



# It's Her Business

A **Handbook** for Preparing Young,  
At-Risk Women to Become **Entrepreneurs**

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We owe an enormous debt to the following EMpower staff and consultants who provided substantial content for a chapter of the handbook. Staff: Marta Cabrera (chapter 10), Andrea Lynch (introduction), and Julian Liu (chapter 2). Consultants: Gabriela Flores (chapter 6), Julie Solomon (chapter 4), and Corinne Whitaker (chapter 11). Thanks to Andrea, Julian, and Virginia Dooley of EMpower for their useful reviews of the entire handbook.

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We learn every day from our colleagues in emerging market countries who persevere in the face of daunting challenges, providing innovative ideas and support to countless young women (and men) who desire to improve their lives. Finally, we dedicate this work to the young, at-risk women living in difficult circumstances in the developing world who are striving to become entrepreneurs. Their stories, energy, and enthusiasm inspire us beyond measure.



Mary Nell Wegner  
Director, Girls' Entrepreneurship Trust  
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Cynthia Steele  
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# Foreword

For many young women, entrepreneurship can expand their options and offer an alternative route out of poverty. We recognize the diversity of young people's lives, and this handbook is not intended to take the place of the specialized work your organization may be doing to help young people cope with their particular circumstances. However, lack of access to resources is a common theme among all of the young women whose ideas and voices have shaped this handbook. It is these young women's persistent need for safe, sustainable sources of income—amidst all of the other challenges they face—that has led us to focus on entrepreneurship.

This handbook draws on available materials concerning entrepreneurship, gender, and youth development, especially in developing country settings. It is largely based on the direct experiences of local organizations in Africa, Asia, and Latin America working on entrepreneurship and income generation with young, at-risk women in their communities. In particular, this handbook draws on experiences and insights shared during two regional meetings on young women's entrepreneurship held in 2008: one in Lima, Peru, and one in Ahmedabad, India. The workshops brought together staff members and young women entrepreneurs from 21 local organizations in 12 countries in Africa, Asia, and Latin America, in addition to other expert faculty, local entrepreneurs, and interested members of the academic and business communities. (See page 7 for participant list.)

All of the organizations that participated in the workshops are current or former grantee partners of EMpower ([www.empowerweb.org](http://www.empowerweb.org)), an international foundation that supports local organizations working with at-risk young people in emerging market countries. The workshops, as well as the development of this handbook, are part of EMpower's Girls' Entrepreneurship Trust (GET), a multiyear initiative that seeks to promote entrepreneurship opportunities for young, at-risk women.

The focus on young, at-risk women lies at the meeting point of several growing trends in international development:

- Interest in microfinance and entrepreneurship as promising strategies for lifting women out of poverty.
- Increased attention to adolescent girls as levers of community development.
- The link between girls' personal and economic empowerment and improvements in their sexual and reproductive health.
- Lessons learned from the education sector regarding the impact of education and mentoring on girls' lifelong income potential and other positive trajectories.

Given these trends, it is important to state that this handbook is not a comprehensive compilation of information on starting a business. For additional organizational resources, see Resource Organizations at the end of the handbook. (Particularly relevant and no-cost resources are also listed at the end of many chapters.) This handbook may not encompass all trends or resources regarding youth entrepreneurship as the field is evolving rapidly. Some examples in this handbook may not reflect the realities of the young women you know, and some strategies may not be workable for your organization. If you are not sure whether entrepreneurial programming is something your organization can do right now, we hope this handbook will help you to decide and be aware of other options to consider. If your organization is ready for entrepreneurial programming, we hope this handbook will help you to consider key issues, identify resources to address these issues, and provide specific tips or tools that will help you move forward.

This handbook is a work in progress. It will change and improve through its use and feedback from readers, managers of entrepreneurship programs involving young women, and from the experiences of young women on the path to becoming entrepreneurs. It will also improve as other resources, designed or appropriate for programs serving young, at-risk women, become available. We know that a number of these are under development, and look forward to including some in future versions of the handbook. For now, we limited the number of resources to a core few, which were easily accessible, free or low cost, and directly relevant. We welcome your feedback on this handbook, as well as on suggestions to improve it or additional resources to include. Email us at [info@empowerweb.org](mailto:info@empowerweb.org).

## Workshop Participants

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# Introduction

## What Is a Young Woman Entrepreneur?

*Entrepreneur* has many definitions. Since the beginning of time, self-employment has been one of the most common ways for people to earn a living. Referring to self-employment as entrepreneurship recognizes the many skills and risks involved in starting a business, however small the business is. Because the word “entrepreneur” is used in so many different ways, we want to clearly define what we mean by “young woman entrepreneur”: a young woman who establishes and runs an independent, for-profit business aimed at selling goods and/or services.

The young woman may operate this business on her own, with a business partner, with support from family and friends, with employees she has hired, or some combination of these. She may be studying and working at the same time. She assumes some amount of risk, since there is a possibility the business will fail.

Her business could be based on an innovative idea—a new or creative way to solve a familiar need. It could provide a familiar product or service in her community, but by opening her business, she reduces the need for local customers to travel a long distance or pay someone else to get the product or service for them.

## Why Entrepreneurship for Young Women?

Young women perform a significant amount of unpaid work: care for siblings or their own children; do household chores; help in the fields; help their families, friends, or partners in various ways. Their options to earn income remain limited for a variety of reasons:

- Not enough formal jobs exist for all youth who seek employment.
- Because young women often cannot get to school or have to quit school early, their lack of education limits their employment possibilities.
- Young women struggle to balance work schedules with childcare and other household responsibilities.
- Young women are called upon by their families to help in times of emergency. If they do not have their own money (or access to it), they sometimes end up getting money by engaging in risky behaviors.
- Cultural beliefs about what is and is not appropriate work for a woman lead to hiring discrimination and a lack of training opportunities for young women.

For these and other reasons, entrepreneurship can be an important means for young women to earn income.

Entrepreneurship offers many advantages: it often gives young women more control over their working hours than they would have in a formal job; women can work where they feel safe, on their own terms; and, ideally, the process of becoming an entrepreneur—or even just learning the skills associated with entrepreneurship—will increase young women's confidence and broaden their horizons.

Entrepreneurship is not for everyone, however, and many young women would prefer to have a steady, good job, if available. This handbook aims to provide realistic expectations for programs working with young women, balancing the advantages and disadvantages of choosing the entrepreneurship path.

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***The global number of unemployed youth increased to 76 million in 2008 . . . and . . . given the current economic downturn, the youth labour market situation is all the more worrisome. Young people . . . suffer disproportionately from a deficit of decent work opportunities.***

—ILO, *Global Unemployment Trends*, January 2009

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## What Does Young Women's Entrepreneurship Look Like?

Here are a few examples of real-life young women entrepreneurs:

### RURAL MEXICO

*In a Mayan village, Fermina was trained in sewing and embroidery by a local nongovernmental organization (NGO) called El Hombre Sobre la Tierra. She began producing bags for the NGO to sell locally to tourists and internationally via fair trade channels. She also began sewing and embroidering uniforms for local primary school students, since the only way the students' parents could obtain the required uniforms was by traveling two hours to a bigger town and purchasing them in the market, or by paying teachers to do the same. The uniforms Fermina produced were popular. They featured traditional Mayan embroidery and were less expensive than the uniforms parents paid teachers to buy or traveled to buy themselves. Fermina used the money she made selling the uniforms to purchase an industrial sewing machine, so she could expand her business. Next year, she plans to build a workshop on a plot of land her father has agreed to give her.*

**Lesson Learned:** Fermina applied her skills to an everyday need in her community—school uniforms. She used her embroidery skills to give the uniforms an added value and saved her customers time and money by fulfilling their need locally.

## URBAN SOUTH AFRICA

*In Cape Town, Dorah spent two years working as an accounting assistant in the nonprofit sector. Dorah dreamed of starting her own bookkeeping company, but she worried that she didn't have a strong enough client base to strike out on her own and cover her overhead costs. A local organization called Black Umbrellas helped by providing her with an affordable office space and a list of potential clients from its database to get her started while she retained her accounting position. After one year, she had built up a client base of 12 organizations, providing them with advice on tax submissions and cash flow management. Her business continues to expand.*

**Lesson Learned:** Dorah was wise to consider not giving up her steady income before launching out on her own. By starting and growing her business on the side while still employed, she was able to decrease her risks until she had built enough of a base to feel comfortable doing this full time.

## URBAN PHILIPPINES

*In Manila, Prolet accepted employment at a factory after she finished high school, so she could provide needed financial support to her family. But her wages weren't enough to cover her family's basic expenses, and when the factory closed, Prolet got a small loan from a local moneylender and set up a modest food-selling business. Since the loan was small and the moneylender charged a very high rate of interest, Prolet eventually had to abandon her business: she wasn't making enough to cover her daily costs, and she could no longer keep up with her interest payments.*

*Then Prolet heard about training being offered to young people by a local organization called Zone One Tondo (ZOTO). ZOTO taught her skills in business planning and financial management, and helped her write a new business plan. She found a better location for her variety store, near a public school, offices, and a place of worship. ZOTO provided her with a much bigger start-up loan than she'd been able to borrow from the moneylender, with lower interest. She rented the space and launched her store, selling food, beverages, and school supplies. Later Prolet expanded to rice retailing. A successful young woman entrepreneur, Prolet currently nets an average of 1,000 pesos every day—twice the amount of her first loan from the moneylender.*

**Lesson Learned:** First business ventures often fail. With ZOTO's help, Prolet was able to learn from and build on her business experience, and she is now successful. Helping young women expect and cope with challenges, and even failure, is essential.

## Why A Handbook on Young Women's Entrepreneurship?

As these stories demonstrate, becoming a successful entrepreneur takes creativity, perseverance, and—perhaps most critically—support. Some people believe that entrepreneurs are 'born' and not 'made,' and it is certainly true that entrepreneurship is not for everyone.

But even the most natural entrepreneurs need work space and opportunities to develop their capacities and benefit from the experience and expertise of others.

Organizations like yours can play a critical role in providing the support young women need to succeed as entrepreneurs. You can offer skills and entrepreneurial training. You can provide seed capital or low-interest rate loans or help young women link to these. You can also provide young women with much-needed contacts, advice, and feedback on their business ideas. None of the young women whose entrepreneurial journeys we have described here could have succeeded without support from organizations such as El Hombre Sobre la Tierra, Black Umbrellas, or Zone One Tondo (ZOTO).

## What Is the Handbook and Who Is It For?

This handbook is intended for organizations seeking to start or strengthen entrepreneurship programs for young, at-risk women. It contains tips, guidance, and other resources. It outlines the essential components of a successful entrepreneurship program, common challenges, and considerations as you approach each topic. This handbook is aimed at program managers, trainers, and other staff members of NGOs who seek to support young women's efforts.

## How Do I Use This Handbook?

- If your organization is not currently working in the area of entrepreneurship, but is thinking about it, chapter 1 will help you understand what is involved before you decide.
  - a. If you decide not to work on entrepreneurship, chapter 2 provides other ideas for helping young women to generate income.
  - b. If you decide to work on entrepreneurship, the remaining chapters provide guidance on what to consider and how to go about it.
- If your organization is already working on entrepreneurship, this handbook will provide additional resources and ideas to strengthen your programming. You may have a lot of experience working with young, at-risk women, but not much experience in start-up businesses. Or you may have expertise with entrepreneurship but be less familiar with the particular challenges youth and gender pose to young women entrepreneurs. In either case, this handbook will provide insights to strengthen your work.

You can use this handbook in several ways:

- You can start at the beginning and follow through to the end.
- If you are interested in strengthening an existing entrepreneurship program for youth, you can check the table of contents for particular issues relevant to your work and needs, and read the topics of most interest.
- If you are interested in resources or tools recommended for specific issue areas, you can go to the “resources” section at the end of each chapter.
- If you decide that an entrepreneurship program is not what you want to do, you can read the chapter “Alternatives Approaches to Helping Young Women Earn Money,” which describes other possibilities you could consider to support young women’s livelihoods.

### A NOTE ON THE TERM “YOUNG, AT-RISK WOMEN”

In this handbook, we define “young women” as in their late teens or early 20s. We recognize that many women around the world begin working at an earlier age. We believe that programs seeking to ensure livelihoods for younger working adolescents should do the following:

- Emphasize assisting them with continuing their education.
- Teach them about their rights in the workplace and support them to resist violations of those rights.
- Train them in topics essential to securing and sustaining a livelihood, such as financial literacy, computer skills, and life skills.

We use “at risk”<sup>1</sup> to describe young women in vulnerable economic, social, or physical conditions; for example, young women who are exposed to discrimination based on their race, ethnicity, sexuality, nationality, caste, or economic status. Some young women also face challenging circumstances such as having to live and/or work on the streets, struggle with addiction, manage a pregnancy or parent a child, or cope with violence and/or abuse.

Despite the legal and physical risks involved with drug trafficking, transactional sex, and commercial sex work, many young women believe these are the best or only ways to survive economically or to cope with a financial emergency. Others may take such risks because they are coerced by the people around them or pressured into a dangerous situation they are too young to assess. We need to acknowledge the tough decisions and circumstances that young women face; offer compassionate, nonjudgmental support; and share concrete, realistic strategies young women can use to lessen their risk. Ideally, these discussions would be part of a larger conversation about life skills designed to empower young women and equip them with the skills necessary to negotiate their own safety in a variety of challenging environments.



## **Part 1:** Choices in Income-Generation Programs

# Is an Entrepreneurship Program Right for Your Organization?

Your organization may have found that young women's urgent need to earn money limits their participation in your programs. You recognize that lack of income-generating skills poses short- and long-term obstacles to their own empowerment. Young women who have no independent sources of income are more likely to be shut out of major household decisions, including those that will shape the rest of their lives. Lacking their own income, women of all ages often have no choice but to be in risky situations, which are sometimes violent or abusive.

Young women all over the world are under pressure to earn money to meet their own basic needs and/or to contribute to their family income. This is especially true if their families or communities are struggling economically. In areas where formal sector jobs are hard to find, self-employment is the most practical alternative available to young women.

Depending on a woman's choice of business to enter, entrepreneurship can offer her many advantages, including a flexible schedule, which can allow a young woman to continue her education as she earns income. Entrepreneurship can help build skills and confidence that young women can apply in other areas of their lives as well.

Is your organization ready to start an entrepreneurship program for young women? This chapter will help you answer that question.

You may find this chapter useful if any of the following applies:

- Your organization works with young, at-risk women, but does not currently offer an entrepreneurship program and is thinking about launching one.
- Your organization works with youth on entrepreneurship, but wants to strengthen gender perspectives to make sure the organization is “friendly” to young women's needs.

## IN THIS CHAPTER

- Advantages to entrepreneurship programs for young women.
- Basic components of successful entrepreneurship programs.
- Key steps in entrepreneurship programming.
- Common challenges when starting entrepreneurship programs with young women.
- Tips for addressing gender norms and gender roles.
- Readiness checklist for entrepreneurship programming.

- Your organization works with adult women on entrepreneurship and wants to strengthen its youth perspectives to engage young women as entrepreneurs.

## Advantages of Entrepreneurship for Young Women

Entrepreneurship programs, like other income-generation programs, seek to address young women's critical need for resources. Young women—especially those who come from families living in poverty—must pay for their own basic needs (food, clothing, shelter, etc.). They also are usually under pressure to contribute to their family incomes. Adolescent or young adult mothers may be the sole economic providers for their children.

Earning an income can help young women achieve multiple goals. For example, if educating a daughter is considered a drain on a family's resources, young women who can pay for or contribute to their own school fees and related costs have a better chance of resisting family pressure to drop out of school. In general, if young women can meet their economic needs, they are more likely to be able to gain control over other areas of their lives.

Within this landscape, entrepreneurship has the following particular advantages for young women:

- Offers a safer alternative to some income-generation options typically available to young, at-risk women (drug trafficking, sex for money, etc.).
- Offers a more flexible and practical work schedule than a formal job. This is especially helpful for young women with children and/or other domestic responsibilities, or women who are still studying.
- Teaches skills that young women can apply to many situations in their lives.
- Offers an opportunity for young women to be outside their homes, strengthen their social networks, and build skills in leadership, problem solving, decision making, and teamwork.
- Teaches women important skills in literacy and basic math, which are particularly useful for those who have had limited formal education.

Entrepreneurship can also offer communitywide benefits, particularly when organizations focus on young women:

- Women entrepreneurs serve as positive role models for girls in their communities.
- Women typically invest a higher percentage of their earnings back into their families and communities than men do.

- Successful women-led businesses can begin to change communitywide perceptions of women's roles and capacities—particularly if women are engaged in nontraditional industries or activities.
- Small businesses can strengthen local economies by providing needed goods and services that are otherwise unavailable.
- Small local businesses create jobs in communities in which the majority of young people are forced to migrate in search of work.

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***“I am convinced that work and entrepreneurial training are central to the social reintegration and self-sufficiency of young people living on the street. . . . [it is] a means to move off the streets and survive on their own, without institutional support.”***

**—Luis Enrique Hernandez Aguilar, co-director, El Caracol, a nonprofit organization working with young people who live and work on the streets of Mexico City**

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## Key Components of Entrepreneurship Programs

Entrepreneurship programs have a variety of features, depending on their purpose, the kind of organization offering them, the location, and the population served. Although there is no “right” way to do entrepreneurship programs, there are some basic elements that give entrepreneurship programs a better chance at success (see box below).

### **Five Basic Components of Successful Entrepreneurship Programs for Young, At-risk Women**

#### **1. Business skills**

Successful programs equip young women with basic business skills, such as business planning, market analysis and research, marketing and sales, pricing, and quality control. Many programs teach skills that would be taught in a business school curriculum, but they use fewer technical or specialized terms. Some programs also provide young women with basic arithmetic and financial education (see chapter 9 for a more complete discussion of financial literacy).

*continued . . .*

... *Five Components cont'd*

## **2. Technical skills**

Successful programs usually offer technical skills training or improvement to develop particular products or services, such as leatherwork, embroidery, food services, tailoring, hairdressing, or auto mechanics. Organizations may offer these trainings themselves or through a partnership with a local vocational training center.

## **3. Life skills**

Life skills are a critical component of entrepreneurship training for at-risk young women. Life skills include decision making, teamwork, problem solving, negotiating, and conflict resolution. Life skills workshops may include information about sexual and reproductive health, such as prevention of HIV and unwanted pregnancies, information on violence prevention, and parenting skills. Workshops may include content on human rights, especially women's rights. Perhaps the most critical component of life skills is self-esteem, which helps women find the confidence and power they need to overcome the risks and challenges of entrepreneurship and other situations they experience in their daily lives.

## **4. Mentorship**

Especially for young women, the opportunity to work with a mentor—someone who can coach, teach, guide, provide moral support, and problem solve as issues arise—is essential. Although mentors can be paired with young women at any stage of the process, the strongest mentorship programs provide regular accompaniment not only during the business development process, but also after the enterprise has been launched (see chapter 8 for more on mentorship).

## **5. Access to capital**

Businesses require seed capital to get started. Young women can obtain this initial capital from a number of sources (family, personal savings, microloan, traditional loan, etc.). No matter where it comes from, without financing, a young woman's chance at success is limited (see chapter 11 on capital, savings, and credit).

Although this list of core components might seem like a lot, many organizations have negotiated successful partnerships with other institutions or businesses to enable them to offer all of the needed elements.

## Key Steps in Entrepreneurship Programming

The following five basic steps can help you decide whether to start an entrepreneurship program, and offer links and tools to help you along the way.

### STEP 1: CLARIFY YOUR VISION

Why do you want to start an entrepreneurship program for young women? Here are some questions to ask yourself:

- Are you responding to a request from young women in your community to become businesswomen?
- Is your core goal to increase young women's capacity to support themselves economically, or do you want to do something else (and, if so, what)?
- Would this be part of an effort to build young women's leadership in multiple areas?
- Do you want to interest more young people in your organization's existing programs?

It is important to clarify what you hope to accomplish through your entrepreneurship program at the outset, especially if your program has more than one objective. This will help you identify appropriate measures for the program's success, which will help you monitor progress, track results, and make adjustments as needed.

Clarifying your various objectives from the beginning can also give you a more complete picture of the impact your program is having on young women participants. For example, perhaps only a small number of the women who participate in your entrepreneurship program will go on to establish successful businesses. However, that does not necessarily mean that your program is not effective. If your goal is to equip young women with a set of skills they can apply to various areas of their lives, including the ability to start a business, then you will want to find out how the participants are using the skills they learned in all aspects of their lives so that you can better understand the impact of your program.

### STEP 2: ASSESS STAFF CAPACITIES WITHIN YOUR ORGANIZATION

The second step is to look at the capabilities of your existing staff to run an entrepreneurship program, especially regarding business skills, technical skills, and life skills. If these capacities are not present among staff, are you in a position to hire and manage new staff or consultants who possess these skills, or to forge partnerships with other organizations that can fill internal gaps?

It is important to avoid a situation where staff is no longer making the best use of their skills or is being expected to provide training or support in areas where they have no expertise. For example, at the EMpower-organized workshop on young women's entrepre-

neurship in Latin America, a number of the NGO staff participants said they lacked business training they needed to support the entrepreneurial ventures of the young women in their programs. One staff member from a Colombian NGO that taught entrepreneurship through a bakery program for disadvantaged young women lamented, “I am a psychologist, and I am selling bread!” She had no background or training in product development, marketing, or sales, and yet found herself deeply involved in those three areas.

### **STEP 3: GATHER INFORMATION OUTSIDE YOUR ORGANIZATION, AND ASSESS IT**

The third step is to gather information from outside your organization. This information is especially oriented to understanding the potential demand for entrepreneurship and the ‘supply’ available from other organizations to meet this demand. In addition, talking to potential participants, partners (who may also see themselves as competitors), and business people is an excellent way to get a grounded perspective from other key stakeholders on needs, backgrounds, and lessons learned to inform your thinking.

To get a well-rounded sense of various perspectives, you will want to interview at least several individuals in each category (i.e., several young women, several business people, etc.) for these reasons:

- Conversations with young women will deepen your knowledge of their interests and capacities.
- Conversations with local entrepreneurs (particularly women or those coming from the same communities or circumstances as your participants) will inform you about what it means to be an entrepreneur and what challenges and opportunities your participants will need to be prepared to face.
- Conversations with other relevant business people (such as bankers and microcredit organizations) can help you learn about access and barriers to capital and markets for at-risk young women as well as possibilities for partnership.
- Conversations with other nonprofit organizations that have experience with entrepreneurship programming can give you insight into what is required day-to-day from an organizational perspective.

Through these discussions, look for stories of success and failure that will be valuable to your own decision-making and/or planning processes.

Although some individuals and/or organizations may be interested in talking with you, some may be suspicious of your motives. Be honest about why you are gathering the information (to plan your program). If you are looking for opportunities to collaborate, let them know that, too.

Here are some sample questions to help you get the information you need.

**Sample questions for young women:**

- Are you currently working or studying? How many hours a week? What are you studying/what is your job?
- Do you currently earn money? How?
- What are your expenses on a weekly/monthly basis? How do you currently pay for them?
- Do you have a safe space to save money you earn or get as gifts? Is this space in an institution in your community or a safe place in your home?
- How many hours a week do you think you could dedicate to training if it were going to help you earn money?
- Would you be interested in starting your own business? Why/why not?
- Is your family/community supportive of your desire to become an entrepreneur?
- Do you have any skills or interests that you think could be potential sources of income?
- What training topics would help you get the skills you need to earn money?

**Sample questions for local business people/entrepreneurs:**

- How long have you been a business owner?
- Do you have any employees?
- Why did you decide to start your own business? Did anyone or anything in particular help you along the way?
- How did you decide what kind of business to start, what kind of products or services to offer?
- How did you raise the money to start your business?
- What factors do you think were important for your success?
- What are the greatest challenges you have faced as an entrepreneur? How have you overcome them?
- What do you consider to be the advantages and disadvantages of being an entrepreneur?

- What advice would you give to an entrepreneur who was just starting out?
- Would you be willing to share your experience with a group of young women as part of an entrepreneurship training?
- Would you be willing to be a mentor to a young woman entrepreneur?

**Sample guide for conversations with NGOs.** Note that some organizations may not feel comfortable sharing information, especially if they think you will be competing for participants or funding. The following questions should be tailored to the particular information you think is reasonable to obtain.

- How long have you been running your entrepreneurship program? What made your organization decide to offer such a program?
- How many staff members/consultants are required to run your program?
- How many young people participate in the program? How long does it last?
- Who does your entrepreneurship program aim to reach (young women or young men or both, youth or adults or both, current or potential entrepreneurs or both)?
- Do you see any particular challenges/opportunities for running an entrepreneurship program with young women (versus all youth or adult women)?
- How do you attract or recruit participants? Do you find that there is more demand than you can satisfy or challenges to get the numbers you need to fill spots? Please explain.
- What is the dropout rate for your program, and what are the main reasons participants cite for dropping out? What percentage of your training program graduates would you estimate go on to establish businesses? Do you know how many of those businesses are profitable?
- What do you consider to be the essential components of a successful entrepreneurship program?
- What additional advice would you offer to an organization considering starting an entrepreneurship program for young women?
- Do you have any alliances with other organizations/government agencies/training centers/business schools to help you offer a more complete entrepreneurship program? Which ones?
- If we start an entrepreneurship program for young women, do you have thoughts about how our two organizations could collaborate?

Once you have received feedback from young women, business people, and other organizations working on this issue, step back and reflect on what you have learned. What are the common points and patterns? Are you hearing an unmet interest and demand from young women who want to develop as entrepreneurs? Are there examples of stories from business people and organizations about youth or women starting and making a success of their businesses? Are the people whom you talked with excited and encouraging about the prospect of your organization working in this area? Might they be participants or allies? If most of the answers are yes, these are positive signals to further pursue this idea. If most of the answers are no, however, reconsider whether this step is wise at this time or, at a minimum, explore additional sources of information.

#### **STEP 4: IDENTIFY RESOURCES IN YOUR COMMUNITY**

The fourth step is to identify local resources. Your organization may not have all the capacities listed in the box on pages 16 and 17, but that does not mean that starting an entrepreneurship program is a bad idea. Rather than duplicating efforts by setting up parallel services, you could identify local institutions willing to partner with your organization to offer one or more of the needed components. The community might have a local vocational center that offers technical skills trainings, a local business school or government agency that offers business development trainings, a local women's organization that offers empowerment and life skills trainings, or a local microfinance institution interested in expanding its client base.

The conversations you have had as part of step 3 will be a starting point to determining the local resources available. During step 4, it is important to analyze what you have learned. To get a more complete picture of the resources available and those you will need, you could create a chart listing your organization's current internal capacities, services that are available locally, and the capacities you think your organization could develop either by training staff or hiring new staff. Table 1 is an example of a chart for an organization that has enough internal capacity to begin an entrepreneurship program should they decide to move forward. If you do this exercise and find that you have many more empty cells than the organization in this example does, it is unlikely you are ready to move forward with an entrepreneurship program unless you add significant new resources to develop this program and capacity.

**Table 1. Entrepreneurship Program Critical Capacities**

	<b>Internal Capacity</b>	<b>Partner Identified</b>	<b>Still Needed</b>
<b>Business Skills</b>			Hire part-time consultants to conduct trainings in business planning/marketing/market analysis.
<b>Technical Skills</b>	Program now offers training in catering and traditional crafts		Explore possibility of offering other skills, especially nontraditional for women (such as machine repairs), with local training center.
<b>Life Skills</b>	Program staff can conduct trainings in leadership & self-esteem, conflict resolution, and problem solving	Local women's organization can conduct trainings in reproductive health and violence prevention	
<b>Mentorship</b>		Local business school will contribute 20 volunteers/semester	
<b>Access to Capital</b>			<ol style="list-style-type: none"> <li>1. Explore possibility with local microfinance institution.</li> <li>2. May be able to get small seed grants funded in next foundation grant.</li> </ol>

### **STEP 5: INVESTIGATE RELEVANT LOCAL TAX LAWS**

The fifth step is to investigate the relevant tax laws in your country. If your goal is to support young women in establishing legal businesses, you will need to learn enough about the tax code to advise them on their legal rights and responsibilities, or to refer them to someone who can.

For example, it's a common occurrence for a new business owner not to understand all of the taxes she might be subject to, and, when she discovers how much she has to pay, has to sell her business to cover all of the taxes she owes. Additionally, if you know that some young women will establish informal entrepreneurial ventures, you need to weigh the legal consequences of helping to launch activities that may not be authorized. And you will want to think through strategies to help ensure young women entrepreneurs' social protection (e.g., insurance, social security, disability, health care, etc.) Your organization may also be subject to legal implications: for example, if you decide to provide credit or loans to individuals or cooperatives for investment in profit-making enterprises, do you need additional government clearance or registration?

## Anticipating Challenges

If your organization decides to launch an entrepreneurship program for young, at-risk women, you will inevitably face challenges. Changes within an organization often create obstacles to overcome, and starting something new can be more time-consuming than expected. Additionally, making others aware that the program is starting requires time and effort. As you consider whether to start an entrepreneurship program, try to build in enough time for thoughtful planning upfront so that you can make a decision you feel comfortable with before proceeding.

If you decide to proceed with the entrepreneurship program, recognize that working with young, at-risk women will undoubtedly pose additional challenges. While they may cope well with multiple problems in their daily lives, young women often lack the schooling, confidence, and support networks they need to overcome business challenges and to plan for the future—essential aspects of becoming a successful entrepreneur. They may be struggling with histories of violence or abuse, or have little experience handling money, or not be able to imagine taking on the risks and responsibilities to run a successful business. Despite all of this, helping young women to launch a business can be hugely rewarding.

Disadvantaged young women typically have enormous untapped entrepreneurial capacities—they just may not recognize them as such. They may be involved in business at some level already. A young woman who has been living on the streets since her early adolescence has shown tremendous persistence, creativity, risk management, and decision-making and problem-solving skills just to survive.

### **When Developing An Entrepreneurship Program for Young Women:**

- It is important to let participants go at their own pace, respect the obstacles they face, and work proactively to address those obstacles.
- It is also important to challenge young women's often false perceptions of their lack of capacities and to encourage them to draw on diverse life experiences that might make them excellent candidates for entrepreneurship, despite their lack of formal training or schooling.

## COMMON CHALLENGES

Here are four common challenges organizations have encountered in their efforts to establish successful entrepreneurship programs. Strategizing about how to address them from the outset will give you a better chance at success:

**1. Problem:** *Young women often prefer the security of a paid job to starting a business of their own. If your organization offers technical training, these women may seek a situation where they are paid for their labor by your NGO for products they make. NGOs may assume that the trainees will want to launch businesses at the end of training, while in fact they often would rather retain a steady wage at the NGO.*

**Solutions:** This situation is one reason why it is valuable to interview some young women in the community as described above *before* starting the program. If most of the young women seek steady wages at a secure job and do not envision themselves running a business, this is important information to know. It is also important to accept that not everyone wants to become an entrepreneur. To address this reality, you may wish to offer different tracks—for entrepreneurship, job skills, and continued study—or refer program participants to institutions offering alternative programs in employment and/or education.

