HANDBOOK ON

BUSINESS AND ENTERPRENEURSHIP DEVELOPMENT FOR SORGHUM VALUE CHAIN

Hakeem A. Ajeigbe, Abubakar H. Inuwa, Ola Barnabas and Adekunle Alege

Acknowledgement

This Handbook is a deliberate and concerted efforts of the Sorghum Outreach component of program of Agricultural Transformation Agenda Support Program (ATASP-1) being implemented by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) to disseminate vital information on business development and entrepreneurship for profitable Sorghum production and along its value chain. The Project is funded by Federal Government of Nigeria through Africa Development Bank. While International Institute for Tropical Agriculture is coordinating the Outreach program (which include cassava, rice and sorghum), ICRISAT is leading in the implementation of the sorghum outreach. ICRISAT is grateful to Chief Audu Ogbeh, Honorable Minister, Federal Ministry of Agriculture and Rural Development as well as to Dr Akinwumi Adesina, President Africa Development Bank, who is also ICRISAT`s Ambassador of Goodwill.

This manual would not have been possible without the support and encouragement of the National Program Coordinator ATASP-1, Mr. Haruna Akwashiki, the Outreach Project Coordinator, Dr. Gbassey Tarawali, National Outreach Officer, Mr Festus Izuakor, the ATASP-1 Zonal Project Coordinators and staff as well as the Technical Consultant Dr O. Oyebanji. We acknowledge the partnership of the Director and Staff, National Agricultural Extension Research and Liaison Services (NAERLS), Ahmadu Bello University, Zaria. The authors wish to appreciate ICRISAT Management led by the Director-General, Dr David Bergvinson, and the West and Central Africa Regional Director, Dr Ramadjita Tabo for their continued support and encouragement. We also appreciate colleagues in the Sorghum Outreach namely; Dr. Ignatius Angarawai, Dr. Folorunsho Akinseye, Shuaibu Abubakar Ummah, Tukur Abdulazeez, and Yemisi Thompson for their immense support in compiling this manual.

TABLE OF CONTENTS

BACKGROUND

Agriculture plays an important role in the livelihood of many Nigerian, contributing about 45 percent of the GDP, employing about two-third of the labour force and also contributes significantly to the agro-allied industries. Sorghum is an important cereal crop that is grown in all the northern and some parts of south western states of Nigeria. It plays a vital role in the diets and economies of people in Nigeria. The average per capita annual sorghum consumption in its major growing areas for morethan ten years is foot at 40kg. .Global prices for agricultural commodities have risen dramatically in recent years, making agriculture an attractive investment once again. Industrial demand for sorghum as substitute for wheat in the production of composite flour and high energy foods by flour mills and malting industries for beverages coupled with its micronutrient potential for Iron (Fe) and Zinc (Zn) as health food makes it a competitive crop.

“Small business entrepreneurs are the world’s frontline risk takers, job creators and problem solvers in poor countries, they are our best chances to fight extreme poverty and create broad-based wealth”**-** ***Agora Partnership***

ATASP-1 HIGHLIGHT

The Agricultural Transformation Agenda (ATA) of the Federal Government of Nigeria launched in 2013 with the objective of attracting private sector investment in agriculture, reduce post-harvest losses, add value to local agricultural produce, develop rural infrastructure and enhance access of farmers and other value chain actors to financial services and markets. The ATA sets out to create over 3.5 million jobs along the value chains of sorghum and other priority agricultural commodities particularly for Nigeria's teeming youths and women.. The FMARD got the backing of the African Development Bank to finance a project 'Agricultural Transformation Agenda Support Program-phase 1 (ATASP-1). This project is being implemented in four Staple Crops Processing Zones (SCPZs) of Adani-Omor, Bida-Badeggi, Kano-Jigawa and Kebbi-Sokoto. Key impacts are additional incomes to an increased number of producers and entrepreneurs in the sector by the creation of about 120,000 jobs along the value chain of priority commodities; and additional 20 million metric tons of key commodity food crops added to domestic food supply per annum. ATASP-1 has 3 components as follows: 1. Infrastructure development, 2. commodity value chain development, and 3. program management.

