



OTA MOMBASA BUSINESS STRATEGY WORKSHOPS 2019

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HEVA

HEVA Fund is an East African fund that invests in the transformative social and economic potential of the creative sector in the region.

Since 2013, HEVA has innovated financial models specifically for the East African creative economy: We have invested in more than 20 creative businesses in the fashion, digital content, crafts and decor value chains. From Nairobi, Kampala, Kigali, Arusha, Lamu to Dar es Salaam, the creative sector is where the creation of new products and new cultural experiences is happening. We want to be in the forefront of helping producers of cultural goods and services to build high-value, profitable businesses where new ideas will come to life, and where the highest potential for great profits, great jobs and happy people will be found.



OTA

In 2019, as part of the 2018-2022 strategic plan and following reflection from our baseline studies and our ongoing work, HEVA designed and implemented a programmatic focus on Kenyan women in creative enterprise.

OTA was chosen as the name for this dynamic programme, being the Swahili word both for 'to dream' and 'to grow' .

OTA is designed to build the competitiveness of women-owned and women-led creative business via a strategy that comprises three areas of focus:

Know: Learning sessions and material, workshops, downloadables and audiovisual content delivered to women in creative enterprise

Grow: Funding and investment, one-on-one clinics, networking sessions and mentorship opportunities for women in creative enterprise

Show: Market access and opportunities for women in creative enterprise

BACKGROUND TO THE WORKSHOPS

In June 2019, OTA, in partnership with the Urgent Action Fund- Africa, developed our plan for our inaugural workshops: The Mombasa Edition: Business Strategy Workshops.

The activity designed was a financial modelling and business consultancy clinic for women, including initial intervention, a mid and end term follow-up, as well as documentation, communications and curriculum development around the same.

We elected to hold these clinics in Mombasa County, in order to move resources that are typically centred in the administrative and cultural capital city of Nairobi to an underserved region.

ANNOUNCEMENT AND CALL FOR REGISTRATION

On the 16th of July 2019, following completion of the planning phase of the workshop, an announcement, which covered the scope and target group of the workshop, and called for interested persons to register, was placed on multiple platforms:

- HEVA FUND Social Media
- HEVA FUND Website and Newsletter
- Mombasa Works Coworking Social Media
- Kaya FM

At the same time, we reached out directly (via email and phone calls) individuals and organizations identified by HEVA as potential beneficiaries of the workshop.

We attracted over 130 registrations from female entrepreneurs with businesses operating in and beyond the following areas: digital content, theatre & film; jewellery design; women and youth empowerment, as well as branding and marketing, and others.

STRUCTURE OF THE WORKSHOPS

The workshops were structured as a two-hour plenary workshop held by an expert on a weekday evening, with attendees having the opportunity to register for a 30 minute one-on-one consultation with the expert the next morning.

The areas covered by the workshops were:

- Social Media and Marketing
- Business Strategy and Product Development
- Financial Management for Creative Business Made Easy

HIGHLIGHTS

The workshops were attended by a total of 75 women over the course of 3 days.

The women ranged in age from 22 to over 50, with an average age of 30.



	DAY 1	DAY 2	DAY 3	TOTAL
NEW	22	12	9	43
RETURN		14	18	32
TOTAL	22	26	27	75

Our call for registration had indicated 6 value chains, that is:

1	Fashion and Apparel Manufacturing
2	Digital Content
3	Film and TV
4	Decorative Home
5	Live Music and Cultural Events
6	Natural Cosmetics and Beauty

However, as registration was open, there was a wider representation of businesses in the attendance. The businesses are represented in the table on the following page.

The workshops were held at a co working space in Nyali constituency of Mombasa County.

The attendees have businesses located in different parts of the county: Nyali, Mombasa Town, Bamburi, Likoni, Kiembeni, Tudor, Makadara as well as Voi in Taita-Taveta County.

Value Chain	Number of Businesses		
	Day 1	Day 2	Day 3
Fashion and Apparel Manufacturing	3	6	4
Digital Content	4	4	5
Film and TV	1	1	1
Decorative Home	-	-	1
Live Music and Cultural Events	2	1	2
Natural Cosmetics and Beauty	-	2	3
Agribusiness	1	1	1
Food and Catering	2	3	3
Branding and Marketing	3	1	1
Sports	1	1	-
Tours and Travel	1	-	1
Modelling and Model Management	-	-	2
Training & Personal Empowerment	4	4	2
Other (Didn't Specify)	-	2	1

WORKSHOPS



Day 1: Social Media & Marketing



Plenary

The social media and marketing workshop was run by **Ms. Olivia Ambani**, an independent marketing consultant, graphic designer and singer-songwriter.

