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Papua New Guinea Seasonal WorkYfs Business Start-up Training

Stage 2: Re-integration



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This Business Start-Up training was developed by Mr Peter Piawu (PNG Small Business Development Corporation) with the participation of the International Labour Organization Office for Pacific Island Countries and funding from the Australian government. The material is adapted from the Start Your Business/ Improve Your Business manual developed by the ILO.

**Papua New Guinea Seasonal Workers
Business Start-Up Training
Stage II: Reintegration**

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Introduction

Welcome back from your seasonal worker placement!

We hope that you had an enjoyable and fulfilling experience as a seasonal worker and are ready to use the skills, knowledge and savings you've gained during your time in Australia or New Zealand for the long-term benefit of your family and community. Promoting long-term development is one of the key goals of Papua New Guinea's participation in the seasonal worker programs. Not everyone gets the chance to be a seasonal worker, so we hope that you will share what you have gained with others.

One way in which you can use your savings in a way which benefits your community, is to develop a small business which fills a need where you live. Starting a business is not easy, but this Business Start-Up Reader will build on the information that you have already learnt and provide you with some key information about how to take the next steps towards starting your own business, if that is your goal.

This Business Start-Up Reader is part of a business training package for seasonal workers. The training is a two stage process:

Stage 1: half day training undertaken before you leave for your seasonal worker placement, which introduces you to the basic concept of starting a business (Business Awareness Training)

Stage 2: two to three day training undertaken after you return from your seasonal worker placement, which provides more detailed information on how to start a business (Business Start-Up Training).

This Business Start-Up Reader booklet builds on the information covered during the Business Awareness Training. During that training, you learnt:

- What a business is and the characteristics and challenges of running a business
- Reviewing the steps to developing good business ideas
- Assessing your business characteristics and skills
- Identifying skills and contacts you can develop during your seasonal work to help you develop your business idea
- Setting personal and financial goals to help you start your own business

The objectives of this Business Start-Up Reader are to help you:

- To assess your market and develop a marketing plan
- To understand how to do tasks like pricing, record keeping and keeping a cash flow plan
- To understand the types of legal obligations you have as a small business owner
- To think about whether, and how, to apply for a loan

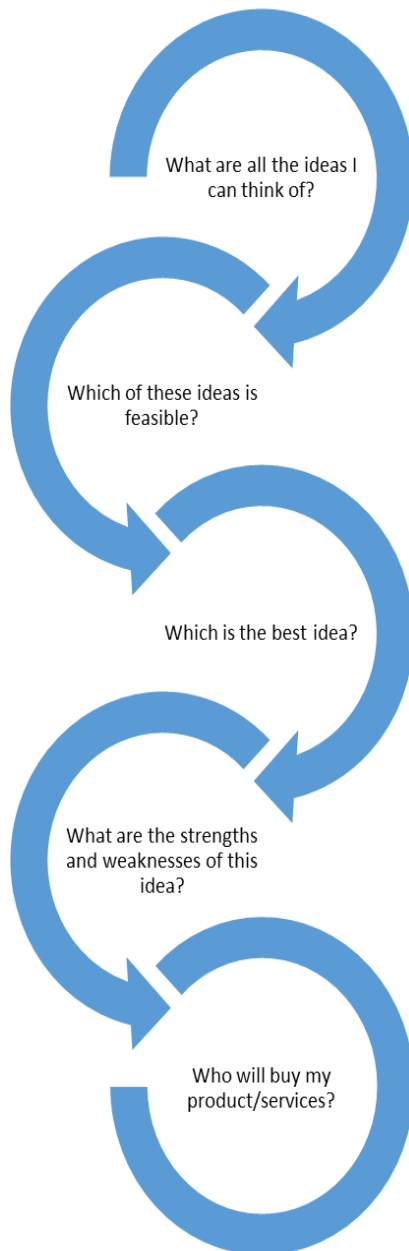
Glossary:

<i>Cash flow plan</i>	A Cash Flow Plan helps you to understand what cash is coming into and out of your business so that you can always have enough to pay your expenses on time.
<i>Direct costs</i>	are all costs that are directly related to the products or services your business makes or sells. The items that are part of direct costs directly go into the product. These items are generally composed of materials that become part of the product and labor that is used directly to produce the product.
<i>Indirect costs</i>	are not directly related to one particular product or service. These are the general costs for running your business and do not become a part of a specific product or service (for example, rent, or phone bills). Indirect costs are often called "overheads".
<i>Market</i>	consists of all your customers (the people who buy from your business) as well as all the other people who might become your customers in the future.
<i>Pricing</i>	this is your method for deciding how much your goods or services will cost. It is generally done as pricing by comparison (compare the goods, products or services you are selling to other businesses that sell similar goods, products or services to yours) or by mark up (add up the cost of all materials you use to make your product. Then, you can add an amount of money, you want to make as profit)
<i>Profit</i>	is the money that you make from the business after you have paid all of the costs to make the product/do the service. This is different to the income of the business which is all the money you make (before you take away the costs).
<i>Recording Keeping</i>	means keeping track of money coming in and out of your business. This is usually done through a table with the following columns: Date, Money In, Money Out, Balance.

Recap – What You Have Already Leant

In the last training (Business Awareness) you learn about how to come up with a business idea. We hope that you have already taken the time to follow some of the steps referred to in that training.

There are five key steps to developing a good business idea:



Brainstorm a list of business ideas using a list of questions such as:

- Who will be the customers
- Can you easily make the product, get the product or deliver the service?
- Where will you get the money, materials, supplies and equipment?
- Can you manage the business?

Do some **research** on your business idea

Select your **best business idea(s)**

Analyse your business idea(s), looking at:

- Strengths: eg. I have experience
- Weaknesses: eg. The monthly rent is high
- Opportunities: eg. People want a cheaper alternative
- Threats: eg. Other people in the community might copy my idea.

Think about who will buy the products/services

1. Developing a Marketing Plan

At the end of the previous training, we looked at why it is important for a business to have enough **customers** to buy your product at a price that will give you a profit.

All the people who might want to buy your products or services are called your '**market**'. Your market consists of all your customers (the people who buy from your business) as well as all the other people who might become your customers in the future.



Your business must attract the attention of people who need or want to buy your products or services. There will be other businesses that will be trying to sell products or services that are similar to yours. These other businesses are your **competitors**. Before you decide to start your own business you need to study your customers and your competitors. Understanding them will help you prepare a Marketing Plan to attract customers to your new business and ensure it is successful.

1.1 Know Your Customers

Customers are the most important people for your business. If you do not provide what they want, at prices they are willing to pay, and treat them with respect, they will buy somewhere else. Satisfied customers will come back and buy more from your business. They will tell their friends and others about your business. More satisfied customers mean larger sales and higher profits. Always remember that without customers there will be no sales and your business will fail.

Customers buy products and services to satisfy different kinds of needs and wants. For example, customers buy:

- bicycles because they need transport
- nice clothes because they want to look attractive
- radios because they want information and entertainment
- soap because they want to clean their clothes
- haircuts because they want to look attractive
- repairs to their cars, bicycles or electrical appliances

If you understand and can supply products or services to satisfy the needs and wants of your customers then your business will probably be successful.

