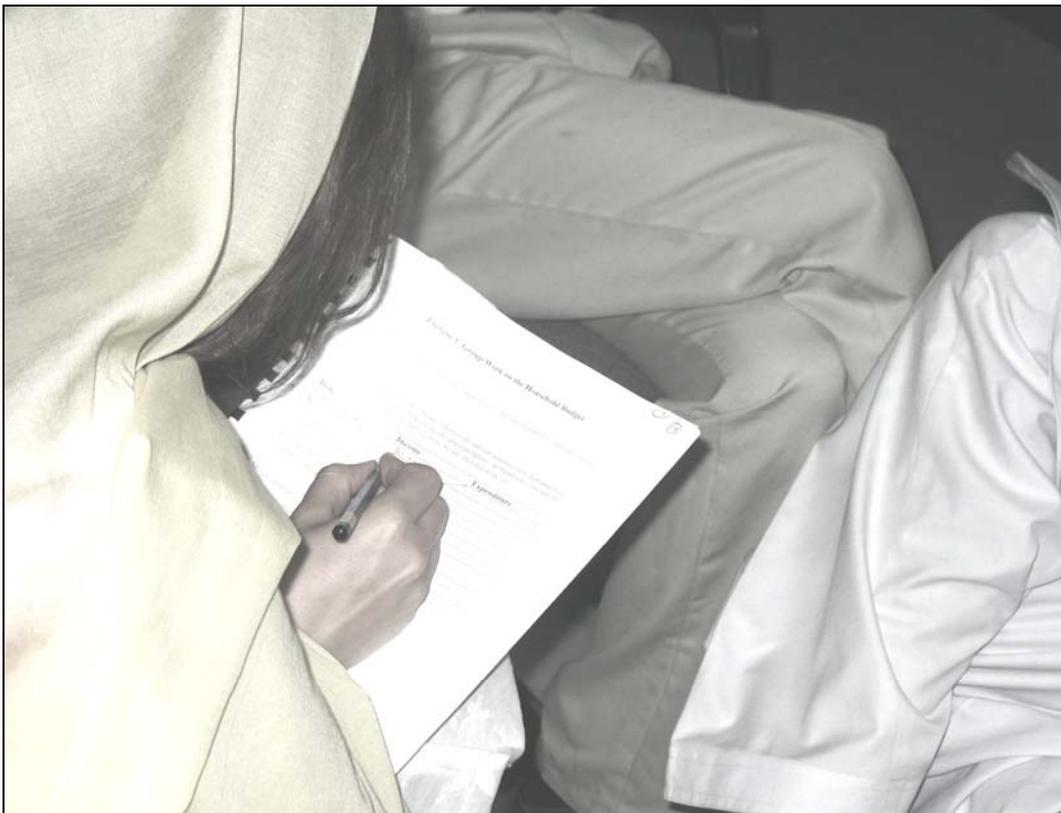


CIPE  
PAKISTAN

# HOW TO START A BUSINESS: *A GUIDE FOR WOMEN*



| Ali Salman



The Center for International Private Enterprise (CIPE) strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy and a non-profit affiliate of the U.S. Chamber of Commerce. For 25 years, CIPE has worked with business leaders, policymakers, and journalists to build the civic institutions vital to a democratic society. CIPE's key program areas include anti-corruption, advocacy, business associations, corporate governance, democratic governance, access to information, the informal sector and property rights, and women and youth.

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# Preface

CIPE's primary role in Pakistan has been to support its local partners' efforts to improve the business environment through advocacy and policy dialogue. CIPE works with local reform-oriented chambers of commerce and business associations interested in supporting Pakistan's emergence into the global economy. It also aids the business community in becoming more constructively engaged in the policy debate shaping Pakistan's economic future.

CIPE's main activities in Pakistan are related to institutional capacity building. The core areas of concentration are:

- Policy Advocacy and Economic Reform
- Business Association Development
- Corporate Governance
- Access to Information
- Women's Entrepreneurship Development

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment and it is widely accepted as a key aspect of economic dynamism. Many countries have made entrepreneurship a explicit policy priority in recent years. Entrepreneurship policies and objectives differ considerably among countries owing to different policy needs and diverse perspective on what is meant by entrepreneurship.

CIPE in collaboration with the Trade Development Authority of Pakistan organized a business policy roundtable on 'Women Entrepreneurship Development'. The roundtable was attended by over one hundred participants representing the business community from all provinces. One of the key recommendations from that roundtable was to publish a guide for women entrepreneurs.

On behalf of CIPE I extend my gratitude to Mr. Ali Salman for his untiring effort to plan and write this guidebook, which has also been vetted by CIPE Washington staff. I hope this guide will be of immense benefit not only to women who are already doing business but particularly for the women who would want to start their own businesses.

To learn more about CIPE, please visit CIPE's Global website [www.cipe.org](http://www.cipe.org) or CIPE Pakistan's website [www.cipepk.org](http://www.cipepk.org).

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## Contents

Introduction and Acknowledgements	i
Entrepreneurship: The End Game	1
• Profile of an Entrepreneur	
• End Game: Results or Process	
• Begin with the End in Mind	
• Vision: Static or Dynamic?	
• Business Plan	
Seven-Point Checklist	5
• Capital	
• Personal Attributes	
• Business Knowledge	
• Skills	
• Experience	
• Support of Family and Friends	
• Links and Contacts	
Getting on the Road	10
• Start, Buy, or Franchise?	
• The Importance of Formalization	
• Bookkeeping Systems	
• Product Selection Checklist	
• Which Market?	
• Market Research	
• How to Develop the Product	
• Identity Question – The Science of Positioning	
• How to Understand Your Positioning	
Working with People	21
• The Fundamental Law of Hiring and Firing	
• Steps in Hiring	
• Performance Management	
• Selecting Partners	
• An Entrepreneur Walks Alone	
Managing Money	25
• Models of Equity Investment in Pakistan	
• Options of Debt Financing	
• How to Convince Your Bank to Give You a Loan	
• Managing Cash Flow	
Accessing Customers	32
• Know Your Customer	
• E-marketing: Easy Access	
• Reach Your Customer	
Understanding the Environment	36
• Re-enforcers and Supporters	
• Challengers and Blockers	
• Neutral Factors	

<b>Becoming Part of the Chain</b>	<b>39</b>
<ul style="list-style-type: none"> <li>• Vertical Linkages</li> <li>• Focus on the Process – Not the Product</li> <li>• Integrated Unit</li> <li>• What to Do if You Do Not Have an Integrated Unit</li> <li>• Lateral Linkages – The Importance of Clusters</li> <li>• Problems with Clusters</li> <li>• Networking through Membership-Based Organizations</li> </ul>	
<b>Growing and Consolidating</b>	<b>43</b>
<ul style="list-style-type: none"> <li>• Growing and Consolidating</li> <li>• Expansion Options: No Expansion is Not a Choice</li> <li>• Which Growth Strategy Works For You?</li> <li>• Outsourcing – The First Sign of Expansion</li> <li>• Identify Core Competencies</li> <li>• When to Invest More in Systems and Institutional Growth</li> <li>• Project Management</li> <li>• Learning Processes and Knowledge Management</li> </ul>	
<b>Most Frequently Made Mistakes in Business</b>	<b>47</b>
<ul style="list-style-type: none"> <li>• Capital Provisioning</li> <li>• Learning at Your Own Cost</li> <li>• Half-Hearted Attempts</li> <li>• Mixing Core and Non-Core Work</li> <li>• Assuming the Customer is Waiting For You</li> <li>• Not Knowing When and How to Exit</li> </ul>	
<b>Appendixes</b>	<b>49</b>
<ul style="list-style-type: none"> <li>• Business Plan Template</li> <li>• Financial Statement Template</li> <li>• Customer Perception Survey (Example)</li> <li>• Employee Contract (Example)</li> <li>• Work Plan Template</li> <li>• Performance Management</li> <li>• Prudential Regulations for Cash Flow-Backed Lending</li> <li>• Gender Based Review of Existing Financial Facilities</li> <li>• Project Management Template</li> </ul>	
<b>Suggested Readings</b>	<b>68</b>
<b>Index of Key Words</b>	<b>69</b>
<b>List of Tables</b>	
<ul style="list-style-type: none"> <li>• Table 1: Business Firms’ Categories (Requirements for Registration)</li> <li>• Table 2: Documents Required by Various Government Departments</li> <li>• Table 3: Mandatory Bookkeeping Requirements</li> <li>• Table 4: Product Selection Criteria</li> <li>• Table 1: Market/Customer Selection Criteria</li> <li>• Table 6: Market Research Matrix</li> <li>• Table 7: Small and Medium-Sized Bank, Limited</li> <li>• Table 8: First Women Bank, Limited</li> </ul>	11 12 14 15 17 18 28 29

## List of Figures

- Figure 1: Perceptions of Specialist Agencies Regarding Problems Faced by Women Entrepreneurs 7
- Figure 2: Women's Businesses by Sector in Pakistan 16
- Figure 3: Sources of Start-Up Capital by Women Entrepreneurs in Pakistan 27
- Figure 4: Modes of Marketing Used by Women Entrepreneurs in Pakistan 33
- Figure 5: Networking of Women Entrepreneurs in Pakistan 41

# Introduction and Acknowledgements

This is a Pakistan-specific guide to starting a business. While it focuses on women entrepreneurs, the guide highlights the general process of entrepreneurship and is applicable across the gender divide<sup>1</sup>. The process of starting a business is quite common for any type of product or service and is used here in a wider sense to capture all the internal and external dynamics of business growth. The process includes, very broadly, preparation to become an entrepreneur, her interaction with markets, the role of support organizations, the influence of the environment, and the emergence of a unique type of business or product as a consequence of the complex interplay of all these forces, which leads to wealth creation.

This guidebook contains 10 chapters plus appendices. The first chapter describes the importance of vision and business planning. The second provides a checklist for starting a business and suggests ways account for any deficiencies. The third chapter introduces the entrepreneur to the process and basic administrative steps and regulatory requirements. This chapter also discusses concepts like product and market selection. The fourth chapter is about working with people and suggests criteria for hiring and firing employees as well as for selecting partners. The fifth chapter is written on money matters and discusses possible options for raising money. The sixth chapter discusses ways and means to access customers. The seventh chapter talks about the environment and brings out the positive and negative factors of the business environment in Pakistan. The eighth chapter is on the importance of linkages and clusters while the ninth chapter throws light on growth and consolidation. It suggests methods for measured systems development. The tenth and final chapter summarizes a few critical mistakes which entrepreneurs usually commit in the process of their ultimate goal of wealth creation.

Special features of this guidebook include the explanation existing trends in women entrepreneurship and of key business concepts in simple language, relevant examples, and clear business strategies and tips. There are also case studies of selected women entrepreneurs in Pakistan, templates required to perform various business tasks, information on institutional support mechanisms, and references to recent developments, especially in the legal arena.

I owe my gratitude to a number of people for helping me to plan and write this guidebook. This includes Hammad Siddiqui of CIPE Pakistan, who set the course from day one. I would also like to acknowledge the participation of a number of leading women entrepreneurs and experts on the subject, including Dr. Shehla Javed Akram, Dr. Afra Sajjad, Ms. Maimoona Sattar and Tehmina Mehmood. I also wish to thank Sabina Ahmad, who both as a friend and as a leading woman entrepreneur took the time to read through the draft and offer useful

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<sup>1</sup> For the sake of simplicity, reference to “women” entrepreneurs is avoided and the word “entrepreneur” in this text always refers to women entrepreneurs, unless specified otherwise.

insights. Special thanks are also due to Shamma Jalil and Hazir Hussain, who provided research assistance. An author's work is never accomplished without extensive support from family. Writing required me to work late at my office and for that I always needed moral support, not to mention tacit approval, from my family, especially my wife, Shagufta.

When the International Labour Organization launched a draft report on "Women Entrepreneurs in Pakistan: A Study to Understand and Improve Their Bargaining Power" in 2002, it envisaged a development package for women entrepreneurs that included basic information on business concepts and provided information on government and non-government resources that were available. This guidebook can be, in some ways, considered as a modest response to that call. The author hopes that it will be used by women entrepreneurs in particular and all entrepreneurs in general, to steer their course through the uncertain, often chaotic, but ultimately rewarding path of entrepreneurship.

Ali Salman  
Lahore, March 2009

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# Entrepreneurship: The End Game

According to Joseph Schumpeter, an early authority on the subject of entrepreneurship, “Entrepreneurship is a state of mind and not a specific profession.” At its very core, entrepreneurship is dynamic. By creating bureaucratic structures in their organisations, entrepreneurs risk straying from this state of mind. While an entrepreneur should develop sound systems, she should never cease to be an entrepreneur at heart, recognizing the importance of risk and flexibility. After achieving a specific milestone of growth, an entrepreneur must always look at new horizons or find better ways of doing the same things. When this spirit of entrepreneurship is absent, downfall – even in a large business empire – is sure to follow. A business must always grow – if it does not grow, it declines.

## Profile of an Entrepreneur

Profiling an entrepreneur is helpful to fully describe the process of starting your own business. An entrepreneur is characterized as a person with the resolve to remain independent (being your own boss), able to define some unique space/opportunity in the market (innovator), assuming a personified risk-return relationship (calculated risk takers), and marshalling available resources positively (resourceful). When these characteristics are built into a process, success is likely to follow, but not guaranteed. It is quite common that entrepreneurial endeavors are not successful; most entrepreneurs try several ideas before something works. These starts at success are not markers of their lack of entrepreneurial spirit, but rather a part of the process. Similarly, entrepreneurship does not always translate into wealth.

The profile of an entrepreneur can also be used to describe a corrupt person. However, we usually use the term “rent-seeker” for someone using the same methodology as an entrepreneur to utilize resources in a socially unproductive manner. There is something innately moral about being known as an entrepreneur, which inspires most of us to revere this status.

## End Game: Results or Process

For a true entrepreneur, the end game is not the result – it is the process. Beginners are often misled by the false impression that an entrepreneurial path is a certain path to create and possess wealth. The entrepreneur’s past experiences are no longer seen, either because they are obscured or purposely hidden. Therefore, the foremost lesson for a budding, young entrepreneur is to forget the rewards and remember only the process. If you are an entrepreneur, or you wish to become one, you must love the nuts and bolts of this experience. This process generally means these personal, painful experiences:

- Getting used to uncertainty. (Customers not paying on time, vendors not delivering on time, employee turnover).
- Stress on personal relationships. (Spousal demands for more time or money, complaints of children, difficulty maintaining friendships).
- Being left behind materially. (Your contemporaries who opted for paying jobs have money and leisure time while you are fighting with vendors).
- Personal and official financial concerns seem more pressing. (What were once common expenses now seem to be a point of stress).
- Day-dreams conflict with reality. (You fantasize about profit margins when the accounts actually have a long list of receivables).

Entrepreneurs have a special preference for positive feedback<sup>2</sup> (Bhide, 2000). Consequently, in the face of criticism, entrepreneurs must develop a thick skin and should be able to smile through it all. It is very important for business that you convey an optimistic attitude. It is also very important for your family to be able to believe in you. You can help them by sharing your achievements and discussing your frustrations in a light tone.

### Begin with the End in Mind

Popular author Stephen Covey stated to always “begin with the end in mind” in his book *the Seven Habits of Highly Effective People*<sup>3</sup>. His advice may seem to contradict the earlier emphasis on the process rather than future rewards. *Yet, focusing on the process helps you do it right, while envisioning the future inspires you to do the right things.* Every great entrepreneur has a clear vision about the future. She may never realize it, she may alter it, she may even trash it, or she may follow it successfully. Regardless of whatever happens with the vision, it is there in the first place.

What is a vision and how to tell if you have a vision?

- Vision is you. The projection of your own self at a future date and place. Look around you, read the newspapers, watch TV. Which people draw your attention? Why? Are they intellectuals, politicians, film stars, or businessmen?
- Vision is an inventory list. The names and quantities of successes you would like to have achieved at a future date.
- Vision is an environment. The type of people you would like to see around yourself, the atmosphere of your office and residence you would love, the type or even the name of the city of your choice.
- Vision is a picture. The image of your successful business, your own house.
- Vision is a jigsaw puzzle put together. All pieces of the puzzle are like goals and you bind all goals with the help of a vision. Remember – if you cannot see the picture of the final puzzle on its cover, you will never be able to put the pieces together.
- Vision is your *katba* (epitaph). How would you like to be remembered when you are dead?

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<sup>2</sup> Bhide, Amar. V. *The Origin and Evolution of New Businesses*. Oxford University Press, 2000

<sup>3</sup> Covey, Stephen. *Seven Habits of Highly Effective People*, 1998.

With these pointers you can start writing your own vision statement for your business. A business, for an entrepreneur, is just like her children – hence the term “brain child.” Because of the close relationship between the entrepreneur and her business, a personal vision and a business vision can overlap. Use the above typology to construct a vision statement for your business as well. To help you steer through this process, consider that a good vision statement does the following:

- Reflects on your inner being.
- Gives clear ideas about your goals in life.
- Connects you to your environment.
- Gives meaning to your life.
- Connects you with the end goal.

### **Be honest**

Writing a vision statement can easily take you down an overly ambitious path. You start dreaming of changing the world or unachievable success. Vision is not just about dreaming – it has a strong missionary element. Envisioning something that is unrealistic or unfulfilling will not help you create a productive vision. Be honest about yourself, your capabilities, and your environment.

### **Examples of vision statements**

The vision statement of Haleeb Foods, a leading Pakistani company, is: “The most innovative and fastest growing food company offering products enjoyed in every home, every day.”

Another organization, the All-Pakistan Entrepreneurs Exchange (APEX) has this vision statement: “To increase the survival and success rate of entrepreneurial businesses in Pakistan, APEX will create an environment where entrepreneurs can support and inspire one another in growth, balance and success.”

