Keeping track of all the cash flows is even more important for a small business. Small businesses rely heavily on cash for day-to-day operations. Understanding exactly where your cash is coming from as well as how much cash your business has on hand at any given moment is extremely important. It is possible for a business that is profitable to run out of cash.

For example:

- Shop owner has 1,100 JD on hand
- He buys the inventory using 1,000 JD in cash on Day 1
- He then has to make a loan payment of 180 JD on Day 2
- But does not receive the revenue from the sold goods (2,000 JD) until Day 3
- In this scenario the shop owner ran out of cash on Day 2 and could not make a loan payment because he was 20 JD short

Keeping track of your business cash flows can help you predict and avoid situations like this.

- f) Distribute handouts 4.3c, 4.3d and 4.3e.
- 4. Decide how to use the tracking sheets – 10 minutes
 - a) Ask participants to choose a partner and discuss how to answer the following, How can you use these tracking sheets for your personal and business financial management?
 - b) Where can you keep the information?
 - c) After 3 minutes of discussions, ask some participants to share their ideas.
 - d) Summarize all answers and thank the participants.
- 5. Review new information – 3 minutes
 - a) Then say, “Thank you we discussed how you can practice using income and expenses daily tracking sheets and how to use daily tracking of income and expenses in your own lives.”
 - b) Thank them and start the next session.

Income Cards

300	1,050	300	1,050	2,000	1,800
1,500	5,300	2,000	2,100	2,550	6,650
_____	_____	_____	_____	_____	_____

Expense Cards


200	200	180	180	180	200
380	2,000	2,000	800	800	800
2,000	2,800	1,000	1,000	300	300
_____	_____	_____	_____	_____	_____

Ibdaa Youth Financial Capabilities Training

300	1,000	1,300	50	50	500
500	50	550	1,100	1,680	2,250
5,030	30	30	30	90	500
_____	_____	_____	_____	_____	_____

Module 5 - Negotiating and Coaching

Session 5.1: Using and Identifying a Mentor or Coach

<p>Objectives</p> <ul style="list-style-type: none"> • Define the terms coaching and mentoring • Identify and discuss principles of coaching and mentoring • Identify ways to identify a mentor or coach for your business 	<p> 30 minutes</p>
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1. Discuss with participants the principle of Coaching / Management – 10 minutes
 - a) Greet participants and say, “The idea of starting a business can be a challenge, some small businesses will reach out to an existing business owner to seek their advice or learn how they overcame challenges at the start of their business. This person can serve as a mentor or a coach. They can be an entrepreneur, who has problem-solving experience in his /her business, and who is appreciated and respected by you.”
 - b) Mentor and coach are similar in that they both offer advice and problem-solving. But typically, a coach is someone who advises on specific issues for a short period of time, and a mentor is someone with whom you have a longer-term relationship.
 - c) For those of you that participated in “walking the community” you will remember that you spoke to different business owners.
 - What did they say or do that you felt was helpful to you? (Solicit 2-3 responses)
 - Do you think that someone like this could be a source of advice and assist you with your own business? (Solicit 2-3 responses)
 - d) Summarize the discussion and say, “Having a coach or mentor is not a requirement for starting a business, perhaps it is someone in this room who can offer suggestions or help you solve problems. However, as a new business owner it is always helpful to discuss and share ideas on how to make your business strong and successful.”
2. Identify characteristics to seek in a mentor/coach – 7 minutes
 - a) We just discussed that during the walk around the community to test your business idea you spoke with many business owners.
 - b) Post blank flipchart, then ask: What are other ways to find a coach or mentor?
Ways to find coach/mentor:
 - i. Ask local business owners who might be willing

- ii. Ask organization that specializes in youth training and/or entrepreneurship
- iii. Ask family and friends
- c) Characteristics to seek in mentor/coach:
 - i. Are not afraid to share stories of success and failure
 - ii. Willing to meet with you on an ongoing basis
 - iii. Respected by you and the community
- d) Write responses on the flip chart and summarize discussion.
- 3. Practice identifying a mentor or coach – 10 minutes
 - a) Then say, “In pairs I would like for you to take 5 minutes to practice what you would say if you were going to ask a business owner to be a coach/mentor and brainstorm areas of your business that you think you might benefit from help from a coach or mentor.”
 - b) After 5 minutes, invite 2- 3 pairs to share strategies that worked to identify a mentor/coach and areas of assistance that they asked for.
- 4. Challenge to share new information with others – 5 minutes