Introduction

Ms. Ambani opened her session by stating that marketing affects and is affected by every aspect of one's business, and should be kept in mind while handling any part of the enterprise.

The 7 P's of Marketing

Product

One's product (or service) must be of high quality and must meet the standards presented in any marketing material.

Price

The price point or price range adopted by the business can in itself be a form of marketing, via establishing the brand position in the market. A product with a relatively high cost of production may lean to small production runs and a higher price point, moving it to a niche market segment, as compared to one that is priced lower, and produced in larger or more consistent numbers which will have a mass appeal.

Place

Refers to the distribution platforms the business utilises. A business with an online shop has different marketing needs to one with a physical storefront, and the needs of different storefronts will vary depending on their location.

When deciding on the platforms the business will use, it is necessary to think of the customers ease of access and navigation, as well as how they can fully interact with the product to allow them to make the decision to purchase.

Promotion

This is what first comes to mind when most people think of marketing. It refers to the methods used to inform people about a product and convince them to buy it, and remain as repeat customers. This can broadly be broken down into traditional and digital marketing methods, which will be covered in a later section.

People

The team behind the product. This includes not only the team members who handle promotion, but anyone who interacts with customers, as well as the team behind producing a quality product.

It is important for the business to have clear guidelines for team members on customer interaction including language, response times and systems for handling complaints, and feedback, whether positive or negative.

Process

This refers to the procedure the client undertakes, from learning about the product up-to when they receive a product with which they are satisfied, and to closing the loop by offering feedback.

A business must understand how many steps there are to accessing the product and information about it, what payment methods are accepted, packaging and delivery, and work to minimise any inconvenience clients may encounter in this process.

Physical

This refers to any elements of a physical storefront, and the customer experience therein. The physical space should take into account the sensory experience of the client as they shop (lighting, sounds and music, smell) considerations for the physically disabled, elderly, persons with children, etc. and sections of the store for different use (changing area, returns and inquiries).

Your Marketing Plan

1. Setting Marketing Goals

In order to set marketing goals, a business must first be clear on its overall goals, preferably for a clearly stated time period. These goals can be about brand reach, number of sales or amount of profit, for example.

Once this is understood, the business can use the 7Ps framework to determine which actions will result in achieving the business goals within that time.

2. Pick 1-3 Goals

From these, the business can then select a few easily manageable tasks to begin with, and start small to avoid being overwhelmed. Once the first tasks are set or have been achieved, the business can add more.

3. Get a Team

The implementation of a marketing plan may require multiple points of action, and business person may not be able to set them all into motion and remain effective if they are attempting to do this alone. Where possible, it is useful to **delegate**, have a team with different members running point on the different tasks or **outsource** them as needed. The team also plays the role of **accountability system**, ensuring the plan remains on track.

Building a team is an intensive exercise in itself, to which the business should dedicate time and effort. The focus should be on both the skill sets of each team member and the working relationship between them. Keeping an open mind and working with people who bring in new perspectives will keep the team outputs dynamic.

4. Set a Timeline

The implementation of marketing goals is a continuous and should include set time points for review, both of customer feedback and of the internal teams experience with the plan thus far, as well as a final deadline. This timeline should be recorded on multiple platforms both physical and digital, to ensure reminders are easily accessible.

5. Understand Your Customer

The entire marketing plan must be underpinned by a close understanding of the business' client base, their likes and preferences as regards the product/service, communication, payments, deliveries, returns and exchanges. A formal customer feedback mechanism is useful for this, but most client interactions, whether digital or physical, will provide information that can be used to build a customer profile that will advise the marketing plan.

6. Review

At the review points set in the plan timeline, the team should take stock of the plan so far, and identify the impact of the plan, what challenges have been encountered, and any unexpected benefits. The review points are a time to crystallise learnings, and make course corrections.

Marketing on a Budget

Traditional Marketing/ Media

Traditional marketing refers to the types of promotion, advertising or campaign that utilise traditional/ legacy media, that is media that allows limited interaction by the receiver. This includes print advertisements, TV, Radio, billboards, flyers or pamphlets. Some ideas for this media are :

1. Product packaging should include useful descriptions, contact information and possibly suggestions about interesting uses of the product.

2. Posters/ flyers/brochures: Develop eye-catching visuals. Post these strategically, using knowledge of the target client and places they would look for information. Flyers can also be included in gift hampers, along with product samples.

3. Press features: Begin by cultivating media contacts. Select the outlets you approach with care. Have material ready, well-written articles, well-recorded audio and high-resolution photos.

