IMPROVING SKILLS
OF MANUAL DRILLING ENTERPRISES

Business Management

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PRACTICA

A Division of RELIEF INTERNATIONAL
IMPROVING SKILLS OF MANUAL DRILLING ENTERPRISES

BUSINESS MANAGEMENT
ACKNOWLEDGMENTS

These training modules were inspired by those developed by the International Labour Organisation (ILO) and GTZ. The ILO set includes:

- Generate Your Business Idea (GYBI) materials (GYBI Workbook)
  - GYBI Workbook

- Start Your Business (SYB) Materials (SYB Manuals Kit)
  - SYB Manual
  - SYB Business Plan Booklet
  - SYB Directory of Advice and Assistance
  - SYB Manual guides the potential entrepreneur step-by-step in how to prepare and complete a business plan

- (Improve Your Business) IYB Materials (IYB Basics Kit)
  - Costing
  - Business Planning
  - Buying
  - Stock Control
  - Marketing
  - People and Productivity
  - Record keeping

During practical manual drilling trainings in Chad, Niger and Senegal, these materials were adapted to the context of manual drilling businesses. We wish to express our gratitude to the organizations and trainers who contributed to the creation of the present manual.

1 The complete set of ILO manuals can be ordered at http://www.ilosiyb.co.zw/training_materials.html#manual
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ABOUT THE PROFESSIONALIZING MANUAL DRILLING IN AFRICA TOOL KIT

UNICEF, Practica and Enterprise Works/VITA, a division of Relief International, have developed a toolkit for African countries wishing to embark on the professionalization of manual drilling. This toolkit includes Technical Notes, Technical Manuals, Advocacy Materials, Mapping of suitable areas for manual drilling, Case Studies, and Implementation and Training Manuals. This initiative builds the capacity of the local private sector in order to respond to the ever increasing demand for safe water in rural areas.

This manual is a part of this larger set of tools that contribute essential information on how to professionalize manual drilling in Africa.

The complete set of materials includes:

Mapping the Potential for Manual Drilling in Africa (12 countries in Africa)

- Chad, Madagascar, Niger, Sierra Leone, Central African Republic, Mauritania, Togo, Senegal, Benin, Côte d’Ivoire, Liberia, Mali

Technical Notes

- The Case for Manual Drilling in Africa
- Professionalizing Manual Drilling in Africa
- Selection of Well Construction Methods
- Manual Drilling Techniques
- Mapping the potential for manual drilling

Case Studies

- Sustainable Transfer of Manual Well Drilling to the Private Sector in Niger
- The Impact of Manual Drilling for the Construction of Sustainable Water Points in Chad

Videos:

- Advocacy for Manual Drilling in Africa — Highlights (3-min)
- Professionalizing Manual Drilling Sector in Africa (12-min)
- How to Professionalize the Manual Drilling Sector in Africa (16-min)

Manuals:

- Professionalizing the Manual Drilling Sector in Africa. A Capacity Building Program to Increase Access to Safe Drinking Water in Rural Areas
- Understanding Groundwater and Wells in Manual Drilling
- Desk Study: Inventory of Manual Well Drilling Techniques (Rota-sludge, Augering, Jetting and Manual Percussion)
- Improving Skills of Manual Drilling Enterprises: Business Management (this publication)
- Financing Options for Low-Cost Well Drillers and Communities for Rural Water Supply

Successful manual drilling operations that deliver sustainable water supplies to communities and support viable local micro, small, and medium manual drilling entrepreneurs and enterprises must consider technical, management, and financing issues to be successful. The reader is therefore encouraged to review the entire range of resource materials listed above, keeping in mind that the materials have been developed as a set.
INTRODUCTION

This manual has been devised as a training guide for small businesses specializing in manual drilling and related businesses such as those specializing in pump making and pump repair.

The manual is presented as a series of check lists and is intended to be used as training outlines. For groups or individuals using the manual on their own consider the sections as guidelines, basic definitions, and summary points for each business topic, but you are encouraged to consult skilled trainers if you are new to manual drilling or looking to scale up your business. The manual is divided into two sections.

SECTION I — INTRODUCTION TO BUSINESS MANAGEMENT INCLUDES FIVE MODULES:

» Module 1: Business Basics
» Module 2: Organizational Techniques – Cooperatives
» Module 3: Marketing
» Module 4: Accounting
» Module 5: Legal Status and Taxation

SECTION II — ADVANCED TRAINING IN BUSINESS MANAGEMENT INCLUDES TWO MODULES:

» Module 6: Business Planning and Improvement
» Module 7: Calls for Tender and Submitting Bids

There are a variety of activities in Annex 1 with corresponding forms in Annex 2 that trainers can use as supplementary resources to this manual. We encourage the reader to go through all the modules as they serve as a basic training guide for small businesses. Reviewing each module will permit the business to improve their management techniques, avoid costly mistakes, grow their businesses and move towards more formalization.
Section I covers:

» **Module 1: Business Basics** — defines forms of business you might consider for your manual drilling enterprise

» **Module 2: Organizational Techniques** — Cooperatives, a specific organizational form that could be considered for manual drilling, but more likely will be the organizational structures that manual drillers will market their services to

» **Module 3: Marketing** — Guidance on how to sell your services and understanding markets for manual drilling

» **Module 4: Accounting** — The basics of keeping track of you incomes and expenses

» **Module 5: Legal Status and Taxation** — The basics of how to choose the best legal status for your business and tax requirements
WHAT IS AN ENTREPRENEUR?

Definition: An entrepreneur is an individual who engages in an activity with the goal of making a profit by selling goods after manufacture or by offering a service.

Manufacturing goods:
Manufacturing goods refers to the transformation of raw materials into finished products.
Examples:
» Sheet metal made into a door
» Fabric made into a dress
» Wood made into a wardrobe
» Leather made into a bag

Services
Services are all the other activities besides the transformation of goods.
Examples:
» Pump repairer
» Mechanic
» Welder
» Driver
» Driller
» Hardware dealer

NOTE: Manufacturers can occasionally offer services as part of their business activities.

A Poor Entrepreneur
» Lacks dedication
» Does not honour his/her commitments
» Is impatient
» Is a bad manager
» Delays taking decisions

For the best chance of success, you would do best to fully understand the business sector you want to work in.

WHAT IS A BUSINESS?

Definition: A business is an individual or group that undertakes some activity (commercial, industrial, artisanal or agricultural) with the goal of making a profit by selling goods after manufacture or by offering a service.

There are two kinds of businesses, which are:

Sole proprietorship: A business owned by one person.

If you choose sole proprietorship, you will perform all duties and tasks yourself; therefore, you will enjoy more freedom to act and you will be the sole master of your destiny.
A company: a business owned by several people (e.g. corporation, cooperative, etc)

If you decided to form a company, you will create a new entity legally separate from yourself and your founding associates. One person will not perform all duties and tasks. All responsibilities will be shared.

One of the biggest problems for entrepreneurs is separating their family’s finances from those of the business. It is essential you know that a business is and how to act like a good businessman/woman. In other words, business and family must be separate. To be sure of this, we will take a look at what weighs on businesses:

- The immediate environment (family influences)
- The larger environment (partners, the unexpected such as natural disasters, fluctuations in the world market, power outages, social unrest, wars...)

It is important that you understand that only the activities undertaken by the business can generate income. Therefore, it is only because of your income that you will be able to provide for:

- Your business’s activities (increasing them in order to generate more income)
- Your business’s expenses (for its own proper functioning as well as the family’s)
- Your business’s savings (in order to save for risks associated with illness, accidents, death, theft, fire and natural disasters)

A business man/woman must be well organized and methodical for the proper functioning of his/her business

Rules to Remember

- As far as business is concerned, there can be no sentimentality. You have to distinguish between business and family
- Only activities produce for the business. They must always increase and never decrease or disappear. Sales figures that decrease mean the business is failing

In order to know what your profits are, you have to create an income statement showing how much money you collected and how much you paid out

Since experience is the sum of the errors we make, an entrepreneur has to work hard, work all the time in order to safeguard his/her business and make it last

THE BUSINESS ENVIRONMENT

Management permits the entrepreneur to be able to control the many tasks that fall to him/her.

ORGANIZATION OF A BUSINESS

Different functions exist in a business:

- **The Administrative Function**
  
  This function consists of coordinating, ordering, controlling and making forecasts for the successful operation of the business. This function can be undertaken by one person or a group of people.

- **The Technical Function**
  
  This function consists of executing the administrative function’s directives for production and maintenance. This function can be undertaken by one person or a group of people.

- **The Sales Function**
  
  This function consists of assuring the sale of goods or services by setting strategies for customer loyalty, promoting sales, marketing, and the choice of distribution networks. This function can be undertaken by one person or a group of people.

- **The Accounting Function**
  
  This function consists of assuring the recording of ongoing accounting operations with the goal of providing the exact situation of the business’ accounts and its financial state (income statement) at any moment in order to facilitate taking decisions. This function can be undertaken by one person or a group of people.

