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Ministry of Labor and Skills

Manufacturing Sanitation Product and Latrine Construction

Short Term Training

Based on May 2023, Curriculum Version I



Module Title: Develop business practice.

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TABLE OF CONTENT

Acknowledgment.....	i
Introduction to the Module.....	1
Unit One: Entrepreneurship.....	2
1.1. Concept of Entrepreneurship	3
1.2 Characteristics of Successful Entrepreneurs.....	3
Self-check--1	5
Unit Two: Identifying business opportunity.....	6
2.1 Understanding Business opportunities.....	7
2.2. Identifying and Assessing Business Opportunities	7
Unit Three: Developing business skill	10
3.1. Basic Marketing Skills.....	11
Market Positioning and Selling Propositions.....	11
3.2. Basic Financial Literacy.....	12
3.3. Managing and Leading a Sanitation Enterprise.....	13
3.4. Business planning	14
Reference.....	17
Participants of This Module (Training Material) Preparation.....	18

INTRODUCTION TO THE MODULE

Sanitation enterprises play a critical role in promoting proper sanitation and hygiene practices, particularly in low-resource settings. However, to succeed in this field, enterprises need to have strong business practices in place.

This module is designed to meet the industry requirement for short-term training in manufacturing sanitation products and latrine construction. It is specifically for the unit of competency develop business practice, which covers the knowledge, skills, and attitude required to understand and develop business practice relevant to the job.

This module covers the following units:

- Entrepreneurship
- Business opportunity
- Developing business skill

Learning Objective of the Module

- Understand Entrepreneurship
- Identify business opportunity.
- Develop business skill.

Module Instruction

Trainees are expected to follow the following module instructions for effective use of these modules:

1. Read the information written in each unit.
2. Complete the self-checks at the end of each unit.
3. Read the identified reference book for examples and exercises.

Unit One: Entrepreneurship

This unit is developed to provide you the necessary information regarding the following content coverage and topics:

- 1.1. Concept of Entrepreneurship
- 1.2. Characteristics of Successful Entrepreneurs

This unit will also assist you to attain the learning outcomes stated below. Specifically, upon completion of this learning guide, trainees will be able to:

- Understand Concept of Entrepreneurship
- Identify Characteristics of Successful Entrepreneurs

1.1. Concept of Entrepreneurship

The word Entrepreneurship is derived from the French verb *entreprendre* which means to undertake. The concept entrepreneurship refers the process of identifying opportunities in the marketplace, arranging the resources required for pursuing these opportunities and investing the resources to exploit the opportunities for long term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

In the context of sanitation works, entrepreneurship can take many forms. For example:

- Entrepreneur may identify a need for improved sanitation infrastructure in a particular community and start a business to provide the necessary equipment and services.
- Similarly, an entrepreneur may develop a new product that promotes proper sanitation and hygiene practices, such as constructing improved latrine component, a low-cost handwashing station or a water filtration system.

1.2. Characteristics of Successful Entrepreneurs

Opportunity Seeking and Initiative

- Acts to expand the business into new areas, products, or services.
- Acts before being asked or forced to act.
- Takes advantage of unusual opportunities to start a new business, obtain financing, equipment, land, workspace, or assistance.

Quote: -

“Where others see problems, Entrepreneurs see opportunities.”

“Creativity emerges from the elimination of all unnecessary assumptions.”

Persistence

- Acts in the face of significant obstacles and challenges.
- Takes persistent actions, or switches to an alternative strategy, to meet a challenge or to overcome an obstacle.
- Takes personal responsibility for the performance necessary to achieve goals and objectives.

Quotes: -

“Failure is the first step on the road to success.”

“To do something and fail is experience. Real failure is not doing anything at all.”

“Failure is an event, never a person” William D.

Fulfilling Commitments

- Makes a personal sacrifice and extraordinary effort to complete a job.
- Pitches in with employees, or takes their place if needed, to get a job done.
- Strives to keep customers satisfied and places long-term good will above short-term gain.

Demand for Efficiency and Quality

- Finds ways to do things better, faster, and cheaper.
- Acts to do things that meet or exceed standards of excellence.
- Develops and uses procedures to ensure that work is completed on time and that work meets agreed upon standards of quality.

Quotes: -

“We are what we do repeatedly. Therefore, excellence is a habit, not an incident.” Aristotle

Taking Calculated Risks

- Deliberately calculates risks and evaluates alternatives.
- Takes action to reduce risks and/or control outcomes.
- Places oneself in situations involving a challenge or moderate risks.

Goal Setting

- Sets goals and objectives which are personally meaningful and challenging.
- Articulates clear and specific long-term goals.
- Sets measurable short-term objectives (Breaking long-term goals into small bits.)

