ACP - EU DEVELOPMENT MINERALS PROGRAMME

BUSINESS DEVELOPMENT

TRAINING REFERENCE RESOURCE PUBLICATION

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ACP – EU Development Mineral Programme Country Level Training on Enterprise Skills, Market Penetration Investment Promotion and Value-Addition in the Development Minerals Sector

TRAINING REFERENCE RESOURCE PUBLICATION

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ABBREVIATION OF TERMS

ACP	African, Caribbean and Pacific
EU	European Union
JBDC	Jamaica Business Development Corporation
MSME	Micro, Small, Medium Enterprises
TRRP	Training Reference Resource Publication
UNDP	United Nation Development Programme
OHSA	Occupational Health and Safety Act

ABOUT THIS REFERENCE RESOURCE PUBLICATION

This Training Reference Resource Publication (TRRP) provides help to participants in the development mineral sector as it relates to building entrepreneurial skills. It is designed to provide the foundation for business development needs. It is not the expectation that this TRRP will answer all questions regarding capacity development in all areas of business management nor does this Training Reference Resource Publication provide answers to questions operators within the sector may have regarding Development Minerals within the sector.

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Limestone Quarry, UNDP

INTRODUCTION

ACP-EU DEVELOPMENT MINERALS PROGRAMME

The ACP-EU Development Minerals Programme is a three-year, €13.1 million capacity building programme, which is an initiative of African, Caribbean Pacific (ACP) Group of States, coordinated by the ACP Secretariat, financed by the European Commission and United Nations Development Programme (UNDP) and implemented by UNDP. The programme is supporting sustainable and inclusive development in the industrial minerals, construction materials, dimension stones and semi-precious stones sectors through capacity development of key stakeholders such as regulatory agencies and local governments; private stakeholders including small-scale mining enterprises, construction companies, mining and quarrying associations; as well as training centres, universities, civil society organizations and community groups.

Development Minerals are minerals and materials that are mined, processed, manufactured and used domestically in industries such as construction, manufacturing, craftsmanship, tourism and agriculture. Development Minerals include industrial minerals, construction materials, dimension stones and semi-precious stones and are economically important close to the location where the commodity is mined. They are non-metallic and non-energy minerals, and therefore they have a different risk profile to that which is common to the remainder of the mining sector.

Development Minerals have the potential to generate more local jobs, with a greater impact on poverty reduction. This is partly because the sector is dominated by small and medium scale domestic businesses. Several factors that could be leveraged as enablers for transforming the small and medium scale domestic businesses into growth engines for the sector in Jamaica include: well established institutional structures; availability of some geological, mining and technical data, to inform the preparation of investment and promotional campaigns aimed at encouraging local investment and/or attracting foreign investment in the sector; rich mineral endowment of Development Minerals; elevated potential for increased economic linkages, mainly in supplying construction, infrastructure, tourism and industrial areas of the economies; good export market potential, focused on Caribbean, nearshore USA, Canada and both Central and South America; and a well-established private sector, with skilled consultants, in a position to support the development of the Development Minerals sector[1].

Despite a large number of enabling factors that support the start-up and scaling up of businesses operating in the Development Minerals sector, the income generation potential of the sector often remains unrealized or under-realized due to a number of factors namely: sub-optimal regulatory frameworks for the mining sector, in particular for small and medium-scale enterprises (SMEs) undertaking mining and quarrying activities of local construction materials, dimension stones and industrial minerals; weak enabling environment and inadequate capacity for value addition within both the domestic economy and the export market for critical supplies of Development Minerals; insufficient exploration and resource/reserve definition and characterization of Development Minerals; poor engagement of the SMEs in the quarrying sector with the financial/credit institutions coupled with poor understanding of the sector by the financial institutions; inadequate knowledge by the SMEs on how to make their businesses "bankable".

It is against this backdrop that the ACP-EU Development Minerals Programme sought to partner with the Jamaica Business Development Corporation to support the small and medium scale entrepreneurs in the Development Minerals sector to build entrepreneurial skills, equip the entrepreneurs with the necessary knowledge, skills and confidence to implement their business ventures, strengthen the entrepreneurs' inclination and ability to: adapt a success mind-set; identify and act on business opportunities; set challenging goals; employ winning market strategies; enhance their roadmap to business growth through planning; increase their financial literacy and acumen; and use their businesses as a force for good to transform their communities and give-back by paying their newly acquired skills and knowledge forward.

