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Session 1: The Vision of 5000Plus

Motto: *Addressing **poverty** by **empowering** people.*

1.0 Feeding of the Five Thousand

The vision comes from the story of the feeding of the five thousand in Mark 6:30-44.

Three Key Words:

- Compassion
- Empowerment
- Multiplication

1.1 COMPASSION

“You give them something to eat” Mark 6: 37

- **Practical action** – the love of God always leads to action
- **Gives responsibility** – Jesus gave the responsibility to meet the need of the people to His disciples
- **Takes responsibility** – the disciples eventually took responsibility by walking in faith and obedience
- **Mobilises** – God shows us his heart and expects us to respond with practical action

A key part of the 5000Plus vision is to mobilise the local church to effectively reach out to the poor in their local communities.

1.2 EMPOWERMENT

‘Jesus replied - “How many loaves do you have? Go and see.” When they found out, they said, “Five—and two fish.” Mk 6:38

The problem is:

- We only see what we don’t have
- We only think what we can’t do
- The little we have, surrendered to God, is the beginning of the miracle of God’s provision

Empowerment envisions and assists communities to break out of their poverty cycle using their own resources however inadequate they may seem.

1.3 **MULTIPLICATION**

'They all ate and were satisfied, and the disciples picked up twelve basketfuls of broken pieces of bread and fish. The number of the men who had eaten was five thousand.' Mk 6:42-44

- Started with what they had
- Looked to God
- Stepped out in obedience
- All were satisfied

Multiplication grows the community's resources for long term sustainable freedom from poverty.

Multiplication of resource encourages self reliance and avoids either creating or prolonging a culture of external aid dependency.

1.4 **Practical Exercises for Students:**

1.4.1 Read carefully the story of the feeding of the five thousand in Mark 6: 30-44 and answer these questions:

- a) What does the story tell you about what you should do when you become aware of a need in your community?
- b) What resource did the disciples find to feed the five thousand people?
- c) Would the resource without God's help have been enough to feed the crowd?
- d) What does the story tell you about prayer?
- e) At what point do you think the food was multiplied – was it before the disciples began to give it out or as they gave it?
- f) What does the story tell you about faith?
- g) What does it tell you about using your faith?
- h) How can you apply the lessons learned from the story to encourage yourself or someone else to start an income generation project?

1.4.2 Find another person and practise telling them the lessons that Jesus teaches from the story of the feeding of the five thousand.

1.4.3 Do you think that it is God's plan for people to live in poverty? Give reasons for your answer? When answering this think about God as the perfect Father to His children and then think about what your desires for your own children would be as a parent.

Session 2: Preparing for Success

2.0 Aim for Success

What is success?

- Success = Finding out what God wants you to do and doing it.
- Success = Choosing the right project.
- Success = Doing something that somebody else wants enough that they are willing to pay you for it.
- Success = People wanting to buy from you and not someone else.
- Success = Having something left over from what people have paid you after you have paid out your expenses.
- Success = Taking care of the leftover money and not wasting it.

2.1 Choosing the Right Project

Either a **product** you make or grow; or a **service** you do for others



1. Someone has to want what you provide and pay you for it.
2. You have to have the ability and resource to provide what people want, when they want it and how they want it.
3. You have to feel good about what you do.

Choosing a project where the three circles overlap gives you the best opportunity for success.

2.2 Laying Good Foundations

To succeed you must build your project on good foundations.

What do you think these are?

Eg. Hard work, discipline, dependability, customers, quality product/service, honesty, integrity, good attitude to customers, good friends, good advice, care with money, smiling service, positive attitude, perseverance, prayer, faith and good planning.

2.3 Good Planning

Why Plan?

Preparing a good plan will help you to understand:

- ❖ Where you are going and how to get there.
- ❖ What your potential market is.
- ❖ What skills you will need and where you can get them.
- ❖ The risks and how to minimise them.
- ❖ What you need and when you need it.
- ❖ How much it will cost.
- ❖ How much you will need to sell a product for in order to sustain your income and make a profit.

You can check your progress against a good plan.

Time spent in preparing a good plan will help you to succeed.

2.4 Start Small and Simple – the ‘Kiss’ Principle

When starting a new project apply the **KISS** principle:

- K** - Keep
- I** - It
- S** - Small
- S** - Simple

This will allow you to gain experience without mistakes being too costly.