The Outreach Program was carved from ATASP-1 and given the responsibility of implementing Component 2, with the objective of transforming Nigeria's cassava, rice and sorghum sectors with three CGIAR centers. These are: IITA-cassava; AfricaRice-rice; ICRISAT-sorghum with their national partners. ATASP-1 Outreach implementation strategy is a major departure from past approaches to Agricultural development as it hopes to set a benchmark in showing how a functional agricultural public-private partnership can succeed. The beneficiaries include farmer groups, processor groups, farmer input/service supplier groups, sensitized persons (Market Information Service, open days, mass media), fabricators, marketers and transporters, seed companies, the youths, training participants, and policy makers. Therefore, a **Hand Book** targeted to business management and entrepreneurship is critical for enhanced productivity along the continuum from subsistence to commercial agriculture.

1.0 INTRODUCTION

Establishing a new business comes with great risk and effort amidst looming uncertainties of venturing into something new. In creating and growing a new venture, the entrepreneur takes the full weight of risks associated with its development and survival, and enjoys the corresponding rewards.

The growing interest in enterprise development from all sectors including consumers, government, and academia, private, research, workshops, seminars and media, underscores its growing significance for both industrialized and developing economies. Equally significant is the increasing appetite for and the actual establishment of new businesses each year with a paradox of about 70% failure rate which is quite alarming.

Therefore, taking into account the ICRISAT partnership efforts under the ATASP-1 Sorghum Outreach Programme, it is pertinent and imperative to promote farmers (Youth, men, and women) to venture into establishing their businesses along the Sorghum value chain. This is in view of the important role Sorghum commodity is playing in the economy particularly in the face of dwindling oil revenue. Sorghum is one of the top cereal crops in the world that is extremely drought tolerant and excellent choice for arid and dry areas, it was originally cultivated in Africa, although the cultivation of this grain is on the rise, it has spread to southern Asia and the Americas. This annual grass has special adaptations to weather extremes and is a very stable source of nutrition. In much of the rest of the world, however, it is consumed by humans as well as animals.

The need therefore to encourage and build the capacities of women and youth knowledge and skill of engaging in Sorghum value chain businesses is imperative, and so is the need to create jobs and generate income for self-reliance.

It is in view of the above that ICRISAT Nigeria is poised to promote massive production, processing and marketing of Sorghum by providing the necessary linkages.

2.0 MICRO AND SMALL ENTERPRISES

A micro-enterprise is generally a personalized venture owned and managed by the owner, usually without formal structures. The business owner provides the start-up capital and when the need arises, most often makes use of family labour as support staff. The National Council of Industries classifies a micro-enterprise as one employing between 1-10 persons and with a capital outlay of between 1 Kobo to one Million naira. Notwithstanding, a properly managed micro-business can develop into a small, medium and indeed large- scale enterprise.

Business opportunities evolve from **'ideas'** otherwise referred to as business **concepts**. It generally involves a lot of **brainstorming and creativity** bothering on:

- What product or service to introduce to the market?
- What difference to make in the current market?
- What technology or methodology to adopt?
- What targets, game plan and/or survival strategy to have?

It is important to note that the primary objective of any business owner/entrepreneur is to make profit; hence a business should be treated as separate entities from the owner. This essentially means that the owner should pay for whatever product or service taken from the business for private consumption, to be able to effectively determine profitability or the financial health of the business.

Features of micro-business

- Small capital outlay
- Small/limited number of employees
- Simple product/service processes
- Well defined/classified market
- Simple ownership structure
- Low cost/locally based raw materials
- One-line risks and rewards bearing
- Easy to operate and maintain

2.1 IDENTIFYING A BUSINESS

It is of utmost importance for a prospective entrepreneur to scan his political, economic, socio-cultural and technological environment; identify and test a business idea before committing resources, even when they are readily available. There is no fool-proof methodology at this stage but the following tips can make the job easier for the entrepreneur.

(a) ***Business Environment Analysis***

A critical assessment of the business environment in relation to its potential strength, weaknesses, opportunities and risks, is critical to a successful business foundation.

The SWOT analysis could be used to understand the internal factors (strength and weakness of the business) and external factors (opportunities threats) that can affect his business performance. The strength include things like high financial strength, high worker productivity etc while the weakness can be exemplified by obsolete machines, inadequate finance, lack of infrastructures etc The opportunities and threats include: new markets, expanding markets, government regulations or incentives, new technology, increasing competition, lower or higher barriers to entry, or economic conditions.

