

SA CHRONICLES
VOL. 1

Tips on Entrepreneurship, Business Management, and Personal Finance

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The only thing worse than starting something and failing...
is not starting something at all.

ABOUT THE AUTHOR



Salum Awadh

Salum Awadh is a corporate advisor, Investment banker, Public speaker, Author, VC Enthusiast, and Entrepreneur.

He was recently appointed by the President of United Republic of Tanzania as the Chairman of Cereals and Other Produce Board in Tanzania
He is the CEO of SSC Capital, a corporate advisory, investment banking and financial services firm. The firm offers services in Strategy Advisory, Investment Banking, Private Equity and Venture Capital, SME Finance, Research, and Financial Services
Salum also founded Mbadala Impact Fund, Tanzania Venture Capital Network, Tanzania Angel Investors Network, and Wengi Equity Crowd-funding

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He is also a Public speaker, Angel Investor and Author. He is the author of the books “Dare or Die”: The Courage to Pursue your Dream”, “Smart-up your Start-up”, and Where is the Money?- Ask the VC
He was awarded the CEO of the year in Tanzania in 2021, and in 2022 was among the most respected African CEOs by The Business Executive in Mauritius. Salum operates in Tanzania, Rwanda, and Dubai

INTRODUCTION

SA Chronicles is a collection of articles written and published by Salum Awadh in various publications, across different platforms over the past ten (10) years or so.

The decision to publish this collection follows requests from my clients, supporters and fans of my work; I decided to publish volume 1 with only 41 articles out of more than 200 articles I have written and published.

Volume 2 will publish other 40 articles for you.
SA Chronicles gives you articles that provide tips and knowledge on the issues of entrepreneurship, business management, and personal finance.

It is a perfect gift for all those who have taken a bold decision to start their own businesses, and for those who plan to do so in the near future, and those who want to build their wealth to attain financial freedom.

I thank you all for your support and for your business





ARTICLE 1

Keeping your financial discipline even when you earn more

Financial discipline is one of the prerequisites for building a long-term wealth and achieving your financial freedom, many people get opportunities to earn enough money that can give them the financial freedom, whether from their businesses or their day jobs, but that ends with the eye brink.

Normally when a person has no enough money, makes a lot of sensible plans on how she/he will spend that money, the types of assets will buy, and all other sensible spending, but soon after the money is cashed in, all of the plans evaporate, you quit your strict-budget lifestyle; you lose your financial discipline and start spending extravagantly.

This is how you can maintain your financial discipline even when your income increases;

Keep spending on track

one of the major reasons why people become broke again even after becoming financially wealthy is spending without keeping track of their spending, you just hit that ATM, getting your hundreds of thousands, do all the shopping, expensive dinners, and end your day. Buying expensive cars, expensive items, spending a million a day without knowing, etc. What is needed here is to have a way of recording what you spend on, and make your weekly assessments of what you spent on that week, this will alert you on stopping to spend on things which are irrelevant and unimportant.

Keep your eyes on the difference between wants and needs

This is one of the high quality attributes that keep rich people rich, if you look at the lifestyle of people like Warren Buffet, you will understand what is meant to keep a clear difference between your needs and your wants. Having a mobile phone is a need that helps your communication between you and your family, your business, etc, but that doesn't mean you must have a Smartphone, which is a want in that scenario.

Reduce your waste

Unnecessary spending is the cause of increasing your waste, most people buy a lot of stuff that they do not need, as they result, they keep a lot of waste on their spending list which simply results into losing money for no any apparent reasons. You go to a supermarket, without a shopping list, you pick and drop on your shopping basket, when you are home is when you find out that you bought stuffs that you would avoid, example, you buy butter and you buy margarine, and you end up using margarine every day while wasting that butter you bought. Buy what you need at that particular moment, money in the account should not dictate you, be sensible and remindful

Stick to your plan as money keeps on flowing

Achieving a long-term success comes with a discipline of having a plan and sticking to it, so one important thing you always need to



embrace is to stick to your plan that you developed when money was less, every one of us needs to develop a personal finance plan, this highlights your home budget, savings targets, investment plans, debt controls and future plans. If you continue keeping and sticking to this plan, you always remain financially free.

These are some of the tips you need to understand and embrace if you want o remain financially successful, avoid a trap of spending recklessly when more money starts flowing, whether coming from the business as business becomes good or when you get a promotion at work and get a pay raise.

ARTICLE 2

Tips for surviving a price war

Price war has become a common marketing strategy when competition heats up especially in goods and services that have high elasticity and high complimentality, when this occurs those who can't fight the war are normally shown the exit door.

We have seen the best example of this in the telecom industry when telecoms went head to head against each other, when this happened some even sacrificed their profit margins but to retain and grow their market share.

For small businesses when a price war comes from big companies or cheap imported goods, the chances for survival are very minimal, so what should small business owners do when faced with price war struggles?

Understand why your competitors waged a price war

You need to find out whether your competitor is trying to clear its stock, or wants to sell of its stock and close down the business, or really wants to out-compete you. If you know the reason is a temporary move then you can stay and keep the fight on

Market re-segmentation

When you are selling your products/services to a specific market segment which also becomes a target for your competitors, you can proceed selling to the same segment; say for instance, you sell clothes for children. But when you competitors wage price war and reduce their prices to the level that you can't compete, you need to re-segment your market and exit the price war, for instance you can decide to target toddlers only or kids who are fat.

Lower costs

Another response to a price war is to review your cost structure and see where you can cut your costs so can reduce your prices, this is a move you do before touching on the profit margins. You can look for cheaper sources for raw materials, you can computerize and reduce labor costs, you can outsource some of your functions, etc



Explore new markets

Sometimes price wars can be concentrated in the limited market space, you may find it harder to continue surviving in that marketplace, don't close down the business, explore new markets where you competitors have not reached yet, and this can be a temporary solution but at least will keep you in business for that time.

Sacrifice on your margins

This is the last move you do when all of the above strategies fail, in this case you cut your margins as per price requirements, if reducing the margins do not help you, then you can totally sacrifice on your profits and run your business on break-even basis until when you are able to bring the price back or when you source a new market.

Diversify your income

Sometimes when the going gets tougher, the tougher gets going, you may find all of the above strategies do not work at all, you can't even run your business on break even basis, what you need to do is diversify your business and create new sources of income, at this point, you can sacrifice by making losses in order to retain your market share and use your income from another business to write-off the losses.

These are some of the ways you can use to survive a price war, but remember that before embarking on any strategy, understand the competition better and know whether the price war is just temporary or will be a long ride.

ARTICLE 3

How to move on with your business when your key partner leaves

It has become quite common among business owners that forming partnerships that help the sharing of business knowledge and resources is one of the ingredients for quicker business growth. But not all partnerships come in the same shape. Some partnerships are really instrumental in facilitating the company's growth while others are obstacle and can be a reason for business collapse.

So it is very important for business owners to understand the key conditions and checklist for selecting a right partner, but even so, some partners may appear as gold when initiating a partnership before realizing that they are just ordinary metals.

In some cases, this partnership crisis my lead to partnership divorce, so if you happen to be the business owner, you would want to move on even when the partner leaves.

So the best way to manage this bad partnership risk, every business owner needs to embrace the following observations if you want to continue after your partner exit

Be aware of all company's information

Don't just capture selective information and leave the rest of the information to your partners. You will be stuck when this partner leaves with some of the crucial information that you might not have access to again. Things like account passwords, insurance policies, key clients' contacts, etc



Be aware of all the financial transactions

Sometimes a business may trust a partner and delegate all financial issues to him/her. Do not make such a mistake, make sure that you are aware of all the finances, banking transactions, clients' dues, vendors' dues, etc

Be closer to your office team

Do not isolate yourself from your employees, in all cases one or a few employees are involved in all company's operations, so when your partner leaves, you can gather all the missing information you want from them. But also if you stay away from them, if they happen to be closer to your partner, when a partner leaves they may be demoralized or they may leave with him

Show that world that you also play a key role in the company

Sometimes a business owner may decide to lay low and let the partner shines, this exposes your partner to your clients, vendors, and other business partners. So if they don't see you, they may believe that your partner is key to the business and his/her departure means end of business.

Take a break before moving on

When a partner leaves, especially in situations where a partner has been instrumental and key part to the business, his/her exit can be a big shock to you and to your business, so when that partner leaves don't rush to pick up the pieces and move on. Take a break, assess the situation, and re-group yourself without him/her in your business.

Prepare a business continuity strategy

Some business owners think that you only need a business continuity strategy in case of major risks such as floods, fire, or earthquake. Just know that you also need a continuity strategy to guide you when a key partner or employee leaves.

These are some of the key issues you need to understand before entering into any partnerships, or if you are already into partnerships.





ARTICLE 4

Graduate your start-up into a corporate structure in 2013

Majority of starts normally start as sole proprietors in the first years of operation, especially when they are in the business services like consulting, legal, IT, architecture, quantity surveying, interior designing, artists, etc. It is also a common route for majority of the retail businesses.
Depending on the level that your business is at, and the experience you got up to last year, you might need to convert your sole proprietorship into a limited company that has a proper corporate structure.

There are both merits and demerits of converting into a limited company, I understand when you are a sole proprietor you have all the freedom with your money, decision making is quick, etc, but there are also demerits.
Today we look at the merits of converting your company into a limited company;

Separate legal entity

When you operate as a sole proprietor, there is no separation between yourself and your company, you bear all the profits and the liabilities, and you are only one legal entity. But when you operate as a limited company, there comes a separation between you and your company, your company now becomes a separate legal entity, can enter into contracts and can as well be sued, and not you, unless the law requires so.

Liabilities become limited

When you operate as a sole proprietor, you bear all the company's liabilities, but when you operate as a limited company, the liabilities are now limited to your company. So in case of bankruptcy, it is the company's assets which are used now to clear any pending liabilities.

Tax benefits

When you operate as a sole proprietor, you total income becomes total taxable amount, this includes both your personal earnings, if you have a separate source of income apart from your business, and your business income, so both incomes are treated as one, but with a limited company, it is the company that only becomes tax liability by paying corporate tax, a fixed percentage, which is subject to amount of income the company earned for the year.

Easier to raise capital

Sole proprietors are limited when it comes to raising capital, especially when it comes to raising debt from banks or equity from investors. But with limited company, capital providers become more confident and build a trust with the company as they see a structure behind a person seeking capital, even if the person dies, they see continuity.

Perpetual succession

The existence of sole proprietorship is contingent with owner's existence, which means once the sole proprietor dies, the business dies



the business dies with him/her, or when retires, retires with business. So if family members have interest to carry on the business they just can't unless they first incorporate the company.
Public image

Most people, especially big companies find sole proprietorship model of business as start up and small, so they don't easily go into either partnerships or other bigger contracts with you on that basis. So if you plan to become bigger and get engaged with bigger companies go and incorporate now.

So what do you need to do if you were to convert your business into a limited company?

Change of bank accounts

The first thing you need to do will be to close your bank accounts registered under sole proprietorship and open new ones under the new limited company, consult your bank to find out about their procedure.

Assets status

All net assets registered under your sole proprietorship business can easily be converted as paid up capital to your new limited company.

Change of existing contracts

If you have any existing contracts that you entered under sole proprietorship, you might need or re-sign them under the new company

ARTICLE 5

Avoiding financial stress after this festive season

During this festive season families normally fall under huge pressure of expenditures, not only the pressure mounts now, but followed with huge stress in January when schools open and other bills fall due.

And to make things even more badly, employers tend to pay their employees on earlier dates in December than normal, and you know what follows?, wallets go empty even before end of December, forget about next January

One of the key things to consider at this time is to develop a proper short-term financial plan that will see you going through this season more comfortably, and wake up in January less stressful.
You know what? Don't opt for overdrafts in January, there are ways to make your January more cash liquid, here are few tips;

Make your December-January budget now

During this season, don't just focus your budget and expenditure for December, make sure that you develop a proper plan that show your list of expenditure for both December and January, this will help you allocate your available cash and split it for both months. If you solely focus your budget and cash allocation for December only, then you should be ready for January stress.



Choosing your gifts carefully

During this time, some people may overdo in terms of gift selection and buying, it is always a great thing to buy gifts for our kids or parent, or spouses, but you need to measure the gift size and cost with your cash position. Buying an expensive gift that will take about 20% or more of your cash budget per one person does not make sense. Choose your gifts carefully; great gifts are not necessarily the most expensive.

You also need to be very careful in selecting who you give gifts to, choose your list carefully, and you can even select the best cost-effective gift types per your categories on the list, a gift for mom might not be the same as the gift for your 2 year son, or your spouse, both by type and cost.

Vacations do not necessarily mean DUBAI

It is always a great thing to plan and allocate a little time for your end year vacation, but hey, where should you go for your vacation? It all comes down to your bank balances. If your 2-month budget for December and January can accommodate for your Dubai trip, then bon voyage. But if not, then a trip to grandma in Kibosho could be the best idea for you. Do not over-stretch your budget to show off for an expensive vacation that you cannot afford, because this will impact on your January budget when school fees and house rent are due. Be cautious in your decision making, and make a good one.

These are some of the few hints on what you should be planning for your finances for this season, be aware of your cash inflows and balances needed in January to take care of January long list of expenditure. Everything goes in line with your financial position, if you can do more and still meets your short-term financial obligations, and then December or January can just be one of the months in the year.





ARTICLE 6

Should you buy a house with own cash or mortgage?

Housing is one of the basic needs of any human being across the world, as much as human beings today demand more than just food, housing, and shelter, with increased demands for cell phone, motor vehicle, etc, housing still remains on the top three.

But unfortunately buying or building a house rather, is too way beyond the income means of majority of Tanzanians; as a result more than 70%, or even more, resort into renting, renting, and renting.

But as they rent, some decide to take a bigger move of owning their own homes, the question is, how do you own your own home? do you build or buy outright with your own cash? or you get a mortgage from one of the local commercial banks?

This being a more wider and sensitive topic, today we will only look at the advantages of buying or building a home with your own cash, next week we will look at the advantages of using a mortgage and from there, you will be in a better position your make a decision

Some reports show that it takes more than 5 years for most people to build their own homes, just normal houses, forget about dream homes. But still, there are advantages of using your own cash, some of these include the following;

Advantage #1: It is your 100% own decision

Building or buying a home with your own cash is simply based on your decision, as long as you have the income stream that will take care of all the costs of the house, then you simply wake up in a morning and go ahead, unlike mortgage, when your decision has to be in favor of the bank's decision, you decide to build or buy your own house, but the bank says no, you do not qualify.

Advantage # 2: More savings

If you take a mortgage, you simply have to pay interest on top of the money that your borrow from your mortgager, with the interest rates now ranging between 19% to 24% to get a mortgage that you will pay for 15 years or more, just know that the 19% you pay every month as the cost of your mortgage could have been saved and stayed in your account if you did not take that mortgage, 19% is the money taken from your salary or other source of income that bank takes away. Imagine a mortgage of TZS 100,000,000 to buy a nice, middle class home, will require you to pay TZS 19,000,000 in one year from your salary.

