

A Guide to Successful Business

Toolkit for Micro, Small and Medium-Sized Enterprises (MSMEs)



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**Basic Business Development for
MSMEs in Myanmar**

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Letter from Director General, DISI

MSMEs are the backbone of every major economy. They employ the most people, drive large volumes of exports, and provide innovative new solutions to address people's problems. This is also the case in Myanmar. In our fast-changing environment regarding demand, the increased openness of global markets has exposed MSMEs to greater competition. Therefore, we need to help them adjust their strategies to meet international standards. Naturally the Union of Myanmar Government has committed to improving its support of MSMEs in the creative economic environment.

Myanmar MSMEs need to be supported in reforming from traditional businesses to competitive and creative enterprises in an open environment. Myanmar MSMEs Development progresses are limited due to many challenges, such as a lack of suitable regulation missing financial skills and knowledge, and little access to markets in the global supply chain. In pursuing a market-oriented strategy, the principle of inclusive business was adopted as a guiding philosophy and business model. Recognizing these critical needs, we need to help raise the awareness and financial literacy of MSMEs.

There is a lot of important information that MSMEs need – among others regarding regulations, financing, human resource management, accounting practices. Getting the right information to MSMEs to help them in starting, building, and growing their businesses is a core mission of the DSMED. This toolkit has been developed to be understandable and practice-oriented and is intended to reach diverse Myanmar MSMEs, including micro-businesses around the country. The Toolkit aims to enhance the professional business operations of Myanmar MSMEs.

This Toolkit book is designed to provide practical information. It should be helpful for new and existing MSMEs and help them enhance their professional business knowledge and skills by applying the tools and best practices of local and international markets. In using this guide, users should keep in mind that, in order to maximize impact, the tools and best practices may have to be adapted to address the specific needs of the MSME and its external market environment.

We wish to thank GIZ, all our good partners, colleagues and collaborators for your valuable contribution in the form of sustainable technical assistance and support towards a “MSME Toolkit Book”. It is our sincere hope that this handbook will prove very useful and beneficial to MSMEs in our business environment. I encourage SMEs to read this guide, apply its best practices, and share their experiences and learnings to enhance business operations of MSMEs in Myanmar.

Aye Aye Win
Director General,
Directorate of Industrial Supervision and Inspection (DISI)
Ministry of Industry

ABOUT

THIS MSME TOOLKIT

This document has been jointly prepared by the Department of Small and Medium Enterprise Development of Ministry of Industry and GIZ to provide practical guidance to entrepreneurs in successful business management. MSMEs and entrepreneurship drive the growth of Myanmar's economy and are also important for the operations of larger companies.

The Government of Myanmar supports the development of MSMEs and encourages MSMEs to grow in a sustainable way. Promoting MSMEs and entrepreneurs with viable business models means promoting inclusive growth and shared prosperity within Myanmar.

The toolkit is targeting both, entrepreneurs who seek to realize a new business idea and the management of an existing MSME. Hereby, the toolkit will systematically support entrepreneurs in analyzing their business model by demonstrating successful approaches and practical tools that help build a successful business. This toolkit is providing an introduction to a range of relevant topics of business management. It provides an MSME entrepreneur with the right keywords, concepts and lessons to undertake further self-study.

Please enjoy reading and contact your nearest SME Agency for any further assistance, questions or comments.

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List of Abbreviations

ASEAN	Association of South-East Asian Nations
BMZ	German Federal Ministry for Economic Cooperation and Development
CSR	Corporate social responsibility
CSV	Creating shared value
DICA	Directorate for Investment and Company Administration
DISI	Directorate of Industrial Supervision and Inspection
DSMED	Department of MSME Development
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
ICT	Information and communications technology
IPP	Intellectual property protection
JD	Job description
KPI	Key performance indicators
MoU	Memorandum of understanding
PESTEL	Analysis of political, economical, social, technological, environmental and legal factors
SMART	Specific, measurable, achievable, realistic and time-bound objectives
MSME	Micro, Small and medium-sized enterprise
SOP	Standard operating procedure
SWOT	Analysis of Strengths, Weaknesses, Opportunities and Threats

1. Definition of Small and Medium Sized Enterprises

The SME Development Law 2015 defines the ways in which the Government of Myanmar is supporting SMEs and contains a definition of SME:

	Small Business	Medium Business
1. Manufacturing Industry I		
Number of Employees	<50	51-300
Capital investment (million kyats)	<500	501-1000
2. Labour-intensive / Contract Manufacturing		
Number of Employees	<300	301-600
Capital investment (million kyats)	<500	501-1000
3. Wholesale business		
Number of employees	<30	31-60
Annual turnover (million kyats)	<100	101-300
4. Retail business		
Number of employees	<30	31-60
Annual turnover (million kyats)	<50	51-100
5. Service business		
Number of employees	<30	31-100
Annual turnover (million kyats)	<100	101-200
6. Other businesses		
Number of employees	<30	31-60
Annual turnover (million kyats)	<50	51-100

Table (1) SME Defination

(Source: SME Development Law 2015)



If your company is MSME, you can enjoy a range of support services by Ministry of Industry.



It is noteworthy that a significant number of enterprises in Myanmar are microenterprises: Such businesses (e.g. roadside stalls, teashops) typically have only a small number of staff and only sell products or provide services locally. Although the SME Development Law does not specifically define microenterprises, it is important to highlight that this toolkit is also helpful to also these smallest enterprises.

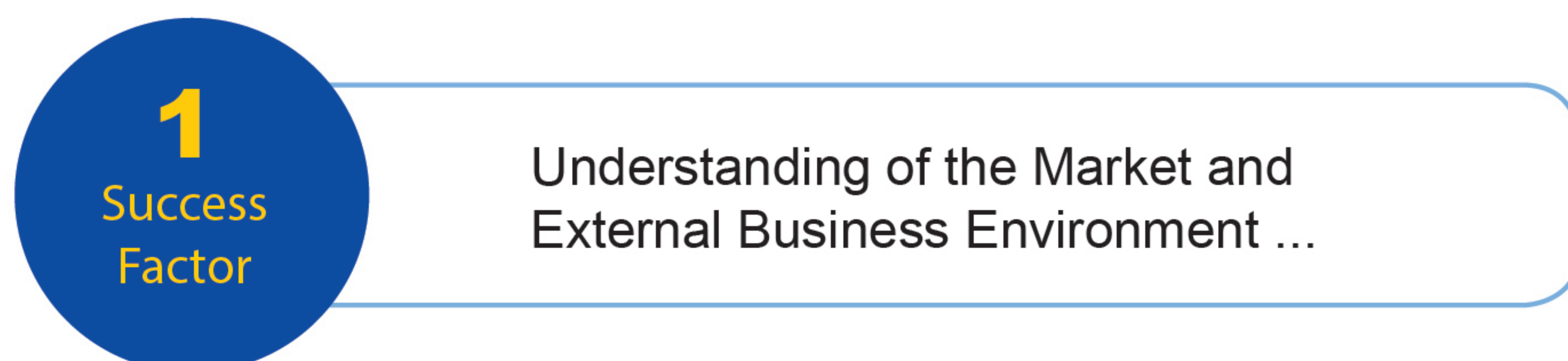
2. Success Factors for MSME

To do business successfully, an entrepreneur always needs to consider both, (1) the internal strength of the company and its business model and (2) the external conditions that the company is facing.

The most essential factors for success of MSME and any company are shown and explained below:



Figure 1: Success Factors for MSME

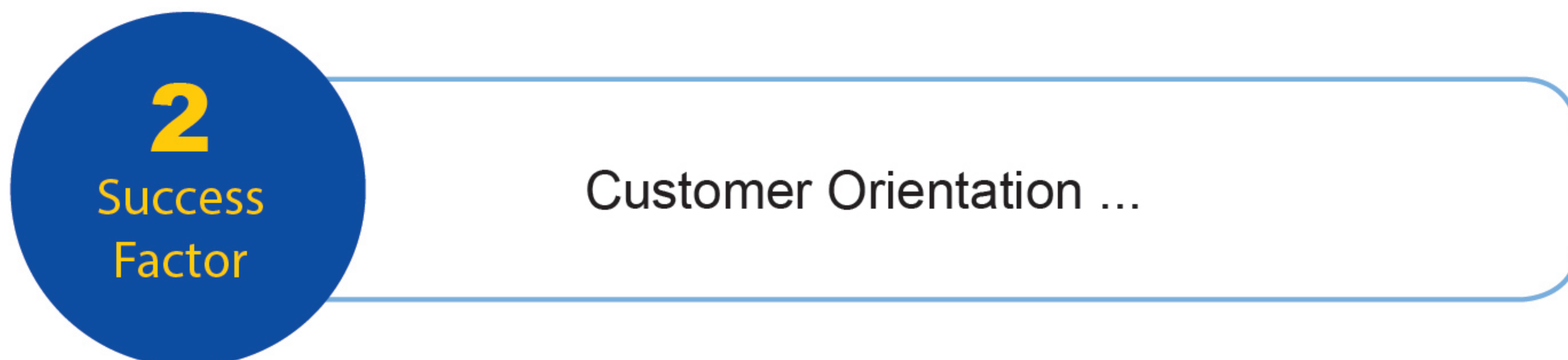


... means to know the supply and demand for the products and services that your MSME is offering as well as the constraints that your company is facing.

The market environment is a complex system in which your MSME needs to operate and e.g. to negotiate the price or terms with suppliers and buyers. Your MSME is facing the threat of competing companies offering the same product or service already, however also new competitors may enter the market or e.g. cheaper low-quality substitute products may enter the market.

The external environment refers to all the factors, developments and risks that your MSME is exposed to when conducting business. What happens, if a new law is passed that affects your business? How is a rice miller in Yangon affected by a flood in Ayeyarwaddy Region?

In this toolkit, the model of "The Five Forces" by the economist Michael Porter will be introduced to you and your MSME colleagues for systematically understanding the market conditions. In addition, the tool of the PESTEL analysis will allow you to map out all the external major factors that may affect your business. Kindly see Chapter 3.



... means to align all activities and strategies of your MSME with the needs and demands of the customer. A customer-centric approach is required for any MSME that is aiming at being successful in the long run through market orientation.

Does the customer really require your product or service? How will the customer utilize the product and how can your MSME support the customer in making better use of the product or service? There is barely a point for MSME to produce a good that no one needs or likes or to offer a service that is not demanded.

In this toolkit, the chapter on marketing explains different tools of market analysis and market research to help your MSME understand the existing and future demand and customer needs better. Kindly see Section 5.3.



Technology and Innovation ..

... means to utilize state-of-the-art or new approaches in the development, delivery and marketing of your product or service.

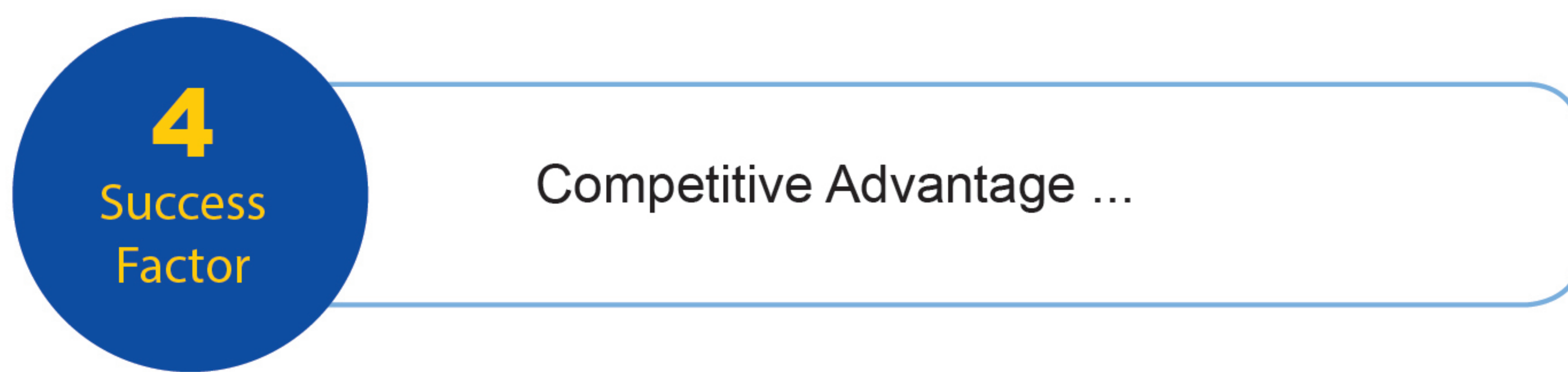
Technology hereby refers to the way, means and tools to generate your product or service. Can your MSME reach your customers better through a website to advertise your products or services or are channels such as Facebook, Viber or personal calls more appropriate to maintain a good and trustful relationship with your customers? Is the machinery and equipment used in your MSME delivering outputs of similar quality to your international competitors?

Innovation means to carry out the processes in your MSME in a new way. In an ideal scenario a technologically highly specialized MSME may develop and protect a technological innovation through intellectual property protection (IPP). MSMEs in Myanmar may however also protect trademarks, hence well-known brands of Myanmar MSMEs. Relevant in the context of Myanmar is also the expression of a "frugal innovation" or a "catch-up innovation":

A frugal innovation is the development of a technology that significantly simplifies or reduces the costs of an existing innovation. In the context of Myanmar, a challenge for innovative practice may be the still low purchasing power of the population. The process of simplifying a technologically advanced product to make it affordable or usable in a rural context of Myanmar appears to be an important opportunity for MSME entrepreneurs from Myanmar.

A catch-up innovation refers to "copying" an existing, but currently unavailable technology, product or service to Myanmar. MSME entrepreneurs from Myanmar can learn about the products and services in other countries and to bring these to customers in Myanmar. A catch-up innovation means more than to imitate a product or service in Myanmar - often a main challenge is to customize the product to the needs or requirements of Myanmar buyers.