(b) ***Market-Gap Analysis***

Market-gap analysis is an extremely powerful tool for the identification of demand and supply gaps. It indicate the areas in the market where demand for goods/services exceeds supply. Conduct a research on your current and potential markets to identify trends, competitors, needs, and buyers. Be sure to take time to collect data. Obtaining good data serves as the foundation for the formulation of an effective strategy. The better the information, the better your strategic plan will be. Information for market research can be obtained through networking, demographic survey, direct observation and focus group discussions. Once an entrepreneur is able to run a sound analysis, there is a good chance of discovering viable business opportunities.

(c) ***Problem Approach***

Problems are difficulties or obstacles identified between a present situation and desired future situation. Micro business ventures may be identified to eliminate or reduce a problem or simply meet a need. An accurate analysis of the problems and causes is critical to the ability to provide the product/service that fills the vacuum. Evaluate the situation. Have all possibilities been considered? In this stage, explore all possibilities, ask all involved or interested individuals for their input into identifying the problem. Is there just one problem or are there more?

2.2 STARTING YOUR OWN BUSINESS: QUICK CHECKLIST

Most often people kick start their business without adequate preparations or full knowledge of the intricacies. A few sometimes ride the storm and succeed, but by far greater numbers of entrepreneurs fail mainly for lack of proper planning. A proper plan which shows the business road map is necessary for a successful business. Failure to adequately plan a business often leads to failure. The plan should always have SMART objectives. That is the objectives should be specific/simple, measurable, achievable, relevant and timely.

- Are you an Entrepreneur?
- Are you a Manager?
- Where is the Market?
- How much resources are required?
- Where do I locate?
- How do I compete?
- What records do I need to keep?
- What basic information do I require?
- What about personnel?
- What are the associated problems of my line of business? Etc.

2.3 BARRIERS TO ENTERPRISE DEVELOPMENT

Findings from research suggest that barriers to enterprise development include:

- Insufficient information to get started
- Limited access to finance
- Lack of personal finance for investment
- Lack of accessible and affordable premises
- Low levels of confidence to attend the 'formal' business/enterprise development courses delivered in a classroom setting due to negative school experience
- Low aspirations creating a local 'can't do' culture
- Perception that mainstream business support services don't take people from deprived areas including minority groups seriously.
- Lack of family support and backing to run a business and lack of a sophisticated network of positive influences
- Poor recruitment leading to hiring the wrong staff with inappropriate attitude and work ethics
- Poor accessibility to business support services including lack of information
- Increased competition through e-commerce i.e. internet sales – lower costs due to low overheads making it difficult for physical 'shop type' businesses to compete
- Limited role models/mentors to inspire people into non-traditional businesses i.e. knowledge based/technology type businesses that may not require highly visible business premises as a symbol.
- Fear/Lack of adventure

2.4 BUSINESS PLANNING

What is a business plan?

A business plan is a written document prepared by the entrepreneur describing all the relevant external and internal elements involved in starting a new venture. It is often an integration of functional plans encompassing finances, marketing, operations/production, human resources and any other factor that can make the business to succeed. In simple terms, a business plan is an operating tool which shows how the business is to be managed. It is **a blue print** on how the business is to be organized and managed. It a roadmap which the business follow from the conception of idea through to business actualization.

Business plans are usually deduced from the feasibility study. The business plan should ordinarily be prepared by the entrepreneur who possesses the basic understanding of the details of his proposed venture. The entrepreneur may however consult relevant professionals (BDSPs) as applicable depending on the type and scale of operations, particularly taking cognizance of the specific interests of potential lenders and/or investors who will later evaluate the plan.

2.5 MICRO-BUSINESS FEASIBILITY STUDY

What is a feasibility Study?

A feasibility study is the act of gathering and analysing relevant information to find out if a business is good idea or not. It is the act of asking questions and organizing information that will eventually assist a prospective entrepreneur determine empirically if his business idea is feasible, viable or possible.

Basic steps in a feasibility *study*

(a) *Choose a Product line or Service*

In taking this step i.e. choosing a product line or service, it will be necessary to seek information on the community/local economy using appropriate methods (interviews, questionnaire, etc.). The following questions will assist as a guide.