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[1] ACP-EU Development Minerals Programme, UNDP (2017), Baseline Assessment of Development Minerals in Jamaica

IMPORTANCE OF THE MINERAL SECTOR TO THE JAMAICAN ECONOMY

The contribution of minerals in the overall development of the Jamaican economy is immense. It helps in raising the standard of living of the people and impacts areas such as:

- Job Creation - The mining sector employs over 3,500 people and earned $1.2 billion in 2018 (Global Insights, 2020).
- Foreign Direct Investment
- Gross Domestic Product (GDP) - In the year 2018, the minerals sector contributed 2.7 per cent to GDP (Jamaica Observer, 2019).
- Support other sectors e.g. Construction, Tourism, Transport
- Considered an important engine of economic growth
- They stimulate innovative business ideas and methods
- Flexible and can adapt quickly to changing market demand and supply situations
- They help in diversifying economic activity
- Make significant contributions to industrial development and exports
- Increase foreign exchange
- Achieving competitiveness

CHALLENGES FACING THE MINERALS SECTOR

"The financing institutions, while largely sympathetic to the challenges faced by Development Minerals operators, are insistent that basic issues such as business plans, resource definition, production scheduling and loan repayment terms must be observed (Baseline Assessment of Development Minerals in Jamaica, 2017)."

Other factors which may affect the sector include but are not limited to the following:

- Lack of value added products
- Untapped & underutilized mineral deposits
- Diversification required to cushion possible global fallout
- High cost of manufacturing
- Fuel & energy costs
- Local supply of spare parts
- Trained human resources to service varying equipment and vehicles
- Inadequate access to capital to purchase equipment
- Import duties & taxes
- Squatting
- Competition from unregistered operators
- Unforeseen circumstances (Disaster crisis)

Businesses in the mineral sectors are faced with critical business decisions that will determine if their existence is one of continuous struggle or one which will set them on a path to prosperity. To remain operational it is important to avoid certain pitfalls:

WHAT CAN BUSINESS OWNERS DO TO REMAIN OPERATIONAL DESPITE THESE CHALLENGES?

- Know your business in depth
- Develop a solid business plan
- Manage financial resources
- Understand financial statements
- Learn to manage people effectively
- Keep in tune with yourself

Gypsum/Alabaster Mine, UNDP

DISASTER & CRISIS MANAGEMENT IN BUSINESS

Changes are taking place globally and occurring quickly, and more people are becoming vulnerable to disasters or are forced to cope with uncertainties (acts of violence, weather elements, and financial crises).

> A disaster is a sudden, calamitous event that seriously disrupts the functioning of a community or society and causes human, material, and economic or environmental losses that exceed the community or society's ability to cope using its own resources. Though often caused by nature, disasters can have human origins. (ifrc.org)

A crisis, which can last from a few hours to several days or longer, requires decisions to be made quickly to limit damage to an organization, its key stakeholders and the public. Crisis management is also a part of Disaster management. When any disaster either man made or natural strikes the business operations crippling the normal operations, threatening the business, etc., the organization is faced with a crisis.

Crisis Management involves:

- Preparing a Crisis Management Plan (CMP)
- Oversee, co-ordinate and facilitate the CMP and other plans
- Managing and facilitating decision making
- Authorizing and providing financial resources
- Facilitating co-ordination and support from external agencies
- Managing communications

During a crisis situation, employees look to management for leadership and guidance. An organization should designate a crisis team. All communications should be clear, concise and truthful. An organization could proactively prepare a template with possible scenarios, designate the appropriate channels for communication and input the necessary information if the actual incident occurs.

The team will need to start action as outlined in their Crisis Management Plan (CMP) and work towards getting the business back to its normalcy (see Managing Business Risk and Risk Checklist).

The crisis team should comprise:

- Senior Board Members
- Executive Management
- Senior Management (including functional heads)

In the practical world, businesses do anticipate business risks but very few especially small business prepare continuity plans. A crisis team in such situations becomes the major fulcrum around which the entire recovery management take place.

Crisis Management Plan (CMP)

A Crisis Management Plan (CMP) outlines how to respond to a critical situation that would negatively affect an organization's profitability, reputation or ability to operate. CMPs are used by business continuity teams, emergency management teams, crisis management teams and damage assessment teams to avoid or minimize damage, and to provide direction on staffing, resources and communications.

IMPACT OF COVID-19 ON THE MINERAL SECTOR

The COVID-19 pandemic has certainly affected the commodity markets. Business operations have been affected by isolated outbreaks and government mandated shutdowns. The lockdown measures disrupted global supply chains which resulted in sudden factory closures, the temporary suspension of air, maritime, and land transportation, among others. On the demand side, restrictions on the movements of people and the closure of non-essential economic activities have significantly reduce consumption. These factors may lead to exports and revenues decline, possibility of commodity price collapse, creating a perfect storm for a looming deflationary economic crisis.