2.5 Practical Exercises for Students:

2.5.1 Thinking about aiming for success, what would success look like for you?

2.5.2 What would be a good income generation project for you to start?

2.5.3 Why should you keep your new project small at first?

2.5.3 What possible income generation projects could be started by people in your community who have no land?

2.5.4 What foundations do you need to lay in your own life to help your own income generation project succeed?

Session 3: Preparing Your Project Plan

3.0 There are many elements in preparing a good project plan but the main three are:

- ❖ **Market Research and Strategy**
- ❖ **Reducing Risk of Failure**
- ❖ **Preparing the Cash Plan**

For a list of questions that if you answer will help you to prepare a good plan see the 5000Plus model at the end of this section.

3.1 Market Research and Strategy

3.1.1 List what you need to find out for your proposed project eg. :

- Who are your likely customers?
- How many are there?
- What can they afford?
- What is the history of sale prices?
- Who are you competing with?
- Why are your competitors doing well?
- Why are your competitors not doing well?
- Why will they want to buy from you?
- What is your 'Unique Selling Point'?
- Where is the best place to sell your product?
- What level of sales are you aiming for?
- How will you fix your sale prices?

3.1.2 Plan how to find out the information you need?

Having listed all the things you need to find out about, next plan how you will go about getting the answers. Remember that you can look, ask questions and listen – these are all very inexpensive.

3.1.3 Plan how will you market your product?

From what you have learned as you have carried out your market research then plan how you will market your project or how you will advertise.

Eg. Sign posting, publicity leaflets, word of mouth, nice display, good lighting packaging etc.

Remember the cheapest way of advertising is by word of mouth from satisfied customers.

3.2 Reducing Risk of Failure (Risk Management)

Step 1 Identify all the things that could go wrong (risk)

Step 2 Identify how you can protect your project from each risk (reduce the risk)

Step 3 Estimate the money cost of each item in step 2

Use this risk management table below to help.

Risk	Risk Reduction Measure	Cost

Some risk reduction measures may be too costly for the size of your project particularly at the early stages.

3.3 Preparing the Cash Plan

3.3.1 Terms used:

- **Fixed (overhead) costs:** money which will be spent whether you make any sales or not.
- **Variable (running or operating) costs:** money which is spent in producing your product or service.
- **Sales Revenue:** This is the estimated income from selling.
- **Profit:** This is the sales income less all the costs of providing the goods or products.
- **Cash Flow:** This is a summary of the money coming into or going out of a project over a period of time.
- **Break even point:** This is when the project moves from a loss into beginning to make a profit.

3.3.2 Making the cash plan:

- List every item of expenditure or income and cost it.
- Establish when you expect to have an expense or an income.
- Summarise the estimated costs and sales in a table as the example shown below. The time scale can be chosen to suit your project.

