



Manual
Healthy Entrepreneurs Business

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Editors:

Wendy Ros
Timo Beentjes

Contact

Healthy Entrepreneurs Headquarters

Wendy Ros
Wendy@healthyentrepreneurs.nl

Timo Beentjes
Timo@healthyentrepreneurs.nl

Rwanda

Antoine Gatera
Antoine@healthyentrepreneurs.nl

Burundi

Emmanuel Gatera
Emmanuel@healthyentrepreneurs.nl

Democratic Republic of Congo

Wivine Mwinja
Wivine@hesocialimpact.com

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Healthy Entrepreneurs Business Manual

This manual is about the business aspects of Healthy Entrepreneurs Social Impact (HE SI). It is written for everybody who likes to know what the goals, mission and vision of HE SI are, what HE SI is doing on a daily basis and why HE SI is active in Africa. This manual is written on a question and answer basis. Questions are asked per subject and answers are given to explain and elaborate on the subjects.

What if my question is not in the manual?

If you have a question about Healthy Entrepreneurs, which is not written in this manual, you can contact your contact person at your HE SI office to report the missing question. HE SI will answer your question and put the question in the next update of the Healthy Entrepreneurs Business Manual.

1. Healthy Entrepreneurs Mission & Vision

1.1 What is Healthy Entrepreneurs?

Healthy Entrepreneurs is an organisation that started with the aim to improve the accessibility to reliable and high quality medicine to the whole population. Over time the focus of HE added also the access to medical supplies and other impact products like solar lamps and water filters. The work of HE is done with the help of a solid franchise model, in which local people manage a small shop that exclusively sells the products of HE.

HE provides a whole range of tools to maintain the business and create a need for the products that are sold. The tools consists of a tablet with a range of applications which allows the entrepreneur to educate, inform, consult customers, as well as manage the administration of the business. Besides, technical assistance to the activities and the entrepreneurs is given.

1.2 What is the mission of Healthy Entrepreneurs?

The mission of HE is to give local entrepreneurs the ability to increase on local level the access to affordable and reliable services and products. With the help of the entrepreneurs the local population is able to prevent substantial part problems and health related issues. This is done with the help of the HE social franchise model, as well as on bigger scale with the sales of medicine and medical supplies from business to business.

1.3 What is the vision of Healthy Entrepreneurs?

Increase the availability of affordable, reliable products and services with a social impact to improve the quality of life for the low and middle-income communities.

1.4 Why is Healthy Entrepreneurs active in East Africa?

The great lake region is a vulnerable and low developed region that can use the support of a social business to create employment and supporting tools to the public sector in health related topic. With the help of HE the great lake region will be able to start and implement more activities in the health field, which leads to a greater impact to the general population in the more rural areas.

1.5 What is the difference between Healthy Entrepreneurs and HE SI?

Healthy Entrepreneurs is an organisation that is the leading organisation. The headquarters is in the Netherlands. HE SI are locally based implementation offices, that are independent from HE. HE gives guidance and technical support to HE SI. Entrepreneurs report to HE SI, whereas HE SI reports to HE headquarters. All these actors are independent operating organisations.

1.6 Why is the balance between entrepreneurs and social impact important?

Entrepreneurs remain responsible and accountable for the work that they are doing for the HE franchise. With the work they can give themselves an income and provide their family an income. Nevertheless, this cannot be established without the help of HE SI. HE Social Impact provides the preconditions to operate in the first place. The balance between both actors needs to be in balance; it is important that you know what to expect from each other. The preconditions and responsibilities of these stakeholders is defined in the contract that is signed between the entrepreneurs and the offices of HE Social Impact.

2. Entrepreneurs and HESI

2.1 How do Entrepreneurs and HESI find each other?

The recruitment procedure of each country differs a little. But in general HESI cooperates closely with local government to find their entrepreneurs, but interested aspirant entrepreneurs can also contact HE. The recruited entrepreneurs participate in training for week and end with an examination to test the knowledge that they gained. In the final recruitment three aspects are central to the decision:

1. The location of the entrepreneur; there should not be an existing HESI entrepreneur close by a new shop. This in order to prevent competition.
The test results of the entrepreneur; during the training entrepreneurs learn important aspects about being a social entrepreneur, product knowledge, health subjects and how to communicate knowledge to their customers. It is important that entrepreneurs understand the essence of the training, therefore the test should be finished properly, only the best entrepreneurs can start work for HE.
2. Attitude and motivation are important aspects to become a successful social entrepreneur. The entrepreneurs are evaluated on their attitude and motivation to work in the community.