Mining is an economic foundation in many resource-rich countries, with developed and developing nations alike benefiting from its meaningful role in poverty reduction.

CHALLENGES FACING THE MINERAL SECTOR AS A RESULT OF COVID-19

- Unemployment
- Reduced working hours (lower wages/salary)
- Restriction in movement of resources due to suspension of air, maritime, land transportation
- Project delays (over-runs)
- Low /no sales
- Price and production declines in some metals
- Slow or halted operations especially for labour intensive mines as workers are forced to stay home

RESPONSE TO CRISIS

- Activate your crisis management plan
- Revisit you strategic plan and assess business model and pivot where necessary
- Review work arrangement and policies
- Implement new workplan
- Invest in technology to transition into semi or full automation
- Self-driving haul trucks, loaders, and drills

Gypsum/Alabaster Craft Products, UNDP

TEN (10) COMMON SIGNS THAT YOU MAY HAVE AN ENTREPRENEURIAL MINDSET

1. YOU ARE PASSIONATE ABOUT PROBLEMS
2. YOU LOVE PLANNING
3. YOU ARE ACTION ORIENTED
4. YOU ARE FEARLESS
5. YOU HANG OUT WITH PEOPLE SMARTER THAN YOU
6. YOU WELCOME CHANGE
7. YOU FOLLOW INSPIRATION STORIES
8. YOU VALUE SMART AND HARD WORK
9. YOU MEASURE SUCCESS BASED ON RESULTS
10. YOU KNOW YOU ARE WORTHY OF HAVING AND CHARGING MONEY

WHAT IS THE RELEVANCE OF MINDSET IN BUSINESS? & WHY DEVELOP AN ENTREPRENEURIAL MINDSET?

The mindset of an entrepreneur is like the set of the sail on a boat. It determines where you end up.

Individuals with entrepreneurial mindsets are often drawn to opportunities, innovation and new value creation. Entrepreneurs are defined by their ability to embrace new technology, new theories, and new practices. The entrepreneurial mindset is fed by that unending appetite for new learning and it helps entrepreneurs to expand their skills and grow their business.

WHY ENTREPRENEURIAL TRAITS

Entrepreneurs need to cultivate specific traits and characteristics that enables them to be successful and extraordinary persons. They can make others work for them.

Some key entrepreneurial traits are:

- Self-motivated
- Facilitative
- Visionary
- Energetic
- Persistent
- Resilient
- Passionate
- Opportunity seeker
- Confident
- Customer focused
- Team builder
- Risk taker
- Synthesizer
- Problem solver
- Strategic thinker

Limestone Quarry, UNDP

Regardless of background, education or personality, entrepreneurial thinkers approach problems in a calculated way. They seek solutions and are not afraid to resort to unconventional methods of solution when necessary. They look for reasons, ways to get things done and quickly find opportunity in adverse circumstances. Most entrepreneurs are not lone visionaries, they surround themselves with people who can help them. They see solutions where others don't and find opportunity in adverse situations. They see the value in leveraging the skills and resources of others to achieve their goals.

WHERE DO YOU BELONG?

There are 3 kinds of people in the world:

1. Those who make things happen
2. Those who watch things happen
3. Those who wonder what happened

STRATEGIC MANAGEMENT

Strategic Management is the set of managerial decisions and actions that determines the long-run performance of a business. It includes:

- Research (both internal and external environmental scanning)
- Strategy formulation (Deciding focus of business – What gets done, how resources are allocated)
- Strategy implementation
- Evaluation and control

To be strategic means to have all decisions informed by in-depth knowledge of the industry you operate in and your business's strengths and weaknesses. Seeking Competitive Advantage requires Strategic Management and Planning

WHAT REALLY DRIVES CHANGE IN YOUR INDUSTRY?

- Consumer needs
- Physical environment
- Economic development
- Legal & regulatory framework
- Social trends

In some industries, these forces for change combine to create massive, unpredictable changes.

HOW TO KEEP UP WITH CHANGES TAKING PLACE IN THE BUSINESS ENVIRONMENT?

- Managers, Directors, CEOs should focus on business strategy (company mission and vision)
- Attend trade shows and professional events (Build Jamaica Expo etc.)
- Participate in Seminars and workshops held by professional bodies
- Form effective lobby groups/association

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat" - Sun Tzu

THE PLANNING PROCESS

Planning can be viewed as an approach to problem solving. It provides a systematic way of viewing problems/needs and developing short-term and long-term solutions. It can also be viewed as a decision-making process used to help guide decisions concerning future needs and is done by the management team (www.measureevaluation.org).

