

# Young Entrepreneurial Learning Journey

Facilitator Manual

The Sisters Blended Value Project



**Santa Clara  
University**



**Miller Center**  
for Social Entrepreneurship

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## Acknowledgements

*\*Italics = Instructions/messages for Facilitators*

*Dear facilitators and participants,*

*Thanks to the collaboration, action, input, and energy kindly given by the Assumption Sisters of Eldoret, the Little Sisters of St. Francis, and the Oblate Sisters of the Assumption, we designed a curriculum and experiential learning process to be used by Sisters in their formative years to learn the skills of entrepreneurial thinking and responsible financial stewardship. In light of the Sisters' Blended Value Project's core mission, to "catalyze sustainable and scalable solutions that alleviate poverty across the ACWECA region," this learning journey will function as a formative program to achieve this mission for years to come. Through interviews with Sisters in the stated congregations, we gained an understanding of existing formation programs, what the Sisters desire for their congregation's impact, and what they need to become self-sustaining enterprises. We conducted workshops with the Sisters in initial formation to learn about the prospective audience for our curriculum in order to make informed decisions about learning activities and concepts based on existing knowledge of the Sisters and observational findings of how they best learn. This manual is intended to be used by a facilitator who will guide the participants through monthly workshops in which they will be introduced to business and financial concepts necessary to become successful entrepreneurs. The workshops will be supplemented with an enterprise simulation activity in which the Sisters in initial formation will be split up into two teams to create their own simulated enterprise. These will be their enterprise teams throughout the course of the learning journey. After every monthly workshop, each team will have learning activities and assignments to complete as a team regarding their own enterprise decided at the beginning of the learning journey. The purpose of this simulation is to engage in experiential learning, practice teamwork, and leadership skills, and allow the Sisters in formation to have agency over their learning journey so that it aligns with your congregation's goals for the future.*

Molly Flood & Brooke Rose



**Miller Center**  
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“We the Little Sisters of St. Francis feel privileged that we were chosen to be among those involved in the production of this very instrumental manual for young entrepreneurial learning journey, now in your hands. The book contains knowledge and skills which we have jointly developed to help us delve into the realm of Social Entrepreneurship with the aim of fulfilling our Charisms that compel us to participate in the redeeming mission of Jesus Christ. Through our Social Enterprises we hope to improve the livelihood of the vulnerable and marginalized persons we serve in our communities as well as improve the economic status of the Sisters.

We are grateful to Br. Keith, Santa Clara University and Miller Center in particular, ACWECA, Eggpreneur and all our partners, especially the students whose passion merged with ours to spearhead the development of this manual for training of Formation Houses for Congregations. This will indeed help to empower their zeal for missionary work among the vulnerable as we endeavor to work in collaboration with our Governments to fight poverty. The material in this book is relevant in this time when we are hard hit by Covid 19 effects. Entrepreneurship is the way to take as we struggle through economic challenges in this rapidly changing world. It is our wish therefore, to see that many Congregations make use of this manual so that together we create impact in our society by enabling the poor to live a meaningful and sustainable life through Social Enterprises.”

- Little Sisters of St. Francis, Jinja, Uganda.

“The Assumption Sisters of Eldoret are grateful to the Miller Center at Santa Clara University who assigned students who are so passionate for entrepreneur programs to work with us in developing the SBVP Manual.

The success of this Manual is due to the efforts of Molly Flood and Brooke Rose who worked tirelessly. Their efforts to bring formees-Postulants, Novices and the sisters on board to share their insights have been invaluable. They have developed the manuals that have been so well received by the leadership of the congregation, the ASE social enterprise team, and the formators of the postulants and novices.

We thank Brother Keith Warner, the director of the Miller Center fellowship, who facilitated the students to work with us on the Manual.

Finally, we would like to thank the Assumption Sisters of Eldoret formees and the sisters for their contributions towards the success of the SBVP Manual.”

- The Assumption Sisters of Eldoret, Kenya

## Learning Objectives

1. Demonstrate confidence and competence in skills related to social entrepreneurship, financial management, and vocational discernment
2. Integrate Catholic spirituality into social entrepreneurship to create a new generation of social impact leaders
3. Utilize social entrepreneurship as a path towards maximizing sustainability of congregations while fulfilling their charism and ministries

## Introduction

Discussion: Why should Catholic Sisters want to become social entrepreneurs?

