MODULE 4: Management (v1)

SELL MORE FOR MORE

FACILITATOR'S GUIDE

Zambia Profit+

Farmer organization training and planning in improved business practices to improve quality and quantity of crops sold

February 2014

Acknowledgements

Sell More For More was first launched by ACDI/VOCA in Rwanda to link maize cooperatives to markets by strengthening their management and production skills. It has been further developed by ACDI/VOCA to support a wider range of farmer group structures and products.

In collaboration with staff and partners of Zambia Profit+, Sell More For More has been adapted for the farmer cooperatives and Organizations of Zambia.

ACDI/VOCA trains local farmer organizations to support the implementation of Sell More For More. As part of a localization strategy to achieve sustainability, we then seek public and private institutional partners to continue strategic elements of ongoing training and capacity building. Although we share many resources with other institutions, ACDI/VOCA retains rights over materials to help maintain consistency in design and implementation.

Zambia PROFIT+ implemented by:

ACDI/VOCA (www.acdivoca.org)

Since 1963 and in 146 countries, ACDI/VOCA has empowered people in developing and transitional nations to succeed in the global economy. Based in Washington, D.C., ACDI/VOCA is a nonprofit international development organization that delivers technical and management assistance in agribusiness, financial services, enterprise development, community development and food security in order to promote broad-based economic growth and vibrant civil society. ACDI/VOCA currently has approximately 60 projects in 30 countries and total revenues of $173 million.

Zambia Profit+

The Production, Finance and Improved Technology Plus (PROFIT+) program is a core activity of USAID's Feed the Future (FTF) global hunger and food security initiative in Zambia. PROFIT+ is fostering economic growth, significantly contributing to Millennium Development Goal one: halving the proportion of people living in extreme poverty and suffering from hunger by 2015. The program targets smallholder farmers and agro-enterprises to increase agricultural productivity and facilitate inclusive access to markets and private sector investment in target value chains. The project focuses on three objectives: 1) improved smallholder productivity; 2) greater access to markets and trade; and, 3) increased private sector investment in agriculture-related activities.

Introduction

This training manual is based on the Sell More For More methodology created by ACDI/VOCA. In this highly interactive training program, attendees create specific strategies to increase the quantity of their marketing output ("sell more") and meet high quality standards to earn higher prices ("for more"). The program provides technical agricultural training of trainers for inputs, production and post-harvest handling. It also has four management training modules on membership, marketing, money and management for farmer organization leaders and board members.

The four management modules are intended to be delivered to members of two farmer organizations at the same time in order to facilitate learning and collaboration between groups. Each module lasts three days. Modules should be spaced in two-week intervals to allow time for the attendees to complete practical assignments. This material is designed to be delivered in a facilitative format (no lectures, no PowerPoint) whereby participants engage in learning activities and then capture their insights in individual *Planning Books.* This is an essential tool that not only guides participants through the workshops but also serves as a record of solutions, action items and new strategies resulting from the activities. The Planning Books logo (shown at right) designates activities that involve attendees entering information into their books. To this end, facilitators should bring plenty of flip charts, markers and tape. Additional supplies are listed in the activity descriptions. The facilitator must be flexible, as each workshop will be a unique experience with each new group.

These manuals use the term "farmer organization" or "Organization" to represent all types of cooperatives, Organizations and farmer groups. Feel free to use the appropriate term when facilitating your sessions.

Contact

For additional information on this and other Zambia Profit+ development activities, please contact Sylvester Kalonge, Chief of Party (SKalonge@profitplus-zm.org). For any specific questions related to the content and training methodology of this program, please contact William Sparks, ACDI/VOCA Vice President of R&D (wsparks@acdivoca.org).

Management

Module 4: Operations

This workshop will take an estimated three days to complete.

<u>Goal</u>

Participants identify ways to improve Organization business operations.

Chapter 1: Assignment Debrief

OBJECTIVE

Participants report on how their assignments went.

ACTIVITY

(SEPARATE) Divide each Organization into three groups. Ask them to discuss the assignment. After each small group has had ample time to talk, a representative from each group should report out on their discussion.

Instruct each group to discuss the following questions under each assignment:

Assignment 1: Draft report to members/stakeholders

- Have you created the draft agenda for the next meeting?
- Did you decide to use other methods of information dissemination other than the general assembly meeting to educate members on new topics?
- When will you hold your next general assembly meeting?

Assignment 2: Update all record books

- Have all record books been upgraded?
- Have specific people been assigned to each record?
- How are the records reviewed and supervised?
- Have the records been explained to the Supervisory Committee?

Chapter 2: External Communications

OBJECTIVE

Participants are able to create a communications plan for external stakeholders.

WHAT PARTICIPANTS NEED TO CREATE
A list of messages that need to be communicated to key stakeholders

MATERIALS

- Flip chart paper and markers

ACTIVITIES

2.1 Identifying External Audiences

This activity will help participants identify their major audiences and determine *who* is responsible for communicating *what* information to each audience.

Instructions

(ALL) Have the entire group do one brainstorming activity to answer this question: "Who are the people and groups inside and outside of our cooperative with whom we must communicate?" Try to provide hints and lead them along (without spending too much time) to generate a list that includes, but is not limited to:

- Input suppliers
- Buyers
- Local government authorities
- Public extension
- Non-members
- Service providers

(MIX) Then divide the 30 participants into small groups, one for each of the audience groups identified (buyers, local authorities, etc.). On a flipchart, each small group then answers two questions about the stakeholder they have been assigned to:

> *What do they need to know?*
>
> *Who communicates with them?*

As groups are brainstorming on the two questions, the co-facilitators should visit the groups and prompt them, using the examples below as a guide.

Buyers

- Potential crop early in the season
- Specifications on condition, volume, value, and dates of availability.

Vendors/input suppliers

- Type, amount and timing of seed and fertilizer
- Services needed
- Number of members interested in services or products

Non members

- Benefits of joining the cooperative
- Targeted messages that will attract new women members

Government / local authorities

- Advocacy
- Processing, collateral
- Permits, price subsidies

After groups have completed their chart for their specific stakeholder, then ask each group to report out. Participants copy down relevant information into their *Planning Books.*

Chapter 3: Internal Controls

OBJECTIVE

Participants will be able to conduct a self-assessment of operational and material controls.

WHAT PARTICIPANTS NEED TO CREATE

A list of action items to address operational and material internal controls.