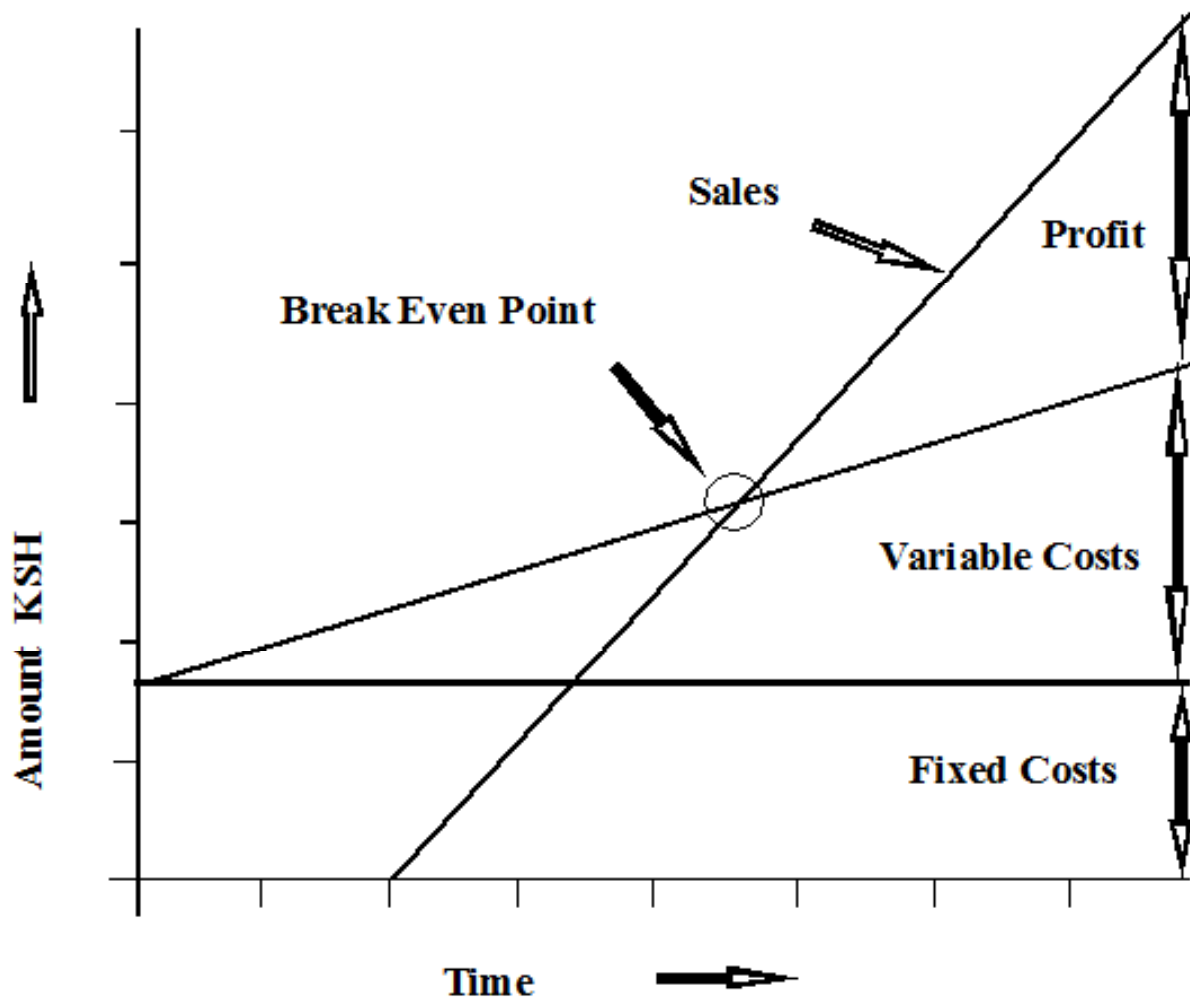
Don't forget the repayments of a loan if you are planning on taking one!

Item	Cost -ve money out; +ve money in			
	Month 1 Plan	Month 2 Plan	Month 3 Plan	Month 4 Plan
Fixed & capital cost	-20000	-3000	-3000	-3000
Variable cost	-4000	-1500	-5000	-4000
Sales Revenue	0	0	0	+105000
Cash Flow this month	-24000	-4500	-8000	+98000
Cumulative Cash Flow	-24000	-28500	-36500	+61500

- Complete it for three different estimated levels of sales – low, medium and high.
- The table will tell you how much money you will need to invest before you can make a profit and how long it will take (the break even point).
- If you are planning to take a loan it will tell you how much you will need to borrow.

3.3.3 Calculating the break even point

The information from the cash flow table can also be shown in a graph form:



3.4 Practical Exercise for Students:

3.4.1 Chose a simple income generation project (it can be a product or a service) and prepare a project plan – Break the plan down into the three different elements:

1. Market Research and Strategy

- a) List all the things you will need to find out about and state where and how you will find out the answers.
- b) Explain at what location you propose to sell your product or service and how you propose to advertise.

2. Reducing Risk of Failure

Prepare a risk reduction table showing how you plan to manage the risk and improve the chance of success for your chosen project.

3. Cash Plan

- a) Prepare a cash flow in a table form listing all the items of expenditure and income you anticipate and estimating the monies. State how much money you would need to have in hand before you start your project and how long before you would expect to reach the break even point.

Summarise your income generation project plan using the 5000Plus model which can be found over the page.

3.5 5000Plus Planning Model

What products or service do you intend to supply?

.....

What objectives do you have? These might be for you, your group, your business and/or your customers?

.....

What makes you likely to succeed?

.....

Who will be part of the project?

.....

.....

If you are in a group:

How will the project be led?

.....

How will you divide the work (Match people to their skills):

a) labour

.....

.....

b) record keeping

.....

c) profits

.....

d) any other responsibilities?

.....

How often will the group meet?

.....

How will you record participation, lateness, laziness, hard work etc.?