### **Vision: Static or Dynamic?**

Vision is not a statement you carve out at the end of a training workshop and start practicing the next morning. A vision statement is a living document influenced by real actions, real obstacles, real capacities, and real goals. It settles down in time to a more static form, but not before continuous rounds of changes, eliminations, and reversals. Be prepared to reflect on your vision statement and have it change. The most important thing is alignment between your capacities and your activities and between your resources and your goals. If you see things falling apart, and do not feel able to bring them together, then a good vision may be missing.

### **Business Plan**

The business plan is an inverse road map. Many business students and entrepreneurs involved in planning consider their business plan to be a document which sets a roadmap for the future with the steps to attain their goals. However, an effective business plan actually works from the other direction. It translates your vision into more tangible elements while working backwards in time. Consider that your goal is to sell 50 units of refurbished automobiles in the first year of business. Working backwards means you will work out quarterly, and ultimately weekly, sales targets. To be able to sell 50 automobiles in

a year, you should be able to sell around 10 in the first quarter. To sell 10 automobiles in the first quarter, you should be able to sell 3 to 4 cars every month. The business plan sets an inverse road map to help you devise ways and means to realize your vision.

A TEMPLATE FOR A STANDARD BUSINESS PLAN CAN BE FOUND IN APPENDIX-IV.

A few generic considerations in preparing a business plan are:

- A business plan must be preceded by a vision statement. All elements of the business plan must be aligned with this vision statement. Use the vision statement as a benchmark.
- A business plan is not a wish list – it is about your actual experience and knowledge. Therefore, a business plan must be supported with evidence and hard data, when required. Conduct prior research.
- The most important thing in a business plan is not the plan, but the planner. The prospective investor in the business plan will bet upon you, not on your dreams. Add a few lines about yourself and tell the reader why you are the ideal person to undertake this business.
- A good business plan always contains lessons learned from a pilot experience. Consider your experience or that of others in a similar product line and document and describe the lessons.
- Financial projects seem to captivate the imagination and energies of young entrepreneurs a lot. Do not spend too much time on them. Investors do not believe in your projections. Prepare a simple projected cash flow, and at best, a projected income statement. Present monthly data for the first year and then on an annual basis.

### **Resource Tips**

- Contact your local chamber of commerce for an upcoming business plan competition and register for a training workshop. Participate in the business plan competition.
- Contact your local business school and ask the dean or head of business administration department to provide you technical assistance for developing a business plan. They can provide you good advice and a helping hand.

TEMPLATES: FINANCIAL STATEMENTS TEMPLATES CAN BE FOUND IN APPENDIX-II.

# Seven-Point Checklist

The following checklist will help you to see if you are ready to undertake a business venture and also which venture you should choose. Consider the following factors as a way to test your readiness to produce your service or product. Remember, there is no good or bad product; it is your preparedness which makes it good or bad.

## Capital

First and foremost you need capital. Do not start your business without adequate financial resources. Even after you estimate your capital requirement, there are numerous unforeseen occurrences that can affect your financial need. To guard against this, multiply your capital requirement by three to reach a more accurate number of how much money you will actually need. If you do not have capital of your own, and still want to venture, you will have to take a loan on reasonable terms. If you do not have any source of generating capital and are counting on luck, then think again.

Normally an entrepreneur has access to the following sources of funds. The order of options is deliberate and therefore you should consider the first as first priority and the last as the least preferred option.

- **Personal Savings.**  
Most entrepreneurs start from personal or family savings. This is the safest mode and involves the least risk of negative implications in case of failure. These savings also encourage you to start cautiously and pilot an idea properly before scaling it. The savings could be in the form of cash or assets like real estate.
- **Family savings.**
- **Personal and family assets (for example a piece of land).**
- **Equity partnership.**  
Involving a partner who has money to invest and who can trust you as manager of funds is a desirable option. But, normally you have not worked with the person before and therefore the two of you may not work well together. Involving an equity partner can also result into a moral hazard. Because your own money will not be at stake, you might either spend the money wastefully or be perceived as doing so.
- **Loan from friends and family.**
- **Customers' advance.**  
Customers' advance and suppliers' credit are important and reliable sources of funds. However, they are normally available after you have set up your business, and not in the initial stage.

- **Suppliers' credit.**
- **Loan from a bank or other financial institution, including a microfinance institution.**  
Getting loans is always a possibility to help you jump-start the business. If the creditor were a bank with a high interest rate, then the risk would be high. The bank might also be reluctant to lend to a new entrant. The bank looks for stable businesses with predictable cash flows. As an entrepreneur in the making, a predictable cash flow is only a dream at this stage.

Consequently, borrowing from a bank is not a good option. Consider borrowing from friends and family members. Before asking anyone for a loan, do a little analysis. What amount would your proposed creditor be comfortable in loaning out and for what amount of time? How soon would he or she need the money back? How would your relationship with this person suffer if you lost all their money in the business?

### Personal Attributes

This has become a very popular subject when discussing entrepreneurship and the entrepreneur. Unlike capital deficiency, which you can navigate your way out of by accessing different sources of funds, there is nothing that you can do to acquire these characteristics if you do not have them. These characteristics are:

- **A strong internal resolve to stay independent and to be your own boss.**  
If you are the sort of a person who always waits for directions and instructions before taking any meaningful step, then stop reading further. Entrepreneurship is not for you. You must be driven to be independent, sometimes irrationally, to be an entrepreneur.
- **A feel for innovation - the ability to carve out a new dimension in the product or the service or the type of market.**  
To innovate, study an existing business of your choice for some time. Observe the processes and procedures involved. Note the product life cycle. Estimate the time required to produce and distribute it for the end client. Observe the skill level of people who are involved in making the product. Do you see anything that could be done better or needs improvement? Do you know more uses of the same product? Do you know other possible clients? Can you suggest a better or cheaper way to produce the same product? If you can answer yes to any of these questions, then welcome! You are an innovator. Now go back. Copy the same product with one little difference that you feel can be most critical in improving it. Congratulations. You are already an entrepreneur.
- **A calculated risk taker – the ability to assume a measured risk with expectation of a reward.**  
Are you a risk taker? You do not have to be a gambler to be an entrepreneur. Most entrepreneurs work with a reasonable risk-reward combination. If you operate in a win-all or lose-all mindset, you are a gambler. Entrepreneurship

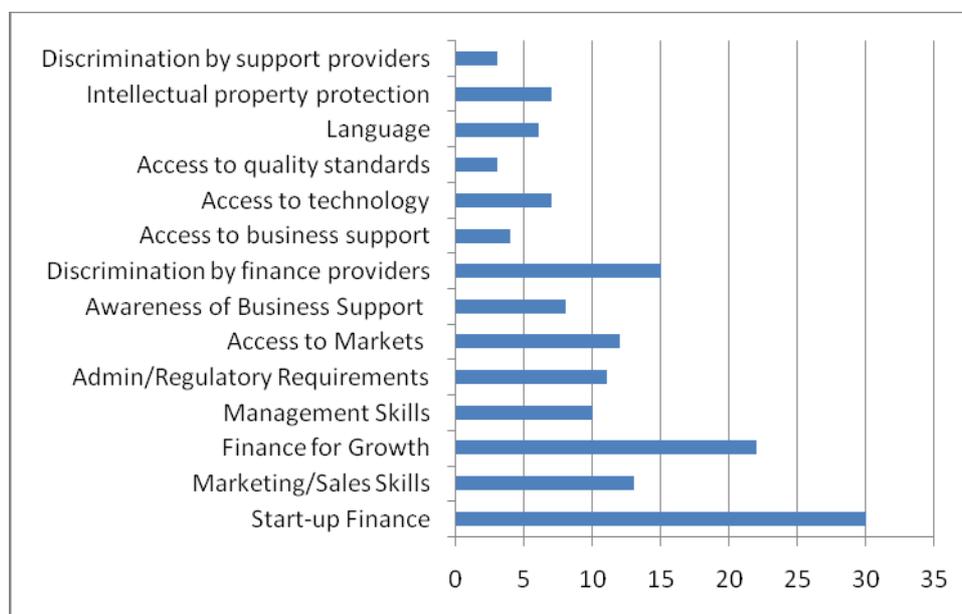
is not for you. However to be able to take risks, you must be able to stand up to chaos and uncertainty.

- Resourceful – the ability to connect across people, opportunities, products.**  
 Being resourceful is the key. People around you, information in your computer or in newspapers, idle money in other pockets, problems in an existing business, news of a new invention-everything is a resource. A good entrepreneur is always resourceful- not that she is rich financially, but she is rich with the possibilities of combinations and permutations of all such resources around her. Resourcefulness is the ability to see the opportunities behind problems and match opportunities with skills to convert them into a business model.

### Additional Attributes for Women Entrepreneurs

In her chapter on “Entrepreneurship: An Indian Scenario,” Kausalgud<sup>4</sup> identifies two specific problems that hamper growth for women entrepreneurs. She argues that women are perceived to be emotional instead of analytical and their male subordinates are uncooperative. However, in my view, being emotional is not necessarily a disadvantage – in some instances, this may well be needed. It can simply be an alternative form of decision-making, not a flawed one. Similarly, when it comes to leadership, women bosses tend to be more caring, instead of bossy, which is again a desirable characteristic of effective leadership.

**Figure 1: Perceptions of Specialist Agencies Regarding Problems Faced by Women Entrepreneurs-International Context<sup>5</sup>**



<sup>4</sup> Kausalgud, Aruma. *Entrepreneurship Management*. Thomson Learning, 2003.

<sup>5</sup> CEEDR. (2003). *Young, Women, Ethnic Minority and Co-entrepreneurs*. Middlesex: Middlesex University.

## Business Knowledge

Business knowledge means general know-how about top players, the existing product range, and market trends. If you have not acquired this knowledge before starting your business, then you are facing the risk of learning at your own cost and it could cost you your dream.

Having a job in your chosen sector before you start your own business can help you understand broad dimensions of the sector. A job would give you sufficient business knowledge and experience in the sector at someone else's expense. If having a job is not an option, at least conduct a thorough survey. Hire a professional to design a good survey for you and then conduct it yourself. Go and meet selected players and more importantly, meet the clients of these players. Ask questions about client satisfaction with existing products. Ask the clients to indicate demand for new product lines. This will give you a sufficient knowledge base about the sector of your choice.

## Skills

Every entrepreneur needs a specific set of skills regarding both the technical and managerial side of the business. Technical skills are the practical knowledge of the technology of your business. If you are a knitwear manufacturer, then you should know basic details of stitching. If you are a software exporter, then you must know programming yourself. Managerial skills are the practical knowledge of how to put things together, what kind of people are required, and what kind of regulations you need to know.

Just like business knowledge, skill level is a prerequisite to starting your business and if you do not have it, then you should acquire it. Attend trainings, seminars, and workshops. Go meet people. Visit factories that interest you. Collect catalogues. Visit relevant government departments beforehand to know the applicable regulations and offices. Empower yourself before you unlock your shop.

## Experience

Experience has no substitute, especially for entrepreneurs. You can acquire business skills through formal education and business knowledge through market research, but experience provides you the opportunity to work in a similar environment to your future business, but without the burden of sole responsibility. Ensure that lessons learned are not lost. Make sure to write down your key lessons and share them with your friends and family members.

## Support of Family and Friends

The support of family and friends is critical for entrepreneurs. Share your vision with your spouse and children. Consider their questions and concerns and involve them from day one. Ask for their support and do not forget to acknowledge it.

## Links and Contacts

Your first client, your first sale, and your first cash proceeds are usually through a previously known contact directly or indirectly. People have a strong tendency to work with familiar

people because it could save them from many unpleasant surprises. Customers and suppliers use references as part of the criteria for a deal. Work through your network and build confidence to face total strangers. If you cannot sell your product even to your known contacts, then revisit the product mix.

For a successful entrepreneur, you do not have to be necessarily born with a vast network of family and friends. Develop your sales network. Attend business seminars. Participate in social gatherings and networking receptions. Prepare your own e-mail list and personalize your e-mails by addressing the recipient by their name. Find a reason for knocking at the door of someone you would like to work either as your customer or your supplier.

#### *The Profile of a Women Entrepreneur in Pakistan*

Excerpt from a survey of Pakistani women entrepreneurs in *Women Entrepreneurs in Pakistan: How to improve their bargaining power*<sup>6</sup>

*Age:* Forty-nine percent of respondents were between the ages of 20-39 and 31 percent were between the ages of 40-49. The probability of starting and running a business falls dramatically after the age of 50, dropping to 15 percent for the age bracket 50-59 and to 3 percent after 60. On the other hand, only one respondent was below the age of 20.

*Children:* The other significant finding is the below-average number of children that women entrepreneurs have compared to other Pakistani women. Sixty-five percent of respondents had only one or two children.

*Family context:* The likelihood of a Pakistani woman being in business is greater if she lives in a nuclear family structure. While the predominant mode in Pakistan is an extended family structure, 59 percent of the respondents were found to be living in a nuclear family. This would mean relatively less interaction with the older generation and less exposure to their social and cultural influence. Compared with their counterparts, women in nuclear family settings might experience increased mobility and improved chances of being involved in some economic activity, especially when coupled with better education.

*Literacy and education:* The literacy rate of women entrepreneurs and their close relatives was well above the national average, with as many as 75 percent of women entrepreneurs being graduates of colleges or having a higher level of education.

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<sup>6</sup> Goheer, Nabeel. *Women Entrepreneurs in Pakistan*. Islamabad: ILO, 2003.

In this study 150 women entrepreneurs were interviewed. This study included women entrepreneurs who have a majority stake in the business, have five or more employees and run their business from a dedicated premises.

# Getting on the Road

*“The hardest thing about getting started is getting started.”*

*- Guy Kawasaki*

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Once you have defined a vision and a business plan and have fulfilled the basic checklist of requirements for starting a business, the next step is to start the business. This chapter helps you to prepare a foundation for the long term. From legal requirements to product design, it gives tips and practical ideas to help get you started.

## Start, Buy, or Franchise?

Basically, there are three ways to begin a business. You can start your own, purchase an existing business, or invest in a franchise operation. There are good reasons for each choice and each carries its own advantages and risks. Most of us, however, will start our own because of the (usually) small initial investment required. Purchasing an existing business or a franchise can require a significant capital investment.

## The Importance of Formalization

The first technical decision you will face is whether to formalize your business by getting registered or staying away from the government’s watchful gaze. By now you must have heard horrible stories about government inspectors and tax officials which are enough to convince you to keep the business informal. However, the bigger horror is to start a business without a formal platform or a legal base. There are five simple reasons for having a formal platform – registration or incorporation – before starting your business activity.

- It gives your business its own identity – independent from you.
- It assures your vendors and customers of the legitimacy of your operation. Especially when your business expands to the point where your vendors and customers are no longer personal contacts, the third-party stamp of approval the government provides can be very important.
- Some kind of registration is a must for any level of international trade.
- If any of your suppliers or customers defaults, the law provides you some protection if you have registered your business.
- Registration of a business forces you to develop and maintain some minimum standards for audit and accounts.

The next logical step is to choose the type of registration. Pakistani law allows registration of firms as Sole Proprietorships, an Association of Persons (Partnerships), or Private or Public Limited entities. The decision on which set up to have depends on the following factors:

- Does it *really* matter to your customers what type of legal entity your company is?
- What are the tax implications?
- What are the transactional implications? What kind of paperwork does the registration imply?
- What are the requirements of your investors and partners?

**Table 2: Legal Forms of Businesses and the Requirements for Registration**

<b>Legal Forms of Businesses</b>	<b>Requirements for Registration</b>
Sole proprietorship	No registration required
Association of Persons	<ol style="list-style-type: none"> <li>1. Copies of I. D. card of all the partners/directors.</li> <li>2. 2 passport-size photographs of the managing partner.</li> <li>3. 2 photographs of each partner (1"x 1")</li> <li>4. Letter head (3 copies).</li> <li>5. The firm's stamp.</li> <li>6. Rent deed or property document of the premises where the business is situated.</li> <li>7. Partnership deed.</li> </ol>
Private Limited Company	<ol style="list-style-type: none"> <li>1. 4 printed copies of the Memorandum and Articles of Association duly signed by each subscriber in the presence of at least one witness.</li> <li>2. Form 1 [Declaration of compliance with the requirements of the companies signed by an Attorney entitled to appear before the High Court; or a practicing Chartered Accountant of Pakistan; or a person named in the Articles as a Director or other officer].</li> <li>3. Form 21 [Notice of situation of registered office].</li> <li>4. Form 29 [Particulars of Directors including Chief Executive Officer (CEO), Chief Accountant, Auditor and Legal Advisor].</li> </ol>
Incorporation of a public company	<p>Apart from the documents mentioned for registration of a private company, the following additional documents are required to be filed for registration of a public company.</p> <ol style="list-style-type: none"> <li>1. Form 27 [List of persons consenting to act as Director / Chief Executive of the Public Limited Company].</li> <li>2. Form 28 [Consent to act as Director / Chief Executive of the Public Limited Company].</li> </ol>
Registration with Chamber of Commerce	<ol style="list-style-type: none"> <li>1. Copies of I. D. Card of all the partners/directors.</li> <li>2. 2 passport-size photographs of the managing partner.</li> <li>3. 2 photographs of each partner (1"x 1").</li> </ol>

	<ol style="list-style-type: none"> <li>4. Letter head (3 copies).</li> <li>5. Bank certificate (original).</li> <li>6. The firm's stamp.</li> <li>7. Rent deed or property document of the premises.</li> <li>8. Partnership deed.</li> </ol>
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Once you have decided on which legal form your company will take, you will be faced with the arduous task of registering your company with various government departments. For your convenience, all required information is summarized below.