2.2 How is life as an entrepreneur?

Social entrepreneur are multi-dimensional, the entrepreneur is responsible for its own shop, the stock, bookkeeping, sales and providing customer services. Entrepreneurs are never bored, it is more than just standing in a shop and sell products. The social entrepreneur will get a good feeling due to combination of providing informative services and selling products.

2.3 What are the responsibilities of the entrepreneurs?

Entrepreneurs have many responsibilities; they are responsible for the stock and the bookkeeping. Apart from these fixed tasks the entrepreneur is responsible to make the shop attractive, the shop should look nice and neat. This will attract customers.

Entrepreneurs are responsible for their own product knowledge. Entrepreneurs should know all the products by heart in order to give the best service. They are responsible for their own marketing in order to attract more customers, supported by HE. Besides they are responsible for giving health related services to its customers. They can do this with the help of the tablet and sensitization application. Overall, the entrepreneur should follow the signed contract with HE.

2.4 What are the responsibilities of HESI?

HESI is responsible to help entrepreneurs with the start. HESI provides training to have all preconditions for the entrepreneur to start the business.

When entrepreneurs started they business, HESI is responsible to help the entrepreneur with the problems they face at the beginning. Furthermore, when the entrepreneur places an order, HESI is responsible for the delivery in good quality, quantities and in time.

2.5 Who is responsible for ordering products on time?

Entrepreneurs are responsible to order products on time. HESI set dates with the entrepreneurs to deliver products. Besides, entrepreneurs need to order products on time. When entrepreneur is too late the products will be delivered on the next delivery date. Ordering products is an important task of the entrepreneur. Entrepreneurs have to estimate how many products they will sell and thus how many products they need to buy. The entrepreneur needs to find a balance between products sold and in stock. Entrepreneurs need products in stock to always have products available for the customers.

2.6 Who is responsible for the delivery of products?

HESI is responsible for the delivery of the products. After entrepreneurs have ordered the products and HESI confirmed delivery the responsible for the delivery is with HESI. HESI will prepare, transport and deliver the products to the entrepreneurs. When not all products are delivered, the entrepreneur only pays for the delivered products. The missing products will be delivered with the next delivery. If there are damaged products delivered; entrepreneurs should NOT accept the products, they do NOT pay for damaged products and they return to HESI. On the next delivery date HESI provides the new products of a good quality. It is the responsibility of HESI to deliver the correct quantity and quality. It is the responsibility of the entrepreneur to count the amount of products delivered and check if the products delivered are sellable.

3 Providing information

3.1 Why do the entrepreneurs provide knowledge to their customers?

The entrepreneurs of HESI are often located in rural areas where information is limited. Information has a positive influence on health of the community. Therefore entrepreneurs are trained in various health related topics, and on how to provide knowledge to their customers. Entrepreneurs are young people that are actively involved and know what is happening in their society.

3.2 What kind of training do the entrepreneurs receive?

Before entrepreneurs start their own business they receive training that concludes with an exam. Based on the exam and skills of the entrepreneur HESI selects the best-educated and motivated entrepreneurs to start their business. When entrepreneurs are active they receive continually training to keep them updated.

Besides training that the entrepreneurs receive, each entrepreneur also has a tablet with the sensitization application. This application contains all the information needed for both the entrepreneur and the customer. Customers receive custom information that they want. The films and information is available in 5 languages. By letting the customers use this application they do not have to ask sensitive questions to the entrepreneur.

When a customer cannot answer a question, the entrepreneurs have written manuals with the frequently asked questions or they can contact HESI who will try to find the information for the entrepreneur and the customer.

3.3 What has the tablet to do with informing customer?

Entrepreneurs of HESI have tablets; these are used to make orders, to keep administration, and to inform the customers.

The tablet contains a catalogue with all the products that are or can be sold. Each product has its description, explanation and prices written down. It gives entrepreneurs a tool with all necessary information about products. When the description in the tablet is not clear HESI can be contacted.

The applications that provide services and information are the sensibilization, and consultation application. In these applications the customers can, together with the entrepreneur or alone, click on various topics in order to receive information concerning the need of the customer. At the beginning some questions need to be answered. These questions are there to make distinction between users. All the text and the movies are available in the most spoken languages of the country. Therefore everybody is able to understand the content of the application. A customer can go through all topics in one session, this ensures that people receive a broader knowledge. The consultation application gives users a customized consultation session, which at the end gives advice on the following steps to improve health.