Activity 1: Fill in the following forms that will help you understand the customers who will buy your product(s) or service(s).

For your Main Product/Service _____

WHO WILL YOUR CUSTOMERS BE?
<input type="checkbox"/> Individuals <input type="checkbox"/> Families <input type="checkbox"/> Other businesses <input type="checkbox"/> Domestic use <input type="checkbox"/> Workmates
AGE: <input type="checkbox"/> Adults <input type="checkbox"/> Elderly <input type="checkbox"/> Teenagers <input type="checkbox"/> Parents of children
GENDER: <input type="checkbox"/> Mostly female <input type="checkbox"/> Mostly male <input type="checkbox"/> Both
LOCATION: THEY LIVE/WORK: <input type="checkbox"/> Nearby <input type="checkbox"/> At some distance <input type="checkbox"/> Far away
INCOME LEVELS: <input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
NUMBER OF CUSTOMERS _____
HOW OFTEN WILL THEY BUY THIS PRODUCT OR SERVICE?
<input type="checkbox"/> Once <input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Once per year <input type="checkbox"/> Seasonally
HOW MUCH WILL CUSTOMERS BUY? <input type="checkbox"/> Large quantities <input type="checkbox"/> Small Quantity
FUTURE SIZE OF MARKET: <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Stay the same
WHY DO YOUR CUSTOMERS WANT/NEED THIS PRODUCT OR SERVICE?
PREFERENCES OF CUSTOMERS
<input type="checkbox"/> Size <input type="checkbox"/> Color <input type="checkbox"/> Price <input type="checkbox"/> Convenience <input type="checkbox"/> Particular features: Quality _____

For your 2nd Product/Service _____

WHO WILL YOUR CUSTOMERS BE?
<input type="checkbox"/> Individuals <input type="checkbox"/> Families <input type="checkbox"/> Other businesses <input type="checkbox"/> Domestic use <input type="checkbox"/> Workmates
AGE: <input type="checkbox"/> Adults <input type="checkbox"/> Elderly <input type="checkbox"/> Teenagers <input type="checkbox"/> Parents of children
GENDER: <input type="checkbox"/> Mostly female <input type="checkbox"/> Mostly male <input type="checkbox"/> Both
LOCATION: THEY LIVE/WORK: <input type="checkbox"/> Nearby <input type="checkbox"/> At some distance <input type="checkbox"/> Far away
INCOME LEVELS: <input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
NUMBER OF CUSTOMERS _____
HOW OFTEN WILL THEY BUY THIS PRODUCT OR SERVICE?
<input type="checkbox"/> Once <input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Once per year <input type="checkbox"/> Seasonally
HOW MUCH WILL CUSTOMERS BUY? <input type="checkbox"/> Large quantities <input type="checkbox"/> Small Quantity
FUTURE SIZE OF MARKET: <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Stay the same
WHY DO YOUR CUSTOMERS WANT/NEED THIS PRODUCT OR SERVICE?
PREFERENCES OF CUSTOMERS
<input type="checkbox"/> Size <input type="checkbox"/> Color <input type="checkbox"/> Price <input type="checkbox"/> Convenience <input type="checkbox"/> Particular features: Quality _____

For your 3rd Product/Service _____

WHO WILL YOUR CUSTOMERS BE?
<input type="checkbox"/> Individuals <input type="checkbox"/> Families <input type="checkbox"/> Other businesses <input type="checkbox"/> Domestic use <input type="checkbox"/> Workmates
AGE: <input type="checkbox"/> Adults <input type="checkbox"/> Elderly <input type="checkbox"/> Teenagers <input type="checkbox"/> Parents of children
GENDER: <input type="checkbox"/> Mostly female <input type="checkbox"/> Mostly male <input type="checkbox"/> Both
LOCATION: THEY LIVE/WORK: <input type="checkbox"/> Nearby <input type="checkbox"/> At some distance <input type="checkbox"/> Far away
INCOME LEVELS: <input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
NUMBER OF CUSTOMERS _____
HOW OFTEN WILL THEY BUY THIS PRODUCT OR SERVICE?
<input type="checkbox"/> Once <input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Once per year <input type="checkbox"/> Seasonally
HOW MUCH WILL CUSTOMERS BUY? <input type="checkbox"/> Large quantities <input type="checkbox"/> Small Quantity
FUTURE SIZE OF MARKET: <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Stay the same
WHY DO YOUR CUSTOMERS WANT/NEED THIS PRODUCT OR SERVICE?
PREFERENCES OF CUSTOMERS
<input type="checkbox"/> Size <input type="checkbox"/> Color <input type="checkbox"/> Price <input type="checkbox"/> Convenience <input type="checkbox"/> Particular features: Quality _____

For your 4th Product/Service _____

WHO WILL YOUR CUSTOMERS BE?
<input type="checkbox"/> Individuals <input type="checkbox"/> Families <input type="checkbox"/> Other businesses <input type="checkbox"/> Domestic use <input type="checkbox"/> Workmates
AGE: <input type="checkbox"/> Adults <input type="checkbox"/> Elderly <input type="checkbox"/> Teenagers <input type="checkbox"/> Parents of children
GENDER: <input type="checkbox"/> Mostly female <input type="checkbox"/> Mostly male <input type="checkbox"/> Both
LOCATION: THEY LIVE/WORK: <input type="checkbox"/> Nearby <input type="checkbox"/> At some distance <input type="checkbox"/> Far away
INCOME LEVELS: <input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
NUMBER OF CUSTOMERS _____
HOW OFTEN WILL THEY BUY THIS PRODUCT OR SERVICE?
<input type="checkbox"/> Once <input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Once per year <input type="checkbox"/> Seasonally
HOW MUCH WILL CUSTOMERS BUY? <input type="checkbox"/> Large quantities <input type="checkbox"/> Small Quantity
FUTURE SIZE OF MARKET: <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Stay the same
WHY DO YOUR CUSTOMERS WANT/NEED THIS PRODUCT OR SERVICE?
PREFERENCES OF CUSTOMERS
<input type="checkbox"/> Size <input type="checkbox"/> Color <input type="checkbox"/> Price <input type="checkbox"/> Convenience <input type="checkbox"/> Particular features: Quality _____

1.2 Know Your Competitors

You will probably have to compete with other existing businesses that provide the same or similar products or services. These businesses will be your competitors.

You can learn something from each of your likely competitors. When you know about your competitors you will be able to think about how you can make your business idea successful. You should find answers to the following questions.

- What prices do they charge?
- What quality of goods or services do they offer?
- How do they promote their goods or services?
- What extra services do they offer?
- Is their location expensive or cheap?
- Is their equipment modern?
- Are their employees well trained and well paid?
- Do they advertise?
- How do they distribute their products or services?
- What is their market strategy?
- What are your competitors' strengths and weaknesses?



You should also look for any patterns from this information, for example:

- Do the successful businesses have similar methods of operation?
- Do the successful businesses have similar pricing, servicing, sales or production methods?

Activity 2: Knowing your competitors

Write a very brief description of the following characteristics of your competitors. Use key words only.