- **The Finance Function**
  
  This function consists of assuring the management of funds by translating tasks such as buying, stocking, manufacturing, selling, collecting etc into financial terms. Disbursement and collections cannot take place until the person or group of people in charge of the administration are on board. This function can be undertaken by one person or a group of people.
NOTE: in order to keep family and business expenses separate, you should keep the following diagrams in mind

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### CAPITAL

1. **ACTIVITIES**
   - Installing pumps
   - Installing drills
   - Repairing pumps
   - All of the above generate income

2. **EXPENSES**
   - Education (school fees...)
   - Transportation
   - Food
   - Rent
   - Electricity
   - Telephone
   - Water
   - The entrepreneur’s personal needs
   - Business supplies, equipment and payroll

3. **SAVINGS**
   - Education
   - Illness
   - Death
   - Risks tied to the business
   - Natural disasters
   - Ceremonies
   - Fluctuations in the world market affecting the business
   - Reinvest in business

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### PROFITS

1. **ACTIVITIES = INCOME**
   - Rent
   - Electricity
   - Water
   - The entrepreneur’s personal needs
   - Business supplies, equipment and payroll

2. **EXPENSES**
   - Risks tied to the business
   - Natural disasters
   - Ceremonies
   - Fluctuations in the world market affecting the business

3. **SAVINGS**
   - Reinvest in business

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**Key to the above chart**

Relations between the business and third parties:

- **Business — Clients**
  - Sale of finished products, providing services.
  - Collecting money

- **Business — Suppliers**
  - Buying raw material or equipment by cash or credit
  - Disbursement (payment) of amounts due.

- **Business — Bank or Credit Union**
  - Deposits or reimbursement of credit
  - Withdrawals or Loans

- **Business — State**
  - Disbursement (payment) of taxes
  - Subsidies, infrastructure...

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**THE BUSINESS**

- **CLIENTS**
- **SUPPLIERS**

**PERSONNEL**

**EQUIPMENT**

**MANAGEMENT = ORGANIZATION**

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The business grows
If the investments it generates comes back
The business dies
If its resources are used for other reasons: ceremonies, marriages, etc.

The Security Function
This function assures the maintenance of the facilities and the security of people and goods. This function can be undertaken by one person or a group of people.

The Human Resource Function
This consists in assuring the promotion, social security, retirement and wellbeing of personnel and their families. This function can be undertaken by one person or a group of people.
MODULE 2 SUMMARY

» How Does a Cooperative Work?
» Managing Meetings
» Managing Conflicts

HOW DOES A COOPERATIVE WORK?

Introduction to the module

The world of organization management is facilitated by members’ solid knowledge of their roles and responsibilities. Every organization must operate such that those in charge are the one capable of promoting its development.

Organizational structure

The organizational chart is an outline that provides clarity by showing how a co-operative is arranged. The chart displays the different departments that make up the business and how they relate to each other. The relations are either technical or functional.

General assembly

Make-up

» The general assembly is made up all the members of the co-operative

Responsibilities

» Electing or re-electing the board of directors
» Approving the provisional budget and the accounts for the previous tax year
» Debate questions of direction and strategy for the co-operative

Functioning

» The general assembly meets at least once a year in regular session or in special session any time that may be needed
» In both cases, a meeting of the council is called by the president of the co-operative by request of at least one-quarter of shareholders
» The deliberations of the council are not valid unless at least one third of the shareholders are present or represented. Decisions are made by simple majority

Board of directors

Make-up

» President
» Vice-President
» Treasurer
» Assistant Treasurer
» Secretary
» Assistant Secretary

Board of supervisors

Make-up

» The board of supervisors is made up of members elected by and from the council as long as they are not on the board of directors
» One of the members of the board of supervisors will be named president by his/her peers
» The board of supervisors serves for a term set by the council

Duties

» The board of supervisors is responsible for overseeing the management of the co-operative’s resources

Functioning

» The board of supervisors presents a report to the council annually about the management of co-operative’s financial and material resources

Statutes

The statutes and by-laws have their legal basis in
legislation and regulations. They constitute the group’s foundation and set the rules which directly affect the life of the organization and relationships among the members. It’s a kind of internal law, an organizational charter. The by-laws complete, explain and expand the statutes.

Roles and responsibilities

Roles and responsibilities of the president
The president is responsible for:

» Overseeing the execution of the general assembly’s decision and well as those of the board of directors
» Calling and presiding over the meetings of the board of directors and the general assembly
» Approving all expenditures before they are carried out
» Representing the co-operative or making provisions for its representation at all external events to which it has been invited

The president is assisted in his/her role by one or two vice-presidents who stand in for him/her in case he/she is unavailable.

Roles and responsibilities of the treasurer
The treasurer is responsible for:

» Managing the co-operative’s funds and keeping the accounting up-to-date
» Insuring effective and transparent management of the business’s cash-on-hand and all its bank accounts
» Settling the co-operative’s expenses according to the provisional budget adopted by the council after approval from the president and verification of services rendered
» Keeping all supporting documentation regarding expenses or deposits, recorded or carried out, up-to-date
» Making available the supporting documentation for each corresponding transaction
» Submitting a report on the financial situation of the co-operative each time he/she is asked

Roles and responsibilities of secretary
The secretary is responsible for:

» Keeping the co-operative’s membership up-to-date
» Sending out notices (in writing or orally) for members if all the members concerned
» Recording deliberations at all the meetings (board of directors, general assembly)
» Preparing and retaining the minutes from all meetings
» Creating and/or retaining a copy of all administrative documents for the co-operative
» Recoding and classifying arriving and outgoing mail, all archives, and documents
» He/she is helped by an assistant

Roles and responsibilities of the auditors
They are elected for a term decided on by the council and are responsible for:

» Inspecting cash-on-hand, banking operations and accounting documents for the co-operative
» Making sure that expenses paid have been duly justified
» Insuring that the co-operative’s property is secure
» Reporting their audits to the co-operative

MANAGING MEETINGS
Meetings are the place for collaboration, taking decisions and participating in the co-operative’s activities. They represent key moments in the life of the organization.

Why Organize Meetings?
Members of the co-operative meet to:

» Inform
» Find solutions to problems
» Take decisions
» Resolve conflicts
» Draw up a plan of action
» Re-elect the boards
» Elect the boards
» Review previous meetings
» Gather the opinions of members on problems

Preparing for a Meeting
In order to prepare for a meeting, the following procedure should be used:

» Set an agenda of the major discussion topics
» Send out notices informing and inviting the participants
» Prepare the meeting location

The preparations for a meeting should be done in consultation with the members of the board.

» The Agenda

It is a matter of listing the topics to discuss, the time, the place, the agenda and the signature of the president.

» The Place

It can be a room, a palaver tree, or any place the members normally gather. The layout can be a circle or a U (as in the letter of the alphabet). These two layouts facilitate relations and encourage everyone to feel like an equal, permitting more sharing of experiences and better communication. Preparing a meeting has a special meaning since it contributes to increased participation by the members of the co-operative.

Running a Meeting

In order to run a meeting, the facilitator must:
» Review the agenda
» Present the details
» Introduce the topic
» Note any amendments
» Discuss all measures point by point
» Take decisions by consensus
» Wrap-up
» Go over decisions taken
» Make sure the decisions taken are clearly understood
» Have the secretary write up the minutes

The Role of those Running the Meeting

You must know and apply all three (3) stages of the successful meeting.

» Before the Meeting
» Set the goal of the meeting
» Prepare the notices
» Send the notices
» Prepare the site

During the Meeting

During a meeting, you need to have:
» A facilitator to run the meeting, make sure people have a chance to speak, and organize the debate
» A secretary to take attendance, read the agenda, ensure everyone has understood it, review decisions from the last meeting (read the minutes), and take notes of the present meeting

Note: The facilitator makes sure to start on time, reminding people about the rules for meeting behaviour, and to end on time.

» After the Meeting
» Summarize the meeting
» Follow up to make sure decisions are implemented
» Write up the minutes

Every meeting is made official by the MINUTES which must be signed by the secretary and the facilitator then filed in the archives. The minutes are of prime importance because they:
» Serve as a “witness” to the meeting
» Allow for follow up on decisions taken
» Facilitate the evaluation of results

In the minutes we find:
» The Date
» The Time
» The Place
» The Agenda
» The Attendance
» The Full Names Of The Secretary And Facilitator
» A Summary Of The Deliberations
» Decisions Taken

Conclusion

Decisions taken in a meeting attended by interested parties implicate the members. It’s best to organize meetings so that everyone can express him/herself and the group ends hearing the counsel and opinions of its members.
MANAGING CONFLICT
Conflict within groups must be perceived as useful for taking decisions. The free expression of ideas must be encouraged and even favoured in a co-operative that wants to be efficient and dynamic. Your business must always manage issues by calling on the values and rules that govern the members of the co-operative.

Problems that the Co-operative Can Encounter Singly or Collectively
In the process of managing the activities of a co-operative, you will never lack for problems. They can pop up at any point and are usually of several varieties. We can mention here:

» Some members can rebel because they think a certain activities are not worthwhile
» Some members will find certain activities are impossible to do
» Some members will harbour negative feelings about leaders or other members
» Some members feel inferior to others in terms of decision-taking power
» Some members monopolize the decision-taking process
» Some members are aggressive
» Some members refuse to participate
» Some members refuse to communicate

Lack of communication is often the primary cause of all these problems, constituting the source of conflict in an co-operative.