The planning process is really quite simple and consists of four (4) basic questions:

THE PLANNING PROCESS

WHERE ARE WE NOW?
SITUATIONAL ANALYSIS

- COMPANY SUMMARY
- STRENGTHS & WEAKNESSES
- OPPORTUNITIES, THREATS
- COMPETITIVE ENVIRONMENT
- MY COMPETITIVE ADVANTAGES

WHERE ARE WE GOING?
"MISSION & VISION, GOALS & OBJECTIVES"

- MISSION & VISION
- GOALS & OBJECTIVES

HOW ARE WE GOING TO GET THERE?
STRATEGY & ACTION PLANs

- CREATIVE DIRECTION
- MARKETING & SALES
- FINANCE & ACCOUNTING
- PRODUCTION & OPERATIONS
- FACILITIES & STUDIO
- MANAGEMENT & ORGANIZATION

HOW WILL WE KNOW WHEN WE HAVE ARRIVED?

- TRACK PROGRESS
- MEASURE PROGRAMS & INITIATIVES
- MONITOR FINANCIAL RESULTS

Jamaican Clay art piece made by talented Artisan, UNDP

STEPS IN THE PLANNING PROCESS

STEP 1 – SWOT ANALYSIS

This is a framework used to evaluate a business competitive position and to develop strategic planning

INTERNAL

STRENGTHS

- Things your company does well
- Qualities that separates you from your competitors
- Internal Resources such as skilled, knowledgeable staff
- Tangible Assets (intellectual property, proprietary technologies)

Eg. of Strengths could be:

- Business is profitable
- Multiple products
- Large deposits (stockpiles)

WEAKNESSES

- Things your company lacks
- Things your competitors do better than you
- Resource limitations

Eg. of Weaknesses could be:

- Updated technology
- Limited market access
- Poor records and financial management system

EXTERNAL

OPPORTUNITIES

- Underserved markets for specific products
- Emerging need for your products or services

Eg. of Opportunities could be:

- Availability of investment funds because of
- low value of paper investment
- Increase product line

THREATS

- Emerging competitors
- Changing regulatory /legal environment that may negatively impact business

Eg. of Threats could be:

- Social trends reducing demand
- Political instability
- Economic disturbances such as recession
- International Competitors

WHAT WILL YOU DO NOW THAT YOU HAVE THOUGHT ABOUT YOUR SWOT?

TRANSFER THE RESULTS OF YOUR SWOT TO DERIVE YOUR "TO DOs"

By doing so you look at how you can take advantage of the opportunities open to you, at the same time you can minimize the impact of your weaknesses and protect you and the business against threats. eg. If the weakness is lack of value added products then an opportunity could be to supply sand for use on golf course and shoreline.

STEP 2 – MISSION, GOALS & OBJECTIVES

MISSION STATEMENT - DEFINITION

MISSION STATEMENT =

Whats wrong with the world and how you intend to fix it

VISION STATEMENT =

What the word will look like after you've finished changing it.

MISSION

We strive to be the best in everything we do. To us, that means being the premier producer of construction aggregates in the Jamaican market, offering unrivaled quality, exceptional customer service, and a consistent and reliable supply experience. It also means being the best employer that we can be, continuously developing our talented teams so that they may have fulfilling and rewarding career opportunities.

VISION

Rapid change is creating new challenges for the Jamaican and wider Caribbean community's construction industries. As the premier supplier of sand and gravel in Jamaica, and with customers stretched across the Caribbean, Jamaica Aggregates seeks to improve quality of life by offering high quality products and services. Our commercial team consists of dedicated professionals contributing to building infrastructure projects, and others serving the needs of our industrial, retail, and export customers.

- Jamaica Aggregates

A GOAL is a statement that clearly describes actions to be taken or tasks to be accomplished by a company, a department or an individual. Your business goals are NOT a wish list. Goals must be well thought through and be based on your analysis of the business environment (SWOT). Goals must be S.M.A.R.T! (Specific, Measurable, Achievable, Realistic, Timebound)

Example: To expand my product offerings by introducing beach sand for export as a valued added product by January 31, 2021.

OBJECTIVES are the specific steps you and your company need to take in order to reach each of your goals. They specify what you must do-and when.

Example: Increase production output by 10% by November 31, 2020.