CHARACTERISTICS	A	B	C
Name of Competitor			
Type of Product			
Prices			
Quality			
Equipment			
Staff skills/pay			
Location			
Distribution			
Promotion/advertising			
Other services			
My Competitors' major strengths are:			
My Competitors' major weaknesses are:			
Given this information, I can <i>improve myself and my business</i> in the following ways:			

1.3 Prepare a Marketing Plan

In the Business Awareness Training, we first looked at how to prepare Marketing Plan by following the four Ps or marketing. We will now explore the four Ps in a bit more detail.

Remember the four Ps? They are:

- Product
- Price
- Place
- Promotion

Product – The First 'P'

Product means what products or services you are going to sell to your customers. You have to decide what kind of products or services to offer, and also what quality, what color, what size and so on. For retailers and wholesalers, product can mean a range of products such as tools, drinks, or canned foods.

Product also includes other features of the products or services your business will sell, such as:

- how each product will be packaged
- if you are going to include instructions on how to use your product
- what service you will offer
- what repairs and spare parts you will provide

Any other features that make your products or service special should also be described in the Product section of your Marketing Plan.



For example, a person is starting a secretarial services business. The products for his business are the services he will offer his customers. He lists the services and specifies them when he makes his Marketing Plan. He will offer:

- typing, on typewriter and word processor
- bookkeeping, both manual and calculaterized
- filing.

Price – The Second 'P'

Price means what you are going to charge your customers for the products or services. It also includes the discounts you will give and any terms of credit you will offer your customers.

To set your prices you must:

- know your costs
- know how much customers are willing to pay
- know your competitors' prices

Get all the information you can about how much customers are willing to pay and a list of your competitors' prices. Then decide on a likely price. After you have completed the step on Costing you will see if your price will cover your costs. If not, you have to review your costs to find out how to reduce them.

Activity 3: Pricing

Read through each paragraph below which describes a business:

Tick the price you would choose for the products the business wants to sell:

- 1.** You own a book shop, with several competitors nearby. The shop has an exclusive profile. The quality of products you sell is very good and your prices are high. Some customers are looking for better quality pens so you are going to start selling a brand of pen that is much better than the pens your competitors sell. The competitors charge K 0.50 to K 1.00 for their pens. Your costing shows that the cost of your pen is K 0.40. What price would you choose for your high quality pens?

☐ **K 1.90**

☐ **K 0.60**

☐ **K 1.50**

- 2.** You are running a take-out restaurant in an industrial area where factory workers need to buy lunch. There are no other restaurants in the area but some customers find it too expensive to eat at your restaurant and bring packed lunches from home instead. A tuna sandwich made at home costs about K 2.00. In your restaurant, it costs K 2.20 to make a tuna sandwich. What price would you charge for a tuna sandwich?

☐ **K 2.50**

☐ **K 2.90**

☐ **K 3.20**

- 3.** You are running a small brick-making factory. Your customers are mostly small construction companies. Your bricks are slightly lower quality than your large scale competitors, but some customers prefer your bricks as they are cheaper. Your competitors' price for bricks of slightly higher quality is K 10 – K 15 each. Your total cost of making one brick is K 2.00. How much will you sell one brick?

☐ **K 8.00**

☐ **K 10.00**

☐ **K 8.90**

- 4.** You are running a men's barber shop in a good location in the shopping district of a big town. Your customers want a good haircut but do not want to pay too much for it. The expensive shops in town charge between K 25 and K 30 for a haircut, and the very cheap salons charge K 15 - K 17. Your total cost for a normal haircut is K 10. Choose the price for a normal haircut at your salon.

☐ **K 26**

☐ **K 16**

☐ **K 29**

Place – The Third 'P'

Place means where your business is going to be located. If you plan to start a retail or service business, the location is very important because you need to locate your business close to your customers. Your business must be easy to reach or people will buy from competitors whom they can easily find.

Being close to customers is normally not the most important aspect of the location of a manufacturer. Easy access to raw materials might be more important, in which case you would locate your factory or workshop close to your suppliers. Low rent can also be important for a manufacturer.

For example, two partners are starting a video shop. They know that location is very important because the same product is sold in many shops. People may buy one or two DVDs when they do their shopping and they often buy on impulse.

So the shop must be convenient enough for the customers and it must be visible. Premises in the central shopping areas are expensive but the partners know that the success of their business depends on a good location, so they have found a vacant corner shop in a central position which they will rent.



For a manufacturer, place also means the method of distribution you choose for your products. There are different ways to distribute your products to your customers:

- You can sell directly to the customers who use your products. This is called direct distribution. For example, you can sell directly from your shop, home or factory or sell door-to-door.
- You can get retailers to sell your goods to the final customers. This is called retail distribution. You sell your products or services to another business who sells them to the people who use them.
- You can get wholesalers to sell your goods to the retailers. This is called wholesale distribution.

Promotion – The Fourth 'P'

Promotion means informing and attracting the customers to buy your products or services. There are many different ways of doing promotion. Three common methods are:

Advertising — giving information to your customers to make them more interested in buying your products or services. Posters, pamphlets, signs, price lists, business cards and leaflets are all ways of advertising your business and your products or services.

Publicity — free promotion which you can get through an article being written about your new business in the local newspapers or magazines.



Sales Promotion — everything you do to make customers buy, or buy more when they have come to your business. For example, attractive displays, giving demonstrations, holding raffles or contests, and giving free samples are all ways of promoting sales.

Promotion will cost your business money. Find out about prices from artists, printers and other business people. Think about your future competitors and find out what types of promotion they use and decide which types will work well for your business.

For example, a shoemaker has decided to start a small business. He will work alone and hopes to sell his products to two or three general stores in the town. The shoemaker will visit the general dealers to promote his shoes and give each of them a leaflet containing information about his models, prices and his address. He has also contacted a journalist at the local newspaper who writes articles about the new businesses in town.

Activity 4: Make a Marketing Plan

PRODUCT – What is your Product/Service? What will make customers buy from you and not from others who sell the same product/service?

PRICE – At what price(s) will you sell your product so that you can earn more? How does your price(s) compare with your competitors? (Is your price higher, lower, or the same?) Why?

Will you give discounts? How much?

Will you sell on credit? What terms? To whom? Why?

PLACE – Where do you plan to sell your product/service? How do you plan to distribute it? (Retail/Wholesale, Direct/Indirect?) Why?

PROMOTION – How will you inform your customers about your product/service? How will you promote your product to get more sales?

Summary

To be successful your business needs customers. All the potential customers who might want to buy your products or services are called your market. Customers are the most important people for your business. If you do not provide what they want, at prices they are willing to pay, and treat them with respect, they will buy somewhere else.

You will probably have to compete with other existing businesses that provide the same or similar products or services. These businesses will be your competitors. You can learn something from each of your likely competitors to help make your business more successful.

To operate a successful business you need to know and understand your customers and competitors. To know your customers and competitors ask questions and get information from people who may be your future customers and competitors. When you have collected the information you can use it to prepare a Marketing Plan based on the four Ps:

- Product – the products or services you are going to sell to your customers
- Price – what you are going to charge for the products and services you will sell to your customers
- Place – where your business is going to be located
- Promotion – how you will tell your market about your business and how you will attract customers to buy your products or services.