MATERIALS

- Flip charts and markers

ACTIVITIES

3.1 What are internal controls?

Begin with fundamental questions on internal controls.

Internal controls are things we do to monitor our organization. We must prevent and detect fraud and waste. We do this to protect our Organization's money, property and the product we intend to procure from our members.

The facilitator asks the following questions:

Can you think of some examples of why we might need internal controls?

- To keep insects from invading our stock
- To keep our property from being stolen

What are the two main questions we ask when putting an internal control in place?

- What do we need to do?
- Who is responsible?

While internal controls are usually created for money, materials and processes, for these exercises we will only consider internal controls for *materials* and *processes*, because fiscal controls were examined in the Money module.

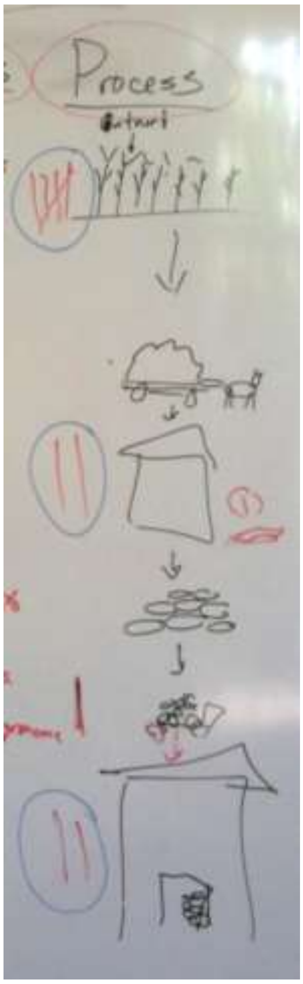
3.2 Identifying process risks

In this two-step intra-Organization activity, participants create a product flow diagram to show the life of the product. They then identify stages where there are the greatest threats to the quality and/or quantity of the Organization's product. Later, we will create internal controls to mitigate those risks.

Instructions

Step 1: Product Flow Diagram

(SEPARATE) Divide the participants of each Organization into three groups of five (do not mix Organizations), and provide each small group with a flip chart and marker. Instruct them to draw images in a flowchart form showing the life and flow of the product. Be sure to provide them with additional blank pieces of paper in case they need to add steps in the process. Remind them to make the product diagrams large enough to see, because they will be presenting them to other groups.



Advise groups to begin by considering where the Organization's activities start and end. This may vary by group and by Organization; they may decide not to start with planting the seed in the field, but rather to start with the product being delivered to their storage facility. The diagrams can be horizontal or vertical. Participants are encouraged to use their creativity.

Once all the small groups have created their own product flow diagram, they reconvene to compare their diagrams. Each small group selects a representative to explain the steps in the product flow. The other groups are invited to provide suggestions on how to improve the diagrams and point out steps that may have been forgotten. Each group has an opportunity to improve their maps using feedback from the others. After all three small groups present to their Organization and incorporate the feedback for improvement, the large group selects the product flow diagram they think best represents their Organization. That product flow diagram will be used in the next activity.

Step 2: Voting on threats to quality and quantity

Now we will use the product flow diagram to identify where we have the greatest threats to product quality and quantity.

Instructions

Each participant will vote twice on which steps in the process he/she believes offer the greatest threats to the quality and quantity of the Organization's product. They will vote directly on the flip chart by placing a mark next to the step they believe presents the most risk of lessening the quality *or* quantity of crop. After everyone has voted, the facilitator identifies the two steps that are identified as the most critical. Those are the two steps from operations for which the group will create internal controls in activity 4.3.4.

Notice in the example above how the process starts at the top in the field and ends at the bottom in the storage facility. The circles with the tick marks to the left of the images show how members voted for different stages.

3.3 Identify material risks

This activity is very different than the previous, but it will end with the same result: identifying priority areas for which internal controls should be established.

Step 1: Identify materials at risk

<u>Instructions</u>

(SEPARATE) This is an intra-Organization activity. Assuming there are two co-facilitators, this may be done by dividing the 30 participants into their respective Organizations and assigning a facilitator to each Organization. This can also be facilitated by dividing the two Organizations in two groups (for a total of four groups). Provide each group with a marker and a flip chart with four columns: *materials*, *theft*, *destruction* and *maintenance*. Instruct the Organization members to sit as a group and make one large list of all the materials their Organization owns and enter the list in the *materials* column. The list should range from the smallest things, such as a chair, all the way to the largest items, such as a tractor or warehouse (include machines, sewing machines, tables, signs, records, etc.).

Then, as has been done in previous activities, instruct each group to work collaboratively to assign an H (high), M (medium) or L (low) in each of the remaining categories for all items, answering the question, "What is the level of risk?"

Participants enter the materials and H-M-L designations in the table in their *Planning Books.*

Example

Votes	Materials	Theft	Destruction	Lack of Maintenance
	Chairs	H	M	L
	Records	H	H	L
	Empty sacks	H	L	L
	Tractor	L	L	L

Step 2: Voting on Highest Risks

Instructions

(SEPARATE) Based on the previous ranking activity, every participant now receives two votes and votes for the item or items that he/she believes faces the most risk of being stolen, destroyed or not maintained. Remind participants that this is not a question of what is most valuable, as the tractor is obviously most valuable, but rather what property of the Organization is most likely to be stolen, destroyed or unmaintained. Individuals can place both of their votes on the same item if they think it warrants them. An extra column has been inserted into the table above to show where votes can be ticked and tallied. After everyone has voted, the facilitator identifies the two items identified as the most vulnerable. Those are the two items for which the group will create internal controls in the next activity.

3.4 Creating Internal Controls

(This is an intra-Organization activity. The Organization will practice making internal controls for the four topics of risk identified in the two activities (we identified two priority topics in each of the *operations* and *materials* activities).

Step 1: Create controls

(SEPARATE) Divide each Organization into four groups (two groups of three and two groups of four). Give each small group two pieces of flip chart. Two groups will be assigned to create internal controls for the operations priorities; two groups will be assigned to create internal controls for the materials priorities. In this activity, we have two small groups create the same internal controls because this is the first time many of the participants will have created internal controls. It will be helpful for them to have another example to compare to and learn from.

