

## START A BUSINESS WITH ONLY 500 KENYA SHILLINGS

Many people think that capital or seed money is the biggest roadblock to starting an own business. I disagree with them. I have done casual research and can say without blinking an eye that capital is one of the roadblocks to starting a business but it is not the biggest roadblock. You can start a business even with no money only using what I normally call “your upstairs”. If you want to discover what business you could start with as little as Ksh. 500 then read on .....

First let us define a business. It is a legal activity undertaken to earn a profit. And what is profit? Profit is what is earned up and above what was invested. In money terms it is that money that has “grown”. In terms of effort it is that work that has brought rewards. The use of the word “grown” means that to earn profit money is invested and well managed just like a planted crop has to be well weeded if it has to bear fruits.

There are a number of messages I am trying to convey:

1. Business can be a rewarding activity
2. Rewards come after well managed work; call it hard work
3. Profit is earned; it does not come on a silver platter i.e. for free

Many people I have talked to tell me that they do not own a business because they do not have money to start one. When I go further to ask them what business they would have wished to start they get stuck; they have no concrete business idea. And that is their undoing. First you must have a business idea. Armed with the idea you can then start planning about how to turn it into a business and earn profit. During the planning you may realize that the idea is not possible to implement for various reasons including the needed funds to start it. You may therefore scale it down, postpone it or even abandon it all together and think of another one within your reach.

I was once involved in training Kenya’s civil servants to prepare them for retrenchment. This was at the onset of the structural adjustment programmes (SAPs). The trainees were to be given Ksh. 40 000 (forty thousands) after the training to start own businesses. Many thought this was too little to start a meaningful business. When I interrogated some I discovered that they had very ambitious business ideas such as starting a fleet of matatus, putting up rental buildings, starting hotels etc. Of course the 40 000 was too little for such businesses. What they

forgot is that a business is like a person. It can be born (started small) and grow into a big venture. Just like a person it can get old and die.

It is the Chinese who say that a journey of a million miles starts with a first step. Even in business start from where you are – with what you have. You may have no money but you have your physical and mental strength. Start using these, do not leave them idle; do not channel them to illegal activities.

The messages I am conveying this time are:

1. You can start a business with any amount of money, even zero money.
2. You do not have to start big
3. You must have a vision

You may, for example, envision owning a long distance bus company even when you have no money for it at the time you are envisioning. You could start by providing security to people returning to their homes late after work. Just escort people on foot from the bus stage to their homes at a fee. Graduate to lifting them on a bicycle (boda boda) and onto a motor cycle to a Tuk Tuk to Taxi to Matatu and eventually to your coveted bus company. You may have a dream to own a publishing house. Start by writing stories and features to the editor then become a free lance journalist, a newsletter producer and you will be on your way to your coveted publishing house. What about a dream to be an hotelier? You may start with roasting maize by the roadside, then onto hot food deliveries to offices, then onto outside catering and eventually become an hotelier.

I have in my entrepreneurship collections 10 Ps for business prosperity. Allow me share them with you.

BWISA'S 10 STEP-PS TO BUSINESS PROSPERITY		
STEP	THE "P"	ELABORATION
1	PREPARATION	Promise, psyche yourself that you want to be self-employed then go ahead and prepare yourself for it. Mentor yourself with "nobody gets to be a millionaire working for another". Observe role models, read success stories; from rags to

		riches stories etc
2	PONDER	Think about possible business ideas. What businesses fascinate you? What are your hobbies, interests? Can you turn them into business? Screen the business ideas and settle on one. The website ( <a href="http://www.professorbwisa.com">www.professorbwisa.com</a> ) will be of help. Talk to your spouse, friends, and children. They will assist you settle on an idea
3	PLAN	Do a business plan for the selected idea. The above cited website has guidelines on how to write a business plan.
4	PLUNGE	Armed with a business plan you can now invest and start your business. And by the way it is not true that every business start-up needs money.
5	PERSEVERE	Business management for prosperity is a game of perseverance and financial discipline. Profit has to be earned. When economists talk of break-even they mean that it takes time for an investor to recoup the initial invested amount and start earning a profit.
6	PROFITEER	Eventually you will begin reaping what you sowed. Make sure you garner the profit. Do not squander all your profit.
7	PLAN AGAIN	Armed with profit do a plan for growth, expansion, diversification, whichever suits you. Plan to go international – and why not! Indeed planning is a continuous exercise
8	PLOUGH BACK	Re-invest the profits you have garnered. When economists talk of retained profits they mean that some profit has to be retained in the business for re-investment.
9	PERSEVERE AGAIN	After re-investment you will need again to break even. This requires another game of perseverance and financial discipline.
10	PROSPER	ENJOY YOUR EFFORT BUT DO NOT BECOME COMPLACENT

The ten Ps have a strong business message: business prosperity is not for the faint hearted and you do not need to have a million to make a million.

Let me now illustrate a point using maize roasting in Nairobi city. In this business an unemployed person invests as little as 500 bob and a lot of his/her physical and mental effort.

