



Building an Economically Sustainable Integrated Seed System for Cassava II (BASICS-II)

Managing a Successful and Sustainable Cassava Seed Business

A Training Guide for Commercial Seed Entrepreneurs

April 2023

TRAINING INTRODUCTION

This document is a training material for Cassava Seed Entrepreneurs (CSEs) and it's developed towards building the entrepreneurial capacity of the CSEs in the BASICS-II project. It captures the basic strategic guides for running a successful cassava seed business in Nigeria. The training manual put into consideration the basic principles of managing a successful seed business including the understanding of the business model, stakeholder engagement, marketing strategy and business financing.

1.0 Objectives of the Training

At the end of the training, the CSEs are expected to have developed the ability to:

- Understand the relevance of stakeholders in the seed business.
- Manage the expectations of customers and other key actors.
- Shorten the sales cycle and increase their market share in the cassava seed market.
- Build and manage efficient and effective seed businesses in the cassava value chain.
- Understand the fundamentals of financial management and how to seek financing for their seed businesses.
- Understand risk management and opportunity cost utilization in a seed business enterprise.
- Keep proper records of activities in their businesses.

2.0 Key Outcomes of the Training

At the end of the training, participants should be able to:

- Articulate product knowledge of the different cassava varieties being sold.
- Identify the key stakeholders that are prevalent in the cassava seed enterprise.
- Understand their cassava seed business models including the feasibility, desirability and viability.
- Understand the importance of a business plan and how to develop business concepts.
- Understand financial management and the analysis of financial performance.
- Develop strategies for retaining customers.

MODULE 1: STRATEGIC BUSINESS MANAGEMENT FOR CASSAVA SEED ENTERPRISE

Objectives of this Module:

This module aims to teach the participants how to make business decisions that will be efficient in cost and high performance in expectation.

At the end of this module, the participants will be able to understand the following:

- Reasons why seed businesses fail
- Vision, mission and core values as strategic measures to a successful business.
- The benefit of business strategy in their cassava seed business.
- The business management tools that are critical for entrepreneurs.
- The identity of their customers, where they are and the reason for their purchase of cassava stems.
- Identify their enterprise strengths, weaknesses, opportunities and threats.

Topics Covered

- Reasons why Seed Businesses fail
- Setting the strategic business direction as a seed entrepreneur
- Overview of Strategic management
- The different strategic management tools for successful seed business
- Business modelling canvas (BMC)
- SWOT Analysis for Cassava seed enterprise

1.0 Common Reasons Why Seed Businesses Fail

Business failure is common in all sectors especially when it is not properly managed. However, there are many reasons why a cassava seed entrepreneur could fail in the business. The reasons could be;

- **Poor quality of cassava stem:** Cassava stems must be of high quality to ensure that they produce a healthy crop. If the stems produced by the enterprise are of poor quality, farmers may experience low yields or crop failure, which will negatively impact their income and reduce their willingness to purchase the cassava stem from the enterprise. To mitigate this problem, the entrepreneur should have an understanding of the cassava stem varieties' features and focus their products around high-performing cassava stems.
- **Absence of Strategic Planning:** A cassava seed enterprise, like any other business, requires strategic planning and management to be successful. If the enterprise is poorly managed, it may struggle to operate efficiently and profitably, and may ultimately fail to meet the set goals and visions. This could be due to factors such as inadequate planning, poor financial management, or insufficient leadership skills.
- **Lack of market demand:** Cassava is a staple food in many countries, but there may be limited demand for specific varieties or strains of cassava seed. If the enterprise produces seeds for which there is little or no demand, it may struggle to generate revenue and may ultimately fail.

- **Competition:** The cassava seed market may be crowded with established suppliers, making it difficult for an entrepreneur to gain market share and compete effectively. This can be mitigated through having a developed and detailed marketing strategy and understanding of the strengths, weaknesses, opportunities and threats of your enterprise.
- **Lack of funding:** Starting and running a cassava seed business as an entrepreneur requires significant investment, and if the enterprise is unable to secure sufficient funding, it may struggle to grow and expand. This could limit the enterprise's ability to invest in research and development, marketing, or production capacity. To be able to overcome this problem of lack of funds as an entrepreneur; you should be able to map out an accountability approach through the development of effective financial managerial skills.
- **Weather-related risks:** Cassava seed enterprises are subject to the vagaries of weather, and if weather conditions are unfavourable, it can negatively impact the quality and yield of the seeds produced, which in turn can affect the enterprise's financial performance. This extremity can be managed by making risk mitigation plans that can cover uncertainty in your business.
- **Regulatory challenges:** Cassava seed enterprises are subject to a range of regulations and requirements, and failure to comply with these can result in fines or other penalties that can be detrimental to the enterprise. For example, the enterprise may need to obtain licenses or permits to operate or adhere to strict quality standards.
- **Poor Human Resources:** The absence of skilled and efficient human resources for your business tends to result in failed results and targets of the business. Human resources are the drivers of start-up businesses irrespective of the sector. The absence of these business drivers results in poor productivity, high-staff turn-over, and poor quality of products. As an entrepreneur, to scale-up your enterprise you need effective and efficient leadership to help set overall strategic business objectives and track performance. Putting in place the right governance structure ensures accountability at the management level of the seed business.

1.1 Setting the Strategic Business Direction as a Seed Entrepreneur

Setting a strategic direction is critical to attend success and sustainability of your enterprise. It involves identifying the business's long-term vision and mission, as well as the goals and objectives that will guide its activities. This process also involves conducting market research to understand customer needs and market trends. Once a strategic direction is set, it is important to communicate it clearly to all stakeholders and to regularly review and adapt it as needed to stay aligned with changing market conditions and enterprise objectives. By setting a clear strategic direction, cassava seed businesses can improve their chances of achieving their goals and staying competitive in the cassava seed market. The following are considered in setting strategic direction for your business enterprise. Identify the vision, mission and core values of your cassava seed enterprise.

1.1.1 Vision Statement

A vision statement is a clear and inspiring description of what your enterprise wants to achieve in the long term. It outlines your aspirations as an entrepreneur and gives employees, and stakeholders a shared understanding of what your enterprise is working towards.

To set a vision statement for your cassava seed business, you should consider the following features:

- **Define the business purpose:** The vision statement should align with the overall purpose of the seed business. Consider the reason for starting the business and the goals you want to achieve in the long run.
- **Consider the future and Time-bound:** The vision statement should reflect your desired future state for the business. Consider where you want to be in five or ten years, what market position you want to hold, and what kind of impact you want to make. This will serve as motivation to meet your business-set goals.
- **Make it inspiring and memorable:** A vision statement should be inspiring and memorable so that employees and stakeholders can remember it and feel motivated by it. Use clear and concise language to communicate your aspirations and values.
- **Ensure alignment with the mission statement:** The vision statement should be aligned with the mission statement, which outlines the business's purpose, values, and principles.
- **Involve stakeholders:** Involve stakeholders in the process of developing the vision statement to ensure their buy-in and support. This will help to create a shared sense of purpose and inspire everyone to work towards achieving the vision.

In general, a vision statement is a powerful tool for setting a clear direction for a seed business. By developing a compelling and inspiring vision, entrepreneurs can create a roadmap for their business's success and guide their decisions and actions towards achieving their long-term goals

1.1.2 Mission Statement

As an entrepreneur, the mission of your enterprise should reflect what you do, how you do and why you do it in order to attain the enterprise's set goals. Having a clear mission will guide you as an entrepreneur in making a decision. A mission statement is a brief statement that communicates the purpose and values of your enterprise. As a cassava seed entrepreneur, your mission statement should communicate your vision, purpose, and values for your enterprise.

Example of a Mission Statement.

"Our mission is to improve the livelihoods of small-scale farmers by providing high-quality cassava seeds that are disease-resistant, drought-tolerant, and high-yielding. We are committed to using sustainable agricultural practices that protect the environment and promote biodiversity. Our goal is to increase food security, reduce poverty, and contribute to the economic development of rural communities."

The following are features to capture when making a Mission Statement for your enterprise;

- **Define your vision:** What do you want to achieve with your cassava seed enterprise? What impact do you want to make on society, the environment, and the economy?

- **Identify your values:** What principles and values do you want to guide your business? What are your ethical standards, and how do you want to treat your customers, employees, and stakeholders?
- **Analyze your market:** What are the needs and challenges of the cassava seed market? Who are your customers, and what are their preferences and behaviours?
- **Define your unique selling proposition:** What sets your cassava seed enterprise apart from competitors? What is your competitive advantage, and how do you differentiate yourself?
- **Write your mission statement:** Based on the previous steps, write a concise and clear mission statement that summarizes your vision, values, goals, and competitive advantage.

Remember that your mission statement is not set in stone and may evolve as your business grows and adapts to changes in the market and society. Therefore, it is important to regularly review and update your mission statement to ensure that it remains relevant and meaningful.

1.1.3 Core Values

Core values are the fundamental principles and beliefs that guide an enterprise's behaviour and decision-making. They reflect the enterprise's culture and identity, and they help to establish a sense of purpose and direction. As an entrepreneur starting a cassava seed enterprise, setting core values can help you establish a strong foundation for your business and guide your behaviour and decision-making.

Here are some steps to help you set core values for your cassava seed enterprise:

1. **Identify your values:** Start by thinking about your values and beliefs. What principles are most important to you, and how do you want to apply them to your business?
2. **Brainstorm potential values:** Consider the values that are most important to your cassava seed enterprise, such as quality, sustainability, transparency, customer satisfaction, community involvement, and innovation. Brainstorm a list of potential values that reflect the culture and identity of your business.
3. **Narrow down the list:** From the list of potential values, identify the ones that are most essential and meaningful to your business. Aim to have no more than five to seven core values.
4. **Define each value:** For each core value, define what it means in the context of your cassava seed enterprise. Provide examples of how this value will guide your behaviour and decision-making.
5. **Communicate and integrate the values:** Once you have identified and defined your core values, communicate them clearly and consistently to your employees, customers, and stakeholders. Integrate the values into your business practices and decision-making processes.

Here is an example of a core value statement for a cassava seed enterprise

- **Quality:** We are committed to providing the highest quality cassava stems to our customers. We believe that quality is the foundation of our business, and we strive to exceed our customers' expectations in everything we do.
- **Sustainability:** We are committed to using sustainable agricultural practices that protect the environment and promote biodiversity. We believe that sustainability is essential for the long-term success of our business and for the health of the planet.
- **Innovation:** We are committed to innovation and continuous improvement. We believe that innovation is essential for staying ahead of the competition, and we are always looking for new and better ways to serve our customers and improve our business.
- **Customer satisfaction:** We are committed to providing exceptional customer service and ensuring that our customers are completely satisfied with our products and services. We believe that our customers are the lifeblood of our business, and we are dedicated to building long-term relationships based on trust and mutual respect.

1.2 Strategic Management Tool for Successful Seed Business

Building a business strategy is a key drive to running a successful business. As an entrepreneur, business strategies are expected to be executed in order to achieve the set target and objectives of the enterprise. These set plans influence the market position and revenue-earning capacity of your enterprise. The influence is primarily focused on the seed production, sales and marketing of the products, distribution of the products, human resources management, financial and budgeting of the resources, and research and development strategy of the enterprise.

The strategies that business adopted for their growth and profitability varies depending on the nature and the targeted objectives of the business. As an entrepreneur in seed business, the strategy management tools to be adopted for your enterprise are **Business Model Canvas (BMC)** and **Strength Weakness Opportunity and Threat (SWOT)**.

