Ethiopian ATI
Agricultural Transformation Institute
የኢትዮጵያ ግብርና ትራንስፎርሜሽን ኢንስቲትዩት

LIVESTOCK INPUT AND SERVICE MARKETING BUSINESS

TRAINING COURSE FOR YOUTH AGRI-ENTREPRENEURS

Ethiopian Agricultural Transformation Institute

Table of Content

Ethiopian ATI
Agricultural Transformation Institute
የኢትዮጵያ ግብርና ትራንስፎርሜሽን ኢንስቲትዩት

OVERVIEW OF THE MODULE

Modern agricultural inputs and services are vital for increasing productivity and production goals of any farming communities. As demand and adoption continue to grow, effective agricultural input practices and proper dispensing and service become increasingly essential. And this module is designed to provide you with comprehensive understanding of the agricultural input sector in general and livestock input supply and service marketing business in particular. The business should be operated based on modern techniques and procedures required to maintain quality standards, environmental compliance and its potential impact on human health.

Therefore, this module aims to equip agricultural business entrepreneurs who are engaged in input supply and service marketing with the necessary technical skills and business processes. It serves as a guiding document for training facilitators who provide the required technical training for potential agricultural entrepreneurs who are involved in mainly at community level livestock input supply and service delivery businesses. The module also enhances the technical skills of agricultural input entrepreneurs involved in livestock input and service operations to ensure sustainable operations of the business, help operators abide by environmental compliance and input sourcing and supply regulations adopted by the Government of Ethiopia (GoE).

Towards this end, the training approach combines theory with input business related strategies and specifically focuses on practice-based learning. And the module builds on the best practices of the Agricultural Transformation Institution (ATI) as it has implemented innovative solutions in efficient input supply system and multitude of learnings in the agricultural input delivery. Accordingly, the technical training facilitators are expected to focus on predetermined crop input delivery and networking business processes. The module is estimated to take four days and will be delivered in consecutive days.

Credit

Credit goes to the technical team members who participated in the preparation of the final draft of the module: *Mengistie Taye, Mebrahtu Berhe, Girma Zeleke, Haileyesus Abate, Manyazhal Shegaw and facilitated by Asamenew Shimeles.*

The Agriculture-focused Dignified Employment for Youth (ADEY) program is implemented by the Ethiopian Agricultural Transformation Institute in partnership with the Mastercard Foundation to enable 611,343 inclusive and dignified work opportunities for young women and men and support youth entrepreneurship, employability, and sustainable livelihoods in the agribusiness sector.

INTRODUCTION

Welcome to the module on livestock Input & Service Marketing Module! The agricultural input supply and service delivery is an ideal business for agricultural entrepreneurs in Ethiopia as the sector still constrained by limited access and utilization thereby impacting farmers' productivity and production goals. The business opportunities comprised of various streams, and the technical aspect of the training module examines the feature of livestock input supply and service delivery process.

Overall, the module provides an overview of core concepts, steps and process in the agricultural input supply and service delivery businesses. It consists of six sections for targeted livestock input operators. It gives basic information of the technical aspects covering the background information on livestock production, livestock inputs and service in Ethiopia, pre-business requirement and certifications, business operation processes, environmental issues, input business ethics and social responsibilities and financial feasibility. Therefore, the module aims to provide targeted beneficiaries with technical knowledge on conducting demand assessments, inventory stocking, transportation, and safe handling of livestock inputs, along with fundamental concepts for operating a livestock input and service business. Besides, it encompasses the basic concepts for livestock input and service business operation, service delivery ethical standards, social responsibility, environmental compliance and financial feasibility sections.

Target Methodology and Materials: in reference to the technical nature of the training approach, the guiding module adopts a range of training modalities and methodologies including lecturing, learning questions, group work/discussion, presentation, demonstration, field visit, self- learning, and self-assessments. In line with this PowerPoint presentation, digital/online version of technical training or a handout may be produced. Overall, this technical training module has been proposed to be given in for four consecutive days.

Materials: required materials include flip chart or white board, laptop computer, LCD projector, marker, notebook, pen, sample personal protective equipment (cloth), etc

Training Participants: the module would support targeted agricultural agri-enprepreneurs and equip them with the required technical knowledge, understanding of standards and environmental compliance, and livestock input require mandatory technical approach for effective service delivery. Operators can be youth groups, individual entrepreneurs or associations and the module can serve as an entry point as long as they engage in input supply and service delivery at the farming community level. Who?

Ethiopian ATI
Agricultural Transformation Institute
የኢትዮጵያ ግብርና ትራንስፎርሜሽን ኢንስቲትዩት

SECTION 1: LIVESTOCK PRODUCTION, INPUTS, AND SERVICES

Section Overview

The first section of the module highlights general overview of livestock production systems, the sub-sector's potential as a crucial component of the agricultural sector, most supported portfolios of livestock inputs and services across the value chains, and the major constraints of livestock input and service delivery systems. As a result, training participants will be acquainted with the specific livestock production system of Ethiopia, scenarios in their locality, and prospects of inputs and services required by different livestock species and commodities. Accordingly, the mode of the first training methods includes brainstorming questions, group work, discussions, presentations, and experience sharing visits to established efficient input market system or alternative farm visits.

Learning question

- What is the major livestock production system in Ethiopia?
- Can you tell what specific livestock production system is in your locality?
- What are the major livestock input portfolio and services you know in your area?

Learning Outcomes

At the end of this section, the trainees will be able to:
- Understand the major livestock production systems your specific location.
- Characterize the different types of livestock production systems in their specific area.
- Describe the major types of livestock inputs and services
- Describe the major types of livestock services for health, feed, and breed management.

Duration: 4hrs

Materials

Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

1.1 OVERVIEW OF LIVESTOCK PRODUCTION SYSTEM IN ETHIOPIA

Ethiopia has the largest livestock population in Africa. It is also a diverse production system which plays a significant role in the country's economy and people's livelihoods. Overall, the sub-sector employs various production systems such as mixed crop-livestock, pastoral/agro-pastoral, urban/peri-urban, and commercial. In line with the objective of the module, the diagram below summarizes the characteristics of major production systems:

EXTENSIVE LIVESTOCK PRODUCTION

- Indigenous Breeds
- Low Inpit/Low-output Hubandary Practice
- Common Grazing
- Seasonal Viablility of Feed
- Poor Genetics
- Limited Reproductive Performance
- High Disease Incidence

SEMI-INTENSIVE LIVESTOCK PRODUCTION

- Raised on a farm with a mix of natural & improved grazing area
- Purposed to optimize resource (land, labor, capital)
- Common in urban & periurban areas
- May invlolve use of modern husbandry practices
- Challenges - limited access to feed, health, marketing

INTENSIVE LIVESTOCK PRODUCTION

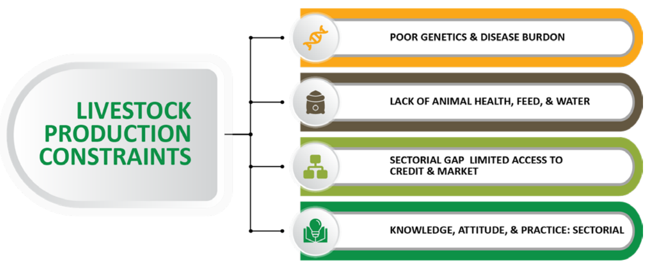
- Market Oriented
- Commercially formulated feed
- housing, feeding & watering equipment
- strong disease prevention
- High input/High output husbandary
- Improved Management

Group work

List the type of farms in your area and characterize the production systems (10 minutes).

1.2 LIVESTOCK PRODUCTION CONSTRAINTS AND OPPORTUNITIES IN ETHIOPIA

The livestock production system in Ethiopia predominantly follows an extensive model. As a result, the system is facing several constraints that impact production and productivity. Among the challenges, the below listed constraints are prominent:



1.3 INPUTS AND SERVICES OF LIVESTOCK PRODUCTION COMMODITIES

Livestock inputs and services encompass livestock feed and feeding, water and watering, shelter, healthcare, breeding and genetics, management practices, technology and equipment, and market access.

These inputs are essential for ensuring the health, productivity, and sustainability of livestock production systems in the country. Livestock inputs and services differ based on livestock commodities such as poultry production (layer and broiler), dairy production, fattening and apiculture.