Consequences of Conflict on the Life of Your Cooperative
Every unresolved issue within the co-operative can be a source of conflict whose consequences can be:

» The disintegration of the group
» An obstacle to the task at hand
» A climate of distrust
» A lack of decision taking
» Lack of group cohesion
» Aggressive behaviour
» Cliques
» Development of hostility
» Lack of interest for an activity or activities of the co-operative

Conflicts induce a sense of disease, a block in functioning, discord which will lead to a drop in the performance of the cooperative.

What To Do in Case of Conflict Within the Cooperative
Amongst all the ways to handle conflict, active listening, finding middle ground, and cross-checking information play a big role. Thus, reason must come first in order to manage and resolve conflicts, which is why every co-operative needs to have a committee of the wise at its heart.

Suggestions for Resolving Conflicts:
In case a conflict arises you should:

» Know how to listen
» Name and describe the facts
» Clearly explain your intention
» Know how to accept the truth and make concessions in all humility
» Not make value judgements
» Rise above
» Not personalize the problem
» Put the communal interests of the co-operative first

Conflict is not always negative and, in a group, it’s normal for people to have different points of view. What is important is to know how to manage the situation and learn from it.

Every member in a cooperative whatever his/her level of responsibility, has to avoid making negative comments publicly, having preconceptions or personal agendas that can sap the morale of the group.

Every group organized around an executive committee, technical commissions or boards of directors, etc…or around sub projects should not be afraid of conflicts while carrying out its business since such group will regularly be confronted with them. Every member has to know that new and different ideas give greater value to problem resolution.
INTRODUCTION

Before, businesses developed in a relatively localized economic environment that had more easily defined competition. Each actor has his/her own territory and clientele.

In our day and age, the economic geography has been radically transformed, manifesting itself in the reality of global competition and exposing actors to certain demands such as the constant search for new ways and means to identify new products or services, or new clients. This forces actors (businesses) to consider profitability and durability.

In order to respond to these current demands, businesses large and small have to take advantage of modern techniques in order to better understand the behaviour of consumers and the needs of their clients. This module aims to help you improve your skills as small businessmen and women so you can sell your products and prosper.

In this module, you will find appropriate marketing techniques and methods.

WHAT IS MARKETING?

There are several definitions of marketing and everyone can choose the one that suits him/her best. We suggest one of the following for you:

Marketing is all the work you put in to knowing who your clients are, what their needs are. It is also everything you do to satisfy their needs and make a profit by:

- Offering them goods and services they need
- Setting prices they can pay
- Making their access to your goods and services easy
- Providing them with good information that will lead them to buy your goods and services
- Marketing is also the development of a business strategy by means of a methodical and sometimes scientific study which allows you to better know your clients so that you can satisfy their needs and make a profit

This happens necessarily by a thorough knowledge of the environment and solid strategies when it comes to product, price, and place.

LET’S DEFINE CERTAIN KEY CONCEPTS IN MARKETING

Consumer: The end user of your product.
Need: A lack that an individual is trying to satisfy.
Product: Everything that can be offered on the market that can satisfy a need.
Value: The capacity of a product to satisfy a need.
Exchange: The act of obtaining something from someone in return for something else.
Market: The totality of people capable and willing to take part in an exchange that will permit them to satisfy a need or desire.

WHY IS MARKETING IMPORTANT?

Without clients, a business will not make sales and risks closing its doors. This is why marketing is important.

If your clients are satisfied, they will come back to buy more and the business will make a larger profit.
A large number of businesses do not sell as much as they would like and they do not know why.

An entrepreneur always wants to know as much as possible about his/her clients and what they need in order to better serve them. Marketing gets involved to resolve these issues facing an entrepreneur.

THE MARKETING PLAN

It will be important to develop a strategy for promoting your product, namely manually drilled wells. In order to prepare a marketing plan you must consider your product offerings and the demand from your clients. The questions below will help you to develop a good marketing strategy.

Questions to ask while making a marketing plan

» What types of wells can you can provide (depth, drilling conditions, casing material, apron style) Will your business be selling manually drilled and mechanically drilled wells? What additional services do you provide, such as pump installation and maintenance?

» Which target market segment does each of the products seek to capture? Product specifications will be different for irrigation wells, individual household wells, and community wells

» Which territories will be chosen? Because unsuccessful wells cost the business money, where can you have a high success rate for installing wells? Because you have better skills or tools, can you be successful in more difficult territories than your competitors?

» What is the demand for the product? Are there similar products or substitutes within the target market segments in the target market areas?

» What are the strategies of your competitors in your chosen target market segments and target market areas in terms of product, price, place and promotion?

» What are your strategies for supplying your chosen target market segments and target market areas in terms of product, price, place and promotion?

» What will the selling price be and how many wells will you sell?

» What fixed assets will be required for marketing (cell phone, vehicles to visit clients) and how much will they cost? How long will the useful life of the assets be and how will they be depreciated?

» What expenses will be incurred for marketing, including the cost of marketing personnel?

KNOWING THE ENVIRONMENT

The first steps a business takes in developing a marketing program aim at an understanding of the environment in which it is operating. In order to do this, you have to target three fundamental elements: knowing your market, knowing your clients and knowing your competitors.

KNOWING YOUR MARKET

The market is geographical location where the buyers and sellers meet.

It can be defined in terms of a product, a group of products and a territory.

The business must necessarily be able to determine:

» Its market
» The size of the market
» The part it plays in the market

Examples: Dakar’s vegetable market, Bamako’s damask market, the Zinder Region’s drilling market, etc.

Aside from studying the market and its elements, a business must put strategies in place that will increase its sales. This study will permit the business to know:

» Its present market
» The competition’s market
» The size of the market
» The elements of the market
» The part it plays in the market
» The expected demand for the product
» The part the competition plays in the market
» The principal tendencies of the market

KNOWING YOUR CLIENTS

» Who are your business’s various clients?

› People who presently buy your goods and service
› People who could buy your goods and services in the future
› People who have stopped buying your goods and services who you want to get back

» What information does your business need about its clients?
What goods or services do they need? Why?
How much are they willing to pay?
Where are your clients and where do they do their shopping?
When do they go shopping?
How much do they buy and when?

KNOWING YOUR COMPETITION
A business has to gather information on its competition. In order to do that, it has to answer certain questions:

- Who is your competition? That is, which businesses sell the same thing you do?
- How efficient are they?
- What prices are they charging on the open market?

VARIABLE MARKETING STRATEGIES
A good marketing strategy includes defining the product or service, setting a good pricing policy, finding a good location and setting up a promotion plan.

THE PRODUCT OR SERVICE
A business has to know which products and services it’s going to sell. In order sell in the business setting, you have to have the goods clients want. That’s the product.

A product or service is:
- Anything that can be offered to the consumer
- Anything that can satisfy a need

A business has to find out what its clients want:
Clients buy goods in order to satisfy their needs. Once you know what your clients need, you can decide what goods to sell them.

A business has to adapt its goods to the changing needs of its clients:
A need is defined as a lack that an individual is trying to satisfy.
This void pushes him/her to act. There are several types of needs a person can have:
- Physiological needs (hunger, thirst, sex)
- Security needs, protecting one’s self from physical dangers (shelter, protection)
- Social needs, the need to have the same things as their neighbours (goods, ease of access)

An entrepreneur always has to pay attention to what his/her clients want.
If their needs change, you also have to change the goods and services you offer. An entrepreneur has to give his/her clients what they want. Clients want to be able to choose, from a range of products, the ones they prefer:

Examples: Some want a cheaper product; others prefer quality.

GOOD PRICING POLICY
There are several ways to set prices:
- Set prices on the basis of costs
- Set prices on the basis of demand
- Set prices based on the competition
- Set prices in order to speed up sales

Other approaches to consider:
- Is it possible to set different prices for different segments of the market?
- Can you lower the price in order to enter the market?
- Can you offer promotional pricing?
- Can you produce something of lesser quality for a lower price?

An entrepreneur has to know how to set prices for his products. Prices have to be:
- Low enough to attract clients
- High enough to make a profit

In order to set prices, you have to:
- Know the cost price: sales price = cost price + profit
- Know how many clients would be willing to pay it
- Know the prices of your competition
- Know how to make your prices more attractive

An entrepreneur has to know the cost price of his/her products. The cost price for the manufacture of a good has to be carefully determined.
In the case of trading companies, cost prices of the products to be resold also have to be known.
In general, the elements of cost prices are:
- Raw material
- Labour
- Rent
TRANSPORT

Any other expense made by the business and associated with the product.

An entrepreneur has to know how many clients are willing to pay a certain price in order to set it:

- If prices are too high, clients will buy very little
- If prices are lower than the cost price, the entrepreneur experiences a loss

You have to know your competitors’ prices. You have to get information on the prices they’re charging:

- If your competitors’ are higher than yours, you have an advantage with clients
- If your prices are higher, clients will buy from your competitors

You have to know how to make your prices more attractive:

- You can lower your prices a little in order to make them seem lower to your clients
  - Example: Instead of 1,000 CFA, you can sell a product at 900 CFA
- You can sometimes set promotional pricing, even if your profit is small
- You can also provide discounts to clients who buy large quantities

LOCATION

Where you do business is very important. For a service like drilling, it’s important that your clients be able to contact you easily. You will have to have a mobile telephone and make sure that the number is known.