.....

How will you share profits (and losses)?

.....

What skills will you need?

.....

.....

Do you have the skills – if not where will you get them and how much will they cost?

.....

.....

What has your market research shown?

a) Who are the customers?

.....

b) How many and what can they afford?

.....

c) Who are you competing with?

.....

d) Why will they want to buy from you?

(What is your Unique Selling Point: quality, convenience, continuity, price etc.)

.....

.....

What level of sales are you aiming for and how will you fix your sale prices?

.....

.....

How will you market? (Promotion, package, location etc.)

.....

.....

What are the risks and how will you reduce those risks?

Possible Risk

Risk Reduction Measure

.....
.....
.....
.....
.....
.....

What resources will you need and when will you need them? (Licences, start up money, equipment, premises, contacts, professional advice, suppliers, self (God) confidence, time etc.) *Fill in on attached sheet.*

What are your costs? [Fixed and variable] *Fill in on a separate sheet and attach to plan.*

What is your anticipated cash flow? *Fill in on a separate sheet and attach to plan.*

What profit should you make? *Fill in on a separate sheet and attach to plan.*

What cash reserves will you need? *Fill in on a separate sheet and attach to plan.*

How will you monitor the business and its finances?

.....

.....

.....

Do you need a loan, if so how much and how will you repay? *Fill in on a separate sheet and attach to plan.*

Session 4: Running Your Project

4.0 Keeping Records

Keeping records helps you:

- Check your progress against your project plan– e.g. comparing income and expenditure; is growth as was planned?
- Recalculate your break even point and cash flow
- Know profitability of the project
- Make necessary financial decisions early rather than too late– such as purchasing extra stock, employ more people etc
- Take advantage of trading opportunities – e.g. is one product selling better than others if so stock more of that item
- Plan ahead with confidence for the next period of your project

4.1 Types of Record to Keep:

- Written agreements
- Labour Time Sheets
- Production Records
- Accounts
- Cash Flow

4.1.1 Written agreements between any parties involved in the project.

- a) Working agreements – groups
- b) Loan agreements
- c) Rental agreements
- d) Employment agreements

a) Working agreements - groups

To reduce the risk of arguments between people taking part in the project as a co-operative – it should be put in writing what is agreed before the project starts.

This should include the terms, responsibilities, the financial contribution and the sharing of profit or loss.

b) Loan agreements

Any loans taken should have a clear agreement with the terms and conditions of repayment.

Record when loans received and how much and get receipt signatures.

Record when loans repaid and how much and get receipt signatures.

c) Rental Agreements

Any premises or land rented should have a clear agreement with the terms and conditions stated including how long the agreement is for.

Record when rents are paid and how much and get receipt signatures.

d) Employment Agreements

If you are being employed or are employing another person then have a written agreement setting out the terms and conditions of employment including the employee's duties.

Record when wages are paid and get receipt signatures.

4.1.2 Labour Time Sheets – who does what and when

The hours and what anyone does who works on the project should be recorded. This will then help determine if individuals are contributing to the success of the project and they can be rewarded accordingly. Also the record can be used to see if the work is being carried out efficiently or whether there may be alternative more economic ways of doing it.

Name	Date	Time	Work Carried Out
Rob	22.08.13	8.00 -12.00	Clean out & disinfect chicken house
Jane	22.08.13	8.00-16.00	Selling chickens in market
Ken	22.08.13	17.00-18.00	Updating accounts

4.1.3 Production Records (or diary)

Date	Description	Cost	Comment
22.06.13	100 No. exotic 2 day old chicks bought from Chick Supplies Rongo	50/= each	
24.06.13	2 chicks dead		No obvious reason
22.07.13	98 Chickens debeaked and innoculated	5/= each	Carried out by Gov. vet from MIGORI
22.08.13	98 chickens sold at Migori Market	300/= each	Customers were impressed by quality. Customer wants to buy all next brood – Mob. 0727593876
22.08.13	Chicken house cleaned and disinfected ready for next brood.	900/= disinfecting liquid	Manure sold for 1200/=

4.1.4 Accounts (Suggested a page for each)

Monthly Income

Date	Source	Amount
	Brought Forward (P)	
	e.g. Own money	
	e.g. Loan	
	e.g. Sales	
	e.g. Savings set aside from profits	
	<u>Total Income</u>	

Monthly Expenditure

Date	Description	Amount
	e.g. Stock	
	e.g. Tools/raw materials	
	e.g. Wages	
	e.g. Rent	
	e.g. Electricity	
	e.g. Savings	
	e.g. Loan Repayment	
	<u>Total Expenditure</u>	

Income - Expenditure = P P is for profit!!