Poultry Production Input & Services

- Feed
- Housing
- Equipment
- Health Management

Dairy Production Input & Services

- Feed & water
- Housing & bedding
- Equipment e.g. milking
- Genetics
- Health Care

Fattening Input & Services

- Feed & water
- Health Care
- Facilities - housing, handling, fencing
- Advisory services

Apiculture Input & Services

- Bee colonies
- Hives & beeekeeping tools
- Protective clothing and Equipment
- Feeding Supplies
- Advisory Service

Takeaway message

- Ethiopia owns a huge and diverse livestock population.
- Based on input and output, the livestock production system can be classified into extensive, semi-intensive and intensive systems.
- The major livestock production constraints and inputs & services differ according to the production system.
- The major livestock production inputs and services can be grouped into major activities such as feed and feeding management, animal health and disease control, breeding and improvement, and husbandry systems.

Post assessment questions

1. Describe the major livestock production systems in your locality.
2. List major livestock production and unutilized input business opportunities in your locality.
3. Describe the major types of livestock production inputs and services in your area.

SECTION 2: ONION VARIETY SELECTION

Overview of the section

The second section of the module highlights the main technical considerations aligned to the country's regulations in selecting livestock input supply and service delivery business operations. The section mainly focuses on livestock related competency certification and business licensing requirements and is associated with non-compliance issues which are parts of inspection and control system.

Learning question

- Would you tell us how to select an appropriate business site for livestock input and service delivery?
- Can you mention the requirements for business licensing?
- What is the difference between business registration and competency certification?

Learning Outcomes

At the end of this training section the trainee will be able to:

- Select the appropriate input supply and service delivery site.
- Identify the major procedures for livestock input and service competence certification.
- Identify the basic requirements for business licensing and understand Illegal livestock input marketing and service delivery and its consequences.

Duration: 4hrs

Materials

Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

2.1 BUSINESS SITE SELECTION

Site selection is the first step in the process of establishing a sustainable agricultural input and service business. Assessment in terms of location and accessibility as well as consideration to minimize the negative impacts on livestock input and service, human health and environment are crucial factors in this regard. The key elements to consider when selecting a business site for livestock inputs and service delivery may include:

COMPLIANCE

- Fed & regional law
- Water quality protection
- Odor control
- Future land use/devt patterns
- Aesthetic & zoning

ACCESSIBILITY

- Infrastructures
- Transportation
- Agri-business Facility
- Electricity, water, sewage service

POTENTIAL

- Production capacity – irrigated land, cropping frequency
- Input use culture
- Customer base & Purchasing Power

BUSINESS

- Existing Input Networks
- Cost efficiency & feasibility
- Availability of public/ private entity

2.2 CERTIFICATE OF COMPETENCY

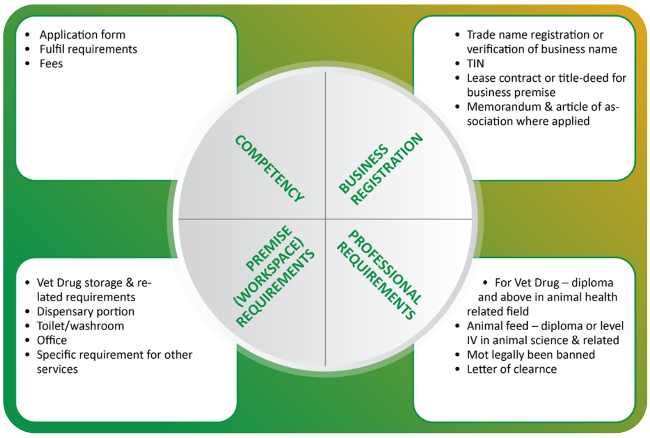
According to Ethiopian Proclamation number 728/2021, Veterinary drugs and animal feed intended for commercial use are obligated to obtain a certificate of competence before getting into the business at any level (manufacturing, import, export, wholesale, retailing, as well as service delivery). For manufacturing, Importing, exporting and trans regional wholesale COC is issued from Federal EAA. But for wholesale at the region and retailor COC is issued from Regions.

What is a certificate of competence?

A competence certificate is a certificate issued by the appropriate regulatory body to verify that a person meets the criteria set by the authority to engage in veterinary drug or feed trade, as defined by the Ethiopian Veterinary Drug and Feed Administration and Control Proclamation No. 728/2011.

No person may engage in veterinary drug & feed trade without obtaining a certificate of competence from the appropriate regulatory organ.

No person may operate a veterinary pharmacy in the absence of a veterinary drug professional holding a professional license.



A. Procedure for Issuing a Certificate of Competence

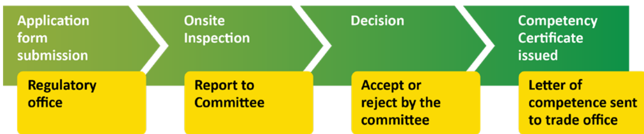


Fig1. Procedures for the issuance of a certificate of competence

B. Things to Remember after Obtaining a Competence Certificate

Once the trader obtains a certificate of competence, things that need to be remembered including:

- Annual renewal of the certificate with in indicated period in the directive.
- Not change of address, ownership, professional, or status without the permission of the relevant regulatory body
- Asking for replacement of a certificate of competence, in case of loss or other reasons
- An original copy of the issued certificate of competency must always be displayed in a conspicuous place in the sales department of the business, on the side of the trade license.

2.3 CERTIFICATE OF COMPETENCY REQUIREMENTS

According to the Veterinary Drug and Feed Administration and Control Proclamation No. 728/2011's definition, veterinary drug trade is profit-oriented production, repacking, import, export, wholesale, or retailing of veterinary drugs and includes veterinary drug quality control laboratory service and acting as a commercial agent. Animal feed trade means profit-oriented processing, packing, import, export, wholesale, or retail of feed and includes feed quality control laboratory service and acting as a commercial agent.

I. Requirements for a Certificate of Competency: To apply for a Certificate of competency, the required documents include:

SOLE PROPRIETOR	LIMITED LIABILITY BUSINESS ORGANIZATION
• Trade name registration (if desired) • Authenticated lease contract or title deed for the business office • Veterinary drug professionals • Two photographs of the sole proprietor	• Verification that the business name is not already in use • Memorandum and articles of association • Taxpayer's Identification Number (TIN) • Authenticated lease contract or title deed for the business office

II. Certificate of Competency Application:

Application Form Submission	Onsite Inspection	Review and Decision	Competency Certificate issued
Regulatory Office through e-service	Report to Committee	Accept or reject by the committee	Letter of Competence sent to Trade Office

iii. Process Overview

- Fill out the physical application form and submit it along with the employment letter (agreement)for professionals, warehouse rental agreement, and other relevant documents.
- Pay the fees.
- The government officer reviews all the documents and, on successful verification, issues the Certificate of Competency Certificate.

1. INITIAL REGISTRATION & UBIQUE COMAPNY NAME
2. MEMORANDUM, ARTILCE OF ASSOCIATION, AND AUTHENTICATING THE COMPNAY
3. GET A TRADE INDENTIFICATION NUMBER (TIN)
4. COMMERCIAL REGISTRATION
5. APPLY FOR COMPETENCY CERTIFICATE
6. APPLY FOR TRADE /BUSINESS LICENSE
7. REGISTER FOR PENSION AND INCOME TAX FOR EMPLOYEES
8. RENEW TRAD/BUSINSS AND OTHER LICENSE
9. GET A TAX ACCOUNT

Illustration 2. Application process for trade/business license

2.4 ILLEGAL TRADE ON LIVESTOCK INPUTS & SERVICES, AND ITS CONSEQUENCES

Illegal trade and distribution in livestock inputs marketing refers to the activities that involve the illicit sale, distribution, or trade of products and services related to livestock production. This can include the unauthorized sale of animal feed, veterinary medicines, equipment, or other inputs used in livestock farming. This can lead to various negative consequences.

Regulatory Cautions.

- Dispence only registered livestock drugs, and premix by Ethiopian Agricultural Authority.
- Dispense only drugs duly packed and labeled. The label shall be written either in the Amharic or English language.
- Dispense veterinary drugs with care based on dispensing procedures.
- Feed, fed raw material or additive shall be produced, stored, and transported in a manner that prevents contamination and deterioration.
- Records shall be maintained and readily available and for traceability of the product.

- Keep deteriorated or expired drugs or fed separately until its disposal.
- The disposal shall be performed per the directive issued by the Autority and with due

Consequences of Non-compliance: agricultural input business involves sourcing, stocking, storage and dispensing of some risky agricultural products/services which require regulatory precaution and compliance. Non-compliance may include:-

Takeaway message

- Any livestock input supply and service delivery business site need to consider access to basic infrastructures, distance from public service, and pollution.
- Any business in livestock input supply and service delivery marketing needs to comply with the minimum competency requirements issued by the relevant regulator body.
- A business license can be obtained once the competency requirements are met.
- Livestock input and service providers need to understand all the relevant proclamations, legislation, and directives and comply with the regulatory requirements

Post assessment questions

1. What is the major competency-related requirements that need to be fulfilled by someone interested in a livestock input retail business?
2. What does a professional license mean and mention the requirements to be certified?
3. What is illegal trade and describe the potential consequences of non-compliance?