4. PR agencies: Don't be afraid to approach them! Some companies have packages for small businesses or for one-off campaigns

5. Events/ exhibitions and networking events: Attend and carry samples of your work. Cultivate contacts and new customers.

6. Teasers/samples/ gift cards/ discount services: Create opportunities for people to have a taste of your work.

Digital Marketing

Digital (or online) marketing refers to the marketing-related work that is done through the Internet or using electronic devices. It works hand-in-hand with traditional marketing, and allows clients a higher level of engagement and interaction. An online brand presence can exist exclusively or in tandem with traditional marketing methods.

Basics of Digital Marketing:

1. Set up a Google business page:

Most people who are curious about a product or service begin with a google search.

A Google business page is free to set up and has multiple features that make it easy for people to find and interact with your business. Load it with the name and location of the business, an image of the storefront, business hours and a link to your website.

It's also possible to use ogle to post promotions and google ads.

2. Email marketing:

Use a service like Mailchimp to design and send emails to your clients. This system can be used to send information, promotions and even discount vouchers.

3. Social media accounts:

The business should have pages on social media platforms. Depending on the type of business, one may focus on the platform that has the best fit, for example, a business that has beautiful products may have a stronger instagram page, while one that deals in copywriting, may rely more on twitter for displaying their pithy wordplay.

4. Create a website:

Depending on the available resources, this may be a simple landing page with directions to the more active social media platforms, or contact information, or expanded to a full e-commerce platform, with the ability to support display, customer interaction, orders and payments. As a beginner, one may use any of the free website template sites e.g. Wix, Squarespace which are designed for ease of use.

Social Media

Selecting a Platform

When deciding which social media platform to engage through, the main considerations build off a knowledge of :

Product: which platform best shows off the merits of your product?

Audience: which platforms do your customers use most?

Content type: what kind of content are you comfortable making at high quality, and which platform supports this? (video, short video, text etc.)

Facebook, Twitter and Instagram are the big three that most people focus on, and its also possible to post content along the three with only minor tweaks. It is useful to keep others in mind: Youtube can be interesting for long-form video, and increasing customer interaction with a person as a brand. It's also possible to get statistics on viewership, and to monetize the content itself as a secondary revenue stream Pinterest is great for product visuals and is

highly addictive. Instant messaging platforms like Whatsapp are also very good for sharing easy-to-make graphics and photos, and creating consumer groups.

Content for Social Media

Content is both King and Queen of social media. When developing content the focus should be on improving the client experience at every interaction with the brand.

1. High-quality visuals: Graphics and pictures help clients decide whether your brand is worth spending on.

This is an area many new businesses struggle in, but it is possible to make a single photo session go a long way.

How to make one photoshoot last one year:

- Decide what the images will be used for. Are they purely for digital format? Will you use them to promote single items or the entire collection? Are you designing a lookbook or brochure?
- Discuss the budget and aims with the photographer- They will appreciate the clarity of objectives, and may be able to offer advice on the best way to meet these goals. At the same time, they may be open to discussing payment options, discounts, crediting and other arrangements that reduce cost and add value.
- Seek in kind agreements: Where cash may run short, offer your own products, services and expertise.

- If doing the shoot yourself you still need to invest in buying or renting good quality equipment and lighting and in educating yourself on taking good photographs.

- Create a context: The products and models are the focus of a photograph, but they should be placed in an environment that communicates about the brand. The background, the selection of models, any accessories in the image telegraph the accessibility of your product and the lifestyle with which it is associated.

2. Brand bio: The brand bio should be short and clear. Use it to give information about the brand, keeping in mind people who are new to the brand. If the brand is on multiple platforms the bio and profile image should be consistent to avoid confusion.

3. Ideas for Social Media Content:

Many new businesses struggle with deciding and designing content for their platforms, beyond images and descriptions of the product. A few ideas for this are:

- Process - your clients will be interested in content covering the process of creation of the product- how did you get the idea, what does your workshop look like, who are your team members?
- User tips - Show the product being used, tips and tricks for getting the most out of the product
- Before and After content- to show how the product has changed the quality of someone's life

- General information about the product sector: for example, the brand may sell lipstick, but offer lots of information on beauty, skincare and other makeup tips.

- Collaboration posts with associated brands and pages

- Q&A Sessions

- Client testimonials/ features

Brand owners should also remember that they are someone's client and think if the content that appeals to them, and use this as inspiration.

How to Manage it All

1. Set goals:

These are your marketing goals for a set period of time. Set down the number of each type of marketing activity you wish to perform in that time. Tie these goals to conversion to sales. You may also select a theme or focus for your content for this period.