**2. Problem:** *The struggle to balance work, study, and domestic duties, especially when they all demand significant time, can often lead young women to abandon their entrepreneurial aspirations.*

**Solutions:** Understand the commitments and obligations of the young women you are working with before you begin, and structure your program accordingly, in terms of both content and process. Emphasize time management, goal setting, and life planning in your trainings. Have participants problem solve together about such issues to build a sense of solidarity and social support, as well as possible solutions. Enlist mentors and/or tutors to provide individual support and encouragement. Provide childcare for young women who have children. Throughout the training, discuss expectations about gender roles, as well as rights issues, to help young women understand societal pressures that shape their lives and to realize that they have a right to participate in the training and to become an entrepreneur.

**3. Problem:** *A lack of family or social support, or perhaps active discouragement or resistance from partners, family members, or others can cause young women to give up their plans to become entrepreneurs.*

**Solutions:** Before the program begins, or in its early stages, reach out to parents, partners, and other important gatekeepers in young women's lives to explain the benefits of entrepreneurship, share successful examples of women entrepreneurs, and enlist them as allies. Include problem-solving, communication, and negotiation skills in your trainings to equip young women to negotiate such resistance as it arises. Encourage women to identify other adult or peer allies to provide them with emotional support, and create a training environment that includes frequent check-ins and sharing of experiences and emphasizes mutual support, solidarity, and group problem solving among the participants. Throughout the training process, highlight the qualities of self-esteem and perseverance, as these are essential to overcoming almost every barrier a young woman will face on her path to becoming an entrepreneur.

**4. Problem:** *A lack of formal training, literacy, education, or work experience can prevent young women from feeling ready to become entrepreneurs.*

**Solutions:** Assess the literacy level of your training participants, and develop your training materials and methodologies accordingly. Avoid technical terms and specialized vocabulary, use concrete or real-life examples that will be familiar to participants, encourage young women to draw on their own experiences (if not professional, then personal), and offer frequent opportunities for hands-on practice in a structured environment. Tackle financial literacy at whatever level is appropriate and needed (see chapter 9), and weave simple arithmetic skills, especially basic functions such as counting and measuring, throughout the training to increase participants' sense of mastery and their understanding of the integral nature of these skills in everyday life, especially in businesses.

## Gender Issues and Stereotypes

If your organization is or has been working with women, undoubtedly you are familiar with ideas about gender and have your own experience base to add to this discussion. In addition, organizations working with young men often have seriously considered gender issues from a male perspective and have their own opinions and insights. Whatever your experience or organizational focus, gender issues are critical to consider.

Gender is a complex subject, and beliefs about “appropriate” behavior for young women vary from country to country, community to community, family to family, and individual to individual. Even within countries, communities, and families, different beliefs often coexist.

As you have likely experienced, programs that seek to empower young women to take control of their lives and futures inevitably meet with some form of resistance. But as you may also have experienced, such resistance can begin to shift when programs have positive outcomes for girls and, thus, for their families and communities. In the case of a young woman running an automotive parts shop in India, she has had tremendous success and won over her family, her community, and perhaps, most importantly, the many customers who make her business a success.

Women have challenged traditional gender roles in many ways, in private and in public, across borders and throughout history. Although empowerment programs for young women are sometimes criticized for going against “cultural” beliefs about appropriate roles and behavior for women, culture is dynamic, norms change, and those who speak the loudest about what is permitted in their culture do not necessarily speak for every member of their community.

It is important to address gender-based obstacles strategically and to equip the young women who participate in your entrepreneurship program to do the same. Thinking about these issues in advance will help you prepare the young women in your program to with-

stand potential resistance. Even if you decide not to work in the area of entrepreneurship, talking with young women about gender stereotypes, their own views and experiences, and how they can constructively deal with confining attitudes or discriminatory practices will assist you in your work with these women. Helping them to understand their rights under the law—which many women may not know—is an important and empowering first step.

**Exercise:** Table 2 presents examples of commonly held beliefs about what is and is not appropriate for women alongside the commonplace realities of their lives. Put these examples of common beliefs on a flipchart, and ask participants for actual counter-examples from your community, country, or elsewhere (for example, local businesswomen, important political leaders or government officials, women in your own organization). Ask them to identify other beliefs commonly held in their community as well as the reality of the situation. Next, have participants brainstorm about ways they can overcome the obstacles posed by gender norms. Which areas do they believe they can influence now? For example, if mobility is a concern, could they convince their parents to let them go to skills training if they went with an older sister, neighbor, or another participant?

**Table 2. Commonly Held Beliefs About Women**

Commonly Held Beliefs	Reality
<b>“Women should not handle money”</b>	Many women are in charge of household finances and hold positions in organizations, governments, etc., that place them at the center of financial exchange.
<b>“Women are not the breadwinners”</b>	All over the world, women are sole or joint providers for their families.
<b>“Women should not do men’s work”</b>	Despite this belief, women throughout the world do what is considered “men’s work.”
<b>“Women should stay home”</b>	Restrictions on mobility is one of the most common obstacles that young women face in their efforts to take control of their lives and participate in public life. Young women may not be allowed to travel outside or within their community because of fears of gossip, rape, pregnancy, and violence. These dangers certainly exist, but they are often blown out of proportion and make it difficult for women to complete their educations, earn an income, form friendships, or take advantage of public services.

Even if you are not with a women’s organization, you may wish to partner with one as you develop a strategy to help young women in your entrepreneurship program address gender discrimination or attempt to maximize your program’s potential to creatively address gender inequities.

## Final Checklist: Are You Ready?

The checklist provided in Table 3 is designed to help you decide whether your organization is ready to start the process of designing and implementing an entrepreneurship program for young women. It may be helpful to involve your staff and/or board in completing this checklist. Mark a tick in each box, as appropriate, and make any comments you wish.

**Table 3. Checklist for Starting an Entrepreneurship Program**

	Yes	Mixed	No
1. Have you spoken to the young women in your community about their needs, desires, and obligations?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Do the young women's responses indicate their interest and need for such a program?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Have you reached out to relevant government agencies, microfinance institutions, and local organizations focused on entrepreneurship, job training, and income generation to learn what programs and services are already available?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Do their responses indicate that there is unmet demand among at-risk young women for an entrepreneurship program?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Do these organizations express interest in partnering or can they offer you support?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Do you have or can you get the staff or consultants you need to offer training in business skills to participants? If not, can you partner with agencies that can offer the necessary training?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Do you have or can you get the staff or consultants you need to offer training in technical skills to participants? If not, can you partner with agencies that can offer this training?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Have you considered how your entrepreneurship program will address gender?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Do you have ideas on how to offer seed capital, or have you connected with a local (micro-) financial institution?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Have you clarified the goals of your entrepreneurship program? Do you have a vision for what success would look like and the opportunity to develop a simple evaluation plan to assess progress and results?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Do you understand the basic laws and procedures for establishing a legal business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Can you establish a plan for mentorship or accompaniment of the young women who will complete your training?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Have you considered some of the challenges the young women participating in your program might face, and have you brainstormed strategies for addressing them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p><b>Conclusions:</b> Look back at which column has the most filled circles. If you have more in the "yes" column, then you have the basic building blocks to proceed. If you have more in the "mixed" column, then you need to do more homework or thinking before moving forward. If you have more in the "no" column, then conditions are not in place for an entrepreneurship program, at least not now.</p>			

## If You're Not Ready

If your answers to this checklist suggest that you are not ready to begin an entrepreneurship program or that there is sufficient unmet need, you may want to consider what partnership opportunities exist in your community in terms of other nonprofit organizations. You may decide that you are not able to provide entrepreneurship training (for whatever reason) and that another organization in your community is better suited to do so. In such a situation, you can help the young women in your program by simply linking them to another organization able to provide entrepreneurship training.

Alternatively, if you want to provide some help or training for the young women in your program to earn money, but believe an entrepreneurship program may not be the best way to proceed, see the next chapter (chapter 2) on alternatives in income generation.

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### Resources

**"Working with Young Women: Empowerment, Rights and Health,"** Promundo's guide on gender and stages of a woman's life, is available free of charge in English and Portuguese.

<http://www.promundo.org.br/>

# Alternative Approaches to Helping Young Women Earn Money

Because earning income is a pressing need for youth and women, more and more NGOs working with young women are developing programs to address this need. Entrepreneurship is one possibility, but there are other equally valuable options, some of which may be more appropriate for the community you serve. This section covers different types of alternatives designed to help young women earn income, and will enable you to explore options that may be a better fit for your organization (and community) if you have decided not to pursue an entrepreneurship program.

## IN THIS CHAPTER

- Three alternatives for positioning young women to earn money in the formal sector.
- Examples of a real program in each category.
- Ways to assess your organization's level of involvement in young women's business ventures.

## Alternatives to Help Young Women Earn Income

Each of the three basic approaches described below can easily be adapted to create something that best fits your organization.

### Three basic approaches to helping young women earn money:

1. Preparation to enhance chances of getting work in the formal labor market
  - a. Job searching and employment readiness/interview skills.
  - b. Placement in paid jobs/internships/apprenticeships.
2. Technical training.
3. Involvement in business ventures, as employees or business owners.

## HOW NONPROFIT ORGANIZATIONS CAN HELP YOUNG WOMEN GET JOBS WITH LOCAL BUSINESSES

### Enhancing young women's "readiness" for a formal job

Young women from poor communities may face multiple levels of discrimination when

seeking a job because they are young, female, and poor. By creating a respected job preparedness program, organizations can help build trust between young women and potential employers, and local businesses may then be more willing to hire young women who have been through the program.

Preparation can involve helping young women do the following:

- Hone their job-searching skills.
- Prepare for a job interview.
- Get supplemental training in specialized skills sought by local employers.

An organization can focus on job preparedness, help a young woman get placed in a job, or both.

“Employment readiness” focuses on identifying barriers that make it hard for young women to get and keep jobs, and then equips young women with the skills or tools necessary to overcome them. “Employment readiness” programs provide training and coaching to improve individuals’ chances of getting employment in the labor market overall rather than provide placement of participants at specific employers.

Such programs can help young women learn the following:

- Where to search for job opportunities.
- How to prepare a curriculum vitae (CV).
- How to interview successfully.
- What a formal work environment is like (whether an office, shop, or factory).
- What communication skills they may need to succeed.
- What skills and attitudes will help them keep their jobs once they are hired (attendance, punctuality, discipline, etc.).

## **JOB OR INTERNSHIP PLACEMENT**

Organizations can serve as important intermediaries for young people seeking work experiences because staff at the organization may be better able to learn about or propose opportunities than the young people themselves could. It may be possible for the organization to develop an ongoing relationship with an employer to place a certain number of participants in internships or when opportunities arise. To identify job opportunities, organizations may explore job boards or other places where employers list vacancies, network with other organizations or youth-friendly businesses, work with a local chamber of commerce, or use other links in the community.

For example, two organizations in South America—Despertar in Sao Paulo, Brazil, and Centro de Servicios para el Desarrollo de Las Tunas in Buenos Aires, Argentina—have conducted surveys of businesses in their local areas to learn more about the job market and what kind of skills and qualities businesses are looking for in job applicants, particularly youth. These surveys serve a double purpose: helping refine technical training and job preparedness to respond to the particular needs of the market, and building awareness and possible alliances with potential employers. An even better practice is to involve youth directly in conducting the surveys or interviews as it gives them firsthand knowledge of and exposure to potential employers and the market, and such a practice can help create a favorable impression of youth with businesses who may otherwise have misperceptions about, or be reluctant to hire, youth from low-resource settings.

As an intermediary, the NGO does not directly employ the young women, so the organization does not assume significant risk if a job placement situation does not work out (although its credibility may suffer if it consistently places young women in jobs that don't work out). The focus is to help create a good match between a young woman's skills, capabilities, and interests, and an employer's needs. A good match may exist in the form of a paid job, an internship, or an apprenticeship—the main concern being that the young woman finds herself in a safe, reliable employment opportunity. This approach does not address the skills deficit that many young women from poor backgrounds may have, nor is it easily applicable to rural settings where fewer opportunities exist.

## HOW TECHNICAL TRAINING CAN PROVIDE SPECIFIC SKILLS THAT CAN BE USED IN JOBS

Some programs may emphasize skills-building while others focus on producing a marketable product or service. In programs that emphasize skills-building, some products are created for sale, but the volume of products is not large and the revenues do not generate significant income for either the organization or the young women learning the skills. Young women may generate products during the training, but their output is small and the quality of what they produce is usually inconsistent, since the emphasis is on learning rather than production volume and quality control. As a result, programs that focus on skills-building do not usually generate significant income for either the organization or the young woman learning the skills. Rather, program emphasis is on helping young women learn something that they can use in other contexts, while working in a safe and welcoming environment.

Other programs are invested in training young women to create products or services that are of a consistently high quality. Such programs help young women to acquire both the skill level and the tenacity to learn how to achieve a set level of quality in order for their products or services to sell and to be able to reach this quality standard consistently. Figures 1 and 2 below illustrate young women's earning alternatives.

Figure 1: Earning Alternatives

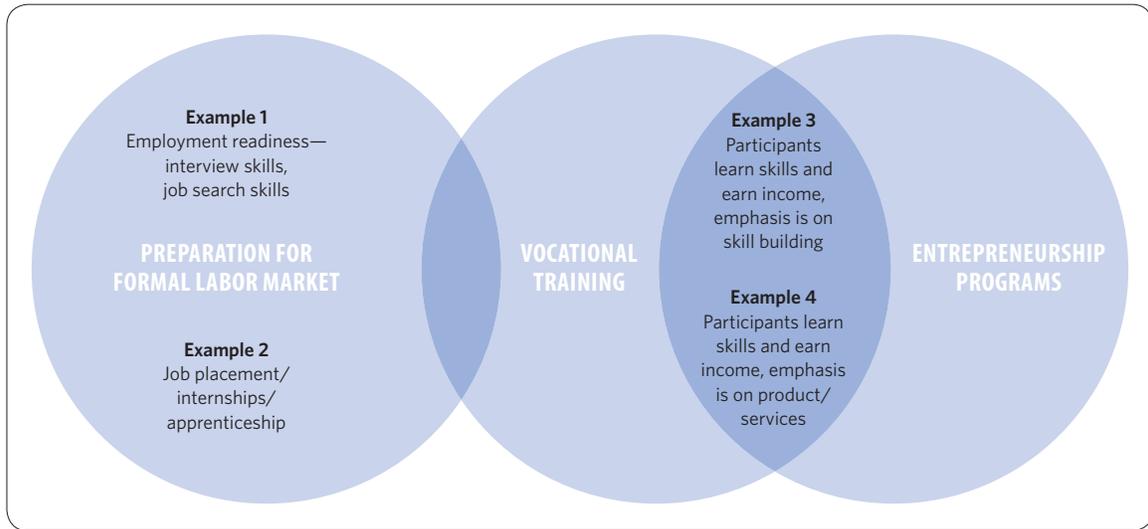


Figure 2: Examples of Earning Alternatives (Besides Entrepreneurship)

<p><b>Example 1: Employment readiness— interview skills, job search skills</b></p> <ul style="list-style-type: none"> <li>• NGO focuses on eliminating barriers that prevent participants from securing a job: lack of interview skills, unfamiliarity with how to conduct job search in formal labor market</li> <li>• NGO does not place participants at specific employers, but rather provides them with training and coaching to improve their chances of securing employment in the labor market overall</li> <li>• NGO helps participants address barriers to securing employment, but ultimately up to individual to secure and maintain job</li> </ul> <p><i>Example: Despertar helps graduates of its vocational training programs land jobs through an employability project that reaches out to potential employers and provides trainees with skills in CV writing, interview preparedness, and written and oral communication.</i></p>	<p><b>Example 2: Job placement/internships/apprenticeships</b></p> <ul style="list-style-type: none"> <li>• NGO links participants with opportunities in the formal labor market</li> <li>• NGO does not directly employ or pay participants</li> <li>• Focus is on matchmaking between participants' skills and capabilities and employers' needs</li> </ul> <p><i>Example: Grupo Primavera places program graduates in jobs at local Brazilian corporations through its JEMT program (Young Entrepreneurs in the Working World, in Portuguese).</i></p>
<p><b>Example 3: Participants learn skills and earn income, emphasis is on skill building</b></p> <ul style="list-style-type: none"> <li>• NGO runs skills training program for participants</li> <li>• Some products are created at small volume for sale, but revenues are not significant portion of income for organization or individuals</li> </ul> <p><i>Example: WEAVE runs a women's income generation program where women learn to adapt traditional embroidery techniques to sell products to market. But sales volume is not high, and revenues do not represent significant portion of income for the individuals or the NGO. The program provides an opportunity for refugee women to develop skills in an environment that offers few other opportunities to learn or practice marketable skills.</i></p>	<p><b>Example 4: participants learn skills and earn income, emphasis is on products and/or services</b></p> <ul style="list-style-type: none"> <li>• NGO runs money-making enterprise that brings competitive goods or services to market</li> <li>• Often enterprise may be registered separately as a for-profit entity</li> <li>• Participants in programs have opportunity to work for NGO-run enterprise</li> <li>• Revenues from enterprise partially cover NGO's program or operating costs</li> <li>• Participants receive a living wage or a share of revenues</li> </ul> <p><i>Example: Lua Nova employs at-risk young women who are pregnant and/or parenting to produce corporate gifts and offer catering services. In the process, the young women learn marketable skills and are paid a living wage, and Lua Nova generates income that they then reinvest in their programs.</i></p>

## Should My Organization Be Involved in Business Ventures?

The decision for an NGO to get involved in setting up, running, or helping others launch businesses should not be taken lightly. The skills needed to run a successful business are quite different from the skills required to run an effective NGO. Because they are so different, your current staff members, who are trained or skilled in other areas, may not have this capacity. Furthermore, NGOs need to weigh whether getting involved in a business will dilute or distract from their core work, or confuse key stakeholders (community, members, donors, other NGOs) about what the NGO is doing or becoming.

NGOs may take this step for various reasons, including the following:

- Provide young women an opportunity to earn income.
- Expose young women to a real business so they can learn key skills in a low-risk setting before going out on their own.
- Provide a source of income from products sold for the NGO to subsidize its work.

The following paragraphs provide four examples of how NGOs can be involved in business ventures: in two of these examples, they take the lead in running the business; and in two others, they help incubate or nurture entrepreneurs. Some NGOs do both, run businesses as well as use them, as a platform, to train entrepreneurs to strike out on their own. Each example lists some advantages and disadvantages.

### DEGREES OF RISK AND INDEPENDENCE

All business enterprises entail some form of risk taking, which cannot be avoided. In the following paragraphs, there are four categories of programs, ranging from ones where the risk is primarily assumed by the organization offering the training, to ones where the risk is primarily assumed by the young women participants. Following these examples, Table 4 summarizes the pros and cons for each approach.

**Example A:** *An NGO enterprise assumes most of the risk and the responsibility for the marketing and sales of the goods and/or services. Young women are employed by the NGO to produce the goods or services. The NGO manages all of the aspects of the business, from coming up with the product idea to obtaining raw materials, to production, to marketing and sales. The NGO functions as a direct employer.*

**Pros:** Attractive for NGOs working with highly vulnerable populations, as the risk for individual participants is minimized since the NGO is the employer.

**Cons:** Does not teach individual young women to manage risk and, ultimately, does not impart business skills over the long term. Also, young women may not want to leave this situation, thereby taking a spot that could be filled by a new program participant.

**Example B: An NGO supplies raw materials to individuals or groups, pays a fixed rate for the products they produce, and is responsible for selling and marketing finished products.** The NGO is not a direct employer, but rather is the primary customer of products made by individuals or cooperatives. It often has trained the producers and sometimes provides design specifications or advice to ensure the marketability of the products. The risk of possible loss, in this case, is shared between the producers and the NGO. The NGO generally assumes some risk for inventory purchased from producers that must be sold. The producers risk not being able to sell their products if they are not of a desired or specified quality. Because quality is so important for both parties, training programs often emphasize not only the actual skills necessary to make the product or create the service, but also the consistency needed in the product or service output.

**Pros:** This model lessens some of the risk assumed by individual or group producers, while at the same time encouraging participants to take on some business aspects of the production process (e.g., managing flow of raw materials, estimating and meeting production times, etc.).

**Cons:** Some important aspects of business management (e.g., sales, marketing, end-customer servicing, etc.) are not learned under this model. The prospects for long-term sustainability and self-sufficiency are lower because producers continue to depend on the NGO for key elements of the business.

**Example C: An NGO provides capital or support for groups to start their own enterprises.** Organizations that use this approach generally believe that group solidarity can lead to better economic outcomes and distributed risk. The organization gives loans and/or other resources to a cooperative group so that it can launch a cooperative enterprise. The risk is then held by the group, which takes responsibility for all aspects of production, distribution, marketing, and sales. The group also organizes the division of labor and sharing of profits, which are usually distributed equally among group members.

**Pros:** This model encourages participants to develop capacities in all aspects of business management. Risk to the individual is also minimized, as loans go to the groups.

**Cons:** Younger, less educated, or less vocal participants may become marginalized or have less say in decision making due to group dynamics.

**Example D: An NGO provides capital or support for individuals to start their own enterprises.** In this approach, the risk is assumed by an individual, who is responsible for all business decisions, including procurement, production, distribution, and sales. Although the enterprise may involve more than one person, one individual carries the risk. The profits are not shared; rather, any employees are paid a salary or a wage based on a piece rate. The organizational focus is on providing capital to microentrepreneurs who need capital to launch a business.

**Pros:** Has the potential to build capacity in business management and economic self-sufficiency among individual young women.

**Cons:** Places almost the entire burden of risk on the young woman entrepreneur. For this reason, programs may find that young women are reluctant to venture out on their own and, therefore, the scale of need in terms of pre-launch support, training, and positive encouragement may be greater.

**Table 4. Summary of Pros and Cons of Four Approaches**

Examples	Pros	Cons
<b>NGO enterprise assumes most of the risk, as well as takes responsibility for the marketing and sales of the goods and/or services.</b>	Attractive when working with highly vulnerable populations, as the risk for individual participants is minimized.	Does not teach individual young women to manage risk or impart business skills. Young women may not want to leave.
<b>NGO supplies raw materials to individuals or groups, pays a fixed rate for the products they produce, and is responsible for selling and marketing finished products.</b>	Lessens some risk assumed by individual or group producers. Also encourages participants to take on some business aspects of production.	Some important aspects of business management are not learned. The prospects for long-term sustainability and self-sufficiency are lower because producers continue to depend on the NGO.
<b>NGO provides capital or support for groups to start their own enterprises.</b>	Encourages participants to develop capacities in all aspects of business management. Risk to the individual is minimized.	Younger, less educated, or less vocal participants may become marginalized or have less say in decision making.
<b>NGO provides capital or support for individuals to start their own enterprises.</b>	Has the potential to build capacity in business management and economic self-sufficiency among individual young women.	Places almost the entire burden of risk on the young woman entrepreneur.

Figures 3 and 4, at the end of this chapter, illustrate and describe the possible programs related to business ventures as well as the relative amounts of risk assumed by individuals under each type of program.

**Resources:**

**Market Assessment Toolkit for Vocational Training Providers and Youth.** Based on work in Northern Uganda, helps programs assess the role of vocational training to meet given market demand; offers combination of checklists, tools, and questionnaires. Although does not address entrepreneurship per se, focuses on vocational training, which is important to consider.

[http://www.womensrefugeecommission.org/docs/ug\\_ysl\\_toolkit.pdf](http://www.womensrefugeecommission.org/docs/ug_ysl_toolkit.pdf)

Figure 3: Involvement in Business Ventures

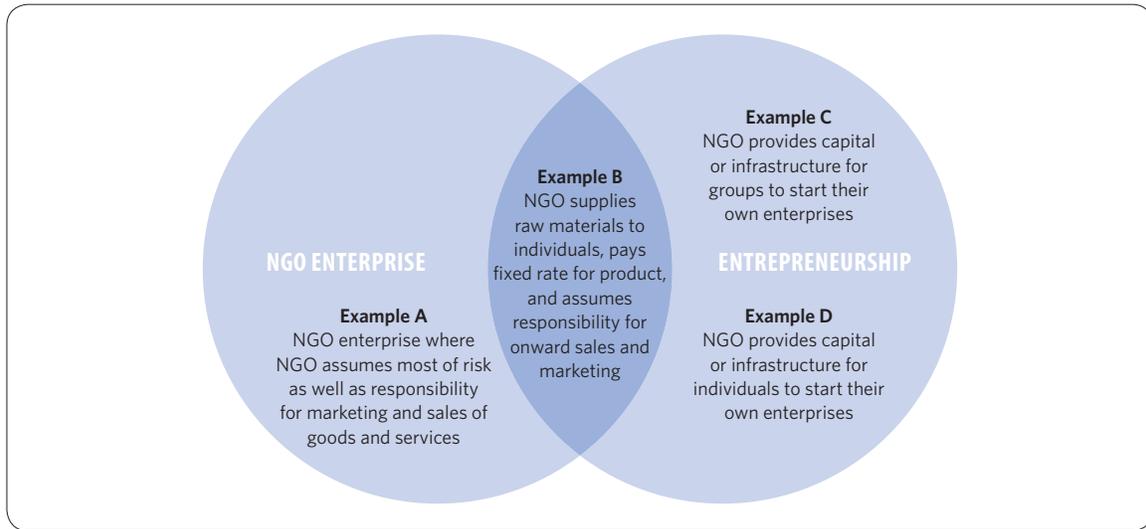


Figure 4: Examples of programs offering involvement in business ventures

**Example A: NGO enterprise where NGO assumes most of risk as well as responsibility for marketing and sales of goods and services.**

- Participants are employed by NGO to produce goods or services for NGO-run enterprise. NGO manages all aspects of business, from obtaining raw materials to sales, and directly manages the production process

**Example:** CBC in Brazil runs Projeto TransVidro, an enterprise that creates interior design materials and giftware from recycled glass. Products are developed by CBC staff, the production process is managed by staff, and sales are conducted by staff. Participants are paid a living wage to treat the glass and produce the final products.

**Example B: NGO supplies raw materials to individuals or groups, pays fixed rate for product, and assumes responsibility for sales and marketing of finished products.**

- NGO is not direct “employer” per se, but rather primary client/customer of individual producers or producer cooperatives
- Risk shared between producers and NGO, which assumes some risk for inventory purchased from producers that must be sold

**Example:** SEWA TFC in India develops products designs, maintains Hansiba brand, runs retail outlet network. Based on each season’s new product designs, SEWA TFC develops kits of raw materials (cloth, embroidered pieces), and distributes them to producer cooperatives, which are responsible for production. Producer cooperatives receive a rate for each completed product that meets quality control standards. SEWA assumes some risk for unsold inventory.

**Example C: NGO provides capital or support for groups to start their own enterprises.**

- NGO give loans or other support to cooperative groups, which run enterprises
- Risk sustained by group
- Group takes responsibility for all aspects of production, distribution, marketing & sales, as well as division of labor
- Sharing of profits distributed among group members

**Example:** NEED supports women and adolescents in rural India to form self-help groups. The groups can then apply for loans from NEED to take on joint enterprises.

**Example D: NGO provides capital or support for individuals to start their own enterprises.**

- Risk is carried by individual
- Individual responsible for all business decisions: procurement, production, distribution and sales
- Enterprise may consist of more than one person, but individual carries risk
- Profits not shared, any employees paid salary or piece rate

**Example:** In Peru, CID runs workshops in business and life skills for young people who wish to become entrepreneurs, or who have already started their own micro-enterprises. CID also organizes contests where young people can compete for seed capital by submitting business plans, provides one-on-one mentorship for youth entrepreneurs via partnerships with local business schools, and conducts outreach with parents and relevant government bodies to create a more enabling environment for youth entrepreneurship.



## Part 2: Program Design

# Training Issues

For organizations working with young, at-risk women who are interested in entrepreneurship, training is an incredibly important component. Entrepreneurship training may include a broader range and more abstract range of skills than other kinds of training your organization already provides.

Entrepreneurship training often includes a set of basic skills, such as building the participant's self-esteem and confidence and teaching the participant to take initiative that can be applied to business situations; for example, building trust with clients, making/doing presentations, taking responsible risks, etc. Once participants master these kinds of life and general skills, they need to learn more specific business and technical skills that are also important in the process of entrepreneurship training.

In addition, when working with young, at-risk women, it is critically important for your organization to consider the context of these women's lives. They may have already experienced a number of losses or failures, so think through the process of screening young women to make sure they are a good fit for your program.

For example, they may not have experience with nonviolent conflict resolution, so spending time on resolving conflicts verbally and amicably may be an important skill to include in your training.

Please note that this section does not explore specific training content, beyond noting three important components: life skills, business skills, and technical skills.

## IN THIS CHAPTER

- Expectations of entrepreneurship training.
- Questions to ask when planning training.
- Examples of methodologies appropriate to train young, at-risk women.
- Logistical issues to consider to make training as accessible as possible.
- Other special considerations when working with young, at-risk women.

## Training for Entrepreneurship

Training can be defined in a number of ways depending on the goal, the teacher, and the student or participant. In addition, there are many ways to train. We are defining entrepreneurship training as the following:

**helping young, at-risk women (or others) get the knowledge, skills, and competencies they need to become entrepreneurs.**

An ongoing debate in the field of entrepreneurship is whether entrepreneurs are born—meaning people are born with the kinds of personality traits needed to become an entrepreneur—or “made”—meaning that entrepreneurship knowledge and skills can be learned.

While, undoubtedly, there are individuals more likely to succeed in entrepreneurship based on personality, both research and experience suggests that the skills to launch enterprises can be learned and applied effectively.

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***“Creative thinking and prudent risk-taking are no different than any other skills people are born with; they are likely to be useless unless the skill is developed through education and experience.”***

**Jonathan Ortman, Kauffman Foundation Senior Fellow**

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Recent research findings highlighted in the media point to the need for entrepreneurship training to be more widely available and to include business, technical, and general life skills.

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***“There’s been a realization in the microfinance community that loan recipients are more likely to succeed if they also receive business education.”***

**Bobbi L. Gray, Freedom from Hunger, Davis, CA (USA)**

***“People living in a village in Peru who received small loans and who were randomly assigned to receive business training did better than their neighbors who also received small loans but did not receive any training. Even those who reported having the least interest before getting the training had higher revenues.”***

**Dean Karlan, Innovations for Poverty Action, New Haven, CT (USA)**

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Currently, there’s an ongoing debate as to whether training is teaching or “facilitating learning,” whereby a trainer or leader helps participants through a process that supports learning new skills, but does not simply stand in front of a classroom teaching. This handbook takes the approach that teaching through a process of facilitated learning is the ideal and that there are many ways to help make the training environment as friendly for learning as possible.