For further information, refer to the:

Ethiopian Agricultural Authority
https://www.eaa.gov.et/
Ministry of Trade and Regional Integration
https://motri.gov.et/

SECTION 3: LIVESTOCK INPUT & SERVICE BUSINESS OPERATION

Overview of the section

This section covers basic concepts to undertake livestock input demand assessment and enable enterprises to have rational inventory stocking. Moreover, it guides the identification of the major livestock input and service suppliers at the national, regional, and specific locality where enterprises are sited. The lesson also encompasses safety precautions and requirements during procurement, transportation, storage and dispensing of livestock inputs.

Learning question

- How do you know the needs for livestock input and service?
- Who are livestock input and service suppliers in your area?
- What do you understand by quality livestock input and service?

Duration: 12 hours

Learning Outcomes

To equip trainees on:

- Identify livestock input and services opportunities, and understand procedures to undertake input demand assessment, assess input sourcing and determine rational input stocking.
- Understand requirements to undertake livestock input procurement, learn safety precautions during transportation, storage, and dispensing
- Understand the importance of inputs sales recording system and method of promotion

Materials

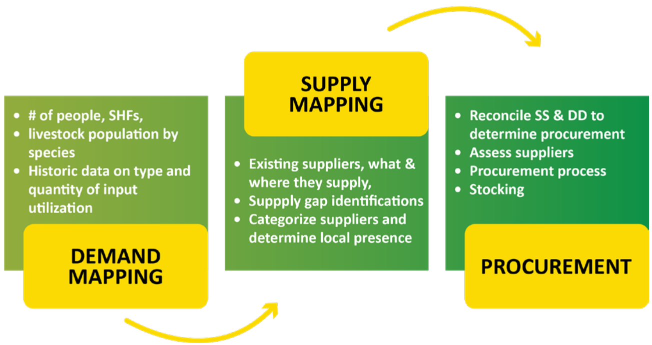
Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

3.1 BUSINESS OPPORTUNITIES IN LIVESTOCK INPUT & SERVICE DELIVERY

Agricultural input supply and services in Ethiopia are aligned to the productivity and yield increment goal of the farming communities. Thus, as part of the agricultural development service, livestock input supply and service delivery businesses opted to take up market opportunities with national suppliers (private and public firms), wholesalers, local manufacturers or producers based on a mutual benefit. Below diagram presents major networking opportunities.

3.2 LIVESTOCK INPUT DEMAND ASSESSMENT AND RATIONAL STOCKING

The purpose of the procedure is to identify input and service gaps by undertaking livestock input demand assessment and enable enterprises to have a rational inventory stocking at the selected operational area. This is important to avoid shortage and expiry of livestock inputs. The following diagram presents the main information collected during demand and supply mapping and related procurement process:



Disease distribution

Input business enterprises are advised to collect business related data using the following forms/template and analyze it to understand market gaps.

SOURCE OF DATA FOR LIVESTOCK INPUT AND SERVICE DEMAND ASSESSMENT	
DATA REQUIRED	SOURCE OF DATA
Woreda basic information	Regional Finance Bureau bulleting
	Zonal Finance department bulletin
	Woreda admin
	Woreda office of Agri.

number of input suppliers	Woreda office of trade
	Woreda office of Agri.
	Regional regulatory authority
Volume and type of inputs Supplied in the past 1-5 years	Woreda Veterinary clinic and woreda livstock agency
	AOSS
	Private input/drug dealers
The overall trend in input utilization	Specific farming household
	Woreda Office of Agriculture
	SWOT Analysis

Template 1: Type of data to be collected and the source data

LOCAL LIVESTOCK PRODUCTION-RELATED ENTERPRISE DATA			
Enterprise	Total Number of enterprises	Estimated number of animals kept or volume of production	Description
Dairy farm			
Poultry farm			
Fattening			
Feed processing			

Template 2: Potential Input Demand Collection Form – Enterprises Complementary to Input Supply and Service Delivery.

3.3 LIVESTOCK INPUT SUPPLIERS AND REGISTERED PRODUCTS

Before we deep dive into the livestock input and service suppliers, it is a subtle approach to recapture the vital elements that help to transform the livestock system of production.

Sector or sub-sector	Type of input	Description of the input	Demand- quantity required for---year		Expected source (indicate where the supply should come from?)	Distribution (is there a reliable distributor for this input?		Quality specification	How much our business should supply?
			Units	Quantity or indicate High, Medium & Low		Yes / No	If yes, Who?		

Template 3: Information Seeking and Data Collection Form Input Suppliers

NO	INSTITUTIONAL SUPPORT AREA	SUPPLIER CATEGORY	SPECIFIED SUPPLIERS	PARTICULAR SUPPLY	TRAINER'S ROLE
1	Veterinary Drugs and Vaccines	Public	National Veterinary Institute (NVI) https://www.nvi.com.et/products/	Variety of vaccines	Should provide the trainees with a list of private and public suppliers including physical address and phone numbers of specific input and service type providers nationally, regionally and at specific locations. Prepare a full input and service suppliers directory to help different livestock producers. • Poultry input providers directory • Dairy input providers directory • Fattening input providers directory • Honeybee input providers directory The directory should respond to producers' questions.
			Retailers, wholesalers, importers	Drugs, vaccines, equipment	
2	Animal genetic resources	Public	National Animal Genetic Improvement Institute (NAGII)	Technical skill development Semen supply	
			Public universities and EARO	Technical skill development	
			Regional Institutes	Technical skill development	
		Private	Poultry breed providers	Breed supply	
		Private	Semen suppliers	Semen, breeding equipment suppliers	

3	Feed and Forage	Private	Forage seed and cutting suppliers	Forage seed and cutting suppliers	- “From where I can get specific type of drugs, vaccines, feed, equipment forage seed, semen etc. to help distribute to livestock producers.”
		Public	Public universities & EARO	Technical skill development	
4	Machinery and Equipment	Private	Livestock tools & Equipment	Poultry feeders, drinkers	
				cages animal handlers	
				Milk processing equipment	
				Fencing tools	
5	Rural Finance	Public / Private	Microfinance	Credit service	
6	Knowledge & Extension	Public	Regional BoA, TVTs, Universities,	Extension service	
				Research centers	

Table 1. Input and service suppliers to transform the mode of Livestock production.

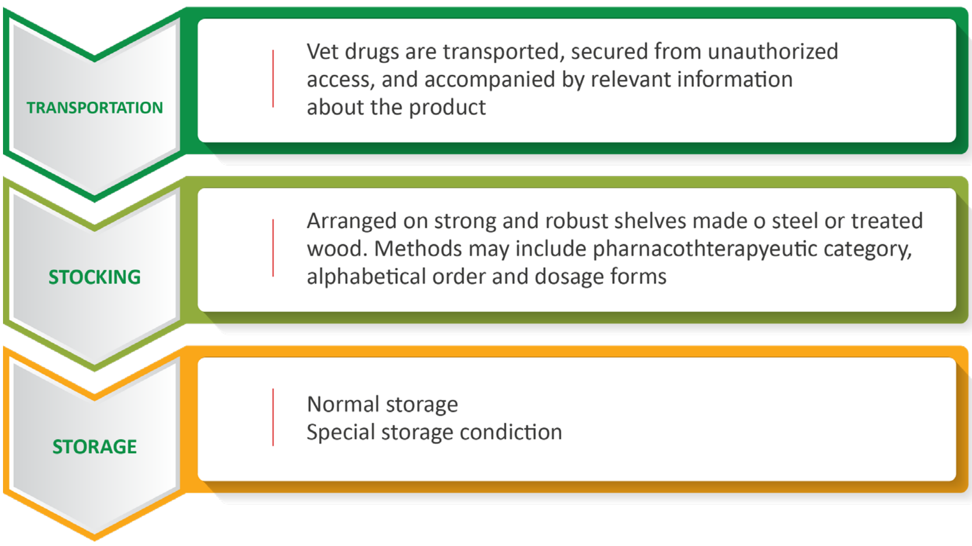
3.4 LIVESTOCK INPUT PROCUREMENT

Input sourcing and related procurement process is an important activity in livestock input business. Products for procurement may include animal feed, improved breeds, and veterinary drugs, vaccines etc. The main supporting and mandatory documents required for the procurement of input include:

- A business license, competence certification and TIN number of the retail firm should be carried.
- The input procuring individual should be an expert or a para-professional in veterinary medicine or livestock science.
- There should be a prior identification of demand for the livestock inputs to be procured.
- The items' expiry date, conditions of storage, quality, brand name, generic name etc. should be well-checked.