2. Create a content calendar:

For the period of time decided, lay out the exact dates you want to release the marketing action. This helps you track progress, and allows for coordinate if working in a team.

3. Start where you are: Don't spend all your time planning. Act!

4. Ask for Help: For skills you or your team may not have, for accountability, for mentoring, networking and keeping up with trends.

5. Use online resources :

Sites like Buffer and Hootsuite allow you to schedule your posts, and also offer analytics of how the posts do as far as reach and engagement. There are free graphic design template sites (e.g. Canva) that allow you to make visually pleasing graphics.

6. Evaluate

Every 3 months ask your team:

- Did we do what we intended?
- How did it go?
- What did we learn?
- How can we do better?

Q & A

What challenges are you facing?

1. Competition

Competitors steal one's brand and ideas for content and promotions

- Strengthen your brand:
No one is you and that is your power. Focus your energy on creating high value content and products and services, develop new products and experiences for your clients and build loyalty. The competition will always be playing catch-up.
- Protect your brand collateral:
Seek legal counsel about what you can copyright and trademark. Apply discreet watermarks on your images.

2. Pricing

Clients lowball and undervalue work

- Take time to educate the client on the process and inputs that add up to the prices you quote. Send detailed quotations describing each step of the process. Remind the client that cheap is expensive in the long run.
- Offer tiered pricing: offer the client fewer items, or less labour-intensive outputs for a lower cost, and ask if those will meet their needs
- Create relationships with suppliers that are mutually beneficial. Where you can outsource or where you use a supplier multiple times, it is possible to negotiate rates that allow you to pass less cost to the client - ask if those will meet their needs
- Remain aware of the market rate and price your work accordingly.
- Graciously decline. Saying no creates room for better opportunities

One-on-Ones

Ms. Ambani booked several half-hour long sessions for one-on-one consulting, carried out on July 23rd.

The clients inquiries and her recommendations are summarised and grouped by value chain.

Value Chain: Fashion Retail

1. How to use Social media to get more clients (converting from only physical sales)

2. How to develop content that will build the brand

3. Deciding the product mix for a thrift store

4. How to build trust with the audience

Recommendations:

Social Media Focus:

Build an Instagram account as that is where the business will find the majority of its clients, due to its strength in communicating visual content, which lends itself well to fashion.

Instagram Content:

Photos:

- Make sure the clothes are in the best condition (clean, ironed) and that they or the model faces the light.
- Use a background that complements the clothing

Text:

- Label each item you post
- Add the garment size and describe other details (fabric, trim, accessories, pockets, fastenings) so the client can get as much information as possible
- Include the price in the text

Instagram Bio:

- Review examples of other fashion and thrift stores on Instagram
- Key details should be easy to find (contact information, order and delivery processes)

Building an Instagram Audience:

- Invite people in her network and existing clients to like and follow her page.
- Create a hashtag with the business name and use other hashtags related to the business to join the online conversation
- Consider working with fashion influencers to get more followers/increase brand awareness
- Promoted posts
 - Convert the page to a business page
 - Online payments: Look into getting a debit card or paypal to make payments for post promotion.

Brand:

- Brand Name: Pick a brand name that you like and that is easy to remember
- Brand Focus: Where the products may be very different and have different targets, consider creating separate pages e.g. Womenswear, menswear and kidswear can all have separate pages
- Logo: You can create a logo for your brands on - [Tailorbrand.com](https://www.tailorbrand.com)

Building Trust:

- Have open communication and be responsive to clients
- Include user testimonials from people who have interacted with the brand and products
- Consider having a pop-up shop, or exhibiting at a physical fair or market. This will help clients get a feel for the type of products you have.

Value Chain: Digital Media & Marketing

1. Finding a focus

2. How to mitigate against people who want free information and will not pay for the full service.

3. How to turn low paying clients into higher paying clients

4. How to develop a brand voice on social media

Recommendations:

Finding a focus:

- List your achievements so far
- List all the different services you comfortably offer
- Select three things you enjoy doing and focus on those. Review in a few months and adjust accordingly.

Getting Clients to pay for your service:

- **Develop a rate card:** Have standard amounts that you charge for various services. As soon as someone requests a service, you will have an amount to quote for it and a document you can send. This can of course be adjusted on a case basis
- **Have a consultation fee:** This can cover a

preliminary brief meeting where you can share insights.

- **Create a range of packages:** Break down the various services you offer (e.g. consultation, strategy development, collateral development, strategy implementation) and offer them individually or grouped in packages that cater for various price points. Describe each of the services and the cost clearly, so the client can decide what is most useful for them.