Entrepreneurship training should result in participants receiving the following:

- Knowledge about what it takes to become an entrepreneur and on the actual product or service that is going to be sold.
- Skills to plan, launch, and maintain a business.
- Competencies that will facilitate problem solving, gaining new knowledge, and other abilities critical to running a business successfully.

These three components should frame the content of the training you create.

## Clarifying Expectations for Training

Training is a process that evolves and may end up looking different in the end than what you thought starting out. Therefore, it is a good idea to prepare for the training process by asking the participants what their expectations and needs are; you can then sort out the shared expectations or goals for the training. This first step can be done in a variety of ways, from basic conversations to a more formal needs assessment.

By taking this step, you will have the opportunity to gather ideas, hopes, and beliefs about the training, correct any misconceptions, and also gain insight into possibilities that you had not previously considered. From this discussion, you can make sure that the training objectives set are appropriate, achievable, and desired.

Training for entrepreneurship may seem very different from other types of training your organization has conducted. For example, you might normally train participants in several specific skills in one or two sessions. Training for entrepreneurship can seem less clear cut, longer, and more difficult to evaluate.

### **Issues to Consider for the Sequence of Training Topics**

Think through how you will sequence topics in order to give young women a sense of mastery early in the process that will both empower them, as well as motivate them to continue. For example:

- Start with skills building in self-confidence, self-esteem, and autonomy
- Next, train in technical and business skills

In addition, some organizations have found that community volunteers who have experience with a particular issue are happy to volunteer time to lead a training session or two for an organization or cause they support. One NGO in the Philippines relies on these volunteers in areas like the media, in which no one within their organization has specific expertise. For the volunteer or partnering institution, leading a training session with a youth organization is an interesting and fun experience away from their regular office-based life. For the organization, this kind of assistance is invaluable in helping young people acquire skills that they otherwise might not.

You could have further conversations with potential partner organizations (such as those you may have talked to when deciding whether to develop an entrepreneurship program) to ask about other elements of their program design and possibilities for linkage. Issues to address could include the following questions:

- What topics do you cover in your program? Would you be willing to share any of your training materials?
- Does your program have a mentorship component? Is it one-on-one? How long do the mentorships typically last?
- Do you provide seed capital (loans or grants) to the participants in your program? If so, how do you administer them? If not, how do you help participants obtain the funding needed?

## Ways to Maximize the Effectiveness of Training

The effectiveness of any training program depends on factors such as the quality of the trainer, the relevance of the training, the degree of youth involvement in designing the training, and the ability to match trainees' expectations and training content.

Table 5 presents five criteria (framed as questions) directly correlated with the effectiveness of a livelihoods training program.

**Table 5. Criteria for Effective Livelihoods Training Programs**

Criteria for effective livelihoods programs*	Questions to help assess each criterion	Examples and comments
Is the program relevant to the day-to-day lives of youth?*	Does the training build upon the existing knowledge of and experience of the young people involved?  Does it acknowledge the value of and incorporate any existing livelihood activities, improving these where needed?	
Is the training relevant to the local economy?*	Have you identified examples of products or services in your local area that can be used to help make the concepts you teach more concrete?	There are many simple ways to incorporate examples from the local economy, making it easier for trainees to see the value of what they are learning. For example, in a rice-producing region, weighing bags of rice can be a good way to start to teach or reinforce basic math. The idea of quality could be explained by comparing different qualities of grains of rice or whether bags of rice have had small pebbles screened out. Pricing could be discussed by examining how much different amounts of rice cost in different places. Even if the young women will produce something completely different than rice, the fact that rice is a familiar commodity may help with understanding more abstract concepts.

*continued . . .*

... Table 5 cont'd

Criteria for effective livelihoods programs*	Questions to help assess each criterion	Examples and comments
Is the training flexible in design to accommodate the different and changing needs of young women?	<p>If a young woman already has the basic skills covered in a session, can she skip that session or help train other participants, thereby reinforcing her self-confidence?</p> <p>Does the design allow a young woman to track what competencies she has learned and still has to acquire, so that she understands what she can gain by remaining involved?</p>	Flexibility in designing training programs makes them more accessible. Offer as much flexibility as possible in the pacing or scheduling of training to meet different trainee's needs.
Do the time, frequency, duration, and location of trainings make sense for the potential participants?	<p>Have you asked potential participants these questions (and incorporated their responses into your plans):</p> <p>Do you have responsibilities at home? How many hours per week do these responsibilities normally take?</p> <p>Will you be able to travel to the projected travel spot for the proposed hours? If not, why not and do you have alternatives?</p>	Young women's daily schedules and whereabouts have much to do with their ability to attend sessions consistently. Thinking through the 'when,' 'where,' 'how often,' and 'how long' of a training program before finalizing its design helps ensure strong, ongoing participation. Even after the training gets started, check in with participants to see how these features are working for them and adjust, as possible, where needed.
Is the training program considered low "barrier-to-entry"? That is, does it seem welcoming to the young women you hope to attract to participate?*	<p>Ask potential participants:</p> <p>Do you have childcare responsibilities? If so, will you need childcare in order to participate in a training program?</p> <p>Can you afford transportation to get to and from a training program?</p> <p>If there are any fees for materials (or other things), do you have funds available?</p>	Considering how to help at-risk young women feel welcome and comfortable is critical. The most obvious barrier may be their educational levels or literacy or math skills. Young women who have had no or little schooling may assume they are not eligible for your training. They also may worry about things such as whether they have the proper clothes. Seek them out and welcome them, explaining the training is intended for young women just like them.

\* Adapted from *Youth Livelihoods Development Program Guide*. June 2008. David James-Wilson, Equip3/EDC/USAID, [www.equip123.net/docs/e3-LivelihoodsGuide.pdf](http://www.equip123.net/docs/e3-LivelihoodsGuide.pdf).

## Selecting Training Methodologies Appropriate for Young, At-risk Women

Many methodologies may be appropriate for your program, depending on the kinds of young women you are working with: their ages, educations, developmental stages, schedules, skills, interests, learning styles, and needs. In general, aim to engage their creativity both to maintain their overall interests and to achieve the desired results.

Here are some basic questions to consider when selecting methodologies:

- Is it feasible to involve the young women in planning the training? If so, you are likely to have a much better and more appropriately designed training.
- Do you know the level of literacy of the young women you will be training? If many have low literacy or limited math ability, you will need to design your training to build or reinforce basic reading and math as well as avoid content with much reading, technical terms, or sophisticated math skills. Try to gather as much information as possible about the participants' literacy levels, as this will have a direct impact on how helpful any written information shared will be. Depending on the level of literacy, you may want to do role playing throughout the training and use interactive games or activities for which literacy is not required (see Table 6 on examples of methodologies).
- Do you know the young women's schedules well enough to know when they might be consistently available to attend a training session? It is important not to lose ground by conducting training during times of the day (or week or month or year) when girls cannot regularly attend sessions or will be very tired given their other responsibilities. For example, if you can reach the young women regularly at the end of the day, but their attention spans are short due to fatigue, use activities in the training that will get them up and moving around; talking to them while they are seated may put them to sleep.
- Do you know if the young women have experience or feel comfortable forming an opinion and stating it? If they have been in a situation where they did not feel free to express opinions or where those opinions have been rejected, working with them on building self-confidence around these issues, as well as giving them the opportunity to practice public speaking may be a critical place to start.

One director of a Brazilian NGO developing an entrepreneurship program for pregnant and parenting young women gave an example of the problem of language. The director noted that when these young women participated in an entrepreneurship training offered by a management company, they returned complaining that they didn't get much out of the training, because they hadn't understood many of the terms. One girl said that the trainer spoke at length about "market share," but she had not understood what the term meant. The NGO director explained the concept of market share using the metaphor of a pizza, cut into slices. The girl instantly understood and wondered why the trainer had made something so simple sound so confusing.

Much of this comes down to language: technical business language and complicated, abstract concepts can be confusing and intimidating, especially for young people who have little formal schooling and who might struggle to express themselves in the language spoken by your staff or trainers. But things are often less complicated than we make them sound: by focusing on concrete examples and simplifying the language, it is possible to overcome many barriers and create a much more welcoming environment.

One technique that may be helpful is to start by explaining the concept and, once the concept is well understood, then share the word the business community uses to identify that concept.

**Table 6. Ideas for Methodologies for Entrepreneurship Training**

Methodology	Advantages	Ideas
Interviews and role plays (pairing two young women to practice)	Helps participants to consider what it is like to be in the role of entrepreneur/small business owner, customer, or whatever other role might be appropriate to consider and learn more about.	For example, if one person role plays a potential customer and the other role plays an entrepreneur, they can learn about marketing and pricing, or practice making a sale and get feedback.
Group discussion, facilitated by trainer, on a theme or central question important to entrepreneurship	Supports brainstorming and sharing of experiences; incorporates positive group dynamics; can bring forth a variety of perspectives rather than just a few.	For example, if one person asks for different possible names for a new product, she will receive many ideas. If the trainer shares a typical difference of opinion common in a business setting, the groups can discuss different ways to solve the disagreement.
Individual self-assessment worksheets (can be conducted in a conversation if literacy is an issue)	Challenges a young woman to think critically about resources she has and resources she needs; helps draw out her internal ideas or concerns; is helpful for early visioning or planning stages.	For example, if the participants need to do some individual thinking before taking with a group, a self-assessment worksheet or guide can be helpful. You can put together 3–4 (or more) sentences that best speak to your participants' lives, abilities, and visions.*
For literate trainees, reading a local newspaper review; for others, listening and analyzing a news program on the radio, interviewing family members, reviewing prices of goods and services offered by existing businesses.	Investigates local news as a way to understand the market or to identify needs for products or services in communities; shares the concept of "timeliness" as an important component of entrepreneurship (e.g., is your product or service idea needed now?)	For more ideas on market assessment and learning from current conditions, see chapter 4A on deciding what product or service to offer.

*continued . . .*

... Table 6 cont'd

Methodology	Advantages	Ideas
Visualization of a goal and marking steps to achieve it	Young, at-risk women are seldom taught to dream. Encouraging them to develop a vision that is realistic helps give them a source of inspiration and a goal.	For example, to understand the process toward achieving a goal, participants can figure out some of the big steps they will need to get there, thereby facilitating their planning and analysis skills. This process helps to reinforce the idea that visions aren't accomplished without planning and hard work.
<p>*The following are examples of self-assessment questions:</p> <ul style="list-style-type: none"> <li>▪ Do you enjoy being in charge and responsible?</li> <li>▪ Do you like meeting and dealing with people?</li> <li>▪ Do people you deal with respect and trust you?</li> <li>▪ Can you communicate effectively?</li> <li>▪ Do others easily understand your ideas?</li> <li>▪ Do you know people who will be supportive of you?</li> <li>▪ Are you willing to work for long hours with little pay when you first start out?</li> <li>▪ Do you know your strengths?</li> <li>▪ Do you know your weaknesses?</li> <li>▪ Do you know people who have talent and expertise that you lack and would be willing to help you?</li> </ul>		

## Logistical Issues to Consider When Planning Training

### 1. Choose a location near where the young women live.

**Why?** To ensure that the location of the training is considered a safe place, trainees will not require any special permission to get there, public transportation is available if needed, and transportation is affordable if used. Ask the trainees about the location's accessibility on the first day.

**As a result . . .** Young women will be more likely to attend the training sessions. If a barrier exists, such as young women are not able to travel alone or the cost of public transportation is too high, you can discuss possible solutions such as arranging for the trainees to walk together or figuring out a transportation voucher system or other means to assist with covering costs.

### 2. Create small training groups—ideally, not more than 10–12 young women at a time.

**Why?** To ensure individualized attention and create a sense of peer support. Having a smaller number (6–8) means more one-on-one time.

**As a result . . .** Trainees will likely be more satisfied with the training, more comfortable asking questions, and more likely to develop a sense of camaraderie with the other members of the group.

### 3. Set a realistic schedule.

**Why?** To ensure that the training sessions match the availability and interest of the participants: how often they meet, for how long, the length of the overall training program from start to finish, and the program's closeness to the planned launch of the participants' businesses. Considering participants' availability to meet (e.g., once a day? once a week?) will ensure that the time frame to complete the training (six months? one year?) is realistic, given their other commitments. Consider the timing of the training in relation to the planned launch of the business. If the training occurs too far in advance, participants may have forgotten some key concepts by the time they start their business. Generally, plan to have the training completed a little before the business launch, but also schedule some ongoing sessions leading up to the launch to allow the young women to learn additional information, apply what they have learned, etc.

**As a result . . .** Young women will know what to expect, be more likely to attend the sessions, get more out of the training, and apply what they have learned to their business launch.

## Considering the Context of Young, At-risk Women's Lives and Needs

Depending on common gender norms shaping their experiences, the young women participants may have been less exposed to the "outside" world, had fewer opportunities to see women in a variety of roles outside the home, or not known women who have successful businesses. For these reasons, consider any types of extra support that might help the young women gather ideas for products and services (including nontraditional choices), strategize on ways to get the psychosocial support they will need, and have the opportunity to "try out" a new business by working for another organization or finding a way to get on-the-job training before committing fully to starting a new venture.

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***"When I think about our trainees, I realize that I need to consider the whole young woman—her family environment, her culture, her educational level, and her various realities in order to truly understand how best to help her succeed in a business venture . . . in fact, it could be the most important thing that I can do."***

**Zuki Jama-Mandile, Program Director and Trainer, Triple Trust Organization, South Africa**

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## EXPOSURE TO NONTRADITIONAL CHOICES

Some young women have only seen women working in domestic roles (cooking, cleaning, or providing childcare) or in other unpaid labor (working fields or tending animals). To help young women think more broadly about nontraditional choices, consider taking the trainees on a tour around their area to see and, if possible, meet women who are serving as political leaders, running businesses, or overcoming gender barriers in other ways. You can also brainstorm examples of women they know or have heard of, whether local, national, or international, who are breaking barriers concerning what women can do.

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***“If I had just chosen to open a beauty shop, it would have been a little easier in the beginning.”***

**Manami Das, successful young woman entrepreneur who runs an automotive parts shop in India, speaking about how proud she is to have broken down gender barriers in her community**

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These ideas can be reinforced in your training to help young women see the value in non-traditional choices. These discussions need to be managed carefully because many of the participants may plan to be involved with a skill or business normally associated with women (embroidery, beadwork, cooking, hair dressing, henna) and should not feel that this work is inappropriate or demeaning. Rather the idea is to break open the conceptions of what women can do and to encourage them to explore the possibilities. Whatever their choice of product or service, the fact that they plan to be business women is already empowering and something to be celebrated.

## PARENTAL OR OTHER SOCIAL SUPPORT

A young woman's social support system, if she has one, is important to her success in launching a business. If parents are actively involved in a young woman's life, it is important for you to get their support of her attending the training sessions. If parents become invested in their daughter's success, the young woman will be more likely to be able to lean on them when needed once her business is launched. Likewise, if a young woman does not have supportive family members, you will want to talk with her upfront about whom she sees as an important source of support in her life (such as a friend or partner) and discuss how she might engage this person/these people in her beginning steps as an entrepreneur.

## MENTORSHIP AND ADVISING

Because young women in your program may not have had much exposure to other women running businesses, mentorship may be especially important. A mentor can serve as a teacher (sharing knowledge and skills), a guide (sharing insights step by step), a counselor

(listening and supporting), and a coach (encouraging and motivating). For many young women entrepreneurs, a mentor proves to be the difference between success and failure (see chapter 8).

Additionally, the young woman interested in starting a new business will benefit from mentoring from someone who knows her product or service well and who can help answer key issues such as pricing, distribution, and sales points. In rural areas, if mentors are hard to come by, consider pairing young women to work together.

## **MATCHING SKILLS AND INTERESTS OF THE TRAINEES WITH THE MARKET**

It is often challenging to help trainees (1) scan the landscape for potential customer needs, (2) determine what product or service they are interested in supplying, and (3) ensure that there will be a market for the product or service while they get their enterprise launched. Additionally, trainees may change their minds at different points along the way to establishing a business—a fact that can be hard to accommodate if you are trying to keep the training group at similar stages throughout the process of launching their business. Although these are common challenges, going through the steps required to decide what product or service to offer (as described in chapter 5), and then weighing the potential market based on findings about target customers in order to craft a business plan, will help to ensure that the skills and interests of the trainees do, in fact, match the needs for a product or service in the market.

## **Conclusion**

Training young, at-risk women to become entrepreneurs is both challenging and exciting. Undoubtedly, you will wonder along the way if you are taking the best approach or should be doing something more. Regularly monitoring the progress of the training to understand more clearly what is working well and what might need to be changed for the next training is important. There are a variety of ways to do this (see chapter 4 for more on monitoring and evaluation), and one easy place to start is by having weekly or monthly “check-in” conversations with the young women about their perceptions of how the training is going.

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### **Resources**

**“Youth Voice and Consensus-Building”** ideas for training, March 2008, NYLC, Teacher Tools  
[www.nylc.org](http://www.nylc.org)

**EQUIP3**, “Youth Livelihoods Development Program Guide,” USAID and EDC, written by David James-Wilson, June 2008.

# Monitoring and Evaluation

This chapter covers some essential aspects of program monitoring and evaluation, specifically, entrepreneurship programming for young, at-risk women. It is intended to provide basic advice and tools that programs with limited evaluation expertise or time can apply. The purpose of the chapter is to help you see, through monitoring your program, whether your efforts are producing the results you expect as the program proceeds and how the information gathered can shape the program modifications needed to improve results. This chapter will also help you to assess the actual program effects and the changes in your participants' knowledge, attitudes, skills, behaviors, occupational status, financial status, and other areas that result from participation in your programs.

The content of this chapter is intended for program management purposes, rather than to guide a scientific evaluation of your program's impact.

## Is Your Program Making a Difference?

Most organizations are challenged by how to evaluate the effectiveness of their programs. Staff may have an intuitive feel about how things are going but not be sure how to confirm their impressions. This chapter will guide you through some very basic steps related to monitoring (looking at progress during programs) and evaluation of programs (summing up findings at the end.)

### IN THIS CHAPTER

- Important terms used in monitoring and evaluation.
- Purpose of program monitoring and evaluation.
- Planning for monitoring and evaluation of entrepreneurship programs.
- Deciding what to measure (indicators), how to measure (tracking changes), and when to measure.
- Role of participant input and feedback.
- Using what you have learned.
- Case study.

### Glossary of Evaluation Terms

**baseline:** The period just prior to the start of a program; baseline data are data collected from or about youth before they begin participating in a program.

**comparison group:** A group of youth not in your program who serve as a point of comparison for the youth in your program. A comparison group is used to help determine whether observed program outcomes are likely due to the program being evaluated or to other factors.

*continued . . .*

... Glossary of Evaluation Terms cont'd

**impact:** A program's long-term effect or result on participants, their households/families, and/or their communities.

**indicator:** A specific measurable characteristic that can be used to assess whether an objective has been achieved.

**monitoring:** Involves the ongoing collection of information on program implementation to determine if the program is operating according to plan.<sup>1</sup>

**outcome evaluation:** Assesses program effects—generally changes in program participants' knowledge, attitudes, skills, intentions, behaviors, occupational status, and financial status—that result from participation in program activities or services.

**objectives:** What the program seeks to accomplish.

**process evaluation:** Assesses program delivery—who was reached, with what activities or services, level of satisfaction with the activities or services, and suggestions for their improvement.

## Purpose of Monitoring and Evaluating

Although the process may be difficult, monitoring and evaluation are important for several reasons, including enabling you to do the following:

- Make changes in your program approach based on what is working and what is not.
- Determine whether the time, effort, and money that your program is investing are making a perceptible difference in the lives of the young women involved. If not, you may want to consider an alternative strategy.

Understanding impact means looking at two interrelated concepts: (1) the changes that occur in participants' circumstances and (2) the extent to which these changes are related to their participation in the program.

There are challenges in trying to determine what caused changes to take place, especially changes in young, at-risk women whose lives may be in flux regardless of any specific program. The point of monitoring or aiming to assess impact mid-way through a program is to try to identify factors that are causing changes to occur, so that a program can have a sense of what is working and what is not. This information may also be gathered at the end of a program through an evaluation. There are a variety of ways to determine whether and how much the observed changes are related to program participation.

The following are some methods you can use to do this:

- Track attendance/participation and tie attendance/participation levels to outcomes.
- Before program initiation, describe your expectations and assumptions for how the proposed program will affect the young women (called a “theory of change”) and then reassess this model after the program is implemented.
- Include a comparison group (in other words, a group of at-risk young women who do not receive the training or do not participate in the program) in the evaluation.
- Track changes over multiple time periods, usually both before and after the initiation of the intervention.
- Conduct an analysis of external influences (e.g., other interventions, changes in national or regional economy, etc.).

While young women’s entrepreneurship may affect their families, households, and communities (see box below on overlapping objectives), the first step in assessing your program is to focus on the young women themselves, such as their capacity to make and implement decisions that improve personal income and empowerment.

## Planning for Monitoring and Evaluation

### IDENTIFY OBJECTIVES AND KEY QUESTIONS

For the monitoring and evaluation of your program to be effective, you must plan to conduct these steps at the beginning of the program. The first step is to be very clear about what your program is intending to achieve (outcome objectives) based on input you have obtained about what the young women most want and need and what your organization is best equipped to provide.

Despite the diversity of programs working with young women, most aim to increase one or more of the following:

- Income (current and future)
- Personal savings
- Ability to negotiate with others (suppliers, customers, family members)
- Ability to make decisions
- Control over own economic resources or voice in household decisions on resources
- Confidence and self-esteem
- Autonomy
- Mobility

## DETERMINE IF ANY OBJECTIVES OVERLAP

Many programs have several overlapping objectives that aim to address young women's multiple needs, so it is important to identify what these overlapping areas are.

### Overlapping Objectives: An Example

If your program is working with adolescent mothers and hopes to train them to start businesses in their homes so they will be able to continue to care for their children while working, you could start by measuring whether they have started businesses and whether their businesses are profitable.

Since your primary goal, however, is to enable the young women in your program to tend to their children while they earn income, you would also want your evaluation to include questions about their capacity to provide childcare. In other words, just looking at the first two elements—launching businesses and earning income—won't tell you whether your program is meeting its primary goal: to allow women to earn an income and care for their children at the same time.

## GET INPUT FROM PARTICIPANTS

One of the best ways to ensure that your program is meeting the needs of young women participants is to learn what they hope to get out of participating in the program. It's important to ask them to be as specific as possible and to focus on at least one short-term objective (for example, "I want to learn to repair sewing machines so I can start to provide this service in my neighborhood.").

Asking young women about their concrete goals (or helping them set goals) at the beginning and end of the process is an excellent input for program evaluation. If their expressed goals are general (e.g., "I want to help my brothers and sisters improve their lives") or long-term (e.g., "I want to own three shops in 10 years"), it will be much harder for your organization to assess whether you are helping the young woman attain these goals. It is therefore important to ask young women to describe their short-term and more specific goals. Examples of specific or short-term goals are "I want to be able to pay the school fees for two of my sisters at the end of this year," or "By the end of the year, I want to open a shop selling mobile phone time in a room of my home."

Asking young women participants about their goals before your program begins will also help you identify any gaps between what they hope will happen and what you know you can deliver. In this way, you can explain where the program may help them meet their expectations, and also clarify if some of their aspirations are beyond what the program intends to do. In some cases, you may be able to tailor program objectives or sessions to

better respond to participants' objectives, or to link them to other resources. If you know that your program cannot realistically meet their desires, it is important to have this conversation with the young women early to avoid frustration, disappointment, and a high drop-out rate.

A group in India asked participants to share how they hope their daily life would change by their ability to earn an income. One participant said, "I want to be able to have two meals a day instead of just one." This is a concrete goal for her, and it is also something that she and the program can readily measure: Is she able to have two meals a day at the conclusion of the program (or how many days in an average week can she have two meals rather than one)? If several in the group have similar goals for changes in their daily life, the program could consider making this a program indicator.

## Deciding What to Measure and How

Once you have clarified the key objectives for your program and the young women participants, and sought their input, the next step is to figure out a few important measures (indicators) to determine whether the program and the participants are achieving their objectives and to what degree. It is preferable to measure fewer things well than to aim to measure many things and not be able to measure most of them in the end.

Although entrepreneurship programs for adolescent girls vary, many share common elements. Table 7 outlines some typical objectives such programs might include beyond what was noted in the previous case example (Note: few programs would address all of these objectives), with sample indicators and possible methodologies. You can choose or adapt those that you think might work for you, or use them as a possible model to develop your own objectives.

**Table 7. Examples of Common Objectives for Entrepreneurship Programs**

Objectives	Sample Indicators	Possible Ways to Measure
<p>Improve young woman's self-confidence and self-esteem</p>	<ul style="list-style-type: none"> <li>▪ Demonstrated willingness to do things the young woman has not done before</li> <li>▪ Participated in new activities (which were not a part of her behavior or daily routine before)</li> <li>▪ Exercised more control over financial resources</li> <li>▪ Has noted greater mobility</li> <li>▪ Spoke up for herself, expressed opinions in ways not previously done</li> </ul>	<p>Use a survey to have youth self-assess their changes before and after the program.</p> <p>Ask participants to draw or take pictures of themselves and their surroundings or community at different stages, and compare their comportment, what they are doing, interaction in the pictures, etc.</p> <p>Ask youth to keep "diaries" of their relevant financial activities.</p> <p>Have trainers observe and document changes in participants at beginning and end of program.</p>
<p>Increase social capital, solidarity, networks, mentorship</p>	<ul style="list-style-type: none"> <li>▪ Increased sense of support</li> <li>▪ Developed leadership skills</li> <li>▪ Developed new friendships</li> </ul>	<p>Conduct interviews with participants</p> <p>Document/observe participation in groups, meetings with mentors, etc.</p>
<p>Improve ability to set a goal and define an action plan to achieve it</p>	<ul style="list-style-type: none"> <li>▪ Developed a vision for the future (e.g., planned for a new business, set a goal for further education, delayed marriage, etc.)</li> </ul>	<p>Conduct interviews with participants</p>
<p>Improve ability to make decisions on own</p>	<ul style="list-style-type: none"> <li>▪ Made decisions (that others formerly made for her)</li> <li>▪ Noted shift of more 'say' in family relationships and responsibilities (more independence or changed household responsibilities)</li> </ul>	<p>Conduct interviews with participants (and possibly family members)</p>
<p>Improve access to financing (credit, loans)</p>	<ul style="list-style-type: none"> <li>▪ Increased knowledge of and ability to access financing</li> <li>▪ Extended number of new loans or increased size or improved terms of loans received</li> </ul>	<p>Conduct interviews, pre- and post-tests (e.g., knowledge survey)</p> <p>Interview credit institutions on changes in number, amount, terms of credit or profile of users</p>
<p>Increase income or increase personal savings</p>	<ul style="list-style-type: none"> <li>▪ Increased income level</li> <li>▪ Increased percentage of participants who had personal savings at the time of the assessment</li> <li>▪ Average amount of participants' personal savings in the program increased since initial assessment</li> <li>▪ Percentage whose personal savings increased over the last 12 months</li> <li>▪ Percentage whose savings were noted to be in a secure place</li> </ul>	<p>Conduct interviews</p> <p>Conduct written surveys</p>

*continued . . .*

... Table 7 cont'd

Objectives	Sample Indicators	Possible Ways to Measure
Start a microenterprise based on an assessment and action plan	<ul style="list-style-type: none"> <li>▪ Percentage who chose an enterprise based on an assessment of the market</li> <li>▪ Percentage who chose an enterprise based on whether they could work and still manage other responsibilities</li> <li>▪ Percentage who developed a business plan prior to launching their business</li> </ul>	<p>Conduct interviews</p> <p>Review business plans, market assessments</p>
Start or expand a microenterprise	<ul style="list-style-type: none"> <li>▪ Number of participants who launched microenterprises</li> <li>▪ Number of microenterprises launched</li> <li>▪ Number of existing microenterprises of entrepreneurs expanded</li> </ul>	<p>Conduct interviews</p> <p>Conduct written surveys</p>
Conduct business practices associated with profitability	<ul style="list-style-type: none"> <li>▪ Percentage of participants who kept the money for their business separate from money for personal expenses</li> <li>▪ Percentage who calculated profits based on records of costs and earnings</li> <li>▪ Percentage who knew which products/services brought them the most profit</li> <li>▪ Percentage who paid themselves a wage for their work</li> </ul>	<p>Conduct interviews</p> <p>Conduct written surveys</p>

## Knowing When to Conduct an Evaluation

To determine whether your program has produced changes in the participants' lives, you have to know your starting point. For example, if your program's goal is to increase the income of all young women participants by 50 percent or more in one year, then you need to find out each participant's income at the beginning of the program to be able to measure it one year later.

It is best to document some key information (baseline information) about participants at the beginning of the program to be able to assess changes at the end. Having this information will provide the most accurate picture of the situation before the program began, without needing to rely on the staff's or participant's memory.

Baseline information could be collected using a standard form that your program develops and applies for each participant. If the participants are literate, they could fill out these forms, with help as needed from staff. If they are not literate, staff could complete the forms by interviewing participants.

Examples of standard baseline information to collect include the following:

- Age.
- Marital status.
- Years of formal education.
- Functional literacy (e.g., can they read a letter?).
- Number of school-aged children in their household who are currently attending school.
- Number of workers earning an income in the household (and are any salaried?).
- Whether the participant has worked for another person or institution and earned income in the last four weeks. (If so, where and how much earned?)
- Whether the participant has savings or sources of income now and, if so, how much?

Depending on your program's objectives, you might want to collect other baseline information as well.

## THE ROLE OF PARTICIPANT INPUT

As noted earlier, getting participant input during the program is important to ensure that the program is meeting the needs of the people for whom it is intended. This input is equally important at the end of a program. Such discussions can explore young women's opinions—what they like and dislike—of specific features of the program, as well as their recommendations for improvement.

Often participants do not want to appear rude or ungrateful by giving negative comments so they may say everything is fine, especially if program staff members are involved in the interviews or discussions. One way around this is to ask the participants to suggest what could be done differently, rather than what they don't like (which also puts participants in the role of problem solvers). Another alternative is to ask them to give advice for a program that is starting up in a different area: what they would suggest the program do, and what they would advise a program not to do.

If conducting a group discussion, you may find it useful to put up and use a flipchart (or blackboard or white board) to focus and document the points and to show that you really are interested in feedback. For example, you could use a flipchart like the one shown in Table 8.

**Table 8. Sample Flipchart for Group Discussion**

Current practice	What participants like about program	What participants dislike	Recommendation for improvement	Number voting for change
Example: offering program on Saturdays	They can get to the program because they don't have school that day.	Saturdays are the best day for them to launch their business as it is market day.	Change the hours so participants can come after the market	15 of 20 participants

You could also ask them to name three features of the program they like most and three features of the program that they would change.