*Facilitator: Introduce each “Sustainability of...” and ask Sister in formation to discuss how social enterprises can address these.*

- Sustainability of charism
  - Example answer: Social enterprises are mission driven. Therefore, running a social enterprise with the goal of living out a congregations’ charism is possible by setting a mission and letting the mission guide the goals of the social enterprise. For example, serving God’s Kingdom is a Catholic mission and can be achieved through the social entrepreneurship model.
- Sustainability of ministry
  - Example answer: Social enterprises have a social value mission that is more sustainable than the charity model as it involves sharing the skills and knowledge to community members to help lift the community out of poverty by giving them the opportunity to create their own source of income.
- Sustainability of wellbeing
  - Example answer: Social enterprises generate profit and provide a sustainable income for the congregation to be self-sustaining, providing a means to rely less on donor money that is shrinking. This will strengthen the organizational sustainability to ensure future presence in the community.

## The Parable of the Builder: Building your Business on Rock

*Read Matthew 7:24-27*

Discussion:

- Why is it important to build your business on “rock” instead of “sand?”
- Can you think of some rains, floods, and winds that you or your congregation have experienced? Were you well-equipped to face them? If not, what are some things you could have done to have a stronger foundation?
- How does having a solid foundation built upon rock relate to the sustainability of your congregation or your social enterprise?

5 Months of Learning Activities

- Over the next 5 month learning journey, the participants will be working on their own simulated social enterprise to enhance their learning through experience.

*Facilitator: Split the group of Sisters in formation into two teams. These will be their simulated social enterprise teams. Once they are sitting in their teams, instruct the Sisters to discuss, “Why do you want to learn about social enterprises? What interests you about social entrepreneurship?”*

## Module 1: A start-up is something new

### Ruth & Naomi: Social Enterprise Simulation

*Read Ruth 1: 1-18*

#### Discussion Questions

- From this passage, what do we learn about the character of Ruth? About the character of Naomi?
  - How are some of their characteristics related to being a good social entrepreneur?
- What would you have done in Ruth’s situation?
- How would you describe the relationship between Ruth and Naomi?
- What do you do when you need advice? When a friend seeks your counsel?

## 1.0 Learning Objectives

- 1) Understand the correlation between social enterprises and sustainability
- 2) Consider options for enterprise products based on current resources
- 3) Comprehend and apply components of the Business Canvas
- 4) Assess qualities of successful social enterprises

## 1.1 Evaluating Options

*Lead discussion on current resources at congregation*

- Do you have a garden? A farm? Handicrafts?
- What would people want to buy from you?
- Why would customers want your products?
- What is something that you can consistently create?

Narrative: Sister Mary

- Sister Mary is a newly professed Sister and has the idea to create a social enterprise within her congregation, Sisters of Hope. As she thinks about the future of her congregation, she wants to ensure that the congregation is able to support itself financially and wants to have more resources available to conduct her ministry.
- The first step in starting an enterprise is coming up with an idea and assessing your current resources and capabilities. Sister Mary comes up with three possible ideas for an enterprise:
  - Handicrafts
  - Vegetables
  - Poultry
- Handicrafts:
  - At Sisters of Hope, many of the Sisters in formation make various handicrafts such as rosaries, bracelets, and baskets. Most of these products have been going to other Sisters in the congregation. Mary thinks that there may be an opportunity to sell them to the community or abroad.
- Vegetables:
  - Sister Mary's congregation has a small vegetable garden. All of the vegetables are used for creating meals for the congregation. Mary thinks that if they allocate more land to the garden and try some new agricultural techniques, they can produce more vegetables and sell them to the community.
- Poultry:
  - The congregation cares for about 10 chickens that they use for egg production. All of their eggs go towards helping feed the congregation at meal times. Mary thinks that if they invest in getting more chickens, they can sell eggs to their local



community. Mary also knows that there are many hotels in the area that are in need of chicken meat.

- Sister Mary decides to do poultry farming as her social enterprise.
  - She already has many of the necessary resources (chickens, chicken coop, etc.)
  - She knows there is a demand in the community for more poultry products
  - Many women in her village also raise chickens, so she knows that she can reach out to them for advice and support

## 1.2 Business Canvas

*Facilitator: Draw the Business Canvas on the chalkboard or large piece of paper with the titles to each in boxes. Allow them time to copy the Business Canvas in their own notes. Read aloud the guiding questions for each section. Then, fill in the Business Canvas on the board with Sister Mary's social enterprise.*