You then carry forward the amount (P) to the start of the next page.

- Remember you may decide to draw something out from the profit to set aside e.g. for next seasons seeds or re-equipping and put this in a “savings” account.
- Remember if you have borrowed money or have committed to loans, rents or wages that these will still be have to be paid so be wise how you use the profit.

4.1.5 Cash Flow

Each month use the monthly record of accounts to compare the actual cash flow against the planned.

Make use of the Cash Flow Table you prepared for your business plan, (you can add extra columns for actual) and record what is actually happening with your project.

This will help you take action early to put things right if the figures tell you that something is going wrong.

It will give you the information you need to enable you to plan your project for the next period ahead with confidence.

	Cost -ve money out +ve money in							
Item	Month 1		Month 2		Month 3		Month 4	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Fixed & capital cost	-20000		-3000		-3000		-3000	
Variable cost	-4000		-1500		-5000		-4000	
Sales Revenue	0		0		0		+105000	
Cash Flow this month	-24000		-4500		-8000		+98000	
Cumulative Cash Flow	-24000		-28500		-36500		+61500	

Remember! Success = Having something left over from what people have paid you after you have paid out your expenses.

When you have completed the table then prepare a new plan and cash flow for the next period of your project.

4.2 Practical Exercises for Students:

4.2.1 List all the ways in which keeping records will help you in being more successful in running an income generation project.

Session 5: Sources of Funding

5.1 Remember that using what you have is the beginning of the miracle.

When thinking about finance for your project consider these options in this order:

1. Your own savings or sale of surplus items – no interest, no debt.
2. Family or friends – low or no interest
3. Community associations (savings and loan schemes, credit unions, 5000Plus sponsored TRUST scheme) - low interest
4. Micro-finance Institutions - high Interest/short term
5. Banks. Not usually geared for small loans or unsecured debt – high interest

Remember you need a good plan as it will show others (family, an investor, a community savings and loan group, an NGO, a bank manager) that you have a sound proposition.

5.2 Practical Exercises for Students:

5.2.1 Read the Parable of the Talents in Matt 25: 15-28. What does this passage teach about using the resources that God has given to us?

5.2.2 Read the stories of the widow of Zarephath in 1 Kings 17:7–16 and the widow's oil in 2Kings 4:1-7. What do these stories teach about faith, obedience and multiplication?

5.2.3 How will the truths learnt from the above stories change the way you think about resources when planning your income generation project?

Guidelines for TRUST Savings and Loans Groups

Truth
Respect
Unity
Sustainability
Transformation.

Aim: To enable local groups to save from their own resources, so that they can:-

a) meet a crisis which would otherwise cause a member to use their working capital, or risk their income generation project.

And/or:

b) make loans available to members so that they can invest in starting, enlarging or diversifying an income generation project.

Model: The group shall create a fund through their own saving which shall be available for loans to the group members. The group shall be built on trust and mutual encouragement and accountability. A commitment is required from the group members to one another, to integrity, to openness and to hard work.

Guidelines

(The following guidelines are a suggestion to be used by the members as they set up their TRUST group. Changes or additions to them may be made as democratically agreed by the members.)

1. The group to have a chairperson, treasurer, secretary (the officer members) and other members. The officer members to be appointed by the group for six months renewable on a majority vote at a regular group meeting, provided at least six members are present. (A minimum of 7 members and maximum of 30 is recommended for a group. Consider dividing or starting a new group if more wish to join.)
2. All members register with a small admin fee of 50 INR or an amount as decided by the group. This money to be used for expenses such as a record notebook, pass books etc. They will each have a small pass book for their own record of their savings etc.
3. The group should meet once a week or once every two weeks, whichever the group decides, for mutual encouragement and training. Notes of important decisions should be kept by the secretary.
4. Each member should pay a small savings fee of 50 INR (or an amount as decided by the group) at each meeting and this should be recorded both in the group record and the member's own record.
5. A bank account is to be set up to hold the savings. The chairperson and treasurer can only operate the account jointly. The balance is to be reported at each meeting.
6. When sufficient funds are saved members can apply for a loan which will be limited to a maximum of 10,000 INR during the first two years of the group. (Thereafter the group can vote to increase this maximum sum.) Members will require a history of regular continuous saving for at least three months before they can apply for a project loan.