The Marketing Plan is the most important part of your Business Plan. It gives you all the necessary information for your sales, costs, profit, and cash flow.

2. Pricing, Record-Keeping, Costing, and Profit

In this section we will look at some important principles for how to price your produce in a way which lets you make profit, but not so expensive that people will not want to buy it. You will also learn some useful tools for record keeping to keep track of money coming in and out of your business.

2.1 Set the Prices for Your Products or Services

To set your selling price, look at products being sold on the market which are the same, or nearly the same as yours.

If your products are the same quality and size set your price the same as theirs. If your product is different in size and quality to what is available on the market set your price a little higher if it is better, or a little lower if it is not as good.

This is **pricing by comparison** - compare the goods, products or services you are selling to other businesses that sells similar goods, products or services to yours. Then set your selling price.

Another way of pricing is to add up the cost of all materials you use to make your product. Then, you can add an amount of money, called a "**mark-up**" to the cost of your product to reach the selling price. You should find out how much mark-up is added by those who make products similar to yours.

Make sure that your prices are competitive. If you decide to charge more than your competitors, you need to be sure that your products and service are better than theirs and it is what the customer wants.

After operating your business for a short time and recording some of the costs of producing the product or service you will begin to see if the business is making a profit.

2.2 Record-Keeping System

Every business, both big and small, needs to keep records (ie. Written down information) to keep track of the money in your business.

Record-keeping is not difficult and doesn't take a lot of time. The following is a simple way of doing record-keeping. It is easy to do and will give you some important information about your business.

Make and use a Record Book

Most bookshops sell books which can be used for record-keeping but it is much cheaper for you to make your own in an ordinary notebook.

Make six columns in your record book:

Column 1: DATE

You write down the date when money comes in or goes out of the business.

Column 2: MONEY IN

Column 2a.

Write a description of the money that comes into your business. Start with the **"Beginning Balance"** or the money you have on hand at the beginning of the recording period.

Column 2b.

Write the amount of money that comes into your business. It can come from sales of products, a loan, or from people that owe you money for the business. For the Beginning Balance, write down the amount of money you have on hand.

|

Column 3: MONEY OUT

Column 3a.

Write down a description of the money that goes out of your business. These are usually payments for expenses such as materials, transportation, or for loans or equipment.

Column 3b.

Write the amount of money paid out.

Column 4: BALANCE

If money comes in, add the amount to the previous balance to give you a current balance. If money has gone out subtract the amount from the previous balance to give the current balance.

See the example for a bakery making bread and cakes below.

Best Bakery — Record Keeping Book

Date	Money In		Money Out		Balance
1	2a	2b	3a	3b	4
Jan	Item	Amt	Item	Amt	
5-Jan	Beginning CASH Balance	1,000			1,000
5-Jan			Bought flour, salt, yeast	75	
5-Jan			Bought stationery - pens, notebook	20	
5-Jan			Bought eggs, sugar, fruit for cakes	60	
5-Jan			Bought Fuel for 1 Month	400	
			Gas (for oven)	100	
			Subtotal	655	
5-Jan	CASH as of 5-Jan				345
8-Jan	Sold 5 loaves bread @ SBD 7	35			
9-Jan	Sold 5 cakes @ SBD 70	350			
10-Jan	Sold 10 loaves bread @ SBD 7	70			
15-Jan	Sold 10 loaves bread @ SBD 7	70			
	Subtotal	525			
15-Jan	CASH as of 15-Jan				870
17-Jan			Bought flour, salt, yeast	90	
17-Jan			Bought eggs, sugar, fruit for cakes	60	
17-Jan			Gas (for oven)	100	
			Subtotal	250	

Date	Money In		Money Out		Balance
Jan	Item	Amt	Item	Amt	
17-Jan	CASH as of 17-Jan				620
19-Jan	Sold 5 loaves bread @ SBD 7	35			
20-Jan	Sold 5 cakes @ SBD 70	350			
20-Jan	Sold 15 loaves bread @ SBD 7	105			
21-Jan	Sold 10 loaves bread @ SBD 7	70			
	Subtotal	560			
	CASH as of 21-Jan				1,180
22-Jan			Bought flour, salt, yeast	90	
22-Jan			Bought eggs, sugar, fruit for cakes	60	
22-Jan			Gas (for oven)	100	
			Subtotal	250	
	CASH as of 22-Jan				930
23-Jan	Sold 5 loaves bread @ SBD 7	35			
23-Jan	Sold 5 cakes @ SBD 70	350			
24-Jan	Sold 15 loaves bread @ SBD 7	105			
25-Jan	Sold 10 loaves bread @ SBD 7	70			
	Subtotal	560			

	CASH as of 25-Jan				1,490
26-Jan			Bought flour, salt, yeast	105	
26-Jan			Bought eggs, sugar, fruit for cakes	120	
26-Jan			Gas (for oven)	100	
			Subtotal	325	
	CASH as of 26-Jan				1,165
27-Jan	Sold 10 loaves bread @ SBD 7	70			
27-Jan	Sold 10 cakes @ SBD 70	700			
28-Jan	Sold 15 loaves bread @ SBD 7	105			
28-Jan	Sold 10 loaves bread @ SBD 7	70			
	Subtotal	945			
	CASH as of 28-Jan				2,110
30-Jan			Paid wages of assistant baker	500	
	CASH as of 30-Jan				1,610

From the record book, the bakery owner calculated the business' Total Sales and Total Costs.

He then calculated the sales separately for bread and for cakes.

Activity 5: Copy the items from the record book and calculate the total sales of bread and the total sales of cakes.

Date	Bread	
Jan	Item	Amount
	Total	

Date	Cakes	
Jan	Item	Amount
	Total	

See if you get the same result as the bakery owner.

The owner's computation of Sales:

SALES	<i>January</i>
From Product A: Bread	840.00
From Product B: Cakes	1,750.00
TOTAL SALES (X)	2,590.00

2.3 Direct and Indirect Costs

There are two (2) types of costs – direct and indirect costs. These should be calculated separately so you can find out which products make more profit and which costs decrease your profit.

Direct costs are all costs that are directly related to the products or services your business makes or sells. The items that are part of direct costs directly go into the product. These items are generally composed of materials that become part of the product and labor that is used directly to produce the product.

For example, flour, salt, and yeast become part of the bread. Eggs, flour, sugar and fruits become part of the cake. Therefore, these are all direct material costs. If the Assistant works directly in baking the bread and the cakes, then his wage is a direct labor cost.

Indirect costs are not directly related to one particular product or service. These are the general costs for running your business and do not become a part of a specific product or service. Indirect costs are often called "overheads".

In the bakery, fuel, stationery, and transport do not become part of the product so these are classified as indirect costs.

Activity 6: Copy the items from the record book and calculate the total direct and indirect costs.

Date	Direct Costs - Bread	
Jan	Item	Amount
	Total	

Date	Direct Costs - Cake	
Jan	Item	Amount
	Total	

Date	Indirect Costs	
Jan	Item	Amount
	Total	

See if you get the same result as the bakery owner.