3.5 TRANSPORTATION, STORAGE AND DISPENSING OF VETERINARY ITEMS

Below diagram presents the main considerations during transportation, stocking and storage of livestock input



i. Normal storage conditions

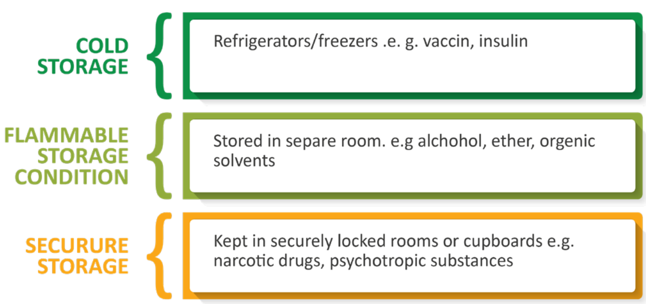
It's stored in dry, well-ventilated premises at temperatures of 15–25°C or, depending on climatic conditions, up to 30 °C. Extraneous odors, other indications of contamination, and intense light must be excluded. Unless special storage conditions are stated, it is vital that veterinary drugs be stored in a dry, adequately ventilated shady, and cool storeroom. Efforts should be made to maintain the specified storage conditions regarding exposure to humidity, sunlight, heat, etc. Free air circulation by opening windows and using fans or air conditioners can be considered to reduce the effects of humidity. Some products are photosensitive and will be damaged if exposed to light.

To protect products from sunlight:

- Shade the windows or use curtains if they allow the passage of direct sunlight.
- Keep products intact carton.
- Do not store or pack products in sunlight.
- Maintain trees on the premises around the facility to help provide shade.

ii Special Storage Conditions

Some categories of veterinary drugs and supplies require special storage conditions which can be further classified in two-three as cold storage conditions, combustible or flammable storage conditions and secured storage.



Dispensing: Dispensing environment must be clean, because most medicinal products are for internal use, making it important that they must be hygienic and uncontaminated. The environment must also be organized so that dispensing can be performed accurately and efficiently. The dispensing environment includes staff, physical surroundings, shelf and storage areas, surfaces used during work, equipment, and packaging materials. It should also possess:

- Optimum temperature, humidity, and sufficient lighting (but not direct sunlight)
- Cold storage facilities
- Adequate number and type of shelves are suitable to permit cleaning and inspection.
- A dispensing bench of adequate size has a smooth, impervious working surface.
- Lockable cabinet for narcotic drugs, psychotropic substances, and poisons
- Owner waiting area, and dispensing aid

Premises and facilities for dispensary: The premises on which a dispensing service is provided would reflect the quality of service and inspire confidence in the owner in the nature of the pharmaceutical service delivered. Therefore, working conditions are recommended to take into consideration the safety and health of the public and people working on the premises.

- The walls, floors, windows, ceiling, and all other parts of the premises should be as per the requirement set by the regulatory body.
- Rooms (with minimum area specified) are required for dispensing, storing, and compounding veterinary drugs.
- A toilet with a water supply and drainage system is also a requirement.
- All parts of the premises should be maintained in an orderly and tidy condition.
- Pharmaceutical products should be protected from the adverse effects of light, freezing or other temperature extremes and humidity.

There should be adequate equipment, kept clean and checked for cleanliness prior to each use. Except for non-returnable containers, equipment must be of such material and be kept in such good repair and condition to enable it to be thoroughly cleaned to prevent any risk of contamination. Use of stainless steel and glass is recommended.

Hygiene and Sanitation of Dispensary: The physical surroundings must be maintained as free of dust and dirt as possible. Maintaining a clean environment requires a regular routine of cleaning shelves and a daily cleaning of floors and working surfaces.

- A regular schedule for checking, cleaning, and defrosting the refrigerator.
- Spills should be wiped up immediately.
- Food and drink must be kept out of the dispensing area, with the refrigerator used strictly for veterinary drugs.
- Dispensing equipment used for measuring liquids or counting tablets or capsules should be always kept clean.
- Individuals engaged in dispensing should observe high standards of personal cleanliness and wear protective clothes that should be laundered regularly.
- Smoking should be prohibited in any area where veterinary drugs are dispensed, sold or supplied. Direct contact between the operator's hands and the dispensed products should be avoided.

3.6 LIVESTOCK INPUT QUALITY ASSURANCE TECHNIQUES

The following are some of the major quality assurance mechanisms applied for livestock input supply and service business

Dressing

Dressing as per the requirements of regulatory authority and

Safety, Efficacy, & Quality Stadards

Effecitiveness, quality control procedures, ingridients, packinging, physical inspection, expiry date, etc

Quality of Dispensing

Recording, a two-way prescription, adherenece to specification, double cheking, etc

Feed Quality Standards: No feed or feed additive may be put into use unless it is ascertained by the appropriate organ that it complies with the quality standards issued/adopted by the competent organ.

Feed Safety Control: Any feed, feed raw material or additive shall be produced, stored and transported in a manner that prevents contamination and deterioration.

3.7 LIVESTOCK INPUT SALES RECORDING

The sales recording principles for livestock and veterinary items involve various aspects, including record-keeping, data collection, and reporting. The report needs to be organized in such a manner that the data needs to be recorded daily and compiled monthly, bi-annually, and annual periods.

These principles are essential for ensuring the safety, quality, and sustainability of livestock products for detecting and controlling diseases and ensuring improved livestock production practices of producers. The recording needs to encompass:

- Geographical location of the delivery – Kebele
- Date/season of the delivery.
- Item-specific name (Brand and generic); expiry date
- Quantity dispensed as per the specific measurement.
- A number of smallholder farmers served.
- The gender of smallholder farmers/ customers served.
- Value of sales movement

3.8 ADVISING RATIONAL USE OF LIVESTOCK INPUTS

The rational use of livestock inputs in Ethiopia involves evaluating the current use of veterinary drugs, animal feed, and feed supplements to ensure their appropriate and effective utilization in livestock production. The advisory should emphasize on the importance of appropriate use of inputs and service, standard treatment guidelines, availability of essential veterinary drugs, and judicious use of antimicrobial agents. By addressing these aspects, the business can enhance rational use of livestock inputs, for improved animal health and production outcomes, and minimize negative impacts on the environment.

3.9 LIVESTOCK INPUT AND SERVICE PROMOTION AND DEMONSTRATION

To promote livestock input, the following approach or practice can be employed:

- Train/advise farmers on the benefits of using livestock inputs, such as improved animal health, increased productivity, and reduced losses due to diseases.

- Improving access to livestock inputs in proximity particularly in rural areas where there is limited access to veterinary services. Promoting rational use of veterinary inputs and ensuring appropriate adoption/utilization through the development of technical procedures, guidelines and advisory service.
- Focus on promoting the use of alternative growth promoters, such as probiotics, prebiotics, feed treatments, feed conservation techniques, and organic acids. Promote sustainable livestock production practices, such as improved housing and feeding systems, biosecurity measures, and disease prevention and control strategies.

Takeaway Message

Potential livestock input business operators need to turn the challenges associated with lack of inputs in proximity to farming communities as a business opportunity. In doing so, last mile livestock input and service providers are anticipated to conduct local input demand assessments (demand a supply mapping), need to collect data on locally available services and related infrastructures; identify existing livestock input suppliers and wholesalers; understand the key requirements and supporting documents in the input procurement process; need to know safe handling and transportation of inputs; understand. Moreover, livestock inputs stocking and dispensing requires special condition regarding storage, facilities, hygiene, quality assurance mechanism, and environmental compliance measures. Input business operators also need to record input sales and track input stocking as well as conduct inventory on regular basis.

Thus, recognizing safe handling, storage, transportation and service and input delivery in line with the sub-sector required standard and regulatory process is mandatory. Advisory service during dispensing also plays a vital role in the adoption of inputs and effectives use of the input.

Post assessment questions

- How do you asses input demand of livestock input and service? How do you reach input and service suppliers and determine the prepare procurement of livestock input? What are the key input handling approach during transportation and storage?
- What do you understand about personal safety, environmental compliance, and PPEs when dispensing inputs?
- Discuss how you determine the quality of livestock input and service and the consequences of low-quality inputs?
- What is the importance of input sales recording and its relationship with input traceability

SECTION 4: ENVIRONMENTAL COMPLIANCE

Overview of the section

This section highlights the specific nature of the livestock input supply and service businesses and importance of complying with the country's environmental regulations and practices. Enterprises engaged in agricultural input supply and services are required to minimize potential negative impacts on human safety and the environment that will occur during their establishment and operation phases. Accordingly, the section discusses the issue of environmental compliance, operation standards and the consequences of non-compliance consequences will be presented.