It is also important for staff not to intervene and defend the program in the face of criticism from participants. Input from participants as to where they were dissatisfied or where they believe the program failed can alert you to areas where you might be able to try a different approach. Also, be aware that asking participants their opinions about how to improve the program can raise expectations that their suggested changes will be made. You should explain if any features cannot be modified and why (for example, loan terms to reduce risk of default with microcredit).

### EXIT INTERVIEWS/PARTICIPANT DROP OUT

Many programs find it helpful to gather information from individuals who started their program but did not complete it. It will be especially important for you to understand the reasons why they discontinued if the number of participants who drop out is significant.

Learning the reasons for drop out can help your program understand issues such as the following:

- Do we need to make changes in recruitment or acceptance into the program, or criteria for acceptance, so that we have a better participant fit?
- Do we need to clarify participants' expectations about the program's offerings to avoid a mismatch?
- Are we getting common complaints from participants about the program that suggest the need to adjust it (for example, the times we offer the program, the program content)?
- What else can we learn from participants' feedback that can help refine their expectations and improve retention?

## Using What You Learn

The goal of any monitoring and evaluation work is to figure out how to use what you learn. Often, this is obvious: you simply take the findings and share them with staff to figure out how to make your program(s) better. Additionally, however, there may be other important audiences for you to consider. For example, you may want to first share your findings with the young women participants to hear their reactions and learn any other ideas they may have about or for the program. Second, you may want to consider how best to share what you learned with donors or potential donors. Third, you may have a community element to your work and it would make sense to hold a meeting with members of the community who might be interested in the work you are doing or serve as key gatekeepers for your agency in other ways.

It is important to remember the value of the data you have gathered: it may help you to tell your organization's or program's story, build collaborations with other agencies or partners, inform the broader field of young women's entrepreneurship, or provide other unforeseen advantages.

## A Case Study: The Women's Resource Center

Following is an example of one (fictional) organization's program evaluation, including how they first set the outcome objectives and then figured out an evaluation plan to measure their program.

The Women's Resource Center (WRC) is a nonprofit organization serving poor urban women in an impoverished neighborhood in a country's capital city. For several years, WRC has been offering business skills training, microloans, and business counseling for young women ages 17–23. Staff could give many examples of participants who launched or expanded successful businesses: for example, selling food or school supplies, or providing seamstress services. But when a funder told WRC that they expected the organization to list its specific program objectives for the upcoming year and report summary numbers on accomplishments at the end of the year, WRC staff knew that they would have to develop a program evaluation plan. Staff had already been thinking about how such a plan could help them to collect information from participants on how to improve the program.

WRC staff set aside a Friday afternoon to talk about the evaluation plan. First, they identified objectives for their program. They brainstormed to determine (1) outcome objectives, or what they wanted to change in young women's lives after they had participated in the program, and (2) process objectives, or how they wanted to implement their program to achieve these changes. For each objective, staff identified some specific evaluation questions that they wanted to address and some indicators that they would need to measure in order to address the questions. Finally, they noted how they could measure each indicator.

WRC staff reviewed their draft evaluation plan with their Board of Directors and their Community Advisory Group, and they made some revisions based on the feedback they received. A summary of the plan is shown in Table 9.

**Table 9. Summary of WRC's Evaluation Plan**

Objectives	Evaluation Questions	Indicators	Measurement Methods
<i>Outcome objectives</i>			
Increase ability of participants to run their own businesses	Does participants' ability to run their own businesses increase from program entry to program exit?	Ability: <ul style="list-style-type: none"> <li>▪ manage business finances</li> <li>▪ interact with clients</li> <li>▪ secure additional capital for business growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program entry and exit interviews</li> </ul>
Complete business plans	How many participants have completed new or revised business plans before exiting the program?  Are the business plans based on an assessment of the market?	<ul style="list-style-type: none"> <li>▪ Number of participants completing a business plan by the time they exit the program</li> <li>▪ Whether plans are based on a market assessment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program log: staff review and assess each business plan, log the date of business plan completion, and make notes on the plan</li> </ul>
Establish new microenterprises	Among participants who did not have businesses, how many have established their own business by the time they exit the program?	<ul style="list-style-type: none"> <li>▪ Number of participants who did not have own business at entry but who have established one by program exit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program exit interview</li> </ul>
Make existing microenterprises more profitable	Among participants who already had their own businesses, how many increased profitability by the time they exit the program? By six months after program exit?	<ul style="list-style-type: none"> <li>▪ Monthly business profit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program entry, exit, and six-month follow-up interviews</li> </ul>
Increase personal savings	Does the amount of money that participants save increase from program entry to program exit? By six months after program exit?	<ul style="list-style-type: none"> <li>▪ Amount of savings set aside each month</li> </ul>	<ul style="list-style-type: none"> <li>▪ Program entry, exit, and six-month follow-up interviews</li> </ul>

*continued . . .*

... Table 9 cont'd

Objectives	Evaluation Questions	Indicators	Measurement Methods
<i>Process objectives</i>			
This year, WRC will provide accessible, high-quality training, microloan, and other business start-up support services to at least 100 at-risk young women between the ages of 17-23	What services does WRC provide during the year?	<ul style="list-style-type: none"> <li>Service content and number of service hours provided</li> </ul>	<ul style="list-style-type: none"> <li>Program logs (to be completed by staff)</li> </ul>
	How many at-risk young women ages 17-23 are reached with WRC services?	<ul style="list-style-type: none"> <li>Number of young women ages 17-23 who use at least one of WRC's services</li> </ul>	<ul style="list-style-type: none"> <li>Program registration and attendance sheets</li> </ul>
	What feedback do participants have on the program?	<ul style="list-style-type: none"> <li>Level of satisfaction with services</li> <li>Favorite program features</li> <li>Recommendations for program improvement</li> </ul>	<ul style="list-style-type: none"> <li>Program exit survey</li> </ul>

## Additional Examples and Tools

### EXAMPLE OF EVALUATION QUESTIONS FOR AN ENTREPRENEURSHIP PROGRAM FOR YOUNG WOMEN WITH THREE KEY OBJECTIVES

1. Build self-confidence so that young women can persevere with their microenterprise, resist doubters in their families, and negotiate with banks.
2. Help them develop business plans that enable them to get seed funding for their microenterprise.
3. Match them with mentors who can help them launch their microenterprise and support them in the business' first-year challenges.

If your program only measures whether participants get seed funding, you would miss important components of the program's goal. Instead, the program might consider identifying a series of key questions designed to measure the program's various objectives. Here are some sample questions for the three goals previously stated:

#### 1. Build self-confidence:

- How do girls rate themselves on self-confidence at the beginning of the program versus at the end?
- Are there changes in their behavior from the beginning of the program to the end that indicate greater self-confidence (do they speak more in classes, raise their hands to offer suggestions, take the lead in small group activities)?

## 2. Develop business plans:

- Are the plans completed?
- Have they been presented to possible funding sources (microfinance organizations, banks, or the program if it has a seed-funding component)?
- What percentage of the business plans is funded? It may also be useful for the program to gather information on other aspects of the business plans to help develop this component in future years. (See examples in the following questions.)
- What is the range of funding that business plans get and the average funding level?
- What lessons can be learned about the success of different business plans? (Did certain businesses get funded while others did not? Did certain kinds of business plans work better with funders than others?)

## 3. Match with mentors:

- Did the matches with mentors occur?
- How long did the relationships last?
- Did the participants feel that the mentors helped them with start-up and the initial phase, and, if so, how?
- What other support did the mentors provide?
- Did the mentors perceive that their support was useful? If so, in what ways?
- What suggestions do participants or mentors have for improving this component in the future?

## EXAMPLE OF GIRLS' POWER INITIATIVE TOOL FOR MEASURING QUALITATIVE CHANGE

This tool measures qualitative changes using a VACOK formula (explained below) that collects information on the young women who are the program beneficiaries.

- **V** for VOICE: Tracks how much a girl speaks when she enters or starts a program, and how much she speaks after some period of regular attendance (typically, she begins to speak out and challenge discriminatory practices against girls and women).
- **A** for ACTION: Tracks when girls begin to take concrete actions in defense of their rights.
- **C** for COMPORIMENT: Tracks when girls become bold and stand up to assert what they believe in, especially in the face of challenges.

- **O** for Opinion: Tracks when girls are able to freely express their opinion boldly anywhere.
- **K** for knowledge: Measured through tests, debates, quizzes, essay competitions, and other assignments to determine what has been gained through the weekly, 3-hour lessons.

Additionally, Girls' Power Initiative uses the following tools:

- Pre-and post-knowledge questionnaires, which beneficiaries complete at the beginning and at six-month intervals to measure progress and changes.
- “Check-ins” at the weekly lessons, where each participant is given the opportunity to share what she has used from the lessons in the previous week to intervene in situations at home, in-school, and elsewhere. This information is recorded.
- Evaluation forms for each event and end-of-project evaluations through focus group interviews, in-depth discussions, and general written surveys.

Website: [www.gpinigeria.org](http://www.gpinigeria.org)

Contact: [gpi\\_hqcal@yahoo.co.uk](mailto:gpi_hqcal@yahoo.co.uk) / [gpicalabar@gpinigeria.org](mailto:gpicalabar@gpinigeria.org)

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### **Resources**

Festen, M., and M. Philbin. 2007. *Level best: How small and grassroots nonprofits can tackle evaluation and talk results*. San Francisco: Jossey Bass.



## **Part 3:** Helping Participants Choose, Market, and Launch Their Businesses

# Deciding What Product or Service to Offer

The process of choosing, or even narrowing down one's choices, to determine what product or service on which to base a new business can be intimidating. For young, at-risk women, this process may initially seem overwhelming. They may have no experience with anyone valuing their opinions on anything, much less the idea for a small business. To come up with an idea and have the strength to defend it in the face of skepticism or criticism may be hard for these women, and, as you know, the world is full of stories about businesses that have failed.

This chapter is designed to help you work with the young women in your entrepreneurship program to be strategic in how they choose a product or service to sell, and to support them throughout this process.

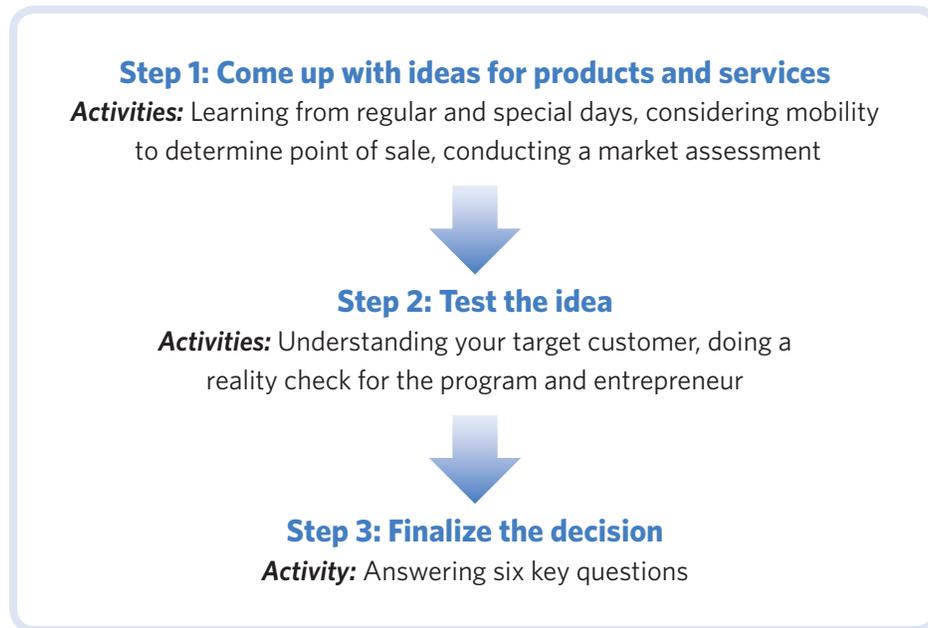
There are three key steps to considering product and service ideas:

1. Develop ideas.
2. Test ideas with others to help determine if the idea is a good one.
3. Finalize the decision.

Each step includes different tasks, activities, or questions to consider. The diagram below shows the three key steps with specific activities noted below each. For each step, consider how to adapt the activities to make them best fit the environment that you are working in and the needs of the young women in your program.

## IN THIS CHAPTER

- Considering and finalizing product or service ideas.
- Understanding the impact of "point of sale" options for potential products or services.
- Assessing the market, including important questions to ask and the role of observation.
- Learning from potential target customers.
- Finalizing decisions for business ideas.



## Step 1: Develop ideas

There are many ways to help young women think of ideas for products or services. This step includes general approaches and opportunities for participants to gather ideas, as well as two specific activities that will help young women to think through ideas for products or services. You may have additional thoughts about how to generate ideas.

### BASIC APPROACHES

Basic approaches include asking the young women to do the following:

- Talk with neighbors, family, and friends about their needs, frustrations with a current product or service, or the lack of accessibility of the product or service (such as the need to travel far to get it), lack of variety (only one kind available), or high cost.
- Flip through magazines or newspapers (to look at pictures, or read ads if the women are literate).
- Keep eyes and ears open for discussions in public settings concerning unmet needs.
- Look at any visual media (billboards, signs, etc.) for clues about product or service needs.

## LEARNING FROM REGULAR AND SPECIAL DAYS

Learning from regular and special days includes the following:

- Have a group conversation with the young women (or split them up into groups of two or three if the entire group is more than 12) focused on regular days and special days.
- Ask the participants to reflect on an average, regular day, start to finish, and try to identify gaps in what they needed regarding products or services. For example, on an average day, what could have made their day easier? Did they need to walk to fetch water, but couldn't leave their children home unattended? Were they unable to get a basic item at a nearby kiosk because it was unavailable? If so, perhaps this is an opportunity to consider starting a delivery service.
- Ask the participants to reflect on a special day (meaning a holiday, special event, or celebration), start to finish, and try to identify needs that are not currently being met. For example, as the young women think through special events, holidays, or celebrations (birthdays, weddings, national or religious festivals), what opportunities do they see to provide products or services that are not available, reasonably priced, attractive, etc. (such as cakes, make-up or henna, music, banners, and other items needed for special occasions)?

### Reflection

At this point, it is a good idea for the program participants to reflect on what they have heard, seen, and learned by using some of the basic approaches outlined above, as well as by considering their community's needs on both special and regular days. The process of reflecting can be as informal as having a conversation or, perhaps more specifically, asking the program participants to list every idea for a product or service that has come up more than once or that they have thought about more than once, given the information collected so far. This beginning list will help the program participants develop ideas to test.

## CONSIDERING WHAT IS THERE

Another way to think about what product or service to offer is to look around at what is available but perhaps unappreciated or unused, and which could be converted into serving a new purpose. The increased awareness and interest worldwide in "green" (environmentally safe) products and services makes such ideas attractive, especially for global markets. Examples from the global market include using soda can tops to make purses, feed bags to make pocketbooks, tree stumps to make wooden bowls, and broken glass bottles to make picture frames and mirrors. Have participants look around their area and think about whether there are objects that can be reused or a service developed around things that are discarded and not used.

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***“The concept of “seeing what is there” is critical for entrepreneurs to cultivate. If you look at a vineyard before harvest, it may be easy to see row upon row of beautiful grapevines laden with grapes. If you keep looking to see what is truly there, you will also see that there are many grape leaves and these can be put to good use.”***

**Charles Maisel, an entrepreneur who has founded numerous businesses in South Africa and mentors new entrepreneurs**

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## FIGURING OUT “POINT OF SALE” FOR A PRODUCT OR SERVICE

A key concept to share, as the participants are trying to think about ideas for products or services, is point of sale. This term simply refers to where the young women will want to offer their products or services.

Because some young, at-risk women may have more restricted mobility than males or older women, the location where they can offer their products or services may be an important first decision point. Household responsibilities, concerns about safety, lack of funds for (or means of) transport, or other restrictions may mean that the point of sale must be near, or possibly within, their home. Some young women, however, may not have restricted mobility and may therefore consider selling services or products within a broad geographic area, which allows them to pick the most promising point of sale for what they hope to offer.

Assessing these parameters is an important first step to further defining customers and possible products or services they need or want.

**Activity 1**  
Considering Mobility  
to Determine Point  
of Sale Options



## CONDUCTING A MARKET ASSESSMENT

Market assessment simply means looking, in an organized way, at what people are buying, what they need or want that is not available, and any other clues that will help to determine what people will buy. Some program participants may already have ideas for products or services in mind. If that is the case, a market assessment can help them to look for what similar products or services are offered, what their cost is, and how they might craft something with a feature that distinguishes their product or service from the others. In this way, conducting a market assessment provides the chance to look at opportunities to sell their product, potential competitors, and things to avoid.

**Activity 2**  
Conducting a Market  
Assessment



## Step 2: Test your ideas

Once the young women have identified the general area for their point of sale and conducted a basic market assessment, they can think more about how to get feedback on their ideas from potential target customers who might be interested in buying their products or services. Taking the time to really look at a neighborhood or point-of-sale location is important, as is a market assessment, but neither is enough to confirm that a young woman is on the right track with her product or service idea. Having gathered this background information, it is now crucial for her to discuss her ideas for products or services with potential customers. Before doing so, she needs to build a profile of who she thinks will buy her products or services and then find these potential customers.

**Activity 3**  
Understanding Your  
Target Customer



Chapter 6 offers guidance on positioning products and services and engaging target customers once the idea has been finalized. Before this stage happens, however, it is important both for the participants in your program and for you to do a “reality check” by considering the following points.

Your program should consider these questions:

- Are you equipped to train the young woman to learn how to produce/deliver the product or service?
- Can you arrange on-the-job training with another organization to help the young woman learn about the business before she commits to it, as well as potentially help to train her to produce the product or service she wants to sell?
- If not, does your organization know someone who knows the business she is trying to launch and could serve as an advisor and help her with some basic decisions?
- To what extent and for how long will your program support the new entrepreneur? In the start-up phase only, or for a longer period?

The young woman needs to consider what additional information would help her test her product or service idea and how to get that information. To accomplish this, she could do the following:

- Interview potential customers about whether they would buy the product or service she intends to sell and the potential price point.
- Figure out who her competition might be if her product or service idea is similar to something already on the market and what their price points are.

**Activity 4**  
Know Your Competition



Conduct a “strengths, weaknesses, opportunities, and threats” (SWOT) analysis to determine if the product or service idea is a good bet, including ensuring that the market is not already saturated with similar products or services.

**Activity 5**  
Strengths, Weaknesses,  
Opportunities, Threats



Figure out whether the young woman has the necessary set of skills to launch and run the business, or she needs any additional training or experience.

Consider whether the young woman is excited enough about the product or service idea that she will be able to deal with the inevitable obstacles that go along with the process of starting a business

If a young woman has decided that she wants to sell food, for example, testing her idea could mean “rapid prototyping”; for example, make some samples of her product and give them to target customers to get their reactions and possibly improve the product. (See chapter 6 on marketing for more on this idea.)

Throughout the process of testing ideas, your role will require some balance. On the one hand, it is important to encourage the young women to be responsive and receptive to what they learn. On the other hand, you will want to support them in having the strength to defend themselves or their ideas in the face of negative feedback that is not backed up by what they have learned. They are likely to ask you for your opinion. It may be helpful to offer your opinion only after they have put forward their own. In providing feedback, it is important not to overshadow their own views or analysis of the situation so that they come to trust their judgment.

### Step 3: Finalize the Business Decision

Once the young women have done a basic “reality check” of their business idea, it is important to take a step back (one more time) and help them to assess whether they have made a good choice.

Since a common reason that businesses fail is because the business owner did not select the right business initially, you can help the young woman analyze her choice by answering the following six questions before she launches a new venture. You might want to go through the questions as a group, and then ask each program participant to think carefully about her answers to each of the questions.

### **Six questions to ask before finalizing a business selection**

1. Have you compared your selection with a number of other business possibilities? (Are you confident that this is the right one for you?)
2. Have you considered starting part time while maintaining any current way of earning income? Will you have other sources of income while trying to get this business launched?
3. Have you prepared a “for” and “against” list to clarify your thinking? Do the “for’s” outweigh the “against’s”? Do you have some ideas for how to overcome the issues in the “against” list?
4. Have you worked in your intended business? Do you already have some experience or skills related to it?
5. Is your intended business something you will enjoy doing day after day?
6. Have you talked to successful people in your intended business?

Adapted from Phil Holland, chairman and founder, My Own Business, Inc., [www.myownbusiness.org](http://www.myownbusiness.org)

## **Supporting Young Entrepreneurs as They Begin**

It is a huge accomplishment to have helped a young, at-risk woman figure out the product or service she wants to sell. This may be the first time in her life she has been able to seriously plan something. Now, it is time to help her through some additional steps.

The remaining chapters in this section will help you. Chapter 6 focuses on marketing, branding, and packaging; chapter 7 covers business plans; and chapter 8 discusses how to learn from and cope with challenges.

Given what you know about the context of the young women’s lives, think about how you or other program staff can support these young women at this stage. They are likely full of enthusiasm about their new venture, and they will need this level of excitement and energy to sustain them in the phases to come. It is important to help them think through whether, when, and how they want to discuss their business plans with others, including their family members, neighbors, or anyone else.

Because they may encounter doubt or resistance to their idea or to the notion that a young woman can be successful at her chosen venture, you must help these young women plan their early communication stages and fortify themselves psychologically against negative reactions. Many young women entrepreneurs find it helps to speak about their plans on a small scale, at least initially, to minimize skepticism until they have had the chance to prove themselves.

Your program can play an important role in providing critical support at this time. You can support program participants in any and all of the following ways:

- Finding the time to check in with them and make sure that they feel both comfortable and confident to proceed.
- Helping them to role play a discussion with their families or other people in their lives about starting a new business.
- Talking with them about practical issues such as timing of start-up, safety, location, loans, or anything else that will help these young women stay focused and feel supported as they take the next step.

## ACTIVITY 1

# Considering Mobility to Determine Point of Sale Options

**Supplies needed** (choose which of these three works best for your group):

- Sandy or dirt area with a stick and five rocks,
- Map of the area and pen or pencil, or
- Paper and pen or pencil.

**Directions:**

1. If your group is larger than six people, divide into smaller groups of two or three participants.
2. Explain to the participants that this exercise is designed to help them consider where they want to and would be able to sell their products or services.
3. Ask each young woman to draw (or outline, if she has a map) the area where she is able to travel. (For some women, drawing concentric circles might also help if, for example, they can be certain places in daylight but need to be closer to home when the sun goes down.) If the young women are working with a stick in the sand or dirt, they can also use the rocks to set the boundaries of where they can go.
4. Start a discussion by asking the young women the following four questions. Have them answer in a smaller group if you have divided them.
  - Do you have restrictions on where you could sell a product or service? For example, can you be at a place a certain number of kilometers from your home? Or must you be in your home or neighborhood based on other responsibilities or family obligations?
  - Could you sell your products or services by yourself, or would you need to be with someone else? Does it matter whether that person is male or female?
  - What hours would you be able to sell your products or services? All day every day? Mornings or afternoons only?
  - Do you have a place in mind to sell your services or products, at least in the beginning? Where is it? What makes you think it would be a good option?
5. In order to help the program participants summarize their mobility maps and answers to the above questions, ask them to fill in two columns such as the following:

*continued . . .*

**Can do**

- Walk to market with female relative
- Sell products in market or as far away as bus stop
- Work after school in the afternoon, 5 days a week
- Bring little brother with me

**Can't do now**

- Walk to market alone
- Be out after sun goes down
- Sell products on Saturdays or Sundays

6. Wrap up the discussion by explaining to the young women that their answers to these questions provide important insight into possible products or services they can sell. They also help them to begin to think about what would be possible. Stress to the program participants that the “can't do now” column may change once they have started a business, have the respect of others, and feel more comfortable talking about issues with parents and partners. Starting off within their comfort zone, however, may be important for now, as they figure out managing other risks.

## ACTIVITY 2

# Conducting a Market Assessment

### Supplies needed:

- Paper and pen or pencil OR something that the participants can take notes with to record their observations, if they are literate.

### Directions:

1. Based on the findings from the point-of-sale exercise above, group the young women into teams based on similar areas of mobility. Explain to the participants that you will be traveling to their prospective marketplace to conduct a market assessment. If the group is small and you can all travel together, go to the neighborhood as a small group.
2. Explain that the objective of this exercise is to draw on what they decided about their point of sale (whether it be their home, an actual market, cooperative, store, kiosk, or community area that has different shops and services), to gather more information about their target customers, and to develop ideas for products or services.
3. Read the checklist of key questions to the participants. If the women are literate, hand them each a piece of paper with the questions written on it, and ask them to write down their answers.

### Checklist of Key Questions

- What types of goods or services are available? What is missing? For example, are the ideas that you wrote down on your list, after reflecting on specific needs for regular and special days, available in your community? If not, do they still seem to be good ideas?
- What is not available, but has potential demand (in other words, something that people might be willing and able to buy)?
- Who are the current consumers of goods and services?
- What are the prices and what influences these prices (seasons, geographic location, availability, security, environment, etc.)?
- How often does organized selling and buying occur? Is there a "market day" in a specific location? Are there opportunities to sell on nonmarket days as well? What are the stores' or kiosks' hours of operation?

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***"Conducting market research essentially means gathering the information you need to make decisions about your business. Market research is the systematic gathering, recording, and analyzing of data relevant to selling the goods and/or services you produce."***

**Susan Ward, entrepreneur and blogger on About.Com, Canada: small businesses**

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After visiting the neighborhood for about an hour or so, return to your training area or organization and discuss with the young women what they saw and heard that can inform their process for choosing a product or service.

You could frame the conversation by asking the following questions:

- What products did they see in abundance (suggesting more is not needed)?
- What gaps did they see in product offerings? (any overlap with what friends/neighbors said they were missing or ideas from needs for regular and special days?)
- What do they know about that area that suggests it's a promising place to sell or advertise?
- Is there more movement or more commerce in one section?
- Are there more people with money to spend in a certain section?
- Is there greater population density in a particular area?

**Note:** For those young women who have the ability to choose a point of sale in a broad area, their goal should be to reach the greatest number of potential customers for their product or service. For those whose point of sale is their home or nearby, their customer base will be limited to those who live in or pass by their neighborhood, therefore, building (or drawing upon) trusted relationships may be the most important goal.

### ACTIVITY 3

## Understanding Your Target Customer

#### Supplies needed:

- A gathering place
- If possible, a chalkboard or place where the exercise questions can be written

#### Directions:

Ask the participants to work with a partner to answer the following questions:

1. How old are the people whom you hope will become customers?
2. Are they female? Male? Or both?
3. Where do they live? For example, are they in your neighborhood? Along a nearby transit route?
4. What do you know about their income? Do they have a regular source of income? If so, is it daily/weekly/monthly? Is their income based on the season, or is it received only occasionally? How much is it? How do they earn it?
5. What do you know about your target customers' spending patterns?
6. What do you know about their lifestyle? How do they spend their leisure time?
7. How many of these people live in your target area? Are there enough to keep you in business?

After the participants have the chance to create a profile of their target customers, ask them if they know, specifically, where they might be able to find a few of these people to interview. If you feel it is appropriate to do so, based on what you know about the program participants' mobility, safety, and circumstances, suggest that they go in groups of two to interview potential target customers to check their ideas for products or services.

The script for such a conversation should not be long, but should cover three or four main points, similar to the following:

- Would you consider purchasing x product or service?
- If so, how much would you pay for it?
- How often would you buy it?
- What would be the most important thing that would make you want to buy this particular product or service (for example, quality, freshness, color, price, etc.)?

If you have time and it would be helpful, you could also ask the program participants to role play the process of introducing themselves to a potential target customer and asking the questions they believe are most important.

## ACTIVITY 4

# Know Your Competition

### Supplies needed:

- The chart below copied onto a sheet of paper.

### Directions:

1. Explain to participants that the point of this exercise is to consider who their direct competitors will be and to think about how they might offer a different, and better, product or service.
2. Ask the young women to identify two businesses similar to their idea and work with a partner (who can read and write, if possible) to fill in the following chart. (Fill in one column for each business, answering the eight questions for each.)

The business name and location		
The product/service similar to yours		
Unique angle or position of the product or service they are selling		
The price they charge for product or service		
The quality of their product or service		
Their product's or service's strengths		
Their product's or service's weaknesses		
How does your product or service differ from theirs?		

Adapted from Module 1: Visioning, copyright 1999, Center for Women and Enterprise, Inc.

3. After each participant has had the opportunity to do this comparison, lead a discussion about what they learned to inform the way they create (or present) their product or service that will make it different from their competitors.

## ACTIVITY 5

# Strengths, Weaknesses, Opportunities, Threats

### Supplies needed:

- The following graphic drawn on a large sheet of paper or copied onto an individual sheet for each participant.

### Directions:

1. Explain to the participants that the point of this exercise is to understand the current and, as much as possible, future conditions that might affect their business by looking closely at the following:
  - Strengths of their products or/services.
  - Any gaps or problems that can be foreseen now that could affect the business (for example, if they need electricity to make the product and electricity is rationed or black-outs occur frequently).
  - Opportunities that might arise to improve or benefit the business (for example, a wave of new people coming into the neighborhood or an upcoming important event for which a product or service could be used).
  - Threats or problems that could arise and undermine the business (for example, if heavy rains/monsoons and flooding could ruin inventory or roads).
2. Ask for a volunteer among the program participants to use her business idea as an example.
3. Lead the participants through a discussion where they brainstorm ideas to fill in each of the four boxes, using the volunteer's business idea.
4. After you have done this for one or two examples, divide the young women into two-person teams to do the exercise.

<b>Strengths</b>	<b>Opportunities</b>
<b>Weaknesses</b>	<b>Threats</b>

# 6

## Marketing, Branding, and Packaging

Starting a new business venture, whether selling products or services, can be both very exciting and routine. This chapter addresses issues that are usually of interest and fun for everyone: the process of trying to market, brand, and package a product or service in a way that is both compelling and sustainable. For young, at-risk women, this chapter provides a great platform for expression of identity. Undoubtedly, as you read this chapter, you will think of ideas to create exercises that are fun and draw on the creativity of the young women in your program.

Each of the elements in this chapter builds on the others, so you may want to consider how best to link them as you organize the content and timing of your training sessions.

### IN THIS CHAPTER

- Positioning products or services to sell.
- Attracting customers.
- Creating a marketing strategy.
- Branding a product or service.
- Figuring out packaging.

### Positioning Products or Services to Sell

Positioning refers to where the product or service fits in the overall marketplace. To help program participants understand positioning, it is important to ask them the following questions:

- Are you trying to sell the product or service as a necessity (something people cannot live without) or a luxury (a treat intended to make their life easier or nicer in some specific way)?
- What is the most important message about your product or service or the aspect of it that will be most appealing to potential customers? (For example, is it more accessible because of location or hours? Is it different than what they can find elsewhere? Is it something new to the market?)
- What is the best way to get that message across? (By word of mouth from other satisfied customers? Using a printed flyer or poster? Another way?) How would you describe your business in a few minutes to a potential customer in a way that is clear, distinguishes it from the competition, and makes the listener want to know more?