Quotes: -

“The wind never helps the boat that has no clear destination.” Seneca

Information Seeking

- Personally, seeks information from customers, suppliers, and competitors.
- Does personal research on how to provide a product or service.
- Consults experts for business or technical advice.

Quotes: -

“Information means power.” Unknown

“There are no foolish questions, only fools who do not ask questions.” Unknown

Systematic Planning and Monitoring

- Plans by breaking large tasks down into sub-tasks with clear timeframe.
- Revise plans considering feedback on performance or changing circumstances.
- Keeps financial records and uses them to make informed decisions.

Quote: -

“If you do not know where to go, any road will take you there”?

“If you fail to plan, you are planning to fail.”

Persuasion and Networking

- Uses deliberate strategies to influence and persuade others.
- Takes action to develop and maintain a network of business contacts.
- Uses key people as agents to achieve own objective.

Self-check--1

Part I: Short answer questions

Instructions: - Discuss the following questions briefly

1. Define entrepreneurship.
2. List at list five characteristics of entrepreneurship

Note: *Satisfactory rating – above 75%* *Unsatisfactory - below 75%*

You can ask your trainer for the copy of the correct answers.

Unit Two: Identifying business opportunity

This unit is to provide you the necessary information regarding the following content coverage and topics:

- 2.1. Understanding Business opportunities
- 2.2. Identifying and Assessing Business Opportunities

This guide will also assist you to attain the learning outcomes stated below. Specifically, upon completion of this learning guide, trainees will be able to:

- Understand Business opportunities.
- Identify and Assess Business Opportunities

2.1 Understanding Business opportunities

A business opportunity is an attractive investment idea or proposition that provides the possibility of a return for the person taking the risk. Such opportunities are represented by customer requirements and lead to the provision of a product or service which creates or adds value for its buyer or end-user.

To qualify as a business opportunity, an opportunity must meet the following criteria:

- There should be a real demand.
- Return on investment.
- Availability of resources and skills
- Meet objectives.
- Be competitive.
- It must have a high level of gross profit margins.
- It must have the potential to start generating profit within 12 months – 36 months.
- The startup capital investments must be realistic and within the range of what an entrepreneur can provide.
- It must have the potential to keep on improving with time.
- It must have a low level of liability to risk.

2.2. Identifying and Assessing Business Opportunities

Ideas and opportunities need to be screened and assessed for viability once they have been identified or generated. Identifying and assessing business opportunities involves determining risks and rewards/returns reflecting the following factors:

- Market
- Length of the –window of opportunity
- Personal goals and competencies of the entrepreneur
- Management team
- Competition
- Capital, technology, and other resource requirements.
- Environment

Market Based Sanitation as business opportunity.

The first national sanitation marketing guideline was developed in 2013 during the second half of Health Sector Development Program (HSDP-IV, 2011-2015). The sanitation marketing strategy was designed to create enabling environment for implementation of sanitation market, increase consumers' (households and institutions) access to improved sanitation and hygiene technology options and services through private sector engagement. Access to basic and equitable sanitation facilities is being created at the community

and institutional levels to provide affordable, quality products (supplies) and services. As a result, various mechanisms, such as sanitation marketing centers, water utilities, health facilities, and other institutions with private sector participation, are being used to facilitate the production and marketing of appropriate and effective products.

Sanitation marketing is a rapidly growing business opportunity in Ethiopia. With a population of over 110 million people, the country faces significant challenges in providing basic sanitation services. According to UNICEF, only 28 percent of Ethiopians have access to basic sanitation facilities, and many rural areas still practice open defecation. The presence of these challenges suggests that Ethiopia has viable sanitation business opportunities:

Market:

- There is a significant need for sanitation solutions in Ethiopia, with only 28% of the population having access to basic sanitation facilities.
- The Ethiopian government is prioritizing investments in sanitation infrastructure and public health, creating a favorable market environment for businesses.

Length of the –window of opportunity:

- The window of opportunity for sanitation marketing in Ethiopia is likely to remain open for the foreseeable future, as the government is committed to improving sanitation and public health outcomes.

Personal goals and competencies of the entrepreneur:

- Entrepreneurs with a passion for public health and sustainable development could find sanitation marketing to be a fulfilling business opportunity.
- Competencies in product design, marketing, and supply chain management would be valuable for entrepreneurs looking to enter this market.

Management team

Because logistical and operational challenges are likely, scaling a sanitation marketing business in Ethiopia would require a strong and experienced management team.

Competition

In the Ethiopian sanitation market, there is likely competition, but there is also significant unmet need, particularly in rural areas.

Capital, technology, and other resource requirements.

Sanitation marketing businesses require significant capital investment, particularly for product development and distribution. Further, technology and innovation will be important for developing affordable and effective sanitation solutions.

Environment

Sanitation marketing can help to reduce environmental contamination and pollution by improving waste management and reducing open defecation.