The owner's computation of Direct and Indirect Costs:

Direct Costs - Bread	360.00
Direct Costs - Cakes	300.00
Direct Labor Costs	500.00
Direct Costs - Gas for oven	400.00
Indirect Costs - Stationery	20.00
Indirect Costs - Fuel (Transport)	400.00
TOTAL COSTS (Y)	1,980.00

2.4 Calculating Profit

Profit is the money that you make from the business after you have paid all of the costs to make the product/do the service.

Every business should make a profit after some time. If it is not profitable, the business will not grow. You should organize and manage your business so that it makes a profit.

The bakery's Profit can now be calculated by subtracting Costs from Sales.

	<i>January</i>
SALES: From Product A: Bread	840.00
From Product B: Cakes	1,750.00
TOTAL SALES (X)	2,590.00
COSTS: Direct and Indirect Costs	1,980.00
PROFIT	610.00

Activity 7: Make your own records and calculate your Sales, Costs, and Profit.

[illegible]

Sales

[illegible]

Sales

[illegible]

Date	Direct Costs - Bread	
Jan	Item	Amount
	Total	

Date	Direct Costs - Cake	
Jan	Item	Amount
	Total	

Date	Indirect Costs	
	Item	Amount
	Total	

Profit:

	<i>Month</i>
SALES: From Product: _____	
From Product: _____	
TOTAL SALES	
COSTS: Direct Material Costs -	
Direct Labor Costs	
Indirect Costs –	
TOTAL COSTS	
PROFIT	

Summary

Your sales to your customers must have a fair price or the customers will not buy from you. But the price you sell the products for must cover your costs. Therefore care must be taken when setting the prices for the things you sell.

Pricing 'by comparison' means to set your selling price after comparing your goods to other businesses who sell similar goods to yours." Alternatively you can add the cost of all the materials you use to make a product and double it before comparing to similar businesses.

All businesses have expenses and some of these would be money paid out for materials to produce the product, rent, seed, stationery, and fares. These are costs to the business which means that the money had to be spent to help you earn your business income.

It is essential that you set up and use a record keeping book. All money paid out of the business should be written into the "Money Out" column and all money coming into the business should be written into the "Money In" column. A running balance is kept in the "Balance" column.

A good record-keeping system can be easily set up in an ordinary record book which will show you the business' Sales and Costs.

- **Direct costs** are all costs that are directly related to the products or services your business makes or sells. The items that are part of direct costs directly go into the product. These items are generally composed of materials that become part of the product and labor that is used directly to produce the product.
- **Indirect costs** are not directly related to one particular product or service. These are the general costs for running your business and do not become a part of a specific product or service. Indirect costs are often called "overheads".

It is important to calculate separately for these cost items so that you can find out which costs decrease profit.

Finally, a good record-keeping system will help you calculate profit and how much cash the business has. For a business to operate and succeed you need BOTH profit and cash.

3. Make a Cash Flow Plan

This section will tell you about how to make a Cash Flow Plan. This is something which helps you to understand what cash is coming into and out of your business so that you can always have enough to pay your expenses on time.

3.1 How to make a Cash Flow Plan

In the previous chapter, the bakery's record book showed that the owner made a profit of K180. However, he had to buy a new drum oven to replace an old one that broke down. He also sets aside K150 for family expenses every end of the month. He calls these "Family Wages".

Date	Money In		Money Out		Balance
	Item	Amount	Item	Amount	
30			Bought new drum oven	80	
30			Paid Family wages	150	
			Subtotal	K230	
	CASH as of 30-Jan				K50

So he starts the next month with a Beginning Cash Balance of only K50.

Date	Money In		Money Out		Balance
	Item	Amount	Item	Amount	
5	Beginning CASH Balance	50			K50
5			Bought flour, salt, yeast	20	
5			Bought eggs, sugar, fruit for cakes	20	
5			Bought Fuel for 1 Month	10	
5			Paid fare to town	10	
			Subtotal	60	
	CASH as of 5-Feb				-K10

His business has to stop because he has no more cash.

Profit is not enough to keep a business running. You will always need **cash**. A Cash Flow Plan will help make sure that you will always have cash to run your business.

When making a cash flow plan it is necessary to think about how much cash will be coming in from sales in the days or months ahead. It is also necessary to estimate the expenses your business will have to pay out for each month.

Based on its record book, this is the Cash Flow of the bakery in January up to February 5.

	Jan																Feb	
	5	8	9	10	15	17	19	20	21	22	23	24	25	26	27	28	30	5
Cash at the beginning of the day	100	30	40	80	100	120	70	80	150	170	120	170	200	220	170	270	320	50
CASH IN																		
Sales - Bread		10		20	20		10	30	20		10	30	20		20	50		
Sales - Cakes			40					40			40				80			
Any other cash in																		
TOTAL CASH IN	100	40	80	100	120	120	80	150	170	170	170	200	220	220	270	320	320	50
CASH OUT																		
Direct Materials - Flour, Salt, Yeast	20					20				20				20				20
Direct Materials - Eggs, Sugar, Fruit	20					20				20				20				20
Direct Labor																	40	
Indirect Costs - Transportation	10					10				10				10				10
Indirect Costs - Stationery	10																	
Indirect Costs - Fuel	10																	10
Any other cash out (Oven)																	80	
TOTAL CASH OUT	70	0	0	0	0	50	0	0	0	50	0	0	0	50	0	0	120	60
Cash at the end of the day	30	40	80	100	120	70	80	150	170	120	170	200	220	170	270	320	200	-10
Cash Out for Family Wages																	150	
Remaining Cash After Family Wages	30	40	80	100	120	70	80	150	170	120	170	200	220	170	270	320	50	-10

Suggest what the owner should do to avoid running out of cash:

Activity 8: Based on your records in the previous chapter, make a Cash Flow Plan.

Date																		
Cash at the beginning of the day																		
CASH IN																		
Sales – Product _____																		
Sales – Product _____																		
Any other cash in																		
TOTAL CASH IN																		
CASH OUT																		
Direct Materials -																		
Direct Labor -																		
Indirect Costs -																		
Any other cash out (Loan Repayment, Eqpt.)																		
TOTAL CASH OUT																		
Cash at the end of the day																		
Cash Out for Family Wages																		
Remaining Cash After Family Wages																		

3.2 Importance of keeping business money separate from your money

Many people who run small businesses get their family money mixed up with their business money. This is a big mistake. It is a sure way to fail in your business if you use business money for family use. Business money should always be kept separate from your own personal money or family money.

Your family may help you to start and manage the business by encouraging you or by giving you some money to start it. They may even work in your business. Most small businesses in the Pacific have relatives and friends as partners, employees or customers. It is good, if your family or friends are willing to help you.

Make sure that you write down any amount which family member or friends give you to start your business and always try to pay it back in full. This way you will be free to run your business the best way you can.

Here are a few guidelines to help you keep business money separate from family money:

- Do not take money out of the business without writing it down in the Record Book.
- Do not take any goods from the business for private or family use, relatives or friends. If you do, pay for them straight away and write it down in your Record Book.
- Money you take out of the business for yourself should be written in the Record Book as wages.