Do...	Don't...
• Listen to your partner or buyer	• Get angry
• Acknowledge their point of view	• Be rude or insulting
• State your position with confidence but not arrogance	• Reject your partner's ideas immediately
• Look your negotiating partner in the eye	• Lock yourself into one position
• Reframe your partner's ideas to move towards a solution	• Allow yourself to get sidetracked

- a) Then say, “Thank you for your participation today, it was fun to learn together. I would like to challenge each of you to take the new information you have learned and share with at least 1 or 2 people. Are you willing to do this?”

- b) Ask participants to raise their hand if they are willing to share the new information. Thank them for their time and tell them the time and place for the next session

Session 5.2: Negotiating Techniques

Objectives

- List strong and weak negotiating techniques
- Identified those techniques in a verbal negotiation
- Identify the techniques that have influenced their own negotiations



50 minutes

1. Brainstorm strong negotiating techniques – 10 minutes
 - a) Explain: “Today we will discuss how to have successful negotiations as a buyer and seller and more importantly as a successful business. During this conversation, there are things you can do to increase possibilities of success. There are also behaviors you can avoid during this negotiation process. Let’s think of all the things that might go on these two lists.”
 - b) Put up a flip chart divided into two columns with the headings “Do” and “Don’t.” Ask participants to offer ideas as they think of them, in a brainstorm. Write their ideas in the appropriate column. In the end, your lists might look like the following:
2. Observe good and bad negotiating techniques – 20 minutes
 - a) Explain: “Now that you have identified some basic principles of good negotiating, it is time to observe them in action. I will need 4 volunteers to read 2 very short stories.”
 - b) Ask two volunteers to come forward and give each of them a copy of the following dialogue.

(Note: If you are working with participants who have trouble reading, select someone ahead of time who will be able to read the two dialogues below with you. Or, if you know of two participants who can read well, give them a copy of the dialogues to prepare ahead of time)
 - c) Listen to this dialogue between Fatima (point to volunteer #1) and her husband, Khaled (point to volunteer #2). Pay attention to how they are negotiating and be prepared to discuss what you have observed.

Negotiation Example 1

Wife: You spend too much on tea and going into town. I don’t have any money to buy food. What am I going to do?

Husband: You drink too much tea yourself. You are not managing the money I give you well. We are poor.

Wife: You always accuse me of these things while you are always away and we are suffering with a leaky roof.

Husband: It’s not my fault the roof leaks. I’ve fixed it a hundred times. The roof is old.

Wife: You should find a way to repair the roof for good. We are so short on cash, I'll have to go to the moneylender to borrow just to buy food.

Husband: Then we will just owe more. Oh, what a life!! I'm going to get some tea.

- d) Ask, "How did this negotiation go? What kind of outcome did they achieve? Why?" Reinforce their ideas, saying, "This couple did more arguing than negotiating. They used the "Don't" behaviors."
- e) Ask the next two volunteers to come forward and give them each a copy of the dialogue below to read aloud. Explain to everyone that a different couple will now have a similar discussion:

Negotiation Example 2

Wife: I think it would be useful for our family to save more. More savings would help us put a roof on the house. You would not have to patch it so often.

Husband: We have no money to save. We have difficulty meeting our expenses already.

Win-Win

Both participants in the negotiation get something they want or need, if not everything. They both have a positive feeling and are willing to negotiate again.

Wife: I understand we have problems meeting our needs. That's just it. We have to borrow, so we end up owing even more money. I met a wise woman who said everyone should save for three months of expenses. What do you think about that?

Husband: Three months? It is too much.

Wife: Maybe we could try for at least one month to start. I think I can cut down on buying tea every time I go to the market.

Husband: You are right that we always end up borrowing. I can cut down from three cups of tea a day to two.

Wife: Yes, I think I can drink less tea and put that money in savings. I think I will use less oil in our cooking, too.

Husband: I will get a ride to the market with our neighbor once a week to spend less on transportation.

Wife: Can we agree to put an extra 10 in savings in the bank each week?

