This Guide for craft producers, designers and other creatives is a sequel to the Department’s Craft Information Handbook and Directory of 2001 and comes at a perfect time for creative businesses and the sector as a whole.

The DAC is currently implementing a number of strategic interventions that, together, should propel all of the creative industries onto a more sustainable development path. Those include a review of the Arts, Culture and Heritage White Paper and various strategies undertaken by the DAC, and other role players and partners such as the Department of Trade and Industry, also involved in the development of the creative industries.

This Guide is part of our strategic effort to empower craft producers, designers and other creative entrepreneurs with the resources, knowledge and understanding of what is required in managing and growing a sustainable creative enterprise.

All successful businesses need some basic fundamentals in place. This includes a properly conceptualised or designed product or service – that meets a current or potential market need; access for that product or service to a viable market – supported by sound business systems.

This Guide – the first in a series – is our contribution to supporting creative enterprises put their fundamentals in place.

We know such a guide cannot address all the questions creative entrepreneurs face every day – but it does deal with as many critical issues as possible. And points you in the right direction and towards institutions that can provide additional support.

I wish to thank everyone who is playing a role in this very important project. While the DAC may be the funder, it would not be possible without the years of experience and wisdom of a wide range of roleplayers who are contributing to the material development. The Cape Craft & Design Institute are doing an excellent job in managing the development of this Guide (and the ones to follow) – with our dedicated team in the Department – and we encourage you to send any feedback you have to them as we enhance this electronic version and ready it for publication later in the year.

We trust that you will find this guide an invaluable resource as you continue on your path of building a sustainable creative enterprise – and wish you luck and great success in your journey.

Paul Mashatile (Mr.)
Minister of Arts and Culture
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- Get input from everywhere

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Get motivated

You are reading this because you want to learn about how to make money from producing and selling products. To get started you need to have a skill or an idea for a business or product. But more important than this – you must have motivation for doing something with your idea.

Perhaps you already have a business. This guide can help you make your business stronger and to see where the gaps are. Again – you will need to have the motivation to do this.

Learning and making changes needs openness, effort, time, commitment and motivation.

“I had a dream of people all over wanting to buy the things I made. When I started out I stood for days in the rain trying to sell my wares. I didn’t even have money to travel home at night. I got used to being shouted at. But I never gave up on my dream. I will never forget when my tables were chosen as best product at Design Indaba, when they featured in magazines and a film. I saw my dream come true. What motivates me is my dream.” – Willard
How to use this manual
The first cog represents the journey of the product. The second cog shows the business that supports the product’s journey and grows profits.

The journey of your product from idea to market
Every product makes a journey. The journey begins with an idea and moves towards a product that is selling and getting feedback from customers in the marketplace. It is a continuous journey because the feedback goes into sparking more ideas for new or improved products. The colourful pages in this manual follow the course of this journey from idea to market. You need to think through and take action at each stage of the journey to make money out of selling your product in the market.

Growing your business
A single business could be involved in all stages of a product’s journey to market, or it may be involved in only one or a few of the stages. For example, one business could be hand-painting ceramics that are made by another business, which are then packaged and sold by yet another business. Whatever the case, at every stage of the journey, the product needs the support of a business which has good financial management and working administrative systems. A business is not just about making and selling a product. The white pages in the second half of this manual describe what you need to have in place to run and grow your business, get your products to market and make money.

Are you ready?
Check that you have these key things in place to run a successful business:

• You have a strong product or service (see p.20)
• You have accurate costing and pricing (see p.139)
• You have identified a target market (see p.59)
• You communicate consistently about your product (see p.64)
• You do what you say you will do on time (see p. 127)
Activity: Rate your motivation

Right now, rate your motivation to learn or do something differently on a scale of 1–10. 1 is poorly motivated. 10 is highly motivated. If your motivation is 8, 9 or 10 out of 10, you are likely to be able to make the changes you need to make. If your motivation is less than 8 out of 10, think about what does motivate you. Without motivation you will not get far with your business.
The journey of your product starts with the idea that forms it, or the need for it in the market. This section is about how to think up ideas for products that will sell. It offers ways to inspire you and find fresh solutions to problems. It suggests that you look all around you for new product ideas – and don’t stop at the first good idea!

During the heat of summer, Marilyn had a problem with flies settling on her lunch. Browsing through magazines, Marilyn noticed a lot of products using the traditional craft of crochet. In the magazines were beautiful crocheted baskets and lampshades. She had a vivid memory of seeing food nets with crochet borders being sold near the beach.