**Table 3: Documents required by various government departments**

<b>Name of Departments</b>	<b>Documents Required</b>
WASA/KWSB/Water Board	<ol style="list-style-type: none"> <li>1. Copy of Site Plan.</li> <li>2. Copy of annual PTI form from Excise and Taxation Office.</li> <li>3. Photo copy of neighbor's water bill.</li> <li>4. Attested photo copy of House registry.</li> <li>5. Certificate of a licensed plumber.</li> <li>6. Photo copies of receipts of payments .</li> </ol>
WAPDA/KESC/Electricity Company	<ol style="list-style-type: none"> <li>1. Submitting of filled form CP-03 of 154 as amended on 10-10-99 to the respective sub-division.</li> <li>2. Copy of NIC.</li> <li>3. Attested proof of ownership of building or;</li> <li>4. Approval letter from the owner of building in case of rented premises.</li> </ol>
National Tax Number	<p><b>Business individual</b></p> <p>Photocopy of National Identity Card (NIC) or Passport (for foreigners) duly attested by Class-I gazetted officer or an officer of the bank.</p> <p><b>AOP</b></p> <ol style="list-style-type: none"> <li>1. Photocopy of NIC or Passport (for foreigners) of each member of AOP duly attested Class-I gazetted officer or an officer of the bank.</li> <li>2. Separate application for each member of AOP.</li> </ol> <p><b>Registered Firm</b></p> <ol style="list-style-type: none"> <li>1. Photocopy of registration certificate duly attested by Class-I gazetted officer or an officer of the Bank must be attached.</li> <li>2. Separate Application for each partner of registered firm.</li> </ol> <p><b>Company</b></p> <ol style="list-style-type: none"> <li>1. Photocopy of incorporation certificate duly attested by Class-I gazetted officer or an officer of the Bank.</li> <li>2. Separate application for each director of company.</li> </ol>
SALES TAX	<ol style="list-style-type: none"> <li>1. Complete business name.</li> <li>2. Business nature, main activity or service.</li> <li>3. Complete address of Head Office and all business units, warehouses, outlets mentioning, phone, fax, email, electricity, gas consumer no. etc.</li> <li>4. All bank account numbers, with name and address.</li> <li>5. National Tax Number (NTN) or National Identity Card (NIC) number of the owner, partners, or directors of the business (passport</li> </ol>

	<p>number in case of foreigner).</p> <ol style="list-style-type: none"> <li>6. In case of a company, registration number and date of incorporation.</li> <li>7. Every director/member of AOP has to fill in STR – 1(A) Form.</li> <li>8. Date of commencement of business and initial capital employed.</li> <li>9. The mode of maintenance of business records should also be mentioned.</li> </ol>
SUI GAS Company	<ol style="list-style-type: none"> <li>1. Valid trade license from concerned civic authority.</li> <li>2. Copy of NIC.</li> <li>3. Copy of ownership document of property/shop where connection is required.</li> <li>4. Gas bill of nearby connection.</li> <li>5. Estimate/quotation of internal houseline fitting charges.</li> <li>6. In case of tenant, tenancy agreement, NIC. copy and NOC from landlord</li> </ol>
TELEPHONE	Online application
SOCIAL SECURITY (over 5 employees)	Details of the business entity (office address, employee details, etc.) on a plain paper or on the declaration form can be submitted to the respective local or regional office.
Labor Welfare Department (under the West Pakistan Shops and Establishments Ordinance, 1969.)	<ol style="list-style-type: none"> <li>1. Name of the establishment, if any.</li> <li>2. Postal address of the establishment.</li> <li>3. Full name of the employer (including his father's name).</li> <li>4. Full name of the manager, if any (including his father's name).</li> <li>5. Category of the establishment, <i>i.e.</i>, whether a shop, industrial establishment, commercial establishment, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment.</li> <li>6. Total number of employees (state separately the number of men, women and/or young persons, if any).</li> <li>7. Date on which the establishment started its work.</li> </ol>

## Bookkeeping Systems

Increasingly, businesses of all types are under pressure to maintain some kind of book keeping system. Although small businesses might be intimidated by the required documentation, it is in their own long-term interest to keep proper books of accounts. If you do not spend at least a little effort maintaining an accounting system proactively, there is a strong likelihood that you can face a heavy penalty at some time in the future. The Federal Board of Revenue has largely streamlined the sales tax and income tax process and made it possible to do essential operations online through its website: [www.fbr.gov.pk](http://www.fbr.gov.pk).

**Table 4: Mandatory Bookkeeping Requirements**

<b>Mandatory Books of Accounts for Businesses, Professionals and Manufacturers</b>		
<b>BOOKS OF ACCOUNTS FOR BUSINESSES</b>	<b>BOOKS OF ACCOUNTS FOR PROFESSIONALS</b>	<b>BOOKS OF ACCOUNTS FOR MANUFACTURERS</b>
<b>With income up to Rs 200,000</b>	<b>Medical/Legal practitioners. Chartered Accountants/Auditors. Architects. Engineers.</b>	Serially numbered cash memos/ invoices/receipts.
Serially numbered cash memo/invoice/receipt containing details of purchase and description of goods sold to the buyers.	Serially numbered invoice/ receipt for each transaction showing customer’s name, address and NTN etc.	Description of quantity and value of goods sold.
<b>With income exceeding Rs 200,000</b>	Description of medicines supplied, treatment, services rendered etc.	Name and address of customer in case the transaction exceeds Rs 10,000
The name and address of the customer. In case of wholesaler, distributor, dealer & commission agent where a single transaction exceeds Rs 10,000	Recording the address of patient [will not apply to general medical practice]	Cash Book/Bank Book
Cash Book and/or Bank Book/ or other records	Engagement Descriptions	General Ledger
General Ledger or annual summary of receipts, sales, payments, purchases, expenses under distinctive heads	Vouchers of purchases and expenses	Sales day book & purchases day book
Vouchers of purchases and expenses where a single transaction exceeds Rs 10,000		Stock register of stock-in-trade
Quarterly inventory of stock in case the taxpayer deals in purchases and sales of goods		Gate inward and outward record
<p><b>Important:</b></p> <p><i>Any expenditure for a transaction, paid or payable under a single account head which, in aggregate, exceeds fifty thousand rupees, made other than by a crossed check or crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer shall be inadmissible.</i></p> <p>Source: Federal Board of Revenue (<a href="http://www.fbr.gov.pk">www.fbr.gov.pk</a>)</p>		

## Product Selection Checklist

### Process of Selection

Most entrepreneurs choose a business because they have seen their family or friends prosper in that business. However, almost everyone only chooses to emulate their friend’s or family’s example only based on their success. They have never seen the difficult times, especially the beginning. A business that seems to have brought prosperity for one entrepreneur might not do the same for another entrepreneur.

For some, the decision to start their own business is only born once they have worked in a related field as someone else’s employee. This experience has given them enough business and market knowledge to jump-start their own ventures. For others, starting and selecting a business comes from a need to support their families. According to a survey, only 3 percent of women entrepreneurs select a business due to self-motivation, most do so for their families<sup>7</sup>. Another very practical and useful way of selecting a business is to observe and see what faults or needed improvements you can pick out. With an awareness of the inefficiencies in the businesses around you, you might have an easier time picking out what you would want to do.

Be open and listen to all suggestions concerning your business. But, do not just be led by others, devise your own methodology to tell others about your own criteria. Probably the best way to choose a specific business should be as follows:

1. Convert the seven points of the previous chapter into a chart, while creating a column in the start for inserting business ideas.
2. Write all possible businesses that you could do reasonably well in the first column.
3. Give a score (1 to 10, where 1 stands for least likely and 10 most likely) to each business idea against each of the seven checklist items.
4. Add the individual scores.
5. Consider the ones with highest score(s) the best ideas for your business.

**Table 5: Product Selection Criteria**

Business Idea	Capital	Personal Attributes	Business Knowledge	Skills	Experience	Support of Family & Friends	Contacts
	1-10	1-10	1-10	1-10	1-10	1-10	1-10
Crèche							
Catering							
Computers							
Total							

There are no good or bad businesses – it is your ability which makes it good or bad for you. Several publications have mentioned some products which may suit women entrepreneurs. A list made for Indian women entrepreneurs<sup>8</sup>, which is easily applicable to Pakistani women entrepreneurs, follows:

**Product Lists**

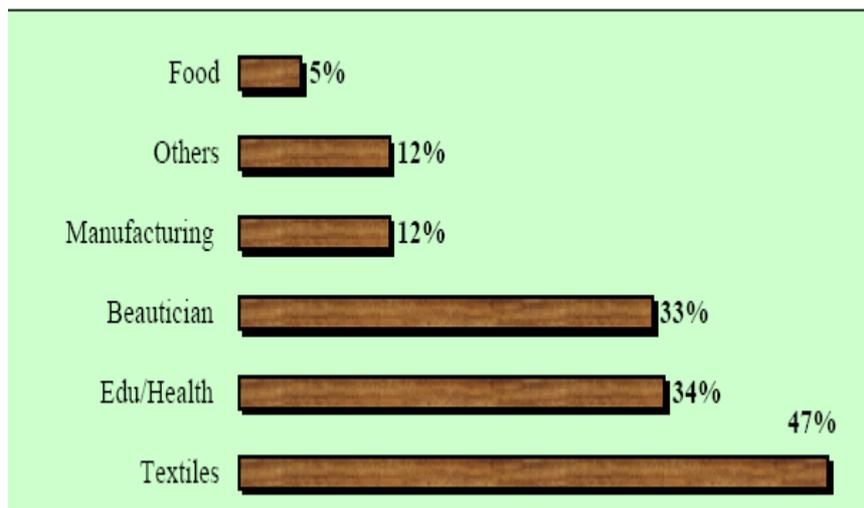
- Computer services and information dissemination.
- Trading in computer stationery.
- Quality testing.
- Sub-assemblies of electronic products.

<sup>7</sup> Baraka, Nayan. *Women Entrepreneurship*, 2002.

<sup>8</sup> Calvin, Robert J. *Entrepreneurship Management*, McGraw Hill, 2002

- Nutrition clubs in schools and offices.
- Poster and indoor plant library.
- Recreation center for the elderly.
- Culture centers.
- Screen printing, photography and video making.
- Making stuffed soft toys or wooden toys.
- Mini laundry, community eating centers.
- Community kitchens.
- Distribution and trading of household provisions.
- Job contracts for packaging of goods.
- Beauty parlors.
- Communication centers.
- Crèches.
- Catering services.
- Health clubs.
- Computer training at various levels.
- Travel and tourism.
- Fashion wear (dress, jewelry).

**Figure 2: Women’s Businesses<sup>9</sup> by Sector in Pakistan**



### Which Market?

After product selection, market selection is the second most important strategic decision in business planning. A market constitutes all your potential clients. A good definition of your market helps you stay focused. If you define your market too narrowly, you will be at the top of that market quite soon. This will give you a false sign of achievement. If you define your market too broadly, then you will not be able to achieve any significant market share.

<sup>9</sup> Goheer, Nabeel. *Women Entrepreneurs in Pakistan*. Islamabad: ILO, 2003.

Consider this example. You are supplying executive clothing to a vast array of clients from offices to wholesale points. You have defined your market too broadly by wanting to take benefit from every opportunity that may arise. You want to sell your product to everyone to maximize your revenue. Ultimately you may find yourself competing with a very diverse set of suppliers – in terms of product requirements and more importantly, in their cash flow cycles. Reduce your competitors by re-defining your market. You may want to restrict your sales to retail stores only. You will realize that this will let you strategize on a few customers and will thus help in improving your service quality.

Consider the following criteria before defining your market: your resources (financial or other), your location, the nature of your product or service, the size of your team, and your competitors.

**Table 6: Market/Customer Selection Criteria**

<b>Factors</b>	<b>Decision Guideline</b>
Resources	The more resources (financial or otherwise) you have, the more broadly you should define your market in terms of scope, geography, and type.
Location	If you are planning a location-specific enterprise, such as a garments outlet, then make sure to pick a place in or very close to existing markets. Do not take the risk of ‘developing a new market’ by locating yourself in the middle of nowhere.
Nature of product or service	If you are selling a product or a service with limited features, such as toys, then you should be looking for a well-defined, limited market, though not necessarily small. If your product or service comes with multiple uses, then you can expand.
Size of your team/company	Just like resources, size matters. If you are operating with a relatively large team, to whom you can delegate some market development, then you can afford to expand the target market.
Competitors	Monopoly is every business person’s dream. However, competition is a reality. If you are operating in a very competitive market, then instead of eyeing your competitors’ shares, consider new market niches and focus small. If you don’t have a lot of competitors, then you can be expansive in your marketing designs.

## Market Research

Market research will help you define your product and market more specifically and will also help you in defining your own unique selling proposition (USP). Formal market research about the product of your choice could save you from lot of hassle. Existing similar products, and even their substitutes, should be thoroughly examined from all the perspectives shown in the following table. Select a range of scores for these attributes so that the maximum score is 50.

**Table 7: Market Research Matrix**

	Quality	Prices	Packaging	Access and Distribution	Supply-Demand Gaps	Total
Existing products						

Once you have filled in the above table, it becomes easier to define your own product with its USP. Every business, big or small, should have a USP. A USP should clearly spell out why you think your product will be better, faster, and cheaper. A USP is simply your specific competitive advantage. What specific attributes about your product make it better than its competitor? Write it down and share it with friends and family and listen to what they say. A USP helps you to stay focused on the single most important and distinctive attribute of your product, thus leveraging your growth. Considering your personal attributes and capacities, you can select any one or a combination of the above five factors

### How to Develop the Product

Stephen Covey said that everything is born twice, once in the mind, and then in the physical world. The first of your products two births should be by now complete. You should have a mental image of your product with all its attributes and characteristics defined. Through the above analysis, you will also know where the market demand remains unmet. Thus, all you need are some resources to help you develop the product physically, the second birth.

**A very useful source for product options for women entrepreneurs in Pakistan is: [www.mizlink-pakistan.com/Products-n-Trades.html](http://www.mizlink-pakistan.com/Products-n-Trades.html).**

As anywhere else in the world, there are certain trades that are relatively more popular with women rather than men, though not restricted to women only. We have tried to include several focus areas to bring on to this site and show case for all to see.

The top few preferences are:

[Candles - Colors, shapes, aroma](#)

[Designer Furniture - in wood and in wrought iron](#)

[Home Decor - Lovely knick knacks and collectibles](#)

[Home Textile - For beds, tables, kitchen, and living](#)

[Pashmina - Shawls, stoles, and wraps](#)

[Fine Jewelry - Gold, silver, and gems](#)

[Health and Beauty - Herbal products, salons, and spas](#)

[Apparel - Trendy & Traditional - Casual, formal, and bridal](#)

[Glass Bangles – with different colors and designs suiting festivals and social gatherings](#)

## **Success Stories of Pakistani Women Entrepreneurs**

### **Sarah Bird<sup>10</sup>, CEO SaafWater, Karachi**

Sarah founded SaafWater in 2007 with a mission to reduce diarrheal disease in developing countries. SaafWater uses community members in low income areas, typically women, who go door-to-door talking to their friends and neighbors about clean water. They then sell interested households a low-cost water purification tablet. This enables the women to earn a good income as well as respect as they work to improve their community.

Sarah says, "When I went to do my graduate studies at MIT, I [knew] that I wanted to start a social enterprise. I didn't know what organization it would be, but I had just finished two years working in a non-profit start-up." On motivation for being an entrepreneur, Sarah had this to say, "It's hard to say where the desire to start my own company came from as I've had an inkling to do something for a while. I would say there were three main factors – exposure to the entrepreneurial environment at MIT, having a family member who is a successful entrepreneur, and working in a start-up environment."

Today the company is still young, but it is making good progress and currently serving around 12,000 people in different low income areas in Karachi.

## **The Science of Positioning**

Defining your USP is ultimately about your position within the market, and ultimate you identity. Positioning yourself and developing your identity is creating the way in which your customers will view you, your product, and your company. Your customer's perception of your business is of the utmost importance. You must be able to capture market share as well as mind share. Positioning can be deconstructed into three key elements of identity:

### **Identify Yourself**

Identifying who you are in the minds of your customers is the first building block. Remember, it is not important what you think about yourself it is critical to know what customers think about you. Are you perceived as someone with a clear vision about business? Are you perceived as someone always experimenting or taking risks? Are you perceived as capable enough to meet deadlines? Are you perceived as resourceful enough to undertake a complex task?

### **Identify Your Product**

The positioning of your product comes next. Is your product perceived as the cheapest of all available options? Is your product considered technologically advanced? Is your product considered more suitable for local industries? Is your product perceived as being too expensive? Is your product considered obsolete? It is quite possible that for you, your product is technologically superior, but your customers consider it inferior. These differences in perception between you and your customer can help you determine how your business needs to change and grow.

### **Identify Your Organization**

The positioning of your organization is considered as important as that of the product. You may be putting your best effort to make your organization quick in meeting customer

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<sup>10</sup> Sarah Bird is an American whoopted to start her entrepreneurial career in Pakistan.

demands and attending to complaints. However, the experience of the client may be totally different. Is your organization considered competent and capable to handle the level of the work which it gets? Do your customers know anything about the type of internal processes, that you may have instituted in the firm to improve your service? Is your organization considered to be innovative or conservative? Such perceptions play a significant role in creating synergies and institutional cooperation across boards.

### How to Understand Your Positioning

Once you have considered these elements of positioning, the next question is how. How do you know what your customers' perception is about yourself, your products, and your company? There could be both informal and formal approaches. Whatever you adopt, the most important thing is the quality and reliability of the information you obtain.