Advantage # 3: You are simply not in debt, wonderful, isn't?

One of the things most people hate but find themselves that they can't live without is debt, whether a mortgage debt, car loan, or even a salary advance. That means taking a mortgage is signing yourself into debt, debt is generally not a good thing, it is a liability, so if things go wrong with your dependent income, you are simply in trouble, no doubt about that, but hey, it is an alternative if you



Advantage # 4: No third party additional costs

when building or buying a home with your cash, it is only between you and the contractor, unlike in a mortgage case where you first pay the bank a processing fee, your pay a bank to get a bank to pay you, LOL, then you pay your mortgage insurance to your insurer, the your lawyer in some cases, all these costs can be avoided and savings can be made if you were to spend your own cash.

These are some of the advantages of buying a home with your own cash, next week we will look at the advantages of using a mortgage, so do not miss your copy next Saturday.

ARTICLE 7

Tips for mothers who work from home "mompreneurs"

Starting and running a successful business has nothing to do with your gender, history, tribe, skin color, or even your motherhood status.

A woman who has become a mother can still fly high with her business which she has been running before she became a mother, there is a ton of evidences on this, but on the other side of the same coin, there are women who stopped running their businesses soon after they became mothers, they complain of stress, demands, and time.

One of the best ways for such mothers "mompreneurs" is to run your business and work from home; this will give you an environment to run both shows parallel, But it is not easy as well, today we look at the few tips for such mothers who work from home;

Have time for yourself

It is common that when a mother takes care of her family and her business at the same time, which is basically doing two full-time jobs, you can easily forget about yourself. Set aside at least one day in a week and put the business-off, no phone calls, no meetings, no laptops, just have a complete day off and take care of yourself, of course next to your family.

Say no to business too

it is quite common that many mothers would simply say no to their kids on various occasions but they hardly say no when it comes to business. This is very important because if you keep on saying yes to every business call or opportunity, you will end up running your business 24/7 which poses a risk of failing to take care of your family. Remember, saying yes to every business opportunity does not guarantee you success.

Have a maid at home

I understand this is not even a tip, majority if not all women have a housemaid at home that helps you in various house chores. This is important that's why I have to over-emphasize here, the maid will help to free your household time that you can focus on your family and business without feeling any guilty of failing to attend your hubby and your kids.



Learn to delegate

As I said it, running your business and taking care of your family is basically doing two full-time jobs, so you need to learn how to delegate. You can work out a compromised agreement with your hubby on how he can either help on your kids' duties or business runs. Make sure that the maid is tasked with all the duties that will not make your hubby unhappy while at the same time giving you enough time to handle your business.

Stay healthy

Remember that taking care of your family and business as I said can compromise your time to take care of yourself, while at the same you need to stay healthy all the time for yourself, your hubby, your kids, and your business, your schedule is tight and your energy is always needed. So take your time to take care of your health and be happy.

Treat your home office like a real corporate office

Most mothers fail to work from home because they fail to create a proper working environment at home, how could you be working from the kitchen? or sitting room? Create an environment conducive for your work, even if you live in a small house, buy a chair and a table, and create a working space that really transforms your mind when sitting on that chair, put working hours and your family can easily buy into your working hours and space boundaries.
These are some of the long list of the tips for mompreneurs, but do not forget that your family always comes first no matter what, discuss your business goals with your hubby and see how he can support you.

ARTICLE 8

Skills every entrepreneur needs during rough times

Starting and running a successful business does not come in a Gucci bag, you have to strive to achieve and maintain the focus to keep the ball rolling.

Almost, if not all, successful entrepreneurs today have gone through rough times when climbing to the level they are today, even still they face some as they go along. During rough times, unfortunately, most entrepreneurs lock themselves in their rooms thinking that they can come out of rough times by the law of nature, don't be naïve, weathering rough times needs a set of skills that every entrepreneur must learn and embrace.

Today we will look at some of these skills especially for young entrepreneurs who have started their new businesses

Skill # 1: Think Strategy

When times get rougher one of the first things we look at is the business strategy, was it anyhow responsible in brining you in such a situation? if not, can it bring you out of such rough time? if not, what solutions are available in the market, and what could be the best strategy to use them for your advantage. Thinking strategically will help you approach things strategically, and will give you a strategic mindset. Know that, without a good strategy you are likely to remain in such rough times for a longer time.



Skill # 2: Make reliable & sustainable relationships

When starting your business make it clear to yourself that business is not always about good times, sales growing, profits rising, people calling you to come to speak in an event, and all that. Business cycle has both good and rough times, it is the prepared ones who come out of it and the unprepared ones sink. So one of the things that can help during rough times is the kind of network and relationships that you have established. Do you have people who can listen to you? Giving you a helping hand? Give you a good advice? Lead you to a better way? These could be your partners, associates, friends, family, etc

Skill # 3: Ask yourself questions

Whenever you are faced with rough times just know that there are reasons for that, without asking yourself questions, you may end working on the symptoms and not the root causes of such a situation.
Ask yourself enough questions like how did you get into that situation in the first place? What went wrong? Do you have the best product/service in the offer? How do you spend your money? What type of people do you surround yourself with? Do you have all the necessary skills for managing your business? etc

All in all, I want you to know that many factors can bring you into rough times, these are just some of them, and mind you these are internal skills that you need to develop yourself.
I understand of the factors that could be out of your skills ability to deal with such as inflation, volatile exchange rate, global financial crisis, too much debt in the company, etc. When the above skills do not help you out of the rough time, always seek a help from a professional consultant.

ARTICLE 9

Forecasting for revenue and business growth, quick tips for start-up entrepreneurs

One of the key issues in starting, managing, and growing your business is your ability to generate and grow your revenue. Revenue is the primary source of business income and it is the financial item which decides whether you can still remain in a business for the next five years.

But revenue does not just flow into your account, revenue needs to be projected, planned, and managed; here are the few tips on how to forecast for revenue for your small business;

Forecast for expenses before revenue

Most start-entrepreneurs tend to be optimistic about the revenues they expect and thus forget about the expenses which need to be taken care before the first cheque comes in; as a result they spend their last dime on business start-up costs and suffer cash flow problems.

When forecasting for your expenses, you need to classify them into fixed and variable expenses, this allows you to balance about fixed expenses that you cannot change as you operate with variable expenses that you can monitor on ongoing basis.
make sure that when you are forecasting, forecast for more expenses than what you would expect, if you forecasting for power and fuel expenses, always add on at least 20% of above current prices, do the same for all the variable expenses. 20% is just an example



Try to be conservative when forecasting for revenue

Most of start-up entrepreneurs tend to be over-ambitious when forecasting for revenues, only to be surprised when less of revenues come into their accounts, this is very important, always try to think of worst-case scenarios, do not be over-ambitious, but of course, be realistic. Things to consider when you forecast conservatively include low prices, low sales, etc

Be aggressive

As much as we advise you to be conservative, it doesn't mean you should think small, keep your big dreams alive, think of your revenue and growth aggressively, the conservative approach only tells to be cautious and be mindful of the revenue risks that you are not aware of. When forecasting aggressively, you can consider about classifying your products into regular and premium, high market growth, bigger sales team, and additional of one product or service every year into the market.

Use the key financial ratios for doing a reality check

Sometimes when forecasting for revenues is difficult to tell whether you are being realistic, or conservative, or over-ambitious.
One of the most reliable ways to cross check on that is the use of what we call ratios. Some of these ratios include but not limited to;

Gross margin: This will tell you the ratio of direct costs to total revenue for a given period of time. The higher the ratio the better.

Operating margin: This ratio will tell you the relationship between the operating costs and your revenue, the higher the ratio the better.

These are some of the tips you need to consider when forecasting for revenues, remember cash is king in any type of business, the close to accurate forecasting, the better for your business.

ARTICLE 10

Why we know your business will fail in the next 5 years

Everyone who starts a business wishes and believes that the business will grow, hire more people, generate more revenue, and provide long-term financial security of the business owner, yes these could be your ambitions, but do you think these things just happen? You think the growth is automatic? What if we tell you that your business will fail in the next 5 years after you start?

We are not fortune tellers, but we know the attributes of a failing and successful business, and today we explore some of the reasons or signs that your business will fail if do not understand and take care of them.

Do you have a written business plan?

Do not tell me because you are the business owner, you know the ins and outs of your business, then why bother writing a business plan? Wrong. Every business must have a written business plan to show you how you understand your market, how you know about your customers, how do you price your products/services, how you recruit your team, how you plan for your cash flows, and how you will manage your risks. The business plan will guide you on how you transform your idea into a real business.



What is your revenue model?

do think that open a car wash is the guarantee of earning your revenues, revenues to be earned must be planned, and most importantly, must be designed in a more competitive model, the revenue model will guide you on who you sell you, at what price, what price guarantees do you offer, what types and for how long should you offer discounts, etc

Did you research on your business idea?

you need to understand that business ideas that can turn into a multi-billion business are limited, not every business idea you come up with can real turn out to be a success, do your market research and see whether there is a great potential for your business idea in the market, how big is your target market, how is the competition, how will you price it, position it, etc

Are you executing what you planned?

Some people say that business success is 10% inspiration and 90% perspiration, and it doesn't really matter which philosophy you believe in, just know that business growth and success comes execution. The major difference between a small and big business, successful and failing business, is simply EXCEUTION. Having a good idea alone is unworthy without execution, if you think you are not ready for making tough decisions and taking risks, then wait for your fall.

What is your competitive edge?

Goes is the saying that "do no reinvent the wheel", this simply means we are living in world where we cannot do different things but rather doing same things differently. If you already know about your competition, how the do you differentiate yourself from the rest? How do you package yourself differently? In other words, what is your competitive edge? If you think there is no competition in your market then think twice, it could be an indication that there is not market for your business idea.

What kind of a team do you have?

People say that business growth is about systems and structures that you build, yes that's very true, but who is behind such systems and structure? What kind of a team have you recruited to sail the ship with you? Do they have relevant skills and experience? do they simply have what it takes?

Are you marketing yourself enough?

Doing a business without advertising is like winking a girl in the dark, you need to come out of the shelves and tell the world what you are offering, you think you can build and grow your business just by a word of mouth? Market yourself, and today the marketing landscape has changed, from physical networking to social media

Do not underestimate the journey

Patience and perseverance will be your fare in this journey, do you think the next 5 years will be an easy ride, you will be tested and you might feel like giving in, business growth has never been an easy ride. Studies show that most entrepreneurs get tired on the way, give up, and close down the business.



in a conclusion, know that starting, building, and growing a business requires more than just a good business idea, learn about all of the above, work on them, and will see you in 5 years time, if you started your business 2 years ago, you are left with 3 years down the road.



ARTICLE 11

Should you manage your investment portfolio yourself or hire an advisor?

As you may be following up on our previous articles with respect to investment planning and management, they key metric in the issues of investment is about how you plan and manage your investment portfolio.

An investment portfolio is simply a collection of your investment assets such as stocks, bonds, farmland, real estate, etc. The portfolio is normally built by an investment /financial advisor who understand how best to balance it with all the risks and returns.

As explained in the previous articles, there are things that must be addressed when one developing an investment portfolio such as age, appetite for risk, income, family commitments, etc? But when it comes to managing your portfolio, can you do it yourself and save the fees that you would have paid to a financial advisor? or you should go on and hire a professional? Before making such a decision, you should consider the following issues;

How big is your portfolio?

It is very possible for an investor to manage his/her portfolio if the portfolio is small, but as the portfolio grows an investment advisor must be hired to do the job. In very general estimates, you can manage by yourself a portfolio which is worth TZS 10m and below, but anything above that should seek the service of a professional.



How big is your risk appetite?

if you think you are comfortable in taking even bigger risks, then managing your own portfolio could be a better idea, this means you can absorb all the risk exposures and repercussions that might happen, but if your appetite is lower and not very comfortable in taking bigger risks, then hiring an investment advisor will be a better idea as he/she will manage your investments more wisely and with more diligence.

How much do you know about diversification?

Most people think that putting different types of investment assets in a portfolio is simply diversification, NO, it is not. Diversification implies that there is a strike balance of assets in terms of risk and return, if you put different types of investment assets in one portfolio which have the same risk exposures and characteristics, you should think of hiring an investment advisor to do that for you.

How disciplined are you in sticking to your investment plans?

Many retail investors gave the tendency of jumping over deals and especially when there is a market hype for that deal, how disciplined are you to let pass such hypes and stick to your plans? How many of you jump into an investment from a recommendation in bar after chatting with people who are not even professionals and investors themselves? if you think you cannot stick to your investment plans then hiring an advisor could be a better decision for your portfolio

Do you know when to sell your assets?

Most people especially those who invest in stocks have a tendency of making panic decisions with respect to one comment in the news or what one analyst said in an interview about the future value of the stocks or the general economy, if you know you cannot interpret the news and economic reports that can affect the market, then you should hire someone who knows how to do that.

These are some of the very general questions you need to ask yourself before deciding on whether you should manage your own portfolio or should hire a professional to do that for you. But if you are investing for the first time, I simply advise you to hire an advisor.

ARTICLE 12

How to sell on credit as a small business owner

It is very common among small business owners that when the competition heats up, or when a new business wants to penetrate into the market, that selling on credit is used as one of the ways to woo more customers and win the competition.

But no matter how much this strategy can help you grow your small business, it is equally important to learn and understand about the procedures and the risks of selling on credit, never rush on this strategy, understand it well before embarking on it.

Here are the few tips on what to do first before embarking on selling on credit



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Here are the few tips on what to do first before embarking on selling on credit

Industry research

Ihe first and foremost thing you need to do is to research on the trends of which industries are good at paying for the services and which ones are not, you need know whether it is easier to sell on credit for central government than local government when it comes to collection, is it easy to sell on credit to institutions than to individuals? is it easier to sell on credit to women than to men? etc learn about their credit behaviors.

Learn about credit management issues

Managing credit is an accounting lesson, so don't think is just a matter of deciding and start selling, you need to learn more about credit selling and credit management issues, what are the key issues, what are the risk exposures, etc. You may even need the service of an accountant or financial advisor to advise you best on how to do it.

Develop a credit sale procedure

You cannot sell on credit to any customer that steps into your business premise, you need to have a simple system that will help you know more about the customer before credit sale is done, you need to prepare a simple credit application form which will inquire more about the customer, the profile of the customer, the history of the customer, the background, etc. Know them well before you sell to them on credit

Develop a collection policy

This is a part of the overall credit policy but stands alone due to its importance in credit management; it is this policy that will guide on credit period terms such as 30-day credit, 60-day credit and 90-day credit term, which customers qualify to which term, etc. This policy will also show the penalty percentages that need to be charged on payment delays, how much percentage to charge on 7-day delay, 14-day delay, 21-day delay and above that.