Tablets can be used by all customers, it is an additional service. It is not obliged to buy products from the entrepreneur while using the tablet. This is because they are social entrepreneurs, a part of their work is to inform and provide services about health.

4 HE and partnerships

4.1 What do local and national governments have to do with HE SI?

Local governments are playing an important role in the establishment of the activities in the local context. Without the support of local and national governments the implementation of the activities is not possible. The HE SI offices are primarily keeping the local and national updated, whereas sometimes HE HQ also comes into action when governance needs to be done on a higher level in the organisation. The partnership with local and national governments is based on mutual trust and collaboration. HE in general does not want to intervene with the policies and activities of the local and national government.

4.2 What do external partners have to do with HE SI?

External partners are important to the work that HE SI is doing. An organisation costs a lot of money to operate. At the beginning of a business, it is therefore needed to have partners that can support you on both technical and financial grounds.

4.3 HE and contracts?

HE is signing contracts with entrepreneurs to maintain a quality of the franchise. The general idea of a franchise is that all the work that is being done in one place is also done in another place. To maintain this standardized way of working, and to maintain a blue print, contracts are needed.

5 Entrepreneurs

5.1 What is an entrepreneur?

Entrepreneurs are persons that have their own businesses. They are responsible for the stock that they purchased in order to sell it to their customers. The goals of the entrepreneurs are to sell as many products to the customers and gain a profit. The profit can be kept by the entrepreneur and used for personal uses, or it can be used to extend the business by investments.

5.2 What do entrepreneurs?

Entrepreneurs buy products for an affordable price with the aim to sell these products for a higher price to the customers. The entrepreneur takes a risk by buying the products, since the entrepreneur does not have the guarantee that the products will be sold. The difference between the purchase and the retail price is the income for the entrepreneurs. The difference of this money is for the entrepreneurs. They can decide to keep the money for personal use, pay back a

loan or reinvest it in more products in order to be able to serve more clients and make more profit. Reinvesting in products that sell well is always a good option.

5.3 Are there risks to be an entrepreneur?

Yes, there are risks for entrepreneurs, since the entrepreneurs commit to a loan. This loan needs to be paid back. Even if the entrepreneurs do not sell their products. Therefore it is important that the entrepreneurs have good product knowledge, is aware of the sales training and marketing techniques. This improves the chances that all products will be sold. To take this risk they receive a profit for the products sold. Entrepreneurs need this money in order to reinvest into new products and sustain a living. The better the entrepreneur reinvests and sells the more profit he/she will receive for the work done.

5.4 Is it difficult to be an entrepreneur?

It is not difficult to be an entrepreneur as long as the person can buy and sell products and maintain a proper bookkeeping.

To be a good entrepreneur is more difficult. Good entrepreneurs can connect with their customers and provide such a good service that customers return. These customers are the most valuable to an entrepreneur. To make this happen some basics should at least be present within the entrepreneurs' shop; a clean and neat shop, a constant and filled stock of products and proper information and services to customers. It is very difficult to be a perfect entrepreneur. However, with practice every entrepreneur gets better.

5.5 Is it fun to be a social entrepreneur?

Yes, it is a lot of fun to be a social entrepreneur. Although the entrepreneur is taking a risk, it is also a very good feeling to be responsible for the amount of money and make your own living. The more products are sold, the more profit is earned.

Besides, social entrepreneurs are able to give the community valuable advices on health and gets a good feeling out of helping people.

6 Social Entrepreneurs

6.1 What is a social entrepreneur?

Social entrepreneurs are like regular entrepreneurs, thus persons that purchase products and sell the products for a slightly higher price so that they make some profit. Social entrepreneurs do not only work for their own benefit, but also have the goal to be socially involved.

Social entrepreneurs of HESI are socially active by providing health-related information. The entrepreneurs are trained to provide health information and sell health products.

The entrepreneurs are an example for the community, care about their community and environment. The main goals of the entrepreneurs are to sell products and provide information that increase and stimulate healthy living.

6.2 What is the difference between social entrepreneurs and regular entrepreneurs?

Regular entrepreneurs work for their own benefit; the main goal is to increase sales and gain a high profit.

