

Entrepreneurial Skills Book for Chicken Business





What is Entrepreneurship?

Entrepreneurship is the process of starting and managing a business to make profits, while carefully taking risks. This guide will help you understand what farming entrepreneurship is all about.

Understanding Entrepreneurship in Farming

A farm entrepreneur should look at their farm as a business. To be a successful farmer, who is farming as a business, you need to have the right knowledge and skills to do well. You also need to plan ahead for your business to grow.

Challenges that Farmers face

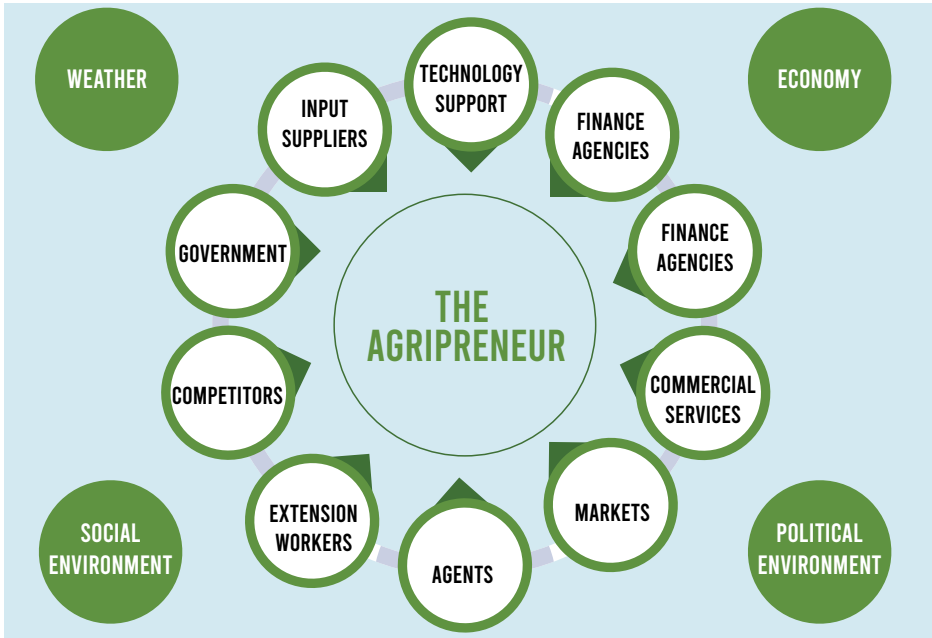
- Access to finance
- Strong competition
- Economic barriers e.g. high fuel prices
- Regulations and access to information
- Ability to manage and cope with risks and changes
- Seizing opportunities

Smallholder poultry farmers usually farm for one of four reasons:

- For the market only
- Mainly for the market and keep some for the home
- For home consumption mainly, but will sell what remains to the market
- For home consumption only

The Entrepreneurial Environment

Farmer-entrepreneurs do not work alone. They are part of a big group that includes other farmers, suppliers, traders, transporters and processors. Everyone has an important role to play.



To farm as a business, you need to choose a commodity that will bring you profit. It also helps to keep this in mind:

- Stay focused on your purpose
- Take every opportunity and make the best of it
- Make the whole process work in your favour

The 'Way of Life' of an Agripreneur

These are some key realities of an agripreneur:

- Freedom in making decisions about the business
- Handling day to day managerial activities
- A life of uncertainty; the business needs to generate profit to survive may not survive in the future
- Risking personal assets and security
- Must develop trust and alliances with other stakeholders where mutual benefits exist
- Social status is linked to the success of the business
- 'Learning by doing', due to the nature of starting a business, including being under pressure from stakeholders, solving problems, experimenting, seizing opportunities, and learning from competitors





Group Entrepreneurship

Group entrepreneurship benefits farmers who cannot start a farming business on their own. It also has other advantages including:

- Group unity which will lead to greater power from combined resources.
- Shared life/business experience.
- Protection from selfish traders and markets.
- A common desire to progress and advance economically.

Working as a group allows you to combine more than one resource, share the risks and develop a social 'safety net'. For a successful group enterprise, you must have the same entrepreneurial skills and spirit as individual entrepreneurs. Group members need to have:

- The desire to be self-employed.
- Motivation to undertake something new and to take calculated risks.
- The mind-set of always looking for opportunities.
- Willingness to work together in a common, productive activity and take full responsibility for the outcome.



Group entrepreneurship is successful when a cooperative, a farmer association or other forms of collaboration is involved.

Despite the advantages there are some disadvantages which include:

- Instead of only one farmer failing, the whole group could fail.
- Given the initial and prolonged need for mentoring, there is a real risk of creating dependency.
- The low economic status members may create pressure to spend whatever money is earned, hence dragging the rest of the farmers.
- The collective decision-making process, the unclear roles and responsibilities may not suit the needs of a business which needs clearly defined roles and decision-making processes.