Examples: You have to make sure that your telephone number appears on your building and vehicles.

PROMOTION

Promotion consists of informing clients in a way that makes them buy your goods or services.

Your business may be in a good spot, offer good products that clients can pay for, but your sales remain constantly low. This is certainly due to your clients not being well informed. Promotion can be done in several ways:

- Note: Avoid putting too much on billboards
- Signs, posters, and flyers that tell your clients about special offers, new product discounts, etc
- Flyers distributed to people who are interested in your products
- Business cards, price lists, advertisements and photos
- Newspapers, radio and television. Using the media is a good approach for getting the word out about your business you’re your products. However, it costs a great deal and is often used by large corporations

What should be in your advertising?

The following elements often appear in advertising:

- The products or services you sell
- Their amount
- Their price and terms of sale
- The place where the products can be bought
- Your business hours

Promotional sales:

When doing a promotional sale for a service like drilling, your business can offer a special price for the first client in a predetermined area in order to get the word out about your work to other potential clients.

Certain ideas can help you to benefit fully from this type of promotion:

- Have advertising leaflets available for the client
- Be sure your telephone number is clearly written on the inside of your drill, if possible on a small panel
- Give the first customer a small commission for each item he/she sends you a new client who buys some drilling products

There are other kinds of promotional sales, such as:

- Having client test new products
- Organizing contests
- Doing product demonstrations
- Selling related products (like pumps)

NOTE: Whatever marketing strategies have been developed, your business has to have the personnel capable of selling your products or services, which is why having the right personnel is important.
MODULE 4: ACCOUNTING

MODULE 4 SUMMARY
» Monitoring Current Operations
» Recordkeeping
» Monitoring Client Accounts
» Monitoring Supplier Accounts
» Monitoring Fixed Assets
» Managing Stock
» The Income Statement
» Calculating Costs

MONITORING CURRENT OPERATIONS

Receipts
This is the money earned from the sale of goods and services.

Expenses
This is the money paid to assure the acquisition of raw material, payment of variable costs (buildings, material, labour), remuneration and incentives for personnel, reimbursing loans (principal, interest, and penalties), and covering other costs (electricity, water, telephone).

Petty Cash
This is the structure responsible for collecting and paying moneys owed.

Bank/Credit Union
This is the organization or financial institution the offers services such as:
» Securing finances (money, stock) through the savings of members and various transactions (payment of taxes, deposits, subsidies)
» Financing projects through the granting of loans
» Advice

Supporting Documentation
These are the documents that provide proof of transactions and facilitate their recording. Keep receipts and accounting documents in a folder.

RECORDKEEPING
Recordkeeping is very important in the life of a business since it gives information about the business’s receipts and expenses for a given time period. It also permits you to know what the cash flow situation is at any moment (petty cash or bank).

The cash accounting system is quite simple. It’s based on the double accounting principle in which each credit comes from somewhere and each debit has a destination.

In addition, the double accounting system permits us to categorize receipts and expenses for each transaction and gives us information about those same receipts and expenses in order to produce a financial analysis

MONITORING CLIENT ACCOUNTS

Why do we monitor client accounts?
» To give a global overview of client accounts
» To know if a client is creditworthy
» To monitor each client individually
» To know the amount of business from each client
» To know the probable dates of client payment
» To prevent disputes with clients

Why place credit transactions in the “receipts” column?
To have an overall picture of receipts so we don’t underestimate them over a given period of time.

MONITORING SUPPLIER ACCOUNTS

Why monitor supplier accounts?
» To know and keep an eye on your debt level
» To know how much debt you have with each supplier
» To know the payment dates for your debts
» To prevent disputes with your suppliers

Why place credit expenses in the “expenses” column?
To have an overall picture of expenses so we don’t underestimate them over a given period of time.
**MONITORING FIXED ASSETS**

You must keep a record of each piece of equipment purchased, noting the purchase price in the correct ledger. Then you will need to create a depreciation schedule for the asset.

Your equipment is a good that belongs to the business and is used for the purposes of that business. Equipment, even if it is well maintained, has a limited life span. You have to prepare to replace it one day.

**The cost of depreciation for one year is equal to:**

\[
\text{Purchase price / number of years of use}
\]

**The cost of depreciation for one month is equal to:**

\[
\frac{\text{Annual depreciation}}{12 \text{ months}}
\]

Depreciation is considered constant since the amount of depreciation remains the same each year.

Note: When acquiring a piece of equipment during the fiscal year, you must account for the actual time of use when calculating the first and last depreciation values.

**Why is depreciation important?**

- Reducing taxes
- Planning for the savings necessary to replace materials
- Reinvesting in the business another way

NOTE: The fiscal year is different from the calendar year. The fiscal year has 360 days and each month in the fiscal year has 30 days.

**MANAGING STOCK**

The business maintains stock for its future needs in order to:

- Satisfy orders
- Maintain competitive prices
- Assure regular distribution
- Make a record of products, which must happen in a precise fashion, using one form per product

Given the mobilization of capital and the amount of space that stocking requires, particular attention needs to be paid to the actual need for it.

NOTE: For finished products, the price of stocking is determined on the basis of the different materials used. For consumables, the price of stocking is equal to the purchase price.

**Changes In Stock**

After doing inventory and taking into consideration the value of the stock at the beginning and end of a given period of time, two situations can arise:

- More stock at the end than at the beginning (**positive change**): This increase in stock shows that raw materials and supplies have not been consumed. The increase has to be subtracted from the corresponding purchases in order to obtain the total of those purchases actually consumed.

- Less stock at the end than at the beginning (**negative change**): This decrease in stock shows that the business has used it without replacing anything. This decrease must be added, therefore, to purchases.

**Changes in stock are calculated in the following way:**

\[
\text{Change in stock} = \text{final quantity of stock} - \text{initial quantity of stock}
\]

If the change is **positive**, you need to lower the amount of raw materials in stock.

If the change is **negative**, you have to increase the amount of raw materials in stock.

**Taking Inventory**

This consists of counting, weighing or measuring your stock.

**Why use index cards?**

- To avoid disruptions in stock by referring to the balance column
- To understand stock movement article by article for a given period
- To avoid too much stock in storage, which ends up being useless and ties up money

**Why use a stock valuation card?**

- To understand the overall value of stock held by the business on a given date

**THE INCOME STATEMENT**

This is the statement that synthesizes the various receipts and expenses during a given period. The income statement allows us to determine whether there has been a profit or loss for the period in question.

NOTE: In drawing up the income statement, particular attention has to be paid to variations in stock.
**Why create an income statement?**

» To assess whether the business has made a profit or suffered a loss
» To have a policy for withholdings
» To correct management errors
» To prepare the income statement
» To compare results from one period to another
» To know the total of the expenses compared to the sales figures for each quarter

**CALCULATING COSTS**

Calculating costs aims to analyze the internal processes for pricing. All businesses have costs and it is important to understand these costs. This procedure permits us, therefore, to calculate the production costs and cost price for each product and department in the business.

The process is simple in theory. It’s a question of first identifying the expenses that relate directly to the product or activity (raw materials, energy, labour directly related to production).

Second, you have to divide the indirect expenses, that is those belonging to several products or activities (structural expenses, communication, management expenses, etc). These indirect expenses are allocated amongst the various sectors, then posted according to a predetermined distribution scheme to the various products.

Purchasing raw material and supplies constitute direct expenses and expenses for production personnel constitute direct labour costs. All other expenses except those listed above are indirect costs. Administrative expenses are, for the most part, fixed costs.

Examples:

» Indirect: administrative costs, rent, electricity, depreciation etc

» Direct: drill tubes, labour for installation, transport to site, etc

When calculating costs, you have to take into consideration all the expenses the business has in order to produce a good or service: This is also called the cost price.

Determining the cost price of a product or service is important for every business since it will permit you to determine the sales price, control and monitor the cost of the product or service in order to take the best decisions for your business.

In order to determine the cost price, you will need to follow these steps:

» Identify the elements of the price
» Systematize the costs
» Calculate direct costs
» Calculate indirect costs
» Calculate cost per unit
**MODULE 5: LEGAL STATUS AND TAXATION**

**MODULE 5 SUMMARY**
- Introduction
- Choosing a Legal Status
- Administrative Requirements (Registering a Business and Obtaining a TIN)
- The Comprehensive Tax Structure (CGU)

**INTRODUCTION**

This section is based on the Senegalese business law. However, the legal status of businesses will vary from country to country. Therefore, you will need to follow the current laws and regulations in your own country. It is, moreover, beyond the scope of this manual to furnish examples of legal statuses from the various countries in Africa.

Most manual drilling enterprises will be small and will either be under sole proprietorship, multi-owner enterprises or cooperatives, or limited liability companies. Again, these three categories will be discussed using Senegal as an example.

**CHOOSING A LEGAL STATUS FOR YOUR BUSINESS**

**Legislation**

The various legal statuses for businesses in Senegal are principally governed by the Uniform Organisation Code for the Regulation of Business Law in Africa (OHADA) concerning Corporation Law and Cooperatives.