*Key Partners: Who will help you? Suppliers? Partners?*

*Key Activities: What will you do to create the product?*

*Key Resources: What do you need to create the product?*

*Value Proposition: What will your product do for the customer?*

*Customer Relationships: How will you interact with your customers?*

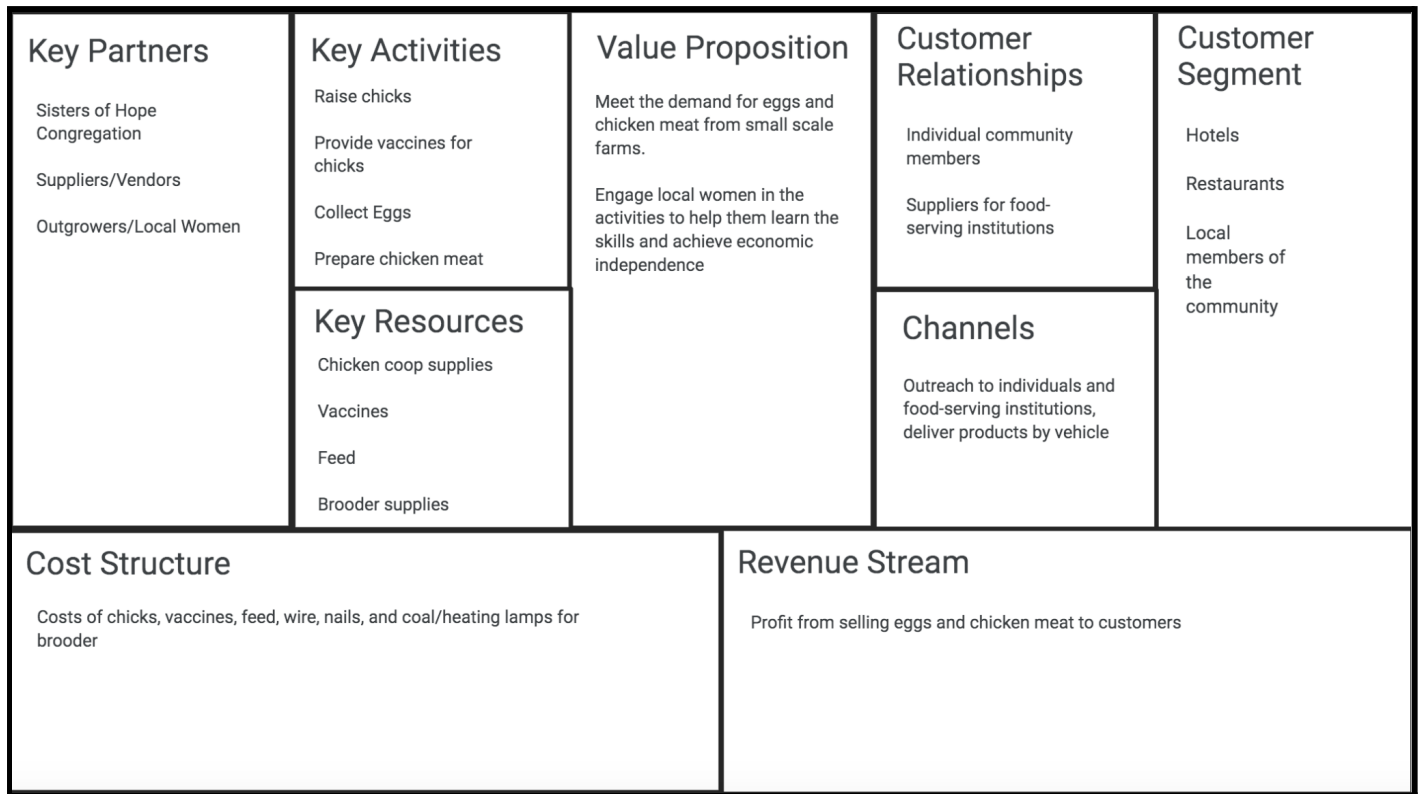
*Channels: How will you reach your customers?*

*Customer Segments: Who will purchase your product?*

*Cost Structure: What are the costs of creating your product?*

*Revenue Stream: How will you make money?*

Sister Mary’s Business Canvas:



1.2.1 Value Chain



1.3 Exemplary Entrepreneurs

*Facilitator: Go through the two examples of social enterprises and explain their mission, product, and social impact creation.*

**NUCAFE**

- **Mission:** To establish a market-driven system of coffee farmer enterprises and organizations which are empowered to increase their household incomes through enhanced entrepreneurship and innovation.
- Built on four pillars
  - **Farmer centeredness:** Based on the Farmer Ownership Model that espouses farmer organization to partake of the opportunities along the entire coffee value chain, our activities will be carried out with the farmers' best interests at the core of the interventions.
  - **Financial sustainability:** One of the key priority areas in the next five years shall be the enhancement of the capacity to generate earned income from the enhanced business activities of the organization
  - **Networking and Partnerships:** NUCAFE recognizes the importance of working with strategic partners and networking with organizations with similar or complementary mandates. Networking will enable NUCAFE to achieve greater impact than if it acted alone. In the current planning period NUCAFE will strengthen its networks and deepen the relationships by making them more focused and result based.
  - **Social Innovation and entrepreneurship:** NUCAFE's business models will incorporate social responsibility into its value proposition; as well as attract social investors that can boost the amount and availability of social capital for use in coffee production and processing.