- What kind of business are currently existing in the community
- What products or services do people need
- Are there existing businesses, providing the identified peoples' needs
- What specific products or services are not available within the local economy

(b) *Find out if People will buy the product or Service*

Producing goods that people are not ready or willing to patronize will amount to a business disaster. Therefore, a market survey becomes an imperative at this stage. A market survey is simply a process of finding out:

- Where your potential customers are
- How much money they can afford to spend on your product
- What will make them want to buy your product
- The age bracket of your target customers
- The demography (men, women, children) of your market
- The potentials for sustained patronage for your product – one, two, three years down the line.

In taking this step, also ensure to

- Talk to community members
- Visit nearby markets to talk to people already in the business
- Talk to select people of interest
- Observe the community lifestyle to find out gaps that could be filled by your product/service.
- Find out the consumption pattern or trend of purchase per unit time.

(c) *Examine and Understand the Operations/Production Process*

Production is the process of utilizing resources i.e. capital, labour and materials to make a product or service. In this process, the following salient matters are germane:

- What are the intricacies of the production process from start – finish?
- What are the trade/production secrets or technicalities involved?
- What are the specific skills or capacity requirement?
- What is the typical production cycle?
- What are the raw materials requirement for a typical production cycle?
- What equipment is required and how can it be acquired?
- What other infrastructure (e.g. accommodation) is required and how can it be accessed etc.?

(d) *Calculate Business Expenses*

The amount of funds expended for equipment, labour, materials and other ancillary items or services in getting the product/service ready for the market/ consumers is regarded as business expenses. This could be classified as:

(i) Capital Expenditure

Expenses for permanent equipment that cannot be used up at once but can be depreciated over time e.g. tools, gas cooker, sewing machine, welding machine, farm tractor, etc.

(ii) Operating Expenditure

Expenses that are used up for day-to-day business operations such as salaries, rent, energy, gas, spare parts, telephone, etc.

(e) *Estimate Business Income*

Sales are estimated over a period of time to determine the business income. Income estimate can be made by forecasting the quantity of product/service to be produced and the selling price per unit of the product.

Example: Mohammed Adamu Enterprises

		1st Quarter			**2nd Quarter**		
S/N	**Product/Service**	**Jan**	**Feb**	**March**	**April**	**May**	**June**
1	Quantity (Bags)	30	40	45	55	30	35
2	Unit Price (N)	30	35	40	40	35	35
3	Sales Income (N)	900	1400	1800	2200	1050	1225

A concise ***pricing policy*** is a pre-requisite for an effective sales income forecast. The ***cost + profit*** pricing approach is the simplest recommended method. This approach is also premised on the following considerations:

- Who are my competitors?
- What is their sales gimmick and/or their pricing policy?
- What is the competitor's price range?
- What is the competitors' unit cost of production?
- What is the customers' preference?

Profit Margin/Cost + Profit Approach

Step 1: List Business Expenses per Unit time

- Materials -------------------------
- Transportation -------------------------
- Facilities -------------------------
- Salaries/Wages -------------------------
- Advertising -------------------------
- Cost of Funds -------------------------
- Depreciation -------------------------

Total Cost (N) -------------------------

Step 2: List the quantity of products per unit time

Step 3: Divide: (Cost By product) i.e. $\frac{\text{Total of step 1}}{\text{Total of step 2}}$ = Unit Cost

Step 4: Determine profit margin per unit

Step 5: Add unit cost (3) and the profit margin (4)

= Sales price per unit

(f) *Investment Decision*

- Is the business a good idea?
- Is the business viable?
- Is the exercise feasible?
- Is it Do-able?

After a thorough estimation of the business expenses (capital and operating) and the sales income by empirical projections, the entrepreneur is now at the stage of making investment decision, for or against the commitment of resources by simple comparison of income and expenditure outlay. The business will be profitable if estimated income is higher than expenses and vice versa. However, financial institutions would only accept your business as viable and feasible if indicators such as Net present worth, Internal rate of return, Benefit-Cost ratio and Payback period are appropriate. As such, feasibility should be able to evaluate the time value of money.

Furthermore, in order to strengthen the business after take-off, even when feasibility report indicates profitability, the entrepreneur will still need to examine critical factors relating to sustainability, such as:

- What happens in the event of sudden change in the price of raw materials vis-à-vis finished product?
- Changes in government monetary and fiscal policies – tax, tariff, labour, interest rate, exchange rate, inflation etc.