DAY ONE STARTING WITH 500 SHILLINGS	
COST	REVENUE
CHARCOAL = 100	MAIZE (30) @ 20 = 600
SPICES = 50	
TRANSPORT= 50	
MAIZE (30) = 300	
TOTAL = 500	TOTAL = 600
DAY ONE TAX FREE PROFIT IS 100 SHILLINGS	

With prudent planning and management i.e. ploughing back profits earned the business will grow and expand. I know a roaster who roasts 250 maize cobs a day thus making 3000 shillings daily or 9 000 shillings monthly. Opportunity to grow this business exists.

Now listen to this. In the year 2000 I employed a sixth form graduate (a Kenyan who had done his schooling in Uganda) in my cooking gas retail outlet at Githurai 44 in Nairobi. His salary was Ksh. 5000 a month. His unemployed fourth form brother came to the city to live with him and seek for wage employment. I introduced the young man to maize roasting and after 2 months he was roasting 100 cobs per afternoon and making a daily net profit of Ksh. 500. Translate this into a monthly earning and you get Ksh. 15 000 (i.e. three times more than his more learned but wage employed brother – remember nobody gets to be a millionaire working for another). Add the facts that it is tax free and earned when working in the afternoons only. That means that the profit could be used to diversify into businesses that can be run in the mornings.

I expected the wage employed brother to switch to maize roasting but he did not. I also expected the roaster to expand and/or diversify e.g. add popcorn, ice cream etc (which are actually feasible and viable) but he did not.

The lessons I learnt were:

1. The “learned” brother looked down upon the “dirty” and “demeaning” business of roasting maize.
2. With three times as much income as his more learned brother the roaster became complacent and saw himself having “arrived”.

This points a finger at lack of an entrepreneurial culture. Read about entrepreneurship elsewhere on this website.

But just how could the maize roaster grow, expand or diversify as preached by Bwisa’s 10 Ps?

My casual research identified the following growth, expansion, diversification avenues open to a roaster. These avenues are not exhaustive.