In this toolkit, examples for the use of technology and innovation in e.g. reaching out to customers and to improving business processes will be provided. Kindly see Section 5.5.



... means that MSME should have a competitive advantage to be able to sustain its operations in the marketplace in the long run. The term "competitive advantage" hereby means that your MSME shows superior performance relative to competitors of the industry or relative to the industry average.

Along with the international opening of Myanmar, it is increasingly important that Myanmar MSME define and expand their competitive advantage.

Two particular types of competitive advantage can be distinguished:

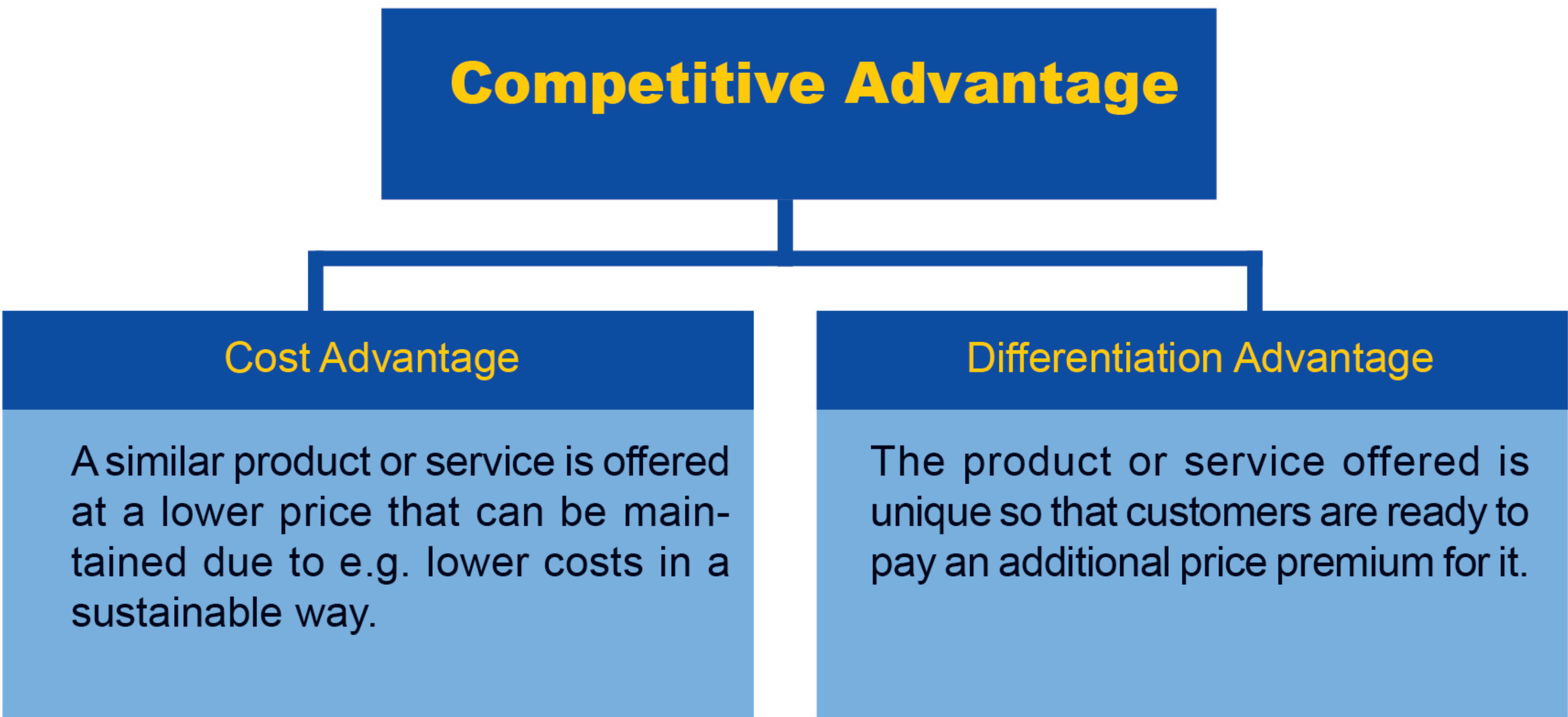
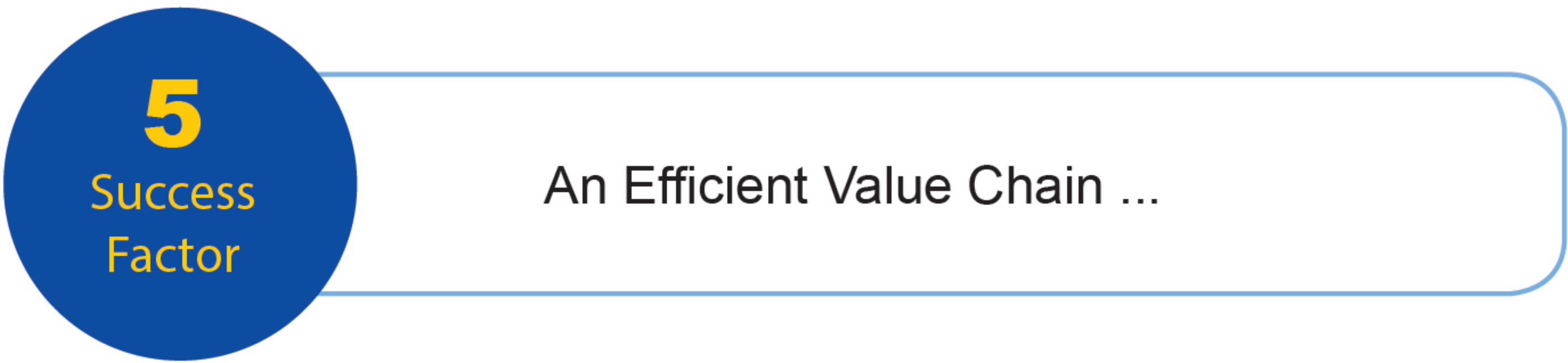


Figure 2: Types of Competitive Advantages

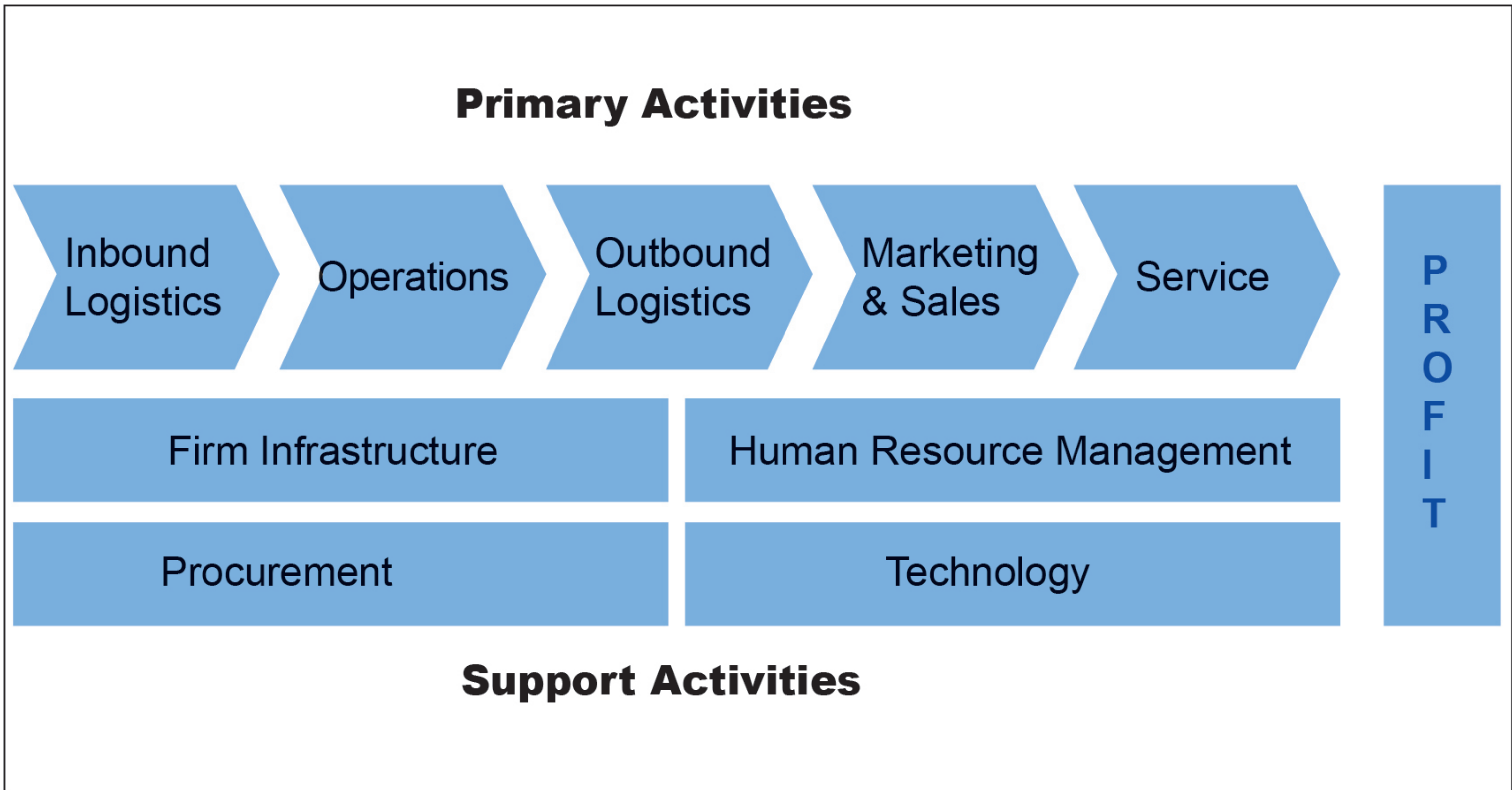
The determination of a sustainable competitive advantage of MSME is closely linked to its value chain either the enterprise has managed e.g. to establish efficient internal processes or to build up a strong brand in Myanmar or beyond.

In this toolkit, approaches and tools for Myanmar MSME to gain a sustainable competitive advantage through cost leadership or differentiation will be presented. Kindly see Section 5.5.



... means that the operations of a Myanmar MSME are optimized so that a product of required quality and quantity can be produced.

In order to transform raw materials or semi-finished inputs into a final product, different departments need to perform primary value adding activities as shown in the value chain model of Michael Porter:



(Source: Strategic Management Insight)
Figure 3: Value Chain Model of Michael Porter

- Inbound Logistics are required for the procurement of inputs for the production process.
- Operations departments typically handle the majority of value-adding steps per-formed in the company.
- Outbound Logistics are required to deliver the product from the location of production in the MSME to the customer.
- Marketing and Sales activities are equally core activities of the company and essential for the company in the interaction with its customers, in the differen-tiation from its competitors and establishment of a brand and the generation of revenues.
- Even for MSMEs that are not primarily delivering services, the offer of services accompanying the product is essential (e.g. after-sale services, hotline, handling of warranty claims).

In addition to the primary activities immediately linked to the product or service offered, supportive functions (typically mentioned in connection to "overhead costs") are required to be carried out in an enterprise e.g. by separate departments. This may in particular concern the functions procurement, technology or research and development (R&D), human resource development and firm infrastructure or ICT.

This toolkit will enable an entrepreneur to closely understand the value chain of his / her MSME and will refer to Porters value chain model in the context of determining incurred costs along the production process and of understanding or improving the organisational structure of the MSME. Kindly see Section 5.2.



A Sound Business Plan ...

... is not only required for a start-up, but equally relevant to an existing MSME. Typically, in a larger company that has been operational already for a longer period of time, the initial business plan has already been transformed into regular and more sophisticated planning procedures. Many MSMEs in Myanmar, however, may have never prepared a business plan or formulated a comprehensive business strategy.

Business plans may have very different structures and a different scope for every enterprise. A business plan may be used to consider all aspects of a venture, to adjust the strategy of the enterprise or to be shared with a bank or investor to obtain financing.

This toolkit will focus on the most essential steps in business planning and will present to MSME entrepreneurs the helpful model of the so called "Business Model Canvas". The Business Model Canvas can be considered a very brief summary of the business plan of your MSME. Kindly see Chapter 4.

3. The Market and External Environment of MSME

An MSME is not operating in the marketplace alone: The enterprise is required e.g. to interact with suppliers and customers, hence actors in its market environment, and is also subject to different factors in its external environment.