7. An Income Generation Project Plan, which includes a cash flow forecast (unless the loan is to meet a family health or other crisis), is necessary to apply for a loan. This Plan is to be checked, modified (if necessary) and approved by an officer and one other group member.
8. The loan is to be approved by a simple majority vote at a regular group meeting [**more** than 50% in favour], provided that six members are present. (If it is a crisis needing urgent action and cannot wait for the next meeting then any two officers plus one other member can approve the loan.)
9. If a loan is not approved the applicant can reapply after one month.
10. If the loan application is not successful because of a lack of group funds, a waiting list should be established on a first-come-first-served basis provided the Project Plan has been approved.
11. If the loan is not approved because of a poor Plan and unrealistic proposals, other members should help in making improvements to the Plan.
12. A loan agreement is to be signed by an officer and the applicant(s) and witnessed by a community elder or officer [See guideline 19].
13. The loan repayment schedule with details of the loan amount and repayment terms (including any time lag before repayments commence) is to be prepared and copies given to both the secretary and the applicant(s).
14. The loan is withdrawn from the group's savings account and paid to the applicant. An officer and the applicant both sign to agree this transfer has been made.
15. Loan repayments are banked and recorded by the officer(s) and the applicant(s).
16. Interest of 1% per calendar month is charged on the outstanding balance worked out monthly for the last day of the month and added to the total outstanding on the first day of the next month. Interest is only charged on the amount outstanding. Early repayment will decrease the amount of interest paid and late payment will increase the amount as 1% for each month is still charged.
17. Loan defaulters affect everyone in the group and are accountable to the group. A default occurs when repayments are more than two months in arrears.
18. Defaulters will be subject to the following sanctions: Ineligible for further loans until three months after the original loan is paid off and withdrawal of voting rights for the same time. If more than four month's repayments are missed on a Project or Crisis Loan the savings of the member will be confiscated up to the value of the default, the remainder, if any, will be repaid to the member and then their membership terminated.
19. The local community elder or officer should be informed of the existence of the group and stamp the agreements. If disputes arise which cannot simply and safely be resolved within the group, then the local community elder or officer should be asked to mediate.
20. Rules should be decided by the group at its commencement.

TRUST Savings and Loans Group

Loan Agreement

Place..... Loan Ref. Number..... Date.....

I,hereby agree to take a **loan** from this savings group
of..... at an interest rate of % per calendar month
for the purpose of
.....

I will make repayments according to the agreed schedule and I will keep the group informed of my progress.

Signed..... person taking loan (print name).....

Signed..... person taking loan (print name).....

Signed..... officer of the group (print name).....

Signed member of the group (print name).....

Stamp or Signature of the Community Elder or Officer:-

This loan was fully repaid with% interest per calendar month on
(date).....

Signed (Borrower(s))

Signed (Officer)

TRUST Savings and Loans Group**Loan Repayment Schedule**

Loan reference number

Loan received (date) AmountINR

Loan to be repaid atINR per month for a period of months at an interest rate of% per calendar month starting on(date)

Signed (Borrower(s))

Signed (Officer)

Due Repayment Date	Actual Repayment Date	Amount Repaid	Received by Group Officer Signature	Interest accrued this month at 1%	Outstanding Loan Balance
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Example

12,000 loan made on 1st May 2013 at 1% Interest per calendar month to be repaid over 6 months in monthly instalments of 2,070 with a final payment 2,074. Total repaid to be 12,424.

Month	Due Repayment Date	Actual Repayment Date	Amount Repaid	Received by Group Officer Signature	Interest accrued this month at 1%	Outstanding Loan Balance
1	31/05/13	-	0		120	12120
2	30/06/13	30/06/13	2070	xxxxxxxxxx	121	10171
3	31/07/13	31/07/13	1500	xxxxxxxxxx	102	8773
4	31/08/13	31/08/13	2070	xxxxxxxxxx	88	6791
5	30/09/13	-	0		68	6859
6	31/10/13	31/10/13	2000	xxxxxxxxxx	69	4928

Because of missed or incorrect repayments at the end of the agreement period of six months, only 7,640 has been repaid and another 4,928 is still outstanding plus any further interest to be added.