Social entrepreneurs have the goal to inform the population. They care about the environment and the people that live in it. The social entrepreneur sells merely products that are socially responsible to their environment. Thus the difference between regular entrepreneurs and social entrepreneurs is that social entrepreneurs are involved in extra tasks to improve society health outcomes.

6.3 What is the social aspect of the business?

The social aspect of business is that social entrepreneurs only sell products that are beneficiary to the customers life. Entrepreneurs are also trained to provide information on health. This is done with the help of a tablet that contains information and movies.

6.4 What is more important; the social aspect or the business aspect?

Both are important, however if the business aspect of entrepreneurs is not arranged well, they will run out of money and cannot keep their business. Therefore the business aspect is needed in order to facilitate the social aspect. The business aspects allow the entrepreneurs to be socially involved.

7 Entrepreneurial skills

7.1 What skills do good entrepreneurs have?

Good entrepreneurs like to be surrounded by its clients and provide them good services. They listen carefully to the customer and always try to find a good solution for the question of the customer. In order to do this correctly, the entrepreneur needs to know much about the products that are sold.

So an entrepreneur needs to have the following skills:

- Be assertive, go to clients and ask if they need any help
- Likes to learn, about the new products
- A good listener, to listen at the customers questions
- A promoter/seller, to get customers to the shop and show customers what kind of products he/she has
- Be trustworthy, the entrepreneur should be honest about the products and advices. If he/she doesn't know the answer to something, he/she should contact the contact person at HE SI
- Be punctual, have regular opening hours of the shop, answer the questions rapidly.

7.2 What are the most important skills of an entrepreneur?

The most important skills of an entrepreneur are to be **trustworthy**, **sell products** and **listen** carefully to the customer. Customers will return when they trust entrepreneurs, their shop looks nice and when they can provide proper product knowledge.

7.3 What skills should a social entrepreneur not have?

Social entrepreneurs should never be aggressive to its customers, not even if they want to sell products to the customers desperately. Social entrepreneurs should not be unreliable, thus tell stories about the products or health that are not correct or have irregular opening hours so that customers stand for a closed store. Flexibility, friendly and reliable are keywords for an entrepreneur.

8 Sales training

8.1 Why is sales training important?

Sales training is important because it will generate more satisfied customers. Satisfied customers will return to buy more products. Sales training trains entrepreneurs about products, selling products, customer service and tips and tricks on how to make better or more sales.

8.2 Is it important to know what products you sell?

Yes, you need product knowledge. The more entrepreneurs know about products, the better they can provide information to the customer, which creates a greater chance that the customer will buy the product *and* be happy with it. Sometimes a customer is searching for a solution with

the help of a specific product. When entrepreneurs have great product knowledge, they can advise a substitute or even a better product to the customer.

If entrepreneurs know all features of the products, they also know better which products work well together. For example if a customer buys a foot file, entrepreneurs can tell the customer that they also sell foot cream.

8.3 Is selling the most important thing?

Selling is important, but not the most important thing. It is very important that the entrepreneur is reliable (having the same opening hours of the shop and enough stock), trustworthy (tells the truth about products) and friendly to the customers. When the entrepreneur sells something expensive that the customer does not need, the customer will not come back and spread negative words about the entrepreneur. Customers that are coming back are the most important customers that you can have. Therefore it is better to provide good service and sell only when a customer wants something. Customers will come back next time and spread positive words about the entrepreneur in the community, when they are happy with the services and the products provided.

8.4 Is listening to your customer important?

Listening to the customer is important. Customers know what they want and don't want, therefore you have to be patiently listening to the customer, ask questions and provide a set of products to choose from. The entrepreneur explains briefly what the products are and let the customer choose. If the product that the customer wants is not available, the entrepreneur honestly tells that the product is not available or can be ordered. In the meantime, when possible, you can advise a substitute. An entrepreneur should never push customers to buy products that they actually do not want or need.

8.5 Why is it important to have a satisfied customer?

A satisfied customer will return to the shop and buy more products. But a satisfied customer will also talk with the neighbours the good experience. The neighbour will likely also come to the store. Satisfied customers are the most effective and cheapest promotion an entrepreneur can have.

If a customer is dissatisfied the customer will do the opposite. Customers do not come back and make negative comments about your business.