#### Activity 6

Positioning Products or Services to Sell



If you have gone through chapter 5 with the participants, their recent work on assessing the market, including determining the point of sale and the target customers, will provide useful insights for positioning. Another important component to consider with them is how the product or service is different from the options currently available on the market. Have participants complete **Activity 4: Know Your Competition**, if they haven't already done so.

## Creating a Marketing Strategy

Marketing is a way of presenting or promoting goods or services to increase sales and establish a positive reputation among the desired market. Sometimes, marketing can be as simple as designing attractive product packaging. Often, marketing involves looking more closely at ways to increase exposure to potential customers and clients. An example would be to provide a small sample of your product or first-time service at a discount or free of charge. Or you could provide other incentives that would help attract someone to purchase your product or service. It is important for these young women to consider upfront the steps they will take to market and package their product or service, as well as any promotion they may want to do. Having talked through how they want to position their product or service, program participants must now set priorities. These priorities will frame the marketing strategy discussion (see below).

For example, a young woman who wants to sell tomatoes by the side of the road may only need, at least initially, a marketing strategy that includes handmade signs with large, clear writing that says what she is selling and for what price. For someone manufacturing a product that she hopes to sell in large quantities, the packaging, colors, and logo may all be important from the beginning. In some locations, figuring out which of the marketing steps is most important will largely be determined by the local culture. Program participants will undoubtedly have insight into what they think is most important and necessary in the locations where they want to sell their products or services.

The fundamental question in marketing is "How will you communicate what is special or unique about your business idea (product or service) to the people who might be most interested in buying it?"

Having thought about how they want to differentiate their products or services, program participants can now frame a marketing strategy. This can be basic and refined over time based on their experience. Asking the program participants to answer five questions, which recap the points made above and in chapter 5, will provide the basic outline for

their marketing strategy. Plans for branding, packaging, and promotion will flow from these answers and can be expanded on (for example, how to communicate uniqueness, reach potential buyers, distinguish from competitors).

### **Five questions to frame a marketing strategy**

1. What is unique about your business idea?
2. Who is the target buyer?
3. Who are the competitors?
4. What key message is most important to communicate to target buyers about your product or service?
5. What is the sales strategy?

from Entrepreneurship Oasis Small Business Guide, <http://www.entreoasis.com>

Marketing means talking about your business (products or services) at every opportunity and looking for chances for exposure.

## **Branding a Product or Service**

A brand is a name or image connected to a product or service that reinforces its identity. Branding is an important factor for every new business. It is important to think about branding early. As a business grows, the brand will also grow as it becomes more familiar to a potential market. A successful, trusted brand or reputation will vouch for future products or services before they are even offered.

### **HOW TO BRAND A NEW BUSINESS**

When thinking about branding, the young women should consider the key elements they identified in their marketing strategy. In other words, the name of the product or service (or the packaging) needs to be desirable to the target buyer, be different than the competition, and demonstrate the distinctive qualities of the product or service.

#### **Create a name**

The name of the product or service should be short and easy to pronounce and remember and, especially important, shouldn't be one that is used by others. The name of the product or service should create a positive impact on people and inspire curiosity to learn more about the product or service. Choosing a name often takes time, but is well worth it,

since changing the name of a business once it is underway can undermine both profit and potential for success.

For example, a young woman who started selling cleaning products in Peru chose the name “El Brillante,” because this means “shiny” or “sparkling,” and might prompt people to think of cleanliness, which is exactly the concept she is selling.

**Identify colors that go with the product or service**

Colors have meaning, and can trigger emotions. Suggest that the young woman choose a color she really likes, one that goes with her product or service and that has positive associations in her community. For example, a brand with green in it would be a good match for an agricultural or environmental product. Figure 5 shows a label from the “El Brillante” cleaning product line from Peru. Because the product is scented with lavender, the color chosen for the label is purple.



Fig. 5

**Create a logo**

A logo is a symbol or image that is part of the brand; sometimes logos are so identifiable that the name of the business is not even necessary to know. The logo must go hand in hand with the name of the business, rather than overlap or compete, so that the two complement each other in the eye of the consumer. Using the example of an agricultural product, a flower or vegetable would work well as a logo, whereas a bicycle would not.

**Create a slogan**

A slogan is usually a word or short phrase or sentence that helps customers to understand easily what the product or service is. It is not necessary, but some business owners believe it helps to identify and differentiate their product or service. “Soul-stirring fashion expressions” is the slogan that Hansiba (created by SEWA, the Self-employed Women’s Association) in India uses, as noted on the side of the van in figure 6.



Fig. 6

### Draw on your marketing strategy

Depending on funds available, there are many ways to promote a brand (word of mouth, brochure, catalog, postcards, business cards, etc.). For a start-up business, using a simple strategy is usually best. Rather than starting with many marketing tools, it is more effective to focus on creating the right name, logo, and, possibly, slogan to introduce the brand and test the market.

Figure 7 is an example of marketing tools used by a photography and videography studio called “Anna,” which an NGO named Friends for Street Children started in Vietnam. Since some of the clients they hope to attract are young people planning to marry, the studio has built its marketing strategy around the image of a rose and a wedding dress. Below are copies of the studio’s business cards, which they hand out at special events and use for advertisements in a local women’s newspaper.



Fig. 7

### Create a label for the product or service that uses the color and logo, if possible

Although there are branding experts and graphic designers who can (for a fee) guide program participants in creating a brand name, many young women will see this process as an important extension of their identity and something they prefer to do themselves. They also may not want to use precious resources for someone’s help at this stage. This can be one of the most fun aspects of thinking about starting a business and a good way for young women to express themselves.

Other program participants, program staff, and participants' family members, if supportive, can give young women feedback about their branding ideas and, in this way, the young women will begin a conversation with other key people (perhaps even potential consumers) about their product or service ideas.

Figure 8 is an example of quinoa flour from Peru. The young woman who has created the quinoa processing business is marketing her brand to people interested in natural, organic products, so she has chosen to make a label with an actual photograph of the quinoa plant, and used earth tones (brown and green colors) for the label, as well.



Fig. 8

Creciendo Unidos, an NGO in Colombia, puts labels on their products that describe their organization and the fact that sale of their products benefits programs for health, education, and economic opportunities for youth (figure 9). The paper that the label is printed on is clearly recycled, and the picture of the young people on the front is intended to share their organizational values and convey an image of who they are.



The Self-Employed Women's Association (SEWA) uses a similar technique to “tell the story” of who they are; in this case, that means including an actual photograph of the woman who made the scarf (figure 10).



Fig. 9



Fig. 10

## Register the name and business

Taking this step will prevent someone else from using the same name, which would end the business woman's ability to differentiate her product or service (or worse, could sabotage the business if the other product is inferior). In some countries, this process is not fast, but the institution overseeing the process also provides guidance on business owners' rights and responsibilities, as well as restrictions. You can find out how to register a business by contacting a small business bureau or the Department of Labor in your country.

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***“Branding is . . . about how you present yourself or your company visually and verbally, what reputation you want to mold for yourself, and what marketing tactics you plan to implement. Basically, it's how you want to be perceived by the world and how you want to differentiate yourself from others. And you should be in control of it. If you don't take active control of your brand, other people can step in and mold your image for you.”***

**Meg Mateo Ilasco, Owner, Mateo Ilasco**

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## Figuring Out Packaging

Another important part of a product's or service's “identity” is how it is packaged. Packaging represents the way a product or service is presented to customers. While this concept is easiest to explain when it is related to an actual product, you can also apply the tips below to packaging a service for a consumer (for example, a gift card that includes a picture of a hand, if the service is a manicure.)

Packaging is usually needed to make sure the product arrives intact to its destination, thus completing the sales experience in a positive way. It is also a chance to create first impressions and have some control over how people perceive a product or service.

### TIPS ON PACKAGING

- Use eco-friendly packaging materials, whenever possible (such as recycled cardboard boxes or paper bags that will not compromise the condition of the product). For example, SEWA uses a thin muslin material to craft a simple and reusable shopping bag for their customers to carry home any product that is purchased in their store (figure 11).



Fig.11

- Create a package that is simple; do not waste money using big and excessive packaging.
- Use material that is representative of the region where the product is produced.
- Use packaging that enhances the product.
- Include the label with your logo in each product to promote the brand, ideally in a position that will give you free publicity (such as on the bag or box the product comes in), as shown on the Hansiba shopping bag in figure 12.



Fig.12

- Calculate costs and make sure the packaging is less expensive than the product.
- Use packaging that protects the product, especially if transporting it is likely or necessary.
- Generally, use the smallest size packaging needed so you can store and transport the product more easily.

### Examples of packaging ideas

- For a piece of jewelry, a basket woven by the local community (who also may have made the jewelry) would be appropriate.
- For dolls, a carton with the face of the doll painted on the outside can then be used either as a gift box or storage for the dolls.
- For marmalade, use a glass container that can be reused or recycled, together with perhaps some handwoven cloth or a picture of the fruit contained in the marmalade.
- For blankets or shawls, package in a travel bag or something comfortable to transport it.
- For chocolates or sweets, use some sort of organic box, such as one made with plantains.
- Recycled fabrics make nice packaging, such as coffee bags, cocoa bean bags, cotton bags, etc.

## Conclusion

Branding, designing, and packaging are important components to sell your product or service and, ultimately, to help make it sustainable. The brand has to connect people to the product or service and communicate a message that is clear and compelling. The design has to be meaningful, yet simple enough to communicate a concept or theme that is easily understood. Finally, the role of the packaging is to enhance the product or service being sold—whether to target customers in a disadvantaged community or to an international market. Together, they create a story.

For the young women in your program, keeping records, taking photographs, and figuring out other ways to record their own process of starting a business may be helpful for a number of reasons, including reinforcing their brand if it is related to their personal journey.

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### Resources

Torres, Veronica. Save the Children's Youth-focused Market Research Tools (adapting market research tools for use with vulnerable youth).

[http://www.microlinks.org/ev.php?ID=25631\\_203&ID2=DO\\_TOPIC](http://www.microlinks.org/ev.php?ID=25631_203&ID2=DO_TOPIC)

## ACTIVITY 6

# Positioning Products or Services to Sell

### Supplies needed:

- Paper and pen or pencil (optional) for each participant to take notes.

### Directions:

1. Explain to the young women that the purpose of this activity is to help them think about how they will differentiate or position their product or service, as well as what specific advantage their product or service will have over what is currently available (known as the “comparative advantage”).
2. Divide the young women into two-person teams.
3. Ask one person in each team to start by interviewing her partner about why her product is different. For example, if a young woman wants to sell soap, what would make people buy her soap over another product? Does it lather better? Is it scented? Does it have strong deodorant powers? Is it handmade? Is it made of organic materials? What distinguishes it?
4. Explain to the participants that being able to speak about their product or service is something they will need to be able to do well, so this is a good time to practice.
5. After the first young woman has had a turn, reverse roles so that her partner is interviewed about her product.
6. Lead a discussion with the young women about what they learned from the exercise. Explain the four keys to attracting customers (described below) and ask them if they thought about each of these keys when they described their product or service. Give them a chance to redo the exercise using these four keys in their product or service descriptions.

### Four Keys to Attracting Customers

- 1. Quality:** Do it better.
- 2. Promotion:** Make buyers aware of and motivated to purchase a product or service.
- 3. Price:** Do it cheaper or provide better value while keeping in mind your overhead.
- 4. Distribution:** Make it easy to buy, get fixed, or resell.

# Business Plans

The idea of preparing a business plan may seem intimidating for you and for your program participants, especially if they have low levels of literacy or are not used to writing. Business plans do not need to be sophisticated. Microentrepreneurs seeking financing are often required to have a business plan. Even if that is not the case, it is a good idea to have one in order to know the basic finances participants need to launch and run a business. Your participants will need to ensure that they have considered the key elements for their business, including the financial projections of costs and projected revenue.

This chapter is designed to help you work with the young women in your entrepreneurship program to develop a business plan that will help them pin down the key elements required for success, and to make adjustments as needed based on this reflection, before they actually launch the business. You may find it helpful to think of this as developing a “viability” plan, since the main question to answer is whether the proposed business is ultimately viable.

Although we strongly recommend helping the young women in your program to create a business plan or, at a minimum, try to figure out the basic numbers for production and sales before they start trying to actually make and sell a product or service, some experts advocate first trying to make several samples or provide the service several times as a way for the entrepreneur to learn what she needs to know to continue. This process (sometimes called “rapid prototyping”) may help a young woman know if she is on the right track.

## IN THIS CHAPTER

- Understanding the purpose of a business plan.
- Drafting a business plan.
- Analyzing a business plan.

## Understanding the Purpose of a Business Plan

Once the program participants have confirmed their idea for a product or service, it is important for them to draft a business plan. A business plan has several purposes.

A business plan provides

- the opportunity to reflect on the key components of the business in an organized way, to identify weak parts, and to make adjustments accordingly; and
- a way to communicate your plans to others, especially if you are seeking funding or other support.

Business plans can take many forms, from very sophisticated plans, with many charts and analyses, to very simple plans. Generally, in the start-up phase, a simple plan is fine, unless a program participant is seeking funding from potential investors who require more information. Even though a business plan may seem like an unnecessary step, it can help young women entrepreneurs avoid losing time and money because it is a simple tool that forces an individual to think about key aspects in advance, such as the following:

- What she wants from her business.
- What the customers want.
- How to grow the business.

## Drafting a Business Plan

As noted above, drafting a business plan does not need to be complicated. Following are five simple steps that you can go through with your program participants to help them craft a business plan.

### STEP 1. DEFINE THE PRODUCT OR SERVICE

Ask the program participants to describe their product or service and why it is needed.

*Example:* Sell empanadas (samosas) and fresh fruit juices for factory workers working Monday–Saturday who don't have a place to get an inexpensive lunch. Our food will be cheaper, freshly made, and appealing to their taste.

### STEP 2. DEFINE THE MARKET

Ask the program participants to describe who needs the product or service (what customers they are targeting), and what the market size and share are.

*Example:* The target audience is factory workers, who are generally young men aged 18–25, many of them unmarried. They work Monday–Saturday and many come without a prepared lunch, so they have to go to the local restaurants, which are slow and expensive.

At one site, 200 workers are employed Monday–Saturday. I hope to attract 25 percent of these workers, on average, per week, in the first year. At another site, 500 workers are employed Monday–Saturday, and here I hope to attract 20 percent of workers, on average, per week, in the first year. This totals an average of 150 meals Monday–Saturday.

### STEP 3. LIST THE OBJECTIVES FOR THE MICROENTERPRISE

Ask the program participants to make sure their objectives are concrete and measurable, as well as specific, such as achieving a given level of sales or growth. Guide them to stay away from using generalities such as “to be the best” or “to grow fast.”

*Example:* Launch one catering business serving 100 daily lunches for two nearby factories in year 1. By year 3, expand to 500 daily lunches serving all five factories in the district, with a side business catering parties or events for employees (such as selling empanadas for birthday parties).

### STEP 4. NOTE THE KEYS TO SUCCESS

Ask the program participants to identify the key tasks that they must do to make money. This will allow the young women to plan what they can in advance, and (ideally) be more able to address other issues that arise that were not anticipated. Rather than ask them to make a list of many different factors they will need to address, ask them to pick the most essential three or four and focus on getting those done right.

- Attract first-time customers to build your business and develop loyalty. Consider giving out free samples to workers leaving for lunch the first week or coupons for free drinks, or other ways to grow the customer base.
- Make sure the carts are able to serve quantities of food fast, since workers do not have much time for lunch and will not wait. This could be done by hiring more than one worker, having food made in advance and kept hot, choosing fruits that can be juiced quickly, and having a lot of change on hand to settle bills quickly.
- Have the carts be accessible to the main factory exits, with good signage. This could be handled by getting permission in advance on where to place the carts, positioning the carts early each day, and never missing a day to ensure customer loyalty.
- Establish a comparative advantage for why this business is better or unique. Offer, and publicize, the freshest ingredients, a wide variety of food, the cheapest price—whatever angle makes the product desirable and different from what is available.

### STEP 5. CONDUCT A “BREAK-EVEN” ANALYSIS

Explain to the program participants that a “break-even” analysis will give them the financial realities they need to understand when they can expect to begin making money based on a set of assumptions. Although many business plans may want to include additional projections (cash flow analysis, growth projections, etc.), at a minimum, it is important for the young women to understand their break-even point, which is the amount of revenue needed to cover costs.

The simplest break-even analysis includes three key elements:

1. Average per-unit sales price: The price that you charge per unit. (Take into account sales discounts and special offers.)
2. Average per-unit cost: The cost of each unit of sale.
3. Monthly fixed costs: Use your regular running fixed costs, including payroll and normal expenses, to determine what your business' monthly expenses will be.

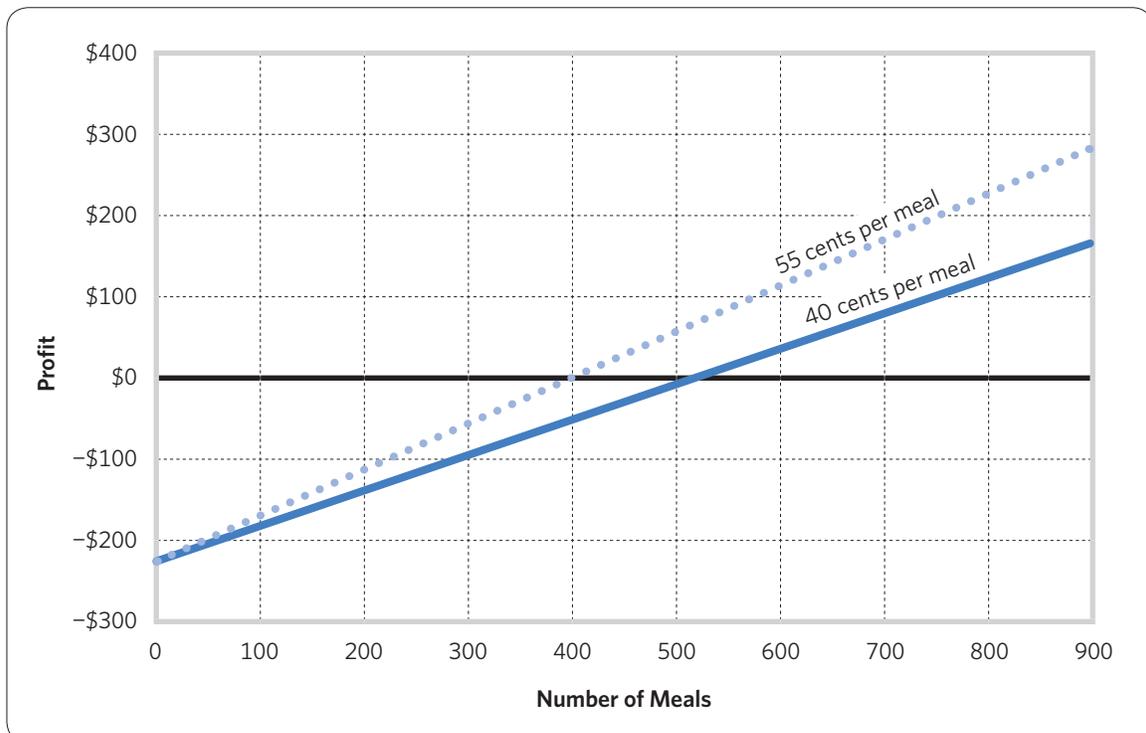
*Example:*

- Average sales price of a meal (two empanadas) is 25 cents and a drink is 15 cents. The average customer will spend 40 cents/day.
- Average per unit cost of a meal is 15 cents and a drink is 10 cents for a total cost of 25 cents.
- Monthly fixed costs: Salary for one worker is \$50/month, cart rental is \$25 per month, promotional materials are \$5 per month. Totals fixed costs per month are \$80.

Break-even analysis: In order to break even, the business would need to cover \$80 in fixed costs, which is the equivalent of 533 meals per month or 88 per day.

Figure 13 shows a break-even chart for the empanada business described above. As sales increase, the profit line passes through the zero or break-even line at the break-even point.

Figure 13: Monthly break-even analysis (profit at 30 cents per meal)



The solid blue line in the Monthly Break-even Analysis chart represents 40 cents a meal with 15 cents profit per meal. The dotted line represents how the break-even analysis would change if the price of the meal could be raised to 55 cents, a 30 cent per-meal profit. Everything below the midline represents a loss, and everything above the line represents a profit. The midline represents the break-even point. This is a classic business chart designed to consider bottom-line financial realities. It also helps to answer the question, “Can the entrepreneur sell enough to make her break-even volume?”

## Analyzing a Business Plan

Having drafted a business plan and a break-even analysis, have program participants reflect on what they have done. Ask them to try to look with fresh eyes at what they have developed so far and consider the following questions:

- How does the business look from this viewpoint?
- Does it make sense?
- Can you make the sales you need to break even?
- Is the market big enough?
- Are your projections realistic?
- Can you bring together the keys to success?

Especially with new ventures, a moment of reflection is critical. If the program participants think they can make their break-even numbers work (based on input from trusted sources, such as peers and family) and they believe they have enough customers to make it, then it is time to proceed. If not, suggest that they do more research and revise the idea, or try something else.

Some NGOs work with local business people or universities to seek outside reviews of business plans, so this may be another option you would want to consider, especially if these resources exist in your community.

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### Resources

Prince's Trust, “Writing Business Plan” guide

[http://www.princes-trust.org.uk/pdf/BusGuide\\_BusinessPlan.pdf](http://www.princes-trust.org.uk/pdf/BusGuide_BusinessPlan.pdf)

Entrepreneur magazine's guide to writing a business plan (slightly more detailed than Prince's Trust)

<http://www.entrepreneur.com/businessplan/index.html>

# Learning from and Coping with Challenges

No matter how much advance planning you undertake with the young women in your program, challenges will occur along the way as they launch and try to sustain their businesses. This chapter covers why it is vital to prepare those starting out in business to expect problems and how to equip them to meet those challenges without losing confidence or giving up. Because pairing young women with mentors is a key strategy for supporting their efforts to solve problems, overcome adversity, avoid classic mistakes, and learn from inevitable ones, this chapter also lays out basic guidance on how to incorporate a mentorship component into your program.

Although mistakes are important opportunities for learning, your program can help young women gather the resources and create support systems in advance to cushion them from failures that could devastate their business or their lives. This chapter describes how to prepare young women to anticipate and overcome challenges, with a focus on two main strategies for risk reduction: (1) mentorship and other forms of social support and (2) contingency planning.

## IN THIS CHAPTER

- Understanding common reasons businesses fail.
- Learning from mistakes: case studies of what went wrong in two businesses.
- Identifying and coping with challenges.
- Working with mentors.
- Figuring out contingency planning and risk management.

## Understanding Common Reasons Businesses Fail

As young, at-risk women move from launching a new venture to trying to sustain it, they will undoubtedly face challenges along the way, on both the personal and business sides. They may also experience a time lag; a business can be in “start-up” phase for years.

Small business owners often make mistakes that could be avoided and, if they are not recognized early enough in the start-up process, can lead to a business failure. Ideally, you can talk with young, at-risk women about the idea of failure upfront. Only you and these young women can truly imagine the possible effects of a business failure, but knowing what pitfalls to look for, and having plans in place to try to avoid these, will strengthen the chances that the business will survive and will better equip the young women to avoid or manage problems.

Following are some typical business challenges, including some common reasons new businesses fail worldwide, including in low-resource settings.

### **Top Reasons Small Businesses Fail**

1. A bad location (one which does not attract potential consumers).
2. Problems with inventory management (not knowing how much is available; not correctly forecasting amounts needed; spoilage issues if, for example, warm weather or dampness ruins inventory).
3. Overinvestment in fixed assets or not having enough readily accessible cash (see chapter 10 for more on this).
4. Mixing personal and business funds.
5. Inability to cope with growth.
6. Vehicle and gas costs too high to afford.
7. Telecommunications costs too high (as a result, overreliance on cell phones).
8. Tax legislation not favorable to small businesses (small business owners may not realize the taxes they owe, then get “discovered” and be forced to go out of business to pay their taxes).
9. Lack of innovation (everyone selling the same or very similar product).
10. Lack of support (whether training facilities, mentors, etc.).
11. Poor or no recordkeeping.
12. Inadequate bookkeeping skills.

Issues such as location of the business and research on the local tax law can be addressed early on while the young women are considering ideas for products or services and trying to establish their concept. There are a variety of strategies you can consider using for other issues, including the following:

- Offer training on basic recordkeeping. This is not hard to do and will help young women to better understand the current state of their businesses.
- If cell phones must be used to keep costs down, train the young women on creating a call log book to help store information on key contacts, so that if the phone is lost or stolen, the key contacts list will not be lost.
- Investigate whether other local small businesses might be interested in sharing core administrative components: for example, sharing space, a bookkeeper, a copy

machine, a vehicle, etc. (see Black Umbrellas in South Africa for ideas about sharing administrative or “back office” costs, sometimes called an “incubator” model: <http://www.sasix.co.za/projects/printfriendly/ED-WC-MAY-0001/>).

- Help the young women to clearly think through their business costs upfront, so they have a good sense of what they can and cannot do. This is why a business plan is important.
- Suggest to young women who consider themselves to be innovators but not good with numbers, that they think about partnering with someone trustworthy and competent to help with administrative issues.

## Learning from Mistakes

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***What do Walt Disney, Bill Gates, and Abraham Lincoln have in common?  
They all failed in their first businesses . . . and tried again.***

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Even when an entrepreneur does everything right, sometimes a business idea simply does not work, but failures often yield valuable lessons. Entrepreneurs must be prepared to make mistakes, to have things go wrong, and to learn from these experiences, sometimes referred to in other aspects of life as “learning from trial and error.” It is important to note, however, that not all mistakes provide lessons to be learned. Sometimes, entrepreneurship is about keeping going and being committed to persevering even when times are tough.

### **On the importance of learning from situations when things don't work out . . .**

Experienced entrepreneurs and small business owners know how important it is to learn from the failure of products, marketing strategies, or other elements of their business. Virginia Dooley from EMpower and Devasmita Sridhar, consultant to Sasha World Exports, spoke to this point in terms of product quality and design at an EMpower workshop held in India in November 2008.

Participants from throughout Africa and Asia also had experiences to share:

- One Indian organization noted how they had been excited to make a kurta (a typical long shirt) for India's Miss Universe contestant, but when she visited, they realized that she was taller than they had thought, and the kurta was much too short for her.

*continued . . .*

... Learning from situations cont'd

- A Serbian nonprofit had experienced much success making beautiful earrings out of Serbian money, but they realized that these earrings would only attract a non-Serbian market, as Serbians did not want to wear their own money.
- A South African company tried to sell baloney in long sausages, but it turned out that customers wanted the product presliced, so the company went out of business.
- A North American organization designed a beautiful handbag, but the bag didn't have a closure and gaped open when slung over a shoulder, so the handbag was not safe for women to carry on a crowded street or on a subway.

Common themes emerged:

- Product failure provides the opportunity to gain insight and to rethink both quality and design of the product.
- The notion of "quality" means different things to different people, and can include durability, consistency, uniqueness, exclusivity, craftsmanship, attention to customer needs and desires, reliability, and attention to problem solving.

### **CASE STUDY: AN NGO IN PAKISTAN LEARNS FROM (AN ORGANIZATIONAL) SMALL BUSINESS FAILURE**

In 2003, Potohar Organization for Development Advocacy (PODA) wanted to start an income generation program for women. They decided to make traditional sweets and sell them in Islamabad, located about three hours from their office in Chakwal, where many fancy shops, bakeries, and cafes were located and home to a growing number of wealthy people interested in organic products (including local and traditional sweets.) PODA organized a business in which they would make the sweets in Chakwal and then transport them to Islamabad to sell. At first, interest seemed high and sales went well, but then the interest dropped off and so did the sales.

#### **What went wrong?**

1. Short shelf life: Traditional sweets are usually made to be eaten the same day, but when sold in a store, they have to last longer. PODA hadn't figured out how to change the ingredients or use techniques to increase the product's shelf life.
2. Delivery time: Traveling to Islamabad was a 2- or 3-hour drive. They started the business in winter, and in a regular truck, the sweets would keep fresh during the drive. In the summer, by the time the sweets arrived in Islamabad, the quality would have declined due to the heat.
3. Too much inventory: Many shopkeepers would only pay for the sweets if they sold. If the sweets did not sell, the shopkeepers would return them and not pay for them.

4. No labeling/package design: PODA made the sweets by hand, but didn't mark them in any particular way. The sweets had no capital or material for branding to help the customers recognize what they were buying.
5. No ingredient list: PODA lacked the technical research capacity to break down the nutritional content of the sweets, yet many urban consumers want that information before they buy the product.

### Reflections on what was learned

- PODA decided it wasn't worth it to make the changes necessary to make the traditional sweets business work. The problems required too much investment and more capital than they had (for example, a truck to handle cold storage, more experienced marketing staff to visit sweet shops and cafes and negotiate payment).
- PODA needed a product that didn't depend on another retail operation for sales. They needed direct sales, so they changed their business and now have their own small shop that sells papier mache (a material made from shreds of paper mixed with glue that can be sculpted and, when dry, painted or varnished) products.
- Papier mache is nonperishable, so PODA can keep an inventory of the product.
- Because the young women involved in the business already had the skills required to make sweets, PODA was unable to use the opportunity as an entry point to engage women in discussion of other issues. The women came, made the sweets, and went home. But PODA also wanted to engage the women about women's rights, leadership, human rights, and citizenship while they learned a new skill and generated income. Papier mache isn't indigenous to this area: it takes about six months to learn the process and acquire the skills, so throughout that longer training process, it was easier to engage women in other aspects of empowerment.

### CASE STUDY: THREE YOUNG WOMEN BUSINESS PARTNERS LEARN FROM A SMALL (JOINT) BUSINESS FAILURE IN PERU

In August 2008, three young women, all about 19 years old, decided they wanted to go into business together and chose to open a cafeteria in mountainous Puno, Peru. They each made a nonfinancial contribution (furniture, equipment, tools, etc.), and each contributed a small amount of working capital that would cover the cost of renting the space and buying the initial goods needed. In total, their start-up investment was \$300 USD.

The business was located in a major artery near a well-known square in Puno, an excellent location for a cafeteria. The partners decided the cafeteria would be open at night only, since all three of them were studying. They decided to serve coffee, hot chocolate, hamburgers, and, given the hours of operation, warm wine and tea with *aguardiente*, a local liquor (this drink is known as *te piteado* or *calientito* in Spanish).

During August and September, the business did well and was open every night. The income generated from sales covered all ongoing costs and allowed a small profit to accumulate. However, in December 2008, the business failed.