A practical method to understanding your positioning would be to meet or call your customers *after* you have delivered the good or service. Normally, customers get a call from the supplier of services or goods only in case of payment urgencies and/or prior to delivery. You can stand out by calling the customer just to get feedback about the product, sales service, and the quality of the overall process.

You should also design a survey at a later stage and mail or e-mail it to your clients to get their feedback in a more structured way. This survey will help you to use the feedback received in improving the product as well as quality of the overall process. Increasingly, customers care about the overall *experience* of a transaction and not just the quality of the product. Thus, you need to ask questions to get customer perception about the entire experience. Important points to cover in such as survey are:

- Quality of the product or service.
- Value for money.
- Client satisfaction with the overall experience.
- Attitude of your team members, including delivery person.
- Customer view of your company.

A TYPICAL CUSTOMERS PERCEPTION SURVEY CAN BE FOUND IN APPENDIX-III.

# Working with People

*"Our success has really been based on partnerships  
from the very beginning."*

*- Bill Gates*

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By now you have set up a business, defined your product and market, and your product's unique selling proposition (USP). The next challenge is to develop a core team of employees into a coherent force and to make sure each player of your team becomes an asset and not a liability.

Hiring and firing people can be a challenging task. In the start-up stage, your hiring needs might be for easier-to-fill administrative positions. At a more advanced level of organizational growth, weightier decisions, such as hiring the head of the sales department come into play. Regardless, always go for people first and the job description second. Do not write elaborate job specifications and then find a person who would fit them. Do the reverse. Find a person who will stay with you in the long run and then discuss your requirements with her. It is harder to change personalities than job specifications.

Do not treat your staff as an expense category under your administrative budget. While accounting may lead you to think in that way, treat your team members as capital and as an asset. You can continue to treat their salaries according to conventional accounting practices but in your calculation, always track the value of the work which your staff is bringing to the business. It might be difficult to quantify this value, but keep a formal category in your planning sheets in this effort. At the simplest level, their value will be the amount of gross sales they have generated in a specific time period. At a more complex level, their value has to be calculated in terms of the hours spent on each assignment and the value of that assignment.

## Fundamental Law of Hiring and Firing

Warren Buffet once described the fundamental law of hiring and firing: "When hiring people, look out for three things: integrity, excellence, and energy. If your employee does not have the first quality, [integrity] the other two qualities will kill you."

It is almost impossible for a business to be modeled on deception. It is quite possible that a business might engage in fraudulent transactions; however, it cannot build long-lasting foundations on the basis of deception. You simply cannot fool all your customers all the time. Therefore, integrity has to be the first and foremost criteria of hiring. It is also the first reason for firing. No compromise.

The other most important characteristic which you should look out for is striving for excellence. In a competitive world, only those who strive to excel will survive. Success comes with team members who are ready to give their best for the company. You can measure a potential employee's excellence by asking questions on their achievements in past positions.

The third most important criterion is being energetic. Your employees can be trustworthy and can strive for excellence; however, they may still lack the energy required to sustain themselves against all odds. You can gauge this characteristic by looking at the past record of your potential employees. Employees who have switched jobs too often without an apparent reason should be carefully scrutinized.

### **Success Stories of Pakistani Women Entrepreneurs**

**Ambreen Bukhari**

**Menika Mines, Islamabad**

Ambreen Bukhari faced numerous challenges and criticism when she dared to enter into the difficult business of collecting, cutting, and exporting precious stones and preparing studded jewelry for the domestic market. Nobody believed she could succeed when she decided to open for business 11 years ago. The precious stone trade was considered a purely male domain, as one is supposed to travel to the mountains, interact with male entrepreneurs to manage the inner and outer workings of the business, and to actively explore for niche markets. Many of her colleagues thought that it would be insulting for men to have a female entrepreneur in their sector, but she has opened her doors and done very well.

Bukhari completed her post-graduate studies abroad, specializing in geology, after which she returned to Pakistan with her two daughters to start a stone trading business. She soon found herself in very difficult circumstances. Yet, she took stock in her business and strove to be able to support her children and strengthening her resolve to fight against all odds. Today, she has full floor showroom for her jewelry in a business center in the most famous market of Islamabad. She also arranges exhibitions in Islamabad and Karachi and has participated in international events. She is a leading exporter of precious stones and has represented Pakistan at international forums. She also works as a consultant and imparts training in stone-cutting techniques.

**Source:** Goheer, Nabeel. *Women Entrepreneurs in Pakistan*. Islamabad: ILO, 2003

### **Steps in Hiring**

When you have selected an applicant, issue her a letter of appointment. On her first day of employment, the employee should hand over signed letter or contract of employment to you.

Make sure you have handed over the following documents to them on the *first* day of employment.

- Employee Contract (STANDARD EMPLOYEE CONTRACT CAN BE FOUND IN APPENDIX-IV)
- Work Plan, which contains (TEMPLATE WORK PLAN CAN BE FOUND IN APPENDIX-V)
  - Work Objectives
  - Strategies
  - Activities
  - Broad timeline and deadlines
- Performance Management Template (TEMPLATE CAN BE FOUND IN APPENDIX-VI)

## Performance Measurement

For performance management and measurement, use the template found in Appendix-V after making the necessary adjustments.

### Delegation: What to Do and What Not to Do

- Do not delegate what you can eliminate. If you should not be doing an activity, then perhaps you should not be giving the activity away to others. Eliminate it.
- Delegate routine activities, even though you do not want to:
  - Fact-finding assignments
  - Preparation of rough drafts of reports
  - Problem analysis and suggested actions
  - Collection of data for reports
  - Photocopying, printing, collating
  - Data entry
- Delegate things that are not part of your core competency. For small businesses, these include accounting, web site design, deliveries, hardware upkeep, software help, graphic design, travel arrangements, patenting, legal issues, and even HR functions such as payroll.
- Some things you cannot delegate: performance reviews, discipline, and firing.
- Create a plan to delegate. Do not give out assignments haphazardly.
- Invest short term time in training to gain a long term increase in productivity.
- Others may end up doing a better job than you can or finding new ways to complete a task.
- Delegate, do not abdicate. Someone else can do the task, but you are still responsible for the completion of it, and for managing the delegation process.

### Delegation Instructions

Make sure the standards and the outcome are clear. What needs to be done, when should it be finished, and to what degree of quality or detail?

- Delegate the objective, not the procedure. Outline the desired results, not the methodology.
- Ask people to provide progress reports. Set interim deadlines to see how things are going.
- Delegate to the right person. Do not always give tasks to the strongest, most experienced, least busy, or first available person.
- Spread delegation around and give people new experiences as part of their training.
- Obtain feedback from employees to ensure they feel they are being treated appropriately. A simple "How is it going with that new project?" might be all that is needed.
- Be sure to delegate the authority along with the responsibility. Do not make people come back to you for too many minor approvals.
- Trust people to do well and do not look over their shoulders or check up with them along the way, unless they ask.
- Be prepared to trade short-term errors for long-term results.

- When you finish giving instructions, the last thing to ask is, "What else do you need to get started?" They will tell you.
- Give praise and feedback at the end of the project, and give additional responsibilities if job is done well.

## Selecting Partners

The most progressive and desirable strategy is to evolve partners from within your team. It depends a lot though on the nature of the business. For example a consulting company would consist of a few employees, most of whom would be specialists in a particular area. Therefore, it is logical to expect them to work as potential partners. However, if you have set up a factory, which involves many blue collar workers, then this may not be the procedure to follow. Ideally potential partners should be sourced from the higher management.

The principle of hiring and firing of employees also applies for partners. However, it is obvious that firing a partner can be tricky, if not outright impossible. Once you have admitted someone as partner, then you have potentially both a leader and a destroyer. When suggesting a partnership, whether with someone from outside your company or from within, ask following the questions before making a decision.

- Do all partners share and subscribe to a common vision?
- Do all partners share, celebrate, and practice a common set of values?
- Do all partners agree on the broader scope of the business?

## An Entrepreneur Walks Alone

In the end, you cannot produce another you. So be patient. Despite all the trainings and discussions between you and your team, there will still be times when you will be the only one thinking about the company and its future. Remember, an entrepreneur, and for that matter, a leader, walks alone. Enjoy the feeling of walking alone without necessarily being lonely.

# Managing Money

Capital has been mentioned as the first requirement for start-ups. In addition, how to obtain capital and various options of financing through equity and debt were also listed. These sources for obtaining equity and managing debt should be carefully considered along with important lessons on managing your money. Cash is the lifeline of a company. If this line is cut, the company collapses.

## Models of Equity Investment

If you are starting your business with your own or your family savings, then you most likely will not need an elaborate repayment schedule. However, if you are accepting equity investment from an outside person or organization, then you will need to consider various repayment models. In any model, equity-based investment entails profit and risk sharing, which is very close to Islamic modes of financing. In this context, essentially, equity based investment can take one of the following arrangements.

In **Musharaka**, all participating parties invest as well as work to conduct business. The ratios of profit and loss are predetermined, which may or may not correspond to the proportion of capital investment, as the work input is also taken into account.

The Islamic finance model of **Modaraba** is like a venture capital investment in which one party invests, while the other works for a predefined proportion of the profit. In the case of a loss, the investor loses money where the working party loses the value of her time. This mode of financing presents a great opportunity for both investors and their managers as long as contract terms are clearly defined and all or most of the stakeholders are present.

## Options of Equity Investment in Pakistan

In Pakistan, the concept of “angel” investors or venture capitalists is rather new. These funds comprise investors who are looking for financially sustainable business plans and committed entrepreneurs as a place to park their money. Beyond information technology (e.g. TMT ventures), there is no formal fund available in Pakistan for new businesses to consider. Therefore, searching for angel investors or venture capitalists is usually done through through personal contacts.

For the last couple of years, a North America-based private organization, The Indus Entrepreneurs, has been holding business planning competitions and networking meetings in some Pakistani cities to further the venture capital culture. However, these meetings and competitions have not gone beyond encouraging business planning, which is also appreciable in its own context.

Before you present your plan to any potential investor, whether to an individual or an organization, please consider following:

- The investor is likely to favorably view plans where a previous pilot business and the lessons learned from that experience are well-documented.
- The investor will place the most importance on the core team of founders, even more than on the idea itself. Make sure you have at least 2-3 team members with a diverse set of skills and an equally strong commitment to the business.
- Fund raising through investors is a time consuming process and you should not show your desperation at any point. You should be comfortable enough to at least follow through routine business operations, regardless of the duration of the process.
- The investors may check your commitment by asking you if you are ready to sell your business to him. Although you will be tempted, but your answer should be a firm no.
- When you give a presentation to the investor, make sure to tell him what would be your final offer to the investor in terms of share and expected returns.

### Options of Debt Financing

The most important question when considering various options of bank debt is whether to take it in the first place. For start up businesses, it is usually a bad idea. The reason is clear: the inability to pay back the loan. Small and medium-sized enterprises (SMEs) may enjoy fat cash flows due to the debt cushion in the beginning, but as it is almost always impossible to get a breakthrough in the beginning, SMEs soon find themselves unable to make the loan payments. The banks in Pakistan, similar to their international counterparts, are *primarily* interested in the capacity of the client to repay their interest as the principle amount is usually secured against the collateral.

Imagine your business having the ability to pay the at least 30 percent return in the early stage to cover the bank costs (20 percent) and your administrative costs (10 percent). Even if your business does earn that much, you will be basically earning for the bank and for your staff and office. Would you not rather like your staff and office to earn for you? Why would you work for a bank without enjoying all its comforts and perks and privileges?

Although it is not preferable to get a bank loan, it is still an unavoidable possibility. According to past bank financing trends, fourteen percent of all entrepreneurs that establish an SME approach a bank for a loan.<sup>11</sup> Yet, according to a Small and Medium-Sized Enterprise Development Authority survey, banks remain wary of SMEs primarily due to following reasons:

- Absence of standardized financial statements
- Non-availability of collateral
- Poor business planning
- Weak borrowing history

### How to Convince Your Bank

Remember, the central most important concern of any bank when deciding to give out a loan is to understand you and to understand your plans in a reliable way. Because most SMEs poorly document their operations and business plans, banks simply do not understand them. Therefore, you will have to make an extra effort to make sure that the bank *does*

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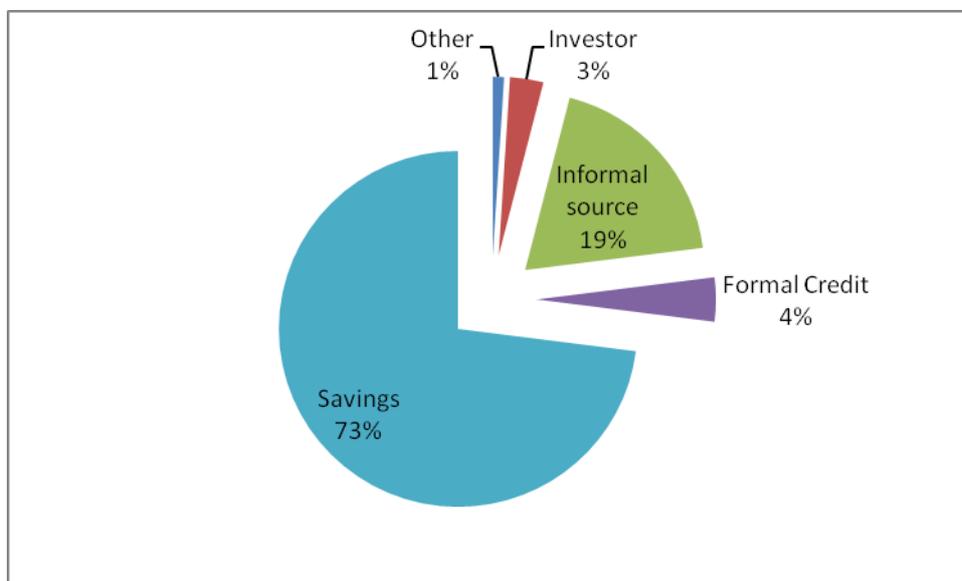
<sup>11</sup> SMEDA, SME Development Report 2007-08

understand you clearly. The strategy is to learn their language and speak with them in their terms.

Since the State Bank introduced cash flow-based lending without requiring formal collateral, the importance of business documentation and thorough planning has significantly increased. Therefore, make a clear business plan and in doing so, address the concern of bankers. Show them you care about their portfolio being active and healthy and will do your utmost to keep it in a good shape.

SBP PRUDENTIAL REGULATIONS ON CASH FLOW LENDING CAN BE FOUND IN APPENDIX-VII.

**Figure 3: Sources of Start-up Capital by Women Entrepreneurs in Pakistan (ILO/SMEDA 2003)**



In the chart below are also some of the prevailing options for obtaining financing from a bank. Just to pick a few examples, financing options from the Small and Medium-Sized Enterprise Bank and the First Women Bank are given. A more in-depth overview of existing financial facilities from a women entrepreneur’s perspective can be found in Appendix VIII.

**Table 8: Small and Medium-Sized Enterprise Bank, Limited:**

<b>Running Finance</b>	<b>What we are offering</b>	<b>Who can apply?</b>	<b>Apply Today</b>	<b>Collateral Security</b>	<b>Benefits for ex-creditors</b>
	<ul style="list-style-type: none"> <li>• Quick Processing time</li> <li>• Limit Amount: Rs 500,000 to Rs 30 Million</li> <li>• Facility Purpose: To meet short-term, working capital need</li> </ul>	<ul style="list-style-type: none"> <li>• Sole proprietors, partnership firms, and all other legal entities</li> <li>• The business must exist for two years</li> <li>• Bank accounts desirable</li> </ul>	<p>Please bring with you the following documents:</p> <ul style="list-style-type: none"> <li>• Computerized NIC</li> <li>• Business registration documents</li> <li>• Financial accounts/business transaction accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgage (urban) property</li> <li>• Hypothecation of plant and machinery stocks</li> <li>• Pledge of government securities</li> </ul>	<p>Higher loan amounts against equal or less collateral for equal loan amounts</p>
<b>Smart Loan Facility</b>	<ul style="list-style-type: none"> <li>• Period from 3 months to 3 years</li> <li>• Loan Amount: Rs 50,000 to Rs 500,000</li> <li>• Loan term: 3 to 36 months payable in flexible monthly installments.</li> <li>• Loan purpose: to meet the current and fixed asset investment needs</li> </ul>	<ul style="list-style-type: none"> <li>• Sole proprietors, partnership firms, and all other legal entities</li> <li>• The business must exist for two years</li> <li>• Bank accounts desirable</li> </ul>	<p>Please bring with you the following documents:</p> <ul style="list-style-type: none"> <li>• Computerized National Identity Card</li> <li>• Business registration documents</li> <li>• Financial accounts/business transaction accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgages (Urban property)</li> <li>• Cash/ near cash security with 10 to 20 percent margin</li> </ul>	<p>N/A</p>
<b>Asset Finance</b>	<ul style="list-style-type: none"> <li>• Loan period from 1 to 4 years</li> <li>• Amount: Rs 50,000 to Rs 500,000</li> <li>• Loan term: 12 to 48 months payable in flexible monthly installments.</li> <li>• Loan purpose: current and fixed asset investment</li> </ul>	<ul style="list-style-type: none"> <li>• Sole proprietors, partnership firms, and all other legal entities</li> <li>• The business must exist for two years</li> <li>• Bank accounts desirable</li> </ul>	<p>Please bring with you the following documents:</p> <ul style="list-style-type: none"> <li>• Computerized National Identity Card</li> <li>• Business registration documents</li> <li>• Financial accounts/business transaction accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgage (urban) property</li> <li>• Hypothecation of plant and machinery stocks</li> <li>• Pledge of government securities</li> </ul>	<p>Higher loan amounts against equal or less collateral for equal loan amounts</p>

**Table 9: First Women Bank, Limited**

<b>Business Loans for Women</b>	<b>Feature &amp; Benefits</b>	<b>Are you eligible for a loan?</b>	<b>Documentation/ Security Requirements</b>	<b>Mode of Repayment</b>
	<ul style="list-style-type: none"> <li>• Financing between Rs. 100,000 to 2000,000</li> <li>• <b>Mark Rate</b> <ol style="list-style-type: none"> <li>1. Against cash collateral 6MK+2 percent</li> <li>2. Against property 6MK+3.5 percent</li> <li>3. Against stock 6MK+7 percent</li> </ol> </li> <li>• Speedy processing of application: 7 days from date of receipt of application, complete in all respects</li> <li>• Comprehensive support through financial services desk</li> <li>• Processing fee 1 percent of the loan amount, subject to a minimum RS. 1,000 and maximum of Rs. 3,000</li> </ul>	<ul style="list-style-type: none"> <li>• If you are a Pakistani national.</li> <li>• Between the age of bracket of 25-55 years</li> <li>• Possess 50 percent equity sharing capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of National Identity Card</li> <li>• Bank statement of past 1 year</li> <li>• Latest tax return</li> <li>• Financial information for the past 3 years, applicable to existing business</li> <li>• Any of the following security will be acceptable:               <ol style="list-style-type: none"> <li>1. Cash Collateral</li> <li>2. Mortgage of property</li> <li>3. Corporate Guarantee of a well-established organization.</li> <li>4. Hypothecation/Pledge of insured stock/Business assets (for running business only)</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• In case of finance for working capital (purchase of raw material), time-to-time adjust with full adjustment to be made at least once a year</li> <li>• For cases involving purchase of machinery, repayment period extend 1 to 3 years</li> <li>• New business will be allowed a grace period (maximum 3 months.)</li> </ul>

## Managing Cash Flow

Financial management for a start-up business is essentially cash flow management. Most businesses fail not because of a lack of innovative ideas and not even because of the size of the cash flow, but due to the bad timing of cash flows. Often, cash inflow is delayed due to one reason or another, and rather than being regular the cash outflow is often at nothing or at an all-time high. Thus, even before you receive a cheque from your customer, you have basically spent all the cash from your accounts against that cheque. Some try to fill this gap in cash flow by borrowing from friends and family, as bank financing would be too costly. However, there is a limit to such type of “bridge” financing – how much friends and family are willing to give and how often they are willing to do it – and ultimately you will realize that it is not workable. The time delays between cash inflow and outflow ultimately kills the business. Is there a way out?