1.2.1 Business Model Canvas

The Business Model Canvas (BMC) is a strategic management tool that helps business owners to visualize, analyze, and communicate the key elements of their business model. It provides an avenue to identify potential opportunities and challenges, as well as develop strategies for growth and successful operation of the business. The purpose of BMC is to articulate the company's proposition comprehensively taking into account the internal and external functionalities of the business, the cost and revenue implications as well as efficiency and creativity.

Building a Business Model Canvas

To build a Business Model Canvas for your seed enterprise, the following is being considered as nine (9) building components.

1. **Customer Segment:** This block entails the specific group of people and organizations that your business aims to serve. Herein, it is expected you identify and understand their needs, preferences and behaviour as they will help in building a marketing plan and strategy for the sales and generation of revenue for the enterprise. Market segmentation involves dividing your customers up into different groups, with each group sharing similar characteristics, to improve engagement, sales and loyalty in order to meet the broad objectives of the enterprise.

The customer segment answers the questions below

- a. Who are my customers?
- b. Where are my customers?
- c. Why would they buy the products that I am selling?
- d. What are the preferences of the customers
- e. When will they buy the product?

The aforementioned questions can be answered through the following guide;

- a. The question of “**who are my customers**”, will be answered through Location, demographic, psychographic, behavioural and predictive representation of the census data available considering the nature of the business. As a cassava seed entrepreneur, it is essential to know who can be your customers. This is the first guide in customer segmentation as a component in the business model canvas. This will help to identify all the possible customers of cassava stems. To do this, you need to understand the reasons why anyone will buy cassava seed.
- b. The question of “**Where are my customers**”, will be answered through a demographic representation of the census data. The customers of your product (cassava seeds) can be in all spheres of the world. They can be online or offline, and they can be within and outside your geographical location.
- c. The question of “**Why would they buy what I am selling**”. It is important to note that not all customers are using cassava stems for cultivation. The possible customers of cassava stem have been listed in the table below. Some buy to grow cassava roots, some to sell to the farmers, some to distribute to farmers and so on.
- d. The question of the “**Preference of the customers and when will they buy the products**”. Cassava is planted at a given time of the year. Hence, as a seed entrepreneur trying to build a business model – you should target the sales of cassava seeds during that time of the year depending on your region.

The possible buyers of cassava stems are listed in the Table below:

Possible cassava stem customers	Possible reasons for buying cassava stem
Individual Cassava Farmers	To grow cassava roots
Cooperatives / Associations Of Cassava Farmers	To distribute among association members (Cassava farmers)
Ngos	To share among smallholder cassava farmers
Churches	To distribute to cassava farmers
Development Organizations	To support farmers in improving their livelihoods by providing the seeds, usually for free or at a subsidized price
State Governments' ADPs	To support smallholder farmers who are cultivating cassava
Small Scale Processors	To establish small-scale fields of cassava and serve as a value chain actor in the cassava
Academic Institutions	To establish learning fields for knowledge transfer to students in Agriculture.
Research Institutes	To carry out research-related activities.
Finance Institutions	To provide cassava farmers with an outgrower scheme.
Others ???	

2. **Value Proposition:** This block is considered immediately after the customer segment. This focuses on the unique value that the enterprise offers to its customers to address the needs of the customers, meet their preferences, and fulfil the broad objectives of the organization. It answers the question of why a customer will buy your products and leave others. The value proposition is a clear state of tangible results a customer gets from using your product. It succinctly expresses and creates a strong first impression. Value proposition opines ***“Tell me why I should buy your product”***. To answer this as an entrepreneur, to achieve a value proposition the business must go through four steps
- Branding positioning:** Brand positioning is the process of creating a distinct perception of a brand in the minds of customers, relative to competing brands.
 - Specific positioning:** This is a process of picking a niche of interest and focusing on that niche as a cassava seed entrepreneur. For example, as a cassava seed entrepreneur – your interest may be in a particular variety that is good for Garri production only.
 - Value positioning:** Value positioning can be a powerful way to differentiate a brand in a crowded marketplace, and to establish a strong and loyal customer base.
 - Total Value positioning:** This step of value proposition focuses on the total value that a product provides to its customers. It goes beyond just the features and

benefits of the product itself and takes into account the entire customer experience, including the pre-purchase and post-purchase experience of the cassava seed customers.

3. **Channel:** This refers to ways that your business reaches and interacts with its customers, such as through a website, social media, physical fields or physical stores. As a cassava seed entrepreneur, you need to identify the most effective channels to reach and engage with your target customers for the cassava seed. Due to the complexity of the seed sector in Nigeria, the following are the applicable distribution to adopt as a seed entrepreneur.
 - a. Wholesaler
 - b. Retailer
 - c. Websites (Online)
 - d. Affiliate
4. **Customer Relationship:** This is the fourth building block in the Business Model Canvas. This asks and expects to answer questions as tabulated below.

Questions for Clear Customer Relationship	Answer to the Questions
How do I acquire profitable customers?	• Online (Content marketing, Social Media Optimisation, Email Marketing and through social media) • Offline (Referrals, Roadshows, bear your brand always)
How do I retain customers?	• Stand for something • Use positive proofs at all times • Do not just sale, educate your customers
How do I grow the customer base?	• Develop a strong online presence for your brand. • Participate in agro-related shows and trade fairs. • Provide excellent customer services and install integrity and honesty as values of your business.

5. **Revenue Streams:** The Revenue Streams block in the business model canvas focuses on how the overall business will generate sales. A revenue stream is a distinct source of income for the cassava seed enterprise that can come from either recurring revenue, transaction-based or service revenue. A revenue stream represents the economic value customers are willing to pay for the products or services being offered. As a cassava seed enterprise, there are three categories of revenue streams for your enterprise.
 - a. Revenue from the sales of Cassava stems
 - b. Revenue from the sales of the Cassava root
 - c. Revenue from Advisory services.
6. **Key Resources:** This component describes the resources that are needed for your business to operate successfully. This component answers the question, “What resources do you need as an entrepreneur to scale-up your cassava seed business?”. The key resources are Land for stem multiplications, the certified cassava seeds, certification from the regulatory body (NASC), human resources (for marketing, sales, production or

management), Intellectual property (the brain behind the business), Financial resources or technology (Gadgets for communication flow and updates that facilitates the business activities). As a cassava seed entrepreneur, the abovementioned resources are the key to your business operation and often should be prioritized for successful and sustainable growth.

7. **Key Activities:** This component describes the activities that your cassava seed business needs to perform to be able to deliver its value proposition. It answers the question "What activities do we need to perform to deliver our value proposition?". The Key activities may include cassava stem multiplication, quality control checks, marketing, customer relationship management, partnership and networking.
8. **Key Partners:** This component describes the partnerships that your cassava seed business needs to build to operate effectively. It answers the question, "Who are your key partners?" Key partners may include suppliers of the input materials needed or used for stem multiplication, distributors who maybe wholesalers or retailers of the cassava stem, or other businesses that provide complementary products similar to yours like the Umudike Seeds, GoSeeds and many others.
9. **Cost Streams:** This component describes the costs that an entrepreneur incurs in the operation of the cassava seed business. It answers the question, "What are our costs?" Cost structure may include fixed costs such as land lease cost, rent cost, variable costs such as input materials for the stem multiplication and supplies, or other costs such as marketing and advertising.

Example of Business Modelling Canvas for Cassava Seed Enterprise

Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segment
1. Umudike Seeds. 2. GoSeeds 3. Input Suppliers 4. Logistics companies	1. Seed multiplication 2. Quality control checks 3. Marketing and Sales 4. Customer Relationship Management 5. Networking and Partnership	1. High quality seeds 2. Technical Assistance 3. Competitive pricing 4. Reliable and consistent supply	1. Personalized customer service 2. Immediate response to customer's needs 3. Technical support and Assistance	1. Small-scale and Commercial cassava farmers 2. Agricultural cooperative 3. Government Agencies and NGOs
	Key Resources		Distribution	
	1. Financial Resources 2. Intellectual Resources 3. Human Resources 4. Certification and Licenses		1. Distributors and Retailers 2. Agricultural fairs and Exhibition 3. Direct sales 4. others	
Cost Structure			Revenue Streams	
1. Land and Labour cost 2. Equipment and Machinery cost 3. Input cost 4. Marketing and Distribution cost			1. Sales of the Cassava seeds 2. Sales of the roots 3. Sales of technical assistance and advisories	

1.2.2 Strength Weakness Opportunity and Threat in Cassava Seed Enterprise

SWOT is an essential strategic tool for a seed entrepreneur. It will be useful in evaluation the Strengths, Weaknesses, Opportunities, and Threats of the cassava seed business to be able to make an informed decision as an entrepreneur in the seed sector.

What does SWOT stand for?

S = Strength

W = Weakness

O = Opportunities

T = Threats

Strengths: They are internal to your cassava seed enterprise which gives a competitive advantage. They are positive attributes that you have absolute control over. They are can include intangible assets like loyal costumer and tangible assets like available land for cultivation, a strong network, good team members or financial resources. To be able to identify the strengths of your cassava seed enterprise, the following questions are to be answered;

- What processes are successful in your enterprise?
- What assets do you have in your enterprise? (ie. knowledge, education, network, skills, and reputation)
- What physical assets do you have, such as customers, equipment, technology, and cash?
- What competitive advantages do you have over your competitors in the market?
- What do third parties see as your strength?

Weaknesses: This component identifies the internal weaknesses of your enterprise that could obstruct the broad objectives of your cassava seed enterprise. Weaknesses are negative factors that detract from your strengths. These are things that you might need to improve on to be competitive. This includes things like a lack of resources, outdated farm machinery, poor management practices, or low-quality products or services. The following questions are to be answered in other to identify the weaknesses of your enterprise;

- Are there things that your cassava seed enterprise needs in other to be competitive?
- What business processes need improvement in your enterprise?
- Are there tangible assets that your enterprise needs, such as finance, land or farm machinery?
- Are there gaps in the human capital available in your enterprise?
- Is your location ideal for your success in terms of access to the market, road network, security and land fertility?
- What resources do you lack?

Opportunities: This looks at the external factors that could benefit your cassava seed enterprise. This could include things like new market opportunities, favourable economic conditions, advancements in technology or industry regulations that will drive an increase in the market share of your enterprise. The opportunities of the business can be identified through the following questions.

- Is your market growing and are there trends that will encourage people to buy more of the cassava seeds you are selling?
- Are there upcoming changes to regulations that might impact your enterprise positively?

- What do your customers think of you, and the products you sold to them?
- How can you leverage your strengths to the larger market share?

Threats: These are external factors that are negative to the progress of your enterprise. They are going on outside your enterprise and you do not have some control over them in the larger market where other seed entrepreneurs are present. You can take advantage of opportunities and protect against threats, but you can't change them. Examples include competitors, prices of input materials, and customers buying trends.

The answers to the following questions will enable you to identify the threats you will/or encounter in the course of running your cassava seed enterprise as an entrepreneur.

- What are your competitors currently doing?
- Does your weakness expose your business?
- Will there be changes in the input materials that may hinder the profitability of your business?
- Do you have potential competitors who may enter your market?
- Could future developments in technology change affect your enterprise?

A SWOT analysis organizes your top strengths, weaknesses, opportunities, and threats into an organized list and is usually presented in a simple two-by-two grid format.