STEP 3 – STRATEGY/ACTION PLAN

Once you have developed your overall goals you will then need to develop strategies and action plans to describe the various steps necessary to achieve your goals and remain competitive. Strategies are somewhat broad in nature and the day to day activities needed to achieve them are translated into “Action Steps”. Business Strategy helps businesses to identify their competitive advantage over their competitors through their value proposition. This competitive advantage could be COST or DIFFERENTIATION. This can be developed using the business model canvas which provides an integrated and holistic view of the organization. If can be seen as the result of strategizing, it provides a good starting point to document, analyze, and develop strategies. These are later converted and documented in a BUSINESS PLAN.

STEP 4 – MEASURING RESULTS

In business we know we have arrived at our destination or completed our goals and objectives by:

- Tracking our progress (Using a Calendar or Schedule – Gantt Chart)
- Measuring key initiatives to see if they were effective and accomplished our goals
- Monitoring our financial statements to see if our revenue and expenses are meeting our expectations
- Once the planning process is completed you are ready to start over. You should develop a business planning “state of mind” and make it an on-going activity

A BUSINESS PLAN IS THE TANGIBLE OUTPUT OF THE BUSINESS PLANNING PROCESS.

DOCUMENTING THE STRATEGY - *BUSINESS PLAN PREPARATION*

So as an architect will draft a plan for a building (blueprint), so should the entrepreneur draft a plan for his business. That is, think on Paper!

A BUSINESS PLAN

A solid business plan demonstrates to investors that you are committed and serious about your business; and that you have given thought to your plans. However, a business plan alone will not be enough to convince investors to finance your operations.

Among other things, your business plan should include:

- Your intended market, with data to show why that market is your target
- Financial projections
- Sales channels, with data to show why those channels will be effective
- Marketing plans and goals, with data to show why those plans will be effective
- Analysis of the competition for your product or service
- Projected timeline for when you'll start making money
- Potential obstacles and your plans for dealing with them

"The Business Planning Process leads you through a series of questions and issues that you should consider when thinking about your business".

THE BUSINESS MODEL CANVAS

The Business model is a description of how your business makes money. It's an explanation of how you deliver value to your customers at an appropriate cost. The Business Model Canvas is the foundation, nine (9) pillars on which the structure of the business is built. The Business Plan being the structure goes into detail to show how the ideas of the business model could work.

KEY PARTNERS

Who are our Key partners?

Who are our key suppliers?

Which key resources are we acquiring from our partners?

Which key activities do partners perform

KEY ACTIVITIES

What key activities do our value proposition requires?

Our distribution channels?

Customer relationships?

Revenue streams

KEY RESOURCES

What key resources do our value propositions require?

Our distribution channels?

Customer relationships?

Revenue streams

VALUE PROPO

What value do v to the customer

Which one of th customers' prob we helping to sc

What bundles o and services are offering to each

Which customer we satisfying?

What is the min viable product?

REVENUE STREAMS

What are the most important costs inherent to our business model?

Which key resources are most expensive?

Which key activities are most expensive?

OSITIONS

we deliver
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CUSTOMER RELATIONSHIPS

How do we get, keep & grow customers?

Which customer relationships have we established?

How are they integrated with the rest of our business model?

How costly are they?

CHANNELS

Through which channels do our customer segments want to be reached?

How do other companies reach them now?

Which ones work best?

Which ones are most cost efficient?

How are we integrating them with customer routines?

CUSTMER SEGMENTS

For whom are we creating value?

Who are our most important customers?

What are the customer archetypes?

COST STRUCTURE

For what value are our customers really willing to pay?

For what do they currently pay?

What is the revenue model?

What are the pricing tactics?

WHEN DO YOU PREPARE A BUSINESS PLAN?

1. Once you have tested and validated your business model
2. A business facing rapid change
3. An entrepreneur looking for strategic partners
4. An organization in trouble
5. A business in search of capital

- What is the primary product or service?
- Is there a market for the product or service?
- Who are the target customers?
- What is the pricing structure?
- Who is the competition and what are the barriers to entry the industry?
- What risks and market constraints are involved?
- What sales distribution channels will be needed?
- Who is the management team and what are their skills and expertise?
- What is the current financial cash flow and breakeven?
- What are the future financial goals for the business?

BUSINESS PLAN OUTLINE

COVER SHEET

Design a page to include business/project name and contact details

TABLE OF CONTENTS

Listing of sections/topics or titles covered in the document

EXECUTIVE SUMMARY

Whereas this appears first in your plan it is really the last to be completed. The Executive Summary summarizes the main idea of the plan. It conveys what the business is about and the intent of the plan e.g. to attract capital investment.

