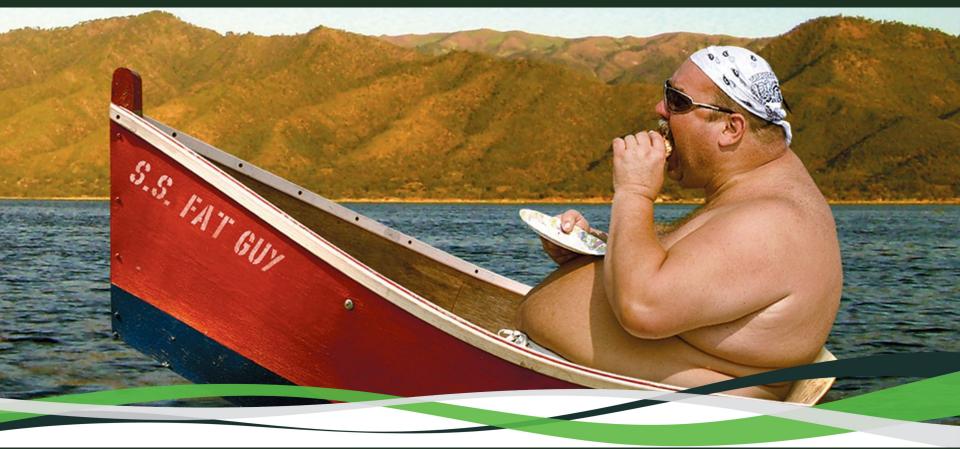


## UNIT 9: PAPERWORK – ASSETS & LOANS



### UNIT 9: PAPERWORK – ASSET & LOANS



- 1. Build Productive Assets.
- 2. Put Your Skin in the Game.
- 3. Beware of Fixed Costs.
- 4. Know If & When to Get a Loan.

### REPORT

Last Week's Promises:

Business Plan: Identify and implement at least two new ways to increase sales.

Home Quality of Life Plan: Choose to improve a specific area from your Home Plan.

Savings: Save money, even just a coin or two.

ACT:

Business Spotlight presentation

### **REPORT:**

COMMITMENTS CHART				
Name	Business	Home	Savings	
John C.	yes	yes	yes	
Maria T.	no	yes	no	
Your Name	?	Ś	Ś	

#### **DISCUSS**:

- What did you learn last week as you kept your promises?
- What problems did you have as you tried to keep your commitments?
- What can we do to help everyone keep weekly promises?



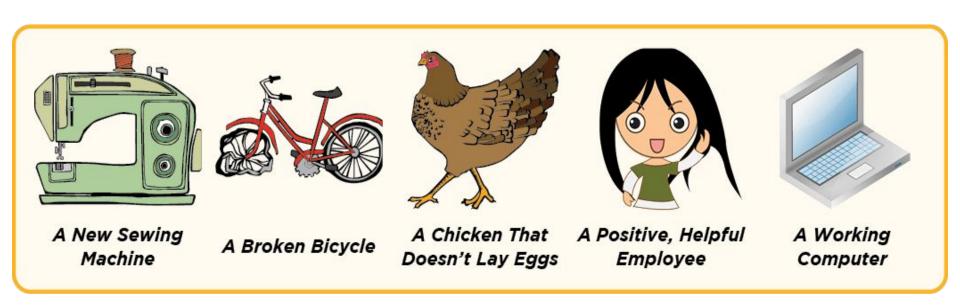
### **DISCUSS:**

- What do you see in this picture?
- If your business was this boat, what would you do?
- What are some of the costs that could sink your business?

### ACT:

Learn and implement the four principles discussed.

- Which of these assets on the following slide are productive assets.
- Why or why not?



#### **DISCUSS:**

- What are some of the assets that you have in your business?
- What is the difference between an asset and a productive asset?



#### **DISCUSS:**

- In what ways does Betsi avoid sinking her business by getting the most out of her assets?
- How can you make your assets more productive?

#### ACT:

- In your workbook or another notebook turn to page 29.
- Write or draw a few assets you have or think you need to help your business.
- In groups of two or three, share how you can make your assets more productive.
- Are there any other additional assets your business needs?

WAYS TO GET ASSETS:	DISADVANTAGES:	ADVANTAGES:
Save to buy an asset		
Get a partner who has an asset		
Rent an asset		
Borrow an asset		
Get a loan to buy an asset		
Other:		

### **DISCUSS**:

- Look again in your workbook or notebook on page 29 at your list of assets that you just created.
- Use the Ways to Get Assets box or draw your own in a notebook. Discuss the advantages and disadvantages of the various ways you can obtain those assets.
- What are the advantages and disadvantages of each of the methods suggested by your group?