Reasons for Performing a SWOT Analysis

1. SWOT analysis provides your enterprise with a robust strategy
2. The analysis allows your enterprise to prioritize its broad objectives and vision mapped out to enhance your overall growth.
3. As an entrepreneur, SWOT analysis will help in looking out for the business's performance and easily find means of diversification when need be.
4. SWOT analysis will assist your enterprise to understand its strengths and weaknesses to take advantage of those opportunities and threats in the market.

How to Perform SWOT Analysis

As an entrepreneur, the following steps will be a guide towards performing a SWOT Analysis for your cassava seed enterprise.

- **Identify your objective:** Define the purpose of your SWOT analysis. What do you hope to achieve by conducting this analysis?
- **Gather information:** Collect data and information about your Cassava seed enterprise, including its strengths, weaknesses, opportunities, and threats. Consider factors like your production processes, seed quality, customer feedback, market trends, and competitor analysis.
- **Evaluate strengths:** Identify the internal strengths of your Cassava seed enterprise. What do you do well? What are your unique selling points? Consider factors like your skilled labour, access to land for cultivation, established relationships with buyers and input suppliers, and cost-effective production and distribution processes.
- **Evaluate weaknesses:** Identify the internal weaknesses of your Cassava seed enterprise. What areas do you need to improve? Consider factors like your limited access to capital and financing, lack of advanced technology for seed production, inconsistent seed quality due to pests and diseases, and inadequate marketing strategies and awareness of target markets.

- **Evaluate opportunities:** Identify the external opportunities that could benefit your Cassava seed enterprise. What new market opportunities or industry trends could you capitalize on? Consider factors like the growing demand for high-quality Cassava seed varieties, increasing focus on agricultural production and food security, expansion of international markets for Cassava seed, and potential for partnerships with research institutions and seed companies.
- **Evaluate threats:** Identify the external threats that could negatively impact your Cassava seed enterprise. What factors could hinder your success? Consider factors like competition from other Cassava seed producers and distributors, instability in weather patterns and climate change, pests and diseases that affect Cassava seed production, changes in government policies and regulations affecting seed production and distribution, and economic instability and market volatility.
- **Analyze the results:** Evaluate the information collected in the SWOT analysis to identify key trends, patterns, and relationships between the different components.
- **Develop strategies:** Use the insights gained from the SWOT analysis to develop strategies that leverage your strengths and opportunities while mitigating your weaknesses and threats. This could involve improving your seed production processes, investing in new technology, developing marketing campaigns, or establishing partnerships with research institutions or seed companies.
- **Implement and monitor:** Implement the strategies developed and monitor their effectiveness over time. Regularly update your SWOT analysis to ensure that it remains relevant and useful in guiding your decision-making process.

By following these steps, you can perform a thorough SWOT analysis for your Cassava seed enterprise and use the insights gained to make informed decisions and improve your enterprise's performance.

Activity

Following your understanding of the SWOT of your cassava seed enterprise. Develop a detailed SWOT analysis that is most prevalent in your cassava seed enterprise.

Self-Check

1. Differentiate between the Vision and Mission of your enterprise.
2. Develop a unique vision and mission statement for your organisation.
3. What are the strategy management tools peculiar to your cassava seed business?
4. Who are your customers and why do they need the cassava seeds?
5. Who are your key partners for your enterprise?
6. What are the revenue streams that you can adopt in your cassava seed enterprise?
7. What are the key activities you need to do for a successful cassava seed business operation?
8. What are your value propositions to scale-up your cassava seed business?
9. What are the strengths, weaknesses, opportunities and threats of your business?
10. Why do you think your enterprise is better than others in the cassava seed market?
11. Perform a swot analysis for your business and map out decisions based on the points you listed.

MODULE 2: PRICING AND MARKETING CONCEPT

2.0 Objectives of the Module

This module aims to teach the participants a robust understanding of marketing principle, price setting, tactics and strategies that can be applied to drive business growth and continuity in agribusiness enterprises.

At the end of this module, the participants will be able to understand the following:

- The marketing fundamentals and their relevance in small business enterprises.
- How situation analysis can define the marketing environment.
- Develop a marketing plan that can be used in the seed business.
- Apply the marketing strategy in their businesses.
- Create a unique brand identity that resonates with their target market and communicates their value proposition.

Topics Covered

Marketing Fundamentals

- Definition of term
- Marketing Research
- Brand Development

Pricing Fundamentals for Seed Entity

Marketing Strategy

- Guidelines to development of Marketing Strategy

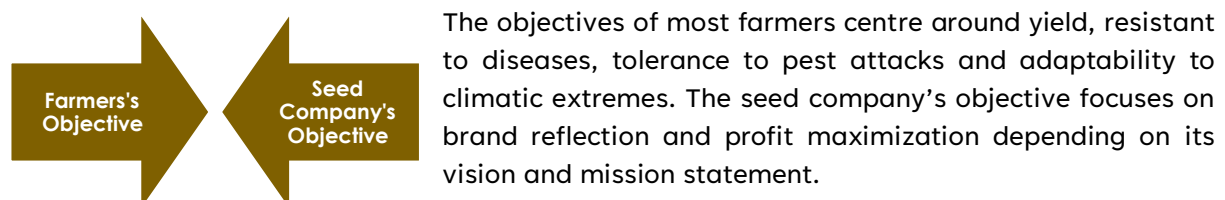
2.2 Seed Marketing Fundamentals

Understanding marketing fundamentals is a key path to success in small businesses. The basis of this module is seed marketing among Cassava Seed Entrepreneurs in Nigeria.

2.2.1 Definition of Seed Marketing

Marketing has different meanings depending on who is using it, and its functionality in the system. It is among the misused words both in agriculture and different sectors as many consider marketing as majorly advertising and selling of products and services. To a farmer, marketing simply means selling what he produces on his farm. While to a retailer marketer in the (crop) agricultural sector, entails selling the seed along with other inputs to the farmer.

However, seed marketing should aim to satisfy the farmer's demand for a reliable supply of a range of improved seed varieties of assured quality at an affordable price. Marketing starts from the conception of the business idea and continues after the purchase has been made and delivered to the customer. Hence, in seed marketing, the process is aimed to be successful and must focus on the farmer's needs and the seed company's objectives. Seed marketing is a two-way process and is captured in the figure below;



For Seed marketing to be successful, the following has to be considered by the individual;

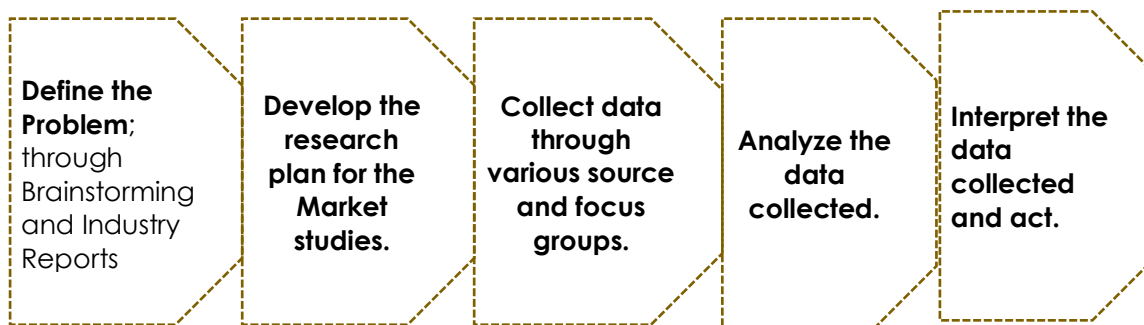
- Identify the targeted market for the product, which is carried out through market

research.

- Develop a brand, which is focused on ensuring customer loyalty, consistency and recognition of the company.
- Create a marketing plan and strategy which serves as a guide in meeting the set objectives of the targeted customers and the company.
- Product awareness and education to the customers.
- Offer incentives or promotions to enhance customer loyalty.
- Always provide excellent customer service.
- Gather feedback from customers to improve services.

2.2.2 Marketing Research

Market research involves finding out about the cassava seed market by studying the nature of the product, where and by whom it is needed, at which times of the year and why to make informed business decisions. Market research answers the questions of who, why, where and when as part of the component of seed marketing. The following steps are taken during the marketing research:



2.2.3 Development of a Brand

Branding is an essential element in business irrespective of the sector. It is a set of perceptions and associations that customers have with a particular product or service. A brand encompasses many different elements, such as the name, logo, tagline, designs, and messaging of a product. A brand is considered strong and reputable when it can establish a unique identity and build customer loyalty, trust and preference.

A strong brand can provide many benefits for the seed entrepreneurs, such as;

- Increased customer loyalty,
- Greater awareness,
- Increased revenue and maximization of profit,
- A competitive advantage in the marketplace.

However, building a strong brand requires a long-term commitment, consistent messaging and positioning, and ongoing engagement with customers to maintain relevance and adapt to changing market conditions. To develop a strong brand for the cassava seed business in Nigeria, the following guidelines and steps should be taken;



Figure 1. A Diagrammatical Representation of How to Build a Strong Brand

- **Define your brand:** The cassava seed entrepreneur needs to identify their unique selling proposition (USP) and core values that differentiate their brand from the competition. This will form the foundation of their brand identity.
- **Create a brand strategy:** Once the cassava seed entrepreneur has defined their brand, they need to develop a strategy for building and promoting it. This should include a clear mission statement, brand positioning, target audience, and brand voice.
- **Design a brand identity:** The brand identity is how the brand is visually represented through its logo, colour scheme, typography, and other design elements. Entrepreneurs need to create a visual identity that reflects their brand values and appeals to their target audience.
- **Build a brand presence:** The entrepreneur needs to establish a strong brand presence across all relevant channels, including social media, websites, email marketing, and offline marketing channels. Consistency in messaging and visual identity is crucial for building a strong brand.
- **Engage with customers:** Building a strong brand requires engaging with customers and creating a loyal following. The entrepreneur should focus on delivering exceptional customer service, providing valuable content, and actively engaging with customers on social media and other channels.
- **Monitor and measure brand performance:** To build a strong brand, the entrepreneur needs to monitor and measure brand performance regularly. This includes tracking metrics such as brand awareness, customer engagement, and sales. Regular analysis of these metrics will help entrepreneurs refine their brand strategy and improve their brand performance.

- **Adapt and evolve:** Finally, building a strong brand requires continuous adaptation and evolution. Entrepreneurs should stay up-to-date with industry trends, listen to customer feedback, and be open to making changes to their brand strategy to stay relevant and competitive.

1.3.1 Determine what is obtainable in the market

To be able to understand prevailing pricing for cassava seeds, it is important to carry out market surveys to gather information and understand the pricing landscape used by other players in the market. This is attained through mapping the stakeholders to understand the pricing dynamics. The below template can serve as a guide to build up feedback from the survey. The Source could be other farmers, customers and other seed entrepreneurs in different markets.