- Sudden upsurge in the number of competitors

Finally, if the total matrix is plotted and the business profit can still be sustained, a decision to invest can safely be taken at this stage. If however the projected surplus shifts negatively at any point, it is advisable to have a re-think. It is indeed better to lose the input into the feasibility study than the total investment.

2.6 VALUE CHAIN AND VALUE ADDITION

A value chain "describes the full range of activities that are required to bring a product or service from initial stage, through the intermediary phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use." This includes activities such as preparation, identification, design, production, marketing, distribution and support services up to the final consumer (and often beyond, when recycling processes are taken into account). The term 'value chain' refers to the fact that value is added to preliminary products through combination with other resources (for example tools, manpower, knowledge and skills, other raw materials or preliminary products). As the product passes through several stages of the value chain, the value of the product increases.

Value addition in Agribusiness

Transforming traditional farming into business farming has significant benefits and impact on agriculture sector which includes;
. High value produce
. Increase in efficiency
. Increase in quantity of produce
. Increase in Quality of produce
. Increase income
. Improve livelihoods
. Great harvest and low labour cost
. Skills diversification
. Gaining marketing and business expertise
. Increased networking and
. More learning opportunities
. Employment creating
. Value addition
. Beneficial for local market
. Reduce wastage
. Opportunity for women to participate in high value activity
. Attractive for youth

Furthermore there are other great benefits which are related to business farming such as value addition through process of changing or transforming a product from local market to regional market, the other benefits of business farming through value addition in agribusiness like;
. Innovative new products
. Enhanced product characteristics
. Enhance services
. Create Brand names
. Market linkages.

Record Keeping

Record keeping is the systematic compilation of certain types of information. Reliable and accurate records are used to make better decisions affecting the farm. It is important for a farmer to know what actions have been taken place in the farm, or what or how much has been bought, sold or repaid or the profit recorded. These actions need to be recorded; the development of record-keeping is a step-by-step process.

Farm Record keeping (value chain enterprise)

Regarding value chain enterprise, farmers should record all incomes and costs as soon as they are incurred. These are then summarized periodically, e.g. by week, month, quarterly or annually. By comparing annual income to annual costs, you can determine whether you have made a profit or a over the year.

.**What is the purpose of records?**

- To know if the business is making a profit or loss for sound decision making.
- To provide basic information for planning future enterprises.
- Record keeping helps farmers to remember or keep track of what happened e.g. the date of spraying, the cost of inputs, etc
- It provides information and data for periodic reporting, monitoring and evaluation.
- Without records a supplier could over charge you or deliver less than you ordered and paid for.
- Without records it is difficult to remember what price you got for each product each time you went to market.

FORMING A COOPERATIVE SOCIETY

Cooperative is a group of people who voluntarily come together to form an association with the aim of promoting a common economic interest. Cooperative evolves out of the felt needs of members who want to solve their common problems by pooling their limited resources together. For example, in marketing their farm produce or getting supplies of farm inputs such as fertilizers, chemical, farm implements etc

For a successful cooperative, the following factors should be considered:

- Prospective members must have a common problem, which they are prepared to solve collectively;
- They must be prepared to provide the needed capital;
- They must be ready to sacrifice their time to perform required duties.

Characteristics of Cooperative Movement:

1. **Open Membership**:
2. **Democratic Control**:
3. **Limited Returns or Interest on Capital**:
4. **Religious and Political Neutrality**:
5. **Constant Education of Members**:

Establishing the Cooperative Society:

To form a viable Cooperative Society, the following steps should be taken:

1. Call a Preliminary Meeting:

This serves three purposes, first to get formal commitment from prospective members, second, to provide forum for members to know one another, and thirdly, to appoint an Organizing Committee.

2. Inform the Co-operative Department:

The Organizing Committee would write a letter to the Cooperative Officer in the Department of cooperative informing him of the proposed Cooperative Society, stating their planned objective and the membership.

3. Economic Survey:

The Cooperative Officer would undertake an economic survey of the area. The objective of the survey is to ascertain:

- Whether or not there is a felt need among people for the proposed cooperatives;
- The potential volume of business the cooperative is likely to handle;
- Availability of good management, funds and other facilities needed to start and continue the operation of the cooperative successfully.