Principle 2
PUT YOUR SKIN IN THE GAME





### **DISCUSS:**

- What do you see in this picture?
- If they play hard, do you think some of the players may get skinned, scratched, or hurt in the game?
- Why do they play if they can get skinned or hurt?

# Principle 2 PUT YOUR SKIN IN THE GAME



## Principle 2 PUT YOUR SKIN IN THE GAME

#### **DISCUSS:**

- Why is it important to have your skin in the game?
- What does this mean for you and your business?

#### ACT:

• Turn to page 30 in your workbook or another notebook. Write or draw what you can do to "put your skin in the game" for your business.

# Principle 3 BEWARE OF FIXED COSTS



# Principle 3 BEWARE OF FIXED COSTS

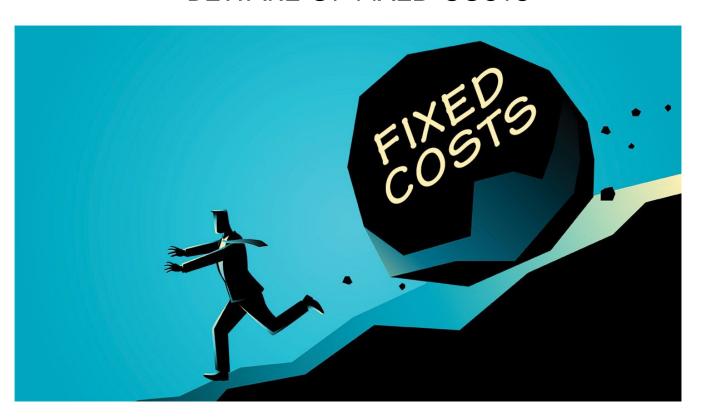
### **DISCUSS**:

- What is a fixed cost?
- When is a fixed cost useful and when is it not useful for your business?
- How can we be careful of fixed costs?

#### ACT:

 Write your policy on fixed costs for your business in your workbook on page 30 or in another notebook.

Principle 3
BEWARE OF FIXED COSTS



- Motive The motive is the reason why you want a loan.
  - Warning Loans should only be used for productive business assets, not personal items.

- Terms The terms include the interest rate, origination fees, and length of the loan.
  - Warning You should compare terms of at least three loan sources to find the most favorable loan for you. Terms vary greatly between banks and micro-finance institutions.

- Timing The timing helps you know when you need to pay back the loan and how often you need to make payments.
  - Warning Make sure you have the cash flow and are ready for a loan. Keep good financial records.

- Amount The amount is the size of the loan.
  - Ask only for the money you need to get productive assets.
     Make sure the payments can be made. Don't borrow extra money for personal spending.

#### **DISCUSS:**

- What are the four warnings you should consider before deciding to get a loan?
- Why are these concepts so important?

#### ACT:

If you think you should get a loan, make sure to fill out the Loan
Warning Checklist and Loan Terms Worksheet on page 54-55. Or fill
answers in another notebook while following along in the next slides.

MOTIVE				
☐ Am I borrowing for a productive business (not personal) reason?				
☐ Is a loan better than cash to grow my business in this instance?				
☐ Will the things I buy with the loan make me money immediately?				
☐ Do I know everything that could go wrong?				
TERMS				
IEKMS				
Can I list three to five good lenders?				
☐ Can I list three to five good lenders?				
☐ Can I list three to five good lenders? ☐ Do I know the true cost of the loan?				

TIMING			
☐ Have I been in business long enough to know my business well?			
☐ Is this part of a plan I have to grow my business?			
☐ Can I prove that customers will buy more if I have more to sell?			
☐ If I buy a productive asset for my business (such as a chicken or			
truck) will it last longer than my loan?			
AMOUNT			
☐ Have I made a six-month cash flow projection?			
☐ Can I make the payments and still make money?			
☐ If I don't have extra sales, can I still make the payments?			

### PAPERWORK – ASSETS & LOANS PRINCIPLES SUMMARY

- 1. Build Productive Assets.
- 2. Put Your Skin in the Game.
- 3. Beware of Fixed Costs.
- 4. Know If & When to Get a Loan.

### **Business Plan Commitment:**

- I will implement two idea to improve or increase my productive assets.
- I will consider the four loan warnings if I choose to take out a loan.

### Home Quality of Life Commitment:

- I will thoughtfully choose one or two areas of my Quality of Life Wheel and write down goals to improve this week.
- I will be specific with my written goals and follow through.

### Savings Commitment:

I will add to my savings – even if it's just a coin or two.

### **DISCUSS**:

- Who would like to share their Home Quality of Life Commitment this week?
- Which commitment will be the easiest to keep for you this week?
- Which commitment will be the hardest?

### ACT:

 Meet now with your Action Partner for this week. Discuss your business ideas and decide how you will contact and encourage each other during the week to keep your commitments.



## UNIT 9: PAPERWORK – ASSETS & LOANS