The following diagram illustrates the external factors and market stakeholders impacting the success of the enterprise:

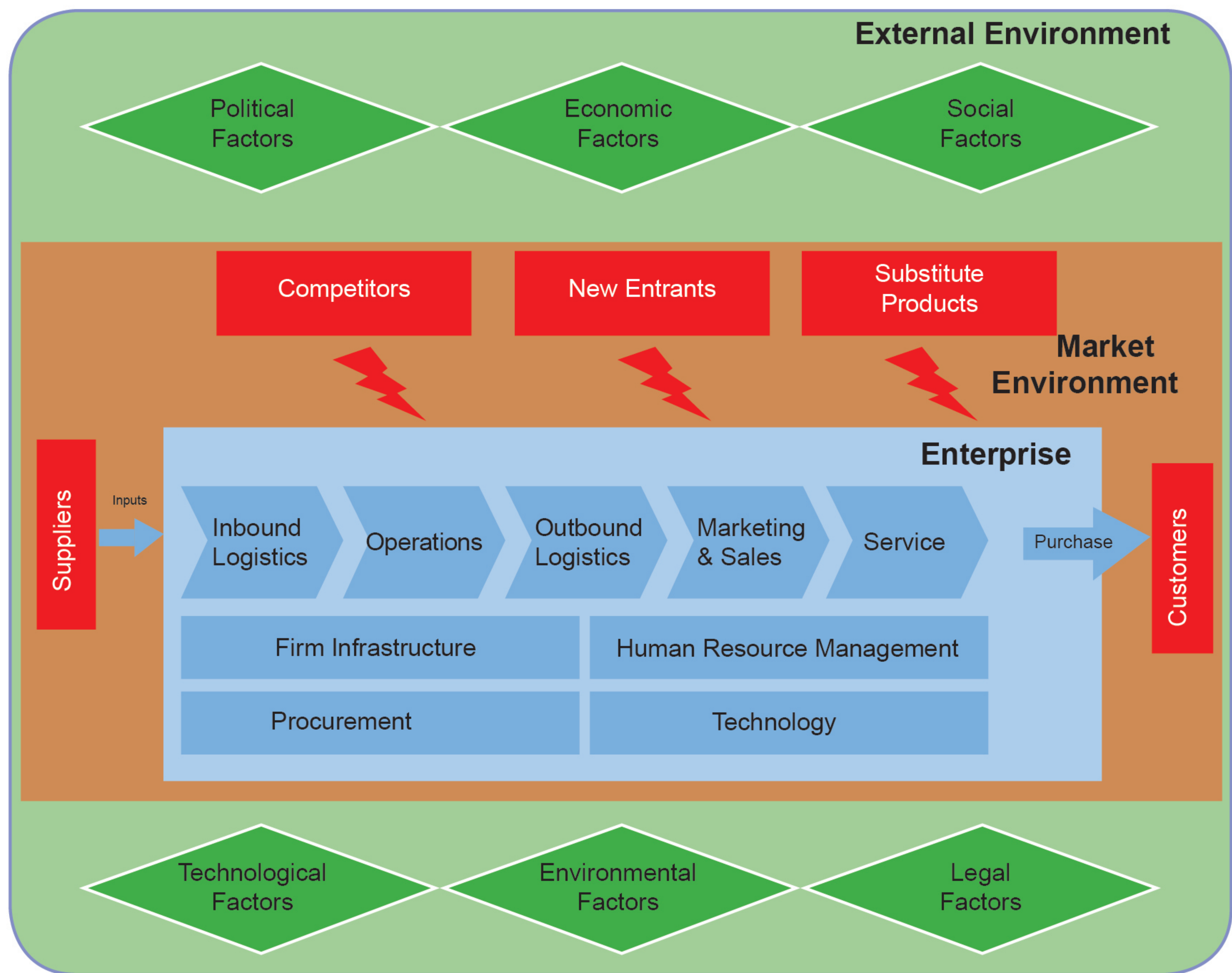


Figure (4) : Systemtic Overview : Factors in the market and external environment of an Enterprise

In this chapter, two tools for MSMEs to analyze the market environment and external business environment, i.e. Porters Five Forces and PESTEL, will be introduced.

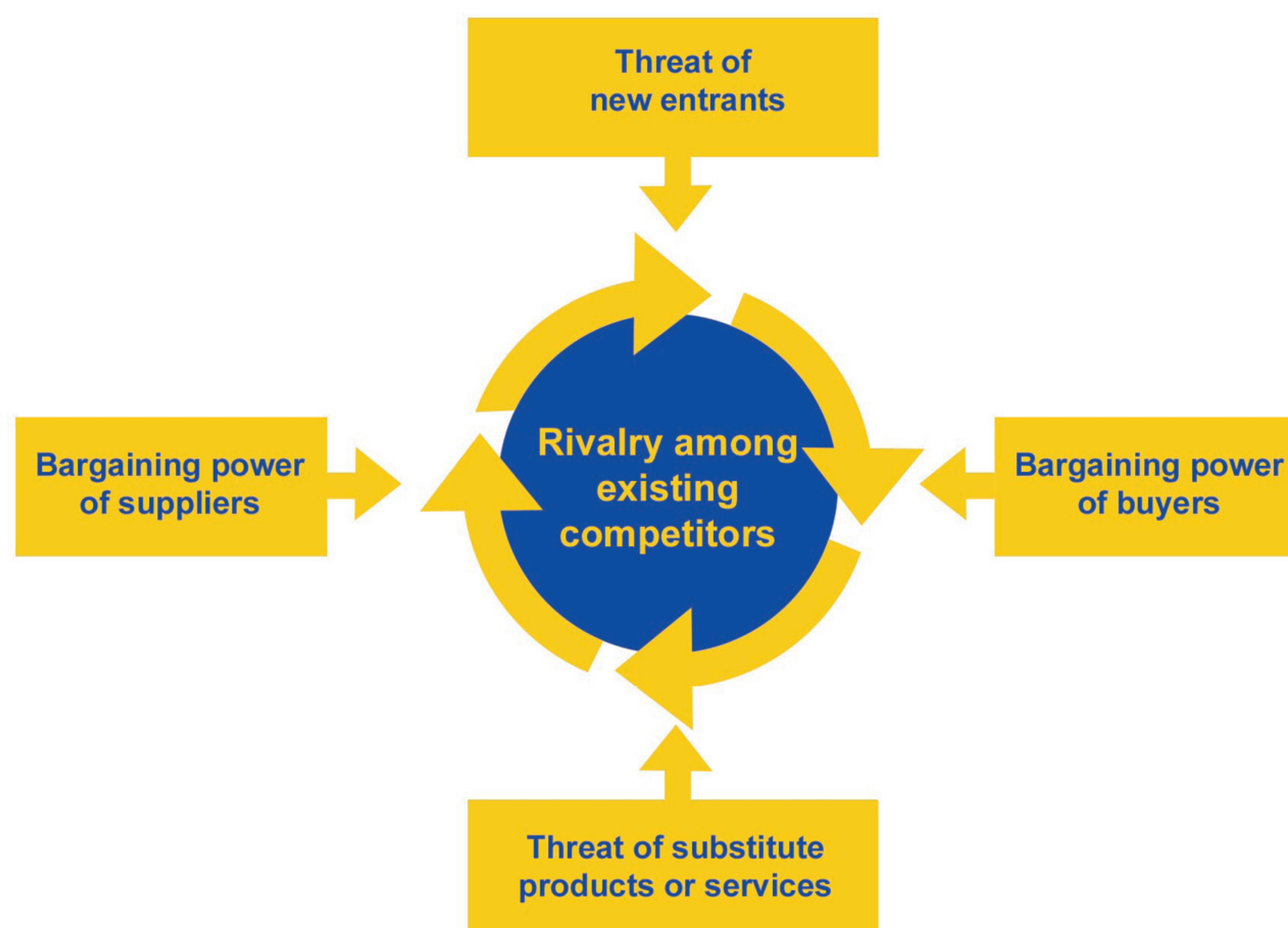
The enterprise (illustrated within the blue **Enterprise area**) may cover a narrow or wide scope of the respective value chain. In particular smaller family-run businesses tend to focus - due to their size - on only a limited number of production steps or are only active in a limited geographic area.

The "Five Forces Model" (illustrated within the red **Market Environment area**) will help Myanmar MSMEs to systematically map out and analyze the relevant market actors immediate engaged with your MSME (i.e. suppliers and customers). Furthermore, the model will support your enterprise in realizing and monitoring common key challenges on the market.

The PESTEL analysis (illustrated within the green **External Environment area**) is useful tool to remind MSMEs of important other external conditions (e.g. legal changes) that your enterprise may be exposed to.

3.1. Understanding the Market Environment: Porters Five Forces

In this section, the 'Five Forces Model' of the economist Michael Porter for an analysis of the market environment will be presented. In the model, essential stakeholders such as customers, suppliers and any other companies (possibly) selling to the same customers are included. The Five Forces Model refers to five threats that an MSME is facing (see below illustration).



(Source: Chartered Global Management Accountant)

Figure 5: Five Forces Model of Michael Porter

(1) Bargaining Power of Suppliers

For carrying out production, most MSMEs will need to procure input factors (i.e. raw materials, other semi-finished inputs) from suppliers. An MSME needs to consider its negotiation position towards its supplier:

How many different suppliers of input factors does your enterprise use? Does your MSME have access to an alternative supplier and are your staff comparing prices to procure in the most affordable way? What is your relationship with suppliers? Are contracts made to secure access to affordable inputs for your MSME on a longer-term basis? How flexible is your enterprise, if it would need to switch to another supplier?

(2) Bargaining Power of Buyers

As part of a customer-centric business model of your MSME, the buyers are highly important actors in the market environment. It is essential for your MSME to understand though, if rather your enterprise or actually the buyers of your products or services have strong bargaining power. Should the buyer have a choice of a range of similar or identical products and your enterprise not have an established and well-known brand, the buyers may be in the position to negotiate the purchase price down to their favour.

How many buyers of your products are there? Is your MSME directly in contact with the final consumers or only negotiating with powerful distributors? Which other similar or identical products may buyers choose from? How unique is your product?

(3) Rivalry among Existing Competitors (Industry Rivalry)

A major factor in determining the current situation of your business is to consider the current level of competition. How many companies are providing an identical product in the marketplace? Who are your main competitors and which specific customer groups may they target? What is currently and in the long run the competitive advantage of your firm over competitors?

(4) Threat of New Entrants

Even if there may currently not be a high level of competition in your industry, other enterprises may enter the market and compete with your MSME. Generally, any profitable industry will attract new entrants to the market. In addition, the market situation in Myanmar may at times be misleading for an enterprise - seemingly niche markets for MSMEs to fill are available in any industry. However, it strongly needs to be considered by MSMEs that such market niches or gaps might be filled by e.g. a well-established and experienced international or local company that just has not yet expanded its operations to all parts of Myanmar.

How likely do you think it is that a larger company may enter the market that you are operating in? How likely may it be that another entrepreneur may just copy your business model and may establish a similar shop next-door? What are the barriers currently preventing other competitors from entering the market? How can your MSME react, when a new company is entering the market to remain successful and profitable?

(5) Threat of Substitute Products or Services

The sales prospect of your MSME may not only decline, because a new competing product of similar quality and with similar features is introduced (e.g. Alpine Water vs. Other Water). Instead, at times customers may choose a different product at the same occasion though (e.g. tea vs. coffee). For instance, e.g. price-sensitive customers may choose to take a bus or train instead of a flight, so that an airline is - for certain customer segments - in fact competing with railway or bus companies. How easy is it for customers to replace your product or service by a substitute? Which in fact are possible substitutes for your products or services?

3.2. Understanding the External Environment: PESTEL



The PESTEL analysis is a key tool for an enterprise to understand a comprehensive set of external factors. Typically, enterprises often only consider changes in the market conditions (see Five Forces Model) instead of considering the influence of legal factors (e.g. passing of stricter laws and regulations in the industry) and environmental factors (e.g. effects of climate change on microfinance companies in Myanmar). Nonetheless, a successful enterprise is to monitor at least the most basic developments in the external environment not to be surprised by important changes.

PESTEL is an acronym for a tool helping your team consider (e.g. in a brainstorming session) all relevant possible factors in the external environment of the MSME. PESTEL stands for Political, Economical, Social, Technological, Environmental and Legal Factors. In dependence on the business model, possibly other factors may be added (e.g. an international dimension etc.)



How may the government, government policy or e.g. directions in the international relations of Myanmar affect your MSME.



How would a general economic downturn or an economic boom affect the way how your company is doing business? What effects would e.g. a change in the foreign exchange rate have on your input procurement or sales.



Social Factors

What is the social situation of your customers? How may their needs and demands change, when their social or socio-economic situation changes? How would changes in the education level of your customers, their access to information via ICT or e.g. gradual changes in traditions and cultural norms affect your business.



Technological Factors

Which technological innovations (e.g. drone delivery, automation) may affect your business in a positive or negative way? How is your enterprise positioned in utilizing state-of-the-art technology.



Environmental Factors

Which environmental issues are dominant in Myanmar or may directly affect your business or any other actors on your market covered? Which environmental initiatives are driven by the Government or by civil society / environmental conservation groups in the surroundings of your enterprise? Which technologies may now be available to enhance the environmental sustainability of your business.



Legal Factors

Legal and regulatory may be the most sudden and often most disruptive changes to an enterprise. Which laws and regulations are currently proposed or already discussed in parliament that may affect your business? How can your MSME then become compliant with the new laws and regulations.

4. Business Planning and Management of MSME

4.1. Introduction of the Tool of the Business Model Canvas

The Business Model Canvas allows an entrepreneur and the management of an existing MSME to develop or sharpen a success strategy for the enterprise, to visualize it or to understand the work of the company better.

The Business Model Canvas is a brief snapshot or summary of a more comprehensive "Business Plan". The formulation of an actual business plan may take long time, while the Business Model Canvas allows e.g. the management of the MSME to allow identify strategic issues and strategic opportunities in a much shorter time. Nonetheless, the Business Model Canvas is by no means a replacement for a full business plan it, however, is a good first step in the process of the development of a business plan. It is essential for any MSME entrepreneur to follow a strategy when running a business. Ideally, all activities of the company are aligned with this strategy and all relevant staff are aware of the principles of this strategy of the MSME.

The Business Model Canvas should be concise and only visualize the key elements of the strategy of the MSME so that the business model of the company is presentable e.g. in a workshop setting.

The following figure illustrates the structure of the Business Model Canvas.