8.6 How do I turn a dissatisfied customer into a satisfied customer?

It can happen that a customer is not satisfied with the product that is bought or with the service it received. If the customer comes back with a complaint it is **very** important to listen carefully. Understand why the problem is there and search together for a solution. If it is realistic, it is better to make the customer feel satisfied again, they will then return and do more shopping at your store, but also tell about your good skills of solving problems.

8.7 Do I sell more if my store looks clean?

Yes, people like to buy more products from clean stores and clean entrepreneurs. Customers choose to buy products that are appearing to be hygienic and exposed in a neat way. A neat store is important.

When new products arrive or when the entrepreneur wants to put extra emphasis on particular products, these products can be placed somewhere where they are good visible. For example next to the counter or in front of the door.

8.8 Is my private reputation important?

Entrepreneurs their private reputation is very important. It is good to be known as a trustworthy and honest person. Customers prefer to buy from an honest person than from somebody that is known as not honest.

9 Marketing

9.1 What is marketing?

In order to sell more products, it is important to use a good marketing strategy. Marketing is the **communication of the value of a product or service** to the customers, in order to sell the product or service. This communication can be done through the 4P's, these P's stand for Product, Price, Place, and Promotion. When these 4P's are used in an effective way it will increase the sales of the entrepreneur.

9.2 Why is marketing important?

Marketing is important because it can make the difference between selling just a little products and selling many products. Thanks to the marketing entrepreneurs are able to communicate their products in the best way to the customers. It helps the customers to choose the right products.

9.3 What kind of marketing techniques are there?

There are many marketing techniques; therefore they will not be explained in this manual. By combining the 4P's the entrepreneur creates an own marketing technique. Not for every product or shop the same marketing technique can be used. It is important to divine your marketing strategy, look at the 4 P's separately and decide of each P how to communicate it to the target market. The target market is the type of people the entrepreneur wants to sell its products to.

9.4 What are the 4 P's?

With the combination of the 4P's you create a marketing strategy. The 4P's are standing for Product, Price, Place and Promotion. A combination of all the P's will make a plan for proper marketing.

9.5 What is Product?

The first P stands for Product, it is the product (or service) that the entrepreneur sells. Marketing is all about **communicating the value** of the product to the customer. Thus it is important to know all specifications of the products that the entrepreneur sells. It is important that the entrepreneur knows the following of the products:

- What should the product do?
- What are the features of the product?
- What is the quality of the product?
- What is special about the design of the product?
- How is it packaged?
- Are there any products that could replace this product?
- Are there any products that could be sold together (complement) with this product?

For every product that the entrepreneurs have, they should be able to answer the above questions. If the entrepreneurs are not able to answer one of these questions they should contact their contact person at HESI.

Since customers know most of the time what they are looking for, it is very important to listen to them, and offer the most suitable products. It is important to provide correct information to the

customer. When the customer wants to buy a product, always indicate other products that could be used together with the product. For example with a toothbrush, always inform the customer that you also sell toothpaste.

It is nice to make a one-time sale, but returning customers are better in the long run. Customers return at the shop if they feel comfortable with the shop, entrepreneur and products. One way to achieve this is to be a trustworthy person. The entrepreneur should always try to tell the truth about the products. More about sales can be read in chapter 8 Sales training.

Selling point

If the entrepreneur has the products neatly exposed and is able to answer all questions of the customers about the available products, the entrepreneur will sell more products than its competitors with the same products.

The entrepreneur should be reliable, have lots of product knowledge and able to advice its customers.

9.6 What is Price?

The second P stands for Price, the price of products is important since many customers base their choice on prices. There are different techniques regarding to the pricing of products. At HESI the price of the products is based on the manufacturing price + additional costs (transport etc) and the profit for the entrepreneur. HESI sets fixed prices for all the products. This guarantees the customers a fair price and the entrepreneur a fair profit.

Although entrepreneurs cannot change the prices, they can give advice to their contact person at HESI. HESI aims to have good quality products for competitive pricing.

Selling point

In general the products of HESI are good value for money products. A selling point to customers might be that we are a little more expensive than the competitor but that our products are of a better quality. So the customer can enjoy the product for a longer time and save money on the long term.

9.7 What is Place?

The place in which the entrepreneur sells the products is important. On a marketplace more products will be sold than on a remote place where less people are coming, but the competition is higher. The more people see the store, the more will come. The store or place where the entrepreneur stands should be easy to reach for its potential customers.

HESI works solely with local entrepreneurs, because the local entrepreneurs have the best knowledge about the local circumstances.