Entrepreneurship Dynamics

A farm business is developed over five stages.

1. ESTABLISHMENT

2. SURVIVAL

3. EARLY GROWTH

4. RAPID GROWTH

5. MATURITY

1. ESTABLISHMENT

During this stage, the business is simple and the farmer does everything by him/herself. The aim is to make sure the product is produced, gets to market and is sold.

2. SURVIVAL

Here, you need to balance between the income and expenses. The key questions are:

- Can I get enough income to break-even in the short-run and replace capital equipment?
- Can I generate enough income to expand?

To move to the next stage, you need to figure out how to build on the success of the business.

3. EARLY GROWTH

If you decide to take your business past the survival stage, it needs to grow well. To achieve this:

- Develop a broader product and buyer base while staying profitable.
- Ensure efficiency: hire skilled staff to manage increased production, marketing and management.
- While your organization may be simple, a good business requires high management skills and good decision making.

4. RAPID GROWTH

Once you have a well-integrated farm business, you can achieve rapid growth:

- Increase the size of your flock, which will give more products to sell
- Add value to the product by processing it and/ or packaging it

During the rapid growth of your business, you will need to assign some managerial responsibilities, change the way of communication and make some tasks routine.

5. MATURITY (and possible decline)

Maturity means that your business stops growing as it has moved beyond the emerging and growth phase. It is usually more stable.

It reaches a point of balance where land size, market opportunities and scope of activities, balance with your skills and vision of the farm. If the enterprise is profitable and the farm is well managed, the business can be sustained.







A thriving business will still face challenges and threats. There might be many competing farmers selling in the same market. Other farmers may have more efficient methods of production that give them an advantage.

You will need to decide the future of your thriving business:

- Will the business outlive you?
- Will you sell the business or hand it over to another family member?
- Should you close the business down?

Barriers to Entrepreneurship

There are a number of factors that can become barriers to entrepreneurship. These include:

 <p>Poor or lack of infrastructure.</p>	 <p>Lack of training facilities, support services and trained extension staff.</p>
 <p>Unsupportive laws and regulations.</p>	 <p>Market-related risk.</p>
 <p>Lack of financial support and marketing limitations.</p>	 <p>Low bargaining power and vulnerability to economic shocks.</p>

Entrepreneurial Responses to Change

1. Enhancing and Managing Efficiencies in Production

Farmer-entrepreneurs always look for ways to improve efficiency, cut costs and increase productivity. It could be by:

- Reducing the amount of money invested in equipment and input cost, but give the same or better production results.
- Using more on-farm resources (such as labour and waste products).

One of the ways to change production systems is by developing or adopting new technologies and practices.

2. Principles of Innovation

These principles can help farmers take advantage of a new innovation:

- Know what the innovation does and how it works.
- Analyse the opportunity to see if people will be interested in the innovation.
- Effective innovations are simple and focus on a specific need or opportunity.

- Effective innovations start small. Focus on a small, limited market, with a product requiring little money and few people to produce and sell it. As the market grows, fine-tune its processes and stay ahead of the emerging competition.
- Aim at leading the market from the beginning. An innovation that aims at leading the market (e.g., dominating a small specialized market) is more likely to be successful.

3. Broadening Management Skills

Entrepreneurial farmers see the need to focus on more than production alone. They understand the need to develop business management skills.



- **Marketing Skills** is an important skill as it leads to sales.
- **Risk Management** is critical because entrepreneurial farming involves great risk.
- **Financial Management** is important because profit can be determined only if income and costs are accurately recorded.
- **Labour Management** is important because as the farm business grows, it will have more employees. Hiring the wrong labourer can quickly turn profits into losses.

Above all, a good management strategy is needed to guarantee profitability and competitiveness.

Core Values

The sustainability of the farm business is linked to managing the business with ethics, values and principles. Core values include:

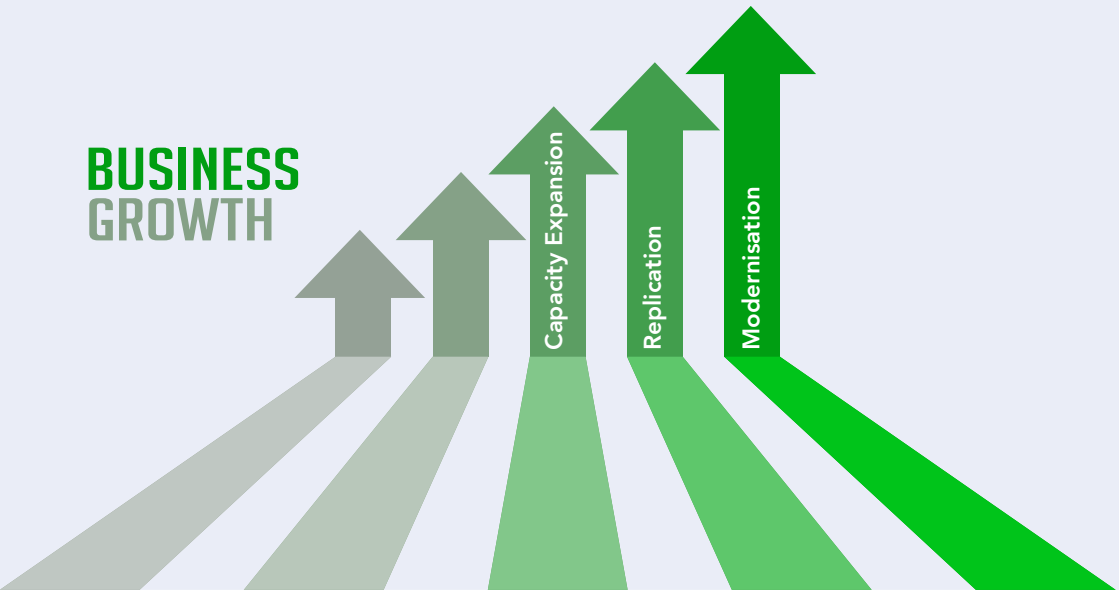


Income Increasing Strategies

Farmer-entrepreneurs can increase their profits and create value through different strategies, such as:

- Diversifying and specialization
- Lowering costs
- Expansion of the business (refer to the growth strategies below)
- Adding value to the enterprise

BUSINESS GROWTH



Business Growth Strategies

1. **Capacity expansion:** The existing farm enterprises are expanded.
2. **Replication:** Existing successful farm operations are duplicated in a different location.
3. **Modernisation:** The assets of the business are modernized so that production is more efficient.

Business Stabilizing Strategies

This involves various ways of keeping the size and management of the business at its current level.

Possible strategies include:

- **No change:** The current farming business meets the goals.
- **Full employment:** At this point, expansion stops and is maintained at this level as long as everyone is fully engaged.
- **Adequate income:** You have expanded the business to a level where you get the income you wish to receive.
- **Profit:** After a period of expansion, you can re-invest the profit.
- **Wait and see:** The economic and business environment may be too uncertain for expansion and you may decide to wait until this has changed.

If this is not managed correctly, you may run the risk of waiting too long and missing an opportunity for expansion.

The Strategic Management Process

Strategic management deals with opportunities affecting the farm business. It consists of strategic planning, strategic implementation and strategic control.

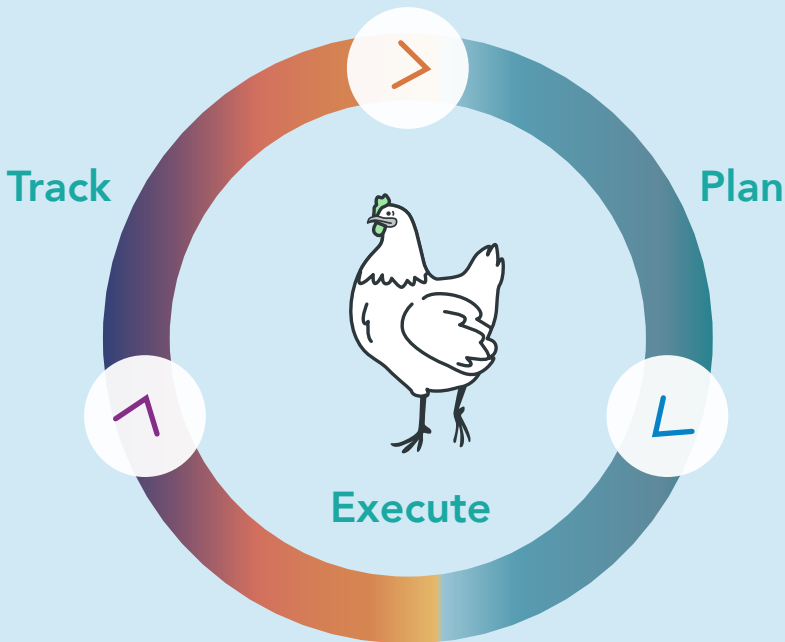
1. Strategic planning. This involves:

- Selecting long-term goals for the farm business and its core values, analysing the external and internal environments.
- Developing the best way in which the goals can be achieved in the current environment.

2. Strategic implementation. Organise farm activities in a way that what you plan can be executed.

3. Strategic control. Come up with ways of making it easy to monitor and keep track of progress. When the actual results are not in line with your goals, make changes in time to achieve your goals.

Phases of the Strategic Management Process



Characteristics of an Entrepreneur



Motivation



Passion



Vision



Confidence



Decision-making



Innovation



Risk-taking



Curiosity



Persistence



Leadership

Entrepreneurial Qualities

There is a difference between **farm business management** and **entrepreneurship**.

