



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			
<i>Name</i>	<i>Business</i>	<i>Home</i>	<i>Savings</i>
John C.	yes	yes	yes
Maria T.	no	yes	no
Your Name	?	?	?

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.

Principle 1

BUILD PRODUCTIVE ASSETS

CODE:

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

Principle 1
BUILD PRODUCTIVE ASSETS



A New Sewing Machine



A Broken Bicycle



A Chicken That Doesn't Lay Eggs



A Positive, Helpful Employee



A Working Computer

Principle 1

BUILD PRODUCTIVE ASSETS

DISCUSS:

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

Principle 1
BUILD PRODUCTIVE ASSETS

CODE:



Principle 1

BUILD PRODUCTIVE ASSETS

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?

Principle 1

BUILD PRODUCTIVE ASSETS

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?

Principle 1
BUILD PRODUCTIVE ASSETS

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:		

Principle 1

BUILD PRODUCTIVE ASSETS

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

CODE:



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

CODE:



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



Principle 4

KNOW IF & WHEN TO GET A LOAN

CODE:

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

Principle 4

KNOW IF & WHEN TO GET A LOAN

CODE:

- 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.

Principle 4

KNOW IF & WHEN TO GET A LOAN

CODE:

- 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.

Principle 4

KNOW IF & WHEN TO GET A LOAN

CODE:

- 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.

Principle 4

KNOW IF & WHEN TO GET A LOAN

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.

Principle 4

KNOW IF & WHEN TO GET A LOAN

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

- Can I list three to five good lenders?
- Do I know the true cost of the loan?
- Can I explain all of the terms of the loan?
- Can I explain why one lender's terms are better than another?

Principle 4

KNOW IF & WHEN TO GET A 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.

COMMITMENT

Business Plan Commitment:

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

COMMITMENT

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.

COMMITMENT

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?

COMMITMENT

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.