Yes, there is. Do not do a monthly cash flow projection, you will always be wrong. The safest bet to learn the science of cash flow management is to understand cash flows and then create a system that suits your individual case. When starting your business, monthly cash flow management might seem to be a synchronize will with other monthly payments like rent or salaries. However, cash flow wisdom suggests weekly cash management. A month is too long a time in the life of an entrepreneur. Select a start day – say Monday – and an end day – usually a Saturday. Now you will need to list “Accounts Payables” on one side and “Accounts Receivables” on the other side and simply note your expected cash flows. The rule: do not make any cash payments in the current week beyond the cash inflows in the current week.

### *Success Stories of Pakistani Women Entrepreneurs*

**Ayesha Zeenat**

**Pappasalis, Islamabad**

Ayesha Zeenat, better known as Gina, has given practical shape and form to her academic specialization. She holds a diploma in Hotel and Restaurant Management from the Conrad Hilton College at the University of Houston. After working as an intern for various restaurants as chef-helper, accounts assistant, and various other restaurant-related jobs, she realized that seeking employment in the hospitably business was not for her; she would have to make her own. With financing from her father, Gina started the first original Italian restaurant in Islamabad. It was as a big risk, as Islamabad was not an easy city for the restaurant business, but it proved a success from day one. It was the right concept at the right time. Islamabad had no international cuisine options and an Italian restaurant proved a treat for customers. Under the able supervision of Gina, and her original recipes, the small eatery, which started as an eight-table restaurant in 1989, has flourished into a double storey, 40-table restaurant in Islamabad, with another branch in Karachi. Since 1998, Gina has expanded her food business by adding a café for light snacks, Bistro Alfredo. However, a namesake restaurant opened in Lahore last year. Gina had to fight a legal battle to save her franchise and won the case successfully. Pure dedication and hard work have enabled Gina to maintain an ever-rising status in the restaurant industry. Gina expresses the secret of her success by saying, “I have always kept a strong check on the working conditions at my restaurant, and try to maintain a personal rapport with all my customers.”

Source: Goheer, Nabeel. *Women Entrepreneurs in Pakistan*. Islamabad: ILO, 2003

Some general rules:

- Prioritize. Mark high-risk (e.g. critical vendors or landlord) cash flow items and low-risk (salaries of some employees) cash flow items. Make cash outflow decisions accordingly.
- If you receive constant reminders from low-risk cash flow sources, ignore them. On the other hand, approach the high-risk items proactively.
- Resist the temptation of planning all expenditures before you actually receive cash. List only high-risk items and for others, decide later when you have made more critical payments.
- Do not become penniless. Borrow from a friend or family member well in advance of becoming penniless.
- Make out a weekly plan of cash flow and stick to it. If a new demand emerges during the course of the week, postpone it to the next week, even if you have some cash cushion.

# Accessing Customers

Customers are the driving force of any business. They are also the most important and measurable indicator of business growth. Winning a loyal customer can take significant hard work, while it can take just one mistake to lose a customer. Customers bring ideas to your company, force you to adopt standards, and improve quality. They also compel you to stay focused and honest to your business. Every new customer brings a new business resource, a new challenge, and a new product or a new dimension of an existing product. Each customer is unique and deserves equal respect. The big question is how to approach the customer and how to win her over.

## Know Your Customer

You have already defined your product and your market. Now you need to go even deeper and identify the individual units of the market – individuals and/or organizations. In identifying your customers, it is important to be able to draw a database of potential customers. You do not have to develop the database in any complex program; just prepare a list of customers in a simple format.

- Name of customer (organization)
- Contact person
- Contact details
- Main products of customers (in case of organization)
- Profession of customers (in case of individuals)

## E-marketing: Easy Access

With the advent of the Internet, communication and access to people with special interests has indeed become very common. However, it has also led to an information overload. Thus, before using the Internet to advertise your business, you should first know your own priorities and preferences. Unless you know this, you will be completely lost. For this purpose, you should:

- Write down your areas of interest.
- Identify relevant business groups on the internet, online help desks, and newsletters.
- Subscribe to all of them.

Useful links:

[www.smeda.org.pk](http://www.smeda.org.pk)

[www.smetoolkit.org](http://www.smetoolkit.org)

[www.mizlink-pakistan.com](http://www.mizlink-pakistan.com)

[www.tremu.gov.pk](http://www.tremu.gov.pk)

[www.kiva.org](http://www.kiva.org)

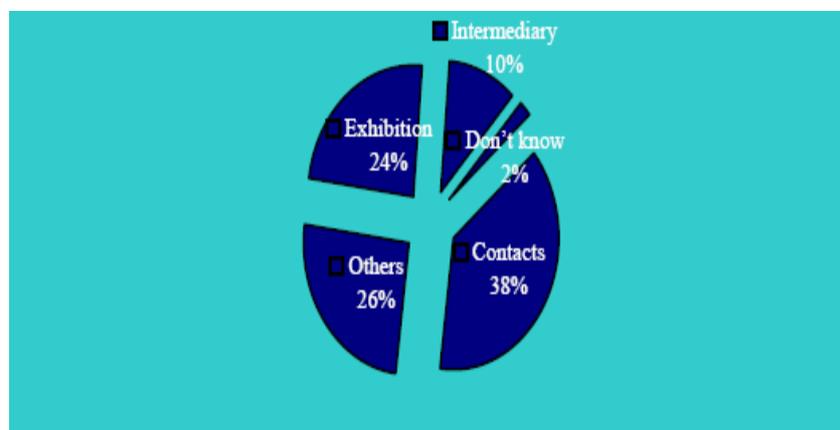
[www.christine.net](http://www.christine.net)

[www.womenentrepreneur.com](http://www.womenentrepreneur.com)

## Reach Your Customer

The best way to start building your customer base is to start with people you know. Cold calling potential customers will not get you very far. Start with friends, relatives, and personal contacts who might use your product. Starting with your contacts is the most desirable way to start building your customer base. Customers that are your contacts are easy to find, you already know their preferences, and they trust your advice, leading the example for future patrons. A contact can also give you frank and honest feedback on quality and price. It is important to keep in mind that because of a personal relationship, contacts may try to refuse timely payment, expect unreasonable discounts, or general take advantage of your relationship. Yet, despite these shortcomings, starting the sales process with personal contacts the best choice.

**Figure 4: Modes of Marketing used by Women Entrepreneurs in Pakistan**



After cultivating a base of customers from your personal contacts, moving on to customers you do not know is the next step. Send samples and an introductory letter to potential customers, drawing on your lists. Since you already have a strong customer base, you should include customer testimonials with the letter, which would hopefully all be positive since your first customers were your personal contacts. This strategy will be much more successful than a cold call. Adding this second tier of previously unknown customers to your base is much easier and much more successful once you already have an established base.

You can access your customers, existing or potential, with at least three distinctive approaches.

### Sales Approach

In the sales approach, your main concern is how many units would you sell and at what price: your revenue. In this case, your strategy is to give discounts or introduce other promotions just to sell the product at the maximum possible number. This strategy demands good sale techniques – how you describe your product to the customer and how would you close the deal. For example if you were the owner of a crèche for children of working parents, and you were using the sales approach, you would try to present the service to as many potential clients as possible, while advertising promotional schemes.

## Marketing Approach

In the marketing approach, your concern is not immediate sales but the demands of customers in terms of new products. Your clients, or potential clients, might be interested in a different package or different after-sale service requirement. Each demand is ultimately processed in your production system and you devise a product according to the customers' requirements. You also create demand for your product by utilizing various means to advertise and publicize. This strategy necessitates understanding customer needs in greater detail and may also involve marketing research at some level. Continuing the above example of the crèche, you would explore the needs of working parents in the area of your choice and would build in some features in your service to meet the expectations of your clients.

### ***Success Stories of Pakistani Women Entrepreneurs***

***Sabina Ahmad***  
***Executive Director, Value Resources, Islamabad***

**Value Resources (VR)** is a professional forum offering a wide range of consulting services to diverse organizations with a focus on assistance, skill development, and creation of knowledge resources for strengthening performance and impact. Products include training, research, monitoring and evaluation, and institution building. Although very young, this firm employs eight full time staff members drawn from various fields and boasts a network of 40 plus experts in various fields.

Sabina established this firm in 2007, after 'having worked for too long' as what she calls 'a glorified clerk' in various leading development sector organizations. The main motivation for her calling it a day as an employee was her growing intellectual discomfort over the absence of demanding intellectual work, lack of leadership and inspiration, and finally touching the glass ceiling. Sabina believed in her capacity to deliver more than what prospective competitors offer.

For her success as a business woman, Sabina gives a lot of credit to her husband, a successful entrepreneur himself, and her family members. Sabina believes in thinking big, being visible, and creating an impact through the work of her organization. She sees more opportunities than challenges. She mentioned that the development sector is particularly supportive of women-owned enterprises.

## Relationship Approach

In the relationship approach, your horizon goes beyond the product and its physical attributes to the overall personality of the customer and the type of the organization that will use your product. You develop a holistic view of things and are able to see the value chain linked with your products as integrated to the customer's business model. When you operate under the relationship approach, you understand the whole and not just the part. You not only sell the product but also advise the customer on how to integrate the product in her organizational processes. You also indicate what organizational constraints are causing hindrance in acceptability and utility of your product. In the example of the crèche business, you would try to familiarize yourself with the families of the children under your care and while you may not be in a hurry to add the number of clients, you will make a serious attempt to bring depth in your relationship with the clients you have.

An important dimension of the relationship approach is developing a more friendly style of conversation and exchange with your customers. This is not easy for women entrepreneurs in our cultural context. Working women have to be somewhat cautious in their business relationships with their male counterparts and thus may lose out to men when it comes to

socializing. In a many cases, women still take care of the family and the household needs which would certainly take priority over the need of business colleagues.

Customers are like your reputation – difficult to built, but easy to lose. Remember, anyone paying you a rupee is expecting a value which is at least higher than that rupee. This is not just economics; it is also an everyday expectation. As soon as the customer realizes that she is not getting an advantage for her rupee that is greater than her cost, she will stop paying. That might be due to another competitor or simply due to your sloppiness. Therefore, make her realize the value she gains from buying your product. This value may simply be a feeling of greater satisfaction or trust in your company. But in any case, the value exceeds the physical dimension of your product and it is this value which makes the customers loyal to you.

# Understanding the Environment

*"When you reach an obstacle, turn it into an opportunity. You have the choice. You can overcome and be a winner, or you can allow it to overcome you and be a loser. The choice is yours and yours alone."*

*- Mary Kay Ash, founder of Mary Kay Cosmetics*

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An entrepreneur should feel that she is at the center of the universe and that the universe has been created to help her succeed. As soon as this belief is materialized into a system, things actually start falling in place. You start realizing how each event, each meeting, each trip, each lunch, each phone call becomes a tool and a gift for you and your business. There is only one condition: you should be prepared.

The prerequisite for preparation of the environment is its understanding. The business environment can be analyzed from three distinct dimensions. You should be able to classify each government department, developmental program, vendor, competitor, or customer according to the business environment classification below.

## Re-enforcers and Supporters

The Government of Pakistan has started a number of programs to help people establish their businesses. The entity in charge of these initiatives and programs is the Small and Medium-Sized Enterprise Development Authority (SMEDA).

### Small and Medium-Sized Enterprise Development Authority (SMEDA) Initiatives<sup>12</sup>:

SMEDA and the Japan International Co-operation Agency (JICA) have jointly initiated an **Industry Support Program** in Pakistan to provide technical assistance to various industrial sectors through Japanese senior experts. JICA placed five textile experts as senior volunteers (SVs) at SMEDA for two years in 2006. Presently, the program is focused on supporting the auto sector.

The Aik-Hunar, Aik Nagar<sup>13</sup> (AHAN) project is learning from and emulating One Tambon, One Product of Thailand and One Village, One Product of Japan and other similar programs for income generation for the rural and pre-urban population with a view towards identifying the best practices and adopting the same for design and implementation for the Rural Enterprise Modernization Initiative of the Government of Pakistan.

Industrial Information Network (IIN) is another such initiative of SMEDA. IIN is the first Pakistani B2B and Information Portal designed specifically to cater to the trade information needs of businesses for various industrial sectors in Pakistan.

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<sup>12</sup> Butt, Masood. *The Secrets of Wealth Dynamics through EQ. Developing and Promoting*, 2007

<sup>13</sup> Literally, it means: One Skill-One Village, but the acronym refers to its Urdu name.

Adhering to a clear mandate and a logical path to achieve quantitatively verifiable targets, SMEDA carries out comprehensive analyses of international trends, national policies, and other macroeconomics factors affecting small and medium-sized enterprises (SMEs) in Pakistan for gradual progress towards the creation of a favorable business environment for its key clients – the SMEs of Pakistan.

The third area of SMEDA's mandate is the provision of business development services to SMEs. It has set up helpdesks in all four regional offices where SMEs in need of SMEDA's services can simply walk in and obtain over-the-counter products such as project briefs, pre-feasibility studies, and regulatory procedures, along with advice on specific problems.

SMEDA assists universities and higher education institutions to set up "Entrepreneurship Development Centers (EDC)". One model has been created for business schools, while another has been customized for technical institutions. These models are available on the SMEDA website.

Probably the most well-known SMEDA initiative on women entrepreneurship development is the Women Business Incubation Center (WBIC), currently located in Lahore. WBIC offers state-of-the-art furnished and equipped offices of various sizes to women entrepreneurs at reasonable and affordable rent for a specific time period to help women entrepreneurs enter the market and eventually "graduate" to start completely independent business operations<sup>14</sup>.

In a recent development, State Bank has announced formation of a "SME Credit Guarantee Agency" in to share risk with lending institutions. State Bank has decided to pay compensation to banks in case of default by a company from the SME sector<sup>15</sup>. If it materialises, this will be a good facility for start-ups as long as they can prepare a solid financial case based on well-researched arguments and a clear business strategy.

## Challengers and Blockers

### A New Tax or Tariff

Taxes can be a challenge for every entrepreneur. Do you know all the types of taxes you will be required to pay? The government has facilitated tax payments by making them payable online. It has indeed made paying taxes easier, but it does not ensure you will always fulfill your tax responsibility. Keep close attention to budget briefs issued with the annual budget each year and track changes in taxation structure on personal and business incomes. Each year, the tax structure changes and your ignorance of these changes is not a valid excuse in court. Read budget sections related with tax rates thoroughly.

Like taxes, custom tariffs are very dynamic in nature and they can also change quite frequently. A significant reduction or addition in the custom duty on your imports can jeopardize all your business planning. Keep a watch on these duties especially when booking an import order. Also, besides customs duty rates, which are easily available online, you should have knowledge of actual prices at which goods similar to yours are being cleared at the import stage. For these prices, you will have to develop a relationship with custom agents, who can help you get a photocopy of the required documents.