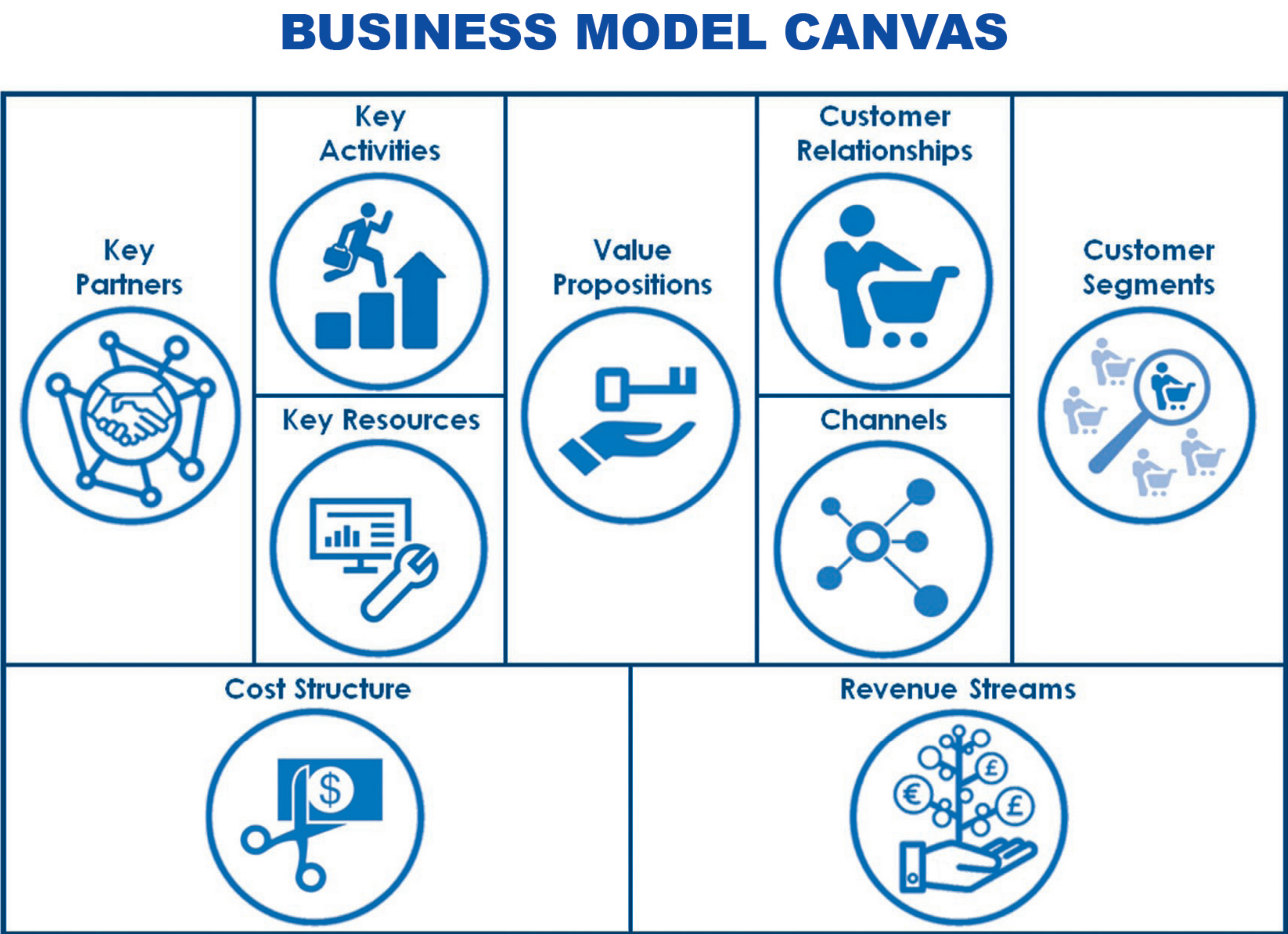


Figure 6: Structure of the Business Model Canvas



Key Partners

For any enterprise, it is important to be aware of the value existing and potential partnerships with other enterprises (and potentially individuals such as sales agents). Under the category of key partners also suppliers, consultants and other service providers of the enterprise are to be considered. Partners for your MSME can be found inside and outside of Myanmar e.g. by attending networking events, via the associations of the sector etc.

In some cases, an enterprise may for instance save costs by collaborating with a more specialized partner company as compared to internally maintaining staff for the respective task. In addition, an enterprise may on a regular or case-by-case basis work with a consulting firm to enhance its business model, to deliver a certain task for a client etc. Overall, partners add value to your enterprise by optimizing the way how tasks are carried out, by adding resources (e.g. investment), additional capacity and competencies etc. Wherever appropriate, an enterprise should seek to formalize the relationship with partners to be sure that there is really a shared and common understanding of the cooperation (e.g. signature of a contract or Memorandum of Understanding (MoU)).

In this field of the Business Model Canvas answer at least the following questions:

- Who are the key partners of your enterprise
- How are the partners connected with your enterprise (e.g. franchise, contractual service agreement, joint venture)
- What is the key contribution of the different partners to the success of your company (e.g. financial resources for a new project, specific technology)
- How are your partners included in your business model?
- How dependent are you on partners or on one specific partner?



Key Activities

Any enterprise is carrying out primary activities (see Chapter 2, Success Factor 5) for adding value (i.e. delivering a product or service) and requires internal support activities as explained in the value chain model.

In this field of the Business Model Canvas answer at least the following questions:

- Which key primary and support activities are conducted in your enterprise
- Which activities are carried out in direct interaction with the customer
- How are the activities carried out helping the enterprise generate revenues



Key Resources

An enterprise does not only require financial resources to perform a task, to deliver a product or service to a customer. Equally important for an enterprise may be key technological resources (e.g. intellectual property such as patents or trademarks), human resources (e.g. access to key experts or skilled workforce) and physical assets (e.g. production facilities, fleet of vehicles).

In this field of the Business Model Canvas answer at least the following questions:

- Which key resources does your enterprise access to deliver value to the customer (e.g. specific technical specialists contracted, protected trademark of a well-known brand)
- What is the best use of the resources available to your enterprise for achieving your business goals? In other words: Is your enterprise using its full potential
- How can essential human resources for the enterprise be retained
- How do the resources contribute to revenues and the achievement of corporate goals



Value Propositions

A key question that every entrepreneur needs to ask himself / herself is what value the enterprise is adding to its customers. Value propositions may refer to an enterprise providing for instance a newer, more customized, more accessible or convenient or cheaper solution to its customers.

In this field of the Business Model Canvas answer at least the following questions:

- How would you define the value of your products and services to your customers
- What are the most relevant features of your product or service that your customers like
- How does your company differentiate your products or services from your competitors? In other words: Why is your product or service more attractive to your customers
- Which demands and needs of particular customer segments do you satisfy
- What is your sales pitch why your products or services and your enterprise overall are important to the customer and superior to other companies



Customer Relationships

A successful enterprise is maintaining a close relationship with its customers. In most sustainable business models, it is essential that customers would not only purchase a product or service once, but that these customers are retained or even refer additional customers. In this sense important is not to end the customer relationship with the purchase - for a company there may well be a business case in offering after-sale services, a service hotline etc.

In this field of the Business Model Canvas answer at least the following questions:

- What are the profiles of different customers of your products or services (e.g. gender, age, geographic regions)

- How does your enterprise engage and communicate with your customers (e.g. personal assistance, co-creation)
- Which level, channels etc. of contact do you anticipate your customers to desire
- How can your enterprise retain your customer in the long run? How can your enterprise even develop the relationships with your customers further



Customer Segments

No successful enterprise will ever consider all of its customers as a uniform mass of 'the customers' only. The group of "females between 18 and 25" may react differently from "males above 65+", when groups see the same advertisement for your products or services. While any customer has unique preferences, one will find certain natural similarities in the purchasing behaviour and interaction of customers with your enterprise. In order to address these different types of preferences and behaviour, it may be relevant to your company to classify your customer or potential customers into customer segments to develop particular strategies for approaching the different customer segments.

In this field of the Business Model Canvas answer at least the following questions:

- Which customer segments can you identify for your enterprise
- How would you characterize the differences in preferences and behaviour of the different customer segments
- Which groups of people do currently not buy your products to a significant extent and why
- Are you targeting a niche market, the mass market or potentially specific individuals with your products



Channels

Nowadays, an enterprise must not necessarily have a physical shop anymore: Enterprises can work on a delivery-only basis, only based on a website or social media etc. Challenge for e.g. a "digital SME" may be that its customers may not walk pass a physical shop anymore and remain interested in the products or services. Hence, your enterprise will need to find other channels (e.g. advertisements in social media or the radio, sponsorship of an event relevant to your industry) to reach out to the customer and partners.

In this field of the Business Model Canvas answer at least the following questions:

- Through which channels does your enterprise reach its different segments of customers
- What additional channels may open up in the future
- How do the channels chosen support the differentiation of the company from its competitors
- Before sales, at the time of purchase, on delivery and after sales which channels does your company utilize for its outreach to the customers



Cost Structure

Any business operation is incurring costs - no business can generate profits without costs. Many enterprises in Myanmar are family-run enterprises though and tend not to include all actual costs in the calculation. If you start and manage your own business, do not forget to include a salary for yourself (the so called "imputed entrepreneurial profit") and your family members. Even if your brother or sister work for your company or help out in operations, it is proper practice even in a start-up or MSME to include a salary for yourself, family members and friends. It is task of a well-functioning enterprise not only to pay staff at times, when new revenues are generated, but on a continuous basis. Any staff is to be remunerated in accordance with the value that the work of the individual is contributing to the success of the enterprise.

In this field of the Business Model Canvas answer at least the following questions:

- Which costs are incurred in your enterprise
- Which key resources must the company afford to deliver products or services to the customer in a satisfactory manner
- How will the cost structure of the enterprise change, when the company is growing?
- Is your company seeking to reach a competitive advantage through cost leadership (i.e. offering affordable products / services through a lean cost structure) or through differentiation? How does your cost structure reflect this overall strategy of your enterprise



Revenue Streams

For in particular MSME, it is essential to generate a regular and relatively predictable pattern of revenues through the sale of your products or services.

In this field of the Business Model Canvas answer at least the following questions:

- What features of the product or part of the service are customers actually ready to pay for
- Which particular revenue streams does your enterprise have (e.g. usage fees, revenues from product bulk sales, brokerage fees)
- How is your company setting the price for your products or services

- Does your company include external developments (e.g. exchange rate fluctuation, inflation) into the determination of the price
- How regular are the revenue streams of the company
- Which may be other complementary products or services that the customers of your enterprise are ready to pay for

4.2. Introduction of the Tool of a SWOT Analysis

A SWOT analysis is a highly useful and common tool to summarize the main **Strengths, Weaknesses, Opportunities and Threats** that an enterprise is facing. The SWOT analysis may hence comprise key issues identified in other analyses and can be conveniently used for strategy workshops of an enterprise or for other presentations.

	Helpful	Harmful
Internal Origin	S Strengths	W Weaknesses
External Origin	O Opportunities	T Treats

Figure (7) : Concept of the SWOT Analysis

The tool of the SWOT analysis is the helpful for an entrepreneur during the process of defining or revisiting the strategic approach of the enterprise. Questions in a SWOT analysis process might be for instance:

- What are the strengths that the enterprise can better utilize (e.g. highly ICT-skilled staff, available assets)
- What are weaknesses of the enterprise that one needs to improve on (e.g. lower competitiveness, insufficient access to financing)?
- What are opportunities that the enterprise can profit from (e.g. positive change in consumer behaviour, desirable legal changes)
- What are threats that the enterprise needs to be aware of (e.g. environmental risks, political uncertainty)

4.3. Introduction of the Tool of the Strategic Pyramid

The Strategic Pyramid is an essential tool to all staff or the management of the enterprise to see the connection between corporate values and the corporate vision and specific and tangible strategies, actions and key performance indicators (KPIs).

Occasions in which this important tool is utilized are strategic planning workshops, annual planning exercises and change management activities. The tool is useful to understand how particular actions and strategies help the enterprise realize the corporate vision. Especially, when your enterprise has grown and become complex, it is important that any of the staff understands, what the objectives and underlying vision and values of your enterprise actually are.



(Source: painless.software)
Figure 8: Strategic Pyramid

Every enterprise - whether small or multinational - can utilize this tool to turn aspirations into tangible and monitored actions. Enterprises may also face challenging times (e.g. need for cost reduction to prevent a corporate crisis, decline of market share) and the tool may be very useful to create a consensus on the way forward for the enterprise with those affected by the problem and those able to create change. The following examples will be provided from well-known brands to illustrate the nature and format of the different levels of the pyramid:

Values

Example : (Coca Cola, a multinational beverage company):

(Source: Coca Cola Case Study)

Leadership	- the courage to shape a better future
Collaboration	- leverage collective genius
Integrity	- be real
Accountability	- if it is to be, its up to me
Passion	- committed in heart and mind
Diversity	- as inclusive as our brands
Quality	- what we do, we do well

The values of an enterprise may be broad directions of the enterprise or unbreakable principles that everyone in the enterprise shall adhere to.

Vision

Example : (City Mart Holding Co., Ltd.,
Myanmar holding company active in retail)

(Source: CMHL)



To be the benchmark of excellence in the supply chain delivery

The vision of an enterprise is the "dream" that your enterprise wants to live or realize. If there were no competition, if perfect laws and regulations were in place etc., what would your enterprise do to transform the marketplace, to change the way of thinking in society etc.? It is important that the vision of the enterprise is understood by at least every staff member, ideally even by a customer or partner of the enterprise. A vision should inspire everyone in the enterprise to seek to contribute to moving in the direction stipulated in the vision.

Mission

Example : (a multinational furniture company)

(Source: TheMarketingBlender.com)



To create a better everyday life for many people.

Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

The mission statement is immediately interconnected with the vision statement of the enterprise (hence in the example of IKEA even the vision statement is repeated). Purpose of the mission statement is to outline how the vision can be realized in practical terms and the current realities of the enterprise in day-to-day operations.

Strategic Objectives

Example :

By December 2020, increase the market share among the customer segment of males and females above 65 year to 20%.

Strategic objectives are formulated to operationalize the mission and vision by providing clear and well-defined goals. In the process of setting strategic objectives, it is essential to ensure that the enterprise can clearly determine whether or not it is reaching the objective. Objectives need to be SMART:

Specific means that the objective is well-defined and clear.

Measurable means that the level of achievement can be objectively determined at the time mentioned.