Please know that it is a very critical and risky decision to sell on credit especially in a country like Tanzania where we don't have the credit reference bureau yet, develop your credit policy very carefully, be very selective, and use the help of an accountant or financial advisor in developing a good credit policy.



ARTICLE 13

Why do smaller companies take longer time to pay their bills?

If you ask a cross section of vendors in the country they will tell you one thing that it is hectic to deal with small businesses because they take longer time to clear their bills.

It is true that most small businesses do not clear their bills on time except with very few, whether is about paying an IT vendor, office supplies vendor, printing company, etc, but this is not done out of deliberation, it is because of the situations that small businesses find themselves in most of the time.
Today we will look at a few reasons as to why small businesses take longer time to pay their bills

They don't get paid on time too

on the major challenges facing most of small business owners is that they don't get paid on time from their clients, most of small businesses serve big corporations as their clients, and it these big corporations that delay to honor their bills, and since small business owners do not want to lose these big sharks as their clients, they hesitate to take other legal measures and they decide to wait, as they wait their bills also pile up and get into troubles with their vendors too.
Most big corporations claim to have a 30-day payment circle, but in most cases, this is not honored and it may even take up to six (6) months.

Poor cash management

Another reason why small businesses take longer time to clear their bills is because of their internal problem of poor cash management. Better cash management enables a company to be liquid all the time, they have a big mismatch between when they are scheduled to be paid and when they are due to pay their vendors, they do not know how to manage their debtors and creditors in a more liquid and balanced manner.

Power of negotiation

Another reason why small business owners delay their payment to their vendors could be their better skills of negotiating good credit terms with their creditors. If a small business owner is able to have better terms with their creditors in terms of when they have to pay their bills and flexibility of such terms may help to delay their payment especially when in illiquid situation.

Cash flow sensitivity

The cash flow of majority of small businesses is very sensitive in that there is a mismatch between what comes in and what goes out, and also do not have proper cash flow management to allow them to keep cash reserves for bad times, so when a bad time hits into their wallets, they run into cash deficit overnight.
All in all, these are just some of the reasons why small businesses do not pay their bills on time, why it takes them much longer to pay even a simple newspaper bill sometimes.
All small business owners need to learn and understand about how to manage their cash, how to keep reserves, liquidity, and how to negotiate good terms with their creditors.



ARTICLE 14

5 myths about being entrepreneur

It is very easy to wish to be an entrepreneur than becoming one, some people think that starting and running their own businesses is as the same as becoming an entrepreneur, this is a wrong assumption, know that not all business owners are entrepreneurs but all the entrepreneurs are business owners.

Entrepreneurship is about behavior, character, and much more of personal traits than just getting a capital; buy a computer, pay for an office rent, then open for business.

But what do the so called entrepreneurs or wannabe entrepreneurs think of entrepreneurship? What do they think what it means to be an entrepreneur? Here are five (5) myths about being entrepreneurs

If you become entrepreneur, you will definitely be successful

Most people think that starting and running their businesses as entrepreneurs is a recipe for their success, some leave their jobs and join the entrepreneurship with this myth, some graduate and become entrepreneurs with this myth, but if you learn about the qualities of successful entrepreneurs, it takes time, patience, and perseverance to achieve success. Just because Oprah Winfrey started talk show and turned-out to be a billion dollar success, it does not guarantee you today to do the same.

I can just work at anytime

Most people think that becoming an entrepreneur will give you a flexible time schedule and so you can even wake up at 10am. You need to know from the beginning that working as an entrepreneur will require most of your time as compared to be employed by someone, don't lie to yourself that you can just work 3 to 5 hours a day and go home watch TV, it is more than that, its not about working at anytime but working at proper time and with efficiency

You can just take a day-off at anytime

most people think that once you become an entrepreneur, you can just take 3 day-off in the middle of the week and travel, or you can just decide not to work in this week and may be work another week, this is wrong, know that in the first 2 to 5 years of running your own business as an entrepreneur, you live, eat and breath your business, the business needs you all the time, but this does not mean that you should not take day-off and recharge.

You can just work from home and spend time with your family and pets

Some people think that once you become an entrepreneur you can just relax, wake up at 10am, work from home while watching TV, playing with your pets, and even changing diapers. This is wrong; you need enough time dedication, focus, and concentration if you were to be a successful entrepreneur, but don't get me wrong about working from home, you can efficiently and cost-effectively work from home and running your business successfully, the important thing is to create an environment for that.



Conclusively, you need to learn and understand about the traits of becoming a successful entrepreneur; you need to re-think and do away with these myths, focus on your business as the owner, and learn about becoming successful entrepreneur

ARTICLE 15

Keep your attitude positive

it is very common that majority of those who start their business and fail in their early years are faced with attitude issue, while the successful are those who are able to maintain their positive attitude even during the most difficult times of their business cycle.

It is also known that the most difficult thing that an entrepreneur needs to do is to keep the attitude positive especially when things go bad, but for those who are able to do are the ones who become victorious in their business journey.

But how can a business owner keep the positive attitude during the difficult times?

See good in setbacks

The business owner needs to train and familiarize his/her mind to see the opportunities whenever there is a difficult, as they say "failure is the state of mind", so keeping the positive attitude when faced with setbacks will help the business owner to set aside and assess the situation, and what lessons can be learnt from the setback and what opportunities can be derived.

Refer to your business plan

This is one of the reasons why business owners are supposed to have a business plan before starting any kind of business, the business plan not only guides you in both good and difficult times, it remains as your inspiration for what you planned to achieve in the next 2, 5. or even 10 years. Looking back to the goal resolutions may inspire you to keep your attitude and focus intact

Be next to positive people

When difficult things happen and you are around the most negative people, do not expect to weather that storm and remain positive, they will tell you things that will not only keep your attitude negative but also prove themselves right that they told you in the first place that you cannot run your own business.

Look up to those who did it

When difficult times happen in your business, know that you are not the first in the business world to experience such times, it happened before you and it will happen to many after you. So just learn about what those before who did to go through such times while remaining positive, and specifically learn about those with similar circumstances, these could be business owners in Tanzania, East Africa, or any other part of Africa.

Remember there is God

As much as you believe about business success being brought by your hard work, do not forget that hard work and knowledge alone cannot make you successful, we are all indebted to God for the



blessings we have and success we get in our businesses, and when difficult times happen just know that God might be testing your patience and whether you can still ask Him to make it easier for you in such times.

These are some of the basic things that will help you keep your positive attitude when difficult times happen, and don't get fooled that it will be easier as we write and read here, you will really need to be focused and determined and make references to your notes every time when you feel like giving up.

Try to avoid negative people always as there is nothing they do better than discouraging others while themselves remaining to be story tellers of other people's stories.

It is also advisable to keep yourself in the network with other business owners; these networks will help you learn from other people's experiences and what they did when they were in similar situations.



ARTICLE 16

How to negotiate with your creditors

Every business or individual has been involved in one or another in paying creditors, or simply suppliers. it is common for small business owners not to pay creditors on time due to their liquidity problem that they counter in most of their time.

Most people tend to deal with creditors in two main ways, either to pay the amount owed in lump sum, or re-structure the repayment arrangements
But when you have creditors lined-up, what do you do? Do you close the business? Here are few tips on how to deal with your creditors.

Contact them

Do not run away from your creditors or stop picking up their phone calls, contact them, tell them about your current circumstances, this will show the creditor that you are willing to pay the debt, meet them face-to-face, hold a conversation, and once you agree after the conversation, make sure that you make the notes/minutes and share with the creditor for record

Bu humble in negotiation

You are the one with the debt, and thus you are supposed to be humble when negotiating with your creditor. The important thing is to show some dedication of your willingness to pay, negotiate with great skill of showing the creditor of your humbleness and regret of not settling your bills on time.



Reduce your debt even by a small portion

As much humble as you can be, at the end of the day, the creditor will be more interested in seeing how you demonstrate your willingness of paying the debt by at least reducing it by a portion, even if it is one third, most creditors will understand and might give you more flexible payment arrangement

Don't forget that the most important thing in dealing with your creditors is maintaining a good relationship and remain in touch with them all the time.

ARTICLE 17

How to take your small business to another level?

One of the most frustrating things about running a small, start-up business is to remain small for a longer period, small business growth can be hindered by many common factors such as lack of enough financial capital, poor technology, lack of business management skills, poor product quality, etc.

But on the other side of the coin, a small business owner can be blessed to have all the endowments against the above mentioned challenges, but still takes him/her years to move the business from level A to level B

Today we look at 5 golden rules as proposed by Richard Branson, one of the greatest entrepreneurs and the founder of the virgin group.

If you don't enjoy it, don't do it

This means before deciding on what a business you want to start, you must ask yourself whether you will enjoy doing that business, doing what you don't like but just for money, it's a recipe for either not growing as you will lack passion or even a step towards business failure in the mid-term

Be innovative

The world of inventing the wheel is long gone, nothing that you can come up with now has not been tested, or at least someone thought about, so the most important thing now is to do something different, not necessarily something new. If anyone can come up with an events management company, how different can yours be? How innovative can you be?

Your employees are your best asset

As the saying goes "happy employees make customers happy", it is very important to treat your employees very well and make sure that they feel as part of the company and they also share the same vision and passion as you do

Lead by listening

Don't run a business as the peak of the mountain which everybody should climb to, make sure that you develop a system that not only helps to get feedback from your employees, but also from your



customers. Know what they think, how they think and how their needs change. Keep track of what is happening on the ground.

Be visible

As the marketing quote goes “doing a business without marketing is like winking a girl in the dark”. Knowing by yourself what you do is useless unless the world knows about what you offer to them. Come out of the shelf, be on the spotlight and tell the world who you are and what you do.

These are some of the rules that every small business owner should understand and embrace for a long-term growth that will put you away from the rest.

ARTICLE 18

What hinders early-retirement?

It is a dream of many to retire early in 40s or 50s but they can’t and find themselves working until the age of 65 or even 70 for most of self-employed.

For some it is a choice to work until such a late age, but for others they find it inevitable.

So what are the obstacles for early retirement?

Less time to earn money

Retiring in 40s or 50s becomes difficult because we start working or running our own business very late in our ages. if you start working at the age of 27 or 30, there is no way you can retire at the age of 40 or 50, because you only have a maximum of 20 years to earn enough money that will make your early retirement a reality

Not enough investments

it is just common sense that if you have less time to accumulate enough money, you investments will also be limited, if you have limited investments in your portfolio, there is no way you can dare retire early.

Prolonged life after retirement

As much as life expectancy in Tanzania is not among the highest in the world, those keep up well with God blessings might find themselves leaving longer after retirement, so the fear is, if you retire early and live longer after retirement, you might have to spend all of your savings and fall into money problems at a very late age in your life.

Fear of losing retirement benefits

if you happen to be a member of any pension fund, the legal age for accessing retirement benefits start at the age of 55 for early retirement, so most people fear that if they retire earlier than 55, they might lose their retirement packages.



So if you think you have all the reasons as obstacles for full early retirement, you can think of what we call semi-retirement, where you retire and continue working part-time. We will talk more about semi-retirement in our next article

ARTICLE 19

Common Accounting Mistakes for small business owners

After a long struggle to grow your personal income, your dream of starting your own business has finally kicked off and now cash starts coming into your account.

But did you consider the role and importance of keeping your financial books in proper order? Have you developed your book-keeping system for tracking your transactions? If the answer to all these questions is yes, don't rest and think that's it. Growing your business to become a success is an ongoing process, today we touch upon few common accounting mistakes that most small business owners do, and if not well addressed, could cause a downfall.

Accounting mistake # 1: Treating sales as revenue even before the product/service is delivered

Do not count your sale as income when the product or service sold is not delivered yet. This can give a wrong impression of profitability in the accounting period especially when a service or product is delivered in the next accounting period, this will require you to revise your profitability at the end of the year when the product is not delivered yet.

Accounting mistake # 2: Purchasing equipment with your short-term cash reserve

Sometimes a small business owner may think that owning equipment is part of business growth, so you may think this justifies the use of your cash reserve. Yes it makes sense, but have you thought of how much that purchase can eat up your cash reserve which you might need in the short-term? Have you thought of leasing as another option? But most importantly, you can only write-off a large asset gradually and this you cannot claim it as onetime expense on your taxes, if you can't claim it as onetime expense, it will off-set your profits at tax time.

Accounting mistake # 3: Confusing profits over cash flow

Some small business owners don't understand when their accounting books show a profit but having negative cash balance in their bank accounts, surprised? Yes, profit does not mean cash. So do not spend your cash faster on expenses than money coming in. Understand about what is going out and what is coming out, and what remains as real profit.

These are some of the common accounting mistakes most small business owners make in today's business world. You need to understand that as the business owner you need to be conversant with basic accounting issues and not just relying on your accountant only.



ARTICLE 20

Networking Marketing, Better solution for self-employment?

As it gets more difficult for people to get jobs, there is a great need for job seekers to re-think of the news ways of self-employment. But is it easier to start your own business? Do you have the start-up capital? Skills? and appropriate, tested-product/service to offer to the market?

This is not a simply yes or no answer, but it goes beyond that, and as it gets more difficult to start your own business, so do people give up on starting their own jobs and opt to keep on chasing unavailable jobs in the market.

But have you taken a minute and explore this new business concept called 'Network Marketing'? how much do you know about it? Research and interviews with the globally known business gurus such as Robert Kiyosaki have concluded that networking marketing is the best new way of doing business and creating wealth. So it is a subject worth exploring.

Network marketing is regarded as the best opportunity for creating wealth in the history of business and investment for the average person like me and you without a lot of money to invest or physical infrastructure to build.

Become a member, and become wealthy, simple and true.
But what exactly is NETWORK MARKETING?

According to Wikipedia, network marketing is way of doing business in which a sales force earns a commission not only for sales of products and services they personally generate, but also for the sales of others they recruit and bring into the business, which creates a downline of distributors and a hierarchy of multiple leveraged levels of compensation.

But why is this becoming a better option?

You can choose the people you want to work with

You actually don't choose what type of people you want to work with when you are employed, do you? but with network marketing, you can select and re-select what type of people you want to work with, from family and friends, to former school mates.

You can work from anywhere

Who says you cant start a business and build wealth without an office? gone are the days when to start a business and generate wealth requires an office structure, furniture, printers, fax machine, or CCTV. with network marketing, you can work from home, coffee shop, hotel room, or even on skype.

You can decide the working hours at your own luxury

if you are employed, you either get at work before 8am, or wait for a warning letter from your supervisor, but with network marketing, you may decide to start working when those employed are on the rush hour driving back to Bunju from Posta.



You can start part-time

One of the most beautiful things about network marketing is that you can start while you are still employed or even when you are still in college. Start at your spare time and as it grows you can decide when to start full time.

Please understand that this article gives a just a nutshell of networking marketing and its secret of creating wealth. Do you own research, meet up with people who are already in the business of network marketing and learn more.