### Eggpreneur

- **Mission:** To empower women and promote inclusive and sustainable economic growth in remote, rural areas.
  - Eggpreneur trains and engages women groups, youths, self-help groups, faith-based and community-based organizations by equipping them with knowledge, skills, and partnerships for sustainable poultry farming. This approach aims to use poultry farming techniques to eradicate child malnutrition while creating jobs and increasing household income for Kenyan women in rural communities.

*Facilitator: Instruct Sisters in formation to split up into two teams and determine products to be sold within simulated social enterprise and how they can include the community to respond to human needs.*

## 1.4 Spiritual Reflection

- How does social entrepreneurship provide a path to living one's vocation of a religious sister serving the community?
- Who are the people in the community that you would like to help? How can social entrepreneurship help them?
- What are the needs of the congregation and how can social entrepreneurship address these needs?

### **Next month activities to be completed within social enterprise team:**

*Facilitator: Write activities on board for Sisters in formation to copy down.*

- As a team, create own Business Canvas regarding chosen social enterprise
- As a team, create a plan for how to implement the chosen social enterprise.
- At the next workshop, present Business Canvas and plan for implementation.

## Module 2: Stewarding and sustaining

*Facilitator: Invite each group to stand and share their plan for implementation and Business Canvas regarding their chosen social enterprise. Invite the other team members to raise questions for the presenting team.*

### 2.0 Learning Objectives

- 1) Determine how to manage and calculate expenses
- 2) Understand importance of income and proficiency in calculating revenue
- 3) Show understanding and application of saving for sustaining an enterprise

## 2.1 Financial Concepts

*Facilitator: Read paragraph below aloud.*

Social entrepreneurship provides a path for Catholic Sisters to live out their vocation of serving God's Kingdom. Learning financial concepts help sisters develop practical skills to run the congregation's enterprise which is founded in meeting the needs of the poor and advancing the congregation's sustainability and impact. These skills will help all Sisters develop a sense of responsibility for managing resources of the congregation, working on behalf of the congregation, for the sake of furthering the mission of the congregation. As well, we hope the experiential learning activities will provide a space for Sister in formation to dream, think, and imagine various paths to living their vocation.

### Using your Gifts and Resources: The Parable of the Talents

*Read Matthew 25:14-30*

- In this parable, each servant receives a different amount of money, "each according to his ability" (v. 15). From this, we can be sure that God Himself has given us the ability to care for what we have. How does it make you feel to know that God believes you are able and responsible to steward what you have been given?
- When it comes to handling money, what is your instinct? Are you someone who likes to save? Do you have a habit of spending money as soon as you get it? What does this passage tell us about how to handle money and resources?
- An owner believes that her possessions are hers to spend, while a steward awaits for the day that she can return the Master's goods to Him. What do you think about this difference between ownership and stewardship? How can you adopt a stewardship mentality in terms of running your social enterprise?
- The 'good and faithful servants' are invited to share in the master's joy (v. 21, 23). How can you see running your social enterprise being a joyful experience?

#### 2.1.1 Spend

- Discussion: *Direct participants to sit with their teams and discuss the questions below regarding their simulated enterprise then share between groups.*
  - What may you need to spend money on for your enterprise?
  - What would you do if you spent too much money? Too little?
  - What is a big purchase that would be necessary for your enterprise?

#### 2.1.2 Fixed vs. Variable Costs

*Facilitator: Explain each with definitions and examples.*

**Fixed Costs**Definition:

Costs you would have to pay regardless of the goods or services you are selling

Examples:

Labor, phone/wifi bills, rent, taxes, insurance

**Variable Costs**Definition:

Costs that fluctuate according to the numbers of products or services you are selling

Examples:

Manufacturing related expenses (feed, vaccines, etc.), service delivery related expenses (gas, driver cost, etc.)

## 2.1.3 Expenses

*Facilitator: Explain each concept with the acronym. Explain the use of acronyms for simplicity and easy referral.*

**Cost of Goods Sold (COGS)**

Definition: the amount of money spent on creating and delivering your product

**Operating Expenses (OpEx)**

Definition: primarily made up of “fixed costs”; expenses that tend to remain stable, even as your sales increase

Operating expenses can also include some variable costs. These are costs that vary as your enterprise grows or declines (examples include sales commissions or credit card fees)

**Capital Expenditures (CapEx)**

Definition: the costs to acquire or improve a long-term asset such as equipment, machinery, buildings, and vehicles; these generally have a useful life of greater than 3 years

## 2.1.4 Earn

- Discussion: *Direct participants to sit with their teams and discuss the questions below regarding their simulated social enterprise then share between groups.*
  - How will your social enterprise make money? What products will be sold? For how much?
  - Do you have any ideas of how to increase the amount of money the social enterprise makes (income)?

