INCOME GENERATION THROUGH SELLING:

A BASIC GUIDE FOR NAMIBIAN LEARNERS



Personal details

Name : _____

Grade : _____

Table of Contents

INTRODUCTION TO INCOME GENERATION 2

WHAT IS INCOME GENERATION? 2
BUDGET – COST PRICE – PROFIT 2
1. Budget *2*
2. Cost Price *2*
3. Profit *2*

BASIC ACCOUNTING FOR YOUR BUSINESS 3

KEEP TRACK OF YOUR MONEY 3
SAVING MONEY FOR THE FUTURE 3

SECURING SUCCESS IN A FAST FOOD ACTIVITY 4

RISK MANAGEMENT: IDENTIFICATION AND AVOIDANCE MEASURES 4

IDENTIFYING RISKS, THAT WHAT COULD GO WRONG: 4
AVOIDANCE MEASURES - WHAT SHOULD YOU DO TO PREVENT THINGS GOING WRONG: 4

KEY REMINDERS 5

PERSONAL NOTES 5

INCOME GENERATION QUIZ - TEST YOUR KNOWLEDGE 6

RISK IDENTIFICATION 8

Introduction to Income Generation

Welcome to the world of business! In this handout, we will learn how you can make money by selling things. This is called income generation. It's an essential skill for starting a small business and creating jobs.

What is Income Generation?

Income generation means making money by selling goods or services. To do this successfully, you need to understand the basics:

- How much it costs to make something.
- How much you can sell it for.
- How to keep track of your money.

Budget – Cost Price – Profit

1. Budget

A budget is a plan for how you will spend and earn money. For example:

- You want to sell baskets that you weave.
- To make one basket, you need materials like reeds and thread.
- Calculate how much money you will need for materials and how much you will earn after selling.

2. Cost Price

The cost price is the total amount spent to make or buy a product. This includes materials and other expenses.

- Example: If reeds and thread cost N$30 to make one basket, the cost price of the basket is N$30.
- NB: timing how much time do you need to produce an intem
- NB consider a selling price and make sure that the cost price does not exceed it

3. Profit

Profit is what you earn after subtracting the cost price from the selling price.

- Example: If you sell a basket for N$50 and the cost price is N$30, your profit is:
    - N$50 (selling price) - N$30 (cost price) = N$20 profit per basket.

If you sell two baskets, your total income is N$100, your total cost price is N$60, and your total profit is N$40.

- To continue production, you need to save N$60 for materials and you can keep N$40 as profit.

Basic Accounting for Your Business

Keep Track of Your Money

Always write down your income and expenses. Use a notebook or simple table to record:

- **Date**
- **Item Sold**
- **Income (N$)**
- **Materials Cost (N$)**
- **Profit (N$)**

Example Table:

Date	Item Sold	Gross Income (Revenue) N$	Materials Cost (N$)	Net Income (Profit) N$
1st January	basket	50	30	20
2nd January	basket	50	30	20

Saving Money for the Future

Save some of your profit for future expenses like new materials or transportation. If you want to make your business grow, it is good practice that you also set additional money aside to reinvest in the growth of your business

- Example: If you earn a revenue of N$100 this month, save N$60 for next month's materials and keep N$40 as profit.
- **NB**: it is good practise if you do not spend all profits but put some aside for additional reinvestment into the growth of your business.

Securing Success in a Fast Food Activity

When planning a fast food activity, consider the following steps to ensure success:

1. **Choose Popular Items** – Sell food that is in demand and easy to prepare.
2. **Plan Your Budget** – Estimate your costs for ingredients, packaging, and other expenses.
3. **Ensure Quality and Hygiene** – Maintain cleanliness and use fresh ingredients.
4. **Efficient Service** – Serve customers quickly to keep them satisfied.
5. **Advertise Effectively** – Use word-of-mouth, posters, and social media to attract customers.
6. **Manage Inventory** – Keep track of stock levels to avoid waste or shortages.
7. **Set a Competitive Price** – Price your food to cover costs while remaining affordable.
8. **Consider Timing** – Selling food at the wrong time, such as too early or too late in the day / month, can lead to losses.