### What went wrong?

1. **Lack of organization:** The partners didn't define their respective roles, so no one knew who was responsible for what and who was in charge. Since they all had their own goals and ideas about how to run the business, this lack of organization caused problems.
2. **No initial business plan:** A plan would have created more clarity around the efficiency and profitability of the business. Instead, the women were guided by pure intuition.
3. **Irregular/unpredictable hours of operation:** As a result of this disorganization, by the third month, business was very irregular, and they only opened the cafeteria when they had free time, which was rare during exam time. It is hard to retain a loyal customer base—a key ingredient for any business—with unpredictable service.
4. **No bookkeeping:** The months of October, November, and December were very hard for the business, since none of the partners knew what the business's real income and costs were and whether the business was still profitable. This caused tension among the partners, who began to mistrust each other when it came to finances.

For all of these reasons, in addition to the debt they had incurred to the landlord and to their suppliers, and their overall lack of commitment, they decided to close the business. Each partner had to take responsibility for the debt that had been incurred, and none of them recovered their initial investment.

### Reflections on what was learned

- Before making the decision to go into partnership, joint business owners have to be convinced that their potential partners have the same objectives, values, and entrepreneurial desires as they do. Partnerships with friends and family members can be challenging because they mix personal and business relationships. Conflicts in one area can spill into the other.
- From the beginning, it is important to establish clear rules, determine the roles and responsibilities of each partner, decide who's in charge, and decide what will happen if one of the partners decides to leave the business. All of this should exist in writing, and be decided by consensus, to avoid future personal conflicts.

- In general, small businesses take between two and six months to begin to attract regular customers and start to turn a profit, and it's rare that they are run by more than one person. The reason is simple: this type of business, for which an initial capital investment is usually under \$1,000 USD, can generate significant benefits for one person, but won't provide for more than one person in its first year of operation—unless partners are clear about how they will divide whatever small profits the business is able to generate.
- For any type of business, developing a modest business plan helps provide an outline for investments, income, costs, and risks, and helps determine who the target clients are whom you want to attract.
- All businesses, even the smallest, can benefit from the use of financial administration and management tools, which make it easier to monitor income, expenses, inventory, and effectiveness.
- When launching a business, it's important to keep in mind that time is fundamental: the business won't generate income on its own, it must be managed well. It's not possible to manage a start-up business remotely. If someone doesn't have the time to run a business or wants to start a business that will only be active when her schedule permits, then it's probably better not to start a business now.

In this case, it's important to define what is meant by failure: investment of a fixed sum that is not only lost completely, but also that generated additional debts that the entrepreneurs had to assume even after the business was closed. In this case study, the individuals may also have lost or damaged a friendship. In less extreme cases of failure, people invest money, then realize that the business is not profitable enough and decide to close it and sell the remaining goods.

## Helping Young Women Cope with Challenges

To help the young women in your program think about mistakes and problems as a natural part of life, you could start by sharing some mistakes you have made and then reflect on possible coping strategies to use (or perhaps ones you did use) to deal with them. Using this as a starting point, ask the young women (either in a group or in pairs) to describe some mistakes they have made (if these are not too personal) and what they learned from them. You can then continue and deepen this discussion by asking participants what helped them cope with challenges they faced and writing these coping skills or strategies down on flipchart paper.

Examples might include the following:

- Talking to a friend.
- Talking to a parent, teacher, or another trusted adult.

- Being patient and waiting for the episode to subside.
- Writing about the experience.
- Seeking advice from someone with more expertise in the topic.
- Diagramming or mapping the problem.
- Reflecting or meditating.

You could add strategies they have learned or gained by being part of the training, such as the following:

- Looking at resources in this handbook.
- Doing research on the Internet.
- Consulting with program staff.
- Talking to another participant in the group.
- Talking to a business person they have met.

All of these examples will provide participants with ideas for a range of coping strategies they can use if problems emerge with their businesses.

Additionally, you could ask the young women to think about their skills or attributes that have helped them cope with adversity, as a way to reinforce their inner capacities and sense their own resources. Examples might include the following:

- Good judgment.
- Flexibility.
- Ability to cope with stress.
- Ability to live with few resources.
- Patience.

Since young, at-risk women tend to be modest and not inclined to note their positive qualities, you can also ask others in the group to point out characteristics that they see in each other. This can also be a great way to build or reinforce self-esteem.

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***“What marks those who bounce back is a balance of optimism and pessimism—the ability to confront what went wrong honestly but not lose self-confidence.”***

***Jeffrey Gangemi, “Starting over when your business fails,” *Business Week*, Aug 2006***

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## Mentorship

Some of the challenges young women in your program face may be beyond your reach. However, there are some challenges that you can address upfront or facilitate the need for ongoing support so that the young women have resources to tap when they confront the inevitable difficulties. Mentorship is one such idea.

Mentorship is the process of listening to and guiding someone who is trying to achieve a goal. In the world of business, a mentor can be an invaluable resource who coaches and listens carefully to a new business owner's concerns, shares experiences, and helps to problem solve as issues arise. Because the mentor and the young woman entrepreneur will have a one-on-one relationship perhaps for years to come, finding the right person to serve as a mentor is critical.

### WHAT IS THE ROLE OF A MENTOR?

**A mentor may play different roles:**

**Teacher:** sharing knowledge and skills

**Guide:** sharing insights step by step

**Counselor:** listening and supporting

**Coach:** encouraging and motivating

Having a mentor can be one of the most important ways to support a new entrepreneur in developing, launching, and running her business. The mentor can provide valuable business insights based on his or her experience, as well as reinforce the young woman's self-confidence so that she feels supported as she takes on a new venture.

Mentors may be especially important for young, at-risk women, who have various insecurities and other challenges. Young women, especially from minority or particular risk groups, may have internalized aspects of self-discrimination. They may feel that they do not have much to contribute or that they will not be successful. Additionally, this discrimination may be reinforced at both the social and institutional levels, so that when the young women doubt themselves, it leads into interpersonal dynamics that are also defeatist. These internal and external obstacles can be substantial, perhaps especially for those in the most difficult circumstances, such as a young mother living with her baby on the street. The mentor's support and demonstrated confidence in her abilities may be invaluable to shore up the young woman as she takes on new challenges while overcoming adversity.

Organizations often approach the idea of mentorship in different ways. One organization called Count Me In (CMI), based in the United States, divides the mentorship role into two distinct spheres: mentors and coaches. They hire mentors with set skills to work with women starting businesses to help them on specific issues, such as public relations or the law, for example. The mentors are trained and are part of a pool, so that they have access to others' expertise when their mentee has a question that falls outside their own expertise. CMI hires coaches to help the women work on issues such as acquiring a work-life balance, setting achievable goals, and identifying behaviors that might turn into obstacles, for example, a lack of delegation skills or understanding of basic financial issues.

In addition, because a mentor is often an older, more experienced and established member of the community, s/he may be useful in opening doors for the young woman that might be hard for her to open on her own. Being introduced by or accompanied by an older person or businessperson may help the young woman establish credibility with local institutions such as banks, vendors, or other critical stakeholders to her success.

The relationship between a mentor and a young woman involves an inevitable imbalance of power because mentors function as authority figures in young women's lives. Therefore, it is important to choose mentors carefully, and to make sure that the relationship is a positive one, especially for the young woman. At the outset, make sure that young women know that they can approach your organization if they have problems with their mentors. It is also very important to choose mentors who have an understanding of power dynamics, especially when the mentor and the young woman entrepreneur are from different generations, socioeconomic classes, ethnic or religious backgrounds, or are different genders. The mentor also needs to commit to having a relationship based on mutual respect and appreciation.

## **YOUR ORGANIZATION'S ROLE IN A MENTORSHIP PROGRAM**

As described, providing mentors for young women entrepreneurs can be one of the most effective elements of your entrepreneurship program to give your participants consistent, expert, ongoing support. However, to ensure the mentorship program is effective, your organization will need to invest time planning it, identifying promising mentors, orienting them, and setting up good matches with the young women entrepreneurs, as well as scheduling regular check-ins with the mentors and the young women.

## **WHAT KIND OF PERSON WILL MAKE A GOOD MENTOR FOR YOUR PROGRAM PARTICIPANTS?**

A good mentor must be someone who is able to communicate well with young people, has some familiarity with the kinds of circumstances the young women come from or

live in (or be willing to learn about them, while being sensitive about differences), and be willing to commit the time and energy needed to coach a young woman who is starting a new business. Additionally, it would be useful if the potential mentor is well-respected and able to help a young woman make business connections, if needed. It is important to note, however, that young business women may also have a lot to learn from a mentor who is younger and less well-connected, such as a business student. Although, ideally, a business mentor may have experience running a successful business somewhat similar to the venture launched by the young woman, even if this is not the case, the person may still be able to be a good mentor.

Certain personal qualities are necessary in a good mentor:

- Willingness to spend time with the young woman on a frequent and as-needed basis.
- Respect for the young woman, including her privacy and confidentiality, and appreciative of generational and other power dynamics.
- Good listening skills.
- Willingness to act as a mediator in times of conflict.

## WHAT ARE WAYS TO FIND AND SCREEN APPROPRIATE MENTORS?

Choosing an appropriate mentor for someone is an art rather than a science. Following are a few ways to identify and assess the interest and appropriateness of a mentor:

- Ask people you know in the business world—local business schools or universities, local entrepreneurs or business owners—if they have any suggestions for potential business mentors. Organizations like Junior Achievement (JA) (which are located all over the world and help young people find employment opportunities, among other things) might be helpful in your search. (See <http://www.ja.org/near/near.shtml>)
- To help recruit mentors, promote mentorship as an opportunity to give back to the community by using one's wisdom and experience to help a young woman achieve success. And mentors not only give back to their community and create income for others, they have an opportunity to learn and grow as well.
- Meet with potential mentors and discuss your vision for their role. In the process, pay careful attention to their ideas of what a mentor is and does, and assess whether it is similar to your vision.
- Observe potential mentors' personalities and communication skills. Do they seem patient, knowledgeable, and interested? Are they able to listen and speak clearly? Would they be respectful of a person who is young and female or comes from a family that lacks resources?

- Discuss their experiences with young people to date. Have they had any professional or personal experiences where they had to work with young people from different backgrounds? Pay attention to how they describe their interactions in these experiences and whether it seems they appreciated the contributions of the young people or rather treated them as subordinate.
- Review your expectations of the mentor's time (for example, to commit a minimum of three hours per month) in the context of their other responsibilities and whether this is feasible for them.

### HOW CAN YOU ENSURE AN EFFECTIVE MENTORING RELATIONSHIP?

Much of the relationship that a young, new business owner has with a mentor will be organic, evolving, and growing as the young women's needs, questions, and challenges change. However, you will need to consider certain logistical issues upfront, and, in the case of some young women, possible personal issues as well.

- Organize an orientation for the new mentors to review their roles, the duration of the relationship (for example, one year), and expectations for frequency of meetings/ phone calls with their "mentees" (the young women being mentored). Double check that these timeframes are workable and that the mentors are willing and able to commit to the schedule.
- Speak openly with potential mentors about the program's goals and the young woman's venture, as well as about the young woman herself. If a young woman has particular problems or needs that might affect her starting a business (such as lack of family support for the idea, a child to care for, etc.), it is important that you share this information with a potential mentor before she or he commits.
- You or a staff member should be in touch on a regular basis to support the mentor and listen to his or her thoughts on how the relationship is progressing. Plan to have a meeting with the mentor at least once during the process (for example, after three months) to assess how it is going, address any questions, and provide feedback as appropriate. It is likely that the mentor will also have questions about his or her role, or about particular situations and how to handle them. Make it clear to the mentors that you and your staff are available as a resource.
- Conduct periodic meetings with mentors as a group, if you have several mentors. This could be helpful in determining what situations they are facing and in jointly solving problems. This also builds the resource base available to the young women because one mentor may be able to help another's mentee in a particular area.
- Recognize the contributions of mentors' work through newsletters, during the entrepreneurship session, and, ideally, through an event to celebrate their contributions and the young women's achievements at the end of their formal time together.

- Have the mentors and the mentees separately evaluate their experience at the end of their formal relationship, with the goal of helping your organization continually improve this program. Some questions you could ask them include the following:
  1. What information do you wish you had at the beginning that would have helped you in your role?
  2. What could we, the organization, do better to support you?
  3. What advice would you give to a future mentor/mentee to get the most from the relationship?
  4. Do you recommend any changes to the length of the relationship or frequency of meetings?

### **Checklist for Building a Successful Mentoring Relationship**

Share the following checklist with mentors to help them know what to expect and do. Although it is hard to predict what a mentee's needs will be, this checklist will help the mentor and mentee get off to a good start, begin to trust each other, and work well together. Plan to meet at a time and place where there will be no or few interruptions. Agree with your mentee in advance how long the meeting will be.

Let the mentor know you recommend he or she do the following:

- At your first meeting, discuss any conditions you have regarding communications. For example, can she contact you at any time or only in the evenings? Should she use your cell phone or office number? Find out if she faces any restrictions regarding communications from or with you.
- At the first meeting, create a development plan based on the questions or concerns that the young woman has, noting her starting point (for example, is she only at the idea stage? Has she already made some plans?). Spend time getting to know each other and becoming comfortable with each other.
- At an early meeting following the first one, together review her plans and areas where she or you feel that more information or work may be needed. If she has a business plan already developed, reviewing it together is a great place to start. If she doesn't, helping her to think through how she can craft one, as well as answering any initial questions she has, will make the process of crafting the business plan go more smoothly.
- Ideally during your first or an early visit, help her resolve any questions or issues, or provide other help, such as offering to introduce her to an important stakeholder, to reinforce the value you can provide.
- Agree to any work either one of you has committed to do before your next meeting. Make sure that you have a shared understanding of what this work is.
- Occasionally (every few months, for example), check in with the young woman as to how you can be helpful and whether the mentoring relationship is meeting her needs.

## Helping Young Women Make Contingency Plans and Manage Risk

### WHAT ARE CONTINGENCY PLANS?

Contingency plans are defined as strategies established in advance to manage adverse events, allowing for a more effective and immediate response to problems that can be predicted. In the case of a small business, your contingency plan might have several objectives, including one that deals with containing whatever damage might occur and continuing the business' key operations (producing, selling products, or providing services).

### WHAT ARE CONSIDERED "ADVERSE EVENTS"?

Adverse events can be as simple as the risks that each business carries. For example, if a business owner is producing and selling wood furniture and relies on shipments of fresh cut wood to be transported from another location by logging trucks on a monthly basis, there is always the risk that a truck will break down and a shipment will arrive late or not arrive at all. In this situation, the risk is always present and, to some extent, foreseeable.

To develop a contingency plan for this situation, the business owner could research the transport company before she contracted with them to find out what their record is of on-time deliveries and what they do in the case of a truck breaking down. She could purchase insurance that would allow her to get a replacement truck to the site of the breakdown so the wood could be transferred and transported in a relatively short span of time. She also may simply choose to live with the risk that this type of accident can happen.

**Activity 7**  
Thinking Through a  
Contingency Plan



Adverse events can be on a much larger scale, such as natural disasters or other forms of crises. In this case, the adverse event is a crisis that cannot be foreseen, such as an earthquake occurring, a government collapsing, or the business owner becoming injured. These types of disasters are much harder to plan for and manage as a small business owner.

### WHAT STRATEGIES CAN HELP DEAL WITH ADVERSE EVENTS?

Adverse events, whether big or small, long or short term, can be tricky to plan for, yet having some strategies in place can help a business owner manage whatever comes her way. Following are some examples of business strategies:

- An experienced business person or auditor can help to identify business risk in day-to-day operations. She or he can help a new business owner to see, for example, if she has too much invested in fixed assets and not enough cash available at a given point in time.

- Permanently setting aside some amount of cash for a “security fund” can help if the potential for a manageable risk seems high—for example, if a business owner needs to have access to extra water for a crop if the rains don’t come at the time predicted.
- If a business owner employs staff, making sure that these individuals are responsible, reliable, and trustworthy is critical.
- If it is possible to buy insurance for the business or the business owner, it is important for the business owner to consider the benefits as well as the costs of such a purchase early in the process of setting up the business.

## Conclusion

Coping with the challenges of launching and running a small business may help young, at-risk women gain (or retain) a sense of resiliency. Figuring out how to develop support structures in the form of positive relationships and advance planning will lead to other lessons that are important in their lives. No one is comfortable facing obstacles (especially those that lead to failure). But helping young women to navigate around such obstacles, learn by overcoming challenges, and recognize a diversity of approaches to problem solving will also increase their ability to cope with whatever comes their way in both their personal and their professional lives.

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### Resources

Count Me In (website devoted to women starting and growing businesses in a U.S. context; links to leadership and management, growth, financials; some resources applicable for all settings)

[www.makemineamillion.org](http://www.makemineamillion.org)

## ACTIVITY 7

# Thinking Through a Contingency Plan

### Supplies needed:

- Pen or pencil to write with and paper

### Directions:

1. Explain what a contingency plan is, using a definition similar to the one noted at the beginning of this section and further explained here:
  - Strategies established in advance to manage adverse events that help you to act quickly and in a smart way when faced with an adverse event.
  - Small businesses should have two components in their contingency plans:
    - one that deals with containing whatever damage might have occurred (e.g., after a storm has caused damage, quickly replacing the roof on your inventory storage area, salvaging whatever inventory you can, and throwing out whatever has been damaged if it cannot be fixed)
    - and continuing the key operations such as producing, selling products, or providing services of the business. (For example, moving the existing inventory to another storage location while the roof is fixed so that you can continue to sell your products while the roof repair happens.)
2. Divide the program participants into smaller groups based on their type of business.
3. Ask each small group to identify possible risks in each of their businesses, some of which are likely to be particular to an individual business and some of which will probably be common to all. Ask each program participant to write down her business-specific risks and one person to write down the risks that all their businesses share in common.
4. After each small group has had the chance to list their risks, have the groups share their risks listed with the larger group.
5. As a large group, lead a brainstorming discussion on possible solutions to the risks that all of the young women share. Probe further to see how they could help each other handle these risks.
6. After the large group discussion, divide the participants back into smaller groups, based on similar businesses (for example, those that are agriculturally based versus those involving services to a local market). Ask each small group to consider the solutions they brainstormed as a large group and what (of the brainstormed list) might be possible solutions for their business.

*continued . . .*

7. From this discussion, ask each participant to draft her own contingency plan based on what she considers to be her top two to three risks and possible solutions if those adverse events were to occur.
8. Finish the exercise by noting that in addition to trying to create a concrete plan, this exercise also helps to “normalize” a mindset of trying to predict problems that might occur in advance and ways to address them.

Because the world is an uncertain place, especially for new entrepreneurs, it is important not to frighten or discourage the young women by overemphasizing all the possible catastrophes that could occur. Rather, explain that unknown challenges and risks are part of everyone’s lives and especially part of any new business, not just theirs. Reinforce the personal skills they have recognized about themselves throughout the training to cope with such challenges, as well as the support of their group, family, and the organization to help in times of difficulty. Be careful to share ways that the women can get support, without making promises on the part of the organization that may be difficult or impossible to keep.

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***“It is important to remember that, as unfortunate as it may be, experiencing crisis also provides the opportunity for change. There is no better time to look at how you can change your staff or systems to make your business better...”***

**Charles Maisel, entrepreneur and founder of Black Umbrellas, South Africa**

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## Part 4: Talking About Money

# Financial Literacy

Financial literacy is often a core component of programs working with young people on entrepreneurship. Increasingly, it also is being taught to children and youth in schools since understanding how to manage money is recognized as a fundamental life skill. Financial literacy is very relevant to young, at-risk women so it is important to consider how to tailor the training according to their literacy level and comfort with simple math.

This chapter gives an overview of a variety of financial education that girls and young women may have at different stages in their lives. The concepts are covered more fully in chapters 10, “Fundamentals of Finance for a Beginning Entrepreneur” and 11, “Capital, Savings, and Credit.”

Research has shown that young females in general have limited decision-making authority or control over economic resources. Findings also show they are interested in saving money, have access to money, but remain uninformed about available savings options. This reinforces the importance of financial literacy programs.<sup>1</sup>

## IN THIS CHAPTER

- Importance of financial literacy for all young women, and especially those interested in entrepreneurship.
- Goals for financial literacy training.
- Key aspects of financial literacy for young women of different ages.
- Five core concepts in financial literacy.

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***“Financial literacy can be likened to the foundations of a house. If the foundation is not adequate, not only does it make it difficult to build the house, but the strength of the house will be compromised.”***

**Anuja Cabraal Financial Literacy, Banking and Identity Conference,  
October 2006, Melbourne, Australia**

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## Financial Education and Literacy

Most definitions of financial literacy focus on an individual’s personal financial needs: the knowledge, skills, and competencies that a person needs to manage his or her ongoing finances. Some call the information taught “financial education” and the information gained by an individual “financial literacy.” We endorse these definitions and, in this chapter, will focus largely on the aptitude that we hope young women acquire.

For this handbook, we have chosen the following simple and practical definition of financial literacy:

**Financial literacy is the ability to understand basic principles and concepts regarding the management of money that are critical for personal finances, as well as for starting and managing a business.**

## Acquiring Financial Literacy

There are many reasons why financial literacy is important both for individuals in their daily lives and for potential entrepreneurs. Young women may not be comfortable with managing money especially if they have had little experience taking part in financial decisions in their families. Generally, acquiring this skill is a key element of empowerment. For young women interested in entrepreneurship, financial literacy is critical:

- By definition, entrepreneurship is risky. In order to help minimize risks, the young women need to be smart about how they earn and use money.
- As business owners, young women will be interacting with people who most likely will have a lot of knowledge about money, and some may try to take advantage of those new to the business world.
- In order not only to launch an enterprise, but keep it going and turn a profit, young women will have to know the essential concepts related to borrowing, earning, saving, and spending money, all of which are critical components of basic money management and, ultimately, survival.
- Along the way, young women starting businesses will have a series of choices to make; being able to understand financial options will enable them to make better choices.

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***“Financial education equals financial empowerment.”***

**Peter Crear, Chief Executive of the World Council for Credit Unions**

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## Goals in Financial Literacy Training

The overall goal of financial literacy training is to ensure that the young women you work with are equipped to make smart financial decisions. In order to do so, they will need to be able to do the following:

- Recognize and understand key financial words or terminology and the underlying concepts behind them.
- Have the confidence to ask questions and explore options.
- Identify opportunities and avoid pitfalls.
- Make informed choices using all of the information gathered.

Although it may take time for the young women you work with to acquire these skills, along the way they also will likely begin to ask more sophisticated questions and be more able to interpret information they learn—both important skills on the way toward making smart financial decisions.

## Range of Financial Literacy Needs

A young woman's needs are different depending on her age, the stage of her life, and whether she intends to start or grow a business. For example, a young adolescent girl may only need to know a few simple ideas about budgeting and saving. A young woman who is considering starting her own business needs to gain mastery of more issues and a deeper understanding of each. Table 10 presents some key concepts a young woman will need, based on her age and goals.

Table 10. Financial Literacy Needs at Different Ages

Age range	Key concepts to share	Sample resources
6-10	learning the basics about money, savings, wise spending	<ul style="list-style-type: none"> <li>▪ <a href="http://www.takechargeamerica.org">www.takechargeamerica.org</a> includes lesson plans on concepts of "wants" and "needs" (click on education/resources, then click on financial lesson plans for children, grades 1-5 included by topic, some are based on a specific book, but all cover training tips: "wants and needs" is under grade 1).</li> <li>▪ <a href="http://www.figurethis.org">www.figurethis.org</a> provides online ideas for teaching math basics critical to financial literacy (click on math index for clickable ideas and sample problems).</li> </ul>
10-15	money, savings, spending, budgeting	<ul style="list-style-type: none"> <li>▪ "The ABCs of Saving" by the Council on Economic Education, includes definitions of key concepts, why saving is important, and how to do it. Training guides and other materials can be downloaded. EconEdlink, <a href="http://www.econedlink.org/lessons/index.php?lesson=414&amp;page=teacher">http://www.econedlink.org/lessons/index.php?lesson=414&amp;page=teacher</a>.</li> </ul>
15 and older	money, savings, spending, budgeting, planning	<ul style="list-style-type: none"> <li>▪ Jump\$start coalition offers a variety of tools, resources, updates, and news, as well as a clearinghouse of information on personal financial literacy (<a href="http://www.jumpstartcoalition.org">www.jumpstartcoalition.org</a>).</li> </ul>

continued . . .

... Table 10 cont'd

Age range	Key concepts to share	Sample resources
15 and older and interested in starting own business	money, savings, spending, budgeting, planning, credit, borrowing, re-investing	<ul style="list-style-type: none"> <li>▪ <a href="http://www.moneyandyouth.cfee.org/en/">www.moneyandyouth.cfee.org/en/</a> (designed for teachers, parents and youth; click on “book” for completely downloadable book for youth on money; includes definitions, concepts, stories, and basic guidance).</li> <li>▪ International gateway for financial education (<a href="http://www.financial-education.org">www.financial-education.org</a>) offers a variety of tools and resources for students. Many, but not all, are for those based in developed countries.</li> <li>▪ National Endowment for Financial Education, evaluation toolkit, (helps trainers to assess needs, pre- and post-level skills, downloadable forms, <a href="http://www2.nefe.org/eval/license_agreement.html">www2.nefe.org/eval/license_agreement.html</a>).</li> </ul>
<p><b>Additional resources:</b></p> <p>Youth Business International: Works in more than 20 developing countries to tackle youth unemployment by running programs to help young people start their own businesses. <a href="http://www.youthbusiness.org">www.youthbusiness.org</a></p> <p>Junior Achievement: International organization working primarily in schools or after-school programs on a variety of issues, including helping students learn skills fundamental to starting businesses (work readiness, financial literacy, and entrepreneurship). <a href="http://www.ja.org">www.ja.org</a></p>		

## Key Components of Financial Literacy

Many financial literacy curricula consider the following five components as core, sometimes adding others:

### Five Key Components to Financial Literacy

1. Earning
2. Saving
3. Spending
4. Borrowing
5. Managing

The remaining chapters in this section provide additional concrete information as to how these five components are applied to launching and running a small business.

### EARNING

Earning usually refers to getting money in exchange for work. (Young women also sometimes get pocket money from their parents or as gifts from relatives, boyfriends, etc.). The money earned is called income and can be used for saving or spending. (“Spending” can also be investing or reinvesting in the business venture.)

To learn more about a young woman's need to earn income, have her ask herself the following questions:

1. Why do I need to earn money?
  - Personal needs?
  - Need to contribute to overall household income?
  - School fees?
  - Childcare?
2. What is my current total financial need?
3. What are my current sources of income?
4. What is the regularity of each of these sources (for example, an occasional small gift of cash versus a steady weekly wage)?
5. How much of my total financial need do I expect or hope that a new business might cover?

Although basic, these questions may help a young woman to clarify her overall current financial picture and also to think through the amount of financial risk she can take when trying to establish a new business.

## SAVING

Saving simply refers to putting money aside in a safe place. By adding to this money saved over time, a young woman will have more money to access. Young women may save to meet a specific goal (for example, buy a new pair of jeans, a present for someone, or a bus ticket somewhere) or to help in an “emergency,” such as when family members need to pay for something unexpected (for example, a hospital bill).

In some communities, it is possible for a young woman to put money in a bank, especially if she is 18 years old (considered by many countries to be legal age) and a bank is located nearby. In other locations, this may not be feasible for a variety of reasons: distance to the bank, young woman's safety, lack of mobility, lack of required identity documents, etc. In such instances, you will want to have a more detailed conversation with the young woman about her plans for storing money once she earns it. Some nonprofit organizations pool each young business owner's income, keeping careful account of what money belongs to whom, and then they open a savings account in the name of the nonprofit organization, rather than the young woman's name. (See chapter 11 for more information on savings options.)

To help a young woman think about saving, you could ask her the following questions:

1. What do you expect to do with the initial money you earn?
2. What percentage of your earnings do you hope to save?
3. Where do you think might be a safe place to store the money earned?
4. Will there be other people in your life who think the money you earn might belong to them (for example, parents, boyfriend, or husband)?
  - How do you see yourself addressing such a situation?
  - Do you need any help figuring out how you could deal with such a situation?

Some programs have young women do role-play exercises to come up with possible solutions to concerns about retaining control over the money they earn.

Some young women who earn money report finding it hard to save for a variety of reasons. Many places, perhaps especially very poor areas, do not have a culture of saving. The emphasis is on daily survival. Additionally, if she has no safe physical location to keep the money earned or if other people pressure the young woman to give them her earnings or savings, she can have a very hard time maintaining a firm grip on her money. Because saving may be complicated for young women, logistically or personally, you will want to discuss possible solutions to the challenges they may face.

## SPENDING

Spending refers to using money to buy something. Although program participants will be familiar with the concept of spending, you still will need to talk with them about how making choices applies to spending. No one ever has enough money to buy everything she wants, so figuring out how to differentiate between needs and wants, as well as set priorities, is critical.

Program participants need to understand about trade-offs concerning time and money. For example, when someone decides to spend money on one thing, that choice prevents her from spending the same money on something else. (The option not chosen is called the *opportunity cost*). This idea can also be applied to time, an important aspect to remember, especially given how much time it will likely take a young woman to start a small business. Since young people often are busy with other responsibilities and commitments, they need to consider opportunity costs across both dimensions of time and money. (See chapter 10 for more on the relationship between time and money.)

You could ask a young woman the following questions to help her consider her spending choices:

1. What will be the opportunity costs of your spending time and money to launch a new business? What will you not be able to do or have because you are concentrating on your new business?
2. Are there issues that you need to think about in advance (such as childcare) to help ensure that you have adequate time to do what you need to do?
3. Can you think of ways to cut costs or save time in other parts of your life that will help save time and money for your new business?

## BORROWING

Borrowing refers to using funds with the intention of returning them often with “interest.” Interest is money paid regularly at a particular rate (see box below) for the use of borrowed money. Young women interested in starting a new business venture are likely to need to borrow funds. This requires careful thought and planning upfront.

### **Borrowing: important terms**

- **Debtor:** someone who borrows.
- **Creditor:** someone who lends.
- **Debt:** a liability, something owed.
- **Credit:** an asset, something that has been loaned.
- **Interest rate:** the price paid for using money, expressed as a percentage of the amount borrowed.

It is important to consider the borrowing options in your community or program and use these options to frame the training you conduct on borrowing. Young women interested in starting a new business will have many questions related to borrowing to consider in advance. In some locations, moneylenders are the only source of borrowing, and prospective borrowers may not realize the potential cost of high interest rates charged, so raising awareness of this issue is critical.

Following are some useful questions to ask young women to think about regarding borrowing:

- What amount of money is the minimum you think you will need to start your business?

- What concerns you most about borrowing funds and what kind of contingency plans could you make to lower your risk?

A variety of borrowing options may be available for the program participants to consider (see chapter 11 for more details). In the meantime, given what you know about options in your community, some questions to consider sharing with the young women as they begin to think about borrowing include the following:

- Is the interest rate on the loan fixed (meaning, always the same), or does it vary?
- How does the rate compare with other rates available?
- What are the first and last payment dates?
- Can you pay off the loan at any time? (If so is there any penalty for doing so?)
- Are there fees other than interest payments?
- If you cannot make a payment, what will happen? Will there be other penalties?