If you write all your personal expenses into the record book as wages you will be able to quickly see if the business can afford it. If the wages taken out of the business are too high there will not be enough money to buy more raw materials and pay for other costs of running your business.

Relatives and friends can make demands because you have a business. They can ask you to:

- Help pay for family celebrations – birthdays, weddings, funerals, etc.
- Give donations to churches, sporting groups and social clubs.
- Allow them credit but take time to pay and sometimes never pay.

It can be difficult to refuse these obligations to your family and community. But these must not damage or take all the money from your business. Educate your family and friends to see the business as separate from you.

Keep the business money separate from your own and record what you take as a wage from the business.

Always leave enough savings in your business to pay for any loan repayments or unexpected costs.

Keep records of donations given and to whom. Record any credit that you allow. Record money or goods that you or your family takes from the business. This will make you more aware of the size of the problem. It will help you to control the situation.

Many businesses have failed because of unreasonable demands of friends and relatives. Find another way to help. Consider the following:

- Make a budget for family expenses. Do not spend more than this budget.
- Instead of giving credit, exchange your products for goods or work.

At first it is difficult to try a new way of doing business but once people have tried the new method and found ways to make it work with their own culture, they will develop their own style of doing business.

The business people of today will pass their experience down to their children who will find it a lot easier because of their parents' guidance and experience.

Summary

Apart from keeping records of income and expenses, it is also important to be able to do a ***Cash Flow Plan***.

This means finding out when money goes out of the business and when money comes in, so that you can make sure that there will be enough cash to cover all the expenses.

When making a cash flow plan it is necessary to estimate how much cash will be coming in from sales in the months ahead. It is also necessary to estimate the costs of operating the business for each month.

It is important to keep family money separate from the business money.

All money that is taken out of the business for personal use must be written in the Record Book. If you do this, you will soon see from the totals at the end of each week or month, if you are taking too much money out of the business and not leaving enough to pay business expenses.

When you become a business owner demands will always be put on you for money, work and gifts of your products. These demands will come from both friends and relatives.

Some cultures in the Pacific are based on caring for wantoks. This can be an advantage to you if you are sick or need the extra help to mind children or someone to work in the business. But it can also be a disadvantage if some wantoks make unfair demands.

The new small business owners in the Pacific may be amongst the first trying to adapt a western style of business to fit in with their culture. It is only through experience that these people will know how to deal with specific cultural issues such as wantoks. This is a difficult topic and one where ideas and experiences should be discussed by small business owners whenever they get an opportunity to get together.

4. Selecting the Type of Business

This section will introduce you to the concept of registering your business. There are several types of businesses which are allowed in PNG and you would think about the pros and cons of each type. Most businesses in PNG, even very small businesses, need to be 'registered'. That means you have to fill out some paperwork in order to make your business official. There are different types of businesses that you can register

4.1 What are the types of business you can have?

The three main types of small businesses are:

- sole owner
- partnership
- cooperative

SOLE OWNER

This type of business means that it is owned by one person and that person makes all decisions about the business. This is the easiest and cheapest form of business to start and the most risky. This is because you are responsible for all the debts of the business.

Example: a store owner that sells goods in the community

PARTNERSHIP

If two or more people plan to run a business together, they can form a 'partnership' which is slightly more complicated.

To have a partnership, two people (you and a friend or relative) agree to run a business together. You don't have to have a written document, but it is much better to have one so that you both agree on what your duties and rewards are. For example, your document should cover:

- How the profit or loss will be divided between you
- What each of you will do for the business
- How much each of you will contribute to the business in start up capital / running costs.

Partners are owners of the business and should make all decisions about the business together. Partners can be useful if they have skills and experience you do not have.

Example: a hairsalon which is owned by one person who does the hairdressing, one person who does beauty treatments and one person who manages the finances. All of you share the costs and profits.



CO-OPERATIVE

A Co-operative is a little bit different from a company. It is not owned by one person, but many people who all work together and share the profits. They are often all part of the same community and therefore have a responsibility to create a benefit for their community.

Generally every member contributes a set amount, and all of you have an equal say in how your cooperative is managed. Often this works well when there are many people with a similar type of business who want to be owners together. By forming co-operatives, people can contribute funds to provide themselves with things they wouldn't be able to afford – like a truck to transport their produce; or storage space. They also can have better bargaining power (eg. With companies) that they would if they were working by themselves.

Example: In the Porgera valley in the East Province, 36 farmers started the Porgera Vegetable Farmers' Cooperative Society in 2011 and supply food to a nearby mine, and the local community.

LARGER COMPANIES

Large companies commonly choose "company" for their legal form, but more than one person is needed to establish a company. A limited company is complicated and expensive to set up and you should seek assistance and advice from a lawyer before setting up a limited company.

For example a person may want to set up a wholesale business and a group of local business people are willing to invest and become shareholders. They will appoint a Board of Directors who will be responsible for the business and who can employ one or more managers to run the business. The business becomes rather big and risky with a lot of people wanting to influence the decision making.

4.2 Why does it matter what type of business you choose?

What kind of business you have can make a difference to things like:

- How much you are taxed
- How easily you can get a loan

As a micro and very small business, the following is important for you:

Sole Traders and Partnership Tax

Sole traders and partners of a business are taxed on the income they receive from the business. If there are three partners in the business the profit of the business is divided into three shares. Each partner is then individually taxed on their share.

If a sole trader or partner earns less than K3,000 profit per year pay no tax. Tax is paid only if they have earned a profit of K3,000 or more in one year

Wages Tax

If you are employing others to help you with the business you will need to register with the Taxation Department as a 'group employer'.

This means that if you are paying the employee more than K3,000 a year (K57.00 per week) you have to take out wages tax and send it to the Taxation Department at the beginning of each month.

Full information on the procedures and amount of tax to be deducted can be obtained from the **Salaries and Wages Section of Internal Revenue**.

If you are employing staff you do need further training in the SYB/IYB courses which covers labour laws and regulations, insurance and further information on taxes.

Value Added Tax (VAT)

VAT is a 10% tax on goods and services and replaces the provincial sales tax. A business can only collect the 10% VAT on goods or services it sells if it is registered with Internal Revenue and has a registration number. Your registration number must be clearly shown on all invoices.

A business only needs to register if has a turnover of more than K100,000 per year. Turnover means the total amount of cash coming into a business from sales before expenses are deducted.

Most micro and small businesses will not need to register because their turnover is less than the K100,000 a year, but they will have to pay the 10% VAT on all goods they buy to resell.

Other taxes

Some other taxes which your business might have to pay are listed below. Your trainer will provide you with more information on these.

- Income Tax Export Tax
- Customs Duties Telephone Tax
- Value Added Tax Excise Duties
- Natural Resources Tax Land Tax

Activity 9: Write down information that you are provided with by your trainer which applies to your business idea.