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<sup>14</sup> Amjad, Ayesha. *Women Business Incubation Center*. Retrieved February 28, 2009, from SMEDA: <http://www.smeda.org.pk>, 2006

<sup>15</sup> Dawn. Retrieved February 28, 2009, from DAWN: [www.dawn.com](http://www.dawn.com), (2009, February 27)

## **A New Zoning Law**

Zoning laws apply to classification of geographical areas such as residential, commercial or semi-commercial, industrial, or agricultural. Each zoning law has a unique requirement and you should carefully study these zoning laws for the area you may be considering for your business or factory. These laws bring constraints on doing business and therefore should be considered in your planning.

City governments and union councils are mandated to deal with the issues of zoning. The Local Government Ordinance 2001 envisages these zones: agriculture, industry, commerce, markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight, and transit stations.

## **A New Competitor**

A new competitor can be a shock, especially for a new entrepreneur. Unfortunately, there is no specific way of anticipating the direction and intensity of a new competitor apart from informal communication with other market actors. If you stay in close contact with key market players, then you will likely gain prior knowledge of an emerging threat and you will be able to modify your strategy or re-enforce your support mechanism. Therefore, keep up regular communication with other market players.

## **Neutral Factors**

### **Environment**

Environment can play both supportive and detrimental roles. The most important social role of a business is to be profitable. If a business does not fulfill this primary task, then it cannot undertake welfare functions. However, increasingly you will be required to be socially and environmentally responsible. If you employ young children and get noticed by one of your international clients, then you are likely to lose business. If you are not taking care when disposing your factory's waste, then you are liable to pay penalties and fines. Therefore, being socially and environmentally responsible has almost become synonymous with good business.

### **Labor**

Depending on your relationship with your labor force, it can be supportive or can be a detriment. The immediate environment your company creates is the life of your staff and their families. If you do not take care of your staff, and not just concerning their salary, then they will not remain loyal to you. You need to understand their needs and address them. Our law allows workers to form unions and constitute collective bargaining methods wherever they exceed a critical number. You should understand the basics of labor laws.

# Becoming Part of the Chain

Your business operates in a complex business environment consisting of your customers, suppliers, and competitors. You receive raw material from your supplier, process it further in your premises and sell it onwards to the customers. In this process, you not only create new work but also take work from previous players who are now your competitors. Your business remains a necessary part of this network by building and reinforcing new relationships. Your role and strategy in expanding these relationships influences the ultimate degree of success which you will achieve. These relationships can be understood at two levels: vertical linkages and horizontal linkages.

## Vertical Linkages

Vertical linkages are again divided into two parts: backward and forward. Backward linkage is your relationship with the suppliers. For example, if you make a car, then you have a relationship with vendors and automotive parts makers, which ensure timely supply of all raw materials. This is a backward linkage. Forward linkages include customers, dealers, and distributors. If you are a general stockist of some consumer goods made by a multinational company, then your forward links should be built with distributors, warehouses, and sub-contractors. Backward and forward linkages together constitute vertical linkages.

## Focus On the Process, Not the Product

Increasingly, international customers and leading domestic customers want to understand and want to gain the confidence of verifiability for the entire process of production and not just the end product. Issues like child labor and sweat shops emerge on the international business radar because new business standards require the manufacturing company to verifiably identify all stages of production. Thus, if some integral part of your product is being outsourced, quality concerns emerge during business negotiations.

## Integrated Unit

As a start-up company, you are unlikely to start an integrated unit, which has the capacity of producing the raw materials, processing it to prepare finished goods, and then selling the goods on its own. In most cases, you will start as some part of the vertical chain and will then integrate with the chain. However, as you expand and grow to explore international markets, you will face a problem. A big customer wants a big supplier. If you are just a part of the entire value chain, then it is very hard for to assure the customer of quality control throughout the entire process. Consequently, the customer might leave you for your competition. Larger size also brings economies of scale, which helps in reducing per unit costs, thus bringing price advantage.

## What to Do If You Do Not Have an Integrated Unit

If you do not have the luxury of operating an integrated unit, where all production processes can be completed under one roof, then the only option you are left with is to develop very close and personal level relationships with your suppliers and customers. For example, your

production estimates and targets may be shared with your suppliers, who might need to invest in their own inventories. Obviously, in an integrated unit, you not only have the information but also control over such matters. In the case of backward integration with suppliers, the first step is to share information to ensure timely supply of goods.

To get estimates of desirable targets for production, particularly in industrial goods, you should remain in touch with the end users of your products. It is difficult to get a similar arrangement for consumer goods, but the most recent year's consumption data can be used to predict the planned production level. Use this data on a month to month basis. For example, compare the data for November of this year to November of last year. This would take seasonal variations into account and allow you to plan more accurately. The most important step to act like an integrated unit without being one is to stay up-to-date on information about your suppliers and customers.

### Lateral Linkages – The Importance of Clusters

Recently, cluster formation has gained much traction in the debate on economic development. Clusters are usually a concentration of similar or complementing industrial activities, coming together in one area over time. For example, Gujrat is well known for fans and furniture and Wazeerabad is well known for its cutlery, while Sialkot is famous for its sporting goods. Although these places contain large numbers of companies operating in the same domain, they largely remain isolated.

The Small and Medium-Sized Enterprise Development Authority (SMEDA) has undertaken various initiatives for cluster development. You can utilize these facilities by seeking more information from a local SMEDA office or its helpdesk.

#### Small and Medium-Sized Enterprise Development Authority (SMEDA) Initiatives for Cluster Formation<sup>16</sup>

At the collective level, SMEDA addresses the problems and needs of small and medium-sized enterprises (SMEs) in the form of an industrial cluster – a concentration of largely homogeneous enterprises within a certain geographical area. Such projects may include establishment of a training institute, building a common facility centre, building a model plant with state-of-the-art technology for SMEs to emulate.

Until now, SMEDA has been involved in cluster development projects in the area of boat modification in the marine fishery sector, credit for auto vendors, carpet weaving, marble and granite, dates and apples processing, wooden furniture, leather garments, ceramic kilns, cotton ginning, and glass bangles.

### Problems with Clusters

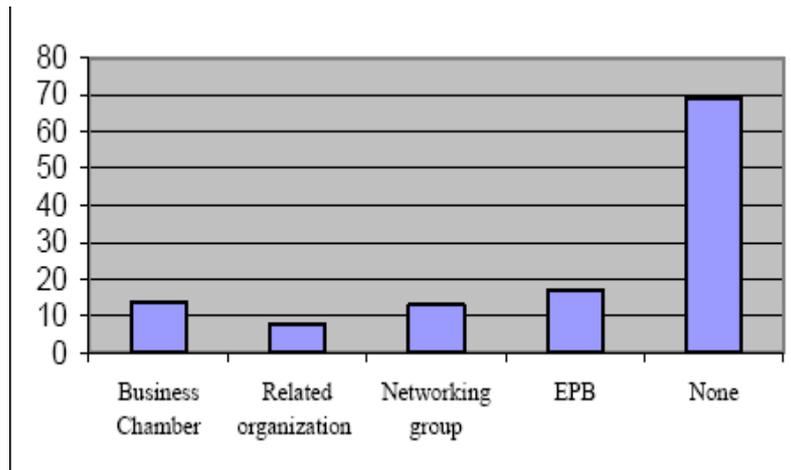
Cluster formation looks attractive for many reasons but it runs into various problems on ground. The biggest problem is the level of trust among the members of the cluster. As cluster members are likely to be competitors in one way or another, working together can be harder than imagined. Government and international donor agencies have announced various facilities for cluster making, but ownership becomes a bone of contention. For

<sup>16</sup> Ahmad, Ashfaq. Role of SMEDA in Entrepreneurship Development. *Developing and Promoting Entrepreneurship for Poverty Alleviation* (pp. 76-82). Islamabad: Ministry of Education, Government of Pakistan, 2007

example, the Competitiveness Support Fund ([www.csf.org.pk](http://www.csf.org.pk)) can give a matching grant for up to 50 percent to clusters to help them finance Common Facility Centers, such as design centers or quality control centers. However, it is very hard to create a management structure that will actually take the ownership of such projects and also ensure that all members may benefit without any favoritism.

### Networking through Membership-Based Organizations

Figure 5: Networking of Women Entrepreneurs in Pakistan (ILO/SMEDA 2003)



Your company should obtain membership in a local chamber of commerce, a relevant trade organization, and any other relevant professional membership-based organizations. These platforms are usually perceived as political tools, but they serve a useful purpose to the individual entrepreneur. If you are a member of a local chamber, you can get access to facilities, seminars, exhibitions, and meetings. The most important of all is indeed access to information. Increasingly, international donor and business support organizations are approaching chambers of commerce for capacity-building initiatives. You should join them to benefit from all such sources and technical assistance.

#### Businesswomen’s Associations and Chambers of Commerce

The presence of businesswomen associations in Pakistan is mainly limited to medium-size businesses, while micro and small enterprises rarely belong to any type of association. The most prominent businesswomen association in Pakistan is the Pakistan Association of Women Entrepreneurs (PAWE) which was registered as a non-governmental organisation in 1985. PAWE is a member of the governing body of the World Assembly of Small and Medium Enterprises (WASME) and is affiliated with the Economic and Social Council (ECOSOC) of the UN. The Women Chambers of Commerce and Industry (WCCI), the Rawalpindi-Islamabad Women Chamber of Commerce and Industry (RIWCCI), and the Lahore Chamber of Commerce and Industry (LCCI) also serve as important institutions representing Pakistani businesswomen. The Pakistani Business Council in Karachi also looks to maximize women’s active participation and skill contribution in key sectors of the economy to underpin national productivity.

**Source: Gender Entrepreneurship Markets (GEM), International Finance Corporation (IFC) GEM Country Brief, Pakistan 2007**

By joining a membership based organization, you can have some or all of the following benefits:

- Access to training
- Access to technical assistance
- Opportunity to meet your competitors
- Opportunity to meet vendors and customers
- Understanding market development opportunities

### Compete or Co-operate – A Win-Win Model

*“The best companies are the best collaborators. In the flat world, more and more business will be done through collaborations within and between companies<sup>17</sup>.” (Friedman, 2005)*

In order to look big while remaining small, you must cooperate with your vendors and customers, and also with your competitors. If you get a call from an international client to provide a bulk order which you find difficult to fulfill due to your capacity, do not sit idle and let the order go. Immediately extend a hand to your competitor and form a consortium. Make an offer to the prospective client with this renewed strength. Remember a simple formula: eating a portion of a large pie collectively is much better than eating a small pie all alone.

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<sup>17</sup> Friedman, Thomas. L. (2005). *The World is Flat*. New York: Farrar, Straus and Giroux, 2005.

# Growing and Consolidating

When you are about to set up a new company, the biggest worry is survival for your first year to two years. If you make enough to support yourself, your staff, and your business for about two years, you have made a potential success story. However, a bigger threat awaits you: the growth phase. Entrepreneurs can fail in early stage of their venture, but failure in the growth phase is more painful and more fatal. Managing yourself and your company through the growth phase presents a unique challenge.

## Expansion Options: No Expansion Is Not a Choice

The most important law of growth is: “Always expand. If you are not expanding, you are actually shrinking.” Therefore, staying at the same size and speed is *not* an option. Expansion can be done three ways.

### Increase Supply

Increasing supply involves increasing the production levels by bringing in more machines, by hiring more labor, or even by opening a new outlet. The product and its basic features remain the same and the market may change or remain the same. You can make your customers so satisfied that they divert their all orders from other suppliers to you. By increasing supply, you supply more of the same to same party.

### Diversify

Another option is to diversify. Diversification can occur in terms of product or the market. You can start producing a new product and diversify your product range. For example, if you are making confectionary items, you can diversify into dairy products. Dairy products are related to confectionary and baked items but they are different products altogether. This is your product diversification.

Market diversification calls for adding a new client to your existing product line. Let us again consider the example of confectionary items. Earlier you are supplying only to local customers but now you discover a new market overseas of confectionary products. You start supplying the same product to a new market. This example is market diversification combined with increase supply strategy as you had to expand production level to meet the demands of a new and different customer.

### Value Addition

The third, probably the most sophisticated, strategy for expansion is value addition. In this strategy, you are not necessarily diversifying product or market range. The basic product remains the same and so does the market. However, you bring depth in the product features. For example, you discover that you are losing several customers of your confectionary products who have developed diabetes. You introduce a diet product line in the confectionaries. This certainly adds to the cost but you can also charge a premium.

Value addition is very common in software development, in which you can add unlimited features by making it more and more valuable for the customers.

### **Which Growth Strategy Will Work For You?**

You may now wonder which one of these strategies will suit you. It depends on your specific circumstances and no general answer is possible, and that is why all three possible options have been described. You can combine any two or even all three strategies for expansion. Whatever you do in terms of growth strategy, consider additional resources you have acquired or want to acquire in order to successfully expand. These additional resources can be:

- Additional capital
- New knowledge
- New resources or links

For example, if you do have additional capital but do not have new knowledge or new contacts, then the most effective strategy would be an increase supply strategy. If you have acquired new knowledge in the due course of time, but do not have additional sources, then the most effective strategy would be value addition. And if you have made new contacts, then you should seriously consider diversification. In all cases, you will certainly need some quantity of additional capital. However, the presence or absence of the other resources would help you determine the course of action.

### **Outsourcing – The First Sign of Expansion**

As you grow, you will consider outsourcing some of your operations. Outsourcing needs constitute an important signal of expansion. However, what to outsource is again a question of critical importance. The answer lies in a simple question: what is your core competence? The rule of outsourcing: keep core competencies with you and outsource non-core activities.

#### **Identify Core Competencies**

Consider if you are running a business of supply of office furniture. This business will involve various activities like seasoning of logwood, cutting, designing, manufacturing, packaging, and supplying. In addition, you have basic administrative functions such as accounting and store keeping. As an entrepreneur you know your core competencies. You may consider that designing and manufacturing the furniture is your core competency. You should then keep these activities under your direct control and outsource other activities. You can get seasoned wood from a supplier. You can also appoint a distributor or retail sales agents for buying your products and then selling them on their own. Conversely, your competency may lie only in marketing. In such a situation, you will be involved in designing and sales only and get the work done by other factories.

### **When to Invest More in Systems and Institutional Growth**

The growth phase demands consolidation and systems development. You might have ignored systems development for a long period of time. You did not have enough time or additional resources for systems development. But, the growth phase is impossible to manage without systems development. Systems development constitutes:

- Work process standardization
- Development of performance benchmarks and operational metrics (SEE PERFORMANCE BENCHMARKING STANDARDS IN APPENDIX-VI)
- Development of manuals
- Training of staff on management issues
- Documentation of work processes and standard operating procedures (SOPs)

In the growth phase, you normally plough back incomes into business. There is no money for dividends or income distribution for partners of the company. You are also hiring more staff to meet new demands from customers. You are also expanding and diversifying your product and market. This all means you are less likely to keep everything under your direct and personal control and you must develop systems so that other team members can take on some of your burden.

### *Success Stories of Pakistani Women Entrepreneurs*

#### **Uzma Gul**

#### **Varan Tours, Sadar, Rawalpindi**

Uzma Gul established a transport company with only one bus and now the company owns a fleet of 75 buses that run on various routes of Rawalpindi and Islamabad. Transport is considered to be a very difficult domain that even male entrepreneurs fear to enter – but Gul dared to. She wanted to dispel the notion that woman entrepreneurs restrict themselves to certain traditional businesses. Gul established her business 10 years ago, and is looking forward to expanding her business. She faced a multitude of problems in the beginning, a significant one being the inconsistency in the transport policies of successive governments. “The only thing that remained consistent was a negative attitude of government officials. They felt very awkward in dealing with a woman transporter,” she recollects. Within the company she faced administrative problems and a strange form of resentment from the staff, as they were very uneasy having a woman boss. Gul started with an inter-city service between Sargodha and Rawalpindi, and later expanded to the twin cities of Islamabad and Rawalpindi. Along her drive to make a profit, she was passionate about starting a quality transport service for working women, which had been previously nonexistent. Gul believes that one can only achieve things through hard work, commitment, courage, and a little bit of madness. “I have also learned that it is a male-oriented society out there, and a woman cannot perform well if the male members of her family do not create a right kind of environment for her. Your family should be very supportive, otherwise you cannot do anything in this society, and I have been quite lucky in this regard,” she concluded.

**Source:** Goheer, Nabeel. *Women Entrepreneurs in Pakistan*. Islamabad: ILO, 2003.

### **Project Management**

Learn to classify your business assignments into projects. A project has a definite start date and an end date and should have clear and verifiable objectives. Consider that each new order from a customer actually constitutes a project. This will help you in appropriate costing and monitoring of the process. Create a project management document for each project. You should ignore routine activities such as usual correspondence and bookkeeping while designing a project management document. This document should have the following essential features:

1. Project Summary
  - a. Title of Project
  - b. Name of Project Manager
  - c. Start and End Dates

- d. Brief Description
  - e. Value
  - f. Team members
  - g. Key activities and name of responsible persons
2. Monitoring Sheet
    - a. Each activity with deadline
    - b. Status
  3. Evaluation Sheet
    - a. Lessons Learnt
    - b. Unexpected Results
    - c. Best Practices
    - d. Major Achievements
  4. Costing Sheet
    - a. Hours spent in each activity
    - b. Cost incurred
      - i. Personnel Costs
      - ii. Administrative Costs
    - c. Close

A TEMPLATE FOR PROJECT MANAGEMENT CAN BE FOUND IN APPENDIX-IX.

## Learning Processes and Knowledge Management

*“This was the tragedy of Asia: even when there was knowledge, there was no learning.”*  
 - Fareed Zakaria<sup>18</sup>

In the current information-filled era you can actually deconstruct work and production into a large number of small and inter-linked activities. This helps in the development of standards. For example, if you are manufacturing automobile spare parts, you can divide up the whole process into components like mould making, melting steel or plastic, putting the raw material into moulds, firming, finishing, and packaging. As soon as you divide the entire process into components and write them on paper, it becomes easy to convert the entire process into information, instruction, and know-how. With these instructions, it now becomes very easy for you and your team to take necessary steps to expand your product line. Thus, the manufacturing process has now become a knowledge management process indeed. The golden rule of knowledge management in this context is: “Think how it can happen without me<sup>19</sup>.”