Farm business management is about better planning, implementation, control and managing risk.

Entrepreneurship is about looking forward and identifying opportunities, creating a vision of how the business will grow, innovation and taking risks. An entrepreneur looks at their farm and finds ways to make it more profitable;

- Develop ideas and translate them into action.
- You need self-motivation, patience and confidence with an ability to plan and organize the farm business.

These qualities enable entrepreneurial farmers to look-out for business opportunities, come up with new business ideas and guide the farm business to attain the goals set.

1. Knowledge

Knowledge allows you to make informed choices. It puts you in a better position to compare the current practices being used with alternatives.



Ways of getting knowledge: experience, observation, listening to and learning from other farmers, observing how things are done and practicing.

Extension workers are another source of knowledge.

Farmers need knowledge in each of the key areas of farm management which are planning, implementing and controlling.

2. Entrepreneurial Competencies

The key entrepreneurial competencies for a farmer-entrepreneur are:

1

Initiative and ambition

2

Focus and networking abilities

3

Problem-solving and creative thinking

4

Flexibility and adaptability

5

Interpersonal abilities and readiness to learn

Equipped with these skills you will be able to compete in the new environment and make profits by taking advantage of new market opportunities.

3. Technical Competencies

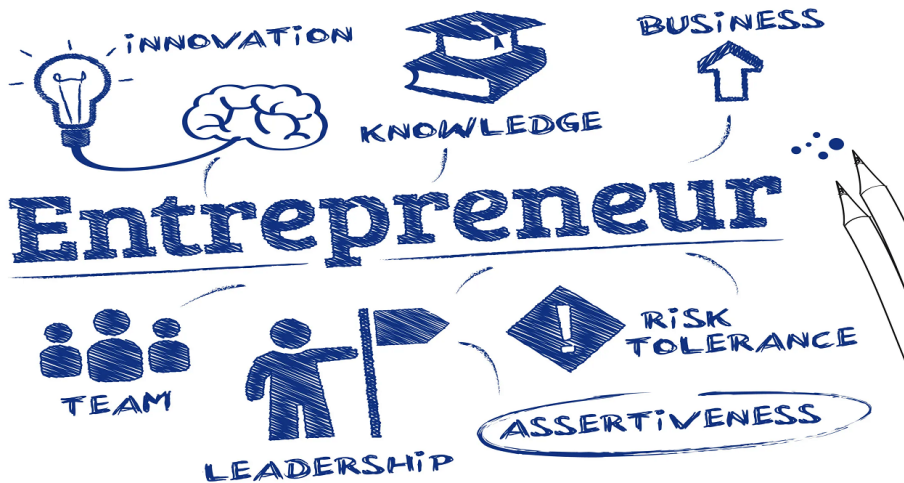
Entrepreneurial farmers must also be excellent farmers. This requires technical skills particularly in managing inputs, production and marketing in each key area of the farm business.

4. Integrating Competencies

Success as a farmer-entrepreneur comes through your ability to put everything you have learnt into practice. It is the combination of more than one skill that enables you to take advantage of new business opportunities.

An Integrated Response

It is important to combine more than one skill with the resources available to be able to face certain upcoming challenges. This helps to develop and implement a new business opportunity.



Building Entrepreneurship Skills

1. Learning Entrepreneurship

We encourage farmers to learn-by-doing' as it is most effective. Do it in a structured and deliberate way, since the farm business provides the best place for you to learn and develop entrepreneurial knowledge, skills and behaviour.

2. Farm Business Life Cycle

Just as the farm business develops over time, farmers' skills and competencies also develop.

Remember, a farm business is developed over five stages:



Each stage has a unique learning focus that builds on the capacity developed during the previous stage.

3. Ways to Build Capacity

There are three main approaches to building entrepreneurial capacity:

1. Formal education
2. Formal training programmes offered by extension services
3. Non-formal capacity building programmes

Managerial Competencies

As a manager, you will need to develop and strengthen your skills in these areas:

a. Cash Flow Management.

For a business to be successful, it has to have a good cash flow, failure to which other activities and opportunities will not make any impact.

b. Productivity and Quality Management.

Competition among farm businesses is based on:

- Price
- Product quality
- Timely delivery performance

Networking for Information.

It is important that you learn from other farmers, family members, buyers, suppliers among others. Learning from others would help a farm business grow.

c. Computer Skills

Technical and market information is being provided through electronic and computer-based services, hence the need for computer knowledge.

d. Additional Skills

- Problem solving
- Information on the business environment
- Communication
- Leadership
- Negotiation skills, and other “soft skills”
- Dealing with problems that are specific to particular products



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Saturdays 1:30 pm (English)

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