It is on the basis of this survey that the Registrar of Cooperative approves the formation of the society.

Registration Procedure:

To register a cooperative, obtain

- Application forms for Registration,
- Copies of the Byelaws which cooperative societies are expected to obey.

Requirement for Registration:

In the registration form provided by the cooperative officer, the following information will be required from the Cooperative Society:

- A name of the cooperative society which should reflect the objective and location of the society. E.g. Adani- Omor Rice Marketing Cooperative, Nigerian Sorghum Traders' Cooperative Society, Bida-Badeggi Cassava Farmers' Cooperative Society.
- Official address of the society: The address of one of the members may be need in absence of any specific official address.
- These type of activities the society may be involved in
- The number and amount of shares the society is to issue including the value of each share.
- The minimum number of shares a member can hold.
- The signature or thumb-prints of each member.
- The names of officers of the society: the important positions are the President, Vice President, Secretary and Treasurer. It is advisable that the cooperative official be present when the registration forms are to be completed so that he can answer member's question.

Some important records required to be kept are:

- A membership and attendance register. This contains the names, addresses, occupation and signature/thump-print of members.
- A minute's book. This carries the dates of meetings and the proceedings of the general and committee meetings.
- A Cash Book where money received and paid out by the society is recorded.
- Correspondence file – where the society's communications are kept.

2.7WRITING A BANKABLE BUSINESS PLAN

A bankable plan is as simple and complex according to the scope of venture vis-à-vis the knowledge of the entrepreneur and/or the consultant(s). However, as a rule of thumb in preparing a bankable business plan, it should be comprehensive enough to give potential investors/financiers a complete picture and understanding of the new venture as well as help the entrepreneur put his/her thoughts in clear perspective.

Outline

(a) Executive Summary: This is a summary of each aspect of the plan. It is only be produced after the business plan has been done. A good summary should be short and precise up to a maximum of two – to – three pages. Generally, the executive summary should speak about:

- The business model/concept
- What makes the model different or unique
- What the business want to do or achieve
- Who are the principals
- Total investment and recovery strategies
- Risks and mitigating strategies

(b) ***Introductory Phase***

This phase sets out the basic concept the entrepreneur is attempting to develop. It is a critical phase for investors/bankers/financiers because they can hereby determine the investment requirement without reading the full plan. It can be best described as;

Introduction : An introduction is nothing but a summary of the business, its history and position or possible position in the market place. It gives an overview of the potential business, vision and objectives. It consist of;

- Name and address of business
- Name and contact information of entrepreneur/principal(s), telephone, fax, e-mail, website.
- Business overview:

Where is the entrepreneur going to establish his business?
What is he going to do and what is he currently doing?

- Nature of business – a paragraph describing the company and the nature of the business
- Statement of financing requirement

Statement of the confidentiality of the report for security purpose in the interest of the entrepreneur

- Vision and mission:

Vision is a dream and should be what you will focus your energies and resources in getting your business to work. Mission on the other hand will be achieved through the objectives of the business.

- Objectives/Goals:

Objectives should be specific to the potential enterprise and should comply with the principles of S.M.A.R.T as follows;

✓ Specific: Objective need to be specific not vague, it needs to say this is what the business want achieve
✓ Measurable: There should be an ability to measure the objective
✓ Achievable: Objective A

(c) ***Industry Analysis***

(i) Future outlook and trends

(ii) Competition analysis

(iii) Market segmentation

(iv) Industry and market forecasts

(d) ***Description of Venture***

(i) Products(s)

(ii) Service(s)

(iii) Size of business

(iv) Office equipment

(v) Personnel

(vi) Background of Principal(s)/Entrepreneur(s)

(v) SWOT analysis

(e) ***Production Plan***

(i) Manufacturing Process

(ii) Physical Plant

(iii) Machinery and equipment

(iv) Sources of Raw Materials

(f) ***Operational Plan***

(i) Description of company's operation

(ii) Flow of orders for goods and/or services

(iii) Technology Utilization

(g) ***Marketing Plan***

(i) Pricing

(ii) Distribution

(iii) Promotion

(iv) Product forecasts

(v) Controls

(h) ***Organizational Plan***

(i) Form of ownership

(ii) Partners or Principal shareholders

(iii) Authority of Principals

(iv) Background of Management team

(v) Roles and responsibilities of members

(i) ***Risks Assessment***

(i) Weakness

(ii) Contingency Plans

(j) ***Financial Plan***

(i) Income Statement

(ii) Cash Flow Projections

(iii) Balance Sheet

(iv) Break-even Analysis

(v) Sources and application of funds

(vi) Sensitivity analysis

(k) ***Appendix (Back up materials)***

(i) Letters (customers, distributors, sub-contractors)