On the flip chart paper, instruct the groups to write the name of their internal control at the top and identify tasks that must be done to minimize risk for their assigned topics. For example, if the stage of "preparing and seeding the field" is identified as a major risk for crop quality and quantity, then the group would write "use improved variety seeds" and "increase productivity with fertilizer" on the sheet. If empty sacks were identified as the material most at risk of being stolen, then the group assigned to it should write something like "fold and store empty sacks in secure place."

After defining the required actions, each small group then needs to answer two critical questions that form every internal control:

- What do we need to do?
- Who is responsible for making sure it gets done?

Internal control topic	
Task	**Who**

grain sacks	
Task	**Who**
Fold & store	Moses
Label with special tags	Samuel

Step 2: Share Controls

After all four groups finish listing and describing the internal controls for all the threats identified, they should report out to each other. The facilitator should draw out similarities and differences in how different groups addressed the threats and which controls they put in place. The groups should use the immediate feedback from the facilitator and the rest of the group to make corrections and improvements to the internal controls they have drafted. Once all four have been finalized, the participants should then enter these internal controls into their *Planning Books*.

Chapter 4: Cash-flow Forecast

OBJECTIVE

Participants will be able to create a projected cash flow statement and suggest a proper action plan in case of expected cash shortages and overages. If cash outflow exceeds the expected cash inflow, the Organization leaders need to seek alternative financing or cash inflow; otherwise they should prioritize their payments.

WHAT PARTICIPANTS NEED TO CREATE
A cash-flow diagram for their Organization

MATERIALS AND PREPARATION

- Flip chart paper and markers
- Prepare volunteers for role play

ACTIVITIES

4.1 Role Play: Immediate vs. Delayed Payment

As an introduction to cash-flow forecast, the facilitators should solicit volunteers to participate in two role plays. The facilitators must prepare the volunteer ahead of time so he/she knows the plot. These scenarios can be done with two, three, or even more volunteers for the roles of farmers, Organization and traders.

In the first, the farmer deposits his product at the Organization and then must wait many weeks to receive payment for his product. He becomes angry and considers selling his product to traders next time because, even though the price is lower, at least he receives his money quicker.

In the second, the farmer receives payment for his product as soon as he delivers it to the Organization. The farmer returns home gloating to his friends about the benefits of belonging to the Organization.

During the debriefing of these role plays, the facilitators should ask what the participants saw and how it affects their work. Highlight that providing spot payment requires the Organization to maintain cash reserves and good control over cash flow. We will now take a look at what our cash-flow needs are.

4.2 Cash-flow Forecast

This activity aims to help the Organization map out cash flow throughout the year. It begins by introducing participants to the main components of the table and then has them recreate the table as it pertains to their Organization.

A cash-flow forecast is a statement that shows the inflows and outflows or sources and uses of cash for an organization over a given period of time. It is an important planning tool to foresee cash shortages and overages well ahead of time and set an appropriate remedial action.

Instructions

The facilitators will now guide participants through the creation of the cash-flow forecast.

- Step 1: What are our costs?

OPERATIONS. Ask each Organization to calculate all the monthly operational costs. These include all costs that occur every month as a result of the manager, other employees, facilities, electricity, etc. This calculation does not include additional one-time costs incurred when purchasing product from farmers. The participants should note this total in their *Planning Books.*

EMERGENCY. After they have calculated the monthly operational costs, ask each Organization how much it tries to save for additional emergency expenses. This amount may range from 5%-10% of operational costs. This amount should also be noted in the *Planning Book*.

PAYOUTS. Next ask the Organization how much it expects to pay for the first season and second season product from farmers. Then ask if there are any other major expenses throughout the year, such as purchasing seeds and fertilizer. Participants should note all of these expenses in their *Planning Book*.

As many Organization receive the inputs on credit, inputs are not accounted for in this exercise. If the Organization does front money on agricultural inputs such as seeds and fertilizer, then their chart should reflect it.

- Step 2: Planning for cash collection

Sources of cash are the opening balance (which is brought forward from the previous month, and which includes cash on hand and at the bank), cash sales of commodities, sales of shares, registration fees, credit collection (from members and customers) and loans. Credit sales will not be shown in the cash-flow forecast report. Projected cash collected from credit sales will be recorded in the cash-flow forecast in the month in which sales will be collected.

- Step 3: When are our costs?

The next step is to plot the expenses calculated in the previous step on a table so we can see the expenses throughout the year.

Introduce participants to the following table, which is in their *Planning Book*. Explain that the cash flow forecast has two parts: the inflow and the outflow. The table starts with the opening cash balance brought forward from the previous month. The table also shows the ending cash balance. The ending cash balance of January (assuming that January will be the first month of the Organization fiscal year) will be the beginning cash balance for the month of February (the following month). The ending cash balance should not be lower than the amount you calculated above for emergency expenses. If the cash balance is lower than this limit, the Organization has to seek additional financing (loans, additional share issue, more sales, etc.), or should cut or postpone its costs.

Cash-flow forecast

Name of association_________________________________

Planning period: from____________to____________________

	Months of the year											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
STARTING CASH BALANCE (A) →												
Cash coming in												
Sales of commodities												
Annual subscription fee												
Membership fee												
Credit collection (from members)												
Loan												
Total cash coming in (B)												
Cash going out												
Operating cost												
Purchase of products												
Fixed asset (investment)												
Loan repayment												
Total cash coming in (C)												
ENDING CASH BALANCE (A + B – C) →												

Instruct participants to form groups of three. Provide each group with a flip chart and marker. Instruct them to recreate the annual cash-flow graph for their Organization, using the figures they calculated in the first step and using the template in their *Planning Books* as a guide.

Once the groups of three have completed making their tables, they should reassemble into larger groups of 15 and each of the five smaller groups should display their graph to the group. The participants should note similarities and differences among them. The Organization should, in the end, identify the table that best resembles the Organization's annual cash-flow needs. Participants then should enter that completed table into their *Planning Books*.

- Step 4: What are our cash-flow needs?

Ask each Organization to determine which level of RISK it is operating at right now:

- OPERATIONAL RISK - If an Organization cannot cover its monthly operating expenses, it will go out of business.
- EMERGENCY RISK - If an Organization can cover the operating expenses but has no additional funding for emergency expenses, then it is at risk.
- SUSTAINABILITY RISK - If the Organization can cover the fixed expenses but is struggling with cash flow to cover large purchases of product from members, then the Organization is viable but needs to find solutions to cash flow to make members happy.
- LOW RISK: If the Organization has enough money to cover all expenses throughout the year, it is doing very well.