## 2.1.5 Income

*Facilitator: Explain income and the two sources.*

- Income is the money an enterprise receives —total earnings or profit.
- What are the different ways enterprises can accrue income?
  - Two main types of income drivers (sources):
    - Revenue — the total amount of income generated by the sale of goods or services related to the company's primary operations
    - Donations —also known as contributed income: gifts or grants made freely without receiving any goods or services in exchange

## 2.2 Financial Formulas

### 2.2.1 How to Calculate COGS

*Facilitator: Write COGS formula and example problems. In their respective teams, direct them to calculate answers to Example #1 and #2 and share as a class. Answers in Appendix.*

**Cost of Goods Sold = Beginning Inventory + Purchases – Ending Inventory**

Example #1:

Your enterprise has produced 30,000 pounds of potatoes. The total costs of goods sold is \$60,000. What are the costs of goods sold per pound?

Example #2:

Your inventory at the beginning of the calendar year recorded on January 1st is \$6,000, and the inventory at the end of the calendar year recorded on December 31st is \$1,500. During the calendar year, your enterprise makes purchases of \$3,000. Calculate the cost of goods sold during the calendar year ending on December 31st.

### 2.2.2 How to Calculate Revenue

#### **Calculate Average Selling Price (ASP)**

Selling Prices are not constant, they fluctuate

Example:

The enterprise has 3 transactions:

1. 1 good x \$25 per good = \$25
2. 3 goods x \$20 per good = \$60
3. 8 goods x \$18 per good = \$144

**ASP = Total Revenue / Number of goods**

$$= (\$25 + \$60 + \$144) / (1+3+8) = \$229 / 12 \text{ goods}$$

$$= \$19.08 \text{ per good} = \text{Average Selling Price}$$

### Calculate Revenue

$$\text{Revenue} = \# \text{ of sales of good or service} \times$$

$$\text{average selling price of good or service}$$

Example:

$$\text{Revenue} = 12 \text{ goods} \times \$19.08 \text{ per good}$$

$$= \$228.96 \text{ in revenue}$$

### 2.2.3 Case Study: Revenue

*Facilitator: Write the table below on the board and instruct participants to find average selling price and revenue.*

You run a farm that has cows, goats, and pigs. This week, you calculate all of the transactions you made. What is your average selling price? What is your revenue?

Number of Goods Sold	Price
35 pounds of beef	\$5 / pound
7 goats	\$75 / goat
3 pigs	\$150 / pig

### 2.2.4 Break-Even

- The “break-even point” is the point at which sales exactly cover costs.
  - It gives the number of how many products you need to sell for your revenue to cover your costs.
  - Break-even = total revenue = total costs
  - Formula:
    - Fixed costs / (price per item - variable costs per item) = number of units sold to break-even



- Uses
  - Setting prices
  - Analyzing expenses
  - Launching new products
  - Deciding whether to stay in business

### 2.2.5 Case Study: Break-Even

*Facilitator: Read Case Study and write the titles and numbers with the formula on the board.*

*Instruct the teams to determine the number of units needed to sell to break-even.*

- Sister Anastasia started selling coffee beans from her new coffee farm recently and has multiple fixed costs to maintain her business. Her costs are listed below. Determine how many units (1 bag of beans) will she need to sell to “break-even.”

Fixed Costs (i.e. rent, labor, etc.) = \$500

Price per unit = \$15/ bag of coffee beans

Variable costs per unit = \$5 / bag of coffee beans

Formula: Fixed Costs / (price per unit - variable cost per unit) = number of units sold to break-even

## 2.3 Spiritual Reflection

- How is the ability to calculate revenue an empowering activity that can contribute to living out one’s vocation?
- How does being a “steward” rather than an “owner” align with your personal vocation?
- How will you use this knowledge to be a steward in running a social enterprise and engaging in a joyful experience of living one’s personal vocation?

### **Next month experiential learning activities:**

- All teams will sell 100 of their products for this activity
  - Determine total costs based off of discussions with elder Sisters or community members about the potential costs it would take to produce your product
  - Choose the selling price of your product based on total costs to ensure a profit is made. The selling price must be higher than the amount of costs to create a product. Determine revenue based on this discovery.
  - Determine how many units of product need to be sold to break even. Both team’s fixed costs are \$250.

## Module 3: Nurturing and growing

- *Facilitator: Invite both teams to present last month findings. Total costs, selling price, revenue, and break even point presented.*

### Planning your Tower: Luke 14:28-32

*Read Luke 14:28-32*

#### Discussion

- The building of a tower in this passage can represent many things -- building your life on Christ, building up new skills, building relationships with fellow Sisters. How do you see value in the social enterprise you are building?
- This passage discusses the importance of making a plan in order to have success. In running a business, why is it important to create plans and budgets for the future?
- What are some ways you can ask God, your mentors, or your fellow peers for help and advice in planning for the future?