Make sure you believe that the current era is a knowledge and information era. If you are not incorporating your learning to improve your product continuously, you will be overtaken very soon. The fundamental step is conversion of manufacturing of product into creation of knowledge. Then, after necessary training and capacity building of your staff, it becomes very convenient for you to incorporate learning in the production process. Always believe that to multiply your existing level of wealth, you must be a learning organization.

<sup>18</sup> Zakaria, Farid. *The Post-American World*. London: Allen Lane, 2008

<sup>19</sup> Butt, Masood. *The Secrets of Wealth Dynamics through EQ. Developing and Promoting Entrepreneurship for Poverty Alleviation* (pp. 11-28). Islamabad: Ministry of Education, 2007

# Most Frequently Made Mistakes in Business

*“An entrepreneur tends to bite off a little more than he can chew hoping he’ll quickly learn how to chew it.”*

*- Roy Ash, co-founder of Litton Industries*

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You have now read through this guide to starting a business. Hopefully you have gained some insights on start-up management and learned some of the existing resources available in Pakistan to help your jump-start the business. But, do not assume you will be able to do it smoothly. Hopefully with this guidebook, you should be able to avoid some mistakes or at least know possible risk factors. Despite all their planning, entrepreneurs do commit grave mistakes. The most recurring and the more fatal mistakes are:

## Capital Provisioning

Usually, every entrepreneur works diligently to get her math right before starting a business. She calculates capital requirement, production level required, anticipated expenses, and expected revenues. However, calculation of capital is usually proven wrong. This happens because of cash flow problems, which were addressed earlier. The golden rule of capital requirement calculation is: Estimate your capital needs thoroughly and...then multiply it by three.

## Learning at Your Own Cost

Many entrepreneurs learn business dynamics while practicing them. While you will always learn something new every day in the early phase of your business, it can be fatal to learn at your own cost and in your own business. Get a job, conduct research, or obtain relevant education before starting your own business. Learn at the cost of others but do not let your customers feel you are learning at their cost.

## Half-Hearted Attempts

Once you have planned and thought ahead, you must plan to devote three years of your full-time focus and attention to build-up the business. In the first year, you end up introducing yourself to the market while doing some assignments. You are normally still in debt in the first year. In the second year, you usually start to break even and can partially pay off your debts. In the third year, you first pay off your debt, and then begin to draw

reasonable profits. This process is very typical. Therefore, committing to anything for less than three years is a critical mistake.

### **Mixing Core and Non-Core Work**

As an entrepreneur you are in a habit of doing everything on your own. Although not a bad habit to begin with, it causes deviation of your attention from the core activities. For example, you end up fighting with your accountant for bad book keeping and take on accounting yourself. You fire the sales representatives and start going door to door, while your core competency lies in product development and quality assurance, for example. The basic principle: excel in the core competency and delegate or outsource everything else.

### **Assuming the Customer is Waiting For You**

You have designed a new product and want to enter the market with your innovation. Because you are so much emotionally attached with your business and product, you will assume everyone else will be as well and that customers are just waiting for you. Nothing can be further from truth. Customers are only loyal to a better and cheaper product. They are not there waiting for you.

### **Not Knowing When and How to Exit**

Most business plans do not strategize for a scenario which ends up in a loss. If you have not imagined a loss scenario, you will not be able carve out a strategy for getting out. You should define success parameters and standards at the beginning and should create timelines in both optimistic and conservative scenarios. You can set a target of selling a certain number goods within a range of time. If you are not able to meet the target even after expiry of the conservative timeline, it may be the time for you to quit or make structural adjustments. Not knowing when and how to quit is a mistake which can take away everything from an entrepreneur.

# APPENDIXES

## APPENDIX I: Business Plan Template

### Executive Summary

- History/background
- Overview of the business model
- Summary of desired investment
- Top Risks

### Business Opportunity

- Overview of target segments
- Business model for product
  - Design, production, distribution, marketing, and pricing
    - Design
    - Production
    - Distribution
    - Marketing
    - Branding
    - Trade Mark
    - Location
    - Pricing
  - Overview of the steps to roll out a new product, timeline
  - Geographical Rollout
  - An overview of the entity's operations – details of each of the internal functions, all parties involved and how they will operate and interact (stakeholders and their interaction)
  - Any experience/lessons from a pilot project/phase
  - Assumptions to be tested in pilot phase
  - Customer Profile
    - Significant milestones (near-term and longer-term) (geographic expansion, organizational capacity, revenue levels, covering of initial investment)
- Brief financial summary

### Competitive Analysis

### Risk Analysis

### Management

- Roles and experience of key management for the overall project
- Time Commitment of key management players
- Proposed role of investors and the board
  - Investors
  - Board of Directors

### Financial Summary and Pro-Forma Economics of the Project

- Financial Projections – include near-term and longer-term forecasts, built on reasonable price/revenue/cost assumptions
- Anticipated Changes

## APPENDIX II: Financial Statement Template

### Monthly Profit and Loss Projection

Enter your Company Name here

Fiscal Year Begins

	IND. %	Jun-01	% B/A	Jul-01	%	Aug-01
<b>Revenue (Sales)</b>						
Category 1			-		-	
Category 2			-		-	
Category 3			-		-	
<b>Total Revenue (Sales)</b>		0	0.0	0	0.0	0
<b>Cost of Sales</b>						
Category 1			-		-	
Category 2			-		-	
Category 3			-		-	
<b>Total Cost of Sales</b>		0	-	0	-	0
<b>Gross Profit</b>		0	-	0	-	0
<b>Expenses</b>						
Salary expenses			-		-	
Payroll expenses			-		-	
Outside services			-		-	
Supplies (office and operating)			-		-	
Repairs and maintenance			-		-	
Advertising			-		-	
Car, delivery and travel			-		-	
Accounting and legal			-		-	
Rent			-		-	
Telephone			-		-	
Utilities			-		-	
Insurance			-		-	
Taxes (real estate, etc.)			-		-	
Interest			-		-	
Depreciation			-		-	
Other expenses (specify)			-		-	
Other expenses (specify)			-		-	
Other expenses (specify)			-		-	
Misc. (unspecified)			-		-	
<b>Total Expenses</b>		0	-	0	-	0
<b>Net Profit</b>		0	-	0	-	0

#### Notes on Preparation

You should change "category 1, category 2", etc. labels to the actual names of your sales categories. Enter sales for each category for each month. The spreadsheet will add up total annual sales. In the "%" columns, the spreadsheet will show the % of total sales contributed by each category.

**COST OF GOODS SOLD** (also called Cost of Sales or COGS): COGS are those expenses directly related to producing or buying your products or services. For example, purchases of inventory or raw materials, as well as the wages (and payroll taxes) of employees directly involved in producing your products/services, are included in COGS. These expenses usually go up and down along with the volume of production or sales. Study your records to determine COGS for each sales category. Control of COGS is the key to profitability for most businesses, so approach this part of your forecast with great care. For each category of product/service, analyze the elements of COGS: how much for labor, for materials, for packing, for shipping, for sales commissions, etc.? Compare the Cost of Goods Sold and Gross Profit of your various sales categories. Which are most profitable, and which are least - and why? Underestimating COGS can lead to under pricing, which can destroy your ability to earn a profit. Research carefully and be realistic. Enter the COGS for each category of sales for each month. In the "%" columns, the spreadsheet will show the COGS as a % of sales dollars for that category.

**GROSS PROFIT:** Gross Profit is Total Sales minus Total COGS. In the "%" columns, the spreadsheet will show Gross Profit as a % of Total Sales.

**OPERATING EXPENSES** (also called Overhead): These are necessary expenses which, however, are not directly related to making or buying your products/services. Rent, utilities, telephone, interest, and the salaries (and payroll taxes) of office and management employees are examples. Change the names of the Expense categories to suit your type of business and your accounting system. You may need to combine some categories, however, to stay within the 20 line limit of the spreadsheet. Most operating expenses remain reasonably fixed regardless of changes in sales volume. Some, like sales commissions, may vary with sales. Some, like utilities, may vary with the time of year. Your projections should reflect these fluctuations. The only rule is that the projections should simulate your financial reality as nearly as possible. In the "%" columns, the spreadsheet will show Operating Expenses as a % of Total Sales.

**NET PROFIT:** The spreadsheet will subtract Total Operating Expenses from Gross Profit to calculate Net Profit. In the "%" columns, it will show Net Profit as a % of Total Sales.

**INDUSTRY AVERAGES:** The first column, labeled "IND. %" is for posting average cost factors for firms of your size in your industry. Industry average data is commonly available from industry associations, major manufacturers who are suppliers to your industry, and local colleges, Chambers of Commerce, and public libraries. One common source is the book Statement Studies published annually by Robert Morris Associates. It can be found in major libraries, and your banker almost surely has a copy. It is unlikely that your expenses will be exactly in line with industry averages, but they can be helpful in areas in which expenses may be out of line.



## APPENDIX III: Customer Perception Survey (Example)

### Customer Perception Questionnaire



9 Borelli Yard, The Borough  
Farnham, Surrey  
GU9 7NU  
E-mail: sales@tricornsystems.co.uk  
Telephone 01252 821889  
Fax: 0709 2311248

To: Simon Willis  
Euromation PLC  
PO BOX 14  
Havant  
Hampshire  
PO9 5JB

Questionnaire No: APRIL 07

Date: 30/04/2007

As part of ISO 9001:2000 Company Name will be measuring customer satisfaction so as to continuously improve our system, products and services. this questionnaire is part of that process.

Please rate questions according to the following scale:

4=Excellent  
3=Good  
2=Expected  
1=Below Standard

1	Product Quality	4	3	2	1
2	Technical Information	4	3	2	1
3	Product Delivered on time	4	3	2	1
4	Lead Times	4	3	2	1
5	Packaging	4	3	2	1
6	Timely response to problems	4	3	2	1

What specific area of our service should be improved?

Other Comments

Please complete & return to : Company Name

## APPENDIX IV: Employee Contract (Example)

### EMPLOYMENT CONTRACT

**Between:** **Development Pool (DP)**, Apartment # 2, Plot # 7, Commercial Area, Tech Society, Lahore - 54590 hereinafter called the DP, is a services-provider firm in the areas of development and management consulting, training and outsourcing. It caters to clients in the development, private and public sectors.

**And:** **Mr. Muhammad Asghar**, Chak No. 149 GB, Post Office Islah Nagar, Tehsil and District Toba Tek Singh- hereinafter called the Employee, is a Masters of Science in Economics and Finance, selected by the DP after a thorough recruitment process.

Both the parties to the employment contract have agreed to the following terms and conditions that constitute the framework of the present contract:

#### 1. Scope of Employment

- 1.1. On behalf of the DP, the Employee will perform duties as a Research Associate and agrees and accepts to undertake his professional obligations at all times faithfully, industriously, and to the best of his ability, integrity, and talents in pursuance of express and implicit requirements of his job, to the reasonable satisfaction of the DP.
- 1.2. The Employee is required to support the Senior Partners of DP by task coordination, research assistance, liaison with clients, task presentations, field visits, telephonic communication, correspondence, e-mail checking, and filing. This list of job description is however for illustrative purposes and can be stretched and skewed according to the professional needs of the DP projects.

#### 2. Status of the Employee

- 2.1. The Employee is an official and staff member of the DP. He is therefore entitled to any right, benefit, payment or compensation provided in this contract including the right to represent DP when authorized.

#### 3. Contact Details

- 3.1. The Employee is required to provide DP with comprehensive and up-to-date contact details. This should include street address, postal address, email address, telephone number and fax number. The Employee should designate a person who could be contacted in an emergency, if necessary.

#### **4. Accountability and Responsibility**

- 4.1. In discharging services required by this contract, the Employee will be accountable to and seek advice from the senior partners of DP.
- 4.2. The Employee will be expected to liaise with concerned persons or offices inside or outside DP needed for the fulfillment of his duties as mentioned in the scope of employment.

#### **5. Term of Employment**

- 5.1. This contract shall initially be for a probationary period of 3 months commencing on 28<sup>th</sup> March 2008 and later regularized for one year, subject, however, to the termination notice served by any party.
- 5.2. The contract binds the employee to work at least 48 hours per week.
- 5.3. The employee would be entitled to have 15 days of vacation annually other than gazetted holidays.

#### **6. Compensation of Employee**

- 6.1. DP shall pay Employee and he shall accept from the DP, in full payment of his services under this contract, compensation at the rate of 20,000 Pak Rupees per month provided this contract shall be in force.
- 6.2. DP shall reimburse for all necessary expenses incurred by the Employee while traveling pursuant to DP's directions.
- 6.3. DP shall also pay sales based commission as incentives. Details will be set in accordance with the firm's policy.

#### **7. Termination due to Discontinuance of Business**

- 7.1. In spite of anything contained in this contract, in the event that DP shall discontinue operating its business, this contract shall terminate as of the last day of the month in which it ceases operations.

#### **8. Professional Conduct**

- 8.1. LEVEL OF AUTHORITY: Unless otherwise stated by DP, the Employee shall neither seek nor accept instruction regarding the job to be performed from any authority external to the contract.
- 8.2. TRADE SECRECY: The Employee is required to exercise utmost discretion in all matters of official business of the contract. The Employee may not communicate on contract matters to any person or organization external to the contract any information known to them by reason of their association with the contract which has not been made public, except in the course of their duties or as authorized by DP, nor shall the consultant at anytime use such information to private advantage. These obligations do not lapse upon cessation of the employment under the contract.
- 8.3. OTHER EMPLOYMENT: Employee shall devote all his time, attention, knowledge and skills solely to the business and interest of DP, and DP shall be entitled to all of benefits, profits or other issues arising from or incident to all

work, services, and advice rendered by the Employee, and Employee shall not, during the term thereof, be interested directly or indirectly, in any manner, as partner, officer, director, stockholder, advisor or in any other capacity, in any other business similar to DP's business or any allied trade; provided, however, that nothing therein contained shall be deemed to prevent or limit the right of Employee to invest any of his surplus funds in capital publicly-owned or regularly traded in any public exchange, nor shall anything therein contained be deemed to prevent Employee from investing or limit his right to invest in real estate.

- 8.4. TITLE RIGHTS: DP shall be entitled to all property rights, including but not limited to patents, copyrights and other similar rights with regard to material which bears a direct relation to, or is made in consequence of the services provided by Employee.

## **9. Termination due to Disability**

- 9.1. DP is given the option to terminate this contract in the event that the Employee shall, during his employment term, become permanently disabled, because of ill health, physical or mental disability or other causes beyond his control. Such option shall be exercised by giving notice in writing to the Employee. This contract shall cease on the last day of the month in which the notice is served.

## **10. Modification and Repudiation of Contract**

- 10.1. For modification and change to any clause of the present contract and also for the extension of it, both parties must have concurrence to the effect of modification, change and extension of the contract.

## **11. Termination of Contract**

- 11.1. This contract may be terminated by either party before the due expiry date through a notice in writing. Period of prior notice would be 10 days and 1 month for probationary duration and regular employment respectively.
- 11.2. In the event of the contract being terminated by DP, it would be liable to compensate the Employee with severance allowance amounting to the Employee's one month salary.

## **12. Settlement of Dispute**

- 12.1. If any dispute arises in the future during the execution of the present contract for reasons whatsoever, that dispute will be settled by mutual discussion between both the parties without involving any other person(s) alien to the present contract.

**Muhammad Asghar**

*The Employee*

**Shakeel Ahmad**

*CEO, XYZ Industries*

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1<sup>st</sup> April 2009

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1<sup>st</sup> April 2009

*Witnesses:*

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1<sup>st</sup> April 2009

**Syed Hazir Hussain**

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*Accounts and Finance Officer Development  
Pool*

**APPENDIX V: Work Plan Template**

**Company Name  
Work Plan 2009**

<b>Department/Product</b>	<b>Objectives</b>	<b>Strategy</b>	<b>Activities</b>



## **APPENDIX VII: Prudential Regulations for Cash Flow-Backed Lending**

### **PART – B REGULATIONS REGULATION R-1**

#### **SOURCE AND CAPACITY OF REPAYMENT AND CASH FLOW BACKED LENDING**

Banks / DFIs shall specifically identify the sources of repayment and assess the repayment capacity of the borrower on the basis of assets conversion cycle and expected future cash flows. In order to add value, the banks / DFIs are encouraged to assess conditions prevailing in the particular sector / industry they are lending to and its future prospects. The banks / DFIs should be able to identify the key drivers of their borrowers' businesses, the key risks to their businesses and their risk mitigants.

2. The rationale and parameters used to project the future cash flows shall be documented and annexed with the cash flow analysis undertaken by the bank / DFI. It is recognized that a large number of SMEs will not be able to prepare future cash flows due to lack of sophistication and financial expertise. It is expected that in such cases banks / DFIs shall assist the borrowers in obtaining the required information and no SME shall be declined access to credit merely on this ground.

#### **REGULATION R-2 PERSONAL GUARANTEES**

All facilities, except those secured against liquid assets, extended to SMEs shall be backed by the personal guarantees of the owners of the SMEs. In case of limited companies, guarantees of all directors other than nominee directors shall be obtained.

#### **REGULATION R-3 LIMIT ON CLEAN FACILITIES**

In order to encourage cash flow based lending, banks / DFIs are allowed to take clean Exposure, i.e., facilities secured solely against personal guarantees, on a SME up to Rs 3 million provided that funded exposure should not exceed Rs 2 million. Before taking clean exposure, banks / DFIs shall obtain a declaration from the SME that it has not availed clean facilities from any other bank/DFI to ensure that the accumulated clean exposure of banks / DFIs on a SME does not exceed the prescribed limit mentioned above.