After identifying the level of risk, then ask the following questions:

- What is the total annual fixed operating expense?
- What are our total annual expenses?
- Do we have that much money in the bank?
- When are the critical times when we need additional cash?
- Approximately how much extra money do we need?
- How can we raise that extra money (savings or loans)?
- How much can we feasibly try to save per month throughout the year?
- Will we need to access credit to fulfill our needs?

Chapter 5: Credit

OBJECTIVE

Participants will be able to articulate the dangers and advantages of credit, and they will know which types of loans are appropriate for helping the Organization manage cash flow and investment.

WHAT PARTICIPANTS NEED TO CREATE

- A strategy for accessing and managing credit

MATERIALS & PREPARATION

- Flip chart paper and markers
- Invite a representative from a financial institution to come and speak with the Organizations about loan products available; or, ask the project's finance specialist to participate.

ACTIVITIES

A project finance officer (if possible) should join the session to discuss with the Organizations how to earn and manage credit responsibly for both short-term cash flow and long-term investment needs. The first activity is a set of brainstorming questions to help the participants understand their needs and the potential process and challenges. The first activity ends in an exercise where participants list questions they have for the financial institution. If a representative from a financial institution is able to come to the workshop, then the questions will be addressed in the large group; if the facilitators are unable to find a representative, then these questions will turn into an assignment that must be completed after the workshop.

5.1 Credit considerations

Start by telling the group, "Credit is like fire: it is very useful and very dangerous." Then solicit reactions as to why they think this is true or not.

(MIX) In this cross-Organization activity, divide the participants into groups of five with members from both Organizations in each small group. Challenge the small groups to answer the six questions listed in their *Planning Books*. The facilitators need to circulate among groups and assist them in brainstorming to answer the questions.

To facilitate the debriefing, the facilitator creates six flip charts, one for each question. He/she asks groups to report out so that all of the answers can be collected on master lists. Points of confusion or disagreement should be discussed by the group.

The six questions and illustrative answers:

- What are our sources of financing?
    - Members' contributions
    - Surplus savings
    - Loans
    - Government programs
    - Private sources of financing
    - Union
- What are the dangers of using credit?
    - Not understanding terms
    - Not planning to cover additional costs
    - Unable to pay back
    - Defaulting will eliminate our ability to access credit again
- What costs are associated with getting a loan?
    - Interest
    - Others?
- What is the role of the board of directors in managing credit?
    - We must approve policies and procedures.
- What is the Organization manager's role in credit?
    - The manager must develop policies and procedures and submit to board for approval.
    - The manager will administer the funds and oversee repayment.
- What types of activities or systems must we have in place in order to get the best financing possible?
    - Strong oversight from Supervisor Committee
    - Clear marketing plan
    - Defined internal controls

5.2 Reflection

(SEPARATE) The Organizations reassemble, and the manager or president leads a brainstorming and self-reflection using the following questions as a guide.

- Why is credit necessary? What is the purpose of a loan?
- How much credit do we need?
- What problems have we had in obtaining credit in the past?
- What do we need to put in place in order to confidently manage the loan?

After they have had sufficient time, the participants enter the information into their *Planning Books.*

5.3 Questions

The facilitator leads all participants in creating a list of questions that they have for financial institutions. If a representative from a financial institution is able to participate in the workshop, then she/he is asked to respond to these questions. If no representative is able to participate, then the participants must treat this as an assignment. Here are few examples:

- What loan products are appropriate and available for Organizations?
- How does the Organization apply for the loan? What is the process? Paperwork? Prerequisites?
- What are the components of a loan contract (payment, interest rates)?
- What collateral is needed?
- Additional Questions:

Chapter 6: Self-assessment

OBJECTIVE

Participants will be able to assess the performance of their Organization using the M4 self-assessment.

WHAT PARTICIPANTS NEED TO CREATE

- A self-assessment

MATERIALS & PREPARATION

- Four pieces of paper per participant, with the numbers 1, 2, 3, 4 on the paper
- Flip chart and markers
- Participants need the M4 in the appendix of their *Planning Books*

ACTIVITIES

6.1 Self-assessment of Organization performance

(SEPARATE) This is an intra-cooperative activity – do not mix Organizations. Members of each Organization will use the M4 assessment tool to measure their Organization's performance. After the assessment, they will identify 2 priority areas within each of the four sections of membership, marketing, money and management.

Instructions

- Step 1: Conduct assessment

Ask each group to create a flip chart similar to the chart listed at the front of the M4.

Ask each Organization to separate into two groups. Each group should sit in a circle. Every person should have four pieces of numbered paper (1, 2, 3, 4). The facilitator will read the first question on the M4 assessment. The facilitator will also read the four stages of performance. The facilitator will ask that each person select a piece of paper with a number on it that represents the stage they believe their Organization to be at for that specific question.

Once all of the participants have selected a number, they should put them face up in the middle of the group at the same time for everyone to see. If all of the numbers match, then the flipchart for that group can be updated with that score for that specific question. If the numbers do not match, someone gives a short explanation for each of the numbers listed. After this explanation, the entire group should pick up their numbers and re-vote. This should continue until they reach a consensus. If there is no consensus after three votes, they should list both scores on the flipchart.

The groups will continue with this process on their own. The facilitator will rotate to assist with the process. If there are members who are struggling to read the assessment, ask that a member of the group read the choices aloud for the other members.

After the group has written a score for all the questions, they should proceed to Step 2.

- Step 2: Combine assessments

Each Organization had divided into two groups to complete Step 1. Now, both groups come together to compare their flipcharts. Wherever there is a variation, the members discuss the question until they reach a consensus. If there is no consensus after a discussion, the group should vote. Most groups reach a consensus on all of the questions.

For those questions that do not have a consensus, the facilitator can encourage a vote. If 11 or more of the members (out of the 15 attending) vote for a score, list that score. If 10 or less vote for a score, then list the 'lower' rating of the two scores being discussed.

- Step 3: Select priorities

Ask participants to look at the flipchart and the scores. Each participant gets 5 votes to determine which of the topics should be a priority development for the Organization. A participant can put multiple votes on the same topic, or spread the votes over three topics. They can list their 'tick' marks or place their stickers in the column titled Priority.

After the voting has ended, the Organization circles the top two priorities within each of the three categories.