**Types of businesses — choosing the legal status of your business**

The following represent the various legal statuses available:

- Sole proprietorship
- Limited liability corporation (LLC)
- Sole proprietorship limited liability
- Cooperative

**Sole Proprietorship**

This is the simplest. The main thing about sole proprietorship is that the entrepreneur is working for him/herself. He/she is thus master of his/her own game.

**Limited Liability Corporation (LLC)**

- There must be at least two partners
- The partners are responsible only at the level of their financial contribution
- Interests are represented by shares
- Working capital must be equal to or greater than 1,000,000 F CFA and divided into shares equal to or greater than 5,000 F CFA

An LLC is run by one manager or by several managers. They are chosen from among the partners or from outside. The manager is responsible for undertaking the management of the whole company. His/her acts are binding on the company when he/she takes action on its behalf even if beyond the scope of the business.

The designation of an auditor to verify the management of an LLC is optional. Such designation is not required unless the LLC fulfills one of the following conditions:

- Working capital is greater than 10,000,000 F CFA
- Sales figures are greater than 250,000,000 F CFA
- The permanent workforce is larger than 50 people

**Sole Proprietorship Limited Liability**

- One sole partner
- Minimum capital required: 1,000,000 F CFA
- Interests are represented by shares
- Working capital must be equal to or greater than 1,000,000 F CFA and divided into shares equal to or greater than 5,000 F CFA

A sole proprietorship limited liability corporation is run by a single individual. He/she is the sole partner or chosen by the sole partner. His/her acts are binding on the company when he/she takes action on its behalf even if beyond the scope of the business.

The designation of an auditor to verify the management of a sole proprietorship limited liability corporation is optional. Such designation is not required unless the LLC fulfills one of the following conditions:
» Working capital is greater than 10,000,000 F CFA
» Annual sales are greater than 250,000,000 F CFA
» The permanent workforce is greater than 50 people

Cooperative
» An economic interest group is composed of 2 or more members, individuals or groups
» Its purpose can be civic or business
» It can be formed with or without capital
» The by-laws of the co-operative determine how it is organized
» The administration is loosely organized by the by-laws or failing that, by a meeting of all the members
» Thus a co-operative can function with board of directors or a management group whose number and powers are determined by a meeting of all the members
» Oversight is determined by the conditions set forth in the by-laws of the co-operative

Legal Requirements for Forming a Business
The administrative requirements vary according to the type of business being formed.

Forming a sole proprietorship
Registration is done either in superior court in the town where the business is located or at the Business Creation Office of APIX at either the Administrative Business Centre (CFE) or the Chamber of Commerce in Dakar.

Documents required:
» Notarized copy of your national identification card
» Police record
» Certificate of residence
» Marriage license if married
» Divorce decree if divorced
» Business creation tax
» Commercial register with the name of the founder: 10,000 F CFA
» Tax stamp: 2,000 F CFA
» Commercial register with a business name in addition to the name of the founder: 27,000 F CFA (that is 10,000 F CFA + 2,000 F CFA tax stamp + 15,000 F CFA)

Forming a Cooperative
Writing the statutes: Prepare the by-laws and the minutes of the founding and nominating meeting. Failing that, the founders of the co-operative can purchase a dossier at the Chamber of Industry and Agriculture in Dakar containing the following in triplicate: statutes — by-laws — procedure for forming and nomination for new businesses.

Registering the statutes: Register the statutes, by-laws and minutes of the founding constitutive assembly at the Fiscal Services Centre nearest the co-operative’s headquarters (Taxes and Estates Office). Place one (1) 2,000 F CFA tax stamp on the face of each page of the statutes, by-laws and minutes. The total will be 18,000 F CFA for the tax stamps and 29,000 F CFA for the registration tax.

Placement on the commercial register: Enrolment on the commercial register is made in superior court in the region where the co-operative is headquartered. This must be done by the founder who must provide:
» An original copy of the duly registered statutes
» An original copy of the duly registered by-laws
» The minutes of the constitutive assembly and nomination duly registered
» A photocopy of the identification cards of all the members the co-operative
» A copy of the police record of the co-operative’s president
» 30,000 F CFA and a 2,000 F CFA tax stamp
» Business creation tax: 79,000 F CFA

Forming a corporation
Limited liability corporation (LLC)
To legally form an LLC, you must use the services of a lawyer who takes care of all the administrative work. The founder must have the following information:
» Name of the LLC
» Address of the headquarters
» Working capital and controlling interests
» Names of the partners their information: profession, date and place of birth, nationality and address
» Purpose
» Name or names of the managers
» Name of the auditor if necessary

The lawyer takes care of all the administrative work on behalf the founders of the company. Business creation taxes for an LLC vary with the amount of working
capital. For capital of 1,000,000 F CFA, taxes are estimated at between 350,000 and 450,000 F CFA.

**ADMINISTRATIVE REQUIREMENTS FOR FORMING A BUSINESS**

Administrative requirements usually fall into the five following categories: registering as a business, obtaining a TIN for the business, registering with the labour inspection unit, registering with the institutions responsible for social security, retirement and medical insurance. The exact step will be different for each country.

**Obtaining a TIN:** Whatever legal status the business has (co-operative, sole proprietorship, corporation), it must register with the Directory of Businesses and Associations in order to get a **taxpayer identification number (TIN)**.

**Labour Inspection:** A declaration of establishment must be made at the regional Labour Inspection Unit and local Social Security Office where the business is headquartered. This is done by means of the form entitled, Declaration of Establishment, completed in quintuplicate. The Labour Inspection Unit will stamp the document and assign a TIN. The forms can be obtained from your local chamber of commerce.

**Social Security:** The individual or group concerned must request registration form to fill out and return from the Social Security Office closest to the headquarters of the company, cooperative or association.

**Senegalese National Pension Service (IPRES):** In order to join, the business must fill out and return a dossier from the IPRES office closest to the headquarters of the company, cooperative or association.

**Medical Insurance (IPM):** If a company has less than 100 workers, it can be a member of an IPM. The IPM generally allows the pre-financing of medical care in order to guarantee the total or partial care of medical expenses for workers and their families.

**Requirements for obtaining a TIN**

Whatever the business’s legal status (co-operative, sole proprietorship, corporation), it must register with the Directory of Businesses and Associations in order to obtain a **tax identification number (TIN)**. To request one, you will need the following documents:

#### For a corporation:

- Request addressed to the head of Fiscal Services Centre closest to the headquarters of the corporation
- Commercial registration (declaration of intent to enroll)
- Certificate of enrolment in the commercial register
- Notarized rental agreement
- Taxation certificate regarding the business tax agreed by the comptroller and due at the end of the next tax cycle
- 1,000 F CFA tax stamp

#### For a cooperative

- Request addressed to the head of Fiscal Services Centre closest to the headquarters of the co-operative
- Notarized statutes, by-laws and minutes
- Copy of commercial registration
- Naturalized rental agreement
- Payment of the business tax for the current year
- Letter stating the tax regime selected (tax on personal income of that of the business)
- Copy of the national identity cards of members in the case that taxation on personal income is selected
- 1,000 F CFA tax stamp

#### For sole proprietorship

- Request addressed to the head of Fiscal Services Centre closest to the headquarters of the sole proprietorship
- Copy of commercial registration
- Notarized rental agreement or water bill or electric bill
- Payment of the business tax for the current year
- Copy of your national identification card
- 1,000 F CFA tax stamp
- The TIN office (Ministry of Economy and Finance) will issue an official letter containing the business TIN

Note: The Business Creation Office of APIX can deliver the Commercial Registration and the TIN at the same time within a 48-hour period.
THE COMPREHENSIVE TAX STRUCTURE (CGU)

 Responsible parties
 » Any individual or entity that is obligated to pay the CGU

 Activities covered
 » The delivery of goods and performance of services

 Sales figure limits
 » For delivery of goods, an individual cannot have more than 50,000,000 F CFA in total annual sales, taxes and fees included, in order to be able to pay the CGU. For sales above 50,000,000, the individual is taxed according to the BIC
 » For performance of services, an individual cannot have more than 25,000,000 in total annual sales, taxes and fees included, in order to pay the CGU. For sales above 25,000,000 F CFA, the individual is taxed according to the BIC
 » For combined operations (delivery of goods and performance of services), the individual cannot have more than 50,000,000 F CFA in annual sales, taxes and fees included, in order to pay the CGU as long as the ceiling for performance of services (25,000,000 F CFA) is not exceeded. For sales above 50,000,000 F CFA, the individual is taxed according to the BIC

 Taxation under the CGU
 The CGU contains the following taxes:
 » Income tax on industrial and commercial profits
 » Minimum tax
 » Business tax
 » Value added tax
 » Fixed-rate employer’s tax
 » Bar owner’s licensing fee

 Individuals excluded from the CGU
 The CGU does not apply to:
 » Individuals whose income is non-commercial (lawyers, physicians, architects, artists, accountants…)
 » Individuals engaged in selling, renting or managing real estate
 » Individuals making more than 50,000,000 F CFA or 25,000,000 F CFA, depending on whether they deliver goods or perform services

 Individuals who can be subject to the CGU but opt for regime in vigour. In this case, the option must be exercised by 31 January of the tax year in question. Once chosen, it cannot be revoked or modified

 CGU rates
 The CGU operates on a fixed rate based on the total annual sales of the business.
Section II covers:

» **Module 6: Business Planning and Improvement** — provides a useful set of tips for a successful manual drilling enterprise. The section also outlines all aspects/elements that the entrepreneur should consider for a long lasting business.