Achievable means that the objective can be reached at all.

Realistic means that e.g. the timeline allocated for achieving the objective is feasible.

Time-bound means that every objective has a "deadline" in the sense of a point of time, when the objective is supposed to be reached.

Based on the strategic objectives, an enterprise can subsequently define more detailed strategies.

Action Plan and KPI (Key Performance Indicator KPI)

Example

Action	Person(s) in charge	Date for Completion	Resources Allocated	Potential	Collaborators Barriers
Compile a list of distribution partners for the company in Mandalay Region	U Aung Kyaw	30th June 2019	\$1,000	None	Logistics Department

An action plan is immediately translating the strategic objectives into tangible action or sets of actions. It is important to clearly define responsibilities and timeline to ensure that the actions will be completed in a timely and appropriate manner.

As a common practice on an international level, at least the top management of an enterprise is required to agree on target values for specific key performance indicators (KPIs). The achievement of specific KPIs (e.g. sales targets) is then typically linked to the payment of a success premium to the respective employee.

5. Essential Tools for Detailed Business Planning

5.1. Streamlining Organisational Structure and Management

Registration of the Enterprise

The legal form chosen for an enterprise is essential, as it has implications on the activities that the company can perform and partially onto its organizational structure.

As certain types of enterprises (i.e. sole proprietorships and partnerships by Myanmar citizens) are not required to register with the Directorate for Investment and Company Administration (DICA), many MSMEs in Myanmar have in the past remain unregistered. As it is advisable for every enterprise to be registered, Ministry of Industry has introduced a simplified registration process for MSMEs to enable the enterprises.

e.g. to obtain loans, training opportunities and access to information.

Organisational Structure of the Enterprise

The organisational structure of an enterprise comprises the formal and informal policies and procedures of management. Many MSMEs in Myanmar though typically do not apply any formal organisational structure, as they are family-run enterprises wherein the business owner is typically taking a strong leadership role.

A good organisational structure will though enhance efficiency and effectiveness of the operations of the enterprise. The following ideal organisational charts shall help your enterprise determine the right organisational structure:

(1) A Function-oriented Organisation



Figure 9: Organisational Chart of a Function-oriented Organisation

In a function-oriented organisation the different functions - similar to these shown in the value chain model - are the main criterion how the enterprise is organized. This is a common form of organisation of in particular smaller enterprises.

(2) A Product-oriented Organisation

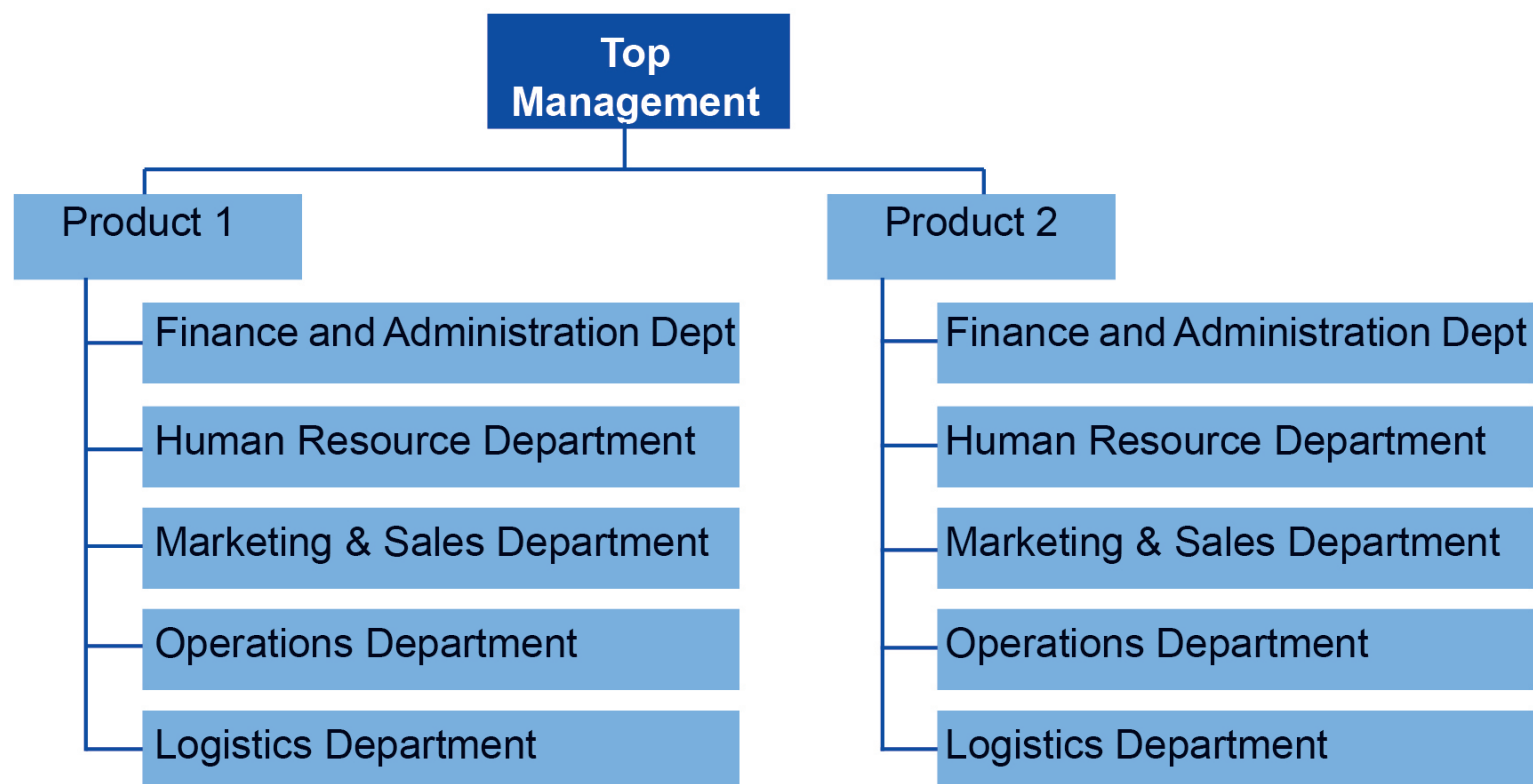


Figure 10: Organisational Chart of a Product-oriented Organisation

In a product-oriented organisation, several products or brands exist that may have already grown so that the organisation rather establishes separate organizational structures under the top management to reflect the particularities of the products / brands. An enterprise may also decide to choose a product-focused setup for the company, however to maintain common functions (such as logistics and human resources) separately under the top management.

(3) A Project Organisation

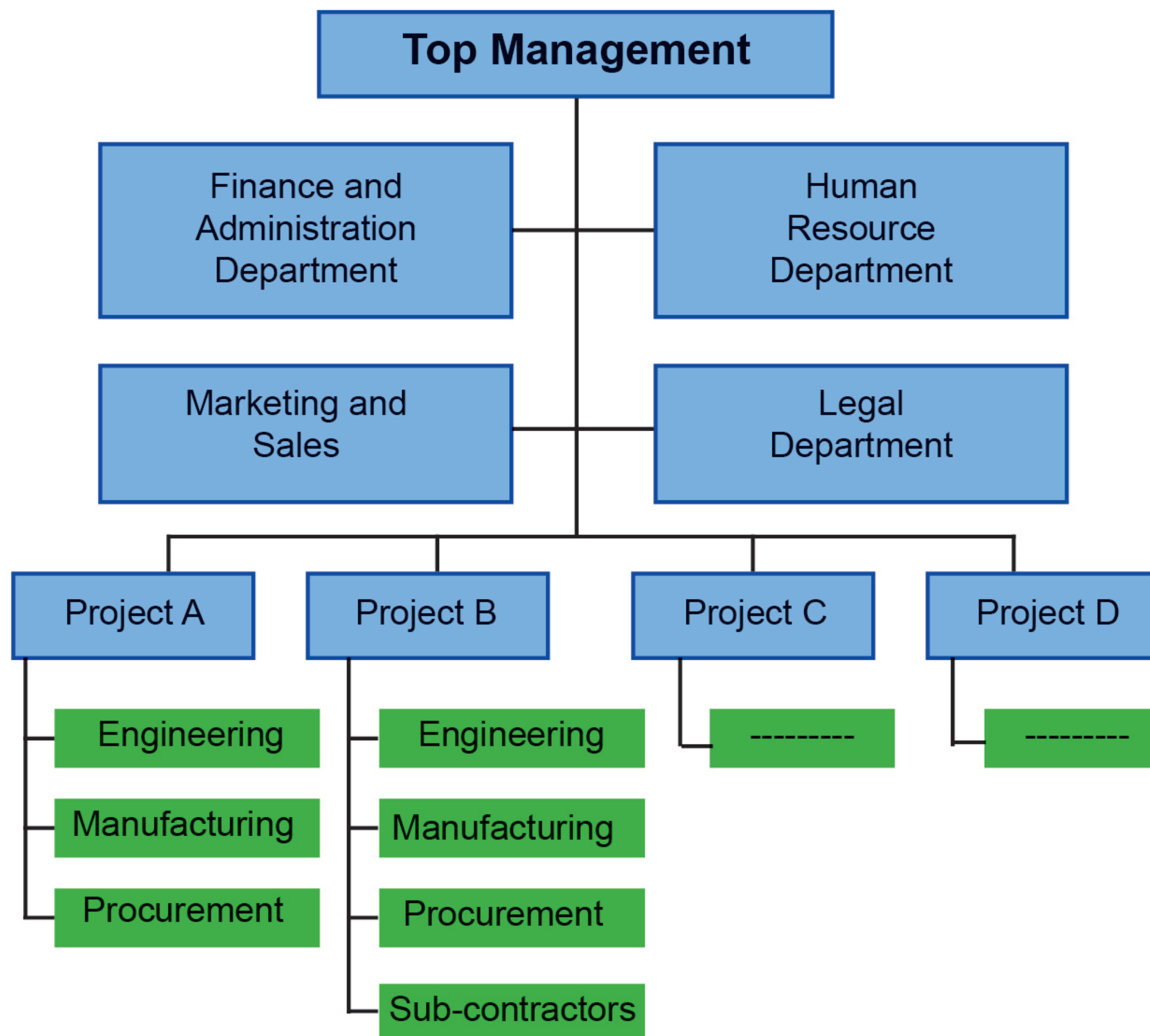


Figure 11: Organisational Chart of a Project Organisation

In particular engineering and other service companies may well also choose the organisational setup of a project organisation. Characteristic of a project organisation is that the enterprise will need to carry out different projects each for only a limited period of time. Hence, project teams may disappear or staff may be moved to other projects, once a project is finished. In order to maintain its stability, the organisation maintains different functional [overhead departments] under the top management.

Job Descriptions and Standard Operating Procedures

A job description (JD) is a written statement outlining the regular scope of work and typical tasks and responsibilities in this position. A job description may not only be important at the time of hiring a new staff, but it also helps existing staff to better understand their duties within the enterprise.

While a number of Myanmar enterprises may at times not have a clear department structure and also not tasks clearly defined in job descriptions, this issue may even be relevant for all types of companies. Also MSMEs can significantly contribute to their professionalism by introducing job descriptions. Hereby, all staff may list their regular and occasional responsibilities and the top management then compiles well-structured job descriptions based on the employees input. In case of the resignation of an employee, the job description may then be easily used for the recruitment of a replacement.

The following elements should at least be included in a job description:

Job title

Reporting relationship / supervisor to assist

Department

Location

Date of job analysis

General Summary

- Describe the jobs distinguishing responsibilities and components

Essential Functions and Duties

- Lists major tasks, duties and responsibilities

Job Specification

- Knowledge, skills, and abilities
- Education and experiences
- Physical requirements

Standard Operating Procedures (SOPs)

When employee leaves an enterprise, it is essential for maintaining business continuity that a new hire is able to familiarize himself / herself with the processes and procedures carried out in a certain department. Also it is essential for a company in general to effectively divide work between different departments. SOPs are helpful in this regard, as they provide fundamental guidance in the steps necessary to be carried as part of a certain process or procedure.