Robert Kiyosaki says, “The richest people in the world look for and build networks, everyone else looks for work.”

ARTICLE 21

You don’t get paid on time? Here are the tips for getting paid easier

One of the challenges many start-up businesses face is getting paid on time for either the services or products they provide.

This happens because they think delivering their services for up-front payment could be difficult since their start-ups; so they opt to sell on credit as a way to attract more customers to their businesses. But this could the beginning of the financial disaster when customers don’t pay on time.

This could result into delayed receivables while payables mature, and what happens is simply a liquidity crisis where a business fails to meet its short-terms obligations such as paying the creditors.
But if you want to get paid easier, here are the tips;

First thing is INVOICE

it is quite common that most small business owners deliver their services/products and do not send their invoices on time, most companies have a 30-day payment policy where a payment is made 30 days after the submission of the invoice, so as you delay to submit your invoice, so does the payment.

Invoicing with payment DEADLINE

Do not just send the invoice without any payment deadline; make sure that every single invoice you send out has the payment deadline. The deadline should also be very clear if you would want to be paid on phase by phase basis, some service providers would like to be paid 40% down payment, and the remaining balance to be paid either in one final or two final installments, make that arrangement with very clear deadlines.

Avoid any AMBIGUITY on you invoice

When writing your invoice make sure that every little item on the invoice is as clear as possible, don’t give a room for invoices to be returned because they are unclear, or don’t give your debtor a chance to start discussing on your invoice just because of some ambiguous items on your invoice. Make every time very clear by breaking down each of them



Meet the DECISION MAKER

When you experience delays on your payment after submitting all the required paperwork, don't spend much of your time in following up with junior staff, make personal contact with people who make payment decisions, meet the signatories and get the feedback from them.

Insert PENALTY clause

Before starting any assignment for your client make it clear on the contract about the payment terms and the implications of any payment delays. Make sure that all the payment invoices indicate the payment dates and penalty clause on any payment delays.

These are some of the tips that can guide when you submitting bills and making follow-ups for your payment. You need to understand that one of the major reasons why most small businesses fail is because of cash flow problems, so get paid on time and become liquid all year round.



ARTICLE 22

5 money mistakes that entrepreneurs make

As much as becoming an entrepreneur by itself deserves a positive nod, but it is about remaining a successful entrepreneur that makes a difference.

one of the major challenges that young entrepreneurs face is on how to deal with their money issues, here five (5) common money mistakes that majority of young entrepreneurs make;

Overinvesting in the business

While you may think that you are investing to start and grow your business well, you may actually be over-investing and running out of cash. Instead of spending your money wisely to ensure that your product reaches the market and you start earning your first cheque, you are busy spending on office luxuries, expensive furniture, office vehicle, expensive equipment, and so forth, while you have not even signed your first customer.

Avoiding paying yourself

While you may be fascinated by "owner's mentality", that you own a business and deserve all the money coming in, you may not think of paying yourself, as a result you start drawing money from your business account paying for your personal bills, mixing the two accounts is a good start of such a bad ending of your business



finances. Pay yourself a salary and separate yourself from business money .

You know it all

While you may be an expert in your area of business field, you may as well be ignorant in the field of others. Yes, you know your business better than anyone, but if you are not an accountant, then you need to hire an accountant to take care of your finances, at least outsource or hire a part-time accountant, avoiding such a reality may cost you more when payables exceed receivables, and when the taxman knocks on your door.

Failing to put a financial back-up plan

Yes, your research and cash flow projections indicate great prospects in earning more money for your business and this you think justifies your spending today, but did you ask yourself what happens when things don't go as planned, do you have a financial back-up plan? Do you have a creditor's policy that will guide you in bad times? Have your insured your business assets and undertaking?

Not measuring, and not complying

Do you assess your business financial performance periodically? Do you write reports that give you a true picture of your business and cash flow trend? Are you complying with the plans you had 6 months? or you have forgotten about everything and now spending your first big cheque to buy your dream expensive car?
Think about your money wisely and plan its spending wisely, most young entrepreneurs do not grow their business and some fail completely because of some of these mistakes that we make every day. Plan, measure, and comply, follow the rules of the game.

ARTICLE 23

What causes Bankruptcy?

Bankruptcy is a term used for both individuals and companies who go through that situation, in simple terms; it is a situation where a person or company becomes insolvent, that is, cannot pay all of its obligations when they fall due.

Bankruptcy is a technical term which can be treated differently by different people, in accounting terms, it simply means failing to pay for your obligations when they are due, but for someone to be declared bankrupt, a court has to be involved to declare someone or a company bankrupt.

But what are the common causes for personal bankruptcies?

Job loss

When someone loses a job, all the expenses come out-of pocket, from household bills, insurance expenses, medical expenses, car expenses, and school expenses. So without a job to earn an income for covering all these expenses, or under a scheme supported by the employer, the person will definitely become insolvent in no time.



Habit of un-controlled spending

Spending is a habit, so if one is disciplined would definitely develop a good spending habit that will take into consideration all direct and hidden fees on purchases, and will control taking on debts that are within repayment limits. People with uncontrolled spending will definitely end in bankruptcy with the habit of being extravagant, and spending more than what is coming in.

Medical bills

One can look at medical bills and see it as a very low bill budget item, no; medical expenses can be a killer for your finances, especially when you live in countries where medical bills are very high. For countries like ours, if you are spending on yourself or someone closes to you, prolonged medical bills can eat up to your last saving

Poor financial planning

It all starts with planning, a good plan will definitely lead to good financial results, but any poor financial planning might lead to more unwise spending, more debts, and bankruptcy can be obvious finally.

Unforeseen disaster

Disasters are known for their serious impact on everything that we own and the need to re-build in the aftermath. If disasters such as floods and earthquake happen, properties can be destroyed like homes, businesses disturbed, and this can leave you with nothing in the aftermath.

Understand your financial dealings

Personal finance should always be separated from your business finance; it is a business sin to mix the two. If you are running your own business, you should always be able to separate your personal money from your business money.
Personal finance is quite extensive and needs to be well planned, either you are employed or self-employed.

To help you with a few hints, consider the following issues every time you deal with your personal finances.

Unhidden charges

We tend to jump into transactions which have charges that we may not be aware of or we tend to ignore. This is very important because small charges when pile up can real distort your budget. Take an example of ATM charges before using the ATM machine, ask for credit card charges before applying for one, think of delivery costs before asking for home delivery, etc

Budgeting

Always make sure that you develop a budget that will guide your expenditure. Budgeting should be done by anyone, it does not matter how much money you earn, budgeting is crucial to everyone who earns something. And don't just budget; keep track of your budget and monthly reports to check your discipline.
Earn, spend, save, and invest
You need to work harder to earn enough for your budget, earn extra so you can also save part of your earnings, and most importantly, invest.



You cannot be financially free if you cannot invest, invest in any type of investment that suits your financial capacity and investment profile. You may need to seek a professional advice before deciding where and how to invest your money. Warren Buffet, one of the top 3 richest men in the world, started to invest when he was fifteen years old. So start now.

Value of money changes over time

When dealing with your finances know that your money does not keep the same value all years, money tends to lose value over time, so when you're keeping your money in your piggy bank, know that money is not gaining on its value, money should be invested so it can appreciate its value over time.

Financial literacy

You cannot deal with your finances if you are not knowledgeable about financial matters. Learn and understand about financial matters, financial vocabularies, and financial languages so you can easily plan. Understand about budgeting issues, retirement, investment, saving, time value of money, etc

ARTICLE 24

Hints for approaching an angel investor for your start-up business

In connection to our last article when we talked about ways to pitch your business idea, today we focus on pitching and submitting your business idea to angel investors.

Angel investors are type of venture capitalists who are willing to invest even in a start-up business which is still in the concept stage. These are types of investors who have money with a social mission to help others start their businesses. It is not a common phenomenon in Tanzania but it is in the developed world and increasingly becoming so in developing countries.

But before approaching any angle investor, you need to be prepared, see below some of the things that you need to be prepared of;

It is people not ideas

You need to know that angel investors are much interested in the people behind the idea more than the idea itself. The angle investor needs to know who are founders of the company, the expertise and experience of the team. They also need to know you and trust you.

Develop a business plan

It is a common reality in business that businesses which start without a proper business plan are doomed to fail. To avoid that



angel investors always want you to submit your business plan showing how your business will be undertaken. Don't approach them if you do not have the business plan yet, it shows that you are not ready.

Big numbers speaker more louder

Angel investors will not invest in businesses which are not scalable and have low potential for growth. They want to invest in companies with fast growth. They need a company with double-digit growth operating in a large and growing market.

Choosing the right business idea for angel investors

Before angle investors invest in any business they normally look at historical failure rates of your business type. They will not invest in businesses which have high historical failure rates, for your own benefit, angel investors are not interested in businesses such as consulting, telemarketing, food service, retail and working from home businesses. These business types have high historical failure rates.

As I highlighted in the previous article, you rarely get funding approval from your first pitch, so when you approach any angel investor and gets rejected, don't give up. They always give reasons as why they will not invest in your business, work on them and go back when you are ready again.

ARTICLE 25

How to pitch for your business idea?

The tendency of people starting their own business is increasingly becoming a quite norm in Tanzania today, either fresh graduates deciding to start their own businesses or employees looking at opportunities for self-employment.

Working for you is better than working for someone else, this is not rocket science. When working for someone you simply focus on your wages to pay bills, while working for yourself you aim at growing profits and achieve wealth. But it has never been easier to start and run your business successfully, you will always have to overcome various obstacles, obstacles are at different stages, at the starting point, growing point, and when your business is full-grown up and wants to maintain the stability.

Raising capital for your business is not just a challenge for starting a business in Tanzania but across the world, the only difference is the magnitude and ways of overcoming it. There are various ways you can raise capital, could be in form of debt, grant, and support from family and friends.

But today you have another window where you can raise capital, and this window is for investors who are ready to put their money in a business which has a potential for growth. You have angel investors, venture capitalists, and other private equity arrangements. But raising money from this group, you need to be ready to pitch your idea very well.



This article is not a guideline for raising capital from these investors, but gives you a glimpse on how you can pitch your idea for the first time, remember, pitching your idea for the first time can be challenging, embarrassing, and quite a rejection, so what do you do? you wrap up? NO. Here are two basic hints.

Pushover hint

When you present your idea and it gets rejected, don't change it first. It is very common when you pitch your idea and told that you should change your business idea, don't just change after a criticism or rejection, but rather defend it. Defend your business model and why you believe in it.

Used-vehicle salesmanship

This hint tells you to be patient and persuasive, don't force people to accept your idea, not just because your spouse said it is thrilling. Apart from being persuasive, be realistic also. Tell them what the business will do for the market and how it will fit into their strategy and portfolio growth.

Please remember that these two hints are very general for pitching your idea to any type of audience, whether you are pitching to your boss, your potential partner, your local bank.

So your salary is not enough and wants to start your own business?

It is increasingly becoming too common now that starting a business is not just for self-employed aspirants; even those still employed are starting their own businesses as a way to supplement their salary main income.

But before embarking on your own business, have you looked at all the key issues which will determine your success? Have you thought of ways not to become one of those businesses which fall in their first 5 years of operations? Consider these issues before embarking on any type of business you want to do

Is the business I want to start fits into my interest?

I know some people will tell you that what matters is making money; you don't have to like the business you do. No, this is wrong, it is understood that it is important to make money, but it is more important to make money with the business that you are passionate about and you feel attached to it.

Do you want to see yourself in business in the next 5 years?

Do you want to start a business just because life is getting tougher and your current salary does not suffice? What will you do if you get a salary increase? What if you get a better job? Will you still be in the business? This is question is very important because you can't grow a business without a long-term plan and interest to remain in business, if you are in for a short ride, then you should focus on your job.

Can I put enough commitment to this business?

You should know from the word go that starting and running a successful business requires a lot of commitment in terms of time and other resources. Running your business might require you working over the weekends, working late, and even sacrifice some of the things you love doing on your spare time, as spare time my increasingly become business time.



Who will buy my service/product?

You need to select a service or a product that there is market for, you don't want to spend your money and time preparing for something that nobody will buy, do you? Do your market research about what you want to do and find out if there is market for it. You can do this by asking your family and friends without incurring any costs.

How much money is needed to start and run this business?

Most of small businesses start and die in the first 3 years of operation simply because they are under-capitalized, do you want to be one of them? You start a business and in a period of 6 months you can't even pay your printer for the business cards printed for you. Learn about the investment capital required to start your business, but most importantly, understand about what kind of operational costs you will need to pay for before the first cheque arrives.

How will you finance your business?

It is very important to know how you will finance your business, have you made your own savings and you plan to use them for your business? Are you planning to borrow? From who? The bank? Family? Friends? Do you understand the terms of borrowing? Will you be able to pay back?

Make yourself a business plan

After considering all these issues and prove to yourself that you are really ready for the business, then you will have to prepare a business plan that will guide you on how to run your business.
Remember, these are just some of the things that you need to con-

ARTICLE 26

How to deal with a financial emergency?

It might happen to you that a financial crisis hits you as an emergency, when this happens we normally panic and sometimes make bad decisions that can take drag us more into bigger problems, it could be borrowing more expensively or selling your valuable assets.

Financial emergency may include business loss, job loss, medical emergency, home loss, or sudden decrease of your normal income level, to make things more serious, the bills still need to be paid, you need to eat, and if you are renting, the landlord needs the money, how do you deal with such a situation?

Sit down and assess your situation

Before making any decision, understand the reason why you are in that situation, did it comes as a surprise? or is it something that has been building up? Don't panic and rush to get a quick fix as that might bring you more problems, understanding the situation and knowing the reason why you got there will help to come up with a lasting solution.

Prioritize which expenses to be paid first
You need to understand that as much as you may need to solve all the problems at once when they happen, you also need to understand that all the problems are not equal, and the solutions might not be equal. So look at the problem (s) you are facing and rank



them by their urgency and their degree of the severity, with this you will be able to draft a solution plan to start, especially when your resources are limited.

If you have a loan, negotiate with your lender.

When financial crisis happens, make sure that you contact your lender to look at how your loan payment terms can be relaxed until when things get back to normal. Because debt repayments can be even more stressful if your lender does not know and understand your situation.

Set up an emergency account

we all know that emergencies happen and they can take bad shapes especially when it comes to financial matters, so it's about time to open an emergency account that will help such financial emergencies when they happen, start it now and find a better way to discipline yourself from touching such an account.



ARTICLE 27

Be Cost Conscious in these difficult times.

Be Cost Conscious in these difficult times.

Not just companies need to be cost conscious so they can maximize profits or just governments so they can reduce budget deficits, we all need to be conscious when it comes to costs so that we live comfortably and be able to save for our future.
But how can one become cost-conscious and control how he/she spends?

