



Republic of Botswana



European Union



BUSINESSBOTSWANA

PRIVATE SECTOR DEVELOPMENT PROGRAMME BOTSWANA

FINAL REPORT

Mentoring of Micro Enterprises in Finance and Accounting

Submitted by:



Econo Markets Consultancy

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1. INTRODUCTION

Econo Markets Consultancy was engaged by Business Botswana through the Private Sector Development Programme (PSDP) to train and mentor a number of companies on Finance and Accounting. The main objective of the training and mentoring programme was to equip the businesses with the right skills and tools to improve operational performance. The programme provided advice, counsel, business contacts and technical expertise, together with personal support and encouragement. It commenced in April 2016 and ended in December 2016. Overall, programme went extremely well. Most of the companies were committed to the programme and conducted assignments as required. As a result, most of the companies are now aware of the importance of keeping business records and consistently developing financial reports. They are also able to produce financial reports, interpret them and translate interpretations into business decisions.

At the beginning of the programme, a Baseline analysis of the status of the finance and accounting components for each of the companies was conducted. Several priority areas were identified to assist the companies to improve their financial records. These areas were the basis of focus for the mentoring exercise. The programme initially started with twenty-four (24) companies. As the programme progressed, some of the companies were enrolled in another PSDP programme that had overlapping roles with the mentoring programme. These companies were therefore dropped from the mentoring programme to avoid duplication of programme. One company, Leading Star (Pty) LTD t/a Dolar Lodges & Tours, was however dropped at the beginning of the programme due to lack of interest on the programme. They were of the view that their Finance and Accounting function is doing well and that they only needed assistance on their marketing initiatives.

The companies that were dropped to avoid duplication were: Campsite and Shandereka Cultural Village; Banauna Poultry; Cathy's Fashion; Okavango Kopano Mokoro Community Trust; Abijoe Investments and Lopey Incorporated Pty (Ltd).

The programme kick-started with formal training to teach the beneficiaries the key concepts of finance and accounting. The training programme covered the following areas:

- The need for Accounting
- Accounting components (journal, general ledger, trial balance)
- Recording Business Transactions
- Financial Statements (Income Statement, Balance Sheet, Cash Flow Management, Equity)
- Management Accounts
- Interpreting Financial Information
- Financial Budgeting
- Taxation
- Business Planning, including Business Acumen Basis
- Human Resource Management
- Demonstration of the use of Quick Books Accounting Software

The training was conducted in a very interactive manner, with a lot of examples and group work/discussions. The training was well received as reflected in the Rating table in Appendix 1. The formal training was further supplemented by on-the-job training and advice during company visits. The following companies attended the formal training:

- Taba's Fruit and Vegetables
- Kazikini Campsite and Shandereka Cultural Village
- African Excursions
- Banalina Poultry

- Bio-Flash InfoTech Investment
- Cathy's Fashion
- Foodnet Holdings
- Gracious Grounds Horticulture Production
- Mhaladi Farm Solutions (Pty) Ltd
- Moleps Horticulture Enterprise
- Thato Canvas
- Travellers Rest House
- Byte-Size College
- Sunbeam Hotel
- Bo Inter Trading




Companies that were not able to attend the formal training are were taken through the training material as part of the mentoring programme

The Scorecard rates the progress of the different companies to date. The rating is only based on the Finance and Accounting and not the overall performance of the business. The overall rating of the company's understanding of key finance and accounting records is shown in the Table below.

Table 1: Assessment of the Company's Understanding of Key Financial Concepts

Company	Financial Records	Management Accounts	Financial Statements	Interpretation of financial Reports	Cashflow Management	Budget	Overall
Taba's Fruit and Vegetables	✅	✅	✅	✅	✅	✅	✅
African Excursions	✅	✅	✅	✅	✅	😐	✅
Bio-Flash InfoTech Investment	✅	✅	✅	✅	✅	😐	✅
Foodnet Holdings	✅	✅	✅	✅	✅	✅	✅
Gracious Grounds Horticulture Production	✅	😐	✅	✅	✅	😐	✅
Mhaladi Farm Solutions	✅	✅	✅	✅	✅	✅	✅
Moleps Horticulture Enterprise	✅	✅	✅	✅	✅	😐	✅
Travelloers' Rest House	✅	✅	✅	✅	✅	😐	✅
Byte-Size College	✅	✅	✅	✅	✅	✅	✅
Sunbeam Hotel	✅	✅	✅	✅	✅		✅
Chobe Pure	✅	✅	✅	✅	✅	✅	✅
Buche-Buche Pottery and Ceramic	✅	😐	😞	😐	😐	😞	😐