Finding your voice online:

Think of content you always wanted to see online: This will let you know what you are passionate about, and also might identify a gap in the market that you are positioned to fill

Decide your Brand Values: What do you hope to communicate via your brand? These values will be the foundation of your content development, language and aesthetic.

Value Chain: Film & Photography

1. How to sell my content online

2. What sort of content to create for my brand

3. How to expand into digital marketing?

Recommendations:

Selling Content

- Visual content can be sold to or on sites that sell stock images. Consider what unique aspects your work can offer e.g. images of people of colour, specific geographies etc.
- Update your social media pages: Keep the feed updated with new images that show the different styles of your work. Ensure information about the services you provide, and contact details are easy to find. Use names, tags and hashtags that clarify the work you do and join you to the online conversation.

Developing & Posting Content

- Focus on your strengths and on content you enjoy creating. This will ensure you want to continue generating content that is of high quality.
- Select the platforms that work best with this content:
 - YouTube for long form videos. Also can be monetised directly

- Instagram for photos and short form video

- Website - you can get really creative with how you present your content. Consider buying a domain name, or use free sites like Wix or Squarespace

- Ensure you have the clients and subject's consent: Ask the client and subjects for consent and inform them that you will use the content for your online portfolio. This should be documented and signed. Engage with a lawyer if necessary.

Digital Marketing:

- Learn the basics of digital marketing-how to use social media platforms, Google platforms and content creation.
- Take an online course: There are lots of good, free online tutorials and courses on digital marketing

Day 2: Business Strategy and Product Development



Plenary

The business strategy and product development workshop was led by **Dr. Njoki Ngumi**, HEVA's head of Learning and Development.

Introduction

Dr. Ngumi opened her session by explaining the foundation of creative strategy is built on understanding your product and your client, using this understanding to think through hypothetical situations and possible outcomes and using these steps to develop a plan.

Understand Your Client

In order to be useful, the business strategy needs to centre the client. The business must be clear on how it is reaching the client and the ways in which it is communicating and transferring value to their client.

A business owner should be able to answer these questions that describe their average client, that is, the client they interact with regularly, and who makes repeat orders of a moderate value.

Where and how did they hear about you?

This is your marketing strategy that is working, reaching clients and converting to sales. It will also let you know the relative importance of client referrals and word-of-mouth for your business.

What do they usually buy from you?

This indicates your fast moving/ popular items, and advises your stocking practice.

What do they consider cheap & expensive?

This will of course vary across different products, but will allow you to adjust your pricing, or your brand positioning as a luxury versus an everyday product.

Where do they go for fun and leisure?

Is your product part of that? Can you make a product that is?

What images do they like to see?

This will inform your visual content development.

What does your client watch on YouTube?

What IG and Twitter accounts do they follow?

Does your brand dovetail with these? Are there opportunities for collaboration?

What is the age range of your clients?

Is it narrow or broad? Can you create segmented products that appeal to the different needs of the groups?

How do they move money?

Cards? Cash? Mobile wallets? Cash only? Does your business allow for people to make payments in a way that is easy for them?

What is important to your client, what are their values?

Perhaps it is family, or time management, they may crave a connection to culture, or health. How does your brand interact with these values?

What language or slang do they use?

What special groups or characteristics exist within the larger group?

Are there any special considerations related to age, health, culture, religion, geography that you could address with your product?

What do they like to learn about?

Business owners need to focus their strategy. While looking for new clients and large numbers of clients, it is important to remember: not everybody can be your client, and the better you understand your main client and their needs, the better the business can prepare for, communicate to, and retain clients. While defining your client, also remember in some cases, the client is not the consumer, as in the case of a parent (client) buying something for their child (consumer), or an organization (client) hiring you to plan an event for their audience (consumer). This dynamic adds another layer of research and thought into your process, as you have to meet the needs of both sets of people.

This exercise helps you clarify your main client, but it can be useful to build a profile of someone who is the opposite of this. For one thing, you may decide that these are people you are interested in reaching with your brand, and you can develop a plan that would make your work interesting for them. In case of inquiries from a client for whom you feel your work is not a good fit, it is useful to have a clear process around declining work, and having a referral system or database of other businesses that may work better for them, keeping the clients goodwill even if you do not get their business.

Finally, this exercise helps you see your product universe, that is all the things you are selling within your product. The material object or minutes of service come along with ties to identity, belonging to a community and values such as health, self-care, mental ease, ambition and so on. Once you understand all the values the customer attaches to buying your product, it is easy to underline them in your communications and include them in your strategy formation.