### 3.0 Learning Objectives

- 1) Understand the importance of a budget and how to start one
- 2) Proficiency in organizing an Income Statement
- 3) Determine when an investment is smart for the enterprise
- 4) Ability to comprehend a loan and implement a pay-back plan

### 3.1 Growth Assessment

- Before an enterprise considers growth, a thorough analysis of costs to determine spending is necessary to avoid loss or debt.
- Before an enterprise considers growth, an Income Statement must be prepared to calculate monthly revenue (profit/loss).

#### 3.1.1 Budgeting

- What is budgeting? Why is it important?
  - Budgeting is a necessary process to manage personal and business finances.
  - A budget is a written spending plan that is based on your expenses and income that tracks your day-to-day, month-to-month, and year-to-year spending to understand where and how much you are spending.
- Goal of budgeting: to have your income exceed your expenses
  - Income more than expenses → :)
  - Income less than expenses → Debt

### 3.1.2 How to start a budget

- Calculate total profit
- Calculate total costs
- Subtract total profit from total costs
  - Positive number - extra \$ to save, invest, or use for an emergency or special occasion
  - Negative number - need to adjust spendings to lower expenses OR increase earned income

### 3.1.3 Budgeting Template

*Facilitator: Draw the template below on the board. Put the titles and formula for Total Expected Costs at the top of each column. Instruct the participants to sketch template for future use.*

Item	Unit	Number of Units	Cost per Unit	Total Expected Costs (number of units * cost per unit)
Example: Feed	1 bag of feed	30	\$15	30 x 15 = \$450
<b>Total Costs = Total Expected Costs of each Item added</b>				

### 3.1.4 Income Statement

- An income statement, also known as a profit and loss account, shows an enterprise's revenue and expenses to determine if an enterprise made money (profit) or lost money (loss) during a certain time period.
  - **Net Income (profit/loss) = Total Revenue - Total Expenses**

- Parts of an income statement:
  - Time period: at the top write the time period in which you will be reporting (i.e. November 2022)
  - Total Revenue = sales - costs of goods sold
  - Total Expenses = cost of goods sold, salaries expenses, rent expense, utilities, taxes, and any other expenses related to the enterprise

Example Income Statement:

*Facilitator: Draw Example Income Statement on board.*

<u>Passion Fruit and Strawberry Enterprise</u>	
for month of November 2022	
<b>Revenue:</b>	
Sales of passion fruit:	\$350
Sales of strawberries:	\$450
Total Revenue:	\$800
<b>Expenses:</b>	
COGS:	\$400
Utility expense:	\$200
Total Expenses:	\$600
<b><u>Net Income:</u></b>	
<b>Profit of \$200</b>	

### 3.1.5 Case Study: Income Statement

Sister Agnes would like to organize her business finances for her farm of the last month into an income statement. Below are her records of sales and expenses. Organize her business finances into an income statement and determine Net Income.

*Facilitator: Read the Case Study above to the class and write the numbers and their respective titles on*

*the board. Instruct the teams to create Sister Agnes's Income Statement.*

Sales of cabbage: \$300

COGS: \$900

Sales of onions: \$400

Utilities: \$400

Sales of mangoes: \$500

Sales of coffee beans: \$600

## 3.2 Financial Assistance and Interest

### 3.2.1 Loans

- Why get a loan?
  - Emergency assistance, financing large equipment (i.e. incubator), large debt consolidation
- Loan terms & conditions
  - Loan repayment period: amount of time to repay loan
    - Tip: the longer the repayment period, the smaller payments, BUT, could mean higher interest paid over the longer period of time
    - $t$  = time period; i.e. 1 year
  - Interest rates: proportion of the amount loaned which a lender charges as interest to the borrower
    - $r$  = rate of interest; decimal

### 3.2.2 Case Study: Loans

Simple interest formula =  $A = P(1 + rt)$

A =	Total accrued amount (principle loan + interest)
P =	Principle loan
r =	Interest percentage divided by 100 → decimal

t =	Time period in months
-----	-----------------------

Jane gets a loan of \$10,000 at a 3% annual interest rate for 1 year.

$$P = \$10,000$$

$$r = 3\% / 12 \text{ months} = 0.25\% \text{ per month}$$

$$t = 12 \text{ months}$$

$$A = \$10,000(1 + 0.0025(12)) = \$10,300$$

$$\$10,300 - \$10,000 = \$300 / 12 = \$\_\_\_ \text{ per month payment}$$

### 3.3 Spiritual Reflection

- Why is it important to build your faith, social enterprise, and relationships from strong foundations?
- How will you engage the local community or those in need with the activities of your social enterprise to create social value?
- What group of people would you like to target with the social outreach of your enterprise?