Ask participants to copy the scores and priorities into their *Planning Books.*

- Step 4: Presentation to other Organization

Each Organization presents their flipchart and priorities to the other Organization. Have each Organization alternate presenting each category so that the first Organization presents on Membership, and then the second Organization presents on Membership. Then the first Organization presents on Marketing, and so on.

Chapter 7: Business Planning

OBJECTIVE

Participants will be able to create simple business work plans with ordered action items and milestones.

WHAT PARTICIPANTS NEED TO CREATE
A business work plan

MATERIALS & PREPARATION

- Flip chart paper and markers

ACTIVITIES

7.1 Membership, Marketing, Money and Management

(SEPARATE) This is an intra-cooperative activity. Participants set up flip charts with information that was created in previous activities. They will then vote on priority action items in each of the four categories—membership, marketing, money and management—and then create an action plan for each. Whereas we have previously done planning activities at the end of the previous modules, this is a comprehensive synthesis planning activity that will combine all the plans we have made throughout the four workshops.

Instructions

- Step 1: Collect Previous Action Items

Provide both Organizations with a piece of flip chart paper and markers. Instruct them to write on the first piece the goals of the Organization, as established in the market targets activity (From the Marketing Module, Chapter 6), in terms of how many MT of grain (or any product) they hope to produce and how many members they intend to have. That flip chart is a reminder of the ultimate goal, which all of the following tasks must support. Place it on the wall. Participants also enter the figures into the box in their *Planning Books.*

For each crops, select metric tons and prices that are realistic. Also, list the number of desired members. Below is an example:

Goals		
	Soy Bean	**Maize**
Sales of	*300 MT*	*500 MT*
Target price	ZMW 2600 / MT	ZMW 1300 / MT
# Members (target)	*200*	

Instruct each Organization to divide into three groups of five and provide each group with four pieces of flip chart paper. Instruct each group to write the terms Membership, Marketing, Money or Management at the top of their four pieces of flip chart paper. They now need to write all of the priority action items under those corresponding categories. To do this, they will go through their *Planning Book* and look at the many next steps and areas for improvement that they have identified through the numerous activities that they have done in previous sessions. These action items will come from ALL previous modules on membership, marketing and money, AND this module on management.

Instruct participants to find pages labeled with the image on the bottom of the page, just above the page number; that image designates activities that have already created lists of action items.

After each small group has filled out all of the action items under each of the four categories, the three groups reassemble and combine their sheets into four overall sheets: one for each area. The Organization will need to discuss, combine and reclassify certain action items so that they all fit into one of the four lists.

Examples of items on charts:

Marketing	Members	Management	Money
• Contact buyer • Sign new contract • Create promotional brochure • Etc…	• Better general meetings • Give post-harvest training • Etc…	• Get short term-loan • Finish creating internal controls • Etc…	• Redo members ledger • Buy new ledgers • Etc…

- Step 2: Vote on priorities

The facilitator should explain that it is impossible for the Organization to achieve everything on this list all at once, so we must prioritize what to do first. Once the first action items are accomplished, the Organization can move on and work on the subsequent items.

Now explain that every participant has two votes that he/she can cast on each of the four flip charts (for a total of eight votes). Complete the voting and tallying on one topic at a time to simplify the voting process. As done in previous activities, participants now mark their two votes on the items they think are the most important. After everyone has voted on their priorities, the facilitator identifies the action items on each sheet that receive the most votes, and ranks them according to number of votes. The ranking should show the two action items on each flip chart that receives the most votes. The participants should document the complete lists of action items and the ones prioritized in their *Planning Books*.

- Step 3: Creating an Action Plan

The facilitator should identify the action items that received the most votes. The number of activities attempted by the Organization in the coming year depends on the size and capacity of the Organization. The goal in this exercise is to develop action plans for a reasonable number of priorities. Not only is this a good exercise in planning, but the action plans for each item will be needed in the future as items are achieved and new priorities are made. The facilitator needs to help each Organization decide what will be most appropriate and how much the Organization would like to plan for the coming year, but still assist them in planning the tasks for the top six activities in each group.

Divide the Organization into four groups. Each group will work on a different topic: membership, marketing, money or management. Now provide each group with two blank pieces of flip chart paper, one for each of the two priority action items identified in the last step for which they will create plans.

Explain to the groups that when they define the action item, they must include the following pieces of information:

- The goal: define the goal of the action item at the top. For example, not just "deliver post-harvest training" but "Deliver post-harvest training to 100 farmers before the end of January."
- The tasks: list all the tasks that need to be done to achieve the goal.
- The details: for each task, list who will be in charge of making sure it happens, when they must complete it, and how much it will cost, if anything.

Use the following table as a template. The information is merely an example.

Priority: Increase Quality of Crop

Goal: Deliver post-harvest training to 100 farmers before the end of January

Tasks	**Who**	**When**	**Cost**
Identify master trainer	Jenala	November 10	-
Three trainers attend TOT	Sailota	December 15	Travel: 10 ZMW
Trainer 1 delivers training to village 1	Joseph	December 30	Travel: 5 ZMW
Trainer 2 delivers training to village 2	Peter	January 2	Travel: 5 ZMW
Trainer 3 delivers training to village 3	Angela	January 4	Travel: 5 ZMW
Trainer report back to Organization when complete	Jenala	January 15	-
Agronomist visits all three villages	Jenala	January 25	

Once the small groups have finished creating action plans for each action item, each Organization should reassemble and the participants should report out on what they have created. As they report out, the other participants should offer advice on how to improve the action plan. This feedback should be incorporated into the action plan to improve it. Once finalized, the participants should write all the completed action item planning sheets into their *Planning Books*.

Chapter 8: Field Assignment

<u>OBJECTIVE</u>

To explain the four field assignments and designate who is responsible for accomplishing each of them.

<u>WHAT TO DO</u>

Explain the four assignments and then solicit two to three volunteers for each assignment.

<u>ASSIGNMENTS</u>

- Assignment 1: Business plan

  Representatives from the Organization should continue developing work plans for the action items listed in the business planning activity. They should prepare a presentation to the membership.

- Assignment 2: Member outreach activity

  A small group needs to act on the member outreach activities identified in the beginning of this Planning Book (retention, communication, recruitment). They need to begin working towards their target goal for number of members.

- Assignment 3: Complete internal control checklist

  A small team needs to complete the review of all process and material risks, and to establish the internal controls that were identified.