» **Module 7: Calls for Tender and Submitting Bids** — defines the notion of tenders including different types of tenders for which the manual drilling enterprise could bid. Most importantly, the section gives an overview of the basics requirements that the enterprise needs to meet in order to submit bids.
THE BUSINESS PLAN FOR MANUAL WELL DRILLING

INTRODUCTION
As an entrepreneur, you will need a business plan to help you start a new business and to expand an existing one. If applying for credit you need to provide the lender with a plan that shows that your business will be able to repay the credit. While there are a number of good references (see annex 3) to guide you in the preparation of the business plan, this module will provide some key insights for manual drilling businesses.

Below is a list of questions to guide the manual drilling businesses in the preparation of a business plan.

What is the market demand?
» Do existing drilling operations satisfy current demand?
» Are supplies for existing drilling services reliable?
» Is there an anticipated increase in the demand for manual-drilling services?
» Is there variety in distribution channels, target clients and market segments?
» Are there opportunities in the existing sub-contracting and market linkages?
» What are the names and pricing structures of advertising agencies?
» Do your competitors offer similar kinds of drilling services (number, price, concentration, and quality)?

What is the availability of technology and equipment?
» What is the availability of proven drilling methods?
» What is the availability of solid drilling equipment?
» What is the availability of drilling equipment at reasonable prices?
» What is the availability of technology appropriate for the level of investment and desired product quality?

What is the available supply of raw materials?
» What is the availability of adequate, reasonably-priced local and imported sources of raw materials (primarily well casing)?
» Is the supply of raw material reliable?
» Do the availability, quality and viability of raw materials vary by season?
Who are your competitors?
- Which competitors are offering the same kind of manual drilling services?

What is the availability of utilities and infrastructure?
- Is affordable transportation available?
- Can you set up an office?
- How much will it cost?

How will you finance your business?
- What is the availability of various sources of financing in your area (microfinance institutions, commercial banks, government funds, donor funds)?
- What are the general loan conditions, terms and interest rates of the various lending institutions including government sources?

What is the legislation relevant to your business?
- Which business and laws and binding agreements affect you?
- Are there any special provisions and support from government?
- What are the legal statuses available to you (partnership, sole proprietorship, cooperative)?
- What are the legal requirements and licensing agreements you subject to?
- What kinds of taxes are there and what are rates?
- Are there tax holidays and exemptions?
- Which regulations govern standards and quality?
- How will you make bids for service?

How will you manage your business?
- How will you organize your business?
- What is the availability of various skills (managerial, technical, and manual)?
- Is there a steady of supply of these skills?
- What is the cost of labour?
- Which institutions provide business management training?
  - What do they charge?
- Which institutions provide basic accounting training?
  - What do they charge?
- Who provides auditing services?

What do they charge?
- Which institutions provide continuing education?
  - What do they charge?

A Business Plan for Manual Well Drillers
You should include the following information in your business plan

Personal information
- Name, address, education, experience

Business profile
- Name of your business, legal status, administration and organizational chart
- Decryption of your services and examples of finished well
- Strategic location of the business and availability of equipment and infrastructure
- S.W.O.T analysis

Market study
- Range of wells needed in your area
- Main customers and market segments
- Agents and competitors
- Marketing strategies and budget

Production plan
- Projected production and sales levels
- Equipment requirements
- Staffing needs

Cost calculation
- Direct costs for well installation (casing, polymer, cement, gravel, labour, depreciation of equipment, transport, daily allowance for drillers, miscellaneous materials, etc)
- Indirect costs (administration, promotion, overhead, etc)

Fixed capital and working capital
- Fixed capital needed to purchase drilling and office equipment
- Working capital needed for labour and materials

Financial plan
- Own funds and financing
- Estimated profit and loss statement
Financing
Start-up capital is the money you need to establish your business. At the implementation stage of your business, you need to know how much start-up capital is required. Investment capital is needed for:
» Purchase/rental of drilling and other equipment
» Purchase of raw materials (pipe, cement, rebar, pumps)
» Wages
» Covering promotional costs
» Office space

IMPROVING YOUR BUSINESS
Marketing
When you started your business, you designed a marketing strategy in which you determined what kinds of wells to produce, what to charge, how to promote your services, and where to sell them. Now, it is time to examine the effectiveness of your marketing strategy and look for improvements. For this purpose, you need to evaluate your previous marketing strategies, adapt them and find new ones.

You should answer the following questions before you redesign your marketing strategies:
» Was the price you set too high/too low/just right? How did the customers feel about it?
» What was the demand for your services? Was it equal to/higher than/lower than your initial projections?
» Was the location or your business good or bad?
» Did your product promotion attract a sufficient number of customers? Was the cost of promotion too high?

After evaluating the above situations, you can determine whether to:
» Increase or decrease price (if the existing one is found too low or too high)
» Change where you do business, or not
» Reconsider market segmentation or not (note: market segmentation is the process of focusing on specific customer groups and separating business activities according to well defined target groups)
» Reengineer the product to enhance quality and meet customers’ needs
» Alter distribution channels

If you want to diversify your market, you should be aware of the following:
» The needs, purchasing power, tastes of the target consumers, sales trends, and competitors as assesses through market research
» Availability of office space close to the new market, availability of transport facilities, and any additional costs

Distribution Channels
The path through which your services are marketed can vary. As the channel lengthens, you may have improved sales, though profits per well may be lower.
» Manual Driller — Consumer
» Manual Driller — Local Promoters — Consumer

Comparing your services and those of your competitors services
Drilling services of different businesses can be compared in terms of:
» Production costs
» Retail price of the wells
» Quality of the wells
» Design and finishing of the wells
» Life of the wells

After evaluating the differences, you’ll have to make the necessary corrections to the items you have found to be lacking.

Product development
Modifying your wells is possible when the demand for an existing type of well declines and when you are able to change the design, size, or features of your wells. Modification of your wells requires creativity and technical skills. The buyer may be ready to pay a higher price provided the change suits his/her needs or you may gain more clients if you can offer a lower-priced product that is still high quality. After modifying a well or well-drilling technique, you should ask questions such as:
» Did the technical modification of the wells go smoothly?
» What was the reaction of buyers towards the new well or well-drilling technique?
» What was the cost of the change?
» Does the well or well-drilling technique have a competitive edge?
» Was the higher price accepted by existing and new buyers?
» Last but not least, well quality is a priority for
product development. Quality is considered a key factor for the success of businesses because it:
› Creates satisfied customers
› Increases the word of mouth promotion
› Encourages future repeat purchases

Improving the quality of your wells

Improving the quality of your wells is a critical factor for the success of your business. You should pursue quality improvements as you continue to follow up with your customers who are always concerned with the quality of the wells they purchase from you. Quality assurance begins at the start of your business. Therefore, as you follow up, make sure you have been selling wells with the right quality. In the follow-up stage of your business, evaluate well quality in terms of:
» Raw materials used
» Production technology selected
» Equipment used
» Efficiency of the production process
» Well finishing skills of your staff

Since your customers are the best sources of information for well quality improvement, ask them how they felt using the wells you installed.

If you want to diversify your services or the types of wells you market, pay attention to:
» The skills required to offer the new product
» The technology and equipment required
» The personnel required
» The additional investment required
» Readiness of the market for the newly diversified product both within the existing market and within a new market

Improving your accounting and management systems

Improving your accounting system

As a businessman/woman, you should be able to check if your accounting system is up to the task if recording your daily transactions. If you do not know how to make such records simply and easily, it will be very difficult for you to identify your income and expenses. Eventually you will not know whether your business has made a profit or loss.

Failure to record transactions properly will also cause some problems in handling customer needs, particularly in providing sales on credit. Failure to record transactions also makes it very difficult for department of revenue to levy the right taxes, commensurate with your business activities. As a result, you may feel that taxes are being levied on the basis of estimates are too heavy to bear. So check the following in order to improve the accounting and record keeping:

Data management

To collect data in an organized way, you should have a data management system that suits your needs and abilities. Tracking your business using computer software will allow the most accurate analysis possible. However, this requires investment and computer literacy. You can also manage data manually, as is the case for the majority of small businesses.

After collecting data, you should summarise this information so it can be used in taking decision. This information can alert you when something starts to go wrong, or improves. So after the first business cycle, usually at the end of the first year, you should collect data on:
» The number of wells you have produced
» The amount of raw material you have used
» Your total cost of production
» Your total administrative costs, including wages
» Your profit (before and after deductions for taxes)
» The number of clients you have served
» Type of customers (individuals, NGOs, communities, others)

It is critically important to collect data that reflects your business activities. Collecting data allows you to evaluate your past performance and make adjustments in order to remain competitive in the market. By collecting data, you can stay informed about the internal and external business environment. To get data easily on the above items you should have a properly designed record-keeping system.
GENERAL PROVISIONS
The General Provisions set the rules governing the invitation to tender for all contracts and also states who is eligible to participate in the process.