HISTORY/BACKGROUND
This section gives a brief account of the activities of the Business throughout its existence.

MISSION STATEMENT
Your Mission Statement explains the philosophy reason for your business' existence. It should capture your commitment to customers, environment and to staff. Your Mission Statement should serve as a guide to your business' development (See Planning Process).

BUSINESS GOALS AND OBJECTIVE
Goals are futuristic targets you set for your business. Your goals should be SMART: specific, measurable, achievable (SMART). Your objectives are the methodologies you will employ to achieve the goals you have established (See Planning Process).

SWOT ANALYSIS
This is the summary of the company's Strengths, Weakness, Opportunities and Threats (SWOT). Your SWOT Analysis helps you to take an in-depth look at both the factors affecting your business internally and those affecting it externally (See Planning Process).

INDUSTRY ANALYSIS
This section of your plan helps you to analyse the industry to which you belong. Your analysis should take into account a description of trends within the industry, e.g. how has the industry changed in the past few years, which government regulations affect the industry, and who are the major players in the industry?

PRODUCT/SERVICE DESCRIPTION - (VALUE PROPOSITION)
Describe clearly the product and services you will be offering to your customers. What value will you be delivering to your customers?

MARKET ANALYSIS - CUSTOMER SEGMENTS
Target Market - Your target market is that segment of the market that you will be delivering your value proposition to.
Customer Profile - This is where you give details about your customers. It should include their demographic situation, income level, etc.

COMPETITION

Make a list of your major competitors and conduct an analysis of their strengths and weaknesses. Their strengths may include their range of products, while their weaknesses may include poor customer service or high prices.

MARKETING STRATEGY (KEY CHANNELS & CUSTOMER RELATIONSHIPS)

In this section of your plan you will explain the strategies you will employ to create a market presence.

PROMOTIONS / ADVERTISEMENT

What is your cost - effective method to reach your target market?

PRICING STRATEGY

Perhaps the most important variable within your business planning is the pricing strategy you will employ. If your prices are too high then it may be out of the reach of our target market and if they are too low it may give impression that your services/products are below standards. Your pricing strategy should take into consideration the financial position of your target market, the going price of similar products and the quality of the product.

DISTRIBUTION STRATEGY (CHANNELS)

Your methods of distribution may include direct selling, outsourcing or e-commerce.

OPERATIONS (KEY ACTIVITIES & KEY RESOURCES)

This section of your plan helps you to put into perspective how your business will function on a day-to-day basis.

LOCATION - Give a brief description of where you will be located. You should list the advantages of your location.

TECHNOLOGY - What type of technology will you be utilizing within your enterprise?

CAPACITY - You will need to make a projection of the amount of products/ services you will produce or supply on a given day, week or month. This projection will be based on your staff complement, equipment, capacity and workspace and becomes critical when preparing your projections for your financial statements.

PROCUREMENT - This is where you will outline the source of your equipment and supplies and also the arrangement to be made for their retention.

STRATEGIC ALLIANCES (KEY PARTNERS) - The success of your enterprise may depend on your level of networking. You will need to make a listing of all the major businesses and agencies that will add to the success of your business.

OPERATING METHODS - Give a brief description of how the business will operate e.g. credit arrangements, opening hours, discount policy etc.

ORGANIZATION PLAN

In this section of your plan you will need to outline how your business will be organized.

OWNERSHIP STRUCTURE - Who will own the business?

MANAGEMENT TEAM - Make a list of your management team, their qualifications and their responsibilities (Include resumes and other supporting documentation).

RISK MITIGATION PLAN

The process of identifying risks, assessing risks and developing strategies to manage risks is known as risk management. A risk management plan and a business impact analysis are important parts of your business continuity plan.

FINANCIAL PLAN

- Cashflow
- Income Statement
- Balance Sheet
- Ratios

"You need to know where your business stands daily, weekly, monthly, quarterly and annually. Are you making money, is your client base increasing or decreasing, do you have enough money in the bank to meet your obligations, are you meeting the goals you set for your business? Without this knowledge, you have little or no control over your business".

Tips to remember when preparing your Business Plan?

- Try to keep it fewer than 20pages, exclusive of the appendix
- Use bullet points and numbered lists wherever possible
- Use, but do not overuse, graphs, diagrams and photographs

Have a neutral third party read the plan

BANKABLE DOCUMENTS FOR FINANCING

WHAT ARE BANKABLE DOCUMENTS?

A Bankable document is a feasibility study that is of bankable standard. This contains all the essential information to allow banks to make an informed risk assessment. These are documents such as project or proposal, (business plan or business case) that has sufficient collateral, future cashflow, and high profitability of success, to be acceptable to institutional leaders for financing (www.businessdictionary.com).