Table 1.3.1: Pricing Survey

	Prices	
	Off-peak period	Peak period
Source 1		
Source 2		
Source 3		

1.3.2 Determine the pricing technique that suits the seed companies

When setting up a pricing technique as a seed entrepreneur in cassava, there are several pricing techniques to adopt. However, the pricing technique that is most suitable for a seed enterprise will depend on a variety of factors, including production costs, the perceived value of the product to the customer, and the competitive landscape. The major pricing techniques are explained below:

- **Cost-plus Pricing:** This technique of pricing involves calculating the entire cost incurred in producing or outsourcing the seeds, the costs include the input materials used in producing the cassava seeds, the cost of haulage from point of production to point of sale, the cost of labour and a mark-up which should be a reasonable percentage to determine the selling price. Ideally, there is no standardized mark-up rate an entrepreneur in the seed system can adapt as there are many factors to consider which is the price sensitivity of the target market.
- **Value-based pricing:** This technique involves setting a price that is based on the benefits that the customer will receive from using the seed, rather than the cost of production or outsourcing. This pricing is based on the instincts and perception of the entrepreneur.
- **Market Penetration Pricing:** Here, the cassava seed is offered at low prices than what is obtainable in the market with the sole purpose of attracting more buyers and gaining market share. The short-coming of this technique is primarily revenue loss from selling at a lower price. The pricing technique becomes more effective once there is a significant increase in the number of customers.
- **Dynamic Pricing:** This pricing technique involves the setting of prices of the cassava in a way that is adjustable in real-time based on changes in market conditions, such as competitor pricing, the availability of seeds, the demand for specific seed varieties, and changes in the cost of production.

- **Economy Pricing:** Here, the price of the cassava seed is kept low by minimizing the costs of production and marketing. This technique of pricing ensures that the cassava seed is not overpriced in the market.
- **Price Skimming:** This technique is designed to help businesses maximize sales on new products and services. This involves setting high prices at the early phase of sales of the seed yam and gradually reducing prices as competitors penetrate the market. A major benefit of this technique is the opportunity it provides seed companies to maximize profits on early customers of the cassava seed.

Market penetration and/or Economy pricing are strong pricing strategies recommended for seed companies entering the new cassava seed market.

2.4 Setting the Price of Cassava Seed

Price setting can be tricky. As an entrepreneur, you must consider the following factors when setting prices for cassava stem bundles:

- **Total Cost of Production/Outsourcing the Cassava seeds:** This is easily calculated using this formula – total cost incurred/Total cassava seeds harvested.
- **Competitors' Prices:** As an entrepreneur, before setting the selling prices of cassava stems compare the prices at which the competitors are selling their cassava seeds. During the comparison, the measures of production, quality of seeds and other attributes should be considered.
- **Customers' Preference:** The price the customers are willing to pay for the given cassava seeds and the variety of cassava the customers want should be prioritised when setting the prices for the seeds.
- **Value Added Tax:** The present tax system excluded agricultural seedlings as an exemption to taxes. However, VAT is payable and there may be changes in the long run. It is advisable to be open-minded and incorporate VAT when setting the price of cassava seeds.

2.5 Price Negotiation with Cassava Seed Customers

Price negotiation with customers is a frequent activity in marketing and sales. As a result, an entrepreneur must understand how to negotiate prices especially when dealing with bulk-order customers. Bulk order customers always understand the power they hold in demanding low prices, flexible payment terms and value-added services like free or reduced delivery fees. There are four major negotiation phases:

Table 1.5: Negotiation Phases

Prepare	Debate	Propose	Close
- Understand the pricing structure; how much margin you must bargain with and the limits you can go. - Understand your bargaining elements. You can educate a client about the other benefits that accompany the pricing such as delivery within a certain radius from the seed company.	- Listen to the customer's offers and reasons for bargaining. - Present the added benefits of the cassava seed and demonstrate why the cassava seed is good value for the customer's money.	Present your price offer to the customer taking into consideration your bargaining limits. Do not offer more than two setback prices and never offer your lower limit at the first offer.	- Ensure you reach a conclusion on finalised price and close out with the next steps regarding payments. - Issue invoices after closure with the prices to ensure ease in follow-up for final sales. - Do not close out on negotiation without discussing payment terms for the orders.

2.6 Payment Terms for Different Customer Categories

A payment term dictates the conditions under which a seller will complete a sale and it varies with the customer category. It specifies the mode of payment, conditions of payment, and timelines. The entrepreneur should adopt the following payment terms depending on its relationship with the customer, and the level of patronage of the customer:

- **Advance Payment**

Advance payments are used to eliminate credit risk, or the risk of non-payment by a customer. It guarantees commitment by the customer to order. The customer pays cash in advance to the seed entity before the cassava seeds are shipped out to the point of delivery. Different modes of payment can be adopted with the advance payment approach including cash, bank deposits or wire transfer from the cassava seed customer to the account provided by the seed entrepreneur.

Customers with frequent bulk orders should be offered discounts to encourage the habit of bulk order purchases. A percentage (40–70%) of the value of the order should be paid in advance by the customer. Early payments could also attract discounts depending on the quantity of cassava being ordered.

- **Cash on Delivery**

Cash on delivery involves payment for the cassava seed at the point of delivery. Payments may be through cash, bank deposits or wire transfer depending on the agreement between the seed entity and customers.

- **Part Payment**

Part or partial payment refers to the offering of a payment that is less than the full amount claimed by the seed company. The amount tendered usually depends on the contractual agreement between the seed entity and the cassava seed customer. Examples include:

- 50% advance payment one month before delivery and a balance of 50% payment on delivery.
- 70% advance payment one month before delivery and 30% payment one week after delivery.

Some precautions to take while determining a payment structure for the cassava seed customers include the following:

- The value and period of instalments for part payments must be well-defined, documented and signed by the seed company and customer.
- A cash advance should only be encouraged as a payment structure for securing seed yam tubers that will be available in the future. A customer may pay the company to produce cassava stem for a succeeding planting season or for the cassava seed that is close to maturity on the field.
- Seed entities should carefully review the cash-on-delivery agreement to avoid cases of rejected delivery or unfulfilled sales at the point of delivery.
- Part-payment should only be considered for trusted farmers and the balance of the instalment treated as a loan with interest on overdue payments.

2.7 Marketing Strategy

A marketing strategy is a long-term plan developed by a business or organization to achieve specific marketing objectives. It involves a comprehensive set of activities designed to promote and sell products or services to the target audience and may include tactics such as advertising, pricing, promotions, product development, and distribution.

A well-developed marketing strategy should be critical to the success of cassava seed entrepreneurs in Nigeria and assists in achieving the business objectives through;

- identifying and understanding the target market,
- establishing a unique value proposition,
- enhancing brand awareness,
- increasing sales revenue,
- driving long-term growth and sustainability.

The following guidelines should be taken when developing a Marketing Strategy for your enterprise;

1. **Detail the background of the business;** The background of the marketing strategy should be able to answer the following questions;
 - What is the nature of your business?

- What service or product does your business provide?
- What are the broad organizational objectives of the business?
- What compelled you to start the business?

A detailed answer to the above questions will be able to guide and build a base for the marketing strategy that will be developed.

2. **Market:** This is the second section in drawing up a standard marketing strategy, It entails a detailed understanding of the market of interest. This section answers the following questions
 - What are the market opportunities and market sizes? It is advisable to always look at the market size and opportunities based on geography, factor in the population and other geographical attributes to define the market.
 - How can the market be segmented into logical user and user grouping?
 - What are the key sector trends that inspire the success of your enterprise? What sector trends can inhibit our success?
 - What is the economic climate now and in the next couple of years? How will the economic climate affect your enterprise?
 - Is your enterprise or market affected by business cycles or seasons? If so, describe how it is affected.
3. **Target Audience:** This is the third step when developing a Marketing strategy for an enterprise. To be able to have an understanding of this step, the following questions should be answered by the enterprise. The questions are as follows;
 - What market segments are you targeting, and which of the marketing segments are you ignoring?
 - What kind of audience are you targeting? What are its members' demographics and psychographics (for example, what keeps them awake at night, including both fears and opportunities)?
 - What is your customer's primary reason for buying or wanting to use your product or engage your services?
 - Why would someone prefer your offering versus that offered by (other seed producers) competitors?
 - Are there any issues or concerns that the target audience might have regarding this type of product?
4. **Competition:** After the Targeted audience has been identified and noted, the competition is the key session of the plan, as it will facilitate in pricing strategies of the enterprise. To further understand the competition extent for your enterprise during marketing strategy, the following questions will provide insight and a draft plan.
 - What categories of competition threaten the objectives of the enterprise? Label each category and identify its key characteristics. Prioritize the categories from greatest to least threatening.
 - Which companies pose the greatest threat, and how do they differentiate themselves? What strategic or tactical elements do they use that threaten the success of other enterprises? Indicate the strengths and weaknesses of each of these elements.

- Which competitors have the largest market share within the enterprise's target market segments? Which competitors have the greatest visibility with the enterprise target audience?
 - How will the enterprise differentiate itself from the best challenge competition?
 - What barriers to entry into the marketplace is the enterprise creating for itself?
5. **Offering:** After having a detailed understanding of the competition, the entrepreneur should be able to understand what product you are offering. Hence, you are expected to answer the following questions;
- What needs is the product designed to fill? Identify the need for each targeted audience that will use the product.
 - What features and associated benefits does the enterprise offering provide? Identify features and associated benefits for each target audience.
 - How do we deliver the features identified above? Be specific—this is proof that you can do what you stated.
 - Of these features, which one differentiates your enterprise from the competition?
 - What improvements can be made to offering to better meet customer needs?
 - What new offerings would your customers most like to develop?
6. **Messages:** Accepting feedback is essential for business growth and planning for marketing. In this section, as an entrepreneur – you are meant to answer the following questions;
- What does each of the identified target audiences know and believe about your enterprise today?
 - What is the single most important message that the enterprise must communicate to ALL our target audiences?
 - What evidence can be used to support the claim that you make in every single most important message?
 - List the single most important message that the enterprise must communicate to EACH target audience.
 - What evidence can be used to support the claims for each message listed above?
 - What happy clients do you have today that you can reference in our communications?
 - Which product did they buy/ make use of from your enterprise, and why are they happy?
 - What kind of personality do you want to portray in your communications? What tone? What passion?
 - What is the net impression about your enterprise or offering that you want clients and partners to take away after each interaction with your enterprise?
7. **Sales and Buying Process:** The major goal of most private entities is to maximize profit. This profit maximization is solely based on the sales and buying process. Hence, why this is an important aspect when developing a marketing strategy for a start-up entity irrespective of the field or the nature of the business. For an entrepreneur to be able to develop the sales and buying process for marketing strategy development, there should be answers to the following questions;
- What is the process for selling your products (list the key milestones in the process)?

- Who is involved, both from your enterprise and our transaction channel partners, in each step of the sales process?
 - How does your target audience buy your type of offering? Is the purchase an impulse buy or a planned purchase?
 - What purchase process steps do the members of your target audience follow? Does this process vary based on the seller that they select? If the process does vary, explain how and/or why?
 - What buying criteria does your target audience use to select an offering?
 - What criteria does your target audience use when selecting their preferred product?
8. **Pricing:** This is the monetary value of a product and should always be a core component in developing a strategy for marketing any given product or service. The pricing component in market strategy development should answer the following questions;
- How important is the price in the decision process?
 - What is your current pricing structure, including discounts, tiered options, reimbursements and so on? Do your customers understand it?
 - Which of your competitors is considered the price leader? What does the price leader charge for its offering? How does the price leader determine its price?
 - What are your other competitors charging for their products?
 - What can be done to reduce costs without affecting the quality of the products?
 - What is the perceived value of your product as compared to its price?
 - What service(s) do you currently include in the price of your product? What services can you consider now and in the future?
 - Are competitive price changes anticipated soon?
 - What sector trends are going to drive prices up? What sector trends are going to drive prices down?
9. **Communication and Promotion:** Communication is a key driver to customer engagement especially in the field of agriculture where most of the prospects are rural dwellers with a minimal level of formal education. In marketing strategy, for communication and promotion to be effective – there should be given answers to the following questions;
- What is the language difficulty of your enterprise considering the background of your target audience?
 - How are you communicating the true needs that are being addressed by your products?
 - How frequently do your customers review their product provider?
 - What events are available to increase your enterprise viability?
 - What is the normal communication pattern with your customers? Can you add marketing activities to this communication?
 - What information material do you already give to your customers/potential customers? How clear is this on your enterprise brand? And what services do you offer, apart from the product?
 - What other materials or information do you think would be of benefit to your customers to help them make informed choices?
 - How else would your customers like to hear about your enterprise and the services it provides?