Excluded from the tender process
- Municipalities and public institutions
- Individuals or corporations under liquidation orders and individuals in bankruptcy
- Individuals or corporations convicted under the penal or tax codes
- Businesses or groups of businesses in breach of contract
- Businesses in the person responsible for interacting with the market or the tender evaluation committee has financial or personal interests of any kind in the process
- Businesses affiliated with the consultant having prepared wholly or in part the invitation to tender or consulted in the process

Required qualifications
- Be able to explain your technical, legal and financial qualifications
- Have all financial and ancillary obligations in order

Government Contract Procurement
General provisions
- Public contracts are won either open or closed bidding which occurs in two stages
- Either by consultation with bidders for the lowest estimate, and less commonly, by direct negotiation (according to the provisions of the ITT)
- Procurement of intellectual services occurs after consultation and submission of bids
- An invitation to tender is considered open if every candidate not excluded under Article 9 of the present act can submit a bid
- An invitation to tender is considered closed if only candidates contacted by the person responsible for interacting with the market can submit bids

It’s based on:
- An amount bid less than the limit set
- A small number of bidder

No-Bid Contracts
Contract provisions
The contract is a single document which at a minimum includes the:
- Identities of the parties involved
- Position of the person signing the contract
- Reason for the contract
- References to the relevant portions of this act regarding the awarding of the contract
- Prioritized listing of the parts of the contract
- Price and how it was determined
- Timetable
- Terms, conditions and provisos for services to be rendered
- Regulations and terms of execution
- Deadline
- Date of award of contract
- Government accountant responsible for payment and allocations on the contract
- Bank routing information for payment

NOTE: Notwithstanding the order for the payment of a sum less than the amount prescribed by law for no-bid contracts, the party responsible for public contracts must honour the provisions for transparency, equal access and competition.

It is possible to award no-bid contracts if there are only a small number of businesses know to be able to do
the work, provide the equipment or services anticipated and if the estimated budget for the contract is less than the limits below:

» 10,000,000 CFA for services
» 25,000,000 CFA for equipment
» 50,000,000 CFA for public works

INVITATION TO TENDER

Pre-qualification

Instructions for pre-qualification
In the case of large or complex works, the invitation to tender is preceded by the pre-qualification stage.

Selection criteria
The examination of candidates’ qualifications takes place exclusively on the basis of their ability to execute the contract according to the following criteria:

» Reference to actual analogous contracts
» The facilities and materials the candidate has access to
» The financial condition of the business

Information about the competencies of enterprises the pre-qualification dossier contain:

» A notice of pre-qualification
» Instructions about pre-qualification
» Selection criteria
» Information about the qualifications and competencies of businesses in the bidding process

To be invited to compete, candidates (including all members of a business group and all sub-contractors):

» Must not be affiliated with any company or entity:
  › which furnished consultation services during the preparatory phase of the work or of the project in which the work is a part
  › which has been engaged as the contractor for the project
» Must be enrolled in the Commercial Register and not be under sanction suspension, ban, exclusion or liquidation (provide a certificate on non liquidation)
» Provide a certificate of approval from the department in charge
» Provide proof of solvency (notarised bank certificate or deposit provided by an approved bank and judge sufficient)

In addition, have all papers in order with the government (tax certificates and labour law)

Failure to adhere to the above criteria will lead to the summary denial of the candidate’s bid.

INVITATION TO TENDER CONTENTS

An invitation to tender contains:

» Document N° 1 A notice of invitation to tender
» Document N° 2 Instructions to bidders
» Document N° 3 Specific information on the invitation to tender
» Document N° 4 Register of General Administrative Regulations (RGAR)
» Document N° 5 Register of Specific Administrative Regulations (RSAR)
» Document N° 6 Register of General Technical Regulations (RGTR)
» Document N° 7 Register of specific technical regulations (specifications and plans)

Notice of invitation to tender (Document N° 1)

The notice of invitation to tender must be published in a newspaper of record by the general contractor. A letter to candidates having expressed interest in bidding can be drafted after publication of the notice.

The notice of invitation to tender provides useful information to potential candidates for deciding if they want to bid. The notice must be included in the invitation to tender.

The information contained in the notice must match those in the invitation to tender.

In the case of a call for closed bids and those with pre-qualification, the notice is replaced by an invitation to bid addressed to the preselected candidates.

Instructions to bidders (Document N° 2)

These provide the bidders with the information necessary to prepare bids in line with the conditions set by the general contractor. They also provide information on handing in bids, opening them and awarding the contract. They cannot be changed.

Specific information about the invitation to tender (Document N° 3)

This section helps the general contractor provide specific information on regulations regarding the instructions to bidder. It must be prepared for each invitation to tender.
It is a matter of the specific regulations about the invitation to tender and the information affecting it.

Register of general administrative regulations (Document N° 4)
The register states all the rights and obligations of the parties. The entries in the register of general administrative regulations must not be modified. It lists the:

» Scope of activity
» Definition of the terms
» Contracting authority
» Contracting officer
» Site
» Bidders
» Retainer
» Insurance
» Cost with services included
» Timetable
» Deadline
» Delivery specifications

Register of specific administrative regulations (Document N° 5)
This contains the specific provisions relating to the contract in question and complements the above. You should pay special attention to the following aspects:

» Information necessary to carry out the general regulations
» Changes to and/or additional provisions required by the contract in question have to be included here
» Identification of parties
» Address of the contractor
» Contract documents
» Warranty
» Retainer
» Insurance
» Contract total

Register of general technical regulations (Document N° 6)
This sets the applicable technical provisions for services of the same nature. The general contractor has an interest in establishing a standard for the same type of work undertaken either through the region or the country.

Information Required
Before you can consider responding to a specific invitation to tender, you must have or obtain the following information:

» The location of the villages where wells are to be installed. What is/are the:
  » Drilling conditions?
  » Depth to the water table?
  » Distance your drillers will have to travel?
  » Distance between sites?
  » Accessibility of the sites?
  » Your familiarity with the area?
» The number of wells to be drilled
» The timetable for completing the work
» The specifics of the contract (wells or wells and pump)
» The technical specifications:

Goal and conditions for executing the job
Description of the jobs
Origin and standards of materials and equipment
Implementation
Verification of the work
Delivery

Register of specific technical regulations (Document N° 7)
This sets the applicable technical provisions for the specific services to be provided. This would include the any modifications required to the general technical specifications that relate to local conditions.

The register of specific technical regulations has to contain:

» Exact specifications for the work for example the number of wells and the type of pump to be installed including plans for construction of the well pad and soak away pit.
» Details of specific testing requirements; for example arsenic testing in at risk regions
» Variations from accepted national standards due to local cost or drilling conditions.
» Timetable for installation and any penalties for late delivery
» Procedure for delivery of the final product

COST CALCULATION FOR MANUAL WELL DRILLING CONTRACTS

Before you can consider responding to a specific invitation to tender, you must have or obtain the following information:

» The location of the villages where wells are to be installed. What is/are the:
  » Drilling conditions?
  » Depth to the water table?
  » Distance your drillers will have to travel?
  » Distance between sites?
  » Accessibility of the sites?
  » Your familiarity with the area?
» The number of wells to be drilled
» The timetable for completing the work
» The specifics of the contract (wells or wells and pump)
» The technical specifications:
Do any of the technical specifications exceed your capacity? (E.g. Producing a well with a compressor)

» The technical specifications of the bid:
  » Do any of the bid specifications exclude you? (E.g. Having a rotary rig)

» The payment schedule:
  » Will you need to obtain financing to allow you to complete the work on time?

If after reading the tender dossier you find you can do the job either alone or with others, you can consider moving forward.

When you bid, you must be sure you can deliver the quality of well required within the specified time period. You need to be sure you have the labour, finance, equipment and logistical support to do the job.

The table below provides a starting point for calculating the costs of installing wells. It's only a guide and you can modify it to suit local conditions. The percentages in the table below are indicative and can be adjusted based on prevailing market conditions.

Remember that you will be required to complete the job for the amount that you bid.
## Drilling Cost Calculations

<table>
<thead>
<tr>
<th>Cost Items</th>
<th>Units</th>
<th>Unit Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled labour</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unskilled labour (drilling and pad construction)</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mason (well pad)</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump installer</td>
<td>day</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid well casing</td>
<td>m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slotted well casing</td>
<td>m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gravel Pack</td>
<td>kg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drilling Fluid Additive (Polymer)</td>
<td>ls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water transported to site</td>
<td>ls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous materials (bolts, wire, etc.)</td>
<td>ls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement for sanitary seal and well pad</td>
<td>kg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rebar for well pad</td>
<td>m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump</td>
<td>unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport for workers to site</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport of well casing and other materials (cement, rebar, etc.)</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport of gravel pack</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport between sites</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport to restock materials or to repair tools</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport for pad construction</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport for pumps and installation</td>
<td>km</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport for workers from site</td>
<td>km</td>
<td></td>
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<tr>
<td><strong>Management Fee (promotion and other indirect costs) (10%)</strong></td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing charges (if money is borrowed)</strong></td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation of the drilling tools</strong></td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(life of 25-50 wells)</td>
<td></td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit (15%)</strong></td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annexes

» Annex 1: Management Exercises
» Annex 2: Management Documents
ANNEX 1: MANAGEMENT EXERCISES

ANNEX 1 SUMMARY

- Exercise N° 1 — General Ledger: Cash Operations
- Exercise N° 2 — Credit Operations: Client Accounts
- Exercise N° 3 — Credit Operations: Supplier Accounts
- Exercise N° 4 — Owner’s Account
- Exercise N° 5 — Monitoring Fixed Assets
- Exercise N° 6 — Monitoring Stock
- Exercise N° 7 — Income Statement

EXERCISE N° 1 — GENERAL LEDGER: CASH OPERATIONS

As of 1 January 2010, the state of the accounts for “Drilling Africa” was the following:

- Cash-on-hand = 85,320 F CFA
- In the bank = 220,000 F CFA

On 1 January 2010, you dug a bore hole for a single person in the village of Niangha for a sum of 800,000 F CFA, paid in cash.