- Assignment 4: Meet with a project Finance Specialist and/or Financial Institution

  To continue discussions on access to credit and to better prepare the Organization to submit a loan application, Organization leaders should meet with a project Finance Specialist to pursue a smart plan for accessing credit. If they still have unanswered questions from the credit activity, they should assign a small group to meet with a financial institution and get their questions answered.

Appendix: M4 assessment

M4™

membership
marketing
money
management

M^4 - assess cooperatives, associations and groups

A development resource from ACDI VOCA

A participatory survey for assessing capacity and identifying development priorities for groups, associations and cooperatives

…a cooperative is an association of
women and men who come together to form a jointly
owned, democratically controlled enterprise where
generating a profit is only part of the story.
Cooperatives put people before profit.
They also help their members achieve their
shared social, cultural and economic aspirations.
A cooperative is a social enterprise that promotes
peace and democracy.

- Food and Agriculture Organization (FAO)

Introduction

Under the Cooperative Development Program managed by USAID, ACDI/VOCA developed a participatory survey instrument (the M^3 assessment tool) for assessing capacity and determining development priorities for farmer groups, associations and cooperatives. That instrument was based on prior work done by the U.S. Overseas Cooperative Development Council with the assessment tool METRICS (Measurements for Tracking Indicators of Cooperative Success) as described in the publication *Measuring Cooperative Success* (www.ocdc.coop).

The new M^4 assessment tool incorporates lessons learned over the last three years through the extensive use of its predecessor under the Cooperative Development Program and other capacity building programs. Through feedback and review, it was determined that adding Marketing as a fourth theme (in addition to Membership, Money and Management) was essential in assessing the important role organizations play in linking farmers to the market.

Also, the M^4 now aligns with the four training modules of Sell More For More™, ACDI/VOCA's organization capacity building program (www.acdivoca.org/sell-more-for-more). Within this program, organizations learn to improve the specific performance areas assessed by the M^4, and are trained in conducting their own self-assessment with the M^4 to sustain the capacity building long after initial training ends.

M^4 is a nimble tool that addresses the key components of organizational success for nascent and developing groups, associations and cooperatives. The survey instrument uses the generic word of "Organization" to address cooperatives, associations and groups. Feel free to use the appropriate term with your organization. Regardless of the organization type, processes related to membership, marketing, money and management must be strengthened for any informal or formal organization to achieve financial and social goals at both the individual and group level.

***M^4 is a participatory tool*.** The facilitator or organizational leader should engage in dialogue with a fair representation of the organization's management and members. The tool itself can be distributed to all who participate in the assessment activity. Members are encouraged to discuss each question and reach a consensus on the rating. Maximizing specific or aggregate scores are not the focus of the tool; reaching consensus on capacity ratings and development priorities are the primary purpose.

M^4 is a flexible tool. We hope that you will adapt M^4 to serve the needs of the organization you are assisting. It will always be a work-in-progress, and we invite your feedback and suggestions for improvement. You can contact William Sparks (wsparks@acdivoca.org) to share your experiences and ideas for enhancing this tool.

Cheers!

The ACDI/VOCA Team

General Information

1. Today's date: __________________
2. Name of organization: ___________________
3. District / location: ___________________
4. Collect names of participating members: ☐ Completed
5. Year organization was formed: ___________________
6. Number of members at forming: _____ (M) _____ (F) _____ (total)
7. Number of members today: _____ (M) _____ (F) _____ (total)
8. Total annual sales for the most recent year _____________ (currency: ____________)
9. List of trainings that have been provided to or by the organization:

Training Name	Training Firm	Month & Year	# of attendees	Adoptions / New behaviors?

10. When was the last board meeting (month & year)?: ___________________
11. When was the last general assembly meeting (month & year)?: ___________________
12. When was the last collective sale (month & year)?: ___________________
13. If there is a collective warehouse, what is the capacity (MT)?: ___________________

Organization: ______________________________ **Date:** ______________

1. MEMBERSHIP	SCORE	PRIORITIES
1.1 Recruitment		☐
1.2 Retention		☐
1.3 Annual general meetings		☐
1.4 AGM agenda		☐
1.5 Feedback		☐
1.6 Outreach		☐
1.7 Involvement		☐
1.8 Fees		☐

2. MARKETING	SCORE	PRIORITIES
2.1 Participation		☐
2.2 Buyers		☐
2.3 Quality		☐
2.4 Storage		☐
2.5 Working capital		☐
2.6 Marketing plan		☐
2.7 Personnel		☐
2.8 Marketing experience		☐

3. MONEY	SCORE	PRIORITIES
3.1 Accountant		☐
3.2 Accounting procedures		☐
3.3 Strength of audit		☐
3.4 Profit and loss statement		☐
3.5 Profitability		☐
3.6 Bank account		☐
3.7 Cash flow		☐
3.8 Balance sheet		☐
3.9 Recordkeeping		

4. MANAGEMENT	SCORE	PRIORITIES
4.1 Legal status		☐
4.2 Bylaws		☐
4.3 Board of directors		☐
4.4 Election of board of directors		☐
4.5 Supervisory committee		☐
4.6 Business plan		☐
4.7 Manager		☐
4.8 Operating procedures		☐

After scoring all topics, select 2-3 priorities that will be a focus for development.

1. Membership

1.1 Recruitment

(1) There is no formal membership campaign or any informal efforts to attract new members (i.e., potential members approach the organization to initiate joining).
(2) There is no formal membership campaign, but members are encouraged to attract new members although there is no formal referral process.
(3) There has been at least one attempt in the last two years to conduct a membership campaign.
(4) There is a clearly articulated membership campaign with annual activities or promotional materials that target both men and women; members receive recognition for bringing in new members.

1.2 Retention

(1) There are no accurate records of members or member activity; or, 50 percent of members left the organization or did not participate in the last year.
(2) There are accurate records of members and member activity, but membership participation of existing members has declined for each of the last three years.
(3) There are accurate records of members and member activity, but membership participation of existing members has been flat (within 5 percent up or down, *cumulative*) for the last three years.
(4) There are accurate records of members and member activity, and membership participation of existing members has increased by more than 5 percent for *each* of the last three years.

1.3 Annual general meetings (AGM)

(1) There has not been an AGM in the last two years.
(2) There is an AGM every year, but attendance is below 50 percent or there is no published agenda.
(3) There is an AGM every year with at least 50 percent member attendance and there is a published agenda.
(4) There is an AGM every year with at least 50 percent member attendance and a published agenda, and women account for a third of the members who attend.