Upengu Tours & Safari	✅	✅	✅	✅	✅	🟡	✅
Line Feed	✅	✅	✅	✅	🟡	🟡	✅
Bo-Inter Trading	❌	❌	❌	❌	❌	❌	❌
Levites Investment	❌	❌	❌	❌	❌	❌	❌

 Achieved
  In progress
  Not Achieved

Overall, most of the companies have a good understanding of concepts and they have been applying these concepts over the past months. The main area where companies are lagging is the area of Budgeting. Most of the companies still find it daunting to produce a budget, let alone follow it through. However, most of the companies are still working on their budget. A sample template was provided during the training and they are using this to develop their budget.

Two of the companies, Bo-Inter Trading and Levites Investment did not go through with the programme. The owners did not show as much commitment to the programme. Despite several attempts to hold meetings with Bo-Inter Trading, they have not been able to honour appointments. Meetings were held with Levites Investment but nothing concrete was discussed. The company has not been producing financial statements over the past four years. When the programme started, they had engaged some consultants to help them develop financial statements from 2012 in order to comply with the law. Nothing has been produced to date.

2. TABA'S FRUIT AND VEGETABLES

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Keep financial records manually while transitioning to the use of Quick Books	Being done monthly
2. Train the administration officer on quick books	Both the administration officer and the owner of the business are now using Quick books
3. The administration officer to capture March and April records into quick books to be in line with the start of company's financial year;	Done
4. Develop a budget for the current financial year and align the operations of the company to the budget;	Crop budget and financial budget done. The major challenge is that operational difficulties are making it difficult to keep to the budget.
5. Ensure that all expenses are captured	Done
6. The company to produce and analyse monthly profit and loss to assist in developing appropriate remedy actions to improve financial performance	Being done monthly

3. LINEFEED PTY (LTD)

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. The Accounts Officer to continue capturing past records into Quick Books. For the month of June, the Officer will capture March, April, May and June records to close off the current financial year. Reports will then be generated to assess how the company has been performing;	The Accounts Officer is now well conversant with Quick Books. She can capture records and produce the Profit & Loss Statement as well as the Balance Sheet. The Balance Sheet, however, still has errors that need to be amended. Financial records are up-to-date.
2. The company to produce and analyse monthly profit and loss to assist in developing appropriate remedy actions to improve financial performance;	Being done monthly
3. The consultants working on the turn-around strategy to develop a costing-model that is linked to the turnaround strategy;	Still pending
4. Calculate the break-even point sales to guide the business	Still pending
5. Develop financial targets and financial model for the branches to ensure that they are profitable as independent entities.	Focus is now on the Serowe Branch, which seems to be more profitable than the other Branches

4. TRAVELLOR'S REST HOW

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Update the expenses reports to include all expenses	Data is captured daily and a summary of expenses produced monthly
2. Keep separate records for the restaurant (sales and expenses)	Records are now separate
3. The company to be mentored on how to produce and interpret reports from the records	Profit & Loss for both the restaurant and the lodge (rooms) are being done monthly. The company is able to interpret these financials. Remedial measures are already in place to improve financial performance
4. Tax laws and legal regulations	Econo Markets was not able to see financial statements for June 2016 as they were still with the accounting firm. The company has however been informed that the accounting firm has submitted financials in accordance with the law.

5. LEVITES INVESTMENT

Not much progress has been achieved with this company. At the first meeting, the company mentioned they were having serious challenges with their records from four years back. They had engaged some consultants to assist in cleaning up their accounts. Unfortunately, the company dropped out of the training workshop on last minute as the owner had to attend to harvest issues. During the last visit, the company was still to meet with the consultants. In summary, the company did not go through with the mentoring programme.