#### **Next month activities to be completed within social enterprise teams:**

*Facilitator writes activities on board for Sisters in formation to copy down.*

- As a team, create your own budget using calculations from the previous month.
- As a team, create an Income Statement using calculations from the previous month.
- At the next workshop, present the Budget and Income Statement.

## Module 4: Adapting and solving

*Facilitator: Invite teams to present their budget and Income Statement from the previous month.*

### Strong and Steadfast: Joshua 1:1-9

*Read Joshua 1:1-9*

## Discussion

- How does it make you feel to know that God is with you wherever you go? (v. 9)
- Do you think it will be hard for you to remain “strong and steadfast” to your social enterprise when things become difficult?
  - What are some strategies that you can use to adapt to changes or solve problems that arise?
- Can you think of an example in your life where you had to persevere through something challenging? Did you rely on the Lord to sustain you? Your friends or family? Trusted mentors?
  - How can you apply what you learned about that situation to what might happen in your social enterprise?

## 4.0 Introduction

In social entrepreneurship, there are always going to be challenges that you will need to overcome. Part of being a successful entrepreneur is being able to adapt to new situations and solving problems along the way.

This module will introduce you to some of the challenges that you may come across in running your business and some creative ways to address them.

### 4.1 Debt

At one of her meetings with our poultry farmers, Sister Mary asked one of her laywoman friends, Grace, if she could borrow \$20 to help pay for some new chicken feed because her bag had mold in it. Grace said that she would let her borrow the money as long as she paid her back at the end of the month.

#### 4.1.1 Scenario #1

Sister Mary immediately goes out to buy the chicken feed and brings it to her chickens. She begins feeding them and then gets caught up in taking care of them and doing other chores around the congregation.

One week before meeting with Grace, she suddenly remembers that she owes her \$20. Sister Mary has not been keeping track of her expenses or income, so she does not know if she will have enough to pay her back.

When she sees Grace again, she is only able to pay her back \$10 because the bursar is away. Grace says that because she was not able to give her the full amount, Mary will have to pay \$15 at the end of the next month.

#### 4.1.2 Discussion #1

- What are some of the things that Sister Mary did wrong in this scenario?
- If you were Grace, how would you react to your friend not being able to pay you back?
- How could Sister Mary have made a plan to repay her debt?

#### 4.1.3 Scenario #2

To be sure that she pays back her friend on time and does not remain her in debt, Sister Mary knows that she has to make a plan to pay her back.

Each week, she is going to set aside \$5 of her profit to pay back Grace. At the end of the month, she has saved up \$20 and is able to pay back her friend. When she gives Grace the money, she tells her that if she ever needs assistance with her enterprise that she is happy to return the favor.

#### 4.1.4 Discussion #2

- What are some of the things that Sister Mary did right in this scenario?
- How can you apply this situation to what might happen with your enterprise?

### 4.2 Loss

- What is loss?
  - Loss is when your spending surpasses your revenue and you are not making money.
  - Loss is the opposite of profit.
  - Loss inhibits the social enterprise from achieving its desired impact; making the social value component unattainable.
- Therefore, it is crucial to understand ways to remedy loss to achieve profit.

#### 4.2.1 Discussion

*Facilitator: Instruct the teams to brainstorm for 5 minutes ways to decrease spending within their social enterprises. Share between teams.*



#### 4.2.2 Ways to Decrease Spending

*Facilitator: Write each of the three ways on the chalkboard and explain by reading the statement below.*

##### **Outsourcing**

- Outsourcing is an agreement in which one company hires another company to be responsible for a planned or existing activity that is or could be done internally, and sometimes involves transferring employees and assets from one firm to another.

##### **Resource Mobilization**

- Resource mobilization refers to all activities involved in securing new and additional resources for your organization. It also involves making better use of, and maximizing, existing resources.

##### **Budgeting**

- Budgeting is the process of creating a plan to spend your money. This spending plan is called a budget. Creating this spending plan allows you to determine in advance whether you will have enough money to do the things you need to do or would like to do. Budgeting is simply balancing your expenses with your income.

*Facilitator: Instruct the teams to brainstorm ideas for how they can implement these into their social enterprises.*

#### 4.2.3 Case Study

Sister Lucy runs a poultry enterprise and has been successful so far, but wants to minimize her spending in order to make even more of a profit.

She decides to try different methods to help minimize her spending:

- Outsourcing
- Resource Mobilization
- Budgeting

Sister Lucy currently has 100 chickens and cares for them in a plot next to the novitiate house. Because her business has been so successful, she has expanded her customer base to the neighboring towns. She has enough money to hire someone to help her make deliveries to the customers she cannot reach by foot.

Why should she outsource?