Husband: Yes, let us start this week.

- f) Ask, "How did this negotiation go? What kind of outcome did they achieve? Why? What negotiating techniques did you observe? Reinforce their ideas, saying:

“This negotiation worked well because the couple used the “Do” techniques of negotiation.”

3. Apply principles of negotiation in your own financial negotiations – 20 minutes

- a) Explain, “Choose a partner. Each of you should think about your financial negotiations. Identify both a successful one and an unsuccessful one. Start with the successful situation, and take turns to explain it to your partner. What made this situation successful? Do you remember how the discussion went? Did either of you put any of these principles of negotiation into practice?

After you have each shared your positive experience, do the same with your negative experience. What caused the negotiation to fail?”

- b) Bring the group back together and ask for volunteers to share their stories. Ask for things you can add to the Do/Don't list based on their experience.

Ask, “Can you think of anything you will do differently the next time you have to negotiate with someone?”

- c) Thank the participants for their good work.

4. Challenge to take new information to others – 5 minutes

- a) Then say, “Thank you to review there are negotiate whether in business or personal life, I hope you will be able to take this new information home with you.”
- b) Thank them and start the next session.

Session 5.3: Practice Negotiation

Objectives

- Analyze both sides in a financial negotiation
- Practice negotiating to arrive at a win-win situation
- Identify what they will do differently in future negotiation



45 minutes

1. Identify what both sides want – 20 minutes
 - a) Post the flip chart below and say, “To arrive at a win-win outcome in any negotiation, each side must end up with something they want. How can we increase our chances of making that happen? If we remember the steps to preparing to negotiate, one is anticipating what the other side wants. This is what we are going to work on today.”
 - b) Ask participants to form groups of 4 people. Post the flip chart with the 5 negotiating situations below. Ask each group to select one of these situations.

(Note: You can substitute any common negotiating situation for any of those described below. The activity will work best when participants are working with a familiar context.)
 - c) Say, “Each group will split into two teams; the teams will decide which side of the negotiation each will take. The negotiating situations to choose from are:”

Negotiating Situations

1. Buyer–Seller of foodstuffs in market

BUYER: Woman regularly buys food in the market but has limited money to spend

SELLER: Vendor needs to make a profit

2. Businesswoman and Supplier (hairdressing)

BUSINESSWOMAN: Hairdresser needs to replenish supplies of hair care products

SUPPLIER: Wholesaler of hair care products

3. Parent of Bride–Parents of Groom

BRIDE’S PARENTS negotiating dowry

GROOM’S PARENTS negotiating dowry

4. Borrower and Loan Officer

BORROWER: Negotiating a loan with a financial services provider

LOAN OFFICER: Assessing the merits of the loan application

5. Husband and Wife deciding on their spending priorities

HUSBAND: Has interests different from wife’s

WIFE: Has interests different from husband’s

d) Explain: Each group will select 1 of these situations; within each group, each team will take a side in the negotiation (e.g. groom’s parents or bride’s parents). Each team will carry out three tasks:

- Decide the outcomes it wants to achieve
- Anticipate the outcomes that the other side wants to achieve
- Develop an “offer” for the other team

e) Give the groups 20 minutes to complete this first part of the exercise. Then, bring the teams together and have them compare notes. Ask, “How well did each team anticipate what the other team wanted? What outcomes (wants, needs) other than money did the teams anticipate?”

2. Practice negotiation – 25 minutes

a) Ask the teams to present their proposals and negotiate a settlement with the larger group. Each team should select 1 negotiator. The remaining 2 team members are observers to note what techniques the negotiators use. Give them 10 minutes for this task

- b) After each negotiating team has arrived at a settlement, ask, “What was difficult about this negotiation and why? What were the compromises or changes in your expected outcomes? Why?” Allow several answers.
- c) Ask the observers, “What did you learn about the negotiating styles?”
- d) Summarize the ideas of the groups, ensuring that the following points are covered.