Marketing sanitation products and services involves several players, including but not limited to cement and sanitaryware distributors, wholesalers, and retailers, local producers, service providers, masons, and laborers, CSO/private sector, and the public sector/government, which plays the regulatory role, all motivated by their own self-interest in response to monetary, political, and other incentives. The key functions include supply-side activities, demand-side activities, and regulatory and legal activities, which are often referred to as the enabling environment. These functions can be performed by various actors in various markets, depending on a variety of human, physical, cultural, and regulatory factors.

Overall, sanitation marketing in Ethiopia represents a good business opportunity for entrepreneurs who care about public health and sustainable development.

Self check 2

Part 1: Choose the best answer from the given alternatives.

1. One of the followings is not a factor to identify a business opportunity.
 - A. Market
 - B. Length of the window of opportunity
 - C. Competition
 - D. Customers

Part II: Write true for right statement and false for wrong one.

1. All opportunities in a market environment can be business opportunity.
2. Sanitation marketing can be business opportunity in Ethiopia.

Note: Satisfactory rating – above 75% Unsatisfactory - below 75%
You can ask your teacher for the copy of the correct answers.

Unit Three: Developing business skill

This unit will provide you with the information you need on the following topics:

- 3.1. Basic Marketing Skills.
- 3.2. Basic Financial Literacy
- 3.3. Managing and Leading Sanitation Enterprise

This guide will also assist you to get the below stated outcomes. Specifically, upon completion of this learning guide, trainees will be able to:

- Understand basic marketing skills.
- Understand basic financial literacy.
- Understanding how to manage and lead a sanitation enterprise.

3.1. Basic Marketing Skills

Key terms in sanitation marketing

Customer: The target population that requires access to basic sanitation facilities.

Marketing: Involves identifying the needs and preferences of the customer and developing and promoting sanitation solutions that meet those needs.

Social marketing: Is a specific approach that aims to promote positive behavior change related to sanitation.

Commercial marketing: Focuses on promoting and selling sanitation products and services to generate revenue. Success of sanitation marketing efforts depends on understanding the needs and preferences of the customer and developing effective marketing strategies that promote sustainable and affordable sanitation solutions.

Understand customer.

- Understanding the customer is crucial for business success. It involves gathering data on customer demographics, behavior, preferences, and feedback.
- Analyzing this data can help businesses develop effective marketing strategies and improve products or services to better meet customer needs.

Market Positioning and Selling Propositions

Market positioning:

- Overall strategy used by a business to position its products or services in the market relative to competitors.
- Identifying unique benefits and features of a product or service and emphasizing them in marketing materials.

Examples of market positioning strategies include offering a lower price point than competitors, emphasizing a unique product feature, or targeting a specific niche market.

Selling propositions:

- Specific messages or benefits used by a business to convince customers to buy their product or service.
- Highlight features or benefits that are unique to the product or service and not offered by competitors.
- Effective selling propositions can differentiate products and services in a crowded market and appeal to the specific needs and preferences of the target audience.

For example: Coca-Cola – “Happiness”: Coca-Cola has positioned itself as a brand that brings happiness to people’s lives. Their selling proposition emphasizes the emotional benefits of drinking Coca-Cola, such as enjoyment and happiness.

3.2. Basic Financial Literacy

At the end of this session, participants should be able to:

- Understand the concept of financial literacy.
- Appreciate the importance of saving.

Discussion questions: Experience sharing on money management by participants:

- Can you identify one time when you did a good job handling money? How did it help you?
- Can you identify a time when you used money carelessly, perhaps because you had limited knowledge of financial literacy?

3.2.1. Financial literacy can be defined as a set of skills and knowledge aimed at helping one make sound financial decisions. This includes knowledge about how to make money, how to plan for expenses, saving and borrowing, and even investing. Financial literacy is all about money management techniques. Financially illiterate people LOSE money through unnecessary personal and business expenditures.

Financial record keeping and managing Money properly is required for the following facts: -

- A written report which quantitatively describes the financial health of a company.
- Help to determine the financial performance/ financial health of a particular business.
- Quantify the financial strength, performance, and liquidity of a company.
- Help to compare current performance with performance in previous years.
- Reflect the financial effects of business transactions.
- How well did the business do in terms of total sales?
- What were its expenses?

3.2.2. Concept of Saving: Saving is a powerful financial tool that can help individuals and families achieve their financial goals. By setting aside a portion of their income, individuals can build an emergency fund, improve their business, and plan for retirement. Saving also provides a sense of security and peace of mind, knowing that there is a safety net in place for unexpected expenses. Anyone can start saving and achieve their financial goals with discipline and commitment.