The same day, the business spent 25,000 F CFA in cash as follows: 24,000 F CFA to restock basic supplies and 1,000 F CFA for transport.

On 3 January 2010, the business paid the sum of 250,000 F CFA by cheque (number 001) in order to restock the supply of tubing.

On 3 January 2010, the business paid the following expenses:

- 75,000 F CFA in cash for personnel expenses
- 25,000 F CFA by cheque (N° 002) for rent

Assignment: Record these transactions in the general ledger.

EXERCISE N° 2 — CREDIT OPERATIONS: CLIENT ACCOUNTS

As of 1 January 2010, there was a total of 125,000 F CFA in credit to clients as follows:

- Mr Ousmane Diallo in the Nema section of Ziguinchor: 75,000 F CFA
- Mrs Arame Diop in HLM Boudody, Ziguinchor, villa 700: 50,000 F CFA

On 3 January 2010, you repaired a manual pump in the village of Boutoute valued at 25,000 F CFA, payable on 6 January 2010.

On 6 January 2010, Mr Ousmane Diallo from Nema pays his account in full.

On 8 January 2010 Mrs Arame Diop pays off her 50,000 F CFA in cash.

ASSIGNMENT: Record the transaction in the proper ledgers.
EXERCISE N° 3 — CREDIT OPERATIONS: SUPPLIER ACCOUNTS

As of 1 January 2010, Drill Africa owes a total of 120,000 F CFA to its suppliers as follows:

- Zigmachine Ltd, located in the Escale section: 100,000 F CFA,
- Mr Dame Diange hardware supplier in the Ziguinchor’s Saint Maure market, contine 5: 20,000 F CFA

On 8 January 2010, the business gets an electric bill for 13,420 F CFA payable on 7 February 2010;
On 9 January 2010, the business pays Mr Dame Diagne 20,000 F CFA by cheque N° 002;
On 10 January 2010, the manager of Drill Africa withdraws the sum of 70,000 F CFA from the bank in order to have more cash on hand.
The same day, he pays Zigmachine Ltd the entire 100,000 F CFA owed in cash.

ASSIGNMENT: Record the transactions in the proper ledgers.

EXERCISE N° 4 — OWNER’S ACCOUNT

On 10 January 2010, the owner withdraws 15,000 F CFA from petty cash for personal use.
On 12 January 2010, he withdraws the sum of 30,000 F CFA for his personal use.
On 12 January 2010, the owner deposits 25,000 F CFA of his own money into petty cash.

ASSIGNMENT: Record the transactions in the proper ledgers.
EXERCISE № 5 — MONITORING FIXED ASSETS

As of 1 January 2010, an inventory of “Drilling Africa” shows the fixed assets as:

- 1 submersible pump bought on 1 January 2007 for 600,000 F CFA
- 1 set of augers purchased on 17 July 2009 for 200,000 F CFA

The lifetime for each piece of equipment is 3 years.

On 30 January 2010, the manager buys a generator on credit from Zigmachine Ltd in Escale for 500,000 F CFA. He puts down 50,000 F CFA in cash. The rest is payable on 31 March 2010.

On the same day, the business pays 30,000 F CFA in cash for advertising.

ASSIGNMENT: Fill out a depreciation schedule for each piece of equipment
Record the information on the proper ledgers.

EXERCISE № 6 — MONITORING STOCK

As of 1 January 2010, “Drilling Africa” has the following inventory:

- 10 bags of cement at 5,500 F CFA each for a total of 55,000 F CFA
- 30 metres of 8 mm rebar at 300 F CFA/metre for a total of 9,000 F CFA
- 60 metres of 6 mm rebar at 130 F CFA/metre for a total of 7,800 F CFA
- 2 rope pumps at 80,000 F CFA each for a total of 160,000 F CFA
- 40 metres of tubing at 3,500 F CFA/metre for a total of 140,000 F CFA

ASSIGNMENT: Create a list with the value of your stock as of 1 January 2010.

On 17 January 2010, the business uses 3 bags of cement, 1 rope pump, 10 metres of 8 mm rebar, and 20 metres of 6 mm rebar for an installation.

On 20 January 2010, the village Boutoute pays off the 25,000 F CFA it owes in cash.

On 20 January 2010, the manager deposits the sum of 100,000 F CFA, which he took from petty cash, in the bank.

On 21 January 2010, you sold 1 rope pump with installation for 100,000 F CFA paid in cash.

On 22 January 2010, the business uses 18 metres of tubing for the installation of a bore hole well.

On 25 January 2010, you install a bore hole well for 800,000 F CFA paid in cash.

On 30 January 2010, you bought 20 metres of tubing at 70,000 F CFA paid in cash.

ASSIGNMENT: Record the information on the proper forms.
NOTE: Update stock cards as well.
EXERCISE N° 7 — INCOME STATEMENT

ASSIGNMENT: Compute the value of your stock as of 31 January 2010.

Do the income statement for the workshop as of 31 January 2010.
ANNEX 2: MANAGEMENT DOCUMENTS

ANNEX 2 SUMMARY
» General Ledger
» Client Credit Worksheet
» Supplier Debt Worksheet
» Depreciation Schedule
» Cost Price Worksheet
» Stock Register
» Stock Value Schedule
» Income Statement

Please see forms on following pages.
<table>
<thead>
<tr>
<th>REASON</th>
<th>AMOUNT</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWNER'S ACCOUNT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUPPLIERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUIPMENT PURCHASED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>DESCRIPTION</td>
<td>AMOUNT DUE</td>
</tr>
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</tbody>
</table>

Client name and address: ...
**SUPPLIER DEBT WORKSHEET**

Supplier name and address: …………………………………………………………………………………………………………………

<table>
<thead>
<tr>
<th>DATE</th>
<th>DESCRIPTION</th>
<th>DUE DATE</th>
<th>TOTAL OWED</th>
<th>AMOUNT PAID</th>
<th>AMOUNT DUE</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

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**DEPRECIATION SCHEDULE**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>STARTING VALUE</th>
<th>DEPRECIATION</th>
<th>ENDING VALUE</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
COST PRICE WORKSHEET

Product: 

Description: 

Name: 

Production Period From __________________________ To _______________________

(1) Materials and equipment used

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price</th>
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</tr>
</tbody>
</table>

Total (1): Materials and equipment

(2) Labour

<table>
<thead>
<tr>
<th>Workers</th>
<th>Job</th>
<th>Duration</th>
<th>Unit Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

Total (2): Labour

(3) Indirect Costs (General expenditures)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td></td>
</tr>
<tr>
<td>Administration (manager, secretary, accountant)</td>
<td></td>
</tr>
<tr>
<td>Electricity, Water, Telephone</td>
<td></td>
</tr>
<tr>
<td>Other (insurance, office equipment)</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
</tbody>
</table>

Total (3): Indirect costs

continued
COST PRICE WORKSHEET (CONTINUED)

Number of Production Days: 

% of General Expenditures related to production = \( \frac{NPD \times 100}{30} \)

Total (4):

Share of General Expenditures = \( \frac{\text{% of General Expenditures}}{\text{Indirect Costs}} \)

Total (5):

<table>
<thead>
<tr>
<th>Total cost price = Total (1) + Total (2) + Total (4)</th>
</tr>
</thead>
<tbody>
<tr>
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COST PRICE PER UNIT = \( \frac{\text{TOTAL COST PRICE}}{\text{NUMBER OF UNITS}} \)
**STOCK REGISTER**

<table>
<thead>
<tr>
<th>DATE</th>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>NOTES</th>
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<tbody>
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<td>IN</td>
<td>OUT</td>
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**NAME OF ARTICLE:**

**UNIT PRICE:**
# STOCK VALUE SCHEDULE

Date: ______________________

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<th>UNIT PRICE</th>
<th>TOTAL PRICE</th>
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**Overall total**

**CHANGE IN STOCK = FINAL STOCK QUANTITY – INITIAL STOCK QUANTITY**
## INCOME STATEMENT

Period covered from: __________ to: __________

### Revenue

**Receipts:**

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**Revenue Total**

### Expenses

**Costs of goods sold:**
(materials and equipment used)

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**Sub-total**

**Other expenses:**
(labour, rent, depreciation, etc)

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**Sub-total**

**Expenses Total**

### Calculations

- **Revenue Total**
- **Minus Expenses Total**
- **Equals Net Income**

**Revenue Total**

**Minus Expenses Total**

**Equals Net Income**
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OTHER ORGANIZATIONS
The RWSN hand drilling cluster group, see the website www.rwsn.ch