For successful negotiation, remember the following:

- Prepare ahead of time and be clear about what you want
 - Anticipate what the other side wants and be prepared to respond
 - Listen and communicate respectfully
 - Be open to new and creative solutions and opportunities for agreement
- e) Ask the participants to turn to a partner and answer the following question: What will you do differently the next time you negotiate?
 - f) After each partner has shared her ideas, ask for a few volunteers to respond to the following question: What are some changes you will make?
 - g) Thank the participants for their good work!
3. Challenge to take new information to others – 5 minutes
- a) Then say, “Thank you to review there are many ways to handle financial negotiations and discover a win-win scenario.
 - b) Thank them and start the next session.

Session 5.4: Registering your Business

Objectives

- Identify what type of business you may register for
- Receive materials to prepare you to register your new business

 20 minutes

1. Understanding business structure

- a) Trying to understand how and where to register your business can be complex and intimidating. However, if you understand what business structure is applicable to your business you are already taking the first step to getting your business registered.
- b) So how do you know which structure is best for your business? Let's review our handouts (5.4).
- c) First, choose a business structure. The registration process will depend on what type of legal business structure you choose. Below is a table to show the main legal business structures for small businesses that you can register in Jordan.

For a full list of all types of companies (small and large), please ask the Companies Control Department for more information

Individual Establishment	Partnership Companies		Limited Liability Company	Private Shareholder Company
	General	Limited		
<p>Individual Establishments are the simplest business structure and involve just one person who owns and operates the enterprise.</p> <p>In legal terms, the business is not seen as separate from the owner, therefore the owner does <i>not</i> have limited liability.</p>	<p>A general partnership company has more than one owner. Each owner is fully obligated to the business, meaning that they do <i>not</i> have limited liability. General partnerships do not require lawyers, audit or legal papers or general assemblies.</p> <p>The number of partners can range from 2 to 20.</p>	<p>This business structure allows for a combination of general partners (just like General Partnership Companies) and limited partners (just like Limited Liability Companies).</p> <p>Limited partners are limited to their own shares in the company, while general partners do not have limited liability.</p> <p>The number of partners can range from 2 to 20.</p>	<p>Limited liability companies (LLC) usually have more complex structures. For this reason LLCs are required to have an auditor and a lawyer. All partners are considered limited partners.</p> <p>An LLC usually has 2 or more owners, however if there is only one owner, then you will need approval from the Company Controller at the Companies Control Department.</p>	<p>Private shareholding companies are limited liability companies that do not offer or trade their company shares to the general public on the stock market. Rather, the company's stock is offered, owned and traded privately.</p> <p>They are usually owned either by non-governmental organizations or by a relatively small number of shareholders.</p> <p>Private shareholding companies are required to have an auditor and lawyer.</p>
<p>Capital: No minimum capital is required.</p>	<p>Capital: Minimum required capital to set up this business is JD 1,000</p>	<p>Capital: Minimum required capital to set up this business is JD 1,000</p>	<p>Capital: Minimum required capital to set up this business is JD 1.</p>	<p>Capital: Minimum required capital to set up this business is JD 50,000</p>

HOW DO I CHOOSE A BUSINESS STRUCTURE THAT'S RIGHT FOR ME?

If you're still unsure what type of legal structure is the best choice for your business, this short quiz can help you:

(1) WILL YOU AND YOUR PARTNERS HAVE EQUAL STAKES IN THE COMPANY OR WILL IT BE SPLIT DIFFERENTLY?

- A. I won't have any partners –I'm planning to run the business myself
- B. I will be running the company with some partners and we will all have equal responsibility and decision making power
- C. I plan to run the business myself but I will need a few other people to help make key decisions

(2) DO YOU WANT SHAREHOLDERS IN YOUR COMPANY?

- A. No, my business is small and I want full control
- B. Not sure yet, if it made sense later I would
- C. Yes, this is part of the plan

(3) DO YOU PLAN ON ENLISTING THE HELP OF OUTSIDE INVESTORS AND VENTURE CAPITALISTS TO GET THE BUSINESS RUNNING?

- A. I plan to use only my own money to fund my business
- B. I will be using mostly outside investment, mostly from family and friends
- C. I will be actively seeking venture capital backing and sources of outside investment that are beyond my current circle of personal contacts

(4) HOW MUCH PERSONAL LIABILITY ARE YOU WILLING TO HAVE FOR YOUR BUSINESS?