WHY DO WE NEED THEM?

Generally required by financing entities in order to make the financing decision:

- To whom the products/services will be sold, why and how
- How the products/services will be acquired/produced and delivered to the market
- Financial summary and returns
- Risks involved and mitigating measures

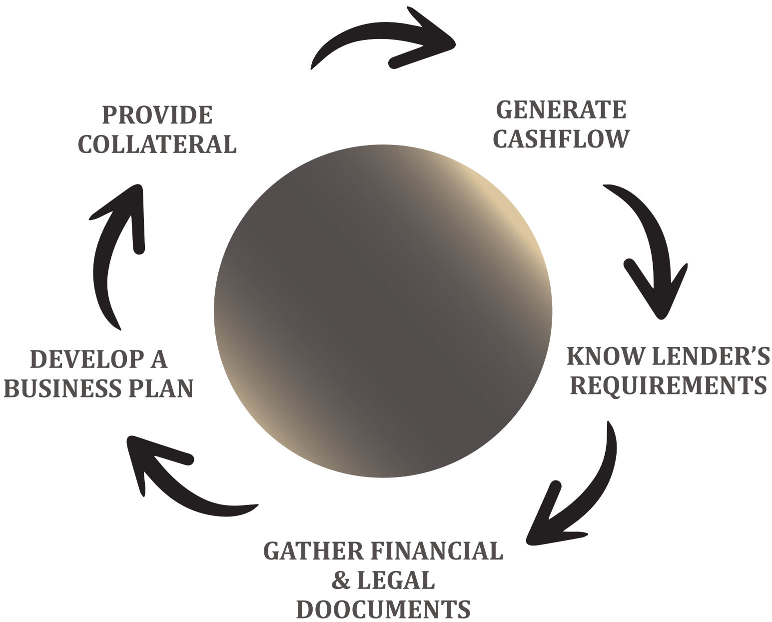
FINANCIAL WORDS TO KNOW

INCOME = MONEY INTO YOUR BUSINESS	EXPENSES = MONEY GOING OUT OF YOUR BUSINESS
EXAMPLES ▪ Equity/Capital ▪ Loan ▪ Grant ▪ Interest Earned ▪ Income/ Sales Revenue	**EXAMPLES** ▪ Purchase of stock, raw materials or ingredients ▪ Rent Payment ▪ Utilities ▪ Salaries and wages ▪ Loan payment (interest + capital) ▪ Transportation Toll ▪ Office supplies-record books, pens etc.

BASICS OF FINANCIAL MANAGEMENT

- Manage the flow of cash
- Do proper Budgeting
- Maintain proper and updated business records
- Pay yourself a salary for work done in the business
- The “profit” (money left over after all your business expenses are paid) made in the business should be reinvested in the business.

5 STEPS TO FINANCING: BANKABLE ENTREPRENEURS



LENDERS REQUIREMENTS FOR BANKABLE ENTREPRENEURS

Govt Pictured indentification and TRN	Proof of Residence	Financial Documents - Bank Statements, Audited P&L, B/S 2 years	Application Form
Business plan with projections	Company Documents - Articles of Association, memorandum of understanding	Liscense	Collateral

BANKABLE ENTREPRENEURS

FINANCING RESOURCES

CREATIVE FINANCING METHODS

- Friends & Family
- Invoices Advance
- Rental of personal property
- Selling assets
- Angel Investor
- Credit Card
- Crowd funding
- Grants
- Partnerships & Mergers

Riverstone and sand Mine, Ministry of Transport and Mining

WHAT ARE INVESTORS LOOKING FOR?

FINANCIAL PERFORMANCE

Know your number and prove your business is capable of handling its financial obligations

BACKGROUND AND EXPERIENCE

Investors look for experienced entrepreneurs and management teams with a track record of high performance and leadership in the company's industry or in prior ventures

COMPANY UNIQUENESS

Unique products and services prove to your investors, with evidence, that your market potential is big enough and growing. They often look for features that distinguish you from potential competitors

EFFECTIVE BUSINESS MODEL

Different investors seek different attributes from a business plan. Customize your plan and pitch to each investor.

LARGE MARKET SIZE

Investors typically invest in solutions that address major problems. They are interested in stable customer base and a company that can grow and scale quickly.

HANDS-ON ACTIVITIES

ACTIVITY 1: GOAL SETTING

LIST YOUR TOP (3) GOALS	HOW WILL YOU ACHIEVE IT?
1.	
2.	
3.	