Withdrawal ONLY the money that you NEED

It is quite common that we go to ATMs and withdrawal more money than we need, you may say that it is convenient to withdrawal a lump sum that you will not have to go back to ATMs back and forth, but do you know that once you have more money with you, you are likely to be tempted to spend more even on the things you did not budget for?, so what you need to do now is to have your weekly budget and only withdrawal what you need for that particular week only, you need to develop some discipline on this if you want to control your costs.

Record what you spend

It is very important to keep track of what you spend daily, some



people are more disciplined on this and they even use what we call "spending diary" where they record their spending daily. If you do this and look at the diary every day before you go to bed, then you are likely to establish things that you spend on which you don't necessarily need, this will help you to establish a pattern of expenditure that will always guide you from over-spending.

Postpone expenses

There are expenses which might have been quite regular to you during good times, but in tough times like these where inflation is 19.8%, you need to review your them and postpone those which are not a necessity to you, like going for dinner twice a week, you can now do it once a week or twice a month, or even once a month, you can postpone holidays and other similar types of expenses.

Cut-off

It's about time to cut-off some of the expenditures that you only incur as a habit but not really enjoying or really not using the service that you pay for. Why do you have to pay for your internet monthly subscriptions on blackberry, ipad, and monthly packages on your modem? Unless it is important for your business to keep all the gadgets loaded all the time. Why do you pay for gym which hardly go or only go for a few days in a month?

Buy on offers

If you know shops, groceries and supermarkets which sell at a special price some of the commodities you need, why not go for them? If they have the same quality and quantity, this is one of the ways to help you make some savings on your budget and make the tougher times less acute.

Buy in bulk

I know most of us think buying in small quantities can help us keep some money with us, no, this is very wrong. Enough evidence shows that those who buy in bulk are less affected by budget and cost control issues than those who don't. Buy in bulk has many advantages some of which include getting special discounts, less exposure to frequent changes of prices as you might be buying once a month or once after every two months.

If we decide to embrace these ways of controlling our costs and use other tips that we know, we will surely be better managers of our resources and keep our budgets within the limits, and these tough times of increasing prices might become less volatile.

ARTICLE 28

It all starts with a good budgeting, especially now

Majority of people still think budgeting is much more of a relevant concept to the government, companies, or only for individuals in difficulty conditions. I would you to re-think your understanding of budgeting and consider that a budget is as almost as your wallet or purse; it tells you how much you have and how much you can spend.



Why should you budget?

Budget is simply a plan that shows how much you earn, how much you can spend, save and even invest. It looks at all of your future expected incomes and expenditures, if you can't budget, you will always be in trouble.

Budgeting helps you see whether the kinds of expenditure you plan to incur relate with your level of income, you wouldn't want to spend more than you earn? Would you? If you ignore this reality is when you start going into personal debts which might be the start of stressful life in the few years to come.

Budgeting also tells you how much you can spend for immediate expenditures and how much you can save for the future. I bet you agree with me that the future is always uncertain, but budgeting can help you to come up with very simple forecast and prepare yourself accordingly. If you have a child who starts school next year, you will then need to know how much you should spend and save now to be able to pay for your child when the time comes.

With inflation reaching 16.8% and exchange rate against the dollar ranging above TZS 1700, the only thing you can do now is re-think and re-organize your expenditures, you can only do this if you have a proper budget as a tool to guide you through this very difficult time.

How can you prepare a budget?

The simpler the budget the better, for a start, you do not need to have a very sophisticated budget that requires budget software and excel sheets.

You can prepare a budget with just a pen and a paper simply showing how much you earn, and how much you spend, your expenditures should always be lower than your incomes, as they call it "living within your means".

Depending on how much conversant you are, today there are numerous software packages for assisting you in preparing personal budgets, and some are even free to download. You can use Microsoft Excel, iWork numbers, OpenOffice.org Calc, Moneydance, Quicken, etc All these software and online tools have been designed and customized to help you prepare personal budgets.

What makes your budget successful?

As I pointed out above, since budget can be prepared by just the use of a pen and a paper, it can be just as simple as that, but it is important to think of all key attributes that will make your budget successful as a personal finance tool.

Purpose

You need to ask why you are preparing the budget, what purpose does it serve? And what is the period covered? Is it a weekly, monthly or annual budget?

Simplicity

As I said above, the simpler the budget the better, you do not need to start breaking down items and items on your groceries, tax issues, current and foreseeable incomes, etc. you only need to have general categories of your incomes and expenditures.



Flexibility

You should also understand that a budget is not a holly script that does not change; it is a living document that might change every month given the changes in costs and incomes. A budget must be reviewed and important changes must be incorporated.

In conclusion, let's just agree that we can keep on writing and writing on budget issues as this is the common concept among all of us, every one of us in one way or another has ever prepared a budget, whether as a student, bachelor, family head, business owner, etc

Let's stop doing things as usual, life is getting difficult every single day, at least for the majority of people, budget is one of the major tools that will help to plan for both good and bad times and how to weather them. Take a piece of paper and a pen, draw you lines, put your income sources on the top and expenditures on the bottom, do a simple subtraction and see where you stand now.



ARTICLE 29

How to Increase your Financial Security

People increasingly understand the idea of financial security, which has been perceived in the past as a common financial practice in sophisticated economies only. But it does not matter how simple or complex it is to understand the concept, what all matters is the simple understanding of how one can increase his/her financial security in this world of financial uncertainties and increased costs of living we see today.

If inflation hits 14.1% and shilling keeps on losing value against the greenback, it simply tells us that, hey guys, it's about time that your financial security should be on the top list of your life agenda. But what is this so called financial security? For those who see it for the first time, financial security simply means the condition of readily having the resources to support your standard of living now and at least in the foreseeable future. Don't confuse this with tradable financial securities like stocks and bonds

The financial security we mean here simply ask you questions like what kind of lifestyle do you choose to live? Do you have the resources to support it today and in the next few months? Do we live on pay check to pay check? Do we support our lives by debts after debts? If this happens to you, it simply signals that something is wrong and we need to start planning for our financial security.
But is it 1+1 matter to achieve a financial security? Is it a matter of making more money that solves the security issue? Is about pay rise? This explores a few steps that we MUST embrace to achieve our financial security



Increase your cash flows

You need to understand and keep control of all the money that comes in and that goes out, you can simply do this by adding up all the money you earn (Cash inflows) that may include your salary, business income, and other sources that you have, then deduct with all your expenses, start with all your basic expenses, then see how much is left, and whether what is left can cover your expenses in the next few months. You can do this for a couple of months until your inflows are much higher than your outflows and you remain with a balance that can support you for a few months.

Manage debt

Debt, debt, debt, oh my. Who has never taken any debt? Who struggles to pay debts? Who doesn't pay? We can go on and on to ask more debt questions that you can find one or few of them are related to you. The other key priority in achieving your financial security is managing your debts, you simply borrow what you can pay and you only borrow when you really HAVE to it. Don't just borrow because you have access to, do you borrow for supporting basic needs or luxuries? Do you borrow at interest? And how much is that interest? Is it an interest free-loan? Don't borrow what you can't pay, and don't borrow when you don't have to, but the best way to avoid debts has always been by LIVING BELOW YOUR MEANS

Create your emergency fund

As much as we can try to be liquid and manage our cash flows, there are always emergencies which can strike and suppress all your available cash flows, emergencies could include illness, accidents, abrupt increase of prices, payment delays, etc. It is advised that you start create an emergency for three to six months.

Protect yourself and your assets

Apart from an emergency fund, which is an immediate solution to your emergencies, you also need to protect yourself and your properties through organized systems and structures, mainly insurance. You need to insure yourself, your health, and your property.

Create long-term wealth

One other thing that financial advisors will tell you is that use your savings to invest for long-term value, money has a tendency to lose value over time, call it Time Value of Money. Don't keep your money under your mattresses; invest in investments that will give you a good return that exceeds systemic risks such as inflation. Seek further advice from experts before you invest.

Ensure that your wealth is preserved

The major difference between being rich and being wealthy is simply that richness can only be enjoyed by yourself while wealth can be transferred from generation to generation. Long-term wealth gives your long-term financial security. **It is advised that you start looking into these steps today and give yourself, create your personal financial security plan today that will cover all the steps explained above. It is my hope that this article might not give you all the solutions but will at least remind you.**



ARTICLE 30

How to fast-track your business growth

Starting a business has never been easier as it is now, with all the technological tools and global exposures, many new entrepreneurs how found it easier to pick ideas and start their businesses than it was 15 to 20 years ago.

But what happens next after starting your business? The most challenging part is growing that business that you have started, noting that statistics indicate about 75% of new businesses fail in their first 5 years of operation

Below are some of the ways that can help you grow your business quicker, but sustainably

A purpose for fast-tracking

All the greatest businesses in the world were built on brick after brick, but some were able to grow quicker and stronger than others, and that might be a result of good penetration, quality of the product, and so on, like Samsung smartphones.

But if you want to fast-track your business growth, you must have a purpose as to why you want to grow faster, you should understand the risks of fast-tracking your growth, you should know the resource implication, and so on, so don't just fast-track your growth for proving yourself right or proving others wrong, have a purpose.

It won't be an easy road

If you have a purpose and have made a decision to fast-track your growth, prepare your mind set that the road won't be as easier as you might think, you should simply understand those who are growing slowly even find that path challenging, so if you want to move at a higher speed than normal you should be ready to have even a more steep climb and rocky experience

Get the team on board

I

t is very common that most CEOs are normally more ambitious than their employees, but one thing you should know is that achieving that fast-track growth requires team work, you can't do it yourself, just accept the fact. Once you know that, prepare your team and demonstrate to them why you need to fast-track the growth, having them on board will make things easier on the way as they will be required to work more hours, working under pressure, and give more sacrifices

Maintain your focus

When you decide to fast-track your growth, you should as well maintain your focus on that business objective, don't let other projects come up on the way, don't start shifting your focus on new irresistible project ideas and opportunities, it is very easy to take up another project that sounds more interesting or for fear of not wanting to lose any presented opportunity, learn to say no, and stick to that.
Long-term goal



Have a time-frame

Fast-growing your business growth is not a never ending process, that goal must have a fixed timeframe after which you can assess with your team if the goal was achieved or not, if yes, you can relax the energy and let your team real and enjoy the results, and sustain that which you have achieved, if not, you can find out why and you can re-plan that growth after a break with your team.

Fast-tracking your business growth is not a bad business objective, we see many small companies remain small even after a decade, and if you see all the signs that your company is heading towards that road, you can assess that situation and embark on a more radical ambition of fast-tracking your growth, leaving alone avoiding business failure in the first 5 years of operation.

ARTICLE 31

Angel investment: Risk investing or wealth management?

Angel investing has become one of the popular investing options for many pre-seed and seed stage start-ups globally.

It helps entrepreneurs realize their start-up dreams by financing their pre-revenue business ideas, and some post-revenue businesses with early market traction.

According to World Business Angel Forum, the global market of angel investment is over USD 5O billion annually, supporting thousands of businesses, which wouldn't otherwise be able to raise money from other sources such as banks or venture capital.

But Africa, and Tanzanian in particular, still make up a small fraction of this investment, but the industry is taking shape now and we begin to see deal traction in many parts of Africa such as Nigeria, South Africa, Egypt, and Kenya.

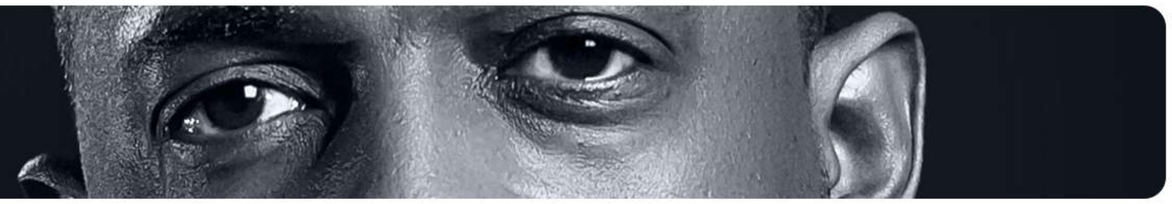
According to Baobab Insights, the amount of pre-seed investment has grown rapidly in the last five years, from $0.289m in 2015 to $4.257m in 2019. The graph below shows the median pre-seed and seed round size in Africa since 2015

Source: Baobab Insights

But who is an angel investor really?

An angel investor is an individual who invests his/her money in an early stage business, usually in exchange for equity ownership, with the expectation that his/her investment will grow in value and make huge returns, normally in a range of multiple returns of the original investment in a couple of years.

Unlike venture capital, an angel investor also actively supports the investee company with technical advise, mentorship, and bring in a network of other players that can support the start-up company to grow. That's why; an angel investor must be someone with history of entrepreneurship, understands business life cycles, and has made some money, part of which can be invested in that start-up business



But most people can't differentiate whether angel investing is a risk investment understanding or wealth management.

RISK TAKING

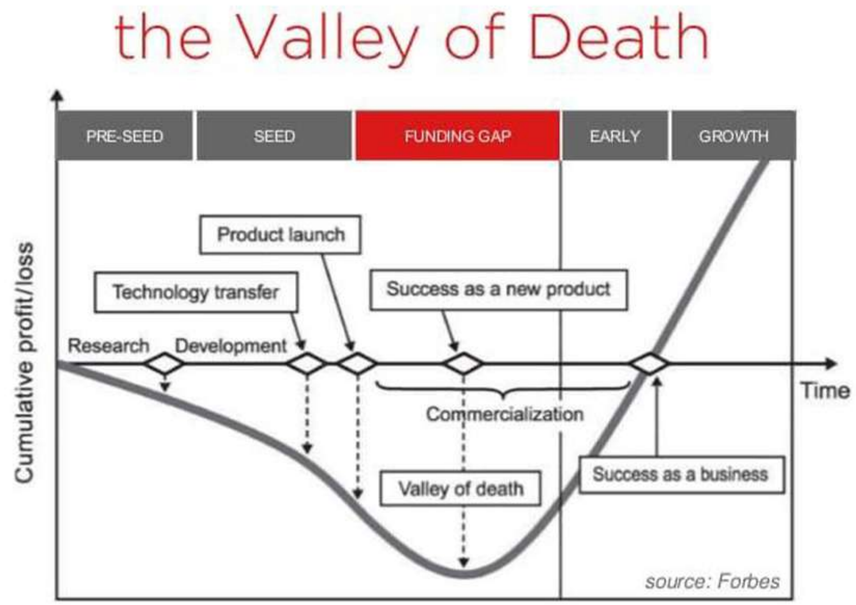
Angel investing is theoretically and practically a risk investment practice, where an investor can lose all of the investment, recover partially, or make huge return, as the compensation of the high risk taken. When Peter Thiel invested in Facebook in 2004 with USD 500,000, nobody knew if Facebook would turn out to be a multi-billion dollar company, and for the compensation of that risk, Peter Thiel made over a billion dollars.