Understand Your Field

Following the above exercise, a business owner has a good understanding of their brand and how it interacts with its existing client base. The next step is to understand the ecosystem in which the brand is operating. This includes the other people offering similar products and value and the market, legal and regulatory framework in which they operate. In the digital age, it is necessary to remember even for a small business, the playing field is global, and you need to have thoughts in place to handle inquiries from all over the world, and be prepared for surprises, such as a loyal customer base on a different continent.

Using your understanding of your main client, build a picture of the other brands that they like, follow, interact with and buy.

This can be done on a basic level by reviewing your client's public social media pages. This will allow you to see patterns of the brands, visuals, and language that your client interacts with. Look out for specific features, and integrate this understanding into your strategy.

Use your existing clients as a research pool. Administer formal and informal surveys about your product, customer service, and any new or additional products and services that they would be interested in.

Follow your competition on social media, and buy their products. You may do this anonymously if you wish, but this will allow you to gain a useful perspective on what value they offer. Use this understanding to better your Research and Development process.

This of course brings up the issue of infringement of intellectual property. A business must always remember its strength is in being unique, and that there is little to be gained by copying another brand's work.

The law offers certain protections as far as ownership of intellectual property, and a business owner should be ready to make a small investment seeking legal counsel and following the processes to copyright or trademark their work. At the same time, focus on your own product and keep improving it, offering your clients the best value possible, and anyone trying to duplicate your process will always be several steps behind.

Create Systems

Using the understanding of your clients and the field in which you are operating, it is then important to develop systems for all the running lines of your work.

The basic ones are:

- **Marketing and Communication**
- **Customer Service :**
 - Frequently asked questions and managing expectations
 - Customer feedback, complaints and compliments
 - Customer loyalty recognition and rewards
 - Value addition- personalised/customised service, accelerated deadlines
- **Financial management**
both supply side payments going out and incoming customer side payments
- **Pitching for market and finance**
how to present the business to potential investors and market places

These systems together add up to create the brand and the values that are attached to it. Keeping track of how these systems are working will serve to provide an early warning system for any actions

that would take the business off-brand.

Underlying these systems is the foundation that all clients are high value.

Crisis Management

Even with the best of systems in place, negative issues are bound to arise. When faced with customer dissatisfaction, a business needs to avoid becoming defensive, and make sure they take responsibility and take steps to repair the individual relationship, and any reputational damage the incident may have caused.

A sincere apology, that directly addresses whatever has been mishandled goes hand-in-hand with a reparative action- replacement, repair, refund, covering costs of delivery, or any costs incurred as a result of the issue at hand.

Where the complaint or issue is brought up in public, the response must also be undertaken in public. In such a case, also publicise the mitigation measures the business will undertake to avoid a repeat.

As soon as it is possible, identify and begin conversations with legal representation, to have contact information and rates on hand when you need them. While preparing, also give thought to the potential effects or problems that could possibly arise from your product or service (health reactions, delays, disagreements) and take steps to keep your client informed, and yourself ready should any of them come up.

Q & A

How do I choose a business partner?

This depends on what the business needs, your known strengths, what you would like to focus on and what you would like to delegate.

As a basic, make sure you select someone you get along with, someone with whom your values align and someone you are able to communicate and disagree with in a healthy manner.

How do I introduce my product or service to new geographies and demographics?

Use the exercised discussed to develop an understanding of the new target market. Build a projection of how the change will interact with your current client base and strategy, and use this to decided if you should separate the brands, combine them, or switch over to the new market altogether.

How do I know my analysis of my client is correct?

Utilise analytics where availed

Review pages/ brands that are doing what you would like to do

Gather information from your followers/ clients

How do you deal with a sudden large order/ increased demand

Have a plan for growth before the growth

Identify suppliers/ understand where you could access finance/ check the working environment and incentives

Cultivate relationships

Control growth and say No when necessary

Day 3: Financial Management for Creative Business Made Easy



Plenary

The financial management for creative business workshop was led by **Wakiuru Njuguna**, HEVA's Investment Manager.

Introduction

Ms. Njuguna opened her session by asking attendees to mention the challenges they have in regards to financial management.