Learning question

- What do you understand by the term environmental compliance?
- What are the major livestock input and services waste?

Learning objective

At the end of this lesson, the trainees shall be able to:
- Understand environmental compliance in livestock input and service delivery, and related non-compliance consequences on enterprise business.
- Understand different veterinary input and service wastes, and their potential impact on the environment, and learn the main approach in waste management

Duration: 1hr

Materials

Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

4.1 ENVIRONMENTAL COMPLIANCE IN LIVESTOCK INPUT AND SERVICE DELIVERY

Environmental compliance means conforming to the environmental law of Ethiopia such as environmental regulations, standards, and other requirements. Whereas in the context of livestock input and service delivery, it refers to adhering to practices and guidelines that minimize negative impacts on the environment while ensuring efficient and effective delivery of inputs and services to livestock systems. It encompasses the adherence to environmental laws and regulations designed to protect the ecosystem from business harm.

Environmental compliance requirements aim to ensure that the use of livestock inputs and services does not negatively impact the environment, biodiversity, human health, or animal welfare. Here are some key points of consideration:

- **Sustainable management of living natural resources:** enterprises are advised to apply appropriate enterprise-specific best management practices, adopt measures to promote animal welfare, control potential invasiveness or the escape of pollutants, and minimize the impact of antimicrobial resistance.
- **Animal health and vaccination service delivery:** Operational requirements include ensuring timely delivery of inputs and compliance with requirements to the proper disposal of wastes.
- **Compliance with right-to-know laws and pollution prevention requirements:** Livestock inputs and service entities should be acquainted with environmental compliance regulation of the EAA.

4.2 ENVIRONNEMENTAL NON-COMPLIANCE CONSÉQUENCES ON ENTERPRISE BUSINESS

Non-compliance risks can lead to significant consequences, both in terms of direct costs and indirect impacts on business operations and reputation. Direct costs can include fines, legal fees, and penalties, which may lead the enterprise to bankruptcy. Indirect costs can include disrupted business operations, and the need for additional equipment or structures to ensure compliance and prevent future incidents. In addition to financial costs, environmental non-compliance can also have reputational impacts, damaging an enterprise's image and eroding customer and group members' trust. This can lead to a loss of revenue and long-term damage to the environment.

4.3 WASTE DISPOSAL MANAGEMENT IN LIVESTOCK INPUT & SERVICE DELIVERY

Waste management in livestock input and service provision is a critical aspect of sustainable business. It involves the processes and actions required to manage waste from the moment it happens in the center until its final disposal.

Veternary waste: regulatedmedical waste, infectious waste, chemical waste; contaminated sharps;

Veternary Input Waste: which have wide range of human health hazards- toxic for orgnaqism, soils & water contamination, polute air,

Methods of Veterinary Waste Management

Veterinary input waste management involves the proper disposal and treatment of waste generated by veterinary practices, including medical waste, pharmaceutical waste, and animal carcasses. Here are some traditional methods of veterinary input waste management:

TRADITIONAL

- Burial
- Burning - it may pllute the air
- Incineration - for treating large volume of infectitions waste
- Rendering - coverting dead animals into by-product
- Composting

Takeaway message

Trainees recognize the potential risks of pharmaceutical and livestock inputs to the environment when not disposed of properly. Pharmaceutical and livestock inputs can have harmful effects on the environment if not disposed of correctly. They can contaminate water sources and harm aquatic life, as well as affect soil quality and vegetation.

Understand how to properly dispose of unused and expired pharmaceutical and other livestock inputs. Proper disposal of pharmaceutical products is crucial to prevent environmental contamination. using take-back programs that allow for safe disposal. It is important to avoid flushing pharmaceuticals down the toilet or throwing them in the trash, as these methods can lead to environmental contamination.

Post assessment questions

1. What are the main environmental compliance considerations for business operators in livestock input and service delivery?
2. Describe veterinary input and service wastes, their impact on environment and the consequences of non-compliance on business.
3. Mention methods of Veterinary waste management.

SECTION 5: BUSINESS ETHICS, SOCIAL RESPONSIBILITY & COMMUNITY SERVICES

Overview of the section

This section highlights the concepts of ethical standards in livestock input business operation and service delivery and interdependence. In line with this, the section presents common practices and standards as part of social responsibility and professional manners when engaging in profit-oriented addressing relationships to address the needs of the communities.

Learning question

- What is ethics in general and its relationship with your business?
- What do you understand by the term Business ethics?

Learning objective

At the end of this lesson, the trainees shall be able to:

- Understand the major principles of business Ethics and social responsibility.
- Understand the importance of business ethics in livestock input and service

Duration: 4hrs

Materials

Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

5.1 CONCEPTS OF BUSINESS ETHICS IN LIVESTOCK INPUT AND SERVICE DELIVERY

The concept of business ethics encompasses a wide range of issues, including enterprise governance, insider trading, bribery, discrimination, social responsibility, and judiciary responsibilities. It ensures that businesses operate in a manner that is fair and just, not only within the confines of the law but also within the broader context of ethical responsibility.

Business ethics refers to the moral principles, policies, and values that govern the behaviour of individuals and organizations in the business world. It's about establishing a code of conduct that goes beyond legal requirements, aiming to guide enterprise behaviours at all levels and build trust between businesses and their customers.

5.2 IMPORTANCE OF BUSINESS ETHICS

Business ethics play a crucial role in organizations, impacting various aspects of business operations. Let's explore why they are important:

Guiding Decision, Transparency & Trust

- Practice for standard
- Trust (employees, customers)
- Long term success

Externalities & Social Impact

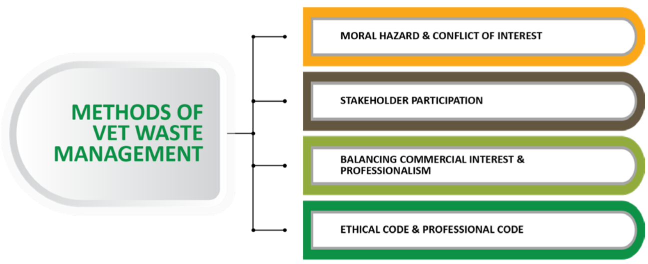
- Prioritising social responsibility
- Consideration of community services with long term relationship

Triple Bottom Line

- Profit - returns for stakeholders
- Consideration of People - employee, customer & stakeholder
- Planet - environment

Accountability, Integrity & Respect

Livestock Input and Service Delivery Ethics: The key ethical considerations regarding livestock input and service delivery include:



5.3 PRINCIPLES OF BUSINESS ETHICS

Major principles of business ethics that guide the code of conduct and businesses ethics principles include:

NO	PRINCIPLE	DESCRIPTION
1	Accountability	• Deliver quality livestock input by considering the manufacturing date, its quality and expiration date. • Taking responsibility for the bad decisions taken or unethical business practices followed during business operations
2	Honesty	• Transparent communication between business owners and customers is much desired. • This characteristic helps build trust and establish a relationship between customers and the business.
3	Healthy Competition	• Businesses should encourage healthy competition with other similar livestock input suppliers in the area
4	Information transparency	• Disseminate the required information and advisory service for the supplied inputs to customers.
5	Respect for the Rule of Law	• Respect and adhere with government laws, rules, and regulations guiding business practices

5.4 BUSINESS RESPONSIBILITY TOWARDS THE COMMUNITY

Any business needs to have responsibility for the environment where it is operating. Therefore, businesses are to work towards ensuring environmental protection and giving back to the community through empowerment or investments.

One-way businesses have been able to achieve this through a practice called Business Social Responsibility which has geared business towards environmental protection, community development, and improving the working environment by focusing on people.

Takeaway message

- Business ethics encompasses issues including enterprise governance, insider trading, bribery, discrimination, social responsibility, and fiduciary responsibilities.
- The importance of ethics includes Guiding Decision-Making, Transparency and Trust: Externalities and Social Impact, Triple Bottom Line, Accountability, and Integrity
- The major principles of business ethics are accountability, honesty, healthy competition, information transparency, and respect for the rule of law.

Post assessment questions

1. What does business ethics mean?
2. What are business ethics principles and their importance?
3. What do you mean by social responsibility?