Unlike wealth management where the rule of the game is safety, risk balance, with moderate returns. Wealth management is more of supporting an individual preserving their capital, and happy with annual return of 5% to 15%, make it a no match with angel investor, in both risk and return.

VALLEY OF DEATH

Another characteristic that defines the risk nature of angel investing is the type of the companies they invest in, and the stage, which they are in. Angel investors invest in a company, in most cases, at the stage called "valley of death". This is a stage where a start-up has begun operations but lack revenues (in majority cases), the cash flows are likely negative, and it largely depends on the invested capital to survive, and it is at this stage where angel investors invest, and where many start-ups die as well. But is also an opportunity stage for an investor to spot the right company such as Facebook and laugh all the way to the bank if the start-up thrives.

The curve below shows the valley of death at start-up lifecycle.



But with wealth management, an investor invests in mature companies, usually listed and trading on the stock exchange. Most of these companies are mature, have history of profitability and dividend payouts, but again, the returns generated here are still outweighed by angel investment, so are the risks.

MANAGE THE RISK

So it is very important for an investor to understand these and other risks and characteristics of angel investing before investing. Angel investing is not a game of "get-rich quick scheme" neither an asset for risk averse people.



If the angel investor is well guided, invests with other experienced investors through an angel investors network, the changes of success increase as proper due diligence is done before selecting which start-up to invest in, which instruments to use, and if the start-up has the potential to scale and provide better opportunities for exit. With this way, angel investing could not only be game changing for supporting entrepreneurs that bring solutions to the market, but can also generate unbeatable returns to the investor.

ARTICLE 32

Appetite for treasury bonds in Tanzania, safety or limited options?

The appetite for investing in bonds in Tanzania has appeared to be the safe haven for many investors; this is evident from the series of over-subscriptions of bonds that we have recently seen, in the midst of declining yields.

Last year we saw a 25-year bond oversubscribed by 4.7 times, where investors bid for TZS 636.59bn against government offer of TZS 133.45 billion, sold at a premium of 102/100, with a coupon of 15.95%. The appetite was reflected in the secondary bond market at DSE as well, where the value of Treasury bonds traded rose 26.6% to just over $962.3 million year-on-year between June 2020 and June 2021, while total turnover of equity market shares traded fell 22.6 % from $292 million to $225.87 million in the same period.

The 20-year government bond was the most traded in the same period, accounting for 42.7% of total transactions, followed by the 10-year bond (22.6%), 15-year bond (21.6%), seven-year bond (9.5%) and 5-year bond (3.1%).

Source: Tanzania Securities Limited (Market report 21/01/2022).

The key remaining question is, why this appetite for bonds? Some of the thought reasons include the lesser performance of the equity market, impact of covid-19 making investors be more pro-safety, limited investing options in the financial market, and low investor knowledge of many retail participants

Government securities continue to be the major borrowing instrument to finance public projects, according to BOT, they accounted for 94.1% of total domestic debt, and majority creditors being commercial banks (35%) and Pension funds (27.8%) (BOT monthly report Dec.2021)





ARTICLE 33

Bond bonanza in Tanzania, are Muslim Investors left out?

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Halal bonds?

One overlooked aspect of bond market in Tanzania is the inclusion of Muslim investors who wouldn't participate in the current bond market due to their faith restrictions in participating in the interest-bearing securities such a bonds.

Alternatively, Muslim investors are allowed to invest in sharia-compliant "bonds" called Sukuk.

Sukuk are Sharia-compliant financial certificates through which investors gain undivided ownership on an issuer's underlying assets until maturity. While Bonds are financial certificates through which investors lend money to the issuer, indicating an obligation for repayment.

Technically, Sukuk can be structured in four (4) main options, as sales, lease, agency, or partnership agreement. All this is done to ensure that interest is avoided in the transaction; risk and returns are visibly shared.

Globally, total Sukuk issuance in 2021 reached $184bn, growing from $178.8bn in 2020.



Sukuk provides the relatively same appetite and risk exposure to investors, as a fixed income security, relatively safer than halal equities, and with its long-term characteristic, all of which were the contributing factors for bond bonanza we have seen in Tanzania.

Sukuk is no longer an alien concept in Tanzania, in August 2021, the maiden Sukuk was issued by Imaan Finance limited at a tune of TZS 2 billion, which was over-subscribed by 36%, an indication that there is market appetite for this asset class.

As the Muslim community also wishes to add Sukuk on their investment baskets, it is important for the government of Tanzania to consider issuance of Sukuk as one of its borrowing instruments in the market.

Local corporates can also look into this option for their long-term capital raise, as they expand their funding options.

More Sukuk issuances will be great for the economy as they will bring in new investors into the market, will increase investors value in the market, and the Dar es salaam stock exchange may attract more activity and liquidity on the bourse, and ultimately expand the financial inclusion to those who wouldn't invest in the conventional bonds in the first place.

Centre for Islamic Finance, Compliance and Advice (CIFCA) has a huge role to play in this development, as the central body for Islamic finance development in the country

ARTICLE 34

STARTING A BUSINESS IN TANZANIA. WHERE ARE THE OPPORTUNITIES?.

I understand that many people would wish to start a business and grow their incomes, but most often they struggle to identify the right opportunities to strike the gold.
Many end up doing "copy cats", by starting businesses because they see what others have started, or by doing "herd following" where they follow the trend of what's hot in town or what people talk about mostly. And this is not necessarily wrong, if you do your research first before making your final decision.

Tanzania is blessed with so many opportunities either by its mere factor of natural resource endowment or by the level of its development where we are at a stage which create so many gaps, challenges, and deficits that can all be turned into business opportunities across different sectors.

I also know very well that starting and growing a business are two distinct matters, good business idea does not necessarily translate into success, but at least if someone starts with the right business opportunity, it's a good start that only requires other recipes for business success.

Entrepreneurs have come up with million to billion dollar idea by looking at different philosophies, some of which are shown here below;



1. By identifying a problem that the society faces. The problem that is painful and people are willing to pay for its solution. This has created entrepreneurs called problem-solvers, who have turned such problems into business opportunities.

2. Unmet demand. Sometimes an opportunity can be unlocked by simply looking at what other companies are doing, products and services they are offering, but leaving out a certain section in the market that is either poorly served or not served at all. Always look at what companies offer and what the market still demands that these companies don't offer

3. Deficit. This might resemble the point above, but this part has unlocked entrepreneurs who see what is basically lacking in the market or in certain sections in the society. This could simply include things such as building a health facility in an area where people travel hundreds of kilometers for medical care, to a pharmacy store in a new neighborhood.

4. Trends: Some entrepreneurs have also picked business opportunities just by looking at current trends and predicting future trends. This can either be due to changing consumer behavior or change of people's incomes

5. Change in policy can also create massive business opportunities for people who can analyze that closely. The government can formulate a policy that favors or stimulate certain sectors in the economy. The opposite is also true.

6. You can also turn your expertise and skills to money-earning business. Especially if you are good at that, and there is a demand for such skill/expertise in the market. Why should an accountant struggle to apply for jobs for three years while many small businesses are struggling with keeping their financial records and filling for their taxes?

With all that above and others, today I just want to focus on potential business opportunities that can be extracted from either deficit or gaps available in our social and economic landscape in Tanzania.

This article will cover only a few sectors namely agriculture, financial services, technology, real estate, healthcare, waste management, logistics, and manufacturing. The next article in the future will cover other remaining sectors.





AGRICULTURE

Agriculture remains the largest socio-economic sector in Tanzania in terms of its contribution to GDP, employment, and food security. Despite all the great efforts that the Government and specifically the Ministry of Agriculture is putting on, there are still gaps that can be turned into business opportunities, some of these are shown here below;

- Tanzania consumes about 1 million metric tones of wheat but only produces 1000,000 MT, which is only 10% of what is demanded.
- Demand for edible oil in Tanzania stands at 570,000 tonnes while production is at 250,000 tonnes a year, creating a deficit of over 300,000 tonnes a year
- Tanzania has more than 30m cattle and more than 19m goats, milk production of more than 3 billion litres but less than 5% of it is processed, tanning is only 39%, and only 30% of skins and hides are processed
- 40% of agricultural products goes into waste after harvest
- 90% of honey produced is consumed locally
- Fish supply deficit is close to 500,000 tonnes

FINANCIAL SERVICES

Despite all the major developments we have seen in the financial sector recently, majority of Tanzanians are still far from reach.

The sector offers the following opportunities

- Formally banked population is only 22%
- Less than 1% of Tanzanians participate in the stock market
- Only 10% of the population is insured
- Only 2% of Tanzanians have pension plan
- Total funding for SMEs is hardly 20% of all bank loans which stand at about USD 10 billion

TECHNOLOGY

Despite the fact that technology is a cross-cutting issue and can turn many problems into opportunities in almost every sector, for this article, I will just point areas that I think critically need technology adoption and digitization;

Note: I understand both the government and startups are already filling some of these tech gaps now. But the opportunities are still there

- Application, payment, issuance, and renewal of all types of licenses, permit, and certificates in Tanzania still have some manual elements. We need all these without visiting any government office at all.
- Doctor appointments, consultations, and telemedicine in all public health facilities still need people to stand in queues. Why?
- Digitization of all patients and healthcare records. Nurses still use those manual clinic cards
- Digital infrastructure and content for education delivery in remote areas where there are no enough tutors
- LUKU top-up through mobile without keying the numbers on the LUKU machine
- Traffic police to use scanners and cameras to access database of drivers to check if they have any unpaid fines before randomly and recklessly stopping drivers along the roads
- Online birth and death certification registration and issuances without a single visit to RITA
- Application, processing, allocation, and issuance of land titles without visiting any land office at any council. You are still currently required to go see if your name is on the board of those who applied.



REAL ESTATE

Real estate continues to be among important sectors of any economy, despite its volatility and recent slump, Tanzania is yet to reach its saturation.

Opportunities are still in many areas;

- There is more than 3m housing deficit
- Mortgage industry is less than 1% of the GDP
- Only 2.3% of urban residents in Tanzania can afford a $50,000 house
- The cost to build a 284.sq.m house in Dar costs around $75,000 (2021)
- About 60% of residents in Dar live in rented houses

HEALTHCARE

Healthcare is one of the most critical sectors in the country; sick people cant run a nation, can they? With all the ongoing efforts in the health sector in the country, there are still gaps that can be tapped into business opportunities;

- Tanzania imports about 80% or more of our pharmaceutical products
- Training of healthcare personnel. Example, according to Cancer.-Net, Tanzania had a total of 20 oncologists in 2020, and cancer was the leading NCD in terms of deaths, 42,060 new cases a year, with mortality rate of 28,610 deaths per year. Can you set up oncology training institute?
- The use of telemedicine and tech-enabled healthcare services, with 1 doctor for every 20,000 patients instead of 300 patients only, according to WHO. Tech can largely fill this gap





WASTE MANAGEMENT

Many cities in Tanzania are still grappled with limited capacity to manage all the waste that is produced on daily basis, from households and hotels, to factories.

And even with available handful of waste management companies, very few do sufficient recycling

We still face the following challenges that can be turned into business opportunities

- Tanzania produces 12-17m tonnes of solid waste annually, and only 50% is collected and sent to dumpsites
- Dar es salaam is estimated to generate more than 4,000 tons of waste a day, expected to reach 12,000 a day by 2025
- Dar had 33 recycling industries and 39 collection centers (2021)
- There was 70% of unconsumed recyclables (2021)
- 40% of Tanzanians will be living in cities by 2025, set to produce more waste

LOGISTICS

Logistics is one of the oldest, fragmented and inefficient sectors, leaving a lot to be done to increase its efficiency and tap the massive opportunities it offers.

Logistics and transportation in Tanzania can offer the following opportunities;

- There is about 40% or more of return empty trips
- There is no clear visibility between transporters and cargo owners, currently crowded by unprofessional brokers
- It is estimated that more than 70% of perishable goods go into waste after harvest due to lack of enough cold storage facilities
- Unscrupulous, dishonest and unprofessional truck drivers. Someone needs to fix this
- Dar es salaam port serves more than five (5) landlocked countries. This creates huge demand for professional forwarders, truck owners, storage facilities, etc.
- AfCFTA will increase intra-trade transport services by 50%, will require 1.8m trucks for bulk cargo, 248,000 trucks for container cargo by 2030.

MANUFACTURING

Tanzania still drives the industrialization agenda, with all the potential of raw materials and adjacent export markets that we have, there are still plenty of opportunities in the manufacturing sector.

Some of these are here below;

- Tanzania still imports Medium Density Fiberboards (MDF) products that can be processed locally. Tanzania has a total forestry area of 48.1m hectares
- Tanzania spends more than USD 480m to import palm oil, which can be produced and processed locally
- With all the potential we have in cotton, we still spend millions of dollars to import cloths and other textiles
- Tanzania spent more than USD 64m in 2022 to import soaps, lubricants, waxes, candles, and modelling pastes from Kenya, we shouldn't. We should manufacture most of these locally



CONCLUSION

While pondering on what opportunity to pick to start your business, be careful with businesses that have the following characteristics;

- Some of these opportunities can give businesses which are difficult to scale
- Some of these opportunities are in the sectors which are highly-regulated
- Some of these opportunities are close to market saturation
- Some of these opportunities will not easily attract investors money

So before anything, just do you research before investing

ARTICLE 35

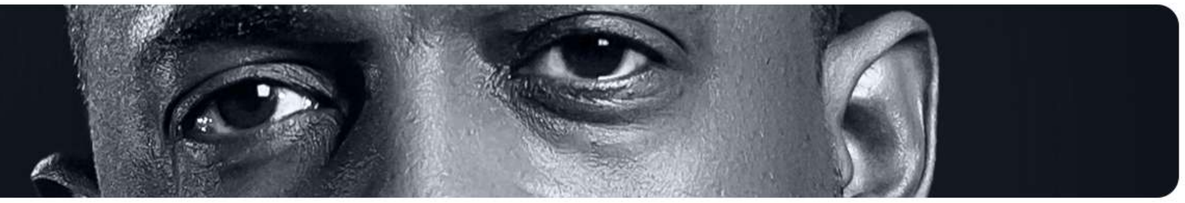
WE CELEBRATE WOMEN IN TECH, BUT WHERE IS THE MONEY FOR THEM?