Challenges

Investment:

- The different types of investment and identifying the best fit for your company
- Creating trust with potential investors
- How to pitch
- Technical grant and proposal writing
- Short term credit

Money Management:

- Saving and saving modality
- Separating business and personal funds
- How to pay yourself

Pricing:

- How to cost products
- Scaling prices against competition and customer knowledge of input costs
- Developing tiered products
- Developing customised prices outside packaging
- Pricing your time

Negotiation

- Explaining value to customers / loss of time
- Losing negotiations

Following this discussion, Ms. Njuguna structured her talk to cover the following areas:

1. Must Know Metrics
2. Goal and Price Setting
3. Budgeting
4. Track your Process

Must Know Metrics

This is a breakdown of basic metrics a business owner must understand and keep track of:

Relationship Between Income and Expenditure

This is presented as

- Income i.e. money received, especially on a regular basis, for work or through investments.
- Expenses
 - Variable costs- fixed costs, indirect costs or overheads are business expenses that are not dependent on the level of goods or services produced by the business e.g. rent
 - Fixed costs are costs that change as the quantity of the good or service that a business produces changes. Variable costs are the sum of marginal costs over all units produced.

Income must be able to cover fixed costs at a minimum.

It is important to have clarity on the actual fixed costs associated with a business, as this will inform your pricing strategy. Fixed costs should include paying oneself. You can decide to scale this amount according to the business growth, but it must be included.

Fixed costs can also be hidden e.g. when using already owned assets (laptop, car), unpaid time and friends and family labour being used in the business.

Cashflow

This refers to the net amount of cash and cash-equivalents being transferred into and out of a business.

- Cashflow forecast
- Initial amount
- Regular
- Review terms of all contracts against cashflows

Cash Or Crash: Sales are not in themselves more important than profits. You can be making massive sales but have massive running costs.

Review your bottom line. And create interventions that will improve your bottom line

Receivables

Accounts receivable are legally enforceable claims for payment held by a business for goods supplied and/or services rendered that customers/clients have ordered (and possibly received) **but not paid for**.

It is important to keep track of these as it is possible to be making sales, but be owed by debtors, and therefore have liquidity issues.

This information forms the basis of your Debtor/Creditor analysis i.e. the people who owe you money versus those you owe money. You want money incoming faster and/or at a higher amount than your payments out.

When structuring your payment plans, designate a short payment period for customers(immediate/ cash on delivery) but long period for payment out to creditors (30/60/180 days etc.)

Other strategies to employ include offering

customers incentives for early payment, structuring your deposit/ balance ratio to ensure the deposit covers costs of production and delivery, and the balance covers profits.

Goal and Price Setting

Setting financial goals follows a similar process to setting overall business goals.

- First determine how much money you intend to make in a specified time period. Use your understanding of your fixed and variable expenses to set this baseline.
- Break this amount down to monthly/ weekly/ daily targets and determine the **basic minimum** per time period.
- Review the cost of one product/ service/package Use this amount to quantify the number of products or services you need to sell within the time period.
- Review this according to the seasonality of the business, and think about which measures can be taken during low seasons (innovate new products, rewards for returning customers, exclusive offers, upsell)
- Add in information from your market research and client requests and responses to develop interesting products, packages, discount options and so on .
- Once you have these figures, identify if you have the internal capacity to meet this need, and review your marketing strategy. If there are any changes to be made, review their impact on the pricing.
- Review cashflows to see if income will be on time to pay costs, and if needed. Decide how to cover deficits.

Budgeting

A budget is an estimate and a living thing. Budgets are not static and require constant re-evaluation, in line with the current situation of the company.

Give yourself a set amount of time and a set frequency for budget review and accounting

Have a 'miscellaneous' budget line

Marketing chart

Forecast the posts/ announcements you want to make

Understand the interactions and the conversion rate of these interactions

Determine how to adjust the marketing to increase the conversion rate

Track your process

Set a specific time once a week to review your books, and check if the plans you have set are going well. This ensures that problems are detected early and can be addressed before they have a large impact on the business.

The metrics to track regularly are :

1. Sales
2. Profit & Loss
3. Cashflow

Weekly checklist

1. Organise paperwork- including receipts, invoices etc.
2. Follow up on unpaid invoices
3. Pay your bills to avoid late fees
4. Compare budget to actual spend and income:
 - a. Identify excess costs and review your choices
 - b. Negotiate long-term relationship discounts with key suppliers and develop written agreements
 - c. Review hidden subsidies and make plans to cover actual cost of doing business
5. Profit and Loss

You can outsource bookkeeping, but retain enough knowledge of your process to have the power to spot significant issues and to make informed decisions.

Knowledge of your accounts will improve the impression you make when talking to investors

Q & A

Investors:

Not all money is equal. Understand the different types of investment and investor, and the type of investment that your business needs and can support.

- **Loans from friends and family:** Avoid pity loans. Draft and sign formal agreements and pay them back in cash or kind.
- **Angel investors:** They have a level of knowledge of your industry and also share knowledge and experience that will allow your company to grow. It is possible to negotiate gentle repayment terms, or discuss exchange for convertible debt or ownership equity.
They work to complement you, not to save you.
- **Debt:** This is money that will require to be paid back, with an amount of interest.
- **Be prepared to negotiate**

Clients

What is the line for you?