(ii) Research Data (Primary and Secondary)

(iii) Leases, contracts, agreements

(iv) Suppliers' Price list

(v) Competitors Price List

2.8 TIPS ON WHY SOME BUSINESS PLANS FAIL

Management reasons:

- ✓ Poor management team with insufficient experience
- ✓ Inadequate marketing skill and narrow customer base
- ✓ Over/Under pricing of products/services offered by the business
- ✓ Poor product and service quality
- ✓ Managers/Entrprenuers who are autocratic
- ✓ Weak business concept
- ✓ Lack of effective planning rather than cash
- ✓ Ineffective M & E
- ✓ Unrealistic assessment of threats & weaknesses

Financial reasons:

- ✓ Improper record of the business financial transaction
- ✓ Insufficient information on financial performance for basic decision making
- ✓ Insufficient working capital to fund the business operation
- ✓ High debt – equity ratio
- ✓ Financial information based on incomplete or inferior technologies

Other reasons

- ✓ Non access to loan finance
- ✓ Inadequate/poor access to capacity development programmes
- ✓ Non access to develop markets
- ✓ Inadequate commitment
- ✓ Inadequate research or faulty feasibility study
- ✓ Lack of control points and contingency plans – (Inventory, Production, Quality, Sales etc.)
- ✓ The belief that only large companies require planning
- ✓ Unreasonable goals; goals not SMART – Specific, Measurable, Achievable, Related and Time-bound

3.0 BIBLIOGRAPHY

Community Development Partners (CODEP)Training Manuals for NGOs and CBOs

Dickson, D. E. M. (1986) Improving your Business, International Labour Organization, Geneva

Robert D. Hisrich Michael P. Peters Dean A. Shepherd Enterpreneurship: 6th Edition

Usman, S. and Makama, S.A. (2013). Agribusiness planning, Development and Management. Proceeding of a specialized training workshop on Agricultural Extension Service Delivery for Unemployed Youth in Nigeria.

Vatter, S. K. (1987). Doing a Feasibility Study, Washington, OEF International,

ICRISAT HIGHLIGHT

The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) is a non-profit, non-political organization that conducts agricultural research for development in the drylands of Asia and sub-Saharan Africa. Covering 6.5 million square kilometers of land in 55 countries, the semi-arid or dryland tropics has over 2 billion people, and 644 million of these are the poorest of the poor. ICRISAT and its partners help empower these poor people to overcome poverty, hunger and a degraded environment through better agriculture. ICRISAT is headquartered in Hyderabad, Telangana State, in India, with two regional hubs (Nairobi, Kenya and Bamako, Mali) and country offices in Niger, Nigeria, Zimbabwe, Malawi, Ethiopia and Mozambique. ICRISAT conducts research on five highly nutritious drought-tolerant crops: chickpea, pigeon pea, pearl millet, sorghum and groundnut. ICRISAT envisions prosperous, food-secure and resilient dryland tropics. To achieve this, its mission is to reduce poverty, hunger, malnutrition and environmental degradation in the dryland tropics. It approaches this through partnership-based international agricultural research for development that embodies *Science with a Human Face*. ICRISAT's strategy is anchored on socio-economic process called inclusive market-oriented development (IMOD). ICRISAT has defined six developmental outcomes that it believes will help the poor to move along the IMOD path: food sufficiency, intensification, diversification, resilience and health & nutrition, and women empowerment. Significant reductions in poverty and increases in food security in the dryland tropics are possible through this route. ICRISAT believes this is the way to meet its inspirational targets of halving the incidence of poverty in smallholder farming households, halving the incidence of hunger, halving childhood malnutrition and significantly increasing the resilience of tropical dryland smallholder farming.

ATASP-1

AGRICULTURAL TRANSFORMATION SUPPORT PROGRAM PHASE ONE

IITA Research to Nourish Africa

ICRISAT