Fable: The Ant and the Grasshopper

One beautiful day, Grasshopper was hopping about in a green field of grass, singing, and whistling and making music from his heart. It was a good day for Grasshopper, after all, as there was plenty of grass for him to eat. In the same green field Ant was busy gathering grass and storing as much as he could in his ant hill. Grasshopper laughed at Ant for wasting time gathering and storing grass instead of enjoying and making merry. Ant cautioned Grasshopper that he should store up food because when the cold season comes, water and snow will cover the earth and there won't be any green grass in the fields to eat. But Grasshopper ignored the warning and continued with merry making. When the cold weather came, the grass dried away and food became scarce. Ant had stored up enough food to make it through the season with plenty to eat. But because Grasshopper did not store up any food during the warm season, he was out in the cold, hopping from one place to another in search of grass to eat. He could not find any and died.

Discussion Questions:

Based on the given ants and grasshopper scenario above answer the following questions: -

1. What was Ant saving for? [Food for the cold/rainy season]
2. What did Ant give up? [Time for playing or relaxing]
3. What was Grasshopper's opportunity cost? [No food for winter]
4. What do we learn from the story? (The need to save when there is plenty, saving is not enjoyed by everybody, saving often means sacrificing)
5. How was Ant's behavior beneficial?

Summary of the scenario of the fable about grasshopper and ant above are:

- What Ant was doing is like saving.
- When we earn money, the first expenditure should be savings.
- Pay yourself FIRST. Do not SAVE what is left after SPENDING!
- You can save in your VSLA, Savings and Credit Cooperative (SACCO), bank or buy assets that appreciate.

3.2.3. Concept of Costing and Pricing: Have you ever started a business that ran out of cash? In business CASH IS KING. It determines whether your business will grow or fail. As an entrepreneur, you must know how to PRICE your products and the COSTS of your business.

Methods of setting price:

- Cost-plus pricing: Calculate your costs and add a mark-up.
- Competitive pricing: Set a price based on what the competition charges.
- Price skimming: Set a high price and lower it as the market evolves.
- Penetration pricing: Set a low price to enter a competitive market and raise it later.
- Value-based pricing: Base your product or service's price on what the customer believes it's worth.

3.3. Managing and Leading a Sanitation Enterprise

A successful enterprise depends on the competencies of the owner – to lead and manage the enterprise successfully.

Leading: Is about inspiring, motivating and influencing others to reach goals and achieving the highest possible performance. A leader sees the bigger picture or goal and inspires group members, employees, or family to attain the goal.

Managing: Involves organizing and overseeing daily operations and activities of your enterprise. It's the routine task of ensuring that the operations of the enterprise run smoothly. Both are important, but clear, motivating leadership is critical for a successful enterprise.

3.4. Business planning

- A business that never plans is planning to fail.
- Successful entrepreneurs know their customers' needs, operating cost, and the right pricing level to remain profitable.
- Good business manager always looks back and review your business plan and strategy as the market evolves.

The business canvas offers a simple structure of developing a business plan by just answering a set of nine-key questions.

1. Who are your customers?
2. What's compelling about the product or service you offer? Why do customers buy and use?
3. How do you deliver your product or service to customers?
4. How will you maintain a good relationship with customers, so that they keep coming back or talking about your offering to others?
5. How do you make money from the product or service you offer?
6. What main activities do you carry out, and which costs money to deliver your product or service to customers?
7. What important resources, in terms of assets, expertise and others do you need to better serve the customer.
8. Which are your major costs that impact on the revenue you generate? Look at activities and resources above.
9. Who are the Key business partners / suppliers of products or services and other organizations who are key for your business to succeed?

Elements of business canvas

<p><u>Key Partners</u></p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p>	<p><u>Key Activities</u></p> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p>	<p><u>Value Proposition:</u></p> <p>what value do we deliver to the Customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p>
<p><u>Customer relations</u></p> <p>What type of relationship does each of our customer segments expect us to establish and maintain with them? How are they integrated with the rest of our business model? How costly are they?</p>	<p><u>Customer segments</u></p> <p>For whom are we creating value? Who are our most Important customers?</p>	<p><u>Key Resources</u></p> <p>What Key Resources do our Value Propositions require?</p> <p>Types of resources: Physical, Intellectual (Brand patents, copyrights, data), Human, Financial</p>
<p><u>Channels</u></p> <p>Through which channels do our Customer Segments want to be reached?</p>	<p><u>Cost structure</u></p> <p>What are the most important costs inherent in our business model? Which Key Resources are most? Expensive? Which Key Activities are most expensive?</p>	<p><u>Revenue Structure</u></p> <p>For what value are our customers willing to pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p>

Self check 3

Part-I: Answer the following questions accordingly.

1. Prepare Business plan by using Business canvas sheet.

<u>Key Partners</u>	<u>Key Activities</u>	<u>Value Proposition:</u>
<u>Customer relations</u>	<u>Customer segments</u>	<u>Key Resources</u>
<u>Channels</u>	<u>Cost structure</u>	<u>Revenue Structure</u>

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