What are non-negotiables for you?

Which client should you say no to?

One-on-Ones

Ms. Njuguna booked several half-hour long sessions for one-on-one consulting, carried out on July 25th.

The clients inquiries and her recommendations are summarised and grouped by value chain.

Value Chain: Fashion Retail

1. Investment options for profits from sales

Recommendations:

Budget :

Have a set amount of money for the various needs of the business including paying yourself. Sticking to this helps avoid spending the profits from sales outside the business.

Separate personal and business finances:

Have a separate bank or mobile account and avoid using the funds in one for the other

Investment options:

Set up automatic payments for your profits to be diverted to interest-earning modalities, from which it is difficult to make withdrawals for example: Money market account, SACCO account, M-shwari Lock savings account.

Consult a personal financial planner:

Book a session with a financial planner and discuss various options

Value Chain: Film & Photography

1. Financial considerations of setting up a studio

Recommendations:

Review costs and current pricing model

- Identify fixed and variable costs and determine how the studio opening would affect this
- Review current sales and pricing model and determine the changes that would be needed to cover costs
- Develop a short-term strategy to cover implementation costs: e.g. hiring out studio space initially, creating new packages or products to increase revenues

Select a Financial management system:

Whether the accounts will be managed by the proprietor, using financial management software or outsourced to a person or business, there must be clarity on the system in use and the frequency of follow-up and review

Value Chain: Fashion (Accessories)

- 1. Viability of shopfront which has less sales than previous fairs & markets model**
- 2. Exploration of alternative revenue streams based on proprietor skills**
- 3. How to engage with platforms supporting women's economic empowerment**

Recommendations:

Selling Content

Review business model for inefficiencies:

Where the model is not successful, the team must review the pricing model, operational system from production to delivery, human resource make-up, inventory and market understanding to determine where company resources are being drained.

Review marketing model to ensure the right clients are being reached, how current clients are engaging with the brand and how much of this engagement is converting to sales

The choice to undertake other income-generating activities outside the business requires the business owner to be clear about how this deficit in human resource will be covered, taking into account their current duties and any hidden subsidies they would have to cover.

Value Chain: Wellness

1. How to get paid for content previously being generated for free/ exposure

Recommendations:

Review online content and collate information on reach, viewership and levels of engagement. This is the indication of the impact of the work, and creates the value proposition to the client

Develop a rate card, explaining the different services offered and any packages that the client can select. Present this to the client and open a discussion.

Determine the basic minimums, as well as possible non-financial compensation that you are willing to accept. Be willing to negotiate.

CONCLUSIONS AND EMERGING IDEAS



RECEPTION OF THE WORKSHOPS

The workshops were very well received by attendees. They informed the team that there was a paucity of business support mechanisms in that part of the country, more-so for women business owners and creative businesses. It was stated that in many cases, the support and help in strategy and decision making was equally, if not more important than finding sources of investment capital. Other areas of interest suggested for future workshops were:

Networking events

Market opportunities, including international markets

Technical and proposal writing

Human resource management

Mentorship

Investment options (for channelling profit)

WORKSHOP VIDEOS & LEARNING MATERIALS

All three plenary workshop sessions were filmed, and will be edited and made available on our website for other practitioners to view.

In the course of the workshops, certain systems were identified as especially useful, and will be developed into workbooks, checklists and short videos for practitioners use and reference.

ACKNOWLEDGEMENTS

The OTA Mombasa Workshop were made possible via a partnership with Urgent Action Fund Africa. Urgent Action Fund-Africa provides rapid response grants and technical support to organisations who identify strategic and time sensitive opportunities to advance women's rights in Africa.

OTA acknowledges the help and support of Mombasa Works Co-working Space, for providing the venue and convening the groups of women creative and cultural entrepreneurs from the local region, as well as the entrepreneurs who attended the workshop and shared their insights with us, to allow us to develop targeted interventions.

We acknowledge the critical role of Olivia Ambani, Dr. Njoki Ngumi and Wakiuru Njuguna in developing the curricula for the workshops, and the support of Olivia Muia, Kendi Kamwambia and Dr. Akati Khasiani in the implementation, communication and reporting of the workshops.

This project became possible via the team at HEVA which has been working since 2013 to innovate solutions for the creative industry in East Africa, and through research and a belief in the particular potential of female entrepreneurs in the ecosystem, developed OTA as a programmatic focus.

This report was authored by Dr. Akati Khasiani.