- Which key channels of communication will be most useful and relevant for your customers?
- What would be the most effective channel to communicate with your customers and how?
- How do you plan to provide an after-care service to your customers? And what channels will be most effective?

Detailed answers to the aforementioned guideline questions will provide an entrepreneur with the mindset and thoughts to draft out a marketing strategy which will comprise the following and represented in the table below;

1. The Research Finding and Problem
2. Product Offering or services available.
3. Target Audience for the products and their geographical location
4. Market message
5. Communication channel.

Table 1.7: Marketing strategy

Research Finding/Problem	Product Offering/ Services Available	Target Audience	Market Message	Communication Channel

Module Exercise:

Task 1: (10mins)

Instructions:

- Divide training participants into two groups.
- A plastic ball is given to one group.
- Team members take turns throwing the ball towards and within the reach of the opposing team.

Activity:

- Any team member that catches the ball is expected to mention one of the cassava stem varieties discussed above along with one of its benefits.
- A team scores one point for each feature or attribute listed correctly.
- Each time a team member fails to catch the ball, their team loses one point.

Task 2: (20mins)

- Use the form (A) attached to this training guide in developing answers to the questions of the marketing strategy guideline. (*This will be attached to the training material*)

Key Takeaways

- Refresher of thoughts on different varieties of cassava stem and their features
- How to carry out market research
- Understanding of business branding and the guidelines for branding
- The different pricing strategies that seed companies can adopt when setting the price for the cassava seed
- The different payment methods to adopt as a seed entrepreneur
- Guides on how to negotiate with customers buying the cassava seeds
- Understanding of marketing strategy guidelines
- Development of individual marketing strategy.

Self-Check

1. What are the names of improved seed cassava stem varieties discussed in this module?
2. How can you identify each of the cassava stem varieties that have been discussed?
3. What are the features of each of the cassava stem varieties?
4. What is branding?
5. Mention three payment options you can adopt for your entity.
6. What is the importance of branding awareness in your business?
7. What is marketing strategy?
8. List the guidelines to note when developing a marketing strategy.

MODULE 3: EFFICIENT AND EFFECTIVE STAKEHOLDER ENGAGEMENT IN SEED ENTERPRISE FOR AGRICULTURAL PRODUCTIVITY

3.0 Objectives of the Module

This module discusses the stakeholder's engagement, the importance and their role in seed enterprises and guidelines for developing a stakeholder engagement plan that will meet the broad objectives of the seed entrepreneurs who are the participants of this training.

The learning objectives upon completion of this module are:

- Understanding the importance of stakeholder engagement in seed enterprise and its impact on agricultural productivity.
- Knowing the different stakeholders involved in cassava seed enterprise and their roles and responsibilities.
- Learning effective communication strategies to engage with different stakeholders in seed enterprise.
- Knowing how to identify and prioritize stakeholders based on their level of influence and interest in seed enterprise.
- Understanding the principles of inclusive stakeholder engagement and how to incorporate marginalized groups in seed enterprise.
- Learning how to manage conflicts that may arise during stakeholder engagement in seed enterprise.
- Knowing how to monitor and evaluate stakeholder engagement to measure its impact on seed enterprise and agricultural productivity.
- Understanding the ethical considerations in stakeholder engagement in seed enterprise and ensuring that engagement is conducted in a transparent and accountable manner.

Topics Covered

- Overview of Stakeholder engagement.
- Importance of Stakeholder engagement in small businesses.
- Identifying the Stakeholders in Cassava Seed Enterprise.
- Developing Stakeholder Engagement plan.
- Communication Strategies for Stakeholder Engagement in Cassava Seed Enterprise.
- Conflict Management in Cassava Seed Enterprise Stakeholder Engagement.
- Ethical Considerations in Cassava Seed Enterprise Stakeholder Engagement.

The cassava seed entrepreneur upon completion of this module will be equipped with the knowledge and skills necessary to efficiently and effectively engage with stakeholders in cassava seed enterprise for agricultural productivity. They will also be able to apply the principles learned in the training to real-world scenarios and contribute to the sustainable development of the agricultural sector.

3.1 Introduction to Stakeholder Engagement

“Stakeholder” refers to individuals who are influenced by or can influence the activities of your enterprise. A stakeholder can be internal or external depending on the enterprise’s vision, mission and objectives. In this module, the stakeholders are the Research Institute which stands as your supplier, the farmer who stands in as your customer, your employees if any, the Government, the financial institution if you are operating on loan, regulatory bodies, partners of the enterprise, Local communities where you operate and other organizations that have the interest of your enterprise as a priority. Stakeholders can have different levels of influence and interest in your enterprise, and enterprises need to identify and engage with stakeholders to understand their concerns, expectations, and requirements.

Stakeholder engagement is a continuous process, it refers to the process of involving and communicating with stakeholders to understand their perspectives, needs, and expectations, and to involve them in decision-making processes that affect them. By involving stakeholders in the process, enterprises can improve the relevance and effectiveness of their activities, products, and services, and avoid potential conflicts or negative impacts. As an entrepreneur, the most prioritized stakeholder is the customer whose decision influences your business the most.

3.1.1 Importance of Stakeholder Engagement

- **Increased Trust:** When stakeholders are engaged and feel heard, they are more likely to trust the enterprise. This can lead to better relationships and more support for your business.
- **Improved Decision-Making:** By involving stakeholders in the decision-making process, an entrepreneur can benefit from a variety of perspectives and ideas. This can lead to better decisions that take into account a wider range of considerations.
- **Better Communication:** Stakeholder engagement encourages open and transparent communication, which can lead to better understanding and more effective collaboration among the team involved.
- **Mitigation of Risks:** By involving stakeholders in the planning and implementation process, an enterprise can identify and mitigate risks before they become major issues. This can help to prevent delays, cost overruns, and other problems.
- **Increased Innovation:** Stakeholder engagement can lead to increased innovation by encouraging new ideas and approaches. This can help the enterprise stay ahead of the curve and adapt to changing circumstances.

3.2 Developing a Stakeholder Engagement plan

It is important to develop an engagement plan that focuses on building and maintaining positive relationships with stakeholders, as it will help you build a strong reputation and a loyal customer base, while also fostering support from investors, partners, and other key stakeholders. The engagement plan involves a strategy to build and maintain positive relationships with all stakeholders.

Below are the key components of a stakeholder engagement plan to adopt as a seed entrepreneur:

3.2.1 Identify the Stakeholders:

Identifying stakeholders can be challenging because entrepreneurs often operate in a dynamic environment with multiple stakeholders; who may have different interests and levels of influence. However, it is an important first step in effective stakeholder engagement. Here are some steps to help identify stakeholders:

- **Identify the Vision and Mission of your enterprise:** This is considered through a clear definition of the purpose and goal of the business. This will help identify the individuals who may likely be affected.
- **Determine who is impacted:** Consider all individuals or groups that may be impacted by your business initiative, including customers, employees, suppliers, partners, shareholders, and local communities.
- **Consider the level of influence and interest:** Once you have identified potential stakeholders, assess their level of influence and interest in your business. This can help you prioritize your engagement efforts with them.
- **Consult with experts:** Consult with experts in the field, such as subject matter experts or industry associations, to identify additional stakeholders that may not be immediately apparent for your enterprise.
- **Conduct stakeholder mapping exercises:** Stakeholder mapping exercises can help you visually identify and prioritize stakeholders based on their level of interest and influence.
- **Engage stakeholders early and often:** Once stakeholders have been identified, it is important to engage with them early to ensure their needs and concerns are considered and addressed.

As a cassava seed entrepreneur, the top priority stakeholders are your customers. It is important to know who the customers of cassava can be. This is achieved by knowing the possible reasons for the purchase of cassava stems.

Table 1 above showed the stakeholders categorized as customers and the reasons for their purchase of the cassava seed from the entrepreneur.

Table 2.2.1: Stakeholder Categories

Stakeholder	Categories for Possible reasons for buying cassava Stem
Cassava Seed Entrepreneurs	
Individual Cassava Farmers	To grow cassava stems on a subsistence level; they operate as customer-level stakeholders.
Agro Dealers	To refer potential customers to the seed entity
Cooperatives/Associations Cassava Farmers	To distribute among association members (Cassava farmers) and share knowledge and information among active members.
NGOs	To share among smallholder cassava farmers.
Churches	To distribute to cassava farmers; They tend to stand in as the customers of the business.

Stakeholder Categories for Cassava Seed Entrepreneurs			Possible reasons for buying cassava Stem
Development Organizations			To support farmers in improving their livelihoods by providing the seeds, usually for free or at a subsidized price and provide some level of capacity-building support for the entrepreneur.
Large Farmers	Commercial	Cassava	To produce cassava on a large scale or via an out-grower scheme; they operate as customers to the Cassava seed entrepreneur.
State Governments' ADPs			To support smallholder farmers who are cultivating cassava; they play the intermediate role of customer and extension agents for the entrepreneur.
Small-scale Processors			To establish small-scale fields of cassava as part of the value chain integration in cassava.
Academic Institutions			To establish learning fields for knowledge transfer to students in their research and demonstration farms.
Research Institutes			To carry out research-related activities.
Finance Institutions			To provide cassava farmers under an out-grower scheme, and some level of financial support to the entrepreneur. They are under the "investors" stakeholder category.
Others ???			

3.2.2 Understand the Interest and Expectations of the Stakeholders

This is the second step during stakeholder engagement planning. It is important to understand the interests, expectations, and concerns of the stakeholders of your business. This can be done through surveys, interviews, and focus groups. The following should be considered during the surveys and focus groups discussion.

- **Define the purpose of the survey or discussion with the focus group who are stakeholders of your business:** This should be started by clarifying the purpose of the survey. What information are you trying to gather from the stakeholders? What are the intended questions? What do you hope to achieve with the questions/survey?
- **Define the target audience:** Have a clear understanding of which category of stakeholders are you going to engage. Decide how many of the stakeholders you want to collect the data from, and how you will select your targeted stakeholder audience for the survey or discussion.
- **Develop survey questions:** Develop open-ended questions that will help you gather the information you need. Consider the following example questions depending on the category of the targeted stakeholder. If you are targeting the cassava farmer, ask questions like;
 - What challenges do you face in producing cassava stems?
 - What opportunities do you see in the cassava seed industry in Nigeria?
 - What kind of support do you need to improve your cassava seed business?

These kinds of open-ended questions will enable you to have distinct plans and possible solutions to the needs of your stakeholders in your business, especially in making an informed business decision.