Although a market might be a good place, it is better to have less competitors around, because then the potential customers will be more likely to buy at the entrepreneurs store. If there are many competitors around, the entrepreneur should distinguish in a different matter such as the other three P's.

The products in the store should be displayed in a way that they look appealing to the customers. The customer should be able to see all the products that are available, so more products will be sold.

Furthermore, the store, the entrepreneur and the products should look clean and hygienic.

Selling point

1. The store should be at a location where many people (potential customers) are passing by
2. The store should not be too close to other competitors
3. The products should be displayed neatly
4. The store (and entrepreneurs) should look clean and hygienic.

9.8 What is Promotion?

The fourth P stands for Promotion. Promotion is the manner how the value of the products is communicated with or within potential customers. There are various types of promotion:

Word of Mouth

The most effective promotion is when people are enthusiastic about the product or the entrepreneur and talk positively to other people about the products or the entrepreneur. This is called Word of Mouth or Buzz promotion. It is important that each customer leaves the store with a satisfied feeling so that they spread the positive word about the products and the entrepreneur.

The opposite of good word of mouth is when people talk negatively about the products or the entrepreneur, therefore be careful when a customer comes to complain. Always listen carefully to the customer and try to solve the problem together so that the customer leaves the store with a satisfied feeling.

Pleasant atmosphere

Customers should feel comfortable in the store. They should have the feeling that they want to return to the store and buy more. The entrepreneur can accomplish this by having a recognizable and clean store in which the products are displayed in a neat manner. If the entrepreneur looks clean, hygienic and recognizable this will improve sales.

Product knowledge

Products are best promoted when entrepreneurs have enough knowledge about products. In this way it is easier to find a suitable product for the question of the customer. There should be a balance between trying to help customers and being too aggressive to sale more products.

Advertisement

Often people do not know that products exist or that the entrepreneur sells them. These products need extra advertisement. Showing regularly new products can do this. Or by having a small demonstration every time new products arrive.

Another way of advertisement is by leaflets, posters, radio, television, messages, local newspapers, or using a megaphone to get attention. Discuss this with your HESI office.

9.9 How are the 4P's related?

The four P's together are called the marketing mix; it is used to sell products to customers. Not only should be looked at the price, but also at the place, product and promotion. Customers decide where to buy their products regarding the 4Ps. Thus the combination of the 4Ps is important.

9.10 Who should take care of a proper environment for the 4P's?

Entrepreneurs are responsible to create a proper environment for the 4P's. Entrepreneurs have the local knowledge and decide what fits best. When information or help is needed they can ask consultation from the HESI office.

10 Profit, Reinvestment and Paying Back

10.1 What is revenue?

Revenue is the total amount of money that the entrepreneur receives for selling services or products. This is the amount that the customer is paying.

Example:

An entrepreneur sells 5 sunglasses for 2500 per piece, thus she receives an amount of 12500. The revenue of the entrepreneur is 12500.

5 x Sunglasses of 2500	= 12500
Revenue	= 12500

10.2 Is all revenue for me?

After the entrepreneur deducts the costs and reinvestments she can keep the remaining revenue, which is called profit.

Example:

An entrepreneur buys sunglasses for 1875 per piece. The entrepreneur sells 5 sunglasses for 2500 per piece, thus she receives an amount of 12500. The revenue of the entrepreneur is 12500. And the buy-in (purchase) cost for the products is (5x1875=) 9375. The entrepreneur can keep (12500-9375=) 3125 as a profit.

5 x Sunglasses of 2500	
(revenue)	= 12500
Buy-in cost	= 9375
Profit	= 3125

10.3 Is all the money that I receive from sales for me?

All the money that the entrepreneur receives is for the entrepreneurs, however they need to pay their obligations. These obligations are for example the buy-in (purchase) costs for the products, a loan, taxes and rent for the store.

10.4 What are costs?

A cost is an amount of money that has to be given up or paid in order to get something.

Examples of costs are:

- Payment of loan
- Payment of rent
- Payment of buy-in of products
- Payment of insurance
- Payment of taxes
- Maintenance of shop.

10.5 Are costs important?

Costs are very important! The lower the entrepreneurs' costs are, the more money of the revenue can be saved as a profit. Thus lower costs lead to an higher income.