SECTION 6: FINANCIAL FEASIBILITY AND MARKETING FOR STARTUP INPUT BUSINESS

Overview of the section

This section highlights the main concepts of agricultural input businesses' core strategy and key components in business startup and its financial decisions in the path to a profitable venture. In line with this, it discusses the business model canvas, its nine building blocks, and the basic financial ratios to determine feasibility of statement for analyzing positive performance. It also discusses startup business marketing and its main components.

Learning question

- What is an enterprise's core strategy for profitably doing business?
- What are the main statements required to analyze the positive performance of your business?
- How do you compute the startup cost and determine the financial feasibility of your start up business?

Learning Objectives

At the end of this section, the trainees shall be able to:
- Understand the business model canvas and its building blocks
- Understand the key components of startup costs, determine, break-even points and the payback period to recover the initial investment of the business.
- Understand financial statements, estimate profitability factors to determine the continuation of operation

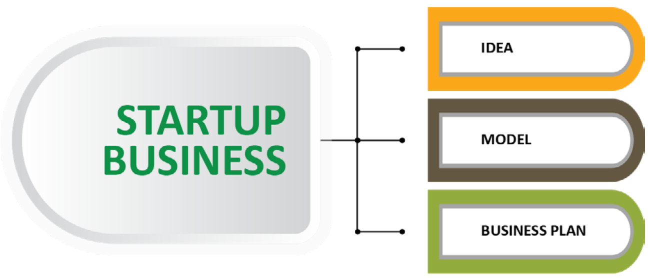
Duration: 1hr

Materials

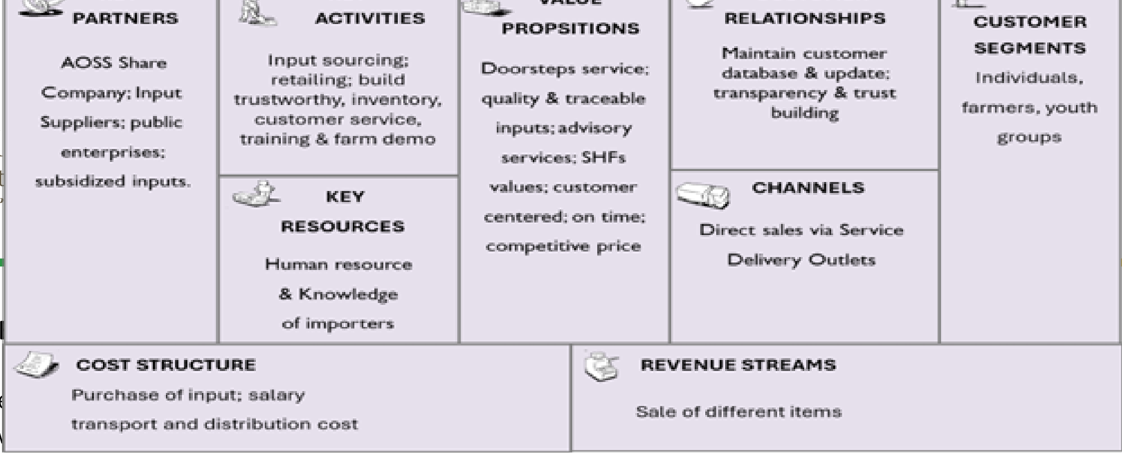
Flipchart/whiteboard, markers, notebooks, pens, handout, video & Pictures

6.1 STARTING A FEASIBLE BUSINESS

The critical components of business startup consist of the business idea, the business model and the business plan.



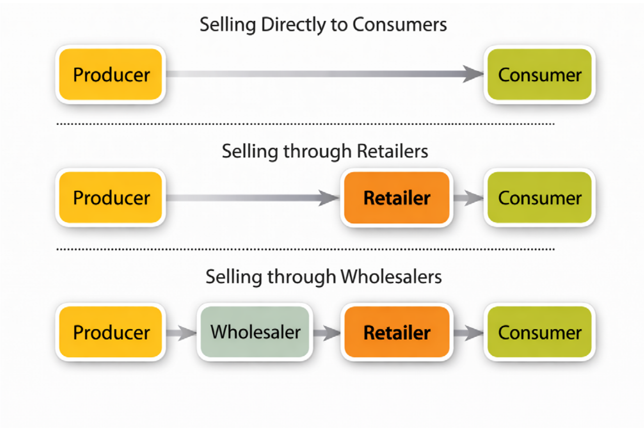
Basically, any business attempt to solve or address the needs of a particular group of people, and its success will depend upon whether the entrepreneurs are able to meet the unmet need in the marketplace. And a successful business tends to be one that caters to its current client base, generates new clients through customer centric product and service delivery approach and continues to do so sustainably. There are various tools and frameworks that can assist you in evaluating both the viability and feasibility of your business idea. One way you can determine if your business idea is viable is to use the value proposition canvas in line with the Business Model.



6.1.1

Busine ... ness models. It is how ... BMC consists of nine building blocks described in the diagram below:

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENT
AOSS Share Company: Input suppliers: public enterprises; subsized inputs.	Inpit sourcing: retailing: build trustworthy, inventory, customer service, training & farm demo	Doorstep service: quality & traceable inputs; advisory service: SHFs values: customer centered; on time; competitive price	Maintain customer database and update;transparency & trust building	individuals, farmers, youth groups
	KEY RESOURCES Human resources and knowledge of importers		Channels Direct sales via service deliver outlets	
COST STRUCUTRE Purchase of input: salary transport and distribution cost			**REVENUE STREAMS** sale of different items	



I. Value proposition

It is about what pain you are solving or why your business exists or the fundamental need that the business is trying to fulfill for its customers. Value proposition is also solving a need or a problem or satisfying about a customer need.

II. The customer (Segment)

Who are your customers? Why would they buy it? Segmentation – by demography, geography, social. It ais about the different groups of customers that your company interacts with.

III. Customer relationship

Is the type of interaction that the company has with its customers. It answers the questions how do I get, keep and grow customers?

IV. Channels

How does your product- discussed in the value proposition- get your customers? How does the product get from our company to the customers? It is the different methods that the business company uses to deliver its products and value proposition to customers.

V. Key Resources

Assets are the key resources that are required to operate and deliver your company's value proposition. It refers to the most important assets required to do the business model work including finance, stock, work premise (physical), equipment, human resources, etc.

VI. Key Partners

The input business requires strategic relationships with input suppliers, wholesalers, manufacturers, agencies and many more. Partnership is what your business creates with other companies or people, and answers who are the key partners and suppliers needed to make the business model work.

VII. Activities

Business activities are essential to operate or to make the business model work. The main activities in the agricultural supply chain management may include input sourcing based on the input demand assessment, transportation, stocking, storage, framer training, retailing inputs/dispensing or service provision.

VIII. Costs

This block of the BMC answers what costs and expenses are to operate the business model. It can be comprised of different types of costs or cost structures associated with startups:

Startup costs: purchase of equipment and furniture, sales outlet set up, business registrations and licensing; Shop fit outs etc.

Fixed costs: Fixed costs are fixed in total amount regardless of increase/decrease in volume of sales. Example depreciation, rent, administrative salary, promotion cost, etc

Variable costs: Variable costs varied in total in response to the increase/decrease in level of production. Example production costs, packaging cost, loading and unloading, raw materials or stocks, sales commissions, taxes etc.

IX. Revenue streams

How do you make money for products and services; how does the company make money from customer segments. What value is the customer paying for? What is the strategy and how can capture that value – direct sales, pricing tactics, what Birr amount we are charging?

Group work

Dear trainer, you are advised to reorganize training participants into smaller groups and help them to complete business model canvas for an ideal input business (20 minutes). Then allow 2-3 participants to share their contents based on the blocks to the whole class

6.1.2 FINANCIAL TERMS & FORMULAS FOR DETERMINING STARTUP BUSINESS FEASIBILITY

Business Startup Costs: business startup costs include all the one-time expenses before they are technically open. Before launching a business, there is a need to properly identify the expenses, estimate costs, for a solid financial ground. It may include analyzing the cost structure related to the key start up activities, and computation of fixed cost, variable costs, economies of scale. It is how a company spends money on operations.

Examples of startup costs: *equipment, licensing or business registration fees, rent or costs associated* with during-opening (transportation and stocking of agricultural inputs, dispensers, electricity, etc) and after the start of the operation (marketing, office, inventory, etc).

Exercise: participants are advised to list down initial cost items, and project costs individually (20 minutes). Allow 2-3 participants to share theirs to the whole class.

Operating Expenses: operating expenses are all costs not directly associated with the business. They are common costs incurred for administrative and selling activities. Below are some basic business terms and mathematical formulas that we will need to know for this lesson

Definition: Fixed Costs

Fixed costs are costs that do not change regardless of the number of unit of sales or service rendered.