ACTIVITY 2 - ACTION PLAN

- Write down the necessary actions to achieve your goals using the table below
- Monitor the actions to ensure deadlines are met

ACTIVITY	START DATE	END DATE	RESPONSIBLE PARTY	IF COMPLETE (√), IF NOT, PLEASE STATE	COMMENT

MANAGING BUSINESS RISK

Managing risk is very different from managing strategy.

Risk management focuses on the negative, that is, threats and failures rather than opportunities and successes. It runs exactly counter to the "can do" culture most leadership teams try to foster when implementing strategy. Many leaders have a tendency to discount the future; they are reluctant to spend time and money to avoid an uncertain future problem that might occur down the road, on someone else's watch.

Mitigating risk typically involves dispersing resources and diversifying investments, just the opposite of the intense focus of a successful strategy. Managers may find it antithetical to their culture to champion processes that identify the risks to the strategies they helped to formulate.

The mitigation activities that your business can prepare can be wide ranging depending on your industry, geography, size, and other factors.

Limestone Quarry, UNDP

Risk Management vs. Crisis Management

Risk management consists of identifying potential threats, assessing their likelihood and their impact and taking the necessary steps to eliminate or minimize the risks. Crisis Management is a reactive approach that is implemented as an event unfolds.

A business' ability to weather storms depends on how seriously principal stakeholders take risk management when sun is shining and no clouds are on the horizon

Risk Management is important to ensure that businesses survive after any threat, crisis or shock. Planning for the continuity of your business is essential.

What would happen if your business were involved in a major incident?

Are there possibilities that your business may be exposed to factor that can lower its profits, affect product, production or image negatively?

Businesses that have identified the risks will be better prepared and have a more cost-effective way of dealing with them.

Four (4) Risk Management steps to take are:

- Readiness Assessments
- Risk Management Plan
- Business Impact Analysis
- Policy Management

- **RISK READINESS ASSESSMENTS** - Ongoing Risk Readiness Assessment is critical for businesses to break down their continuity programs and best practices into actionable items that are able to be tracked. This is a critical Risk Management activity.

- **CONTINUOUS RISK ASSESSMENT PLAN** - of Core Business Processes. Identification & prioritization of new risks, gaps in their existing controls for new scenarios like pandemics, recession and geopolitical occurrences.

- **BUSINESS IMPACT ANALYSIS** - This process allows organizations to identify which parts of the business are most critical and vulnerable. This will lead to the determination of which areas to prioritize during a response plan towards maintaining operations. The following questions will aid in the Business Impact Analysis:

  - Are employees equipped to work remotely or have sufficient tools during various events?
  - What are the possibilities of core job functions being completed in the case of disruptions?
  - What systems are in place to develop and ease the transitioning from physical to virtual while sustaining core functions and revenue generation?

- **POLICY MANAGEMENT** - Continuous review and revising of critical business policies. This will strengthen risk response readiness and maintain a level of awareness among work teams. E.g. Work from home or site policy; Use of business resources policy; Security of property among others.

- Adopting Good Corporate Governance Practices
- Adhere to the business formalization - registrations/permits
- Practice proper record keeping
- Maintain a reliable financial management systems
- Implement processes & procedures - Operations (OSHA) HR, Fiscal
- Select a Risk Assessment and Mitigation Strategic team

The risk assessment team, in consultation with the worker(s) who undertake the work, or who will be directly affected by the work, should conduct the risk assessment and management. See sample guide:

BUSINESS RISK CHECKLIST

	YES	NO	DON'T KNOW
Are you/your employees aware of the importance of Business Risk Management?			
Is there a team responsible for Risk Management?			
Do you have competent personnel who can form a Risk Management team?			
Is there a risk description matrix in place?			
Are there identifiable items of hazard in the workplace?			
Is there a manual that outline how to use hazardous material/ chemicals?			
Are safer ways to work been discussed?			
Are machines properly engineered and serviced?			
Is there a training policy on the use of machinery and equipment?			
Is there a risk matric legend in place?			
Is there a log of passed physical injury on site?			
Are you aware of potential environmental risks that might impact the business??			
Are you aware of potential economic risks that might impact the business?			
Are you aware of potential social factors that might threaten the livelihood of the business?			
In there an active Code of Conduct?			
Are there proper signage in place?			
Are there proper compensation and insurance policy in place?			
Do you have a Business Continuity Plan should there be disruption in work flow?			
Are employees sensitized of the various policies?			
Do you have a policy for recommendations to be made to improve the management of risks?			
Risks control monitoring and evaluation is done consistently?