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Work on financial records from 2012 to June 2014 and complete the back log by July 2016	Not done
2. The company to start keeping up-to-date financial records from July 2016	Not done
3. The company to be mentored on how to produce and interpret reports from financial records	Not done
4. Tax laws and legal regulations	Not done
5. The company to attend training to get an understanding of finance and accounting concepts and how to interpret financial records	Not done

6. MHALADI'S FARM SOLUTIONS

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. The company to work towards accessing funding for the project	The company has not been successful in getting financing for the business yet. CEDA has rejected the business proposal submitted by the company. The company was enrolled in the PSDP Business Planning stream to refine the business plan.
2. Keep records of all transactions	Being done
3. Produce Management Accounts monthly	Being done. The company has been using a trial system to record transactions and produce financial reports. They intend to buy their own system (such as Quick Books).
4. Tax laws and regulations	Done

7. SUNBEAM HOTEL

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. To start producing monthly profit and loss to assess company performance	Being done monthly
2. To produce a consolidated expense report by customer to assist to track expenses on monthly basis	Being done monthly
3. To produce a consolidated sales report to enable analysis of customers and use the information to develop a sales and marketing strategy	Being done monthly
4. Keep separate records for the restaurant (sales and expenses)	Being done monthly
5. The company to be mentored on how to produce and interpret reports from the records	Being done monthly
6. The company to work out a budget	Work-in-progress

8. MOLEPS HORTICULTURAL ENTERPRISES

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. To invest in an accounting system to help ease the work load	The company has not been able to purchase an accounting system due to budgetary issues. They are continuing to use Excel.

2. To consider hiring an Administration Assistant to assist with records and basic accounting work	This has not been achieved due to budgetary constraints.
3. To clear the current back log and keep updated records going forward	One of the company Directors does financial management for the business while the other focuses on production. They have not been able to clear the backlog due to the work load required. The Director responsible for financial management has a full-time job and she is a nursing mother. This makes it very difficult for her to cope given the number of business transactions that occur. The company has acknowledged this constraint and will work towards purchasing the accounting software to ease the burden.
4. Produce a budget (sales and expenses) to guide operations	A budget has not yet been done.
5. The company to be mentored on how to produce and interpret reports from the records	The company can interpret financial reports.
6. Tax laws and legal regulations	Done.
7. Cost analysis	Cost analysis per crop is still to be done

9. THATO CANVAS

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Update sales and the expenses records and include all expenses in the expenses report	Being done monthly
2. Produce monthly profit and loss statement to assess how the company is performing	Being done monthly
3. Develop a budget to assist company decisions, particularly on expense management	Not yet done
4. The company to be mentored on how to produce and interpret reports from the records	The company can interpret financial records
5. Tax laws and legal regulations	Done

10. AFRICAN EXCURSIONS

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. To invest in Quick books	The company has invested in the accounting software and they are using it.
2. Keep up-to-date records (sales and expenses)	Being done monthly.
3. Develop a budget to guide expenditure and investment decisions	The company has made the first attempt on the budget and they are working to finalise it.
4. The company to be mentored on how to produce and interpret reports from the records	They are bale to interpret financial reports.
5. Tax laws and legal regulations	Being done. The company is working to normalise a few things.

11. BIO-FLASH INFOTECH INVESTMENT

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Continue to produce up-to-date sales and expenses figures	Being done monthly
2. The Administration Assistant was given a manual template for calculating monthly profit and loss. The company to produce monthly profit and loss to assess performance	Being done monthly. The outcome of this analysis has led to the realisation of a serious issue around cash flow management. Generally, the company is turning over enough revenue to sustain and grow the business. The major issue is none/late payment by customers, including institutional customers such as BHC and the Council. This sets the company back on working capital and cash flow management.
3. The company to be mentored on how to produce and interpret reports from the records	The company can interpret the profit and lost statement.
4. Tax laws and legal regulations	Done

12. UPENGU TOURS AND SAFARIS

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Update sales and the expenses records and include all expenses in the expenses report	Being done monthly

2. Produce monthly profit and loss statement to assess how the company is performing	Being done monthly
3. Develop a budget to assist company decisions, particularly on expense management	Not yet done. The company is currently struggling to keep afloat. The company has not done well and has large arrears with CEDA. The expenses analysis shows very large expenses, with salaries taking more than 50% of the expenses. Fuel and maintenance costs are also very large, compared to costs by companies in similar ventures. The company has been asked to scrutinize their expenses and take measures to curb these in order to save the company.
4. The company to be mentored on how to produce and interpret reports from the records	They can interpret financial reports.
5. Tax laws and legal regulations	Done. Guidance on how to correct their annual financial statements has been given.

13. BUTCHE-BUTCHE POTTERY AND CERAMIC PTY (LTD)

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. To keep up-to-date sales and expenses figures	Being done monthly
2. To produce basic profit and loss	Being done monthly
3. Tax laws and legal regulations	The company has been using a private consultant. Even though the consultant had informed them that they had submitted their tax returns for last year, the company does not have these records. The company was asked to approach BURS for assistance on the issue. They are now following BURS guidance to remedy the situation.
4. The company will be given on-the-work place training on basic finance and accounting concepts to assist them to get a basic understanding of finance and accounting concepts and how to interpret financial records	Done

14. CHOBE PURE

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Financial records	Being done monthly
2. Management Accounts	Being done month
3. Interpretation of financial records	Very well
4. Tax law and regulations	Compliant
5. Overall	One of the company Director's has a very good understanding of all aspects of financial management. The company does not need any further intervention on financial management.