- **Select the survey method:** Determine the best method for gathering the information you need from the stakeholders of interest. This could be through online surveys if you have access to such, phone interviews with the targeted stakeholders, in-person focus groups, or a combination of methods with the sole purpose of getting the desired answers to your questions.

Overall, the key to developing effective questions is to keep them open-ended, relevant, and specific to the target audience. By following these steps, you can ensure that your survey or focus group will provide valuable insights into understanding the interest and expectations of the stakeholders in your seed business.

3.2.3 Determine engagement objectives.

In determining the objectives of stakeholder engagement, cassava seed entrepreneurs must carefully consider the expected outcomes and the interests of the stakeholders. The following steps should be considered;

- **Identify the purpose of the engagement:** Determine why you are engaging the stakeholders. For example, increasing the awareness of your customers of a new cassava variety or gathering input on specific challenges facing the farmers who are your stakeholder in the industry.
- **Determine what you hope to achieve:** Based on the purpose of the engagement and the needs and interests of stakeholders, determine what you hope to achieve through stakeholder engagement. This could include:
 - Identifying challenges and opportunities of your enterprise.
 - Building relationships and trust with stakeholders.
 - Developing partnerships with stakeholders to support your enterprise.
 - Gathering feedback on policies or initiatives related to the industry.
- **Define measurable objectives:** Develop specific, measurable objectives that align with the goals of the engagement. For example, you may set objectives to:
 - Increase the number of stakeholders involved in your business.
 - Increase stakeholder awareness of the importance of the new cassava stem varieties.
 - Increase stakeholder satisfaction with policies or initiatives related to your enterprise.
- **Prioritize objectives:** Determine which objectives are most important to achieve based on the purpose of the engagement and the needs and interests of stakeholders.

3.2.4 Determine engagement methods.

To determine the most appropriate method for engaging the stakeholders, the CSE needs to follow the steps below;

- **Identify the Stakeholder:** Herein, you are expected to identify your stakeholders and their interests. Then, prioritize based on your defined objective for the engagement.

- **Determine the engagement Objectives:** Right after identifying your stakeholder, it is ideal you determine the objectives and purpose of the engagement. Herein, the objectives to be determined need to be SMART that is Specific, Measurable, Attainable, Realistic and Time-bound. For example, an engagement with Cassava processors to understand their preference over the newly released cassava varieties in the last five years.
- **Assess their Preference of Engagement:** Stakeholders are unique and should be engaged using different approaches. For example, a farmer in the field may prefer a face-to-face meeting as an engagement approach while a policymaker would prefer written and documented communication. This assessment should be based on intuition.

3.2.5 Develop a timeline:

Developing a timeline for stakeholder engagement requires careful planning and consideration of the enterprise's goals, objectives, and stakeholder groups. In general, set a timeline for each engagement activity, taking into account the project's timeline and the availability of stakeholders. Be realistic about how much time you will need to prepare for and conduct each engagement activity.

3.2.6 Assign responsibilities

This is a key step during the planning for stakeholder engagement, especially for agribusiness entities. Herein, the responsibilities and duties of each stakeholder are aligned based on the objectives. The entrepreneur captions the interest and influence level of the stakeholders as this will determine the communication medium and frequency during the engagement.

Below is a template for a stakeholder engagement plan for seed businesses. Using a “Farmer” as a case study.

Table 2.2.6: Template for Stakeholder Engagement plan for Seed Enterprise

Stakeholder	Category of the Stakeholder	Level of Interest of the Stakeholder	Objective of Engagement of the Stakeholder	Engagement method and Frequency of communication	Timeline for the Engagement	Key responsible person
TF-Farms Limited	Customer	High (95%)	Awareness on the newly released Cassava variety that yields 35tons/ha, highly resistant to CMD and excellent for garri production	Face-to-face engagement	6 months	Marketing Manager
				Frequency of Communication		
				Bi-weekly		

Activity

Using the template in Table 2.2.6, develop a stakeholder engagement plan using a stakeholder that is prevalent in your cassava seed business enterprise.

3.3 Communication Strategies for Stakeholder Engagement in Cassava Seed Enterprise

Effective communication strategies can help ensure that stakeholders understand the goals of the enterprise, the benefits it provides, and their roles in achieving its objectives. Here are some communication strategies for stakeholder engagement in a cassava seed enterprise:

- **Ensure transparency and integrity in the business:** Transparency is critical to gain trust from the stakeholders of your business, especially the external stakeholders who could be your customers or investors in your enterprise. The more your enterprise shares an honest, and easy-to-comprehend format, the more likely it is that your enterprise’s intentions are made known to the stakeholder.
- **Communicate with stakeholders in the most appropriate manner that works best for them:** The stakeholders should be of top priority; hence, the communication medium

should be the one that works best for them. Remember that each individual is different, and you should consider the best communication channel that suits them; either in-person, email, focal group or telephone. Keep emails detailed and formal when writing to the stakeholders, either internal or external stakeholders.

- **Do not be judgmental of the values of your stakeholders:** It will be unethical to judge the views of your stakeholders rather seek to have a deeper understanding of their views at every point in time. Be open-minded and curious as this will help your enterprise. This open-minded and curious attitude will help both sides reach creative solutions to overcome roadblocks, aligning values and interests in the process.
- **Ensure two-way interaction on issues and interests:** You should ensure that you provide feedback to the stakeholders on any issue or interest that needs to be addressed or resolved. Also, keep track of commitments made to the stakeholders and ensure that members of your enterprise coordinate, follow up on actions and share information with the stakeholders.
- **Keep records of every communication:** It is important to keep records, contacts and track of communication whenever possible you are engaging the stakeholders. This way, misunderstandings and delays can be prevented, and individuals can easily be held accountable if there is any bridge of contract.

3.4 Conflict Management in Cassava Seed Enterprise Stakeholder Engagement

Managing conflicts during stakeholder engagement is an essential part of any successful initiative or enterprise. There are different sources of conflicts that an entrepreneur will likely encounter during their business. Thamhain and Wilemon identified the following as the most common sources of conflicts for businesses which are schedule conflict, conflicts of priorities, resource conflict, technical conflict, conflict over administration, personality conflict and Cost conflict.

Resolving and managing these conflicts as an entrepreneur can be challenging, however, the success of the business is built on it. The following guideline will facilitate and make it less challenging for seed entrepreneurs.

- **Communication:** Open and clear communication is essential in conflict resolution and management with stakeholders in the seed enterprise. Encourage all parties involved to express their concerns and listen to their perspectives. Clarify any misunderstandings and ensure that everyone understands the issues at hand promptly.
- **Identify the root cause:** Try to identify the underlying issues that are causing the conflict. Is it a difference in opinion on how to run the business or is it a personal issue? Understanding the root cause will help you find a solution.
- **Seek mediation:** If the conflict cannot be resolved through open communication, seek the help of a mediator. This could be a neutral third party or a professional mediator who can help facilitate a resolution.
- **Collaborative problem-solving:** Work together with all parties involved to find a solution that benefits everyone. Brainstorm potential solutions and evaluate them together. Try to find a compromise that addresses the concerns of all parties.

- **Seek legal advice:** In some cases, conflicts may require legal intervention. If this is the case, seek the advice of a lawyer who specializes in business disputes.
- **Document everything:** Keep a record of all communication, decisions, and actions taken during the conflict resolution process. This will help you avoid misunderstandings and protect your business interests.

3.5 Ethical Consideration in a Cassava Seed Enterprise

Ethical stakeholder engagement is essential for promoting sustainable development and ensuring that the interests of all stakeholders are considered as an entrepreneur. This is best attained through the establishment of a unique principle that is in alignment with the vision and mission of your enterprise. These principles should be based on transparency, accountability, inclusivity, and responsiveness.

- **Transparency in Stakeholder Engagement**

Transparency is a fundamental guide in building the principle of ethical stakeholder engagement. It involves open and honest communication between the cassava seed enterprise and its stakeholders, including sharing relevant information about the enterprise's activities, policies, and decision-making processes. This can be built by the following step;

- **Provision of Access to Information:** Cassava seed enterprise stakeholders should have access to relevant information about the enterprise's activities, policies, and performance that could hinder the progress of the enterprise. This information should be clear, accurate, and accessible to stakeholders.
- **Communicate Regularly:** Steady communication between the enterprise and its stakeholders is essential for building trust, fostering collaboration, and sustainability. This can include regular updates, progress reports, and feedback mechanisms from the enterprise to the stakeholders of the business. For instance, ensure steady communication with your customers (Cassava farmers) on the yield and outcome of the last order they purchased from your enterprise. Ask them questions to know if their expectations are met before harvesting. Also, when dealing with investors who are also stakeholders in your enterprise, ensure you communicate often to be able to build trust for the sustenance of the existing relationship.
- **Be open to feedback:** Stakeholder engagement should be a two-way process. The enterprise should be open to feedback from stakeholders and take their concerns and suggestions into account when making decisions.
- **Respect Confidentiality:** While transparency is essential, it is also important to respect the confidentiality of stakeholders where necessary. This includes protecting personal data and sensitive business information.
- **Involve the stakeholders in Decision-making:** Stakeholders should be involved in decision-making processes where appropriate. This can include consultation, collaboration, and co-creation of policies and strategies.

- **Accountability in Stakeholder Engagement:**

Accountability in stakeholder engagement for seed enterprise means that the enterprise takes responsibility for its actions and decisions, and ensures that it is transparent, responsive, and respectful to its stakeholders. As a seed entrepreneur, below are the key guidelines for building accountability with your stakeholders;

- **Establish clear communication channels:** Develop clear and accessible communication channels for stakeholders to reach you and provide feedback. This could include a website, email address, social media handles, or dedicated stakeholder engagement team in a situation where you have employees.
- **Be transparent:** Be open and honest about your operations, decisions, and plans. Provide regular updates on progress, successes, and challenges faced by your enterprise.
- **Seek feedback:** Actively seek feedback from your stakeholders through surveys, focus groups, or individual conversations. This can help you understand their perspectives and incorporate their feedback into decision-making processes.

- **Inclusivity in Stakeholder Engagement**

Inclusivity is another important guide in building the principle of ethical stakeholder engagement. It involves engaging with a diverse range of stakeholders, including those who may be traditionally marginalized or underrepresented, to ensure that their interests and perspectives are considered.

- **Identify and engage with all relevant stakeholders:** Cassava seed enterprise stakeholders should be identified and engaged with regardless of their background, social status, or any other characteristic. This includes marginalized groups, such as women, indigenous peoples, and youth.
- **Ensure diverse representation:** To promote inclusivity, stakeholder engagement should ensure that diverse perspectives are represented in decision-making processes. This can be achieved by seeking out and engaging with stakeholders from a range of backgrounds, and by ensuring that different stakeholder groups have equal opportunities to participate.
- **Provide accessible engagement opportunities:** Engagement opportunities should be designed to be accessible to all stakeholders, regardless of their location or any physical or language barriers. This can include providing translated materials or hosting virtual engagement sessions.
- **Foster respectful dialogue:** Inclusivity involves creating an environment where all stakeholders feel comfortable sharing their perspectives and engaging in respectful dialogue. This can be achieved by promoting active listening, empathy, and mutual respect.
- **Provide capacity-building support:** Inclusivity also involves providing support to stakeholders to help them engage effectively. This can include providing training, resources, and capacity-building opportunities to help stakeholders participate more fully in decision-making processes.

- **Responsiveness in Stakeholder Engagement**

Responsiveness is an ethical consideration for stakeholder engagement. It refers to the ability of organizations to listen to and address the concerns, needs, and feedback of their stakeholders in a timely and effective manner.