Risk Management: Identification and Avoidance Measures

Running a business comes with risks, but you can minimize them by taking the right precautions.

Identifying Risks, that what could go wrong:

- **Financial Risk** – Losing money due to poor planning.
- **Health and Safety Risk** – Unhygienic food preparation leading to illness.
- **Supply Risk** – Running out of stock or delayed deliveries.
- **Competition Risk** – Competing businesses attracting customers away. Remember, it is important that before you start you take time to identify your competitors (those business people who provide the same product/service as you do)
- **Timing Risk** – Selling food at the wrong time such as the time of the month we nobody has money this and similar wrong timing of sales may lead to wastage or fewer sales.
- **Over production** – don't produce more than you can sell.

Avoidance Measures - what should you do to prevent things going wrong:

- **Proper Planning** – Create a detailed budget and business plan.
- **Maintain Hygiene Standards** – Follow food safety guidelines to prevent contamination.
- **Reliable Suppliers** – Work with trusted suppliers to ensure timely deliveries.
- **Unique Selling Point** – Offer something special to attract and keep customers.

- **Good Record-Keeping** – Keep track of expenses and earnings to manage finances effectively.
- **Sell at Peak Hours** – Identify the best times to sell fast food to maximize profit.

By identifying risks early and implementing strategies to avoid them, your business has got a good chance to grow successfully and sustainably.

Key Reminders

Skills

- **Budgeting**, cost price, and profit are the basics of running a small business.
- **Accounting** helps you track earnings and expenses.
- **Planning** a fast food activity properly ensures success**.**
- **Proper timing** when selling fast food can improve profitability**.**
- Ensure that **savings match future material costs** to maintain continuous production.

Practice these skills to improve your ability to earn money and manage a business.Then to remember, once you prepared for everything to ask yourself, what could be wrong and then adapt your plan accordingly to ensure that it does not go wrong.

Good luck with your business! By understanding and practicing these concepts, you can start a successful small business and build a brighter future.

PERSONAL NOTES

Income Generation Quiz - Test your knowledge

Section 1: Multiple Choice (Circle the correct answer)

1. What is a budget?

   a) A plan for spending and earning money
   b) The total amount of profit made
   c) The price of materials
   d) The cost of selling goods

2. If the cost price of a product is N$40 and you sell it for N$60, what is your profit?
   a) N$20
   b) N$40
   c) N$60
   d) N$100

3. Why is accounting important in a business?

   a) To keep track of earnings and expenses
   b) To spend all the profit
   c) To avoid making sales
   d) To only record profits

4. What is the main purpose of saving money in a business?

   a) To buy luxury items
   b) To reinvest in materials and future expenses
   c) To give away profits
   d) To keep all money in cash

5. Which of the following is essential for a successful fast food activity?

   a) Using the cheapest ingredients available
   b) Selling food at the wrong time of day
   c) Maintaining cleanliness and hygiene
   d) Not keeping track of sales

6. What is a common risk in selling fast food?

   a) Selling too much
   b) Running out of stock or delayed deliveries
   c) Making too much profit
   d) Having too many customers

7. How can you avoid financial risk in a small business?
8. a) Not keeping records
   b) Proper budgeting and planning
   c) Spending all profits immediately
   d) Ignoring expenses
9. What is the best way to ensure customer satisfaction in a fast food business?

   a) Serving food quickly and maintaining hygiene
   b) Ignoring customer complaints
   c) Raising prices without reason
   d) Reducing the quality of ingredients

Risk identification

Identify two risks associated with selling fast food and explain how to avoid them.

Risk 1

Risk 1 avoidance measure

Risk 2

Risk 2 avoidance measure