- By delegating some responsibilities to somebody else, it gives her more time to focus on her enterprise and complete other tasks

Sister Lucy wants to make sure that her business will be sustainable in the long-term, so she wants to take steps now to ensure that she has sufficient support and resources now and in the future.

How can she engage in resource mobilization?

- Participating in women's groups
  - Offer her support, give ideas for her business, networks give access to more resources
- Using her existing resources to create her own chicken feed, repairing items before buying them new

Budgeting is essential to maintaining the profitability of a business, and you will learn more about budgeting in later modules. It is important because it will show you how much money you have to spend and from there determine how you want to spend it. Sister Lucy created her budget for the next month and found that she has \$500 to spend on her business.

How can she strategically budget to maximize impact for her business?

- Paying off loans
- Hiring new employees (outsourcing)
- Buying essentials like feed and vaccines

### 4.3 Changing market

Sister Mary has grown a strong and consistent customer base for her eggs and chicken meat. However, one of the hotels that she sells to has suddenly stopped buying from her. She goes to the hotel and asks them why. The chef tells her that the hotel is only buying organic products from now on because there is a high demand from the hotel residents for organic food.

Hearing this, she decides to look into what it would take for her products to become organic, which means being produced without the use of chemical fertilizers, pesticides, or other artificial agents. Her current chicken feed uses some artificial ingredients, so when she goes to the store she looks to see if there is any organic chicken feed. The store does sell organic feed, but it costs \$25, which is \$5 more expensive than her normal \$20 bag.

### 4.3.1 Discussion

- Should Sister Mary invest in making her operations organic, or should she lose the hotel and continue her operations as normal?
- What are some potential ways that you can see your customer market shifting?

Sister Mary decides to get the organic feed, because it will help her maintain her current customers and expand into new organic markets. Organic food is also better for the chickens, so it will help keep them in good health.

## 4.4 Social Impact Reflection

*Facilitator: Over the past few months of the learning journey, we have covered many topics of different areas of entrepreneurship and social value creation. Reflect on what you have learned and the social enterprise simulation activity. In your team, discuss the questions below.*

- How can your team include the community and the needy in the activities of your enterprise to address human needs?
- What skills have you learned that you can share with others to advance entrepreneurial thinking among the community?
- How can these skills help in alleviating poverty within your community?

## 4.5 Meditation

*Facilitator: Invite all Sisters in training to close their eyes. Guide them through three deep breaths. Then, read the Song of Mary below. Give 3 minutes for contemplation following. Open eyes, and discuss how this can inform their vocation of serving God's people through social entrepreneurship.*

### **The Song of Mary, Luke 1:46-55**

My soul proclaims the greatness of the Lord,  
my spirit rejoices in God my savior,  
who has looked with favor on his lowly servant.  
From this day all generations will call me blessed:  
the Almighty has done great things for me,  
and holy is his name.  
God has mercy on those who fear him,  
from generation to generation.  
The Lord has shown strength with his arm  
and scattered the proud in their conceit,  
casting down the mighty from their thrones  
and lifting up the lowly.  
God has filled the hungry with good things  
and sent the rich away empty.  
He has come to the aid of his servant Israel,  
to remember the promise of mercy,  
the promise made to our forebears,  
To Abraham and his children forever.

# Appendix

## 2.2.3 Case Study: Revenue

Number of Goods Sold	Price
35 pounds of beef	\$5 / pound
7 goats	\$75 / goat
3 pigs	\$150 / pig

35 pounds of beef x \$5 per pound = \$105

7 goats x \$75 per goat = \$525

3 pigs x \$150 per pig = \$450

ASP = (\$105 + \$525 + \$50) / (35+7+3)

ASP = (\$1080) / 45 = \$24 per good

## 2.2.5 Case Study: Break-Even

- Formula:  $\$500 / (\$15 - \$5) = \underline{50 \text{ bags of coffee need to be sold to break-even}}$

### 3.1.4 Case Study: Income Statement

<b><u>Sister Agnes's Farm</u></b>	
for month of May 2022	
<b>Revenue:</b>	
Sales of cabbage:	\$300
Sales of onions:	\$400
Sales of mangoes:	\$500
Sales of coffee beans:	\$600
Total Revenue:	
\$1,800	
<b>Expenses:</b>	
COGS:	\$900
Utilities:	\$400
Total Expenses:	
\$1,300	
<b>Net Income:</b>	<b>+\$500</b>

### 3.2.2 Case Study: Loans

Jane gets a loan of \$10,000 at a 3% annual interest rate for 1 year.

$$P = \$10,000$$

$$r = 3\% / 12 \text{ months} = 0.25\% \text{ per month}$$

$$t = 12 \text{ months}$$

$$A = \$10,000(1 + 0.0025(12)) = \$10,300$$

$$\$10,300 - \$10,000 = \$300 / 12 = \underline{\$25 \text{ per month payment}}$$