Being responsive in stakeholder engagement involves actively listening to stakeholders and taking prompt action to address their concerns or needs. This includes providing regular updates on progress, responding to inquiries or feedback, and incorporating stakeholder input into decision-making processes.

Organizations that prioritize responsiveness in stakeholder engagement are more likely to build trust and foster positive relationships with their stakeholders. This can lead to increased stakeholder satisfaction, improved outcomes, and ultimately, greater success for the organization. To be responsive in stakeholder engagement, organizations should:

- Establish clear channels of communication with stakeholders.
- Actively listen to stakeholder feedback and concerns.
- Respond to inquiries or feedback in a timely and respectful manner.
- Provide regular updates on progress and decisions made.
- Incorporate stakeholder input into decision-making processes.
- Follow up on commitments made to stakeholders.

By prioritizing responsiveness in stakeholder engagement, organizations can build stronger, more collaborative relationships with their stakeholders and achieve greater success in their operations.

Key Takeaways

- Understanding of the stakeholders and their roles in the enterprise
- Factors to consider in engaging the stakeholders as a business owner
- How to communicate effectively with stakeholders of your business
- How to manage conflicts that arise with stakeholders of your enterprise
- How to engage the stakeholders of your business and as well as development of the engagement strategy and plans for the stakeholders.

Self-Check

- Who are the stakeholders in your business?
- Mention the key stakeholders in your business.
- What is the importance of engaging stakeholders in your business?
- List four common sources of conflicts that you have encountered in your business as a cassava seed entrepreneur.
- Following the template drawn for the stakeholder engagement plan, establish your engagement strategy with any category of stakeholder of your choice.
- Illustrate how best you can manage conflict between your business and your competitor in the cassava seed entrepreneur.
- Build a principle of ethical stakeholder engagement for your enterprise.

MODULE 4: ENHANCING FINANCIAL MANAGEMENT SKILLS AMONG CASSAVA SEED ENTERPRISES IN NIGERIA

4.0 Introduction and Objectives of the Module

Module three focuses on financial management skills enhancement for cassava seed entrepreneurs in Nigeria. An understanding of financial management is a step to attaining successful business operations for any business enterprise, especially in the agricultural sector. It is a critical internal process for every business entity and is most relevant for entrepreneurs as it helps them to discern the profitability of the business.

Learning Outcome:

At the end of this module, the participants will possess the knowledge and understanding of financial management and its importance to their enterprises.

Topics Covered

- ✓ Understanding financial management and importance in seed enterprise
- ✓ Financial Analysis
- ✓ Different Financial Statement
 - Balance sheet
 - Income statement
 - Cash flow statement
- ✓ Tools and Techniques for analyzing financial statement.
- ✓ Budgeting and forecasting
- ✓ Asset valuation for seed entrepreneur
- ✓ Risk management strategies in agribusiness.
- ✓ Record keeping.

4.1 Understanding Financial Management and Importance for Entrepreneurs

Financial management for seed enterprises in Nigeria refers to the process of planning, organizing, controlling, and monitoring financial resources to achieve the goals and objectives of the enterprise. It involves the management of financial resources, including financial analysis, forecasting, budgeting, and financial reporting, to ensure that the enterprise can meet its financial obligations and achieve its financial goals.

Financial management is important for seed enterprises in Nigeria for several reasons, and the major reasons are listed as follows;

1. **Cash Flow Management:** Effective financial management will help the seed entrepreneur to manage his/her cash flow by forecasting future cash flows, monitoring inflows and outflows, and implementing strategies to improve liquidity and meet broad business objectives.
2. **Encourages investment decisions:** As an entrepreneur, you need to always make strategic investment decisions to grow your seed business. Financial management provides the necessary financial data and analysis to make informed investment decisions when the need arises.
3. **Enables financial planning:** Financial management helps your seed enterprises to develop financial plans, budgets, and forecasts. This enables you to set financial goals, allocate resources based on priorities, and track progress towards the overall business objectives.
4. **Helps to attract investors:** As an entrepreneur, you need to attract investors to secure funding for the growth of your business. This can be attained easily through effective financial management; this helps to create financial statements and reports that provide

potential investors with the information they need to make informed investment decisions that are geared towards your enterprise.

5. **Supports risk management:** Financial management helps your seed enterprises to identify, assess, and manage financial risks when the needs arise. This includes managing debt, monitoring credit risks, and implementing strategies to mitigate financial risks at times in the business.
6. **Facilitates cost management:** As an entrepreneur in agriculture, your business operation is always on a lean budget to maximize profit. Financial management aids to identify different cost-saving opportunities, optimising resource allocation, and managing expenses to achieve profitability.
7. **Encourages performance evaluation:** Financial management provides you as an entrepreneur with needful financial data to evaluate your business performance at every point in time. This enables you to identify areas where your business is performing well and areas that need improvement.
8. **Supports compliance:** Financial management when done effectively helps to ensure compliance with accounting standards, reporting requirements, and tax laws where need be in your enterprise.

4.2 Financial Analysis

Financial analysis is the process of evaluating and interpreting financial data to make informed decisions about the financial health and performance of a business or investment. Financial analysis helps in identifying patterns and insights that can help investors or financial analysts make informed decisions about an entity's financial performance, profitability, and risks associated with the enterprise. This is done by analyzing the financial statements of the business, and the financial statements could be a balance sheet, income statement, and cash flow statement, to assess the financial strength of the enterprise.

4.3 Different Types of Financial Statements

4.3.1 Balance sheet

The balance sheet is one of the major financial statements that shows what your enterprise owns (the enterprise's assets), what it owes (its liabilities), and what remains for you as the owner of the enterprise (in equity) at a given point in time. It is a very important financial statement that helps stakeholders evaluate the financial health, liquidity and solvency of the business.

The major features of the balance sheet are:

- **Assets:** The balance sheet lists the enterprise's assets, which refers to the resources owned by the enterprise that has economic value and are expected to provide future benefits for the enterprise. Assets in the balance sheet can be current assets, intermediate assets and long-term assets. For example, the commonly known assets for cassava seed enterprises are trucks, laptops, buildings, land, generator, cassava seeds

available for sale, demonstration farms for the trial of different varieties, account receivable, and many others.

- **Liabilities:** The balance sheet lists the enterprise's liabilities, which are obligations or debts that the enterprise owes to others. The liabilities can be current liability which includes accounts payable, interest accrual, and current principal due. The intermediate and long-term liabilities can include non-current principals.
- **Equity:** The balance sheet lists the enterprise's equity, which is the residual interest in the assets of the company after deducting its liabilities. It is the owner's capital in the business.
- **Net worth:** The balance sheet provides a summary of an enterprise's net worth, which is the difference between its total assets and total liabilities.
- **Current versus long-term:** The balance sheet separates assets and liabilities into current and long-term categories, based on their expected timing of conversion into cash or payment.
- **Order of presentation:** The balance sheet presents assets first, followed by liabilities and equity.
- **Balance:** The balance sheet is named so because the total assets must always equal the total liabilities and equity.

Exercise 4.1

Fill in the balance sheet template labelled as Table 4.1 with the details relevant in your enterprise for the last first quarter of 2023. This is to show your stakeholders the financial health of your enterprise for the first quarter of 2023.

Table 4.1: Template of Balance Sheet

Balance Sheet			
Date		Enterprise Name:	
FARM			
<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash	₦0.00	Accounts Payable	₦0.00
Prepaid Expenses & Supplies	₦0.00	Current Principal Due	₦0.00
Accounts Receivable	₦0.00		
Seed Inventory	₦0.00		
Seed for Sale	₦0.00		
Other Assets	₦0.00		
Total Current Assets	₦0.00	Total Current Liabilities	₦0.00
<u>Intermediate Assets</u>		<u>Intermediate Liabilities</u>	
Machinery & Equipment	₦0.00	Non-Current Principal	₦0.00
Enterprise Vehicles	₦0.00		
Foundation Stem	₦0.00		
Other Assets	₦0.00		
Total Intermediate Assets	₦0.00	Total Intermediate Liabilities	₦0.00
<u>Long Term Assets</u>		<u>Long Term Liabilities</u>	
Buildings & Improvements	₦0.00	Non-Current Principal	₦0.00
Land	₦0.00		
Other Long-Term Assets	₦0.00		
Total Long-Term Assets	₦0.00	Total Long-Term Liabilities	₦0.00
TOTAL FARM ASSETS	₦0.00	TOTAL FARM LIABILITIES	₦0.00
		OWNER EQUITY (FARM)	₦0.00
PERSONAL			
<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash	₦0.00	Accounts Payable	₦0.00
Life Insurance	₦0.00	Current Portion Due	₦0.00
Pension Account	₦0.00	Interest Accrual	₦0.00
Total Current Assets	₦0.00	Total Current Liabilities	₦0.00
<u>Intermediate Assets</u>		<u>Intermediate Liabilities</u>	
Personal Vehicles	₦0.00	Non-Current Principal	₦0.00
Total Intermediate Assets	₦0.00	Total Intermediate Liabilities	₦0.00
<u>Long-Term Assets</u>		<u>Long Term Liabilities</u>	
Land/Housing	₦0.00	Non-Current Principal	₦0.00
Total Long-Term Assets	₦0.00	Total Long-Term Liabilities	₦0.00
TOTAL PERSONAL ASSETS	₦0.00	TOTAL PERSONAL LIABILITIES	₦0.00
		OWNER EQUITY (PERSONAL)	₦0.00
FARM & PERSONAL			
TOTAL ASSETS	₦0.00	TOTAL LIABILITIES	₦0.00
		OWNER EQUITY	₦0.00

4.3.2 Income Statement

An income statement summarizes the revenues and expenses, and gains and losses of an enterprise. It ends with the net income for a specific time or period. It is also referred to as the Profit and Loss Statement. An income statement provides valuable insights into the enterprise's operations, the financial health of the enterprise, the efficiency of its management, underperforming sectors, its performance relative to industry peers and making investment decisions for business owners and stakeholders.

However, the income statement does not reflect the cash position of the enterprise and the debt position of the enterprise. This financial statement is limited by time frame and may be hindered by accounting policies.

The Income statement is characterized with;

- **Revenues:** The income statement reports the enterprise's revenues, which are the inflows of economic resources resulting from the sale of goods or services. Examples of revenues include revenue generated as a result of sales of the foundation stems to your customers who may be farmers or organisations supporting farmers which will be categorized as Sales revenue. While service revenue and rental revenue are also categories of revenue an enterprise may generate in the course of its operation.
- **Cost of goods sold or Cost of Sales:** The income statement reports the cost of goods sold, which is the direct cost of producing or acquiring the goods sold by an enterprise. For example, for an entrepreneur, the cost of your cassava seeds includes the purchasing price of the stem bundles, the cost of haulage, the amount of airtime spent in communicating with the EGS companies to facilitate the supply, the cost of marketing of the stems (which may include transportation, airtime, and other incurred to meet with the customer).
- **Gross profit:** The income statement reports the gross profit, which is the difference between your enterprise's revenues and the cost of goods sold. Gross profit represents the amount of money a company has left over after deducting the cost of goods sold from the revenues generated.
- **Operating expenses:** The income statement reports the enterprise's operating expenses, which are the costs incurred in running the day-to-day operations of the business. Examples of operating expenses include salaries if you have workers - you are engaged or even for yourself as an entrepreneur, rent if there is an office space for your business, utilities which may be electricity bills, security or waste management bills and advertising expenses depending on the medium adopted.
- **Operating income or Loss:** The income statement reports the operating income or loss, which is the difference between the enterprise's gross profit and the operating expenses.
- **Other income and expenses:** The income statement reports any other income or expenses that are not directly related to the enterprise's main operations, such as interest income or expense, gains or losses from the sale of assets, or taxes (even bank charges).
- **Net income or Loss:** The income statement reports an enterprise's net income or loss, which is the difference between its revenues and expenses over a specific period.