Example: warehouse rent is a good example of a fixed cost. Whether you have an input sale during the month of not, you will need to pay the monthly or agreed upon rental cost (fixed cost).

Example: Cost of input is a good example of a variable cost. If the cost of an input is ETB 50 and there are 45 unit of the product, the cost of input equals ETB 2,250

Definition: Variable Costs

Variable costs are costs that do change relation to the number of sales or service rendered.

Example: Let's assume you have engaged in fertilizer distribution that includes fixed costs (the dispensers' salary) and variable costs (such as the cost of fertilizer, loading unloading, transportation, commission). Costs added together equal your total direct costs of goods sold for fertilizer input distribution.

Definition: Direct Costs

These are all the variable and fixed costs that are directly related to the sale of your products and services. These re our input costs, transportation, dispensers and do not include administrative costs.

Definition: Indirect Costs

These are the non-input costs that we need to pay run our enterprise, regardless of the number of farmers we give services during the year.

Example: Good examples of indirect costs include administrative costs such as rent, telephone, and promotional materials. We must pay these indirect costs regardless of if we sell tours or not.

Definition: Direct Costs

Gross sales are the money your enterprise receives from the sale of your products and services before any of your direct or indirect costs are subtracted. This is often referred to as "revenue". Simply, it is the money that your clients pay you.

Formula - Gross Sales
Gross Sales = Price * Units Sold

Example: If the price of an input is ETB 60 and you sell it to 5 unit of it, then the resulting gross sales (or revenue) will be ETB 300, and would look like this:

Gross Sales = Price * Units Sold
Gross Sales = EB60 * 5 input
Gross Sales = ETB 300

Definition: Gross Profit

Gross profit is gross sales minus direct costs. This is the money you have left from your tour sales after you have paid all your direct costs (like guide salaries, boat gas, food for lunches, etc.).

Formula - Gross Profit
Gross Profit = Gross Sales – Direct Costs

Example: If the price of an input is ETB 60 and you sell it to 5 unit of it. Your direct costs for the input include cost of input (ETB 50), transportation (ETB 2) and loading and unloading (ETB 1). In this example, our gross profit would look like this:

Gross Profit = Gross Sales – Direct Costs
Gross Profit = (ETB 60 * 5 input) – (ETB 50*5) – (ETB 2 * 5) – (ETB 1 * 5)
Gross Profit = ETB 300 – ETB 250 –ETB 10 –ETB 5
Gross Profit = ETB 35

Definition: Gross Profit Margin

Gross profit margin is gross profit divided by gross sales and represented as a percentage (%).

Formula - Gross Profit Margin
Gross Profit Margin= Gross Profit/Gross Sales

Example: Your input service has ETB 35 in gross profit and your gross sales were ETB 300. In this example, our gross profit would look like this:

Net Profit Margin = Net Profit / Gross Sales
Net Profit Margin = ETB 35 / 300
Net Profit Margin = .1166
Net Profit Margin = 11.66%
This a profitable input/product!!!

Definition: Net Profit

Net profit is gross profit minus indirect costs. This is the money you have in your bank account at the end of the year after you have paid all your indirect costs such as rent, electricity, phone bills, etc.

Formula - Net Profit
Net Profit = Gross Profit – Indirect Costs

Example: Your input business company has ETB 220,000 in gross profit (tour gross sales – direct input costs) at the end of the year from services. You have also added up all of your indirect costs (including telephone, rent and promotion costs) and your total indirect costs for the year are ETB 160,500. Therefore, your net profit for the year would be:

Net Profit = Gross Profit – Indirect Costs
Net Profit = ETB 220,000 – ETB 160,500
Net Profit = ETB 59,500

Definition: Net Profit Margin

Net profit margin is net profit divided by gross sales and represented as a percentage (%).

Formula - Net Profit Margin
Net Profit Margin = Net Profit/Gross Sales

Example: Your input business enterprise has ETB 59,500 in net profit at the end of the year and your gross sales for the entire year are ETB 450,000. In this example, your net profit margin would be:

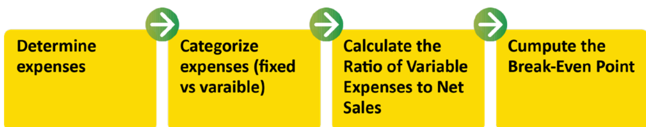
Net Profit Margin = Net Profit / Gross Sales
Net Profit Margin = ETB 59,500 / ETB 450,000
Net Profit Margin = .1322
Net Profit Margin = 13.22%

Financial feasibility describes whether the desired startup business is financially viable. It involves determining initial investment (resource) requirement to start the business, estimating production cost, operation expenses, and sales revenue. These are used to determine the initial investment requirement, profitability of the business, break-even point (minimum level of production) to attain the profit zone and pay-back period (number of years required to recover initial investment). These series procedures are used to make wise decisions to accept or reject the agribusiness investment alternative

6.2 BREAK-EVEN POINT AND PAYBACK PERIOD

Initial investment is the minimum capital requirement to start the business, and the cost may vary depending on the type and size of business that is established (the goal of the business, the number of people involved, local requirements, where it is located, etc)

Breakeven Analysis: breakeven analysis is used to determine the minimum level of sales/service delivery or production to cover total cost. At the Break-Even Point, there is no profit or loss. And to make a profit, level of production/sale should be greater than breakeven point.



Contribution Margin = 1- (Variable Expenses)/(Net Sales Estimate)

Break Even Point = (Total Fixed Cost)/(Contribution Margin)

Break Even Point = (Fixed Cost)/(Gross Profit Margin)

Break Even Point = F/(1-V/P)

Where: F= Fixed Cost, V = Variable Cost per unit; P = selling price of each unit

Payback Period

The payback period is used to determine the number of years/periods it takes to recover initial/originally. In other words, it is the period of time at the end of which a machine, facility, or other investment has produced sufficient net revenue to recover its investment costs. By calculating the Pay Back period, businesses can determine the feasibility and profitability of a project

Pay Back period can be computed in different ways depending on the given data and method. Using the averaging method, the initial amount of the investment is divided by annualized cash flows an investment is projected to generate. This works well if cash flows are predictable or expected to be consistent over time, but otherwise this method may not be very accurate.

Example: If an enterprise makes an investment of ETB 900,000 in new equipment which is expected to generate 220,000 in revenue per year, the calculation would be:

900,000 / 220,000 = 4.09-year payback period
If they have another option to invest ETB 900,000 into equipment which they expect to generate ETB 260,000 in revenue per year, the calculation would be:

900,000 / 260,000 = 3.46-year payback period
Since the second option has a shorter payback period, this may be a better choice for the company.

Group work

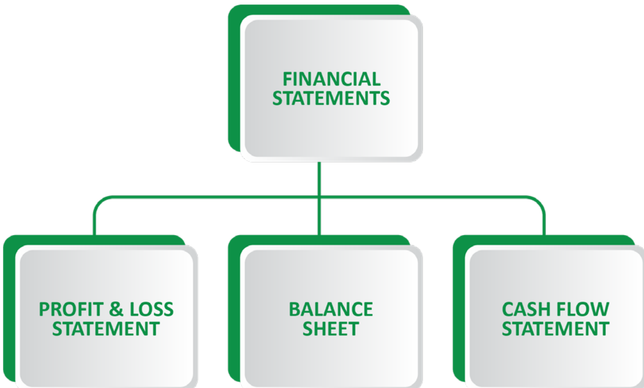
Dear trainer, you are advised to regroup participants and facilitate the computation financial projection using the following quiz

Compute the payback period for an input business whose initial investment is ETB 250,000 Birr and annual cash flow is projected to be ETB 50,000 for 7 years

- The established youth group in Adet is planning to purchase two kinds of water pump and honey processing equipment. The investment cost of water pump is projected to be ETB 45,000 with 15,000 cash-flow and the cost of honey processing equipment is ETB 25,000 with ETB 10,000 cash flow
- Assume the youth group is establishing an input supply and service delivery enterprise with an initial investment of ETB 500,000. Calculate the Pay Back period with project cash flows of ETB 160,000 (Year 1), ETB 220,000 (year 2), ETB 180,000 Year 3), ETB 240,000 (year 4) and ETB 220,000 (Year 5)

6.2.1 FINANCIAL STATEMENTS

A financial statement is a report that shows the financial activities and performance of a business. It is used by business operators and investors to check a business's financial health and potential earnings.