2. It may be noted that the clean exposure above to an SME entity, will not include the clean consumer financing limits (Credit Card and Personal Loans etc.), allowed to the sponsors of the said SME under Prudential Regulations for Consumer Financing.

#### **REGULATION R-4 SECURITIES**

Subject to the relaxation in Regulation R-3, for facilities upto Rs 3 million, all facilities over and above this limit shall be appropriately secured as per satisfaction of the banks / DFIs.

## **REGULATION R-5**

### **MARGIN REQUIREMENTS**

Banks / DFIs are free to determine the margin requirements on facilities provided by them to their clients taking into account the risk profile of the borrower(s) in order to secure their interests. However, this relaxation shall not apply in case of items, import of which are banned by the Government. Banks / DFIs are advised not to open import letter of credit for these items in any case till such time the lifting of ban on any such item is notified by the State Bank of Pakistan.

2. Banks / DFIs will continue to observe margin restrictions on shares / TFCs as per existing instructions under Prudential Regulations for Corporate/ Commercial Banking (R-6). Further, the cash margin requirement of 100% on Caustic Soda (PCT heading 2815.1200) for opening Import Letter of Credit as advised by the Federal Government and notified in terms of BPD Circular Letter No. 5 dated 4th May, 2002, will also continue to remain applicable.

3. State Bank of Pakistan shall continue to exercise its powers for fixation / reinstatement of margin requirements on financing facilities being provided by banks/DFIs for various purposes including Import Letter of Credit on a particular item(s), as and when required.

4. In addition to above, the restrictions prescribed under paragraph 1.A of Regulation R-6 of the Prudential Regulations for Corporate / Commercial Banking will also be applicable in case of SMEs Financing.

## **REGULATION R-6**

### **PER PARTY EXPOSURE LIMIT**

The maximum exposure of a bank / DFI on a single SME shall not exceed Rs 75 million. The total facilities (including leased assets) availed by a single SME from the financial institutions should not exceed Rs150 million provided that the facilities excluding leased assets shall not exceed Rs100 million. It is expected that SMEs approaching this limit should have achieved certain sophistication as they migrate into larger firms and should be able to meet the requirements of Prudential Regulations for Corporate / Commercial Banking.

## **REGULATION R-7**

### **AGGREGATE EXPOSURE OF A BANK / DFI ON SME SECTOR**

The aggregate exposure of a bank / DFI on SME sector shall not exceed the limits as specified below:

### **PERCENTAGE OF CLASSIFIED SMEs ADVANCES TO TOTAL PORTFOLIO OF SMEs ADVANCES MAXIMUM LIMIT**

- a. Below 5%, No limit
- b. Below 10%, 3 times of the equity
- c. Below 15%, 2 times of the equity
- d. Up to and Above 15%, Up to the equity

## **REGULATION R-8**

## **MINIMUM CONDITIONS FOR TAKING EXPOSURE**

While considering proposals for any exposure (including renewal, enhancement and rescheduling / restructuring) exceeding such limit as may be prescribed by the State Bank of Pakistan from time to time (presently at Rs500,000/-), banks / DFIs should give due weight age to the credit report relating to the borrower and his group obtained from a Credit Information Bureau (CIB) of the State Bank of Pakistan. However, banks / DFIs may take exposure on defaulters keeping in view their risk management policies and criteria, provided they properly record reasons and justifications in the approval form. The condition of obtaining CIB report will apply to exposure exceeding Rs500,000/- after netting-off the liquid assets held as security.

2. Banks / DFIs are encouraged to refer the prospective SME borrower to SME Associations for obtaining information about its character and credit worthiness. The information so obtained may be helpful for banks/DFIs, especially in those circumstances where no information is available from CIB of the State Bank of Pakistan.<sup>12</sup>

3. Banks / DFIs shall, as a matter of rule, obtain a copy of financial statements duly audited by a practicing Chartered Accountant, relating to the business of every borrower which is a limited company or where the exposure of a bank / DFI exceeds Rs 10 million, for analysis and record. The banks / DFIs may also accept a copy of financial statements duly audited by a practicing Cost and Management Accountant in case of a borrower other than a public company or a private company which is a subsidiary of a public company. However, banks / DFIs may waive the requirement of obtaining copy of financial statements when the exposure net of liquid assets does not exceed the limit of Rs10 million. Further, financial statements signed by the borrower will suffice where the exposure is fully secured by liquid assets.

Banks / DFIs shall not approve and / or provide any exposure (including renewal, enhancement and rescheduling / restructuring) until and unless the Loan Application Form (LAF) prescribed by the banks / DFIs is accompanied by a 'Borrower's Basic Fact Sheet' under the seal and signature of the borrower as per approved format of the State Bank of Pakistan. However, individuals and Sole Proprietorship borrowers are exempt from requirement of Seal/Stamp on BBFS (Annexure-I for SMEs other than individuals and Annexure-II for individual borrowers).

### **REGULATION R-9**

#### **PROPER UTILIZATION OF LOAN**

The banks / DFIs should ensure that the loans have been properly utilized by the SMEs and for the same purposes for which they were acquired / obtained. The banks / DFIs should develop and implement an appropriate system for monitoring the utilization of loans.

### **REGULATION R-10**

#### **RESTRICTION ON FACILITIES TO RELATED PARTIES**

The bank / DFI shall not take any exposure on a SME in which any of its director, major shareholder holding 5% or more of the share capital of the bank / DFI, its Chief Executive or an employee or any family member of these persons is interested.

## APPENDIX VIII: Gender Based Review of Existing Financial Facilities

### ***Punjab Small Industries Corporation (PSIC)***

The Punjab Small Industries Corporation (PSIC) was established in 1972 as an autonomous body for the promotion and development of small and cottage industry in Punjab province. It is larger than its counterparts in other provinces and has traditionally engaged in developing industrial estates, establishing Common Facility Centers (CFCs), lending for investment and working capital, and providing guidance for technology transfer. Most PSIC activities have not focused on women entrepreneurs. There were some attempts to start specific programs but the results have fallen short of expectations. For example, an evaluation of the Women's Craft Development Centers of PSIC which was carried out by a group of consultants disclosed their poor performance in developing crafts, as well as in design, training and marketing. The promotion of entrepreneurship was mentioned as the weakest aspect of the program.

### ***Sindh Small Industries Corporation (SSIC)***

The SSIC was also established in Sindh in 1972, with almost the same mandate as that of PSIC. It has so far established 17 industrial estates and 6 artisan colonies. It used to offer subsidized loans under a small credit scheme that was started in 1988-89. The scheme was terminated partly because of the paucity of resources and partly because lending under IMF conditionalities needed to be at market-based interest rates. The SSIC later engaged in disbursing loans under the Prime Minister's self-employment scheme. The corporation does not have a specific gender focus and is not running projects to promote women entrepreneurs in the province.

### ***Sarhad Small Industries Development Board (SSIDB)***

The SSIDB is a sister organization of PSIC and SSIC; it was established in 1972 as a board and not as a corporation. The functions are very similar and the mandate is to promote the development of small and cottage industry. The Board has been working to develop industrial estates, train human resources, promote traditional cottage industry and disburse credit for cottage industry. Few of its programs or activities have targeted women entrepreneurs. The policies, programs and projects are aimed at business, which is considered a male domain in this relatively conservative province. Women and households have mostly benefited indirectly from traditional business activities such as carpet weaving and Patti making. The women development programs, which are few and far between, have trained 2,062 women in a variety of skills.

### ***Directorate of Industries (Balochistan)***

Balochistan is the largest province of Pakistan in terms of area but it has the smallest population (around 5 per cent of the total). The provincial government has no corporation or board catering to the small-scale sector and cottage industry. The Directorate of Industries under the Department of Industries, Commerce and Minerals looks after the development of small and cottage enterprises. Owing to the size of the province, it has 63 training centers that teach traditional skills. These centers have trained 2,750 persons in carpet weaving; 450 in Balochi embroidery; 500 in leather embroidery; 375 in tailoring and cutting; 350 in handloom weaving; 200 in woodwork; 225 in marble work, and 1,500 in other skills. There is hardly any history of special projects for women entrepreneurs, but a

majority of trainees in carpet weaving have been women. Presently 361 women are being trained at these centers

### ***Small and Medium-Sized Enterprise Development Authority (SMEDA)***

SMEDA is a relatively new organization that was established in 1998 to provide a policy focus to SME activities in Pakistan. SMEDA was given a mandate to provide and facilitate support services to new and existing SMEs, coordinate policy and action frameworks for the SME sector, act as a lobby group for SMEs in the highest policy-making echelons of government, and serve as a key resource and information base for SMEs in Pakistan. SMEDA started with an emphasis on devising comprehensive strategies for some targeted SME sectors and implementing them with the help of government departments and regulatory authorities. There was a slight shift in focus in the second year of operation when SMEDA participated in a number of research studies regarding the future of different SME sectors in the wake of accession to WTO and trends in international markets. SMEDA is presently working to promote a policy framework, as well as a regulatory and institutional environment which will be conducive to SME development. (Much of the early policy work was carried out in association with ILO's IFP/SEED.) It also provides Business Development Services (BDS) to its clientele. It has four regional offices, one in each province. To date SMEDA has undertaken no projects with an exclusive gender focus.

### ***Small and Medium-Sized Enterprise (SME) Bank***

The Government of Pakistan has recently promulgated an ordinance to create the SME Bank by merging the Small Business Finance Corporation (SBFC) and the Regional Development Finance Corporation (RDFC). The new bank began operations in January 2002 as an independent company. Already the new bank has indicated that it will focus on women entrepreneurs.

### ***Small Business Finance Corporation (SBFC)***

SBFC was established in 1972 to cater solely to the financial needs of small and medium businesses. The thrust of the institution was always on self-employment schemes in which small entrepreneurs were provided subsidized credit for starting or running a business. However, the institution could not play its role effectively as successive governments used the subsidized credit to win political favors. The institution was on the verge of collapse with 70 per cent of non-performing loans when the new management took over in early 2000 and started drastic restructuring. A few women entrepreneurs benefited from SBFC but the vast majority of clients were men. SBFC launched its first special scheme, the "Women Entrepreneur Development Programme" in September 2001. Under this program, women entrepreneurs could seek financial assistance within the range of Rs50,000 to Rs300,000. Loans have already been sanctioned under this scheme, as part of the activities of the new SME Bank.

### ***Regional Development Finance Corporation (RDFC)***

RDFC was established in 1985 to promote industrialization in the less-developed areas of Pakistan. It has a head office in Islamabad and 14 regional branches. The corporation financed a number of projects and also started an Industrial Credit for Rural Women (ICRW) scheme, providing subsidized loans ranging from Rs25,000 to Rs200,000 to women entrepreneurs. RDFC has now been merged with the SBFC to form the SME bank.

### ***Trade Development Authority of Pakistan (TDAP) (formerly EPB)***

The main objective of the TDAP is to promote Pakistani products and services in the international market. TDAP sponsors the participation of Pakistani exporters in international exhibitions, arranges exhibitions in Pakistan, facilitates trade delegations and establishes display centers in Pakistan and abroad. There has been no specific gender focus in the policies and programs of the TDAP until recently, partly because of the low participation of women in commercial activity and especially in the export business. The TDAP has recently been trying to bring women entrepreneurs into its activities, and in 1998/1999 it published a directory of women entrepreneurs in Pakistan that included information (name, address, contact numbers, type of business and products etc.) on more than 400 business women. The directory is divided into small (183), medium (216) and large (17) businesses. Special training courses on export finance and export procedures have been delivered and a special handholding program for women exporters has been designed.

### ***First Women Bank Limited (FWBL)***

The FWBL was established in 1989 as a nationalized commercial bank to cater solely to the financial needs of women entrepreneurs. Its mandate was to improve the socio-economic status of women in both urban and rural areas by creating opportunities for their development through enhanced economic participation. In a way it is designed to serve the dual objectives of a commercial bank and a development finance institution. The services offered by the bank are:

- loans on easy terms for women entrepreneurs;
- advisory and consultancy services for investment;
- identification of agricultural and industrial projects for potential women entrepreneurs;
- training in technical and managerial skills;
- market development for the products of women entrepreneurs; and
- promoting and sponsoring displays of clients' products in national and international exhibitions.

The FWBL has 38 branches all over Pakistan and a head office in Karachi. The Bank launched a small loan facility for women from low-income groups with an initial allocation of Rs30 million from the Ministry of Women Development. Under this scheme women could borrow up to Rs25,000 by using a group guarantee, NGO warranty or personal surety from two government officials. Approximately 11,000 women have benefited from the small loan schemes in the last 10 years. The Bank set up a Regional Development and Training Institute (RDTI) in Islamabad in 1995, and then in Lahore and Karachi. These training institutes were later re-named as business centers. FWBL has trained 3,093 women in different trades so far through these centers.

(Goheer, 2003)

## APPENDIX IX: Project Management Template

<b>Company Name</b>				
To be filled by PM when project is signed and work is allocated.				
Project Summary				
Name of Project				Contract Date:
Client		Contact Person:		Start Date:
Deliverable		Contact No:		End Date:
Project Value				Submitted:
Total Duration	Days		Hours	
Project Manager		Rate	Hours	Cost
	Team Members	AS		0
		KA		0
		HH		0
		SJ		0
		AA		0
		<b>Total</b>		<b>0</b>
		Administrative Cost		
		<b>Total Cost</b>		<b>0</b>
Brief Description				
Project Summary	Head Line	Time Line	Responsible	Details
<a href="#">Activity 1</a>				
Deliverables				
<a href="#">Activity 2</a>				
Deliverables				
<a href="#">Activity 3</a>				
Deliverables				
<a href="#">Activity 4</a>				
Deliverables				
<a href="#">Activity 5</a>				
Deliverables				
<a href="#">Activity 6</a>				
Deliverables				

**To be filled by PM when the project is complete and client feedback has been incorporated.**

<b>Lessons Learnt</b>	

<b>Unexpected Results</b>	

<b>Best Practices</b>	

<b>Major Achievements</b>	

_____	_____
Dated:	Project Manager

## Suggested Readings

*Entrepreneurship* 5<sup>th</sup> Edition by Donald F. Karatka (2001), published by South Western

*Entrepreneurship Management* by Robert J. Calvin published by McGraw Hill

*Understanding the small business Sector*, D.J. Storey in 1994.

*Women Entrepreneurs, Their Venture, and the Venture Capital Industry*. Edited by Elizabeth J. Gatewood, Nancy M. Carter, Candida G. Brush, Patricia G. Greene, Myra M. Hart

*State Environment for Entrepreneurs*. A research paper by Center for Rural Entrepreneurship in Kansas City.

*Attributes of Successful Entrepreneurs* by Peter T. Gown in 2003

*Guide Book for Women Entrepreneurs*, International Workshop on Entrepreneurship and E-Business Development for Women: APEC Women's e-Biz Training 2006

*Crippling Marketing Mistakes that Entrepreneurs Make* Jose Thankamony Chief Strategist Strategic Edge Consulting

*Role of WBIC in Women Entrepreneurship Development* by Aisha Amjad Project Director WBIC, SMEDA

## Index of Key Words

business plan, 10  
capital, 12  
cash flow, 3, 4, 35, 38, 68  
cluster, 47  
core competencies, 51  
customers, 40  
debt financing, 34  
entrepreneur, 8  
entrepreneurship, 8, 12  
equity investment, 33  
formal, 18  
growth, 4, 6, 8, 10, 14, 26, 27, 40, 50, 51, 52  
informal, 18  
knowledge management, 53  
lateral linkages. *See* Clusters  
learning, 4, 53, 54, 77  
market research, 25  
market selection, 6, 25  
marketing approach, 41  
money, 6, 9, 13, 14, 28, 33, 42, 52  
networking, 48  
partners, 3, 19, 32, 62  
people, 6, 9, 14, 15, 16, 24, 29, 31, 40  
personal attributes, 13  
positioning, 27  
process, 8  
product selection, 23  
relationship approach, 41  
sales approach, 41  
SMEDA, 5, 24, 30, 34, 35, 38, 41, 43, 44, 47, 48, 52, 72, 77  
staff people, 29, 34, 45, 50, 52, 53, 62  
vertical linkages, 3, 46  
vision, 9, 10



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We asked some of our favorite women entrepreneurs to share how they got their start in business. Their answers revealed the deep motivators and personal qualities that drove them to make their big idea a reality. By reading about how they grew their businesses over the years, our goal is that you'll identify a similar entrepreneurial seed, within yourself. Here's what these women had to share about getting their start as entrepreneurs.

1. Sue Bryce. "My path to self employment seemed to me, a natural evolution. "But, it wasn't based on a great desire to build a business... How to Start a Business: A Step-by-Step Guide. By Bennett Conlin, Staff March 18, 2019 07:28 pm EST. MORE. Shutterstock/FlamingoImages.Â Stephanie Desaulniers, director of operations and women's business programs at Covation Center, cautions entrepreneurs from writing a business plan or worrying about a business name before nailing down the idea's value. "Many people think they have a great idea and jump into launching their business without thinking through who their customers will be, or why these people should want to buy from or hire them," Desaulniers said. "Second, you need to clarify why you want to work with these customers â€" do you have a passion for making people's lives easier? Or enjoy Learn how to make a business plan, get business plan templates and examples, and watch a new video to get started.Â The guide covers everything from the paperwork and finances to creating your business plan and growing your business online. Use the links below to navigate to each section of the guide. How to Start a Business. Write a business plan. Download a business plan template.