- A. I do not mind backing my business with my own personal assets
- B. I would be willing to have some liability for my business
- C. I do not want any personal liability for my company

(5) DO YOU SEE FORESEE NEEDING TO TRANSFER OWNERSHIP OF YOUR COMPANY IN THE FUTURE?

- A. No, my business and I are a single entity
- B. Possible, I may want to pass it on to my family, but it is not a priority
- C. Yes, being able to transfer my company is important

(6) HOW MANY CORPORATE FORMALITIES ARE YOU WILLING TO UNDERTAKE (E.G. ANNUAL SHAREHOLDERS MEETING AND BOARD OF DIRECTORS)?

- A. None, I like to keep things simple
- B. Some formalities are okay

- C. I expect to have corporate formalities with my business
- (7) DO YOU PLAN ON YOUR BUSINESS BEING A SEPARATE TAX ENTITY FROM YOURSELF?
- A. No, it is simpler for all the money to flow into my personal account
- B. Not sure, but my partners and I will need to figure out how to share tax responsibilities
- C. Yes, my business will be a separate taxable entity

If your answers were mostly A's:

You are probably looking to start an Individual Establishment. This means you'll be making all of the business decisions without having anyone else involved, but at the same time it means you will take on a lot of responsibility. Even though it is very simple to start this business, it is important to know that your personal money will be mixed with your business's revenues. In other words you will be responsible for any debts or losses incurred by the business and may need to use your personal assets to cover them.

If your answers were mostly B's:

You should either register a partnership or a limited liability company.

A Partnership is the more appropriate choice for you if your answers are mostly B's with some A's: To register a partnership company, you will need to create a partnership agreement that specifies terms and conditions that determines terms of dissolution.

If your answers were an equal mix between A's and B's:

You are a General Partnership company. This means that the business is not considered a separate legal entity and the partners do not have limited liability.

If the B's exceeded the A's:

You should register your business as a Limited Partnership, where you can choose to have a combination of general partners and limited partners, or just limited partners.

If your answers were mostly B's with some C's:

A Limited Liability Company is the more appropriate choice for you. This business structure protects your personal assets from your company debt and actions for which it is liable. It requires more legal work and planning to get it off ground, but it can protect your personal assets from any lawsuits and losses stemming from the business. Registering an LLC also makes it easier to obtain more shareholders, transform ownership, and eventually take the company public.

If the B's exceeded the A's:

You should be looking into registering your business as a Private Shareholding Company. This type of business offers limited liability, so you and your shareholders would only be responsible for your own investments in case of failure. However it includes a lot more paperwork to register and maintain this sort of business than if you were to register as a partnership or limited liability company

2. Pre-approvals

- a) I'VE CHOSEN MY BUSINESS STRUCTURE. WHAT NEXT?
- b) Depending on the sector your company will be part of, you may need to get pre-approvals before you start the registration or licensing process. For example, all pharmacies need to obtain pre-approvals from the Ministry of Health before they can register and operate.
- c) Please see annex 1 for a full table of sectors and which entities you may need to acquire pre-approvals from.
- d) We advise that you first visit the Ministry of Industry, Trade and Supply and/or the Companies Control Department to ask about which pre-approvals you need to get.

3. Business registration

- a) I'VE GOTTEN MY PRE-APPROVALS. HOW DO I REGISTER MY COMPANY?
- b) Now that you know what type of business you want to legally register, you will find all the details you need to know to register your business according to the type of legal structure you've chosen:

Distribute handout 5.4

STEP	MANDATORY OR OPTIONAL?	WHAT YOU NEED TO DO:
1	Mandatory	Find out which pre-approvals you need before registering your business
2	Mandatory	Register your business as an official entity
3	Optional	Register your trade name
4	Mandatory	Become a member of a chamber of commerce or industry
5	Mandatory	Get your vocational license
6	Mandatory	Tax registration
7	Mandatory	Social security registration
8	Mandatory for businesses that employ non-Jordanians	Get labor permits if you employ non-Jordanian workers
9	Depends on the business	Get an electricity connection for your business
10	Depends on the business	Get a water connection for your business

4. Challenge to take new information to others – 5 minute
 - a) Then say, “Thank you. To review choosing the right business type is important and making the right decision now, can help you grow and manage your business in the future.”
 - b) Thank them for participating in the course and ask them if there are any outstanding questions. Wish them well with their businesses.