Example 4.2

Here is an example of an income statement for XYZ seed enterprise on 31st March 2023 is shown in Table 4.2.

XYZ SEED ENTERPRISE INCOME STATEMENT AS OF 31 ST MARCH 2023	
Sales of Cassava Foundation stem	₦350,000
Extension Delivery services	₦100,000
Total charges for the Vehicle leased	₦30,000
Plot Lease	₦20,000
Total Revenue	₦500,000
Cost of stem bundles sold	₦250,000
Gross Profit	₦250,000
Operating Expenses	₦100,000
Operating Income	₦150,000
Other Income	₦10,000
Interest Expenses	(₦5,000)
Income before Tax	₦155,000
Income tax expenses	(₦50,000)
Net Income	₦105,000

In this example above, the income statement shows that XYZ Seed enterprise generated ₦500,000 in revenues, incurred ₦250,000 in cost of goods sold, and had a gross profit of ₦250,000. The enterprise incurred ₦100,000 in operating expenses, resulting in an operating income of ₦150,000. The company also earned ₦10,000 in other income and incurred ₦5,000 in interest expense, resulting in income before taxes of ₦155,000. After deducting ₦50,000 in income tax expenses, the company had a net income of ₦105,000 for the year.

4..3.3 Cash Flow Statement

A cash flow statement is a financial statement that shows the inflows and outflows of cash and cash equivalents over a specific period. It provides information on how cash is generated and used in an enterprise and is an important tool for assessing an enterprise's liquidity, solvency, and financial performance. The cash flow statement will provide a more accurate picture of your enterprise's financial health than the income statement or balance sheet alone, as it reflects the actual movement of cash in and out of the enterprise.

The statement is divided into three sections: operating activities, investing activities, and financing activities. Operating activities include cash inflows and outflows from the day-to-day operations of the business, such as sales and expenses. Investing activities include cash flows from the purchase or sale of long-term assets, such as property, plant, and equipment. Financing

activities include cash inflows and outflows related to borrowing or repaying debt, issuing or repurchasing equity, and paying dividends.

A cash flow can be positive or negative. When a cash flow is positive, it means that the enterprise has more money flowing in. It is an ideal situation because having an excess of cash allows reinvestment in the enterprise, settlement of debts, and finding new ways to grow the business. Although it does not necessarily translate to profit, your enterprise can be profitable without being *cash-flow-positive*, and you can have positive cash flow without making a profit from the enterprise.

A negative cash flow implies that the cash outflow is higher than the cash inflow during the given period, but that does not imply that profit is lost. Instead, negative cash flow may be caused by expenditure and income mismatch in the enterprise. Negative cash flow may hinder your decision to expand your enterprise, it is ideal to always analyze the changes in cash flow from one period to another to have a tailored indication of the company's performance.

Cash flow is characterized as:

1. Focus on cash: The primary focus of the cash flow statement is on the inflows and outflows of cash – instead of the non-cash items of the enterprise.
2. Reports on a specific period: The cash flow statement report is time bound and specific, either quarterly or annually and shows changes in cash during the given time.
3. Three key sections: The cash flow statement is typically divided into three main sections: operating activities, investing activities, and financing activities. Each of the sections has its specific activities.
4. Helps assess liquidity: The cash flow statement helps investors and analysts enterprise's liquidity, or its ability to meet short-term obligations expected of the enterprise.
5. Complements the income statement and balance sheet: The cash flow statement complements the income statement and balance sheet by providing information on the cash flow movements that led to changes in the company's cash and cash equivalents.

How to Prepare a Cash Flow Statement for a Seed Enterprise



Example 4.3

The table indicated the inflow of cash and outflow of cash in the enterprise. The cash flow statement is for a reporting period that ended on March 31, 2023. As shown in the table below, the opening balance for the enterprise and cash equivalents was approximately ₦170,000. The operating activities generated a total of ₦449,800. The investing activities shown the business used ₦944,000 in transactions related to investment. The financing section shown a total of ₦275,000 was spent on activities to debts and equities financing.

The bottom of the cash flow statement, the three sections were summed to give a total of ₦719,200 decrease in cash and cash equivalents over the course of the reporting period. Hence, the final balance of ₦540,200 cash and cash equivalents at the end of the quarter equals

XYZ Enterprise
Cash flow Statement (Assumption)
March 31st 2023

Cash and other Cash Equivalent

₦ 170,000

Operating Activities	
Net Income	₦320,000
Adjustment to Reconcile Net Income to cash generated by operating activities.	
Depreciation of assets	₦48,000
Deferred Income tax	₦35,000
Changes in operating assets and liabilities	
Net Accounts Receivable Net	(₦45,000)
Inventories	(₦20,000)
Vendor Non-trade Receivable	₦12,000
Other current and Non-current Assets	₦19,800
Accounts Payable	₦38,000
Deferred Revenue	₦24,000
Other Current and Non-current Liabilities.	₦68,000
Total Cash Generated by Operating Activities	₦499,800
Investing Activities	
Payment for land purchase	(₦230,000)
Payment for Truck purchase	(₦650,000)
Proceeds from the Hire Purchase of Truck	₦120,000
Payment of Intangible Assets	(₦32,000)
Total Cash Generated by Investing Activities	(₦944,000)
Financing Activities	
Purchase of Bundles of Stem	(₦350,000)
Proceeds from repayment of long-term debt.	₦75,000
Total Cash Generated by Financing Activities	(₦275,000)
Increase/Decrease in Cash and Cash Equivalent	(₦719,200)
Cash and Cash Equivalents, End 1st Quarter 2023	(₦540,200)

4.4 Tools and Techniques for Financial Statement Analysis for Seed Entrepreneurs in Agribusiness

Financial statement analysis is the process an individual (stakeholder) goes through to analyze an enterprise's various financial documents to make informed decisions about that business. There are different techniques as an entrepreneur, you can use to evaluate your enterprise's financial performance and position. The most commonly used tools in agribusiness that focus on liquidity ratios, profitability ratios, efficiency ratios, Inventory turnover, revenue growth and leverage ratios are listed and defined below:

- **Ratio Analysis:** This involves analyzing the financial ratios derived from a company's financial statements, such as liquidity ratios, profitability ratios, efficiency ratios, and leverage ratios, to evaluate its financial performance.
- **Trend Analysis:** This involves analyzing a company's financial data over time to identify trends in financial performance, such as revenue growth, profit margins, and inventory turnover.
- **Comparative Analysis:** This involves comparing a company's financial data with that of its competitors or industry averages to evaluate its financial position relative to its peers.
- **DuPont Analysis:** This involves analyzing a company's return on equity (ROE) by breaking it down into its components, such as profit margin, asset turnover, and financial leverage, to evaluate its financial performance and efficiency.
- **Cash Flow Analysis:** This involves analyzing a company's cash flow statement to evaluate its liquidity and cash flow management.
- **Common Size Analysis:** This involves analyzing a company's financial statements by expressing each item as a percentage of a common base, such as total assets or total revenue, to facilitate comparison across time or between companies.
- **Valuation Analysis:** This involves analyzing a company's financial data to determine its intrinsic value and comparing it to its market value to identify potential investment opportunities.

4.5 The Basics of Record Keeping in Seed Enterprise

Record keeping primarily refers to the orderly and disciplined practice of storing business records. As an enterprise, the focus will be on financial records which involves writing down all the money that comes into your business and all the money that goes out of your business.

Why recordkeeping for your enterprise?

It is ideal for every business owner to be capable and able to maintain proper business transactions of his/her business. A proper business record is a step towards the sustainability and expansion of a business. When there is a proper record of business transactions, the business will be properly positioned for official business analysis and assessment of the business's health. The logic behind bookkeeping is to fast track and manage the business effectively and allow remittance of taxes to agencies when there is a need for evaluation of your business venture. Any financial organisation willing to do business with you must request your business records. Your ability to keep proper records implies you are serious about your business.

- You will know how much money you have received.

- You will know how much has been spent on your enterprise and how it was spent.
- You can be able to calculate whether you are making a profit or loss in your business.
- You will be able to make better decisions on what to buy and sell as a business.
- You can be able to keep track of what is purchased on credit so that people cannot trick you.
- You keep records of the inflow and outflow of cash from a given group project and this will reduce the abuse of funds, tame fraud and avoid mistrust among members of the group.
- You will be able to have a contact database of the stakeholders of your business.

What records should be kept?

When you establish a business, it is ideal to decide what measures that will be taken when accounting for money that comes as inflow and outflow in the business. This can only be attained effectively through record keeping.

- **Directory records:** The contacts of your stakeholders are properly documented; this should capture their contact details and their organisation or subsector in the industry.
- **Inventory Records:** If you sell physical products, you should keep records of your inventory levels, including the quantity and value of your stock.
- **Income records:** This entails the inflow of all the money you receive from selling your products or services. You should keep records of all invoices, receipts, and other documents related to your sales.
- **Expense Records:** This includes all the money you spend on your business, such as rent, utilities, equipment, supplies, and marketing expenses. You should keep records of all receipts, invoices, and other documents related to your expenses.
- **Bank Statements:** You should keep records of all your bank transactions, including deposits, withdrawals, and transfers. This will help you reconcile your accounts and track your cash flow.
- **Accounts Receivable and Accounts Payable:** You should keep records of all money owed to you by your customers and all money you owe to your suppliers or vendors.
- **Payroll Records:** If you have employees, you should keep records of their salaries, wages, and benefits.
- **Tax Records:** You should keep records of all your tax filings, including income tax, sales tax, and payroll tax. This includes all relevant documents such as receipts, invoices, and payment records.

How to keep business records for your enterprise.

The following steps will serve as a guide:

- Identify the transaction and give a code to it.
- Record the transaction in a journal.
- Include the date of the transaction, the variety stem, the quantity, the price and the mode of payment if the transaction is a financial transaction.

Template for Record Keeping for an Enterprise

The template below is a sales record-keeping template for a seed enterprise:

S/No	Date	Variety of Stem	Quantity of Cassava Stem Sold	Unit Price per bundle	Quantity of roots	Unit price per Root	Type of buyer	Mode of payment

Key Takeaways

- Understanding of financial analysis as an entrepreneur
- Develop balance sheet, income statement and cash-flow statement
- Understanding the need for record-keeping as an entrepreneur
- Ability to carry out financial analysis of their seed business
- Develop records for your cassava seed enterprise
- Understand the different records to be kept as a seed entrepreneur

Self-Check

1. Develop your Balance sheet for the last quarter of 2023.
2. Estimate the profitability of your enterprise using the ratio analysis.
3. What do you understand by cash flow?
4. What are the key three sections of a cash flow?
5. Draw out your cash flow budget for the next remaining quarters in 2023.
6. Define the income statement and estimate the income statement of your enterprise.
7. What is the importance of bookkeeping in your enterprise?

BIBLIOGRAPHY