Standard Operating Procedure Template

SOP Name/Title:		
Document Storage Location/Source:		Document No:
SOP Originator:	Approving Position:	Effective Date:
Name:	Name:	Last Edited Date:
Signature:	Signature:	Other:

1. Purpose

2. Scope

3. Responsibilities

4. Materials

- [Part 1]
- [Information 'A']
- [Data 'B']
- Tool

5. Related Documents

(Source: beneficialholdings.info)

Figure 12: Template for SOPs

Offering Fair Employment Conditions and Decent Work

Also an MSME is an employer and has responsibilities towards its staff and workers. Fundamental principles of proper employment are mentioned below:

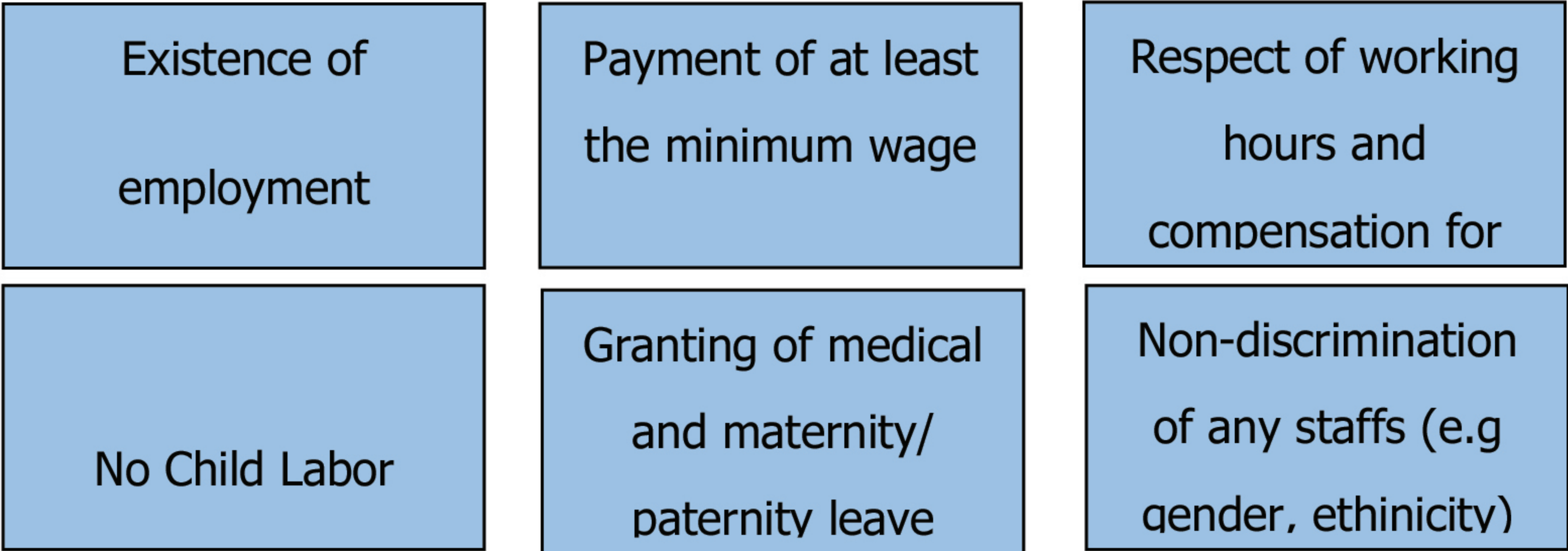
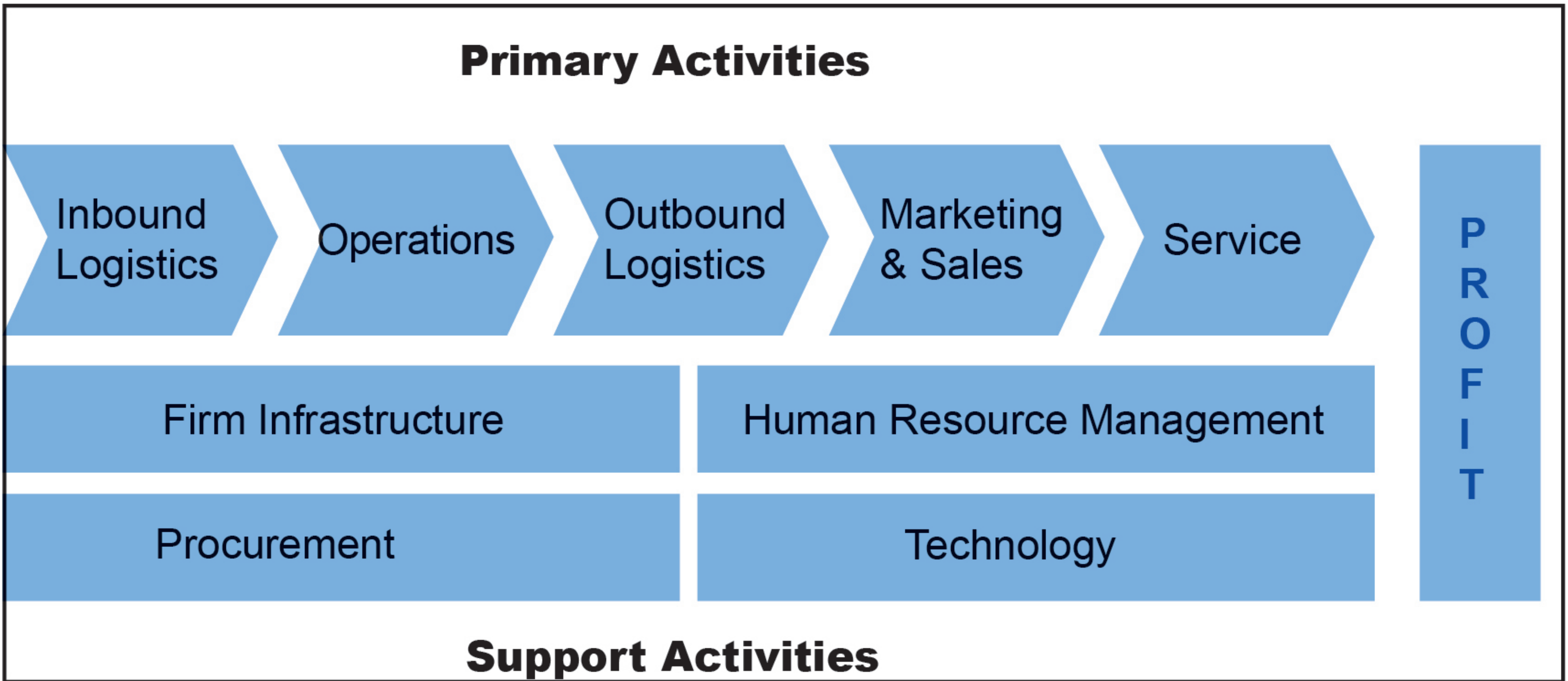


Figure 13: Principles of Proper Employment

5.2. Producing more efficiently

Value Chain Analysis

This section might be in particular relevant for entrepreneurs running small and medium industrial enterprises, but may equally easily be transferred to the service sector. In order to improve the production in your enterprise and possibly also to expand your production, it is essential to understand all processes included in the value chain and their implications on costs and revenues.

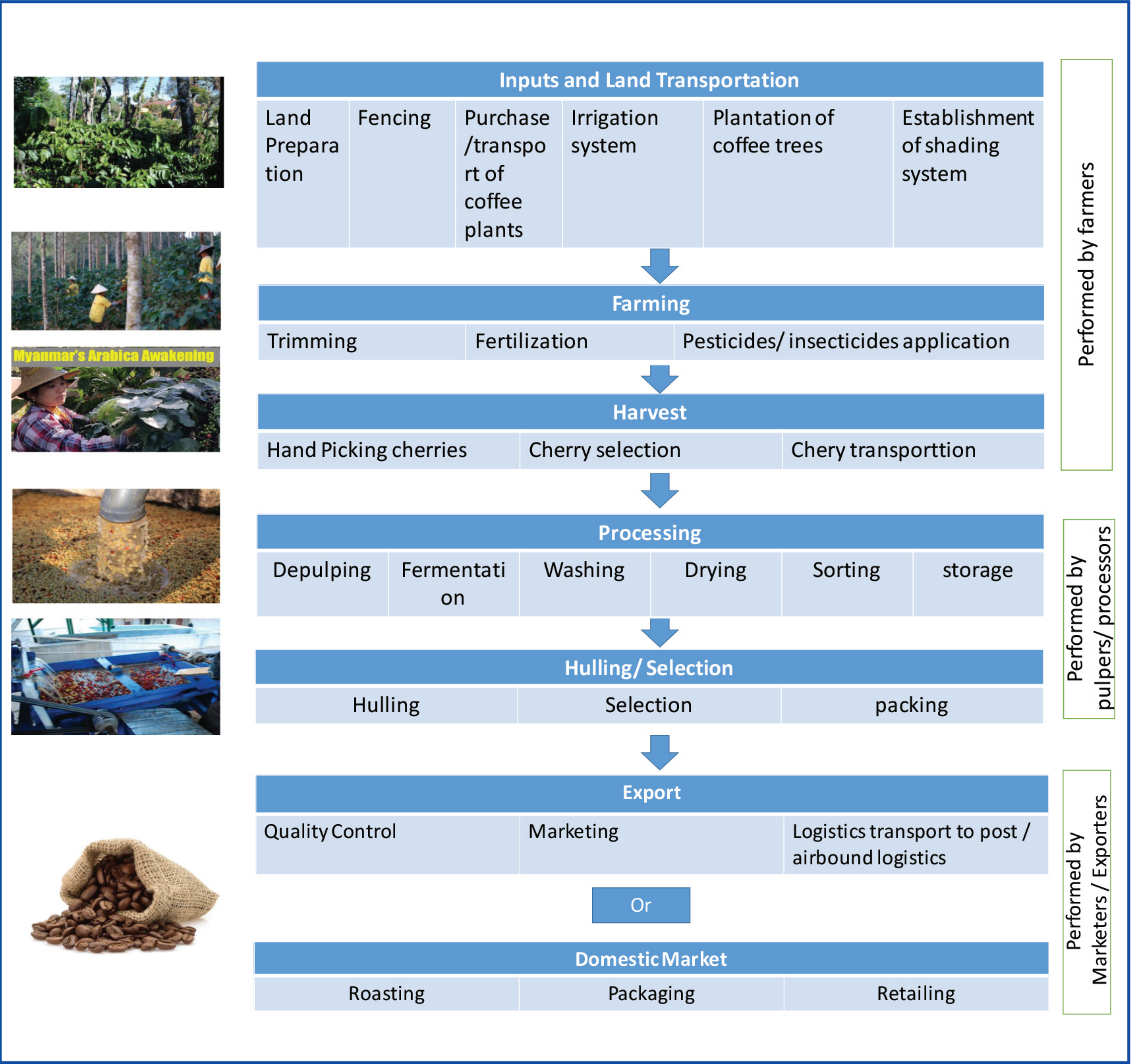


(Source: Strategic Management Insight)

Figure 14: Recap - Value Chain Model of Michael Porter

Already in Chapter 2 of this toolkit, the Value Chain Model of Michael Porter has been explained. In this section, the Value Chain Model will be applied to a specific value chain for illustration, in this case on the coffee production. In this example, your enterprise could e.g. be a processor of coffee.

At an initial stage, a general process map for the coffee value chain should be created to understand ideally the full value chain from raw materials to the final market.

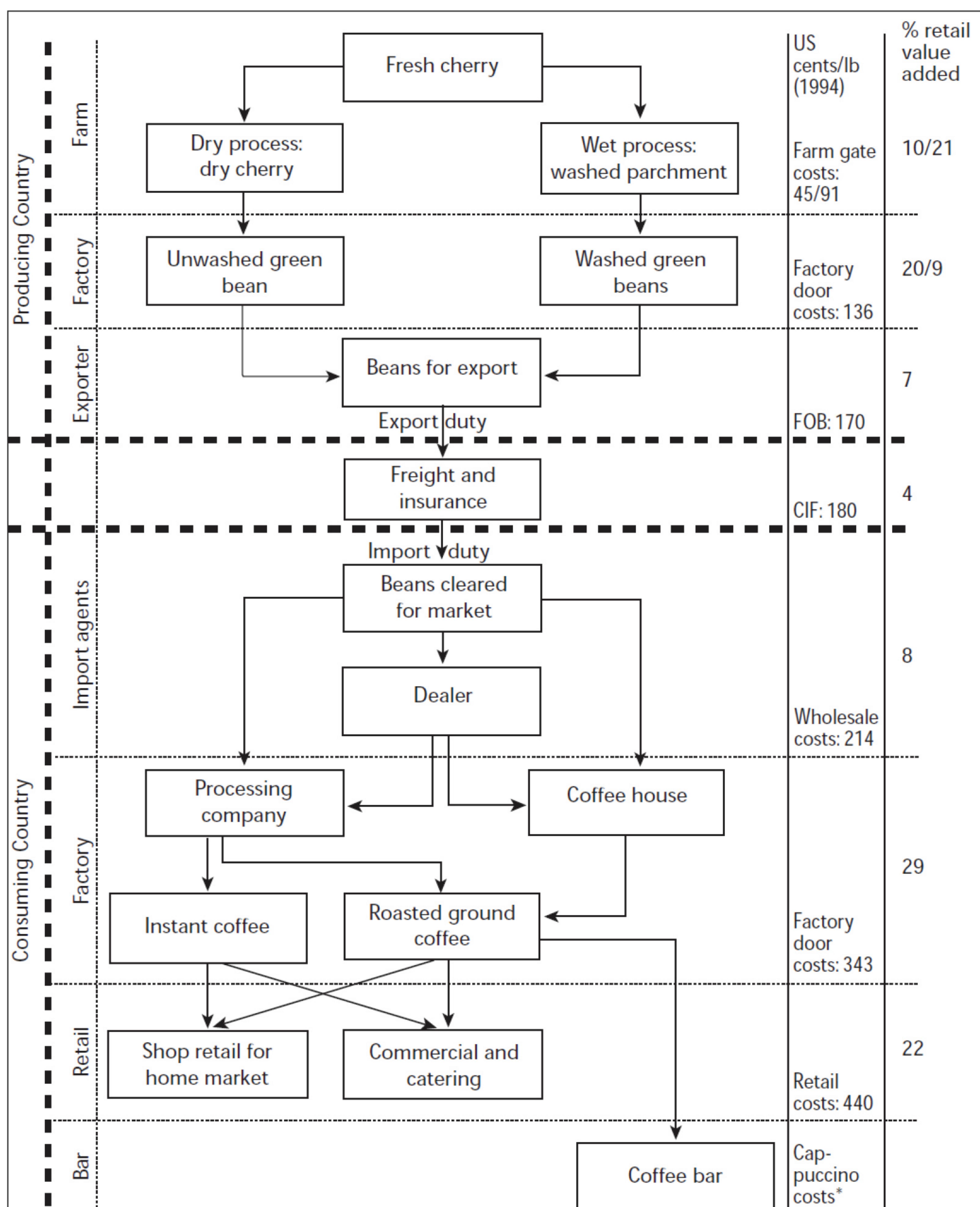


(Source: UNESCAP - Country Studies on Bangladesh, Nepal and Sri Lanka)
 Figure 15: Process Map for the Production of Coffee

Such process map is not yet a value chain, as the process chart does not display, which monetary value is added at each step of production. The value of the product "coffee" at different stages of production can easily be determined. Exemplary questions are as follows:

- Which price are farmers receiving per viss unprocessed coffee?
- Which price is a factory receiving for unwashed or washed beans?