## MANAGING

Managing money refers to dealing with finances and usually starts with creating a plan and following it as an individual or business earns, spends, saves, and borrows money.

One of the most important management tools for working with money is a budget. It provides a step-by-step guide to help achieve set goals. A budget is an organized way to look at and understand what money comes into a household or business (and when) and what money goes out of a household or business (and when). Most budgets provide a way to look at regular income and expenses and those that are irregular or occasional—both of which are critical to someone starting a small business and trying to make funds reach as far as possible. You can explain the difference between a personal budget and a budget created for their new businesses, and explain that profits from their business budget can become income on their personal budget.

Keeping accurate and clear records is critical for a budget (and any other financial management tools) to work. Depending on the literacy of the young women your program serves, there are a variety of budgeting tools available that may meet your needs.

Once the young women have learned general information about budgeting and know how to do basic recordkeeping, you will need to address the concept of “cash flow.” Read more about cash flow in chapter 10.

## Conclusion

For at-risk girls and young women, basic financial literacy, coupled with a message of empowerment, may be the most important training your organization can provide. The skills and concepts they learn will inevitably help them in many areas of their lives. Having basic financial literacy is absolutely essential to help these young women gain the confidence that comes with knowledge, the ability to ask questions when they don't understand, and the resourcefulness to know how to find answers when problems arise.

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### Resources

Canadian Foundation for Economic Education, Money and Youth: Chapter 9, Taking Financial Control with Budgets and Plans. Written for either literate youth or program staff to use with very clear text and instructions.

[http://moneyandyouth.cfee.org/en/resources/pdf/moneyyouth\\_chap9.pdf](http://moneyandyouth.cfee.org/en/resources/pdf/moneyyouth_chap9.pdf)

Global Financial Education Program. A curriculum that outlines training related to financial education for practitioners and clients.

<http://www.globalfinancialeducation.org/curriculum.html>

Citigroup's financial education site for young people and adults. Offers resources and education aimed at different ages (described as "kids," "teens," and "adults"), includes interactive lessons, facilitator tips, and printable lesson plans—all in English or Spanish.

<http://www.citigroup.com/citi/financialeducation/curriculum/index.htm>

Microfinance Opportunities website for clear definitions, as well as descriptions of trends in the microfinance industry, and links to products/resources (most of which are for sale, rather than free to the user) from organizations well-versed in financial education (such as Freedom from Hunger)

<http://www.microfinanceopportunities.org/index.php>

# Fundamentals of Finance for a Beginning Entrepreneur

The ability to work with numbers, especially as the program participants get farther along in their businesses, is key. Basic financial literacy (as covered in chapter 9), together with more specific information on credit, savings, and capital (as covered in chapter 11), form the building blocks for the basic financial information needed to launch a small business enterprise.

As their businesses get off the ground, however, and begin to earn money, your program participants will quickly need to know more. This chapter explains some key terminology or words used in finance, as well as some basic concepts including the time value of money and financial statements.

## IN THIS CHAPTER

- Key financial terminology.
- The time value of money.
- How to draft, read, and understand financial statements such as balance sheets and income statements (profit and loss).

### Glossary of Key Words used in Finance

**Auditor:** an accountant who is qualified to examine and evaluate financial records for accuracy

**Assets:** what a business owns, has in hand, or has a claim on (such as receipts or payments due for goods or services sold)

**Balance sheet:** a description of a business's finances with 2 principle characteristics—the financial “health” of the business at a given moment in time and a description of the businesses' assets balanced against its liabilities and equity

**Equity:** a word for capital or what a business is worth

**Expenses:** the cost of producing goods or services, as well as marketing and selling them

**Financial statement:** an accounting tool that tells the story of a business in financial terms

**Income statement:** a picture of the income a business earns over a period of time; also called a “profit and loss” statement

**Liabilities:** debts or money owed

**Net worth:** a term used to describe what a business has minus what it owes, another way of describing a business's capital or equity

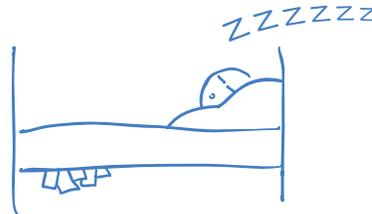
**Profit and loss:** a description of a business's income. When revenues exceed expenses, the result is a profit; when revenues are less than expenses, the result is a loss. For this reason, the income statement is also called the Profit and Loss Statement, or P&L for short.

**Revenues:** funds received through the sale of products or services

## Time Value of Money

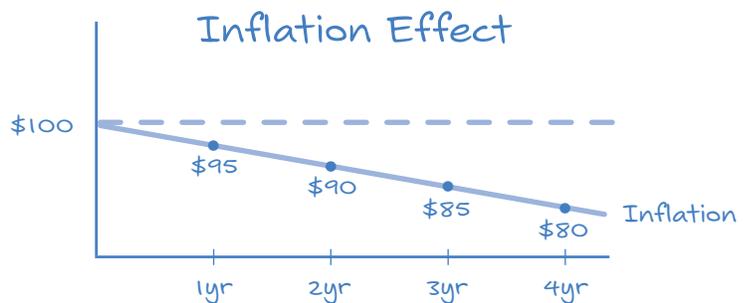
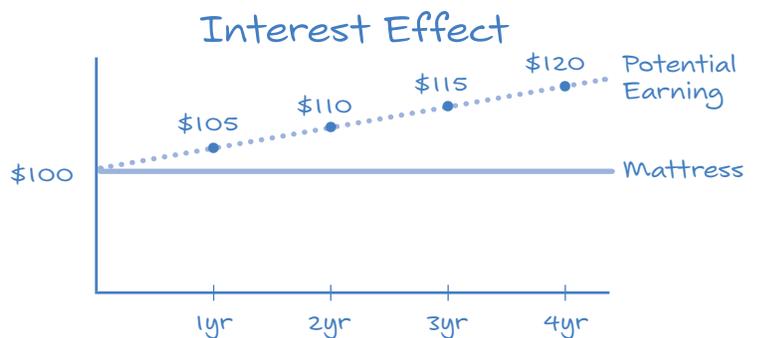
This concept rests at the core of all finance. If finance is defined as the science of managing money, the reason money must be managed is because of the effect of the “time value of money.” That is, the idea that money available today is worth more than the same amount in the future due to its potential earning capacity and the diminishing effects of inflation. For the most part, any amount of money is worth more the sooner it is used.

What happens if you have \$100 and put it under a mattress? You lose money!

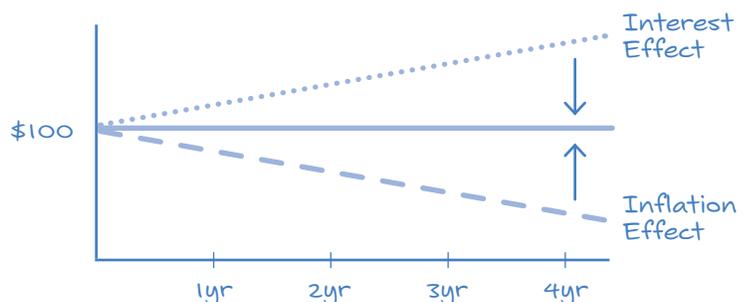


You lose money two ways:

1. Because you are not earning interest on it.
2. Because inflation is reducing the value of your money.

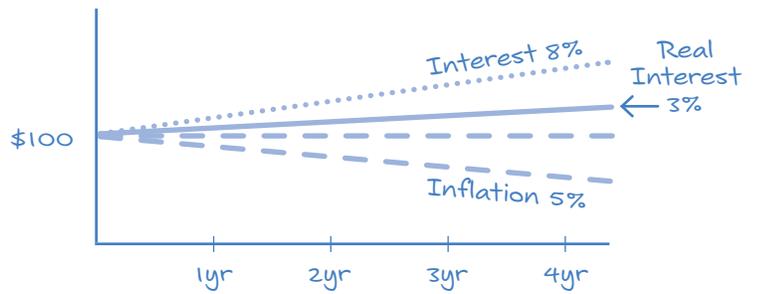


As you can see, if the rate of inflation is the same as the interest rate you are earning, both opposite effects balance each other out and you do not lose money. But you don't make money either!



So the only way to make money is to earn interest at a higher level than the rate of inflation.

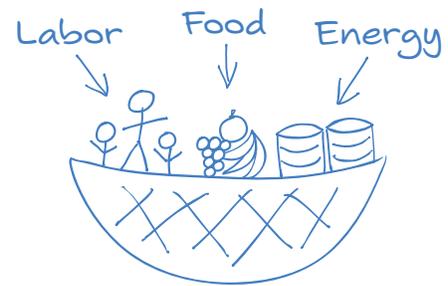
Interest = 8%  
 Inflation = 5%  
 Real interest rate = 3%  
 Your money will grow at a 3% rate!



Let's look at each factor separately.

## 1. INFLATION

- Inflation is the rate at which prices go up.
- Each country's inflation rate is determined by a basket of goods.
- Each basket contains the major resources the country consumes: labor, food and energy.



Each country's inflation rate is different depending on the mix of goods and on the cost of these goods in that country.

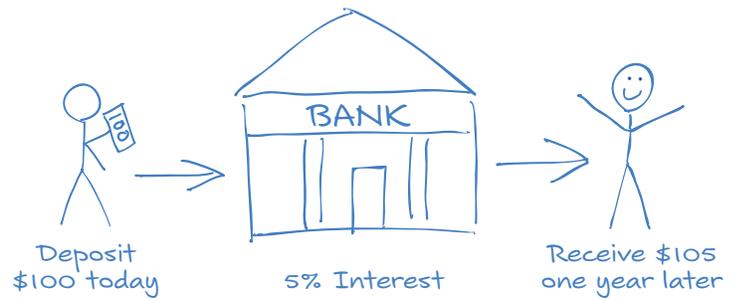
In cases where a country is suffering hyperinflation, a bag of groceries can cost more in the evening than in the morning! Homeowners start hoarding goods, which makes prices go even higher because they become even more scarce.

Imagine the case of Zimbabwe where inflation was running at an annual rate of 89,700,000,000,000,000,000% by the end of 2008. That meant that if you paid \$1 for three eggs on November 30th, you would have to spend close to \$100,000,000,000 for the same 3 eggs on December 31st! What would you do if you expected this level of inflation? You would buy as many eggs as you could in November and sell them for what they are worth a month later to keep up with your ability to buy goods. You would hoard and barter as keeping money would be meaningless. (In fact, the Zimbabwe Dollar ceased to exist just months after this.)



## 2. INTEREST

Interest is the additional money you receive when you invest or save your money. If you save your money with a reputable institution or group savings plan (see chapter 11 for more on these), you should expect to get interest from the person/institution with whom you invest it.



Investing or saving your money is the only way to “hedge” against inflation. If you put your money under a mattress, when you take it out a year later, the things you want to buy will cost more because of inflation. An interest rate the same as or greater than inflation will ensure you will be able to buy the same goods.

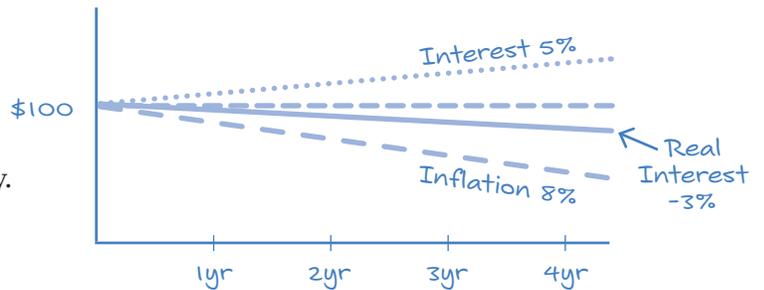
Remember, the only way to increase your wealth is to save at an interest rate higher than inflation.

If inflation is higher, you are losing money.

Interest = 5%

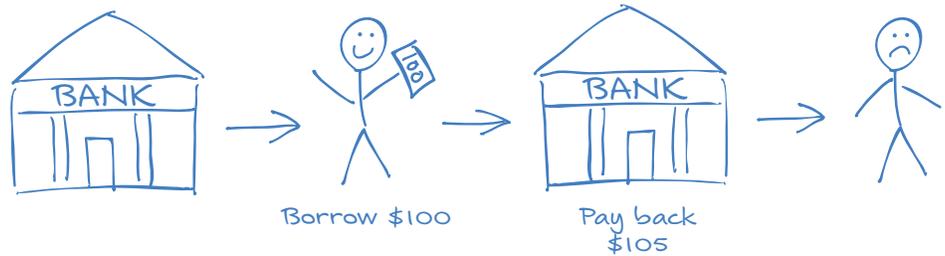
Inflation = 8%

Real interest rate = -3%

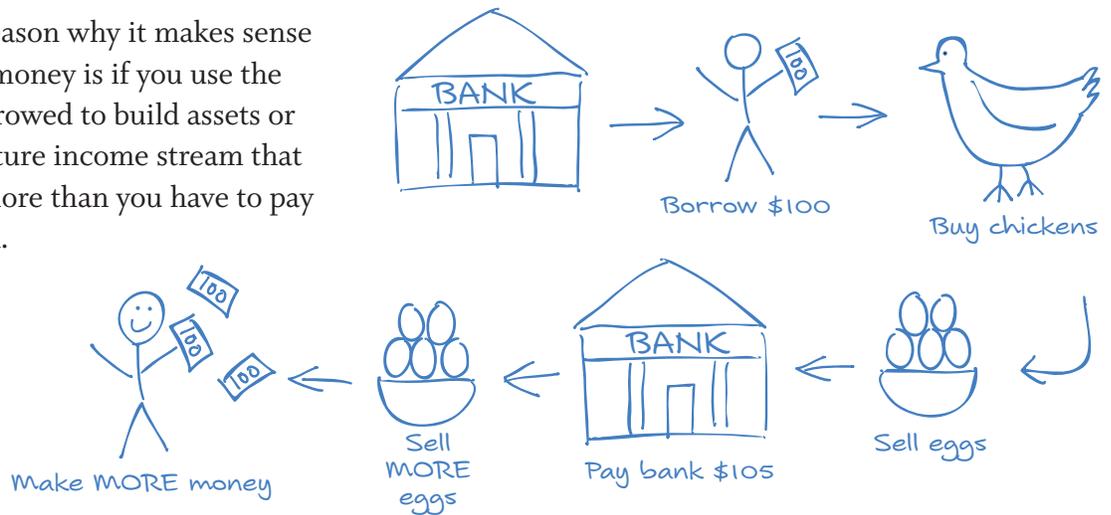


Now, how about if you are a borrower instead of an investor?

Time Value of Money now works against you. If you borrow \$100, you will owe your lender more than the \$100 you borrowed (principal + interest;  $\$100 + \$5 = \$105$ ).



The only reason why it makes sense to borrow money is if you use the money borrowed to build assets or secure a future income stream that will earn more than you have to pay to the bank.



Look, for example, at clothing bazaars. If you are buying a machine that will allow you to make 20 dresses a day instead of 10, you can double your production. If the machine costs \$100, and the bank charges you 20% per year, you will have to be able to sell the 20 dresses for more than the \$120 in principal and interest that you are repaying to the bank to make a profit. If you can, it would make sense to borrow the money to buy the machine.

Now that the concept of the time value of money is understood, it can be applied to the context of a small business enterprise through accounting tools known as financial statements.

## Financial statements

Financial statements tell a story, like a book or a movie. Let's look at a story about two similar organizations, Blue Bazaar and Red Bazaar. They both make dresses and they both have assets worth \$100,000. Let's see which one you would rather own. The picture painted below helps introduce the idea of a balance sheet (more on that on page 130).

### BLUE BAZAAR

This organization has cash in the bank totaling \$50,000, has sold dresses and is due from its customers \$15,000, and has additional dresses in inventory worth \$10,000. It has its own store worth \$25,000. These are its assets.

Assets are what you have, what you own, or what you have a claim on, such as the receipts or payments due for the dresses you sold. For example, if you bought inventory (cloth) at \$10 apiece for 1000 pieces, then your inventory is worth \$10,000.

ASSETS	
Cash	\$50,000
Receipts	\$15,000
Inventory	\$10,000
Store	\$25,000
	\$100,000

On the other hand, this organization has debts or liabilities of \$20,000 to pay salaries, \$20,000 to pay suppliers and \$5,000 left on its mortgage payment for its store. These are amounts that the organization owes.

LIABILITIES	
Payables	
• Salaries	\$20,000
• Suppliers	\$20,000
Interest	\$5,000
	\$45,000

If you take what the organization has and subtract what it owes, you are left with the organization's capital or equity. Another term for this is its net worth.

Assets	\$100,000 -
Liabilities	\$45,000
	\$55,000
Equity	

$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

$$\text{Equity} = \text{Capital} = \text{Net worth}$$

Now let's see the other organization.

**RED BAZAAR**

It has cash totaling \$15,000, receipts from customers of \$35,000, and dresses in inventory worth \$50,000. It does not own a store. This organization has a \$20,000 payroll, owes \$40,000 to suppliers, has an outstanding loan with interest owed of \$5,000, and pays \$10,000 rent. Total liabilities of \$75,000.

**ASSETS**

Cash	\$15,000
Receipts	\$35,000
Inventory	\$50,000
	\$100,000

**LIABILITIES**

Payables	
•Salaries	\$20,000
•Suppliers	\$40,000
Interest	\$5,000
Rent	\$10,000
	\$75,000

The Red Bazaar has equity of \$25,000, as opposed to Blue Bazaar which has equity of \$55,000. Which would you rather own? Which would you think a bank would rather lend to?

**ASSETS - LIABILITIES = EQUITY**

Blue Bazaar

$$\$100,000 - \$45,000 = \$55,000$$

Red Bazaar

$$\$100,000 - \$75,000 = \$25,000$$

Now let's see what happens if there is an unfortunate incident one month later: a hurricane and flooding!

Blue Bazaar has had to use its cash to pay suppliers and salaries. They still have their receipts unpaid, and have had to lower the value of their inventory since the dresses have been damaged by the water. They also have had to cut their workforce in half. Their assets have halved from \$100,000 to \$50,000, but they still have \$35,000 in equity.

**BLUE BAZAAR AFTER HURRICANE**

Assets		Liability		Equity
Cash	\$5,000	Salaries	\$10,000	
Receipts	\$15,000	Interest	\$5,000	
Inventory	\$5,000			
Store	\$25,000			
\$50,000		\$15,000		\$35,000

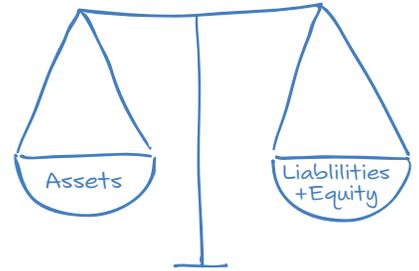
The Red Bazaar has had to use all its cash plus receipts to pay suppliers and salaries. They deeply discounted their remaining inventory to pay the balance that they owed to suppliers. Unless they can raise their prices again, they will have no money to pay rent and salaries and to continue paying for raw materials to carry on their business!

**RED BAZAAR AFTER HURRICANE**

Assets		Liability		Equity
Cash	\$0	Salaries	\$10,000	
Receipts	\$5,000	Interest	\$10,000	
Inventory	\$15,000			
\$20,000		\$20,000		\$0

What we have seen is how you can tell a story with numbers. During the course of this story we have built two balance sheets. A balance sheet has two principal characteristics:

1. It is a snapshot, a picture of the organization's financial health at a given point in time; and
2. It must be in balance, both sides of the statement must always equal the same.

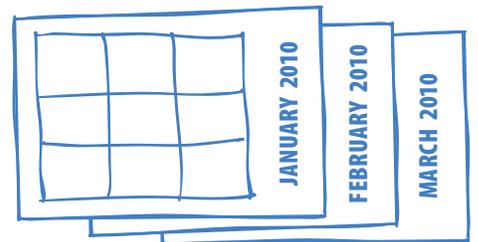


The balance sheet is one of the most important financial statements that can give a reliable picture of the health of a business or institution. The other one is the income statement. An important difference between the balance sheet and the income statement is that while the balance sheet is a snapshot of a point in time, the income statement shows activity occurring during a period of time.

Balance Sheet



Income Statement—First Quarter



The income statement tracks revenues and expenses during a period of time. Revenues are funds received through the sale of products or services. Expenses are the costs of producing, marketing, and selling these goods. When revenues exceed expenses, the result is a profit. When revenues are less than expenses, the result is a loss. That is why the income statement is also called the Profit and Loss Statement, or P&L for short.

INCOME STATEMENT

$$\text{Revenues } \uparrow + \text{Expenses } \downarrow = \text{Profit}$$

$$\text{Revenues } \downarrow + \text{Expenses } \uparrow = \text{Loss}$$

Profit and Loss (P&L)

Tracking income is important. A business owner wants to know how much she makes, and how much she is owed. This is her revenue or turnover. It is the sum of all of the money from her clients.

Her expenses include any costs required to make the business work. It is the cost of all the goods produced or sold. It is the salaries she pays her employees. It is the rent and operating expenses of her building or office. It is also the costs of advertising, and marketing. These, together, make up her expenses.

It is quite common for a business to have a loss in the first couple of years, but beyond that timeframe it may become a problem for a business owner to try to continue to operate “at a loss.”

<b>Revenues</b>	<b>\$100,000</b>
• Sales	\$50,000
• Fees	\$40,000
• Interest	\$10,000
<b>Expenses</b>	<b>\$80,000</b>
• Salaries	\$40,000
• Rent	\$5,000
• Utilities	\$5,000
• Raw Materials	\$10,000
• Equipment	\$10,000
• Marketing	\$10,000

Revenues - Expenses = Net income

$\$100,000 - \$80,000 = \$20,000$  profit!

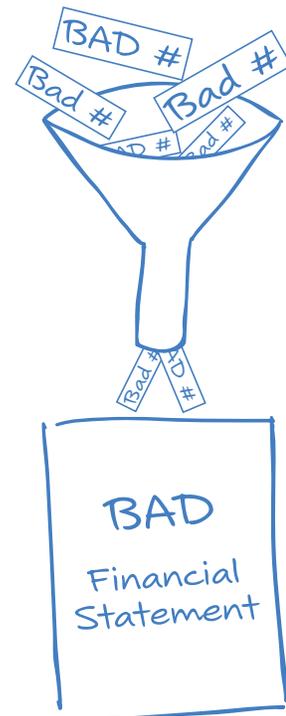
So how do the balance sheet and income statement work together? They help show how a business grows and what that business is worth to the owner (and to someone else, like a bank or a potential buyer). Let's look at Blue Bazaar one year after it made a \$20,000 profit.

ASSETS			LIABILITIES		
	31-Dec-09	31-Dec-10		31-Dec-09	31-Dec-10
Cash	\$50,000	\$70,000 <small>(\$20,000 from profits)</small>	Salaries	\$20,000	\$20,000
Receipts	\$15,000	\$15,000	Owed to Suppliers	\$50,000	\$50,000
Inventory	\$10,000	\$0	Interest	\$5,000	\$5,000
Store	\$25,000	\$35,000 <small>(\$10,000 of new equipment)</small>	<b>EQUITY</b>		
			Retained Profits	\$0	\$20,000 <small>(last year's profit)</small>
			Equity	\$25,000	\$25,000
<b>TOTAL ASSETS</b>	<b>\$100,000</b>	<b>\$120,000</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$100,000</b>	<b>\$120,000</b>

We assume the business stayed more or less the same, but a few things happened. Equipment was added to the store. That makes the store more valuable. People paid for the dresses. That increased cash. Dresses were sold which decreases inventory. The story this balance sheet tells is interesting: Blue Bazaar better spend some of that cash and buy some more inventory or they won't have any dresses to sell! And the business grew. The profit the business made can be reinvested into inventory to make more dresses to sell. A balance sheet and income statement helps business owners understand where all their hard work is going—and what they need to focus on in the coming year. More cash? More inventory? Persuade the customers to pay faster? Raise prices?

Cash flow is another tool that businesses use to help them manage. Without cash, a business doesn't get very far—like what happened to Red Bazaar—too little cash can force a business to shut down quickly. Managing cash flow is critical, especially for new enterprises. A business needs to have sufficient cash in order to “bridge” late payments from customers.

Financial statements are only as good as the numbers used to create them: good numbers produce good statements; bad numbers produce bad statements. That is why auditors are often used to make sure the numbers that make up the financial statements are accurate and reality-based. There are accounting conventions that govern the rules of accounting, and these may differ by country.



# Capital, Savings, and Credit

Nearly all businesses need resources to get started, so it is important to figure out how the young women in your program can access capital. Capital, defined as goods or money used to invest in order to make more money, is a critical part of business development. This capital can be used to get inventory (such as spices to be used as ingredients in food for sale), to acquire needed equipment (such as a stove), or for marketing (such as through advertisements). Raising her own capital can help a young woman reduce her reliance on her family, partner, or other community members if any have helped to subsidize her efforts with cash, equipment, or labor.

As discussed in the introduction, some income-generation options readily available to young, at-risk women, such as drug trafficking, transactional sex, and commercial sex work, compromise their health and safety. Borrowing from moneylenders who charge very high interest rates may also pose undue risks for young women. Discussing risks associated with different ways to raise capital is important, while not making judgments about their choices.

This chapter emphasizes supporting young women's access to credit through referral or partnering with other agencies providing credit. It does not address becoming a direct lender/creditor. It describes different sources of credit and outlines key questions for you to consider when exploring a relationship with agencies providing credit.

## IN THIS CHAPTER

- Key terms used in capital, savings, and credit.
- Sources of capital and their challenges.
- Saving money through formal institutions and rotating savings and credit associations.
- Credit-based sources of capital and forms of credit.
- Steps organizations can take to assess and access credit.

## Understanding Capital

### CAPITAL

Capital refers to money (cash in hand), goods (in-kind), or credit (borrowed money) for purchase of inputs to invest in a business. Cash in hand and in-kind goods are generally considered “inputs” for a business, while credit—because it must be repaid typically with business profits—becomes first an “input” and then an “expenditure” for a business. In this chapter, we focus on cash inputs; however, for those with even more limited resources, in-kind capital<sup>1</sup> may be a solution.

Programs can help young women to think through existing and potential sources of cash to start or develop a business. You can pose the following questions to program participants to help them think about how they currently acquire capital:

- Do you ever receive cash as gifts?
- Does anyone ever (or regularly) give you spending money?
- Do you ever earn cash for any work you do?
- Are you ever able to save small amounts of money that are left over after you have been given cash to pay for something such as school supplies or other necessities?
- Is there anyone in your community (teachers, leaders, successful small business owners, or others) who might be willing to provide a small amount of start-up cash with no restrictions or expectations regarding future control over your business?

Answers to these questions will help to frame the program participants' thoughts about what money they already have or might be able to get as they gather resources together to start a business.

Your organization could also provide small grants to help young women test new skills in their first business venture without taking on financial risk. This is particularly useful for younger women who have less experience running a household budget or business. Several well-documented programs have used this approach as a “stepping stone” to enable girls to access other sources of capital.<sup>2</sup>

### Challenges of Capital

Young women may face challenges using in-kind sources of capital. For example, if the in-kind capital is a piece of machinery requiring maintenance or repair, a young woman may lack the technical knowledge or resources to handle this. Or if she makes improvements, such as updating the machine, but doesn't have clear ownership of the equipment, the owner may claim it back and she will have lost her investment. She needs to have her rights to the equipment—whether outright ownership or the right to reclaim any money she invests in the resource if it is not hers—stated in writing to avoid such scenarios.

Young women may also face challenges in gathering together enough capital through cash in hand. Amounts collected are usually small and may need to be combined to make a sufficient investment. If the young woman has to “skim” from monies intended for other uses, this may place undue pressure on her to meet those other needs. If she plans to ask others, such as family members, for funds, she needs to clarify or negotiate agreements (whether informal or formal) to ensure that they have no future claim on her profits or business assets. Because of age and gender, young women may face particular disadvantages in that others may feel entitled to claim power over their resources.

Finally, although family, friends, and community members may be very supportive of a young woman learning information and skills from your program, especially if she shares this new knowledge, they may be less supportive of (and even competitive with) her efforts to accumulate assets and cash. Even if your program is not directly involved in providing cash or credit to young women, it is important to help her think through how a shift in her assets or resources could change family and community dynamics.

Your program can help a young woman plan how to do the following:

- Protect her assets, profits, and herself.
- Communicate her plans and success to others (including soliciting the support of key allies if she were to feel threatened).

When thinking through how to discuss these issues with the young women in your program, consider first the reality of their lives. You could ask your program participants the following questions, which could lead into a role-playing exercise, to help brainstorm strategies for them to feel safe and be independent:

- Are you living on the street or in a physically vulnerable situation?
- Do you have a safe place to sleep that allows for safe storage of funds? What are some possible safe places that you are aware of?
- Are you living with others? If so, are they trustworthy?
- What is the best scenario you can imagine happening when key people in your life learn of your success?
- What is the worst scenario you can imagine happening?
- What are some ways to protect yourself if the worst scenario happens?
- Can you make plans now to protect yourself in the event something happens?

Given the personal and difficult nature of the issues that might arise from such a conversation or role play, consider how your program can provide solidarity and support in these areas:

- Helping a young woman balance power dynamics in her life.
- Helping the community and family understand how they benefit from a young woman's overall success (without making claims on her profits/business).

## SAVING

Figuring out a safe yet accessible place to store and save money is essential for a young woman's personal savings and for her small business capital. Saving and protecting cash become even more important when a business begins to make a profit that can be reinvested in future growth. By putting money under the bed, a young woman will risk completely losing her capital if the money is stolen or caught in a fire. In addition, no interest can be earned on funds stored in this way. You can help young women to identify reliable savings institutions, support their use of savings elements tied to credit programs, or help develop traditional savings mechanisms when formal ones are not available.

To protect clients from fraud and financial ruin, governments regulate which institutions can accept and manage savings. Regulated institutions most accessible in local communities include the following:

- NGO programs such as microfinance institutions (MFIs).<sup>3</sup>
- Post office, which provides limited services accounts.
- Formal banking system, which is increasingly accessible through cell phones or other mobile units when banking branches are not located nearby.

NGOs offering credit, especially through group mechanisms, typically include a mandatory savings element. However, these savings are subject to the terms of the group or program regarding (1) who can withdraw money, (2) how much money, (3) when, and (4) for what reasons.

If you want to learn more about formal savings programs and identify nearby accredited savings institutions, see [www.wsbi.org](http://www.wsbi.org) (World Savings Banks Institute), which lists those savings agencies or programs.

### Rotating Savings and Credit Associations (ROSCAs): What Are They?

Traditional, communally-monitored savings mechanisms have long existed in most communities throughout the world because of the limitations of banking systems. Officially known as rotating savings and credit associations (ROSCAs), these organizations allow members to make weekly or periodic contributions to a fund that will, at some point, be returned to them as a lump sum so they can use it for an important need. ROSCAs, often called by various names such as “sousou” or “merry-go-round,” have been documented in almost every country in the world.