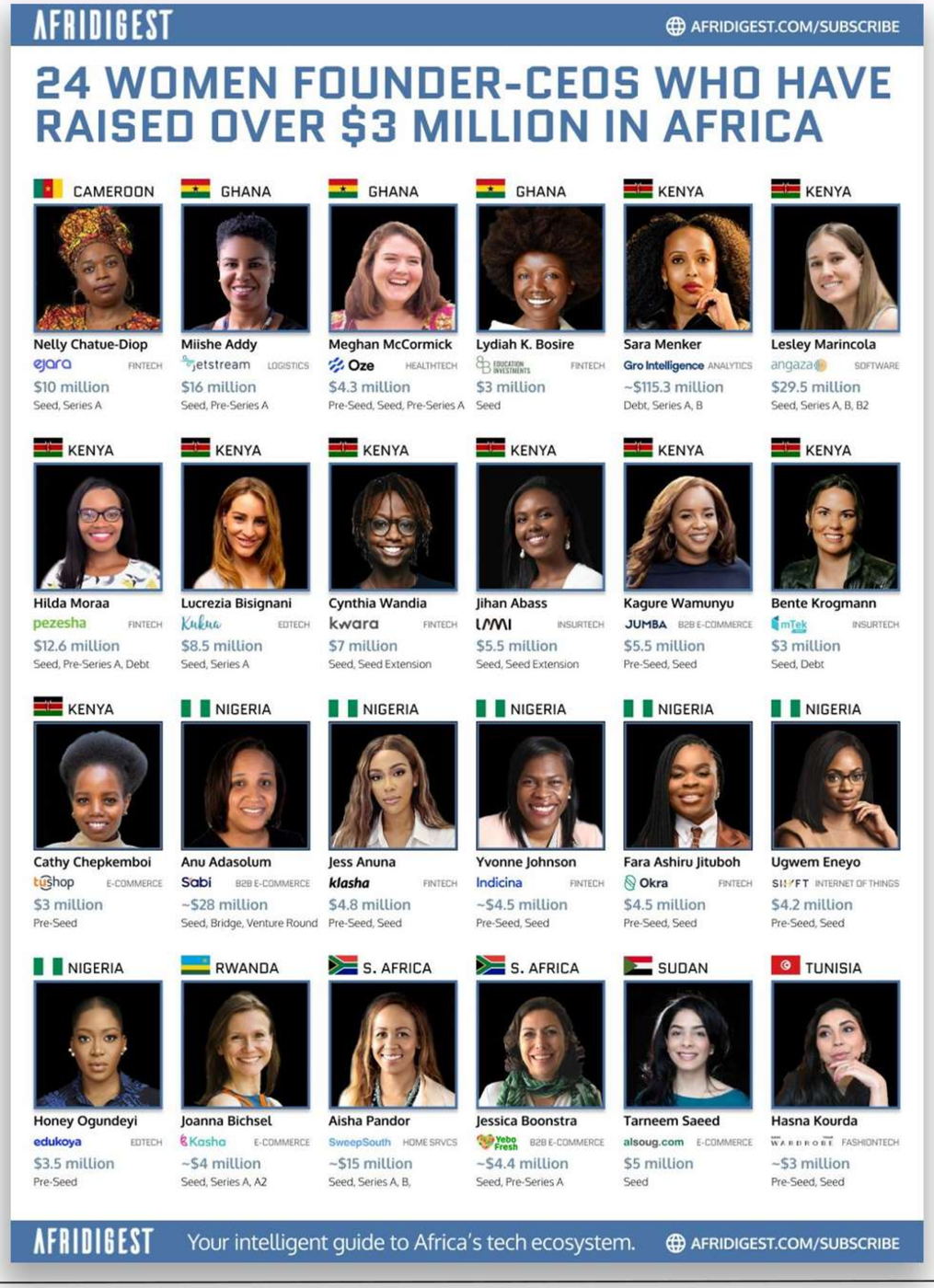
Each year, on this day, the world celebrates women for their achievements, reflect on the challenges they face, and remind ourselves of their role critical in family and society building.

This year's theme is innovation and technology for gender equality, which is crucial in ensuring that we eradicate digital exclusion and unequal technology opportunities for women.
Technology has proven to be a catalyst and enabler in improving many social, economic, and cultural activities, from agriculture, art, and financial services to healthcare.

But disrupting these traditional sectors to increase inclusivity requires innovation and disruption in our approaches and in our business building. Women in tech have proven that this is possible, and they can well do that.

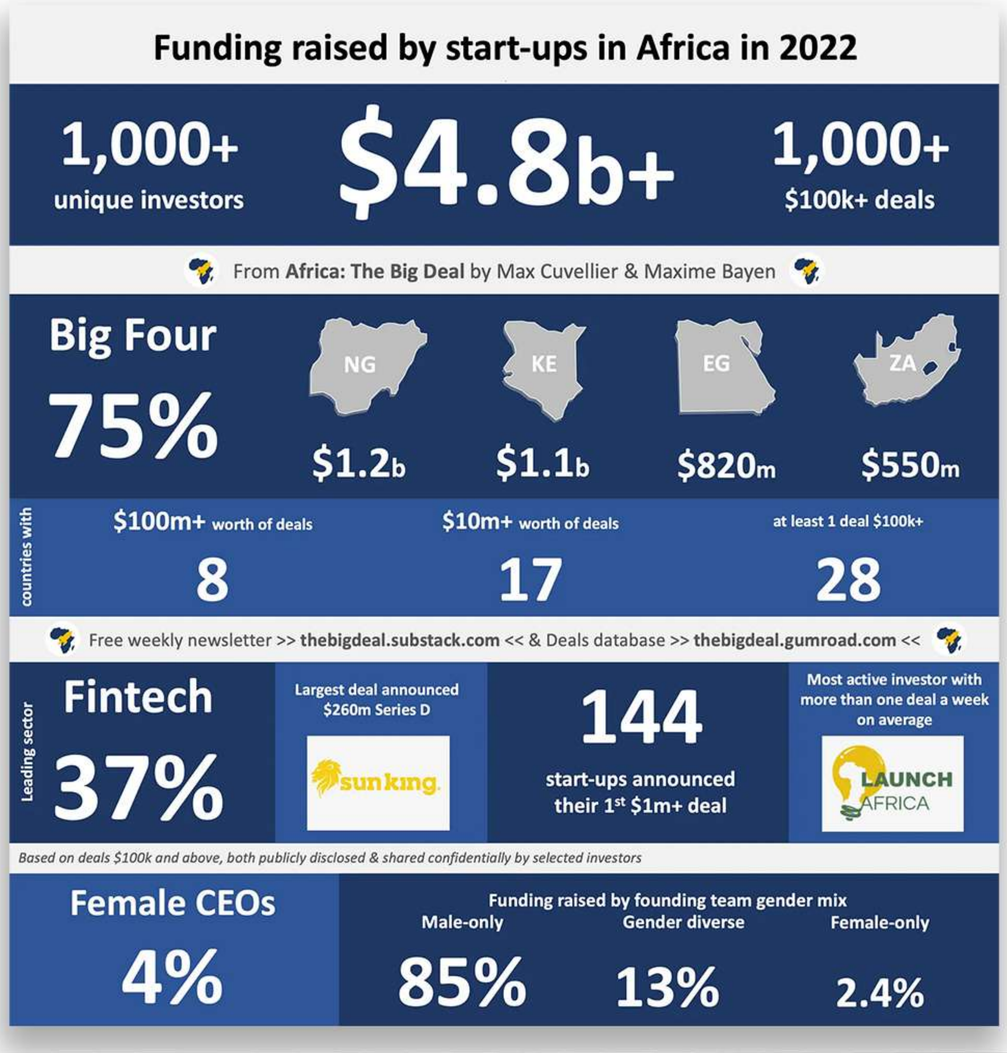
I recently read a post by Afridigest that published a list of 24 women who are doing great stuff in tech, and who have raised over $3m each in the continent, as shown here below;





Despite this, VC funding to women is still discouraging, excluding, and put more women techpreneurs on the edge.

In 2022, The Big Deal Report shows that out of $4.8 billion that was invested in Africa, only 4% went to startups with a female CEO, 13% went to startups that are gender diverse, and staggering 2.4% went to female-only founders. This must change.





What can we do?

A lot has been said, discussed, and even tried, but results are still not promising, among other things, we can do the following;

- One of the reasons put forward is lack of enough investable businesses (pipeline), even though this is still debatable, we can still design more programs that will increase investor readiness for more female-founded startups. Imagine we produce at least 100 or more investor-ready female-founded startups each year.

- We need to promote female-only funds that have strategic and singular focus on supporting female founders

- Limited partners need to make sure that the money they give to VCs generate impact and reduce this gap, by committing a descent portion of their portfolio to female founders

- I understand some factors could stem from culture, where some female founders fail to attend some of the cohort programs to the end, and can be asked to stop the business to focus on household affairs, and that reduce the number of founders in the pipeline. That needs a special redress.

- We can also go as back as in the incubators and hubs and see how their work impact on women founders. How many are they recruiting, how many are they keeping to the end, and how many leave as investor-ready?

- We also need to support the hubs, incubators, mentors, coaches, and service providers who support female founders

I understand some or most of what I said is already under implementation by various organizations, lets review our work, lets double down the work, and lets learn from other markets where there has been a lot of success on the same.

ARTICLE 36

WILL CAPITAL RAISING FROM VENTURE CAPITALISTS REMAIN UNCHANGED DURING THE PANDEMIC? NOT REALLY.

Start-ups and growth companies are always in need of capital to fuel their growth, expand into new markets, grow their team, and tap new opportunities. But with Covid-19 in the kicking, the predictable story will not be the same, there is a new normal almost in every sector of the economy, and the Venture Capital (VC) industry is not an exception.

The global economy is already in recession mood, with global trade expected to decline by 34% by end of the year, global airlines are expected to incur more than USD 130bn losses, and Africa is set to enter into an economic recession, for the first time since the last 25 years.

Businesses in hospitality industry in Tanzania have already suffered more than 95% of revenue losses, and other industries such as logistics, retail, real estate, and banking are in the same pot.

All these catastrophic developments have had impact on the VC industry as well, and will definitely affect the capital-raising scene in



some scores. However, despite the great performance in Q1-2020 where we have seen VC fundraising in Africa surpassing the same period in the previous year by raising USD 283m from USD 253m, we eagerly wait to see the numbers of Q2-2020 to give the better picture of where the industry is heading.

As some VCs have decided not invest in new businesses and rather focus on their portfolio companies (companies they have invested in already), others are still up to the challenge of keeping their doors open and eager to continue investing.
Some of these VCs were already experiencing dry-powder (funds that have been raised and are yet to be invested) situation before Covid-19, and they are now in a tight position to deploy the capital the raised before Covid-19, but VCs will not source and make deals the same way as they did before, and this is important for start-ups and growth companies to understand.

So what changes should be expected?

Scope of due diligence

VCs will change the way they asses companies and their potential risk exposures, beside the traditional scope of due diligence that will be maintained, VCs will also want to see if the company is resilient to future shocks such as Covid-19, and whether they have business continuity strategies when push comes to the shove.

Emerging opportunities

VCs are usually not very flexible when it comes to changing their sectoral focus after starting investing, the investment strategy is usually decided when the fund is launched with little rooms to change, but for VCs that are sector agnostic, they will have the opportunity to twist their focus to businesses that have proven to be more resilient during corona, and the business models that will remain scalable even after the pandemic. These include health-tech, edu-tech, agri-tech and other digital business models that we have seen getting more traction and quick growth during the pandemic.

Valuation

One of the critical elements of capital raising is usually how companies are valued, and how much VCs are willing to pay. During the pandemic, we have seen many valuation prices going down including the prices in the public markets, and that can affect businesses that want to come to the market now and raise money, as they will face tougher negotiations with VCs

Short-term financing

Some VCs have also come to the rescue of supporting start-ups that have previously raised money to remain afloat, by extending short-term, interest-free loans in order for these businesses to continue keeping the lights on. Some may opt to use convertible notes, which have an option of converting into equity in a future date.

Nevertheless, for start-ups and other growth companies that are in the mid-fundraise, they may have to face the new normal as they move to the further stages of due diligence and deal negotiation.

For others who were not in the mid of fundraise, and struggling with liquidity, they may need to look at their capital raising plans more strategically, and probably focus on their survival or come up with a more Covid-relevant business model.



ARTICLE 37

Start-up with no start-up capital?

With the increased rate of unemployment especially among the youths in Tanzania, there is a continued pressure for youths to find alternative means beyond job seeking. Starting and running your own business has become a natural option for many youths, but starting up a business is more than having a good idea.
Raising capital for start-up is quite a hustle Tanzania market, countries like US and in Europe, there are so multiple sources of capital that every day new ideas come into the market, access respective finance, and launch.

In this article, we use the word “start-up” to refer to a process of one setting up a new business, for this case, we mainly look at how start-ups can raise their start-up capital, and specifically financial capital.

Let’s look at some of the options available for raising capital
Commercial loans

This is mainly debt finance provided by commercial sources, mainly banks, to business in return of a payback with exorbitant interest rates. Commercial banks consider start-ups to be high risky, and thus not attractive, if a bank has to finance a start-up, conditions are stringent and the interest rates are not start-up friendly.
Some of these conditions include but not limited;

- Business must be operational, at least one year, some require up to minimum of three years
- Collateral (security), which is worth 125% of the loan amount
- Audited financial statements
- The owner also needs to contribute between 10% to 20% of the loan amount applied for.

These conditions are okay for an established business, but not friendly for start-ups, it is similar to asking a fresh graduate to have 3-year working experience.

However some of the banks have understood this, and are becoming flexible slowly, while observing the regulatory requirements of the Bank of Tanzania.

Tanzania now boasts more than 50 banks, some of the major include CRDB, NMB, NBC, Exim, and M-Bank, and others, which are perceived to be more start-up friendly include Akiba Commercial bank, Azania Bank, Tanzania Investment Bank, etc

The good news is, most of these banks, small or big, have developed risk mechanisms to see if they can lend to start-ups, some these include organizing people, especially youths and women, into groups for group lending, and use the group as a collateral.

Semi-commercial loans

I use this term to simply refer to loans that are offered with at least a relief on conditions that a commercial bank would require, things such as collateral, financial accounts for three (3) years, equity contributions, etc. This type of finance is offered by most of Micro finance institutions, which have less requirements but tend to be more expensive than a commercial banks. These types of loans can only



be ideal for types of start-ups which have a potential of generating quick and stable cash flows.

Most of these institutions were started to fill the financing gap left by the commercial banks, in the context of less conditions and more flexible, however, they have become very expensive, with the claim of compensating the default risk which are they highly exposed to. Most of these institutions are close to the people, unlike commercial banks whose branches are hugely concentrated in the urban areas. Some of the MFIs which support SMEs and start-ups include but not limited to PRIDE, FINCA, and various community banks which are based in rural and semi-rural settings, some of the community banks include Mafinga community bank, Tandahimba community bank, Mwanga community bank,etc

Grants

These are types of finances given to starts with no any strict commercial conditions such as paying back, collateral, etc., they are among ideal sources of capital for start-ups. But most of these tend to finance projects which have an inclination to development impact.