Based on the costs determined after some research work, a diagram as the below one can be compiled.



(Source: UNESCAP - Country Studies on Bangladesh, Nepal and Sri Lanka)

Figure 16: Coffee Sector Value Chain

The diagram immediately shows the costs of the product at different stages of its value addition. The difference between the costs (or values) of the product at different subsequent stages of production are the value added in this production step. Based on such a complete value chain, e.g. a coffee-processing company may for instance decide that it may be economically more beneficial to also package and export the coffee instead of selling to an exporter.

For more about value chain, there is GIZ own value chain approach by following link.
<http://valuelinks.org/>

5.3. Increasing Sales through Effective Marketing

Marketing and the Marketing Mix

Marketing can be explained as all the processes involved in an enterprise to transform concept into products and services that are reachable by and attractive to the customer. As mentioned among the success factors of an enterprise, an understanding of the needs of the customers and the adaptation of the company to these needs are essential for business success. As part of your marketing efforts, your enterprise needs to find e.g. the most effective channel and content when reaching out to your customers: Younger customers may be more responsive to e.g. Facebook or other social media advertisements than older generations. In general, also contents of advertisements need to be adjusted to the targeted customer segment (e.g. according to gender, age and socio-economic group).



Figure 17: Elements of the Marketing Mix

Marketing covers four main areas summarized as the "4 Ps" of the "Marketing Mix". For each product or service offered by your enterprise, all 4 Ps of the Marketing Mix need to be considered and integrated into a marketing plan:

Product

... refers to the identification and selection of a suitable product for the target market or the development of a new product.

Price

... refers to the important process of setting a suitable price for the product which then determines the revenues and profitability of the enterprise.

Place

... refers to the channel chosen by the company for distribution of the product to reach the customer's place.

Promotion

... refers to all of the measures of e.g. advertisement, discounts and campaigns that the company chooses to promote the product.

In other literature, further (Ps) are included in marketing mix models, i.e. Partners (i.e.: Which partners are mobilized for marketing?), Process (i.e.: How is marketing effort being carried out?), People (e.g.: How can the staff be trained to convey messages aligned with the marketing strategy?) and Physical Evidence (e.g.: How can the design of an impressive flagship store help build the intended brand perception)

Market Research

Before a marketing plan can be formulated, often additional research will be required e.g. to determine a feasible sales price. Market research will essentially require your company to interact with different customer segments targeted through survey-based tools or interviews. Market research may be utilized to determine customer preferences, to undertake sales forecasts, to identify suitable promotional activities etc.

As for any type of research, primary and secondary research can be distinguished:

Primary research

.... is research that is based on data collected first-hand in particular through key informant interviews, focus group discussions, surveys/questionnaires or experiments (i.e. on consumer behavior).

Secondary research

..... is research grounded on existing data found in e.g. published sources, newspaper articles, studies etc.

Market research typically comprises the following steps:

- Definition of the research objectives,
- Establishment of the research plan,
- Data collection (i.e. through desk-based research, interviews, surveys),
- Data analysis and triangulation and
- Presentation of the findings.

Development of a Marketing Plan

As aforementioned, the four elements of the marketing mix and the findings from market research may be compiled in a marketing plan to allow the company to plan its steps, approach and budget.

The following five-steps marketing plan is the most basic planning tool for a company that is seeking to successfully implement a marketing strategy:

Situational Analysis	What is the situation and environment for the product?
Market goals	What is the goal of the company in the marketing of respective products?
Marketing Strategy	How can the marketing goals be met?
Budget and Plans	What are costs and timeline?
Outcomes and Adjust	What is being learned and what needs to be changed?

Figure 18: Process of the Development of a Marketing Plan

5.4. Profiting through Sound Financial Management

Revenue, Costs and Profit

Like every business, an MSME essentially needs to generate a profit to exist in the market-place in the long run. The profit that a company is early is defined as:

$$\text{Profit} = \text{Revenue} - \text{Costs}$$

Revenue (R) is generated through the sale of the offered products and services to the customers. The revenue of a company (within a certain period of time) can be calculated by adding up all the payments received from customers. Hence, in the case of a simple enterprise only offering one product, revenues can be calculated by multiplying the quantity of the one product sold (Q1) with the price (P1) charged, hence.

$$R = \text{Quantity} \times \text{Price} = Q1 \times P1$$

In the case of a company with several products (or services) all the revenues for the different products need to be added up, hence

$$R = R1 + R2 + R3 + \dots = (Q1 \times P1) + (Q2 \times P2) + (Q3 \times P3) + \dots$$

Costs (C) generally are composed of two cost categories:

Fixed costs are any costs that do not differ independently from the quantity produced (e.g. costs for buildings).

Variable costs depend on the quantity of products produced - the costs (e.g. for raw materials) increase apparently, when more production is taking place.

In the case of e.g. machinery or other assets that lose in value over time, the company needs to determine the span of "useful life" of the asset. Through a suitable depreciation method (e.g. linear), the value of a machine e.g. at the end of the financial year of a company can be determined.

If an entrepreneur understands this fundamental formula for the calculation of the profit well, it is easy for him/her to enhance the profitability of the business:

$$\text{Profit} = (\text{Quantity} \times \text{Price}) - \text{Costs}$$

The profit of the company can be increased (1) by selling more, (2) by selling at a higher price or (3) by reducing costs. Obviously, costs are inevitably incurred by a running business and customers (usually) are less likely to buy a product / service the higher the price is. A start-up company is "**break even**", when it is reaching a profit of 0 and when hence after an initial investment all costs have been covered by revenues.

Relationship between Costs and Price

On the side of revenues, for an enterprise the setting of the right price is essential, as a company can increase revenues only either by selling at a higher price or by selling a greater quantity.

In this context, there are two different models regarding the relationship of prices and costs:

- Cost-based pricing: According to this method, the price of the product will be set to cover the costs and allow a predefined profit margin.
- Price-based costing: According to this method, the company is trying to influence its costs based on the price level that is reachable on the market.

For any company in the start-up phase, it is advisable to conduct a break-even analysis to determine the point of time, when the company is generating a profit for the first time.

Saving through Scale or Scope

Two important models of cost-saving are essential for entrepreneurs:

Economies of Scale

... refer to the savings in costs per unit that an enterprise is able to make, when it produces a greater quantity of a certain product.

Economies of Scope

.... refer to the proportionate savings in costs by an enterprise that produces multiple different products as compared to the case of producing the products separately.

Keeping Track of Daily Operations Cash Book and Inventory Management

Many MSMEs in Myanmar do not conduct proper accounting. For obtaining financing, planning, expanding and professionalizing business, calculating the corporate profit and tax liabilities, it is essential though to keep track of inbound and outbound payments.

An important and simple first step to proper accounting is to maintain a "cash book". Such a cash book is a financial journal that lists all transactions of cash received and payments made with at least the date, a description, the amount and balance of the accounts.

In addition, for obvious reasons also a MSME should keep track of its inventory, hence the number of e.g. articles and materials on stock. An initial inventory list is to be created by counting, measuring etc. all types of e.g. articles on stock. Continuously, all changes of the stock levels through purchases by the company, sales or loss (e.g. food beyond expiry date, damages) are then to be recorded in a list. (Beyond stock levels, also reservations of products or sales forecasts for the product can be included in the list or a different format.)

Principles of the Structure of a Balance Sheet and Income Statement

Purpose of balance sheet is to display the assets (e.g. inventory, buildings, vehicles), liabilities (e.g. debt to be repaid) as well as the equity of a company at a specific point of time (usually at the end of the calendar year). Generally must the following formula always be valid in the balance sheet of a company:

Total Assets = Total Liabilities + Equity

Every value containing asset needed to be paid by the company at some point of time either by the companys own resources (i.e. equity) or e.g. through loans (i.e. liabilities).

The following sample template should serve companies as a support to establish a balance sheet:

Table 2: Sample Balance Sheet

Balance Sheet (on a specific date)					
		Opening	January	February	March
	Assets current				
	Cash				
	Accounts Receivable				
	Inventory				
	Prepaid Expenses				
	Total Current				
	Fixed				
	Leasehold Improvements				
	Equipment & Furniture				
	Accumulated Depreciation				

Balance Sheet (on a specific date)					
	Total fixed Assets				
	Total Assets = Total current + Total fixed assets				
	Liabilities				
	Current				
	Accounts Payable				
	Current portion of long-term loan				
	Total current Liabilities				
	Long-term debt				
	Loan				
	Minus current portion				
	Shareholders loans (if)				
	Total long-term Debt = (Loan Minus current)				
	Total Liabilities				
	Equity				
	Opening equity				
	Retained Earnings				
	Minus Dividends				
	Total Equity				
	Total Liabilities & Equity				

While the balance sheet of a company is to be understood as the "balance" of all accounts at a specific point of time, a so called "income statement" or "profit and loss statement" is helping a company to document earnings and costs, as they occur.

Table 3: Sample Income Statement

Income Statement (or Profit and Loss Statement)				
		January	February	March
1.	Total Sales			
	Cost of sales			
	Gross Margin			
2.	Expenses			
	Wages & benefits			
	Rent			
	Advertisingç Promotion			
	Administration, Office			
	Utilities, Telephone			
	Insurance			
	Accounting, Legal			
	Loan interest			
	Travel, Auto			
	Maintenance,Repairs			
	Depreciation			
	Licenses, Taxes			
	Assets purchased			
	Other			
	Total Expenses			
	Net Income before Tax			
	Tax			
	Net income			

Important for the management of MSME to realize is that investment needs (e.g. for a new building) and needs for the financing of day-to-day operations (e.g. trade finance) are fundamentally different.

5.5. Establishing a Culture of Continuous Improvement and Sustainability

While one objective of most companies is to grow, it is important for a company to grow in a sustainable way and to internalize a culture of learning and improvement.

Strategy 1: Lean Production

One of the globally popular production philosophies is the concept of "lean production" that was developed as part of the Toyota Production System. Implementing lean production in a factory means to reduce any "waste" in the process. Relevant questions to a company may be: How can defects and inappropriate processing be reduced? How can unnecessary motion of products in the production facilities be reduced

According to the concept of lean production the following types of "waste" should be eliminated in an efficiently run production facility:



(Source: ottomotors.com)
Figure 19: Waste according to the Lean Production Philosophy

Reduce unnecessary motion!

A company should not require a worker or machine to move unnecessarily.

Reduce unnecessarily high levels of inventory!

A company should not maintain too many products on stock as necessary, as this creates often substantial costs e.g. for warehousing.

Reduce unnecessary waiting!

A company should not keep an available workstation unoccupied and waiting.

Reduce defects!

A company should implement measures (e.g. quality assurance) to avoid or minimize the occurrence of defects. If defects cannot be avoided due to the nature of the production process, errors should be recognized as early as possible.

Reduce overproduction!

A company should not produce more than necessary, as again costs for the storage of inventory of final products would be incurred.

Reduce unnecessary transportation!

A company should plan the layout (and location) of its production facilities to avoid any unnecessary transportation of the inputs, semi-finished items and final products, whenever possible.

Reduce overprocessing!

A company should eliminate unnecessary, non-value-adding steps in production.

Strategy 2: Strategies for Developing Products and Markets

The so called "Ansoff Product-Market Matrix" is a useful tool to visualize the options that your enterprise has to seize new opportunities.

	Existing Products	New Products
Existing Market	Market Penetration	Product Development
New Market	Market Development	Diversification

Figure 20: Ansoff Product-Market Matrix (Source: VP of Strategy)

Strategy 3: Corporate Social Responsibility (CSR)

As part of CSR (at times also called Creating Shared Value (CSV) e.g. at Nestle), an enterprise is often seeking to avoid any negative social or environmental implications of its business. Instead many enterprises are striving to create a positive impact through their business.



(Source: renewableenergyworld.com)

Figure 21: Core Elements Considered in a CSR Strategy

In an ideal scenario, CSR goes beyond just philanthropy (i.e. giving donations for a charitable purpose) and element of sustainability are incorporated into any part of the value chain. CSR initiatives may be implemented in organizations of any sizes and sectors, while obviously the nature and scope of sustainability measures may be different in dependence on the size of organization.

Putting in place CSR measures may help MSMEs to win new and retain existing customers, to build a positive reputation and get on the radar of investors and potential business partners and at times to gain savings e.g. in operational expenses etc.

Annex (1)

PECS SELF-RATING QUESTIONNAIRE

INSTRUCTIONS

- I. This questionnaire contains 85 sentences. Read each one and decide which describes you better. Be honest to yourself. The questionnaire's purpose is to help you make a self-evaluation; it is no test and there is no correct/wrong answer.
- II. Choose the number associated to the sentence that best describes your behavior;
 1. Never
 2. Seldom
 3. Sometimes
 4. Most of the times
 5. always
- III. Write down the chosen number beside each sentence.

See example: I keep myself calm in tense situations

The person considered feels that the situation above seldom describes his/her behavior; therefore he/she writes the number 2 beside the sentence.

	Questionnaires	Score
1	I look for things that need to be done.	
2	I like challenges and new opportunities.	
3	When I face a difficult problem, I spend a lot of time trying to find a solution.	
4	When I begin a work or project, I gather all possible information available.	
5	I got upset when things are not done well.	
6	I make a great effort to accomplish my work.	
7	I find ways of doing things faster.	
8	I establish my own goals.	
9	I plan a big job by dividing it into several small tasks.	
10	I think of different solutions to solve the problems.	

