



***RURAL DEVELOPMENT AND ENVIRONMENTAL
EDUCATION IN MONGOLIA***

WORK BOOK

***BUSINESS SCHEME
DEVELOPMENT***

*Ulaanbaatar, Mongolia
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EXERCISE 1

GROUP ASSESSMENT

How well prepared is your community group to start a business venture?

In the following assessment try to evaluate how well your group is organised and performing. On issues where you rank your group as weak try to define what should be done to strengthen the group's performance and eliminate weaknesses.

Criteria	Strong 5	4	Fair 3	2	Weak 1	Measures
Group cohesiveness						
Group fund organised						
Group regulation developed						
Regular group meetings						
Group management team						
The groups motivation to run a joint business scheme						
Earlier experience to run this activity						
Business management skills						
Willing to risk own resources						
Bookkeeping skills						
Other criteria						

If the assessment rate the group as weak on several criteria, the group should try to improve its performance on these criteria before starting a business.

EXERCISE 2

DESCRIBE YOUR BUSINESS IDEA

A good business idea expresses clearly what your business will do and what demand in the market your business will satisfy. The focus should be on the customers' demand. Try to identify strong aspects of your business idea and what can be special with your product/service compared to competitor's products.

Discuss with your group and write down the following descriptions about your business:

WHAT PRODUCT/SERVICE WILL YOUR BUSINESS PRODUCE AND SELL?

.....
.....

WHO IS GOING TO BUY YOUR PRODUCTS OR SERVICES?

.....
.....

WHERE ARE YOU GOING TO SELL YOUR PRODUCT/SERVICE?

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

WHY WILL YOUR CUSTOMERS BUY YOUR PRODUCT OR SERVICE?

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

HOW ARE YOU GOING TO SELL YOUR PRODUCTS/SERVICE?

.....
.....

THE STRONG POINTS WITH YOUR BUSINESS IDEA ARE?

.....

.....

.....

SUMMARISE YOUR BUSINESS IDEA IN A FEW SENTENCES:

.....

.....

.....

.....

EXERCISE 3

DEVELOP YOUR MARKETING PLAN !

To be successful with your business you need to know as much as possible about your market, your customers and about your competitors. In this exercise we will research your business market with the purpose to get a relevant idea about your potential sales and what marketing activities should be undertaken.

Who is your customer?

Is the market for your products/services increasing or decreasing?

Increasing

Yes

Decreasing

Yes

Why is the market increasing or decreasing?

.....

Define who your regular customer will be:

.....

.....

How many potential customers are there?

.....

How much does each customer buy for?

.....

Can you find additional customers?

Yes

No

If yes, who are those customers, where do you find them and how many are they?

.....

.....

.....

DEVELOP YOUR MARKETING PLAN (2)

Who are your competitors?

How many competitors will your business have?

Who are your main competitors?

1:

2:

3:

What prices do your competitors charge for the products / services?

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

What are your major competitors strengths?

.....
.....

What are your major competitors weaknesses?

.....
.....

How can you use the information about your competitors to strengthen your group's business?

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

DEVELOP YOUR MARKETING PLAN (3)

What can you do to increase your estimated sales for each of your products? Marketing activities are important to get your business recognised and to get more customers interested in trying out your products or services!

In the following table, try to list as many marketing activities as possible for each of your products. Include all types of relevant activities, eg talking to customers, packaging, leaflets, small product tags, media contacts, exhibitions, contact with retailers in UlanBaatar, advertising, logo, notice board etc. etc.

Product / service	Marketing activity	Timing, dates	Where	Who is responsible
Common for all products				
Product 1				
Product 2				
Product 3				
Product 4				

DEVELOP YOUR MARKETING PLAN (4)

We are now ready to summarise your marketing and sales plan. This plan is vital for your business. It will tell what income you calculate to get from your business and how much you have to spend on marketing activities to insure that your will reach your estimated sales.

MARKETING AND SALES PLAN

Product / Service	Customer	Marketing activities	Marketing Cost	Sales quantity	Price	Income
Product 1						
Product 2						
Product 3						
Product 4						

EXERCISE 4

RESOURCES NEEDED!

Calculate how much start capital is required!

INVESTMENTS	AMOUNT	TOTAL
Building / office	+	
Renovation or rebuilding	+	
Furniture	+	
Office equipment	+	
Telephone	+	
Machines for production	+	
Tools	+	
Vehicle / Animals	+	
Others	+	+
RUNNING COSTS		
Raw material needed	+	
Goods to be sold	+	
Wages for the first period	+	
Supplies	+	
Insurance	+	
Others	+	+
MARKETING COSTS		
Pamphlet	+	
Advertisement	+	
Information materials / business cards	+	
TOTAL START CAPITAL		=

EXERCISE 5

HOW TO FINANCE YOUR START CAPITAL!