Some of the grants have a condition of a certain percentage to be paid, some are 100% non-repayable, and majority of them are designed to cater for special needs such as women, youths, or disabled, and some are for specific sectors such as agriculture, energy, etc. Some of the institutions that offer grants, that start-up companies can explore, include Africa Enterprise Challenge Fund (AECF), CARE international, SELF, etc

Alternative finance

I use this term to refer to non-traditional sources of finance, these include private equity, venture capital, angel capital, the stock market, and Islamic finance. These are types of finances that are offered with different sets of conditions and requirements. Private equity and venture capital, for instance, tend to avoid start-ups, but are ideal for companies that have potential for growth. Whereas angel capital and Islamic finance are ideal for start-ups, they can simply finance an idea. In this category we also have family and friends, people who are close to you, believe in you, and are ready to support you.

With private equity and venture capital being still a small industry in Tanzania, some players are already in the market seeking good business projects, and some have appointed representatives in Tanzania. Some of these funds operating or have representatives in Tanzania include Jacana Partners, Mkoba Fund, Fanisi Capital, TBL Mirror Fund, Bamboo Finance, Musa Capital, etc. Some of the representatives in Tanzania include SSC Consulting, Tanzania Private Sector Foundation, Investment Capital Group, etc

These are some of the sources that you need to explore and understand their detailed conditions and requirements before starting a business, this article only gives an overview, in the forthcoming articles we can go into more details for each one of them.

But all in all, don't forget that, there are still many ways that you can start a business with no money at all, depending on your background, nature of the business you want to start, and your entrepreneurial skills, you can start, build up, and ask for external finance at a later stage.



ARTICLE 38

From idea to business: Why some start-ups never start?

Starting and running a successful business is an ambition of every one of us who wants to start a new business today. No any research to date which confirms that there are people in this world, leave alone Tanzania, who would want to start a business and fail, would you?

But failing after staring has become a common phenomenon in business literature today, it is estimated that more than 60% of businesses which start fail in their first 5 years of operation, despite such a statistic, people still start new businesses today and fail, some even in their first 12 months, Is it an unavoidable situation? Is it a pre-condition for re-building a successful business? Not really.

But the most scaring reality is that some businesses never go through their start-up stage, we call them,
" start-ups that never start" this is very common among those who come up with new business idea every day and leaving behind a bunch of previous non-starter ideas? Why do you bring up new ideas every time and never take time to find out why the previous idea never matured? Are you one of these people?

Before we talk about such scenarios in business world, lets quickly look at what I refer to as "from idea to business" I am sure if you are a good reader of business and motivational books you must have come across titles such as "from nothing to something, or from zero to hero, or making money out of nothing, or the interesting book title "Why we want you to be rich" from Donald Trump and Robert Kiyosaki".

All these books and articles cultivate the understanding of transforming fresh ideas into tangible businesses. It has never been easier to turn a fresh idea into real meaningful businesses, it is both an art and science, but most importantly is a work of mind, attitude, and self-determination.

It is a lot easier not start than to start a business, because you only need to sleep more hours during the day and spend more time on your TV during the night, this will be enough for you not to start a real successful business. But turning an idea into business requires a number of things that include the following;

- Ask yourself why your previous ideas did not turn into businesses before jumping into new ideas
- Asses your strengths and weaknesses as an entrepreneur, check whether you have what it takes to run a business on your own
- Do a market research to find out whether your idea of business has demand in your local market
- Determine your personal and business goals
- Determine the start-up and running costs of turning that idea into business, this will help you to avoid starting with an under-capitalized business which in most cases is a recipe for failure.
- Determine the sources of raising capital to finance your start-up and initial working capital
- Register, don't start informally. Be formal



These are just general things that you need to address before thinking of turning any idea into meaningful business. There are more industry specific things that one needs to look into before putting your idea out of the shelf. Remember, this is not a checklist for starting a new business. We will look into such areas in the forthcoming articles.

But why do some start-ups never start? It should be understood that failing to start is not a must-go stage for every business starter, because even when the statistics would show that 90% of start-ups fail in the first year, we would still have 10% of those who do not fail.

But why do majority fail they start?

The first reason is under-capitalization, most people start businesses with short of start-up and working capital which results into stressing them up on cash flow illiquidity. It may take a few months sometimes to start getting clients, during this time a business owner needs to have a cash reserve to pay for such expenses, failure of which may see a business owner struggling to pay for office bills, salaries, and other important items which are critical for a business stay.

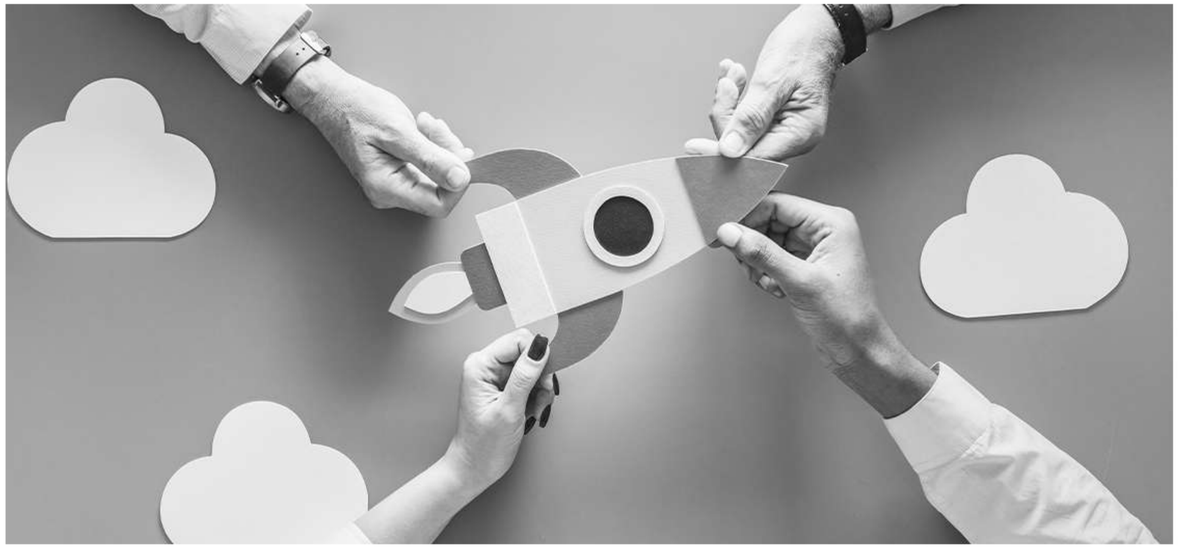
The other reason is the lack of entrepreneurial skills which are actually a pre-requisite for any business success; these include the ability to set goals, creativity, taking calculated risks, right attitude, work ethics, and other similar attributes.

Another crucial issue is execution, in the business world today, it is not just about having a good business plan, or any strategy, it's all about putting such strategies into practice, as much as it is important to have a business plan, it is overly critical and crucial to execute. Whether it is a sales plan, marketing strategy or any well-prepared PowerPoint. Most people today fail because they spend more than 50% of their time planning, 40% revising their plans and re-plan, and only allocate 10% for work, while business success is 10% inspiration and 90% perspiration.

These are briefly some of the key issues which affect most business start-ups and end up in the start-up stage for months, and some for years, and some even give up.

Always make sure that you evaluate and understand all business and entrepreneur attributes that will take you through from idea inception into successful business. And today more than ever, resources on how to start a business and turning your idea into money are countless, from off-line to online sources, make time for yourself and read them.

In the next article, we will look into why do businesses fail, this is different from why some start-ups never start. This looks into even those businesses which last for ten (10) years and fail.





ARTICLE 39

HIGH FUEL PRICES: WHY HAS IT BECOME A MONSTER?

Fuel has been the common source of energy for both households and industries since this country got her independence about 50 years ago, this means, until when the better and sustainable energy source is available, the pressure and sensitivity of its price and availability will always be a matter of concern.

Whether you are using petrol or diesel for your car, or for your factory machines, or kerosene for cooking, this article looks at all petrol, diesel, and kerosene as one group of fuel. The importance of fuel cannot be over-emphasized here, as we all use or get affected in one or another.

But shouldn't we ask ourselves that the price and availability of such an important product in our economy and our lives should be easily made available and affordable? Should we conclude that the government has failed to deliver to the needs of the people if it fails to make such an item, which has become a basic need, affordable? It is YES and NO. This brings a key question now, what pushes the fuel prices up?

What pushes the prices up?

On one side of the coin, high fuel price is outside the government control; it is part of the global economy. This means that Tanzania imports oil from oil producing countries that partly control the price as well as the forces of demand and supply at the global market level. This makes our government in less control of the fuel prices.

But on the other side of the coin, governments have in the final end control once fuel is procured and imported to the country, the government charges different types of taxes and fees that finally push up the price, even when the fuel were imported at a lower price, once such taxes and fees are added, the price shoots up and make the case we see today that the government is revising the so called "FORMULA".

According to Energy and Water Utilities Regulatory (EWURA) report published on 15 August 2011 for indicative petroleum price, the formula calculation indicates different charges and fees that are charged to petroleum once they reach here, these include destination inspection fee, SUMATRA charge, Weights and Measure fee, TBS charge and TIPER fee, if all these fees are charged? And if global fuel prices are high? How can fuel prices be lower as we expect?

But the most sad part of the equation is the oil marketing companies operating in Tanzania, we understand their concern that they are doing business, they have to recoup their costs and make profit, but why do they normally ask for longer time to lower their prices when global prices go down but are so quick in increasing their prices when global prices go up? If the underlying fact is the fuel reserve that was bought when the price was different?

They claim to maintain the high prices until their reserve finishes because the reserve was bought when the price was high, but they do not talk of a reserve which was bought in lower prices, they just



increase their prices. Is it greed? Is it a business dynamic that the public doesn't know about? Are they using a cartel approach to control prices and maximize profits? These are some of the concerns that are believed to control the prices up unless more clarification is made.

But why is everybody worried? Why has it become a monster?

In economic terms, fuel is regarded to be as one of the economic items that have multiplier effect on the economy and the lives of the people. This means that once the price of fuel increases, it's not only just the motorists or the manufacturing factories that suffer, it's the whole economy.

Once fuel goes up, transporters also hike their prices and cost of transporting food from growing areas to the markets, this increases food prices and leads to inflation. The producers also increase price of their products as costs of production go high, this as a result, leads to inflation as well.,

If we look at inflation rate in July 2011 which stands at 13%, housing, water, electricity, gas and other fuel account for 21.3% of the total price change, this means, any change on fuel has significant impact on the overall inflation, and if food and energy (that includes petrol, diesel, gas, kerosene, charcoal and electricity) were to be removed from calculating inflation, inflation in the same month of July would stand at 7.4% instead of 13% imagine the difference.

And as if this was not enough, the government hiked the price of kerosene, (despite its recent minor review), which is used by majority rural poor who accounts for more than 70% of the country's population

So the government needs to look at fuel prices not only as a concern for motorists or manufactures especially in this era of power rationing, but also in its totality that affects the whole economy and Increases the costs of living of the people, and the costs of living go up, we will see more further adverse that might even threaten the stability of the peace and the economy

ARTICLE 40

How the successful entrepreneurs overcome stress

The journey of an entrepreneur has never been easier, before remarkable rewards that entrepreneur enjoys after hard work, they are to overcome a lot of hurdles across the journey. From access to finance to access to markets to grow their businesses. But for those who are able to overcome such challenges, great things are always a reward for them

Stress tends to engulf many entrepreneurs, caused by many things such as running out of cash, payment delays, slow sales growth, stiff competition, poor management, not having enough capital to run their businesses, and so on. Stress can easily find a way into their lives.

But how do the successful entrepreneurs overcome stress?, here do are few tips;



They prepare for hard times

When starting out a business, some people think that it will only take a few weeks for them to see success, and if that does not happen, it causes them a great grief. But for successful entrepreneurs, they know that it always gets worse before it gets better, so they prepare for such hard times. If you are able to do this as an entrepreneur, you will make a constant improvement plan to overcome all the challenges that give them stress.

They stay away from negativity

Negativity with stress is like wood and fire, they cause huge damages if combined. Successful entrepreneurs stay far from all things that draw them to negativity, they make sure that they remain as positive as possible, no matter what difficult situation they get into. They avoid negative people, they avoid negative talks and conversations, they stop worrying, and focus on their bigger goals and vision they have.

They appreciate the small steps they make

One of the facts that all successful entrepreneurs share is that they count their blessings, they understand the value of 10 shillings before getting a million. They think big, have bigger visions, bigger goals, but they don't forget and ignore the small achievements they make every day. They see the worth of what they have in hand before they get what is in the bush. Entrepreneurs with this type of attitude can never let stress engulf them.

They make constant changes

The other thing successful entrepreneurs have in common is that they understand change is part and parcel of their journey. When one route doesn't work, they don't quit, they don't sit down and cry, they don't complain, they see what doesn't work and make necessary changes. As an entrepreneur you always need to asses yourself and your strategies, you should know what works and what doesn't, and whatever that doesn't, the necessary change is inevitable.

Remember, "We all get knock down in life. We must never stay down. Find the grace to rise up. You have the chance to start again." — Lailah Gifty Akita

ARTICLE 41

How to ask for money from investors

Starting a business is increasingly becoming a common practice in Tanzania, either as a part time source of additional income by those who are employed, or by those who decide to start their own business and become their own bosses, or for fresh graduates from colleges who can't find a job

But starting a business and run it successfully requires money, I understand that there are many ways you can start a business without money, but it may happen in some cases where you need money either to expand your business or to buy physical assets such as equipment that you need to kick start your business.

Lorem Ipsum



But asking for money from someone to invest in you is not a straightforward process, you need to prepare yourself and make a good case, here are just few tips for you;

You need to know your numbers

As they say numbers don't lie, for any business to attract investors, numbers must be clear, realistic, and forthcoming, and you are as a business owner, needs to at least be able to explain the basic financial issues of your business. You should know how much you need for a business to start, how long it will take for the investment to pay back, what kind of returns should the investor expect, how competitive are the returns you are offering as compared to other business opportunities in the market?

You should have a vision

Anyone who would want to invest wants to hear the long-term story of their investment, and the long-term value of the investment really depends on the vision of the business owner. Investors want to see their money doubling if not tripling, have a long-term story of your business. Where do you see yourself in five (5) years from now, once you get the money, or you are here for quick and short gains?

You should understand the market well

You need to do your market research before meeting a potential investor. Investors need to be convinced with facts and figures, who is your target market? How big is your market? What is the trend of the market? What are the driving forces of demand? Who are your competitors? If you can't answer these questions, know that you are not ready for a ride with investors.

Don't lie

Asking for money from investors is like asking a woman's hand for marriage, don't lie. Be as honest as possible about your business, some people think you can just lie and get the money, think again, it's going to be a long ride with the investor, and if you lie just remember that liars must have good memory. You investor may ask you the same question after two years, I hope you will remember what you said two years ago. And a business partnership which is built on wrong foundations can never last. Be honest, say what you have and what you don't, if you haven't done your research, you can tell your potential investor that you will come back to him.

Remember, "It's called entrepreneurSHIP, not entrepreneurSIT. Don't sit and wait. Just ship." — Richie Norton


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