Although it is important to lower costs, it is necessary to make costs. The entrepreneur has costs of buying-in products. When customers want to buy products but the entrepreneurs do not have the product in stock, they cannot sell the product and do not make a profit. Also the fixed costs have to be made every month, the entrepreneurs need to pay-back the loan they have, since the sooner they pay-back the loan, the quicker they can receive more money as profit.

10.6 How do I lower my costs?

Making priorities on what is important and what is not can lower costs. Therefore it is important to make a business plan in which the entrepreneur describes what the main goals of the business are and how to achieve these goals.

Extra costs can be avoided by not purchasing too many products or not to buy many products that are not sellable to the customers. Another way to lower costs is to do as much as possible yourself. Do not hire staff, but run the shop yourself.

10.7 What is profit?

Profit is the amount of money that the entrepreneur earns. It is the revenue minus costs.

Example:

An entrepreneur buys sunglasses for 1875 per piece. The entrepreneur sells 5 sunglasses for 2500 per piece, thus she receives an amount of 12500. The revenue of the entrepreneur is 12500. And the buy-in cost for the products is (5x1875=) 9375. The entrepreneur also has other costs like paying back a loan of 1000, so she can keep (12500-10375=) 2125 as a profit.

5 x Sunglasses of 2500 (revenue)	= 12500
Buy-in cost	= 9375
Loan	= 1000
Profit	= 2125

10.8 Is profit important?

Profit is very important, since this is the final money that entrepreneurs can keep for themselves. Without making a profit, the entrepreneur is working for nothing or even has to pay extra in order to pay its costs. If the revenues are low, and the costs high, the entrepreneur will not make a profit and its business will not be sustainable. In order to stay in business it is important to make a profit.

10.9 How do I make more profit?

All entrepreneurs want to make more profit. It is possible to make more profit by being a reliable and trustworthy person who knows much about the products that it is selling. By using effective marketing techniques (see chapter 9 Marketing) sales (and thus profit) can increase. Often it is more important to have returning customers than to make one-time sales.

10.10 What is reinvestment?

Reinvestment is when entrepreneurs use their profit to buy more products as an investment. The entrepreneurs have bought products as an initial investment; from the sales of these products they have made a profit. When the entrepreneurs decide to buy more products from (a part of) their profit, they are reinvesting.

10.11 What is paying back money?

Paying back money is done when entrepreneurs have a loan. They pay for example 25% of the money for 100% of the products, thus the entrepreneurs need to pay back the 75% of money that they own in a later stadium. For example when entrepreneurs made a profit, then they can pay back part of the loan and reinvest part of the money in new products.

Example:

An entrepreneur buys products worth of 100 from HE SI. The entrepreneur only pays 25 for these products. She is going to sell the products and makes a profit. This profit she uses in order to pay back money of the loan.

Amount of products	= 100
Amount paid	= 25
Loan	= 75
<i>Paying back money</i>	<i>= 15</i>
Loan (after paying back)	= 60

10.12 Can I reinvest and payback at the same time with the same money?

Entrepreneurs decide when they use profit to pay back money or to reinvest; it is not possible to use the same money twice. Thus *or* the money is used to pay back money *or* to reinvest. Another option is that the entrepreneurs use part of the profit for paying back money, for reinvestment and keeps a part for themselves in order to finance their daily life.

Example:

An entrepreneur makes a profit of 100, she decides to divide it wisely by paying back money, reinvest in new products and use a part to finance her daily life.

Profit	= 100
Paying back money	= 25
Reinvest in new products	= 50
Finance daily life	= 25

11 Bookkeeping

11.1 What is bookkeeping?

Bookkeeping is the recording of all transactions done in a business. Entrepreneurs keep a record of purchases done, sales and payments made and money received. By recording this information entrepreneurs have a clear overview of the revenue, costs and profit that they made. The law states that entrepreneurs need to have their bookkeeping correctly and up to date. Besides, the information is useful since it can be used to make decisions on which products to reinvest on, how much money should be paid for the loan each month and what adjustments the marketing techniques need to improve sales.

11.2 Is it difficult to do bookkeeping?

Once you understand what you have to do (register all payments done and received), it is not difficult to maintain a clear bookkeeping. The business application on the tablets also helps the entrepreneurs by making the bookkeeping easy and accessible.

11.3 What should I register for my bookkeeping?

Bookkeeping is not very difficult. It is just registering the most basic financial flows or the organisation. The entrepreneur makes a revenue, this exists out of the amount of money received from sold products. And costs, this exists out of the amount of money paid for the purchase of the products + additional costs such as renting a store. Revenue minus costs is the profit for the entrepreneurs. They can decide to use this profit fully for their daily finances, or to pay back the loan or to reinvest in new products.