1.4 Annual general meeting (AGM) agenda

(1) AGM does not have a formal agenda.
(2) AGM has a published agenda, but it does include all the items listed on the agenda nor are minutes (notes from previous meeting) distributed.
(3) AGM has a formal agenda and distributed minutes reflecting the following: board elections, management changes, new member acceptance, requests for services, business plan progress report, accountant/auditor report on financial status and all other items specified in bylaws and operating procedures.
(4) AGM has a formal agenda and distributed minutes reflecting the above activities, and minutes are distributed (or explained through regional representatives) to all nonattending male and female members.

1.5 Member feedback

(1) There is no AGM nor is there any formal process for collecting member feedback.
(2) There is an AGM but members neither vote for board members or bylaw changes, nor are they asked for comments on operations; there is no other formal process for collecting member feedback.
(3) There is an AGM where members vote for board members and bylaw changes; also, members are able to give open-ended feedback either at the AGM or through regional representatives.
(4) There is an AGM where members vote for board members and bylaw changes; members are able to give open-ended feedback either at the AGM or through regional representatives; the organization actively solicits member feedback through regional representatives, the supervisory committee or through a defined organization process.

1.6 Member outreach

(1) There are no planned or systematic efforts to inform members about available services, marketing opportunities and financial status.
(2) Members are informed only at the AGM about available services, marketing opportunities and financial status.
(3) Members are routinely informed throughout the year about available services, marketing opportunities and financial status.
(4) Members are notified within 30 days of any significant changes in available services, marketing opportunities and financial status.

1.7 Member involvement

(1) Less than 25 percent of members voted at the AGM or used organization services in the last year, or there are no records to accurately measure participation.
(2) Between 25 and 75 percent of members voted at the AGM and used at least one organization service in the last year.
(3) Over 75 percent of members voted at the AGM and used at least one organization service in the last year.
(4) Over 75 percent of members voted at the AGM and used at least one organization service in the last year, and at least 30 percent of those who voted and participated were women.

***1.8.* Membership fees**

(1) There are no membership fees charged or shares sold to new members.
(2) Membership fees or shares sold are inconsistently collected from all members.
(3) Membership fees or shares sold are consistently collected from all members.
(4) Membership fees or shares sold are consistently collected from all members, and records indicate date and amount paid by each member.

2. Marketing

2.1 Participation

(1) Few members (less than 10 percent) sell through the organization, and those that do participate sell less than half of their surplus through the organization.
(2) A majority of members (more than 50 percent) sell through the organization, but those that do participate sell less than half of their surplus through the organization.
(3) A majority of members (more than 50 percent) sell through the organization, and they sell at least half of their surplus through the organization.
(4) Nearly all members (more than 90 percent) sell through the organization, and they sell at least half of their surplus through the organization.

2.2 Buyers

(1) There are no contracts or letters of commitment from any buyers.
(2) There is at least one contract, but more than 60 percent of sales is to a single buyer.
(3) There is at least one contract, and there are at least three buyers with no more than 40 percent going to a single buyer.
(4) There is at least one contract, and there are at least three buyers with no more than 40 percent going to a single buyer. At least one contract has been negotiated to address terms other than value and volume to the benefit of the organization.

2.3 Quality

(1) There is no quality inspection program conducted by the organization.
(2) There is minimal inspection by the organization of incoming product, and the organization sells product at the lowest quality level.
(3) The organization has documented quality standards by which they inspect incoming product, and the product meets a higher quality standard as defined by the market or buyer.
(4) The organization has documented quality standards by which they inspect incoming product, and the product meets a higher quality standard as defined by the market or buyer. The organization actively informs or trains members on these quality standards prior to the planting and/or harvest season.

2.4 Storage

(1) There is no storage facility available (owned or rented) to the organization.
(2) There is a storage facility available to the organization, but it is too small to meet current volume.
(3) There is a storage facility available to the organization and it is of adequate size, but the storage facility is not able to hold product long-term (more than 30 days) without loss of quality or theft.
(4) There is a storage facility available to the organization and it is adequate. The storage facility is also able to hold product long-term without loss of quality or theft.

2.5 Working capital

(1) The organization cannot pay members until the buyer has paid the organization, and the buyer does not pay the organization until at least 10 days after receiving the product.
(2) The organization cannot pay members until the buyer has paid the organization, which occurs at the time of receiving the product from the organization.
(3) The organization is able to pay members at least half of the amount due to members at the time of collection from the members.
(4) The organization is able to pay members the entire amount due to members at the time of collection from the members.

2.6 Marketing plan

(1) The organization has never documented a marketing plan that includes sales targets, buyers, volume and value.
(2) The organization has at least once documented a marketing plan that includes sales targets, buyers, volume, and value, but it has never achieved the sales targets of the marketing plan.
(3) The organization has at least once documented a marketing plan that includes sales targets, buyers, volume, and value, and it has achieved the sales targets of the marketing plan.
(4) The organization has documented a marketing plan that includes sales targets, buyers, volume and value; it has achieved the sales targets of the marketing plan; and it communicates the marketing plan to membership prior to the start of the planting season.

2.7 Personnel

(1) The organization does not have personnel dedicated to marketing functions in both roles of buyer outreach and quality control.
(2) The organization does not have personnel dedicated to marketing functions in both roles of buyer outreach and quality control, but it has received temporary support in these functions from another organization or government agency.
(3) The organization has personnel dedicated to marketing functions for both buyer outreach and quality control; however, these individuals lack the required training to adequately fulfill these roles.
(4) The organization has personnel dedicated to marketing functions for both buyer outreach and quality control, and these individuals have the required training to adequately fulfill these roles.

2.8 Marketing experience

(1) The organization has not conducted any collective sales, or the collective sales involved less than 20 percent of the members.
(2) The organization has conducted at least one collective sale that included at least 20 percent of the members.
(3) The organization has conducted at least two collective sales with each sale involving at least 50 percent of the members.
(4) The organization has conducted at least three collective sales with each sale involving at least 75 percent of the members.

3. Money

3.1 Accountant

(1) There is no paid accountant.
(2) There is a paid accountant, but there is no job description or clear list of responsibilities.
(3) There is a paid accountant with an accurate job description and clear responsibilities.
(4) There is a paid accountant with an accurate job description and clear responsibilities, and the accountant provides financial reports directly to the BOD and/or supervisory committee.