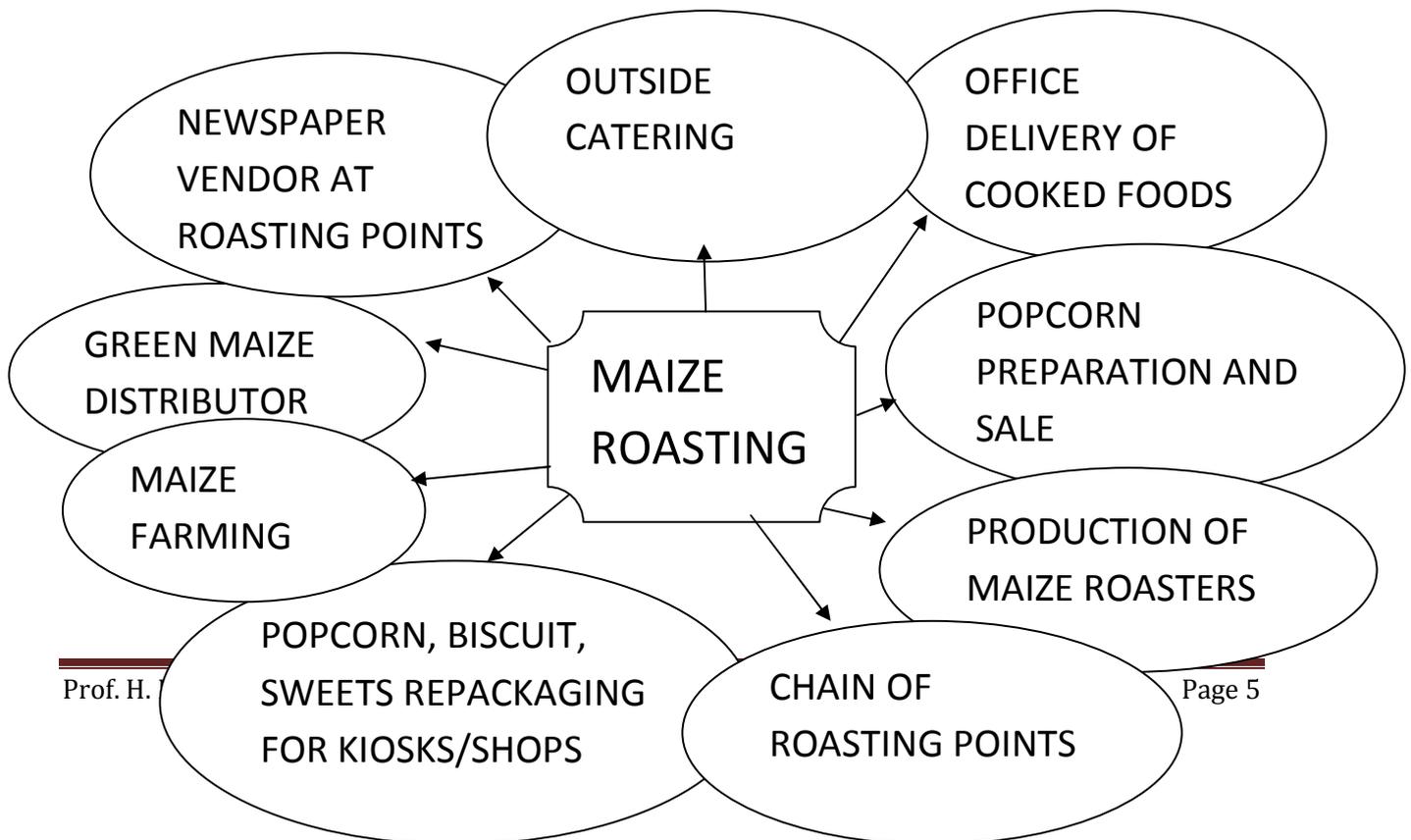


FIG. SOME OF GROWTH, EXPANSION AND DIVERSIFICATION AVENUES OPEN TO A MAIZE ROASTER STARTING WITH 500 SHILLINGS

So then what can one do with 500 shillings?

NN	500 BOB-BUSINESS IDEA	EXPLANATION	POSSIBLE VISION
1	MAIZE ROASTING	Anybody can start maize roasting with as little as Ksh. 500 and grow. All you need is your labour and a vision	MECHANIZED MAIZE FARMER
2	VEGETABLE DEHYDRATION	Are you an agriculture graduate? With Ksh. 500 or less you can capitalize on gluts and dehydrate vegetables by sun.	CANNED VEGETABLES
3	LEASE A HEN	Are you rural-based? Lease a hen from a neighbour and use Ksh. 500 to buy fertilized eggs and chicken feed. In 21 days the hen will hatch. In another three months you will sell off the broilers. Your payback period is only 3 months.	POULTRY FARMING
4	PERSONAL BODY GUARD	Do you stay in an off the road estate not served by transport? Try escort services. 10 trips escorting 2 people per trip at 10 shillings per person makes Ksh. 200 per day or 6000 per month. With a vision this money can grow into big business	SECURITY FIRM
5	BECOME A CO-OPERATOR	If you think your 500 is too little then invoke the cooperative movement principles. 10 people can pool their 500 into 5000 and buy a blender with some remaining with which to buy fruits for making juices to distribute to hotels. Soya milk can also be made	BANK
6	FENCE TRIMMING	Ksh. 500 will buy a pair of trimming	LANDSCAPER

		scissors for you to offer fence trimming services in estates. You can offer to do carpet cleaning, window cleaning etc	
7	ONLINE CONSULTANT	You probably have a mobile phone. Use your 500 to advertise yourself in the classified columns as an internet consultant for hire online	INTERNET CONSULTANT
8	BECOME AN ERRANDS RUNNER	500 bob can enable you advertise in your own estate as an errand runner to pay bills and do shopping at a small fee. Start with people who know you	COURIER
9	BROKER	A broker who was delivering building material to my building site in the 1990s now has a fleet of lorries himself. To be a broker you do not need money	BROKERAGE FIRM
10	BABY SITTING	Living with your parents in a city estate? Baby sit. Parents can bring their children to your house. You need no money.	COLLEGE
11	PEELED SUGAR CANE/PINEAPPLE/FRUIT VENDOR	500 bob will buy a batch of sugar cane, pineapples etc. Use your labour to peel and retail them by the roadside	JUICE MANUFACTURER
12	HOME BAKERY	Are you a home economics graduate with a host of recipes living with your parents? Buy your first flour packet, oil, baking powder. Use your kitchen oven to bake and wholesale the baked items at your estate kiosks. You would have made the first step to a bakery business	BAKERY
13	EYE REPORTER	The mushrooming of TV stations is an opportunity. Use your mobile phone with photo and video facilities to capture scenes and stories to sell to media houses	TV STATION
14	STUFFED TOYS	Make a visit to any toy outlet in the city and you will see many stuffed toys. To manufacture these pretties does not require any special skills, other than the use of a needle, scissors and thread. Waste cloth can be obtained from the sewer in town. Old clothes will also do.	INFANT INDUSTRY

15	DYE AND TIE	500 shillings will buy your first material to dye and sell them to garment producers.	TEXTILE FIRM
16	MARKET INFORMATION BROKER	Many commodity farmers do not know where to sell their produce at a profit. If you already have a mobile phone you can offer them these services. You will need to constantly listen to your radio and watch the TV to gather important farm inputs information to offer clients.	MARKET INTELLIGENCE BUREAU
17	ON-LINE RESEARCHER	Non-regular degree programmes are your opportunity. Students of these programmes who work and study need well researched information. They will be your clients. Use your 500 shillings to advertise yourself and browse the net	VIRTUAL UNIVERSITY
18	POLITICAL CONSULTANT	Many members of parliament would like well researched information including breaking news items. With your mobile phone and e-mail 500 bob are enough	OPINION POLL BUREAU
19	COOKED EGGS PEDDLER	500 shillings will buy you enough eggs to boil and peddle at the bars. Add spices and <i>kachumbari</i> and you are in business	OUTSIDE CATERING
20	GREENS, EGGS SUPPLIER FOR HOTELS	The same 500 shillings will enable you buy your first three trays of eggs or greens to supply to the first hotel. With Bwisa's 10 Ps as your guide you will grow in this business	REFRIGERATED GREEN GROCER EXPORTER