Profit and Loss Statement: the primary objective of any business is to generate profit. A predetermined profit goal can simplify the business decisions around the business finances. The profit goal is the amount of money that is needed to meet the commitments that are important to both the operators and to the future of your business. And profit and loss statement is the main tool to calculate profitability of the business.

Balance Sheet: A balance sheet used to know the total resource owned, amount of claim by creditors and amount of owners' equity. Balance sheet contains assets, liability, and own capital:-

Cash Flow statement: Cash flow is all cash inflow and outflow for any purpose in the business operation. It tracks the inflow and outflow of cash, and shows whether the company has enough liquid to pay its dues

Working Capital: Working capital for the planned agri-business includes all payments requirement for day-to-day operating activities such as service or production costs and operating expenses. Service or production costs are a key component in agri-business, and include all costs associated with them.

Group work

Dear trainer, you are advised to regroup participants and facilitate the preparation of sample financial statement i.e. profit and Loss Statement, Balance Sheet and Cash Flow Projects. Then the trainer can further encourage and facilitate the computation key financial ratio or cost associated with start up costs.

6.3 MARKETING OF A STARTUP BUSINESS

One of the underlying concepts of marketing is trying to satisfy a customer's needs, wants and demands. Marketing in startup input supply and service marketing business is a process of identifying, anticipating and satisfying the farming communities' needs and wants or the process of interesting potential farmers with increased adoption.

The following are major factors in encouraging stallholder farmers to buy your agricultural products/service:

- Building awareness of improved agricultural inputs and services through different approaches and encouraging sales.
- Marketing in agricultural input is more than just advertisements and promotions as farmers inclined to quality improvement, trust, reliability of the products and services. Thus, one of the underlying concepts of marketing in input supply and service delivery is trying to satisfy the farmers' needs, wants and demands.

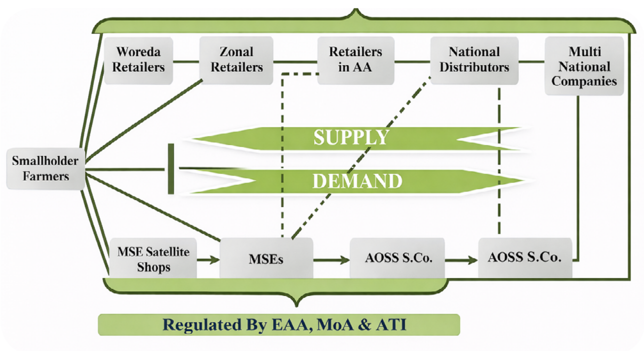
Target Market: A target market is a group of *customers, mostly stallholder farmers who engaged in different farming activities* at which your business enterprises have decided to focus their marketing efforts

- Be specific in defining the target market – the farmers
- Determine what makes the target market different from other markets.
- Think about the markets we just reviewed
    - What is your target market?
    - How will you target them?

Competitive Advantage: a competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. It is what makes your products different and better!

Marketing Mix - The Four Ps of Marketing: The marketing mix refers to activities that a company can control to produce the response it wants from the target market.

- **Product:** The goods (agricultural products) or service you are selling. How does your product…
  - Meet customer's needs
  - Meet customer's wants
  - Meet customer's desires
- **Price:** The amount you will charge for your product
  - Price must cover direct and fixed costs
  - Cannot be higher than competitors offering a similar product
  - Cannot be higher than what the customer is willing to pay
- **Promotion:** Raising awareness of your product with your target market. customers need to be made aware of the products and service through the business. And creating a desire in customers to buy is through creating more awareness about the benefits and value. This can be done by conducting sales promotions, advertising, publicity, persuasion, training and farm demonstrations, etc. Informing potential clients needs to lead to a belief and trust in the product that may result in a sale. The promotional mix consists of four main tools:
  - Advertising
  - Personal/Direct Selling
  - Sales Promotion
  - Publicity
- **Place:** The channels your product will go through to reach the consumer
  - How do your customers purchase your product? (input sourcing and sales outlets to reach SHFs?)
  - How do these channels represent your product?



For business startups, marketing involves a series of initial activities with many interconnecting components that are carried out to achieve sales. Thes include:-

Demand Assessment or Forecasting: It is a critical process in a business that helps to analyze and understand the demand for a particular product or service. Accurate forecasting is important for businesses to plan production to meet customer demand. Below are the main points in the process of demand estimation:-

- Determine who the customers are
- How they may be divided into segments based on their product needs,
- What are their problems that they need solutions for and what aspirations they must fulfill.

Analysis needs to be made to estimate the effective demand for the product. This may be done through a market survey or conventional knowledge of the market situation and should result in three pieces of information:

- Defined customer segments – farmers engaged in different farms
- Specific product requirements and
- The estimated quantity of products required in a certain timeframe

The starting point is cost effective service delivery model and always understanding customer interest and requirements. The services and products should be delivered to the farmers in a sustainable and cost-effective way.

Note

Marketing strategy is the overall game plan, and it is essential for startup business and reaching potential customers and turning into customers

- 'Sell the benefit not the product'

Key Message

Business idea, the business model and the business plan are critical components of a startup business that respond the need. The Business Model Canvas is a visual representation the nine building blocks: value proposition, customer segment, channels, customer relationship, revenue streams, key resources, key partners, activities, costs and revenue streams.

Financial feasibility involves determining initial investment (resource) requirement, estimating costs, and revenue and returns. Break even analysis is used to determine the minimum level of sales/service delivery or production to cover total cost, and the payback period is used to determine the number of years/periods it takes to recover initial investment. A financial statement is a report that shows the financial activities and performance of a business. Marketing is critical for startup business, and it is a business process of identifying, anticipating and satisfying customers' needs and wants or the process of interesting

Post assessment questions

- What are the building blocks of a Business Model Canvas?
- What are the key financial statements that determine business health?
- List out the four components of a Marketing Mix and how that can determine customers' decisions.

Risks of Agricultural Input Supply and Service Business and Mitigation Strategies

Risk is an important aspect of the agricultural input business. The uncertainties inherent in price, market, input sourcing, local distributions, regulation, logistical breakdown, environmental compliance and other factors can be potential risks that can negatively impact the business operation and its survival. Risks pertaining to input traceability, quality, and degree and timing of subsidies can also determine the sustainability of business streams. So, it is important to be alerted to input related risks and incorporate risk responses or management strategies in their business operations.

SN	POTENTIAL RISK	LIKELIHOOD	IMPACT	RATING	MAGNITUDE	OWNER	MITIGATION MEASURE/RESPONSE
1	Quality risk: risk of sourcing adulterated, and low-quality input supply may negatively affect trust of farmers and the business itself.	4	3	12	Medium	Owner/ Manager	Implement proper quality assurance mechanisms essential to ensure agricultural inputs with predetermined standards of quality, safety, and efficacy. Business relationship with trusted and reliable suppliers
2	Price or market risk due to uncertainty about the prices of input sourced especially on highly demanded ones may negatively impact adoption rates and the business' customer base.	4	4	16	High	Owner/ Manager	Proactive local market assessment and creating sustainable links with reliable suppliers based on the nature of input. Mitigation measures should mainly focus determine input supply side assessment and strong follow up on availability and costs of sourcing.

3	Institutional risk government actions and efforts on subsidized inputs through its preferred distribution channel may negatively affect the businesses	3	4	12	Medium	Owner/ Manager	Track regulatory changes and plan of actions in any cropping season. Determine impact (+ve/-ve) . If not, try to focus on input which can be competitively accessed and add comparative advantage.
4	Regulatory risks: constraints in terms of change in the regulatory requirements or acquiring license and competency may affect the businesses.	2	5	10	Medium	Owner/ Manager	Timely monitoring of changes in the regulatory perspectives regarding input supply and service, and making regular contract with concerned government offices to align with the moves/actions
5	Human or personal risk: dispensing of some input may expose operators and community member to health risks and affect the business due to the nature of the input	3	4	12	Medium	Staff, Owner/ Manager	Establishing safety protocols, handling procedures and implementation of best practices for handling agricultural inputs including ensuring compliance with relevant laws and standards and providing comprehensive training to enterprise member
6	Compliance risk: sensitive issues in business operation requirements such as validation of competence Certificate and timely renewal may affect the business	4	4	16	High	Staff, Owner/ Manager	Abide by the input business operation, registration and licensing compliances. Observe renewal process and timing of certificate of competency issued under the law. Considerate inspection and control of the regulatory authority and act accordingly

Likelihood (1=low, 5-high); Impact (1=low, 5-severe)

Ethiopian ATI

Agricultural Transformation Institute

የኢትዮጵያ ግብርና ትራንስፎርሜሽን ኢንስቲትዩት