LEGAL RESPONSIBILITY	APPLIES TO YOUR BUSINESS? (YES OR NO)	SOURCE OF MORE INFORMATION	COST
TAXES			
Sales tax			
Employers; taxes			
Tax on business profits			
Other taxes (specify)			
EMPLOYEES			
Minimum wage			
Working hours			
Holidays			
Occupational safety & health			
Sick leave			
Other conditions (specify)			
BUSINESS PERMITS, LICENSES			
Business permit			
Other licenses, etc. (specify)			
INSURANCE			
Property			
Damage			
Medical			
Other insurance (specify)			
OTHERS			

4.3 Other responsibilities: Getting a Trading License or Permit

Trading licenses and permits are administered by the Provincial Governments so fees vary from province to province. Trading businesses such as trade stores, wholesalers and coffee buyers should have a trading license. PMV operators should have route permits. The license and permits need to be renewed regularly every year.

The following licenses must be obtained by businesses operating in the National Capital District and these regulations may change from time to time:

Department	Licence	Details
National Capital District Commission	Trading Licence Liquor Sale of Meat Licence Special Permits Entertainment Licence Certificate of Food Preparation	K250 - K500 K1600 - K5000 K75 K250 for a dinner dance K250 for video shop A 3 day workshop costing K100 a person and covering all aspects of food preparation. For business owners in the NCD.
Department of Fisheries	Commercial Fisherman's Licence	Boat less than 15 meters K250 for 1 year or K1250 for 5 years. Boat more than 15 meters K500 for 1 year or K2500 for 5 years
Department of Industrial Relations	Inflammable Liquids Licence	Up to 22,750 liters—K40 per year. 22,750—45,000 litres—K50 per year

It is your responsibility to ensure that your business operates within the laws of your province. Make sure that you have the necessary licenses and permits.

Summary

It is important that you select the most suitable legal form for your business. This will depend on your skills, the amount of finance you need and if the work has to be shared.

If you select a partnership, make a partnership agreement after you and your partner have agreed how much money each partner will put into the business, the duties of each partner and how the profits are to be shared. A poor partnership can destroy a good business.

A business can start with a sole owner and go through changes to become a partnership or a limited company as it grows.

All business owners have responsibilities which include making sure that all loan repayments are made on time, paying taxes, and getting trading licences or permits.

Sole traders and partners of a business are taxed on the income they receive from the business. If a sole trader or partner earns less than K3,000 profit in a year they pay no tax. Tax is paid only if they have earned a profit of K3,000 or more.

If you are employing staff and paying them over K3,000 a year you have to register your business as an employer and deduct tax from the wages. This tax is sent to the Internal Revenue at the beginning of each month.

VAT is a 10% tax on goods and services and replaces the provincial sales tax. A business only needs to register and collect VAT on sales if the turnover is more than K100,000 a year.

It is your responsibility to ensure that your business operates within the laws of your province. Make sure that you have the necessary licences and permits.

5. Getting a Loan

This section covers why you might need a loan and give you practical advice on how to apply for one.

5.1 Why might you need a loan?

Starting a business often has a lot of start up costs. You might need money to rent a property, buy stock, pay for a license, etc. Sometimes you might be able to borrow money from friends and relatives, and use your savings, but often you will need the assist of a bank or microfinance organization.

If they agree to give you a loan, then you will have access to money to spend on your business. However you will need to pay the money back, according to the instructions in the 'loan agreement' (for example, you might need to pay a small amount once a month, or the whole amount by a particular date). You will also need to pay **interest** on the loan. That means that you pay a certain % of the loan on top of the overall amount as a fee for getting the money.

5.2 Applying for a loan

To apply for a loan from a micro finance bank or organisation, you will have to complete an application form and provide some details about your business and how you will use the money. This is part of the Business Plan (next section) which you can attach to your application.

When borrowing money to start the business, it is necessary that you can explain to the lenders that you:

- Really need the money and are clear about what materials, tools and equipment you would need to buy.
- That either you or your partners have business experience.
- Can repay the total amount, including interest, from profits your business will make.

When you are ready to apply for a loan make certain that you:

- Researched some different loan organizations (banks, microfinance organization) and know about their interest rates and loan conditions
- Have made an appointment. Do not drop-in.
- Will be able to answer any questions about your business. They will want to find out how well you really understand your business.
- Have a copy of your Business Plan ready to give them.

In the end ask when you can expect a reply to your request. If there will be a delay ask if they need any more information.

Most lending organisations have loan application forms. You need to carefully complete the form and give it back with a copy of your Business Plan. If you cannot write find someone who can do this for you, but make sure that they understand what you want them to write for you.

If the application is rejected, ask what the reasons were. Some of the most common reasons for loan applications being refused are:

- The business idea is not a good one.
- Your reasons for the loan are unclear or not acceptable to the lender.
- You have not prepared a complete Business Plan.
- You do not appear to know enough about your Business Plan and your business objective may be unrealistic.

If your application is rejected, rework your Business Plan and make sure that it is realistic and works, then submit it again.

The Loan Application Forms

All micro finance lending organisations will have forms that are different but all of them will require the same type of information. An example of these forms can be obtained from your trainer.

A Loans Officer will always help you to fill in these forms so be sure that you understand what is being written down before you sign.

When you apply for a loan you will have to give all the information required to complete a Loan Application Form. This form includes details of the borrower's assets (*what you own*) and commitments (*what you owe*); particularly details of traditional and school fee commitments.. When you take the total of liabilities from the total of assets you have the total of what you really own once all your debts are paid.

Once a loan has been approved for you, you will be required to sign the following forms required by the lending institution:

1. Business Loan Agreement

This is a legal document outlining details of your business loan and the terms and conditions of that loan. It is important that you check the interest rate of the loan which should appear on this agreement.

2. Loan Disbursement Voucher

This form is to be completed by the borrower and the lender before the loan is granted and is the main loan document. The form includes a promissory note covering the agreed terms of the loan repayment.

3. Loan Utilisation Certificate

This form is to be completed by the Loans Officer within 7 days of the funding of the loan to ensure that the funds have been correctly applied. The Loans Officer will visit you to enquire how the loan has been used.

4. Bill of Sale

This document is used to pledge security to support the loan. If you default and cannot repay the loan the lending organisation can take the property which was offered as security against the loan and sell it to help repay. This form is signed by both the lender and the borrower.

Summary

When you apply for a loan you will have to complete **loan application** and **loan agreement** forms and that different lending organisations have different forms, interest rates and terms and conditions.

When borrowing money to start a business it is necessary to explain to the lenders that you:

- Really need the money
- That you have business experience
- Can repay.

When applying for a business loan make an appointment and be able to answer any questions about your business. They will want to find out how well you really understand your business.

Business loan applications are rejected because:

- The business idea is not a good one.
- Your reasons for the loan are unclear.
- You have not prepared a complete Business Plan.
- You do not appear to know enough about your Business Plan.

6. Ready to write your Business Plan?

Now that we have gone through the main aspects of starting a business, have another think about whether you want to start a business, what type of business you want to start, and begin to work through the documents you need to develop. Together these are referred to as a 'Business Plan' and the forms on the next few pages are blank to let you work through them yourself.

Work through slowly as you will find that there will be many changes as you go along. Use a pencil so that you can easily make the necessary changes or correct errors.