3.2 Accounting procedures

(1) There is no accounting manual or informal documentation of procedures.
(2) There is no accounting manual, but several processes are documented.
(3) There is an accounting manual that documents processes for all transactions related to money, assets and product; it is unclear if there is adherence to the manual.
(4) There is an accounting manual with documented processes for all money, asset, and product transactions, and there has been a procedural audit within the last year to ensure compliance.

3.3 Strength of Audit

(1) No external audit is completed.
(2) A basic compliance oriented audit is completed by a government agency.
(3) An audit is conducted by a registered external auditor, but final results are not widely distributed or the audit has not been conducted annually for the last three years.
(4) An annual audit has been conducted for the last three years by a registered external auditor selected by the members or supervisory committee; results are widely distributed to all members.

3.4 Profit and Loss (P&L) Statement

(1) There is no accurate record of revenues, expenses and administrative/fixed costs.
(2) There is an accurate record of one area (record, expenses, administrative costs).
(3) There is a record of all revenues, expenses and fixed costs, but they have not been reconciled to bank statements or confirmed by an external auditor.
(4) The P&L net income is represented in the balance sheet and is confirmed through a reconciliation of bank statements or by an external auditor.

3.5 Profitability

(1) The organization is unprofitable or is unable to determine if they are profitable.
(2) The organization is able to demonstrate just one profitable year in the last three years.
(3) The organization is able to demonstrate profitability for the last year.
(4) The organization has demonstrated an upward trend in profitability for the last three years.

3.6 Bank account

(1) No formal bank account.
(2) There is a bank account but not in the name of the organization or with appropriate signatories.
(3) There is a bank account in the name of the organization with appropriate signatories, but the account is not reconciled monthly or there is no separation in duties between authorization and disbursement of funds.
(4) There is a bank account in the name of the organization with appropriate signatories that is reconciled monthly with a separation in duties between authorization and disbursement of funds.

3.7 Cash Flow

(1) Organization is routinely short on operating costs and is unable to pay members for product until it is sold to buyer.
(2) Organization is current on operating costs but is unable to pay members for product until it is sold to buyer.
(3) Organization is able to pay members at time of collection; organization routinely saves money in a reserve fund.
(4) Organization is able to pay members at time of collection and routinely saves money in a reserve fund; organization has established a line of credit.

3.8 Balance Sheet

(1) There is no balance sheet and no separate listings of assets, liabilities and equities.
(2) There is no balance sheet, but there are separate listings of assets, liabilities and equities, but they have not been reconciled (balanced) to each other or there is no detailed schedule for each asset, liability and equity.
(3) There is a reconciled balance sheet with assets, liabilities and equities and a detailed schedule for each line item, but there are no amortization, depreciation or equity payment schedules.
(4) There is a reconciled balance sheet with assets, liabilities and equities and a detailed schedule for each line item, and there are amortization, depreciation and equity payment schedules.

3.9 Record Keeping

(1) There is no master list of all record books, or all record books are not maintained in a safe location to reduce loss to theft or conditions.
(2) There is a master list of all record books and all record books are maintained in a safe location, but most of the records do not appear to be current or legible.
(3) There is a master list of all record books, they are maintained in a safe location and they are current and legible.
(4) There is a master list of all record books; they are safe, current and legible; and there are adequate internal controls (receipts, double signatures, etc.) to ensure the accuracy of entries.

4. Management

4.1 Legal status

(1) The organization is not legally registered and the government is taking hostile actions against the organization.
(2) The organization is not legally registered, but the government is not interfering with operations.
(3) The organization is legally registered.
(4) The organization is legally registered and receives training, advisory services or other assistance from the government.

4.2 Bylaws

(1) There are no bylaws.
(2) There are bylaws, but they are simply a copy of government mandated bylaws or written to meet minimum government standards.
(3) There are bylaws that have been written to describe the mission of the organization, election protocols, and membership rights and that have been adapted to serve the needs of the organization.
(4) There are bylaws that have been written to describe the mission of the organization, election protocols and membership rights and have been adapted to serve the needs of the organization; they have been reviewed within the last two years to ensure accuracy.

4.3 Board of directors (BOD)

(1) There is no officially recognized BOD; the organization is run by a community leader(s).
(2) There is a BOD, but its roles and responsibilities are not clearly defined.
(3) There is a BOD with clearly defined governing roles and responsibilities, but they make a significant number of operational decisions.
(4) There is a BOD that acts within clearly defined governing roles and responsibilities, and they have received some form of training or conducted an assessment (self or external) in the last two years.

4.4 Election of board of directors

(1) The BOD was not elected and they have been in place beyond the terms specified in the bylaws; or, there are no bylaws to specify length of term.
(2) The BOD was elected by members and according to bylaws, but they have been in position beyond the stated term or term limit.
(3) The BOD was elected by members and according to bylaws, and they have not exceeded the stated term or term limits.
(4) The BOD was elected by members and according to bylaws without exceeding terms or term limits; members have an opportunity to nominate BOD candidates and the BOD has adequate regional/gender representation of the membership.

4.5 Supervisory committee

(1) There is no supervisory committee.
(2) There is a named supervisory committee, but it meets less than once per year and has no written action plan or internal audit plan.
(3) The supervisory committee meets regularly and follows a written plan.
(4) The supervisory committee meets regularly, follows a written plan, and reports findings back to general membership.

4.6 Business plan

(1) There is no documented business plan.
(2) There is a business plan, but it is neither current nor used by the organization.
(3) The business plan is regularly used to define organization priorities and ongoing activities.
(4) The business plan is regularly used to define organization priorities and ongoing activities, and progress towards these plans is evaluated and reported to membership and the board.

4.7 Manager

(1) There is no paid manager.
(2) There is a paid manager selected by the board, but there is no job description or clear list of responsibilities that are separate from the board's responsibilities.
(3) There is a paid manager with an accurate job description and clear responsibilities separate from the board's responsibilities.
(4) There is a paid manager with an accurate job description and clear responsibilities separate from the board's responsibilities; the manager receives detailed performance feedback and development opportunities.

4.8 Standard operating procedures (SOPs)

(1) There are no documented SOPs.
(2) There are documented SOPs, but they do not cover all areas, they are not followed or they are not readily accessible by staff/members.
(3) There are documented and accessible SOPs with a sampling of procedures that appear to be followed accordingly.
(4) There are documented, accessible and adhered policies with routine inspection and updating of procedures..

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