In a typical ROSCA, an established group of individuals meets regularly, and each member contributes a set amount of money. The combined total is given to a different member of the group each month/period on a rotating basis. Thus, ROSCAs operate as savings mechanisms because individuals “put in” an amount under the watchful eye of all members.

They operate as credit mechanisms because the lump sum is given (with the expectation that the recipient will continue to contribute) going forward so that others can benefit. There is a cost to participate: interest forgone and sometimes a small deduction if the group coordinator takes payment for the task of coordinating (such as one week's worth of contributions).

### Challenges of Savings Options

Young women face considerable challenges with many savings options. Formal savings mechanisms often present conditions that are difficult for young women to meet, such as the following:

- Minimum balance.
- Waiting period before withdrawal can be made.
- Limitations on the frequency of withdrawal without penalty<sup>4</sup>
- Adult's cosignature to guarantee the account for those who don't meet the minimum age requirement.
- Residence requirements.

Savings options provided by microfinance institutions or NGOs are often tied to taking credit (and thus involve some risk), and then the young woman becomes part of a borrowing group whose challenges become her own. Group savings mechanisms may have some of the social dynamics that young women seek to avoid:

- Some are based on kinship groups in which a young woman might have low status based on her sex, age, and possibly her family relationships.
- They require young women to make regular contributions to the overall fund, usually even after they have received the lump sum payment.

It is important to equip young women to manage these dynamics or realities, or to choose another option if one is available and better for them.

## Understanding and Accessing Credit

### CREDIT (LOANS) CAN BE PROVIDED FOR DIFFERENT NEEDS

Credit is a temporary loan of cash (or a line of credit to enable clients' buying power), with conditions, that must be repaid with "interest" or the cost of borrowing the money. Credit may be provided for "productive investments," such as those related to building a busi-

ness, or for consumer needs, such as to cover the cost of building or expanding a house, buying a car, financing an education, or dealing with a household crisis (for example, a dramatic loss of income due to death, illness, or crop failure).

In practice, a loan to expand a home or even buy a car may be a “productive investment” if a business is based within a home or relies on a personal vehicle, which is a common situation for girls and women. However, the terms for these loans may be stricter for girls and women, who face significant challenges if they do not or will not own or have sole use of the property in question.

## CREDIT COMES IN MANY FORMS

### Long-term loans from a bank or other financial institution

These loans are provided to individuals, households, or businesses. For long-term loans, the financial institution typically requires that collateral<sup>5</sup> be provided to guarantee repayment and charges the borrower a percentage interest on the loan based on national standards, the inflation rate, and/or the size or terms (such as length of repayment) of the loan.

In many settings, no banking branches exist outside of major cities or in poorer areas of those cities. Banks are developing innovative mechanisms to manage transactions (such as online banking or use of cell phones), but young women may not have access to these technologies. Young women also often face major administrative barriers to getting bank loans, such as strict requirements on minimum age, education level, marital status, residence or ownership of property, or control over items that could become collateral for a loan. Their newly established businesses may not generate the level of profits needed to enable them to pay back a loan on the bank's terms, and they may risk losing what they have put forward as collateral.

You can help young women assess their potential risk in the following ways:

- Assist them in taking an inventory of their resources.
- Ensure they are being conservative in their projections of their business profits.
- Ensure they are allowing for unexpected events, both in their business and personal lives, which could affect their work or profits (see discussion of contingency planning in chapter 8.)

### Short-term or quick loans with very high interest rates from local moneylenders

Such loans are given by individuals who know the community and can gauge the urgency of the need, thereby providing “quick credit” but often with high interest rates or other tough conditions. This well-established and often unreliable source of credit has long been

the only option in areas where people do not have access to formal banks or lack the time or resources needed to use the formal system. In addition to the very negative impact of high interest rates (which can be as high as 300 percent), the social pressures and power dynamics of such arrangements put young women at particular risk.

### Loans through a microfinance institution or poverty-focused NGO

These loans are designed to overcome poor people's lack of access to formal banks. One of the most popular versions of this approach is the "Solidarity Group" or "Group Guaranteed" model. In this approach, a group of individuals applies for and receives a loan, and all or part of the loan is provided to one group member in turn. When the first member to receive a loan has reached a minimum level of repayment, a second group member can receive a loan, and so on. If one group member fails to repay, no members may receive a loan until that loan is paid, which requires the remaining members to pay it as they are "responsible" for all of the loans.

These programs typically require that group members contribute to a group savings fund, as previously described, as part of the loan contract. These programs charge interest on the loans, typically at very reasonable rates. Some programs use interest earned to subsidize complementary programming (such as health information sessions provided as a package with the loan).<sup>6</sup>

The group dynamic is the key to the success of these models. Groups are likely to choose members based on their trustworthiness and their chance for success. Group members help to ensure that the businesses chosen are viable and can sometimes help to make them so, and the process and learning associated with establishing a business is vetted publicly within the larger group.

The main pressures young women face in this option are associated with the group's structure. For example, older women may perceive these young women as a poor credit risk for the group, because of their relative inexperience, lack of control over key assets, limited physical or social mobility, or inability to fully participate due to marriage or childbirth. Although formal group interactions are guided by the program, the informal power dynamics within the group are not regulated, very powerful, and are likely to put younger girls at a disadvantage. NEED (a non-profit organization in India) for example, has youth-specific self-help groups designed to maximize youth participation in their programs. Groups of young women offer a rare opportunity for both married and unmarried girls in rural India to form friendships as well as to engage in business together.

You may be able to help your program participants feel welcome in a solidarity group by doing some background work in advance, including the following:

- Talk with anyone you know (or might be friendly with) in community solidarity groups about hosting a "bring a younger friend" day. This would give the women in the solidarity group an opportunity to share what they know and orient the younger

women to the group, and perhaps the younger women could discuss their business ideas or plans with the group. This may help the younger women to be seen as potentially legitimate business partners.

- Ask the program participants if they have any friends or family members in solidarity groups and, if so, invite the solidarity group participants to talk to the young women in your program.
- Role play with the program participants about what they expect their interactions with women in the solidarity group to be like, and take time to discuss any ways to make that entry easier.
- Discuss or brainstorm with the program participants a list of questions they would want to ask the solidarity group when they visit, so that they will feel knowledgeable and prepared to speak during their visit.

## Assessing and Accessing Credit Programs

In addition to helping young women overcome these challenges, programs can support their access to appropriate and responsive credit programs without becoming lenders themselves, if they are not already. Here are four basic steps.

### **Four Basic Steps to Assess and Access Credit Programs for Young Women Entrepreneurs**

1. Identify and assess microfinance programs in the community, including their “young women friendliness.”
2. Based on the requirements for each program, determine whether to refer your program participants or to make a formal institutional agreement with any microfinance program.
3. Either discuss and outline with the microfinance program guidance for the referral of individual young women or develop a memo for an institutional partnership between your organization and theirs.
4. Determine whether your organization’s staff capacity is sufficient to assist women with accessing and using these credit sources (and, if not, determine the required steps.)

## STEP 1: IDENTIFY AND ASSESS LOCAL MICROFINANCE PROGRAMS (MFIs)

Interviews with local officials, organizations, banks, and business people can help you gather information on possible lending institutions, such as MFIs, for young women. Additional information sources include donors, embassies, and online global sources.

In evaluating institutions as potential partners, consider objective criteria and the level of rapport, trust, and working styles of the staff involved in partnership discussions. Consider including your program staff as well as some of the young women to help add to or check your views on these possible partners. For example, if a young woman is not treated as an equal when she participates in an interview alongside you, this is a signal as to how she might be treated as a client on her own.

The following are some criteria for evaluating such programs:

- **Young women friendliness.** Determine the institution's sensitivity to the particular needs of young women in diverse life situations (such as in school, out of school, married). For example, are they open to flexible hours? Will they provide for confidentiality, security/safety, and other needed support for these young women?
- **Responsiveness.** Few financial products or tools have been developed just for young women, so assess the institution's willingness to innovate and adapt financial products to the needs of your participants (e.g., young women, types of businesses).
- **Consistency with your organization's values.** It is important that their approach reinforces the messages and principles of your program (such as solidarity, social values, personal empowerment). This way, young women will not get contradictory messages that undermine what they are learning through your entrepreneurship program.
- **Compliance with international standards.** The microfinance community has internationally agreed-upon standards, and you should ask about the program's compliance with these. For example, you could ask to see their official documentation regarding their status as a savings institution (see [www.themix.org](http://www.themix.org) for additional information) and clarify whether they can legally accept savings.
- **Monitoring and evaluation.** Are they interested and committed to learning about how the program works (using data gathering methods appropriate to young women) so that it can be continually improved?

## STEP 2: LEARN ABOUT THE PROGRAM(S) AND CONSIDER THE PROS AND CONS OF REFERRALS AND PARTNERSHIPS

After having identified a likely candidate for cooperation, you need to learn as much as possible about any conditions that the potential credit program partner has for the part-

nership. To assist you in understanding and weighing the terms involved, consider bringing a staff person or an outside resource person versed in finance and accounting into these discussions.

You will need to ask yourself two key questions:

1. What criteria and requirements guide the microfinance program's selection of participants?
2. What characteristics and training have proven most helpful to successful participants/groups?

Ask your potential partner to describe any experience with participants similar to the young women in your program. You could share the entrepreneurship training guidelines with their staff to discuss how these might be adapted to help prepare the participants for their program.

If you decide to pursue a formal partnership, it is important to understand both what the MFI offers you and what you offer the MFI. Specifically, you will need to be able to do the following:

- Demonstrate your basic understanding of the fundamentals of credit.
- Understand the goals and objectives of the MFI (and its programs) and consider how the arrangement might meet or address their (the MFI's) needs/interests.
- Consider what else you might offer. This could include well-prepared clients, helping to market the microfinance program, informal problem solving, or formal mentoring to support young women once they are in the program.
- Determine what should be included in a written agreement between both parties (see link to sample memo of understanding below).

A reciprocal partnership would involve your program providing a service to the MFI staff or its clients. This could include expanding access to the entrepreneurship training program or providing health information to MFI clients—family health crises being one of the major causes of default on microcredit loans.

### **STEP 3: DEVELOP A PROCESS, SELECTION CRITERIA, AND PREPARATIONS FOR REFERRAL**

This should include four major components:

1. Referral guidance. You will want to have a jointly developed understanding, or guidance, for informal referral.<sup>7</sup> Consider creating together, or at least signing, a memo outlining your partnership and how it will work. Click here to view a sample [Memo of Understanding \(MOU\)](#).

2. Mechanisms for communication. It is worth taking the time to clarify roles and responsibilities between your program and the MFI, while being sensitive to the realities of young women, including what preparation and follow up they may need. Both you and the MFI should honestly assess how much follow up you can reasonably do while maintaining and possibly expanding your entrepreneurship program.
3. Screening process. You will want to establish an internal review process to help decide which program participants should be encouraged to pursue this option. This process should use fair and objective criteria to evaluate each young woman's performance in the program so far and their potential as an entrepreneur. You could draw on information about their overall performance in the training program (for example, did they attend regularly, have they learned the skills taught so far), as well as insights from mentors and/or peers.
4. Risk management. Since various challenges and risks arise when borrowing money, it is important to help participants think these through and consider how to manage possible risks. You could focus on the special challenges and knowledge previously mentioned, as well as information on business practices related to credit (budgeting for repayment, etc.). You need to be very honest with these young women during this process: given the shared nature of the risk in a solidarity model, it is extremely difficult for your program to estimate the likelihood of negative outcomes (for example, the possibility that one member fails to repay her loan, leading to all members taking on her debt) unless the group is composed of a majority of your program's participants, whom you know well.

#### **STEP 4: CLARIFY WITH THE YOUNG WOMAN AND WITH THE MFI ANY ROLE FOR YOUR STAFF AFTER REFERRAL**

Your staff is likely to play an important role in a young woman's path to entrepreneurship. Your staff can help young women to become more independent, or even act as a surrogate family for young women who are on their own. They may also model alternative life choices for these women. The staff of credit programs, on the other hand, is less likely to foster such relationships and this can be a painful transition for young women. Thus your staff's relationships likely will remain very important as young women test their new skills and confidence in the business world.

The staffs of your organization and of the MFI, and the young women and their families, need to be very clear regarding how much and what kind of support your staff may provide to program participants after they join the credit program. This will help you avoid running into situations in which the credit agency holds your organization accountable for problems that might develop in the course of pursuing credit. This guidance should be provided in writing but also discussed to be sure it is understood. Be sure to make very clear to the credit agency, the young women, and their families (and even the economic

and legal institutions in project communities) that your program bears no formal or fiscal responsibility for the young women's performance.

## Conclusion

Mobilization of capital (credit in particular) for young women's businesses is relatively new. Your documentation of the process and outcomes of your program can contribute to global learning, as well as help your organization adapt lessons learned for the future. Reviewing the experiences of others may also help to provide additional useful perspectives.

Working with capital—particularly credit—provides an opportunity to do the following:

- Focus attention on concrete elements of a business and provide the program with new opportunities for substantive dialogue about how a young woman's business plan addresses her expressed needs and goals and fits with the realities of her daily life.
- Learn more about the ins and outs of credit, which will help to inform your program development now and into the future.
- Help organizations and young women become more aware of their connections to a larger national and global community, especially given how issues such as lending rates are tied to larger national economies, political stability, and other contextual issues.

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## Resources

### Case Studies (of organizations and programs)

Erulkar, Annabel, Judith Bruce, Aleke Dondo, Jennefer Sebstad, James Matheka, Arjmand Banu Khan, and Ann Gathuku. 2006. Tap and Reposition Youth (TRY): Providing Social Support, Savings and Microcredit Opportunities for Young Women in Areas with High HIV Prevalence. SEEDS #23. The Population Council: New York.

[www.popcouncil.org/pdfs/seeds/SEEDs23.pdf](http://www.popcouncil.org/pdfs/seeds/SEEDs23.pdf)

Fancy Kharjah and Gibson Jennifer. 2007. Building the Capacity of Young Rural Women: The CAMA Seed Money Scheme. Campaign for Female Education (CAMFED): Cambridge, UK.

### Tools

UNDP, 1997, Microstart: A Guide for Planning, Starting and Managing a Microfinance Program, Version 1.0. A comprehensive but relatively simple guide to starting a microfinance program, including market assessment.

<http://www.unCDF.org/english/microfinance/uploads/thematic/MicroStartGuide-1997.pdf>

Cohen, Monique. 2006. Listening to clients: How to better serve your customers. A summary of the simple tools available from Microfinance Opportunities for purchase on DVD @ \$100 US.

[http://www.microfinanceopportunities.org/docs/Listening\\_to\\_Clients\\_How\\_to\\_Better\\_Serve\\_Your\\_Customers.pdf](http://www.microfinanceopportunities.org/docs/Listening_to_Clients_How_to_Better_Serve_Your_Customers.pdf)

Nelson, Candace, Managing Editor. Learning from clients: Assessment tools for microfinance practitioners. An older publication that provides simple sets for planning and managing impact assessments, including focus on distinction between client assessment and impact assessment.

[http://www.seepnetwork.org/Resources/646\\_file\\_aimstools.pdf](http://www.seepnetwork.org/Resources/646_file_aimstools.pdf)

Vor der Bruegge, Ellen, Kathleen Stack, and Christopher Dunford. Credit with Education Learning Game. A simulation game to help practitioners anticipate and prepare for challenges along the way to establishing an integrated credit and education program. On site together with a variety of other manuals all related to the particular model of integrated/CwE programming.

<http://ffhtechnical.org/resources/service-delivery-models/credit-with-education/>

#### **Clearinghouses on tools and technical assistance re: microfinance**

Consultative Group to Assist the Poorest. A consortium of microfinance practitioners and donors, which includes a range of technical resources, research reports, standards for performance reflecting international consensus, and tools developed by the consortium.

[http://www.microfinanceregulationcenter.org/resource\\_centers/reg\\_sup/basics](http://www.microfinanceregulationcenter.org/resource_centers/reg_sup/basics)

# Sample Memo of Understanding (MOU) for Partnership between \_\_\_\_\_ (NGO) and \_\_\_\_\_ (MFI)

This memo of understanding serves as an agreement between \_\_\_\_\_ (NGO) and \_\_\_\_\_ (MFI) on the scope and details of our partnership. It is intended to be a tool to guide expectations, roles, and responsibilities, as well as to serve as a shared reference point in the future if questions or conflicts arise.

## 1. Capitalizing on Common Interests:

The purpose of this partnership is to support \_\_\_\_\_ (NGO or individual) to launch and sustain a business. (If there are other elements to the partnership, add here.) It is in the best interests of both parties to consider this endeavor thoughtfully, discuss progress regularly, and make adjustments as needed (for example, in terms of amounts of capital and pacing of lending/repayment) to help this joint effort succeed.

## 2. Activities, Roles, and Responsibilities:

The partnership will work to achieve the following outputs:

Activity/Milestone	Responsibility (who does what)	Timing

## 3. Important Dates:

- Partnership officially starts: \_\_\_\_\_
- Payments from MFI to be received by NGO (or individual's name) on the following dates:  
\_\_\_\_\_
- In the following amounts: \_\_\_\_\_
- Repayments to be received by MFI on the following dates: \_\_\_\_\_
- In the following amounts: \_\_\_\_\_
- Partnership officially ends: \_\_\_\_\_

#### 4. Roles and Communication:

The main decision maker for the NGO on this partnership will be \_\_\_\_\_. S/he should be brought into any discussion involving problems, issues, or potential changes to the terms of this relationship.

The main decision maker for the MFI on this partnership will be \_\_\_\_\_. S/he should be brought into any discussion involving problems, issues, or potential changes to the terms of this relationship.

(Add this sentence if more than one person at the organization will be involved in this relationship):  
Day-to-day management of work under this partnership will be carried out by \_\_\_\_\_ for the NGO and \_\_\_\_\_ for the MFI.

Communication will be primarily through conversations in person or over the telephone, with regular written communication documenting agreements reached through these conversations or other important information related to the partnership.

#### 5. In the Event of a Conflict:

In the event of a disagreement or conflict, both parties will first try to speak directly with each other to reach agreement. If that fails, the person at \_\_\_\_\_ (MFI) and at \_\_\_\_\_ (NGO) will meet to resolve the agreement, which will be binding.

\_\_\_\_\_  
Signature and title (NGO)

\_\_\_\_\_  
Signature and title (MFI)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Additional issues to consider or discuss with the other organization and include in the document as relevant:

- Recognition. If one or both partners wants or expects the work or the partnership known to outside stakeholders (for example, the community, government officials, the media, donors), discuss how this would work. Do such approaches need to be made jointly? If one partner has contact, how must it represent the other partner (for example, does the other partner need to be consulted in advance? Does he or she have any concerns about the contact? Does he or she want to be represented in any particular way?).
- Evaluation. How will both parties assess the effectiveness of this work and of the partnership? This should be thought through before the program begins so that some information can be collected and/or planned for at the outset.

Issues to discuss as you consider how to measure the partnership include the following:

- a) How will you know if you are successful?
  - Objectives were met or exceeded? (e.g., loan paid back in full and on time?)
  - Regular communication took place; differences were resolved in a fair and timely manner?
- b) How will you know if the partnership was successful?
  - Both partners feel empowered by the partnership experience?
  - Expectations were met on both sides?
  - Evidence of new learning about how to do the work and how to partner emerged?
  - Willingness to partner again?

# Notes

## Acknowledgments

1. The Nike Foundation ([www.nikefoundation.org](http://www.nikefoundation.org)) invests exclusively in adolescent girls as the most powerful force for change and poverty alleviation in the developing world. The Foundation's investments are designed to get girls on the global agenda and drive resources to them. The work of the Nike Foundation is supported by Nike, Inc. and the NoVo Foundation, a collaboration that has significantly broadened the impact of the Girl Effect.

## Introduction

1. The World Bank defines youth at risk as “individuals between the ages of 12 and 24 who face ‘environmental, social, and family conditions that hinder their personal development and their successful integration into society as productive citizens’” (See *Supporting Youth at Risk: A Policy Handbook for Middle-Income Countries*, The World Bank, 2008, at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTCY/0,,contentMDK:21733040~menuPK:4709856~pagePK:148956~piPK:216618~theSitePK:396445,00.html>).

## Chapter 4

1. Adapted from the Bureau of Justice Assistance Center for Program Evaluation and Performance Measurement's definition, <http://www.ojp.usdoj.gov/BJA/evaluation/guide/gs2.htm>

## Chapter 9

1. Spending, saving and borrowing: Perceptions and experiences of girls in Gujarat. The Population Council and SEWA, 2006.

## Chapter 11

1. In-kind capital might include a milling machine donated by an international agency to help a group of women begin a milling business, a refurbished computer donated by a family overseas to help a young business person manage her accounts, or a sewing machine given by a grandmother to help her granddaughter begin her own shop. It might also include materials taken from other businesses (for example, fruit too old for market but fine for juicing) or from the household (for example, old clothes used to start a quilt or other production process).

2. CAMFED, an international NGO focused on girls' education in Africa, developed a Seed Money Scheme (SMS) to empower young women within their rural communities to achieve economic independence, use their new skills and confidence to bring benefits to their families and those around them, and become powerful role models and active agents of change within those communities. The program provides girls with a combination of training and mentoring in development and implementation of a business plan, small-scale (under \$300) nonrepayable financial support to help them test their business plans, and—depending on their success with this “test”—loans to further develop the business.
3. Institutions or organizations that provide a broad range of financial products, including options for deposits or savings and loans or credit, to low-income households, individuals, and their businesses. Within the international development community, an MFI is assumed to be a formal (e.g., a bank or cooperative) or semi-formal (e.g., NGO) institution that is regulated in some way.
4. TRY (Tap and Reposition Youth) is a program to develop microfinance products for adolescent girls, which builds on the substantial experience of one of Kenya's strongest microfinance institutions—Kenya Rural Enterprise Program. TRY found that girls dropped out of the program in part because of limitations on their access to savings, which they needed to access frequently and intermittently.
5. “Collateral” is an item of value that would become the bank's property if the borrower fails to repay (“defaults on”) the loan. Such items could include a vehicle, a piece of machinery, or even a house.
6. The international NGO Freedom from Hunger has developed an integrated credit and health education program that uses some of the interest on loans to provide health education during credit collection and group meetings. A rigorous study demonstrated that this combined program had greater impact on health outcomes of borrowers than by simply providing access to credit for income generation. Many of the best known credit programs (e.g., the Grameen Bank of Bangladesh and ProMujer) have always included simple health education messages in their interactions with borrowers.
7. Most referring agencies do not discuss the referral process in depth; however, given the unique challenges that young women face in negotiating the world of credit, this might be helpful.

# Resource Organizations

Below is a selected list of organizations that have resources on building livelihoods capacities of low income women and/or youth. The list focuses on organizations with expertise in developing countries, and with information available in English.\* A number of these organizations make training materials available for a fee, and some provide technical assistance.

## Academy for Educational Development

[www.aed.org](http://www.aed.org)

AED is a nonprofit organization working globally with local partners to address a range of economic and social challenges. Its enterprise focus is on economic strengthening of vulnerable populations; financial services; private sector and enterprise development; and workforce training and development. Of particular interest may be mentoring guides for girls (available on topics of health and education, but relevant to other areas), described and downloadable from the website.

## Aflatoun

[www.aflatoun.org](http://www.aflatoun.org)

This nonprofit organization works around the world with children aged 6–14 to build life skills for social and economic empowerment. Its focus is on practical planning, saving and entrepreneurial skills, as well as training vulnerable children on human rights, including those related to the workplace. Its approach involves a structured curriculum to build self-esteem, establish an understanding of rights and responsibilities, and teach about savings and budgets. Aflatoun and partner organizations then support the children (who work in teams) with social and financial enterprises.

## CHF International

[www.chfinternational.org](http://www.chfinternational.org)

This global humanitarian and aid organization works with low- and moderate-income communities to improve environmental, social, and economic conditions. It focuses on 5 different areas of economic development, and provides technical training on employment and entrepreneurship, with special emphasis on craft making and marketing. The Crafts Center is part of CHF international and offers a variety of technical resources, guidance, and publications for a fee, on its website. Of particular interest may be “Artisan as Entrepreneur” training modules which are described (and a table of contents shared) online.

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\*The list does not include donor agencies or organizations focused on one developing country only; nor does it contain organizations working solely on microcredit, of which there are many.

### Freedom from Hunger

[www.freedomfromhunger.org](http://www.freedomfromhunger.org)

This global development organization works in 17 developing countries with local partners to eliminate hunger and poverty; one primary focus is on practical financial education, training and support to women. Some curricula are geared especially to young women who are not literate or have not had formal education. Its approach (called “value-added micro-finance”) combines microfinance, practical education and access to health care to help women earn and save more money, buy more and better food, and pay for health care. Its curricula, tools, and research are described online (under “worldwide programs”).

### The ImagineNations Group

[www.imagenations.org](http://www.imagenations.org)

This global alliance of social entrepreneurs, thought leaders, investors, financial institutions, global brands, media, and organizations collaborates to inspire and support youth entrepreneurs in the developing world; focus is on developing partnerships and multi-sectoral support to young people interested in starting businesses. Business planning and mentoring are the foundation for financial strategies and investment from multi-sectoral partners.

### Junior Achievement

[www.ja.org](http://www.ja.org)

This nonprofit organization works in communities around the world to prepare young people to work and achieve in a global economy; focus is on skills building with all ages of youth through training sessions run in collaboration with local partner organizations or schools; some curricula are available for a fee.

### Making Cents International

[www.makingcents.com](http://www.makingcents.com)

This organization supports small, medium, and microenterprise around the world through business development and skills building at individual, community, and global levels. It provides training through workshops, technical assistance, and a broad range of curricula and resource materials—all for a fee (see website for more information). In addition it organizes an annual conference on youth livelihoods work—the Global Youth Enterprise & Livelihoods Development Conference—in Washington DC.

### Mercy Corps

[www.mercycorps.org](http://www.mercycorps.org)

Mercy Corps is a global development organization that works on a range of issues including economic development. It aims to foster market-driven economic development in low resource settings through existing relationships—among buyers, sellers, producers and consumers—to bridge social and political divides via business and trade. Mercy Corps works in areas of conflict and with other high-risk communities.

### Microfinance Opportunities

[www.microfinanceopportunities.org](http://www.microfinanceopportunities.org)

This microenterprise resource center works with poor people to increase access to financial services in three areas: financial education; micro-insurance; and market research and impact assessment. Its global financial education curriculum is available for purchase online.

### National Foundation for Teaching Entrepreneurship or NFTE

[www.nfte.com](http://www.nfte.com)

This organization works with young people, primarily from low-income communities in the US, on entrepreneurship through experiential curricula and tools to improve academic, business and life skills. NFTE focuses on training and supporting teachers and youth professionals by partnering with schools, community-based organizations, and post-secondary institutions; working with volunteers from the business community; and forming other linkages to support entrepreneurship among youth. NFTE materials are available online for a fee.

### Opportunity International

[www.opportunity.org](http://www.opportunity.org)

This global nonprofit organization supports small-scale entrepreneurs to work their way out of chronic poverty through the provision of microfinance services, including lending, savings, insurance and training. Its focus is on serving the needs of the isolated poor, especially in rural areas, by working with local partners to build capacity. It also conducts outreach to developed country women (through “Women’s Opportunity Network”) and youth (through “Young Ambassadors for Opportunity”) through programs where these groups are asked to donate and become involved by pairing with others in low resource settings.

### Plan International

[www.plan-international.org](http://www.plan-international.org)

This global, children’s development organization works with poor children and their families on a wide range of issues; within economic development, its focus is on microfinance and skills training. Its approach includes training in vocational and business skills, complemented by understanding why and how to build savings and accumulate assets to guard against vulnerabilities the poorest communities face.

### Population Council

[www.popcouncil.org](http://www.popcouncil.org)

This international nonprofit organization works on a range of health and social issues in the developing world. Its poverty, gender, and youth program focus is to understand and address the social dimensions of poverty, the causes and consequences of gender inequality, the disparities in opportunity that arise during adolescence, and the critical elements for reaching a successful, productive adulthood in developing countries. Related resources

on workshops, financial literacy, establishing savings programs, etc. in low resource settings are available (and downloadable from the website) free of charge.

### Save the Children

[www.savethechildren.org](http://www.savethechildren.org)

Save the Children is an international development organization working with children on a spectrum of issues. Its focus within livelihoods is on capabilities, assets and strategies that people use to make a living—including income and employment; access to markets, goods and services; and primary production of food. Its work includes group savings and social capital with youth, as well as food security and micro-insurance schemes in rural areas. Resources on issues such as principles of program design and technical recommendations for economic strengthening of vulnerable children are downloadable (from the “professional resources” section) of the website.

### SEEP Network

[www.seepnetwork.org](http://www.seepnetwork.org)

This organization is dedicated to connecting microenterprise practitioners from around the world to develop practical guidance and tools, build capacity, and help set standards to advance a common vision: a sustainable income in every household. Practitioner-oriented products, tools, and training materials are downloadable (under “resources”) from the website on a variety of topics related to economic development (for example “enterprise development”); many are in the form of powerpoints or synthesized information from group discussions.

### Street Kids International

[www.streetkids.org](http://www.streetkids.org)

This global nonprofit organization works with street kids around the world, sharing tools and strategies to help them make positive choices especially on issues related to sexual health, drug use, and entrepreneurship. It works with local partner organizations to train youth living in a community to deliver programs to other youth. Of particular interest may be livelihood and youth entrepreneurship discussions and research available on website (under “resources”).

### Technoserve

[www.technoserve.org](http://www.technoserve.org)

Technoserve is an international development organization that helps men and women in poor areas of the developing world to build businesses that create income, opportunity and economic growth. Its approach is three-pronged: develop and train aspiring entrepreneurs; help businesses and industries link to dependable markets; and promote progressive business practices for a supportive business environment. Technoserve also hosts business plan competitions in a number of countries and also offers courses and training on entrepreneurship.

### Youth Business International

[www.youth-business.org](http://www.youth-business.org)

YBI is a nonprofit organization that leads a global network of independent country initiatives helping young people start their own business and create employment. Its focus is on assisting young entrepreneurs who are unable to find support elsewhere, with a combination of access to capital, volunteer mentoring, and other business development services. Its report “Youth Entrepreneurship: Recommendations for Action” may be of particular interest and is downloadable from the website (under “resources”) free of charge.

### Youth Employment Summit (YES) Campaign

<http://yesweb.org/gkr.htm>

The YES Campaign strives to build the individual capacity of youth in order to create sustainable livelihoods and to establish an entrepreneurial culture where young people move toward formal employment. The 83 YES country networks are a unique platform from which to accomplish this goal, spanning many cultures, contexts, and geographies.