It costs you nothing except your time to work through your business idea on paper to see if it will work and earn the profit you thought it would.

It can cost a lot of money and create problems for both yourself and your family if you begin a business without carefully planning the expenses and measuring this against the income which you expect the business to earn.

MY BUSINESS IDEA: _____	
Type of business:	<input type="checkbox"/> Retailing <input type="checkbox"/> Wholesaling <input type="checkbox"/> Agriculture, forestry or fishing <input type="checkbox"/> Manufacturing <input type="checkbox"/> Service providing <input type="checkbox"/> Combination of _____
My products or services will be: _____ _____ _____ _____	
My customers will be: (Specific details.) _____ _____ _____ _____	
Names of People in my Business _____ _____ _____ _____ _____ _____ _____ _____ _____	Work/Educational Background _____ _____ _____ _____ _____ _____ _____ _____ _____
Skills and experience and knowledge I have of this type of business: _____ _____ _____ _____ _____	
I have chosen this business idea because: _____ _____ _____ _____ _____	

MARKETING PLAN

PRODUCT – What is your Product/Service? What will make customers buy from you and not from others who sell the same product/service?

PRICE – At what price(s) will you sell your product so that you can earn more? How does your price(s) compare with your competitors'? (Is your price higher, lower, or the same?) Why?

Will you give discounts? How much?

Will you sell on credit? What terms? To whom? Why?

PLACE – Where do you plan to sell your product/service? How do you plan to distribute it? (Retail/Wholesale, Direct/Indirect?) Why?

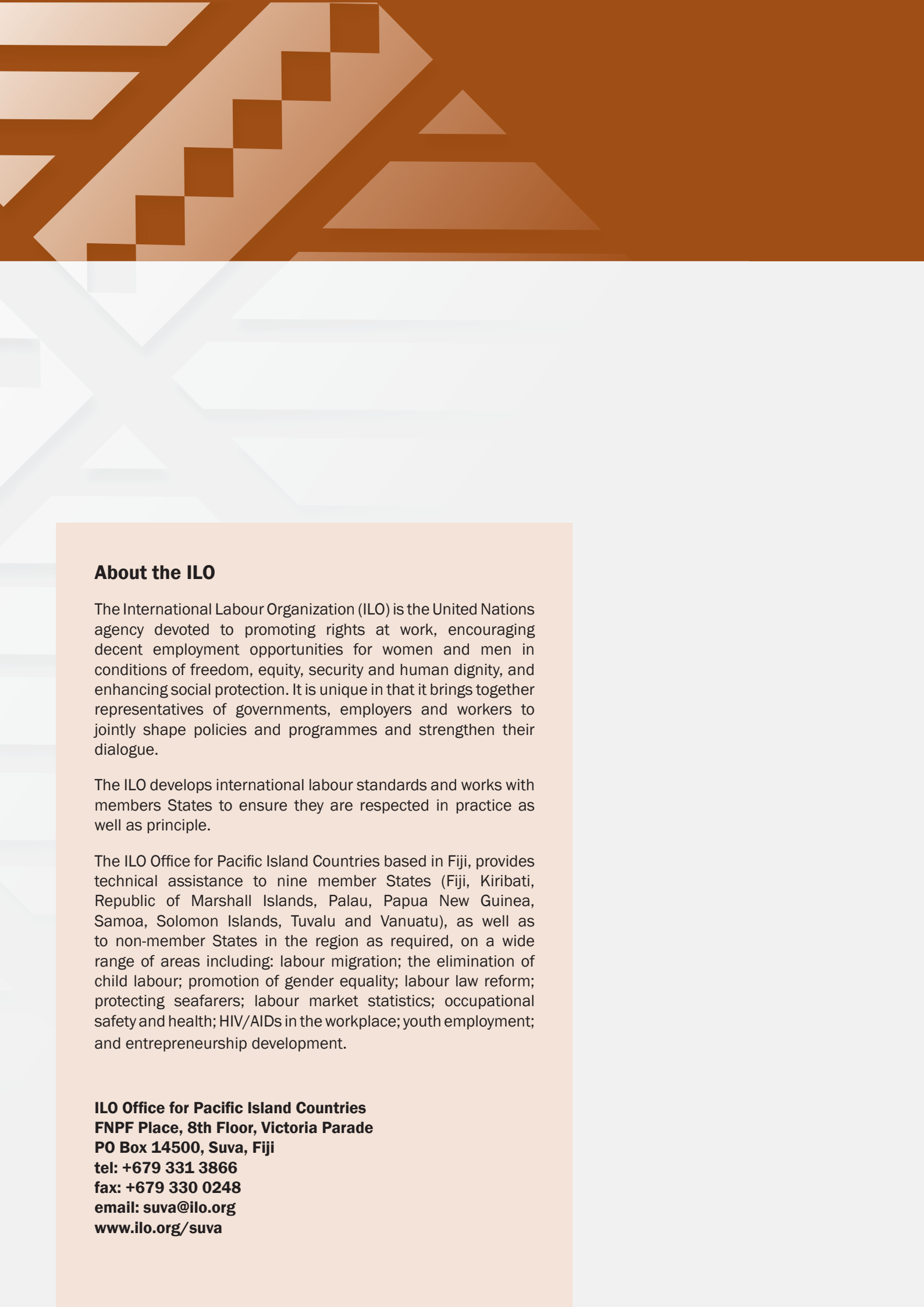
PROMOTION – How will you inform your customers about your product/service? How will you promote your product to get more sales?

SALES and COSTS PLAN

<i>Month</i>											
SALES: From Product: _____											
From Product: _____											
TOTAL SALES											
COSTS: Direct Material Costs -											
Direct Labor Costs											
Indirect Costs –											
TOTAL COSTS											
PROFIT											

CASH FLOW PLAN

Date/Month																	
Cash at the beginning of the Period																	
CASH IN																	
Sales – Product _____																	
Sales – Product _____																	
Any other cash in																	
TOTAL CASH IN																	
CASH OUT																	
Direct Materials -																	
Direct Labor -																	
Indirect Costs -																	
Any other cash out (Loan Repayment, Eqpt.)																	
TOTAL CASH OUT																	
Cash at the end of the day																	
Cash Out for Family Wages																	
Remaining Cash After Family Wages																	



About the ILO

The International Labour Organization (ILO) is the United Nations agency devoted to promoting rights at work, encouraging decent employment opportunities for women and men in conditions of freedom, equity, security and human dignity, and enhancing social protection. It is unique in that it brings together representatives of governments, employers and workers to jointly shape policies and programmes and strengthen their dialogue.

The ILO develops international labour standards and works with members States to ensure they are respected in practice as well as principle.

The ILO Office for Pacific Island Countries based in Fiji, provides technical assistance to nine member States (Fiji, Kiribati, Republic of Marshall Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu), as well as to non-member States in the region as required, on a wide range of areas including: labour migration; the elimination of child labour; promotion of gender equality; labour law reform; protecting seafarers; labour market statistics; occupational safety and health; HIV/AIDs in the workplace; youth employment; and entrepreneurship development.

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