15. FOODNET HOLDINGS

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Keep up-to-date records (sales and expenses)	Being done monthly
2. Develop a budget to guide expenditure and investment decisions	The company has a budget in place
3. The company to be mentored on how to produce and interpret reports from the records	The can interpret financial reports. The only area lagging is the Balance Sheet, which they intend to finalise before the end of December 2016.
4. Tax laws and legal regulations	Done

16. BYTE-SIZE COLLEGE

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. Keep up-to-date records (sales and expenses)	Being done monthly. They are now using quick books. They are however still using the manual system in parallel while they train their staff to be fully conversant with quick books. The staff members assigned to the project are now able to input all records using the system. They will now transition to the next stage of producing financial reports from the system.
2. Develop a budget to guide expenditure and investment decisions	They have a budget that they are following and monitoring.

3. The company to be mentored on how to produce and interpret reports from the records	They can interpret financial records
4. Tax laws and legal regulations	Done

17. GRACIOUS GROUNDS HORTICULTURE

PRIORITY AREA IDENTIFIED AT BEGINNING OF THE PROGRAMME	STATUS
1. To keep up-to-date sales and expenses figures	Being done monthly
2. To produce basic profit and loss	Being done monthly
3. Tax laws and legal regulations	Done
4. Other	The company is not in operation on the Horticulture side. They were affected by a storm that destroyed their infrastructure early in the year. For the past months, the company has been keeping a few chickens to sustain the business. They however have started preparing the land to plant some horticulture products in December.

18. BO-INTER TRADING

The company did not honour any of the meetings and therefore they did not go through the mentoring programme. They were however represented at the Training Workshop.

19. CONCLUSIONS AND RECOMMENDATIONS

Overall, the mentoring programme was designed well and the time allocated enabled more interaction with the companies. The fact that the mentoring included a training component enabled businesses to be taught on the major concepts first, enabling learning and implementation of these concepts to be much easier. The majority of the companies (all but two) were really committed to the programme, which also assisted in the successful implementation of the programme.

The major recommendations going forward are:

- The Private Sector Development Programme should continue pairing training with mentorship to give the mentees the best learning experience. This set-up worked well for the current group of participants. It gave them the key basic tools to enable them to remain focused on the programme.
- Future programmes should continue to be set-up on a long-term mentoring basis (the time-period given for this project was workable and sufficient to enable impact).
- Even though Bo-Inter Trading and Levites Investment did not participate on this programme, we recommend that Levites Investment be considered for future interventions. We believe

the business was going through several operational challenges, hence the distraction of the Director.

1 Appendix 1

Participant's Rating of the Training Workshop

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The training met my expectations	11	3			
I will be able to apply the knowledge learnt	10	4			
The training objectives for each topic were identified and followed	9	5			
The content was organised and easy to follow	8	6			
The materials distributed were pertinent and useful	9	4	1		
The trainers were knowledgeable	10	4			
The quality of instruction was good	11	3			
The trainers met the training objectives	11	3			
Class interaction and participation were encouraged	11	3			
Adequate time was provided for question and answers	9	5			
	Excellent	Good	Average	Poor	Very Poor
Overall rating of training	11	3			

NB – the numbers reflect the number of participants who gave the rating

Participant's Rating of the Overall Mentoring Programme

	Not at all	Not entirely	Neutral	Satisfactory degree	High degree
Was the methodology used by PSDP pertinent to your needs?				5	3
Was the application procedure clear to you?			1	4	3
Were you supported with adequate assistance and feedback during the Programme implementation?			2	3	3
Was the timing of the project interventions in line with your needs?				5	3
Did the quality and professionalism of the provider meet with your expectations?				4	4

Did the deliverables (reports, manuals, templates) of the assistance provided correspond with your needs?				4	4
Quality of the assistance provided by the service provider?				4	4
Improvement of staff skills?					7
How has the Action Plan designed by consultants impacted your company				3	5
Would you say PSDP impacted or will impact positively on the growth of your sector.			1	2	5

NB – the numbers reflect the number of participants who gave the rating