Calculate how to finance your needed start capital!

SOURCE OF CAPITAL	AMOUNT	TOTAL
Own resources - materials		+
Own resources - capital		+
Bank loan		+
Loan from WWF / other projects		+
Grants		+
Loan from supplier / seller		+
Others		+
TOTAL		=

EXERCISE 6

INCOME AND EXPENDITURE BUDGET!

In your income and expenditure budget you will summarise all calculated income and all costs which will incur during the first two years. Utilise the calculations you have done in your marketing and sales budget.

Try to be as realistic as possible and remember that it might take some time before you reach the calculated sales the first year! In the following table you can work with two scenarios, one realistic and one more pessimistic.

Income / Costs	Year 1		Year 2	
	Realistic	Pessimistic	Realistic	Pessimistic
INCOME				
Product 1				
Product 2				
Product 3				
TOTAL INCOME	+	+	+	+
COSTS				
Raw materials				
Products bought				
Wages				
Rent for office or warehouse				
Rent for lease of land				
Telephone				
Electricity				
Freight				
Repairs				
Office material				
Marketing activities				
Fees				
Other costs				
Depreciation machines				
Depreciation tools etc				
Interest on loans				
TOTAL COSTS	-	-	-	-
PROFIT	=	=	=	=

EXERCISE 7

RISK ASSESSMENT!

It is important to assess what risks there might be to start and run your business. Do a risk assessment with your group as follows:

- 1) List as many risk factors as possible
- 2) Assess the risk potential where 1 means very low risk and 5 means very high risk
- 3) Describe what you can do to eliminate the risks, or if they happen to diminish the consequences.

In the table below five risk factors are already included. Continue to fill in as many more as possible and then assess each of the factors.

No	Risk factor	Risk potential 1 - 5	Eliminating activities
1	Weak group management		
2	Not enough skills for the scheme		
3	Not enough business skills		
4	Not enough own financial strength		
5	Not enough customers		

EXERCISE 8
ENVIRONMENTAL ASSESSMENT

Will your business scheme affect:	Yes	No
<p>The number of livestock?</p> <p>If yes, detail here:</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>The balance between different livestock?</p> <p>If yes, detail here:</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>The use of pastures or distribution of livestock during the year?</p> <p>If yes, detail here:</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>

Will your business scheme affect:	Yes	No
<p>The use of water resources and is there a conflict? If yes, detail here:</p> <p>.....</p> <p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>The land use converting pasture to arable land and is there a conflict? If yes, detail here:</p> <p>.....</p> <p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>The use of chemicals (dipping, pesticides, fertilisers etc)? If yes, detail here:</p> <p>.....</p> <p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>The environment in any other way? If yes, detail here:</p> <p>.....</p> <p>Will this have negative environmental consequences?</p> <p>If yes, how can the impact be eliminated or reduced?</p> <p>.....</p> <p>.....</p>	<input type="checkbox"/>	<input type="checkbox"/>

EXERCISE 9

BOOKKEEPING

A clear and consistent bookkeeping and recording of all financial transactions is vital. The bookkeeping should be organised from the very start of the business scheme.

In this exercise enter the right entries in the cashbook and bankbook following the example in the text:

The Khishigtei community group is planning to start a milk producing dairy scheme. In order to get more own capital they have decided to increase their community group fund with 200 000 tg.

1. On March the 11th the group cashier goes to the bank and deposits 150 000 tg into the group bank account. 50 000 tg is kept in the cashbox for coming cash expenditures.
2. On 20th of March two group members buy building material to repair a stable for 45 000 tg.
3. The cashier withdraws 120 000 tg from the bank on the 5th of April.
4. Five cows in calf are stabled into the group barn, being the first five cows in the group scheme.
5. The veterinary is checking the 5 cows and leaving some drugs to the group. The veterinary is paid 25 000 tg for his service and the medicine on the 10th of April.
6. Electricity is installed into the barn. The cost for the material and the electrician is 65 000 tg, which is paid on the 15th of April.
7. On the 17th of April two group members travel to Aimag centre to buy equipment and tools. The travel costs 5 000 tg and the equipment bought amounts to 25 000 tg.
8. The cashier counts the cash kept in the cash box. She finds the cash balance is 5 000 tg.
9. Milk is sold in the soum centre and 23 000 tg is received in payment on the 5th of May.
10. Milk is sold in the aimag centre. Payment of 45 000 tg is received on the 15th of May.
11. Travelling cost to aimag centre for selling milk amounts to 18 00 tg which is paid to group member on the 16th of May.

Make the entries in the bank book

Date	Voucher number	Transaction	In	Out	Balance

Make the entries in the cash book:

Date	Voucher number	Transaction	In	Out	Balance

EXERCISE 10

ACTIVITY PLAN

Do your action plan for your group's business scheme!

No:	Action	Ready date	Responsible	Status / Notes