11	I tell people when they do not perform as expected.	
12	I feel I will be succeeded in any activity I engage.	
13	I get support by others for my suggestions.	
14	I develop strategies to influence others.	
15	I compare my achievements to my expectations.	
16	I know how much money is necessary to develop my projects or activities.	
17	I listen carefully to any person who talks to me.	
18	I know what needs to be done; I don't need anyone to tell me what to do.	
19	I prefer to accomplish tasks that I dominate and feel safe doing them.	
20	I insist several times to get someone to do what I want.	
21	I search for advice from people who know about the different aspects of my business.	
22	It is important for me to do high quality work.	
23	I work for several hours and make personal sacrifices in order to finish my work in time.	
24	I don't use my time in the best possible way.	
25	I do things without a specific target in mind.	
26	I carefully analyze the advantages and disadvantages of the several ways to execute tasks.	
27	I have my mind focused on many projects at the same time.	
28	If I dislike someone's attitude, I tell him/her.	
29	I change my way of thinking if other people strongly disagree with my point of view.	
30	I convince other people of my opinions.	
31	I don't spend a lot of time thinking how to influence other people's ideas.	
32	Regularly I check how far I am from achieving the goals I have set.	
33	I know how much money I can expect in return for my projects.	
34	I get upset when I don't do what I want.	

35	I do things even before it is clear to me how they should be done.	
36	I look for opportunities of doing new things.	
37	When something hinders what I am trying to do, I try to find other ways to accomplish my task.	
38	I often do things without looking for some information concerning the task.	
39	My results at work are better than those from people who work with me.	
40	I do what it takes to have my work done.	
41	I get upset when I waste time.	
42	I do things that help me accomplish my objectives.	
43	I try to anticipate all the problems that might happen and think of what can be done in case any of them take place.	
44	Once I have chosen my solution to a problem, I don't change it.	
45	It is difficult for me to instruct people on what they should do.	
46	When I try something difficult or something that challenges me, I feel confident I will succeed.	
47	I show people I am capable of executing the tasks they have for me.	
48	I seek important people to help me reach my goals.	
49	I don't know how far I am from achieving my goals.	
50	I don't care for the financial consequences of my acts.	
51	I have failed in the past.	
52	I do things before they become urgent.	
53	I try to find new tasks, different from the ones I have already done.	
54	When I face a great difficulty, I look for other tasks.	
55	When I have to do a job for someone, I ask many questions to be sure that I understood what he/she wants.	
56	When my work is satisfactory, I don't spend more time trying to improve it.	
57	When I am doing something for another person, I make a lot of effort so he/she is very satisfied with my work.	
58	I seek cheaper ways of doing things.	

59	My goals correspond to what is important for me.	
60	I face problems when they appear instead of anticipating them.	
61	I think of different ways of solving problems.	
62	I show when I disagree with someone.	
63	I do risky things.	
64	I am very persuasive with other people.	
65	When trying to reach my goals, I look for solutions that would be positive for all people involved.	
66	I co-ordinate the performance of people who work with me.	
67	I have good control of my finances.	
68	There have been times when I took advantages of people.	
69	I wait for the orders of someone else, and then I act.	
70	I take advantage from opportunities as they appear.	
71	I try several ways to overcome the obstacles that disturb the accomplishment of my goals.	
72	I look for different sources of information that could help me in my tasks or projects.	
73	I want my business to be the best in the branch.	
74	I don't let my work interfere with my personal life.	
75	Most of the money I use in my project or work is borrowed.	
76	I have a clear vision of where I intend to get in the future.	
77	I have a logical and systematic approach of my activities.	
78	If a way of solving a problem doesn't work out, I try another.	
79	I tell people what they have to do, even if they don't want to do it.	
80	I stick to my decisions, even when other people strongly disagree with me.	
81	If I can't change people's opinion, even with my strongest points of view.	
82	I know who is able to help me to reach my objectives.	
83	When I work with a deadline, I check regularly if I will be able to finish my work in time.	
84	My projects include financial information.	
85	I have no problems to recognize something I do not know.	

Instructions:

1. Write down the answer for each sentence on the lines above the correspondent number of the statement. Note that the numbers of the statements are serial in each column.
2. Make the calculation indicated in each line to compute the points for each characteristic.
3. Sum up all the points obtained for each characteristic to obtain the total score.

Choice for the statement

Score

Characteristic

$$\frac{\quad}{(1)} + \frac{\quad}{(18)} + \frac{\quad}{(35)} + \frac{\quad}{(52)} - \frac{\quad}{(69)} + 6 =$$

(Shows initiative)

$$\frac{\quad}{(2)} - \frac{\quad}{(19)} + \frac{\quad}{(36)} + \frac{\quad}{(53)} + \frac{\quad}{(70)} + 6 =$$

(is aware of opportunities
and takes advantages of them)

$$\frac{\quad}{(3)} + \frac{\quad}{(20)} + \frac{\quad}{(37)} - \frac{\quad}{(54)} + \frac{\quad}{(71)} + 6 =$$

(is perseverant)

$$\frac{\quad}{(4)} + \frac{\quad}{(21)} - \frac{\quad}{(38)} + \frac{\quad}{(55)} + \frac{\quad}{(72)} + 6 =$$

(searches for information)

$$\frac{\quad}{(5)} + \frac{\quad}{(22)} + \frac{\quad}{(39)} - \frac{\quad}{(56)} + \frac{\quad}{(73)} + 6 =$$

(is aware of the importance of
high-quality work)

$$\frac{\quad}{(6)} + \frac{\quad}{(23)} + \frac{\quad}{(40)} + \frac{\quad}{(57)} - \frac{\quad}{(74)} + 6 =$$

(knows the importance
of fulfilling tasks)

$$\frac{\quad}{(7)} - \frac{\quad}{(24)} + \frac{\quad}{(41)} + \frac{\quad}{(58)} + \frac{\quad}{(75)} + 6 =$$

(is efficiency-oriented)

$$\frac{\quad}{(8)} - \frac{\quad}{(25)} + \frac{\quad}{(42)} + \frac{\quad}{(59)} + \frac{\quad}{(76)} + 6 =$$

(is objective-oriented)

$$\frac{\quad}{(9)} + \frac{\quad}{(26)} + \frac{\quad}{(43)} - \frac{\quad}{(60)} + \frac{\quad}{(77)} + 6 =$$

(makes systematic planning)

$$\frac{\quad}{(10)} + \frac{\quad}{(27)} - \frac{\quad}{(44)} + \frac{\quad}{(61)} + \frac{\quad}{(78)} + 6 =$$

(looks for solutions for problems)

$$\frac{\quad}{(11)} + \frac{\quad}{(28)} - \frac{\quad}{(45)} + \frac{\quad}{(62)} + \frac{\quad}{(79)} + 6 =$$

(is assertive)

$$\frac{\quad}{(12)} - \frac{\quad}{(29)} + \frac{\quad}{(46)} + \frac{\quad}{(63)} + \frac{\quad}{(80)} + 6 =$$

(is self-confident)

$$\frac{\quad}{(13)} + \frac{\quad}{(30)} + \frac{\quad}{(47)} + \frac{\quad}{(64)} - \frac{\quad}{(81)} + 6 =$$

(is persuasive)

$$\frac{\quad}{(14)} - \frac{\quad}{(31)} + \frac{\quad}{(48)} + \frac{\quad}{(65)} + \frac{\quad}{(82)} + 6 =$$

(uses strategies to influence people)

$$\frac{\quad}{(15)} + \frac{\quad}{(32)} - \frac{\quad}{(49)} + \frac{\quad}{(66)} + \frac{\quad}{(83)} + 6 =$$

(Monitors goals, achievements and performances)

$$\frac{\quad}{(16)} + \frac{\quad}{(33)} + \frac{\quad}{(50)} - \frac{\quad}{(67)} + \frac{\quad}{(84)} + 6 =$$

(is aware of the importance of financial information)

$$\frac{\quad}{(17)} + \frac{\quad}{(34)} + \frac{\quad}{(51)} - \frac{\quad}{(68)} + \frac{\quad}{(85)} + 6 =$$

(correction factor)

Final score = -----

(Entrepreneurial Profile)

PECS SELF-RATING QUESTIONNAIRE - RESULTS

Profile	Score				
Shows initiative					
is aware of opportunities and takes advantages of them					
is perseverant					
searches for information					
is aware of the importance of high-quality work					
knows the importance of fulfilling tasks					
is efficiency-oriented					
is objective-oriented					
makes systematic planning					
looks for solutions for problems					
is assertive					
is self-confident					
is persuasive					
uses strategies to influence people					
Monitors goals, achievements and performances					
is aware of the importance of financial information					
Shows initiative					
	5	10	15	20	25

(Source : PECS: CEFE International)

Annex (2)



**MY BUSINESS
PLAN**

Business Name _____

Name _____

Address _____



1. IDEA

Write about the business you want to do.

Show, why it is special.



OWNER(S)

Write the name(s) of the owner(s)





2. MARKET

PRODUCT

What product or service will you offer?



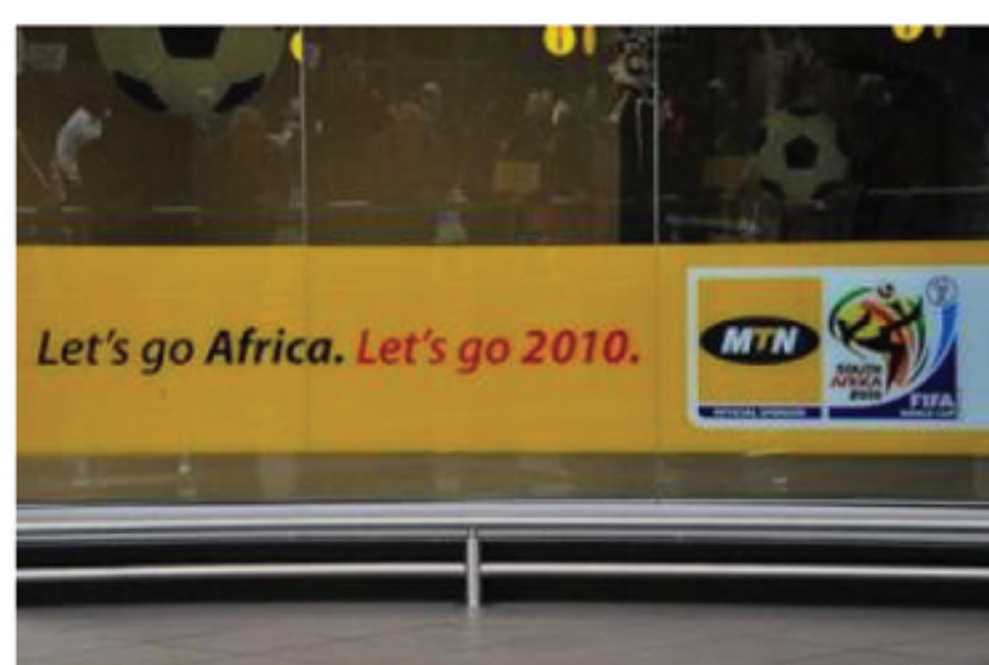
PRICE

For how much will you sell the product or service?



PROMOTION

How will you make adverts?





CUSTOMERS

How many customers can you get each month?



PLACE

Where will your business be?



COMPETITORS

Who will you compete with?



SUPPLY

How will you supply your goods and services?





3. MACHINES & WORKERS



EQUIPMENT How will you produce your product or provide your service?



MACHINES

List the machines/equipment you need with prices?



REGISTRATION

What registration will you need?



WORKERS

How many staff will you need and what do they cost?





4. COSTS

How much will you spend before starting the business?

S/No.	Activity	Amount
1	Registration	
2	Permit / Licence	
3	Training	
4	Information about the business	
5	Business Plan	
6		
7		
8		
9		
10		
	TOTAL	



What is the total amount you need for the business?

Cost	Item	Amount
Expense Before Business Starts		
Fixed Assets (Land, Machines, Vehicles, Furniture, Building etc)	1.	
	2.	
	3.	
	4.	
	Total Fixed Assets	
Working Capital for 3 months (workers pay, owners pay, marketing costs, raw materials)	1.	
	2.	
	3.	
	4.	
	Total Working Capital	
	GRAND TOTAL	



TOTAL MONEY

How much money do you need to start the business?
(i.e.: total costs before starting the business, fixed assets, and working capital, see the pages before)



OWNERS MONEY

How much money do you have to start the business?



EXTRA MONEY NEEDED TO START THE BUSINESS

How much extra money is needed for the business ?
(Total Project Cost minus your own Money)



5. FINANCE PLAN

From whom and how will you get the extra money?

SOURCES FOR EXTRA MONEY

1. Own Money _____
2. _____
3. _____
4. _____
5. _____
6. Total Money _____



How will you pay back the extra money?

A	money borrowed from others		
B	in how many months must you pay it back		
C	how much must you pay back each month		divide A by B (A/B)
D	interest you must pay for this money in each month		
E	this is how much you need to repay every month		add C and D (C+D)
F	this is how much in total you need to repay the borrowed money		Multiply B and E (B x E)

How much cash goes in and comes out each month

CASHFLOW STATEMENT

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	cash at beginning of the month												
	In the first month put in the total value of 'Finance Plan'.												
	In all others months put in the value of F of the month before												
	for what	how much	how much	how much	How much	how much	how much	how much	How much	how much	how much	how much	How much
B	cash coming in during the month 'Cash In'												
	1.												
	2.												
	3.												
	4.												
	5.												
C	Total												
D	cash that I spend during the month 'Cash Out'												
	1. Material												
	2. Wages												
	3. Rent												
	4. Water, power												
	5. Repay extra money												
	6. Tax, fees												
	7.												
	8.												
	9.												
	10.												
E	Total												
F	Cash left over at end of the month (A plus C minus E)												



How much sales and expenses do you make every month?



PROFIT AND LOSS STATEMENT

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
TOTAL SALES (1)												
EXPENSES												
Cost of Materials												
Operating Expenses												
1.												
2.												
3.												
4.												
5.												
TOTAL EXPENSES (2)												
PROFIT BEFORE TAX (1-2)												
TAX												
PROFIT AFTER TAX												

References and Further Reading

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