Example:

An entrepreneur purchases products for 500.000, and sells these products for 750.000. The entrepreneur has a loan of 200.000 and has paid back 50.000 of that loan. She decides to reinvest 250.000 for new products. The revenue is 750.000 (+200.000 if the loan is included), the costs are 800.000 for the products, loan and reinvestment. Thus the profit for the entrepreneur is 150.000.

Products sold = 750.000

Loan received = 200.000

Revenue = 950.000

Purchase products = 500.000

Payback loan = 50.000

Reinvest in products = 250.000

Costs = 800.000

Revenue = 950.000

-Costs = 800.000

Profit = 150.000

11.4 Why do I have to do bookkeeping?

The entrepreneur needs to do its bookkeeping in order to follow the local laws. But besides the obligatory part of it, it is also very useful for entrepreneurs to keep its bookkeeping up to date. They can see how much is sold and with this information it is possible to make a good selection of which products should be reinvested on and be bought again. Besides, based on the bookkeeping it is possible to decide what kind of marketing techniques could be used. And based on the bookkeeping entrepreneurs can make a solid decision on how much they would pay back for the loan, how much to reinvest and what is left as a profit to finance daily life.

11.5 Who is doing the bookkeeping for me?

Entrepreneurs are doing the bookkeeping themselves. This is because the entrepreneur is the owner of the business. They know exactly what is going on in their business and are also accountable for the correct and transparent figures of the bookkeeping.

11.6 Can HESI help me with bookkeeping?

Although HESI is not performing the bookkeeping for the entrepreneurs, HESI can support the entrepreneur in the first months that the entrepreneur starts its business. HESI gives training and support when needed. A manual of how to perform bookkeeping is available for all entrepreneurs, and if an entrepreneur has any questions on bookkeeping they can ask their contact person of HESI.

11.7 Why is HESI not doing the bookkeeping for me?

It is the responsibility of the entrepreneurs to perform their own bookkeeping; HESI is not responsible, but can provide support. It is also very informative and useful for the entrepreneurs to perform their own bookkeeping. The entrepreneur can use the information gained from the bookkeeping to make solid business decisions. Such as how to reinvest, choose marketing techniques, payback money for the loan and how much money to keep as a profit for financing daily life.

12 Business planning

12.1 What is a business plan?

A business plan is a plan that helps entrepreneurs to give insight in how to run their business. It is a guide or roadmap that outlines the goals and details how to achieve those goals. The main goals are defined and how they are going to be achieved and what future goals might be in place.

A business plan often exists out of three parts:

- 1 Business Concept: This is the main goal of the business, thus the type of products or services sold.
- 2 Target Market: Type of customers that the entrepreneur wants to sell the products and services to. It also contains information about competition and customers.
- 3 Finance: How is the business financed and what is the financial plan when the business is operational and new investments need to be made.

12.2 Why do I need a business plan?

A business plan is needed in order to have your thoughts clear on what the main goal of the business is and how this is achieved both physically and financially.

By writing a business plan, the entrepreneurs oblige themselves to think about all the most important factors of their business. It helps the entrepreneurs to think about the main goals, how to reach them and prepares them to anticipate on future challenges and opportunities.

When entrepreneurs started their business, the business plan is a guideline during important decisions; it makes sure that they stick to the core business and doesn't let them get distracted from their core business.

12.3 Is there a business plan that I can copy?

There are many standard business plans that you can find on the internet, however, it is very important that entrepreneurs write their own specific business plan. They can describe their business, situation and unique aspects the best. They should consider it all by themselves, that is provides a good start for the business. HESI provides a format, but the entrepreneurs have to fill it themselves.

12.4 Can HE SI help me with my business planning?

HESI can help the entrepreneurs with their business planning by providing a template with points that should at least be written in the business plan. HESI can also proofread the final business plan to give extra advice, this is done during the training.

12.5 Shall I have employees in my business so I can take it easy?

It is the decision of the entrepreneur if employees are hired; nevertheless they need to discuss this with HESI to sustain quality. HESI, however, does not encourage entrepreneurs to hire staff. When staff is hired, it is very important that they are trained well, trustworthy and have product knowledge. Besides, employees are expensive; priority with a new business is first to make the business work.