Marilyn had an old box of beaded necklaces, many with the strings broken. The beads were beautiful, but turquoise and mauve were not colours she would wear any more. In her mind’s eye, an idea suddenly came together. If she bought some salmon-pink netting and purple crochet wool, she could create a crochet border around the netting and use three or four beads at the corners and at intervals to weight the netting. Marilyn had an idea for a beautiful, unique, functional product. What’s more, it could be adapted to a range of different settings.
There is always interest in new products or new versions of existing products. Getting creative and thinking up ideas for new products needs to be done continually. Most people cannot get by with just selling the same product. All this means you need to be on the lookout for inspiration.

Creative solutions lead to new products

To think up new ideas for products, look around you. People have problems, needs and wants. Everywhere there is a demand for creative solutions. Look for ideas in your social and cultural environment. Get inspired by world and national events. Read newspapers and magazines and, if you have a computer, go onto the internet to find out what people are talking about!

**Social:** There are all kinds of needs in our schools, work, homes, churches and community. Portia made her daughter a school bag from mielie bags. The school liked them so much they gave her an order to make mielie bags for every child in the school.

**Cultural:** Annual events, weddings and holidays among different cultures can stimulate different product ideas. Annette made tea-light holders using scenes cut with a laser which could function as table decorations at weddings. By simply changing the designs or colours, Annette then created a new product range for Christmas decorations.

**Environmental:** Look at issues in your environment that need attention. Materials that are being thrown away could be used. Sonwabo cut tin from soft-drink cans to make colourful flowers. Look at nature for ideas and solutions to problems. After a long walk, George found burrs stuck to his socks. Looking through a microscope, he saw the tiny hooks that became the inspiration for Velcro and a billion-dollar industry.

**World and national events:** Political and economic events, great calamities and global concerns can be a source of inspiration. Raging fires shown on television could inspire dramatic colouring in a product’s conception.

Buzz-words are “green” and “recycling”. Think of products that are organic or that contribute to environmental sustainability.

A trend is for products that have “social impact”. Think of products that help others and that contribute to local economies.
Get inspired by what others are doing. Understand what customers want and feel your way into trends.

Get customer feedback and think of ideas for particular target markets

The feedback you get from your existing products will help you understand what customers want. Hearing what customers think of other people’s products also helps you to know what kind of products they are looking for. If you have some product ideas, you could ask a whole lot of people what they think, and what they might buy, before you develop the ideas.

A way to produce successful products is to think of ideas that will appeal to a specific target market. A target market is people grouped together because they have similar needs or are looking for similar benefits from a product. The target market might be the same age, share the same kind of lifestyle or live in a similar area. See p.59 for more on target markets. It is also important to develop an understanding of the different markets and which products and trends appeal to which markets.

Consider trends or the broader consciousness

A trend is the general direction a mass of consumers seem to be heading in, in terms of what they like or value and will buy. For example, a current trend is beautifully hand-crafted pieces using natural and found materials. Trend forecasts try to predict what kind of designs, colours and fashions consumers will want. Trend forecasts are not always right! Trends are predicted every season and are consistently changing. Trends are complex and seem to respond to a broader consciousness. It is very difficult to read trends.

If you are out there in the market getting feedback on your products, you may be the first to spot what customers want. You may think of a design or product that sets a trend. Keep a personal folder of inspiration on shape, pattern, design, colour, ideas and feelings.

Get input from everywhere

Find out what other people are doing. Do research. Be informed – especially in the area you are working in. Get inspired by looking at magazines, books, TV, technology, newspapers, internet, and libraries. Nosisa pages through magazines to find examples of jewellery made from precious stones, gold and silver. She then uses these to inspire her own bead and semi-precious stone designs.

Go and visit specific shops and markets to see what they are doing. Ask the sales assistants what type of products are selling. Check out which products your competition is selling.

Whether it’s inspiration you get from a magazine or from an existing product, use your own creativity to build on it – don’t copy others! It is important to be able to admit how the products of other producers have influenced your products, or given you new ideas. Doing exactly what they have done without their permission is theft.
You need to train your mind to think in different ways about products. There is no set way to refine an existing product or come up with a unique product idea. Trust your own creativity and let the ideas flow.

Constantly look for ways to improve your product idea and challenge assumptions. There are multiple solutions to every product. Start with the belief that there is not a shortage of ideas: the more ideas you play with and share and put out into the world, the more ideas will come back to you.

Generating great product ideas is a process of giving and not hanging on. Don’t stop at the first thought. Generate lots of ideas, put them out there and more will come back. Ideas go through a process of growth and need to expand.

Sometimes ideas don’t work. Don’t give up. The process of making is the most important and will lead you to something that does work. For more, see p.25 in prototyping and sampling.

**Activity: Reinventing your product again and again**

Even if you already have an idea for a product, there are ways you can refine it and play with it to make it a better product. Think about your product and work through the questions in each block in the table. Have some blank paper handy so you can sketch or write.

<table>
<thead>
<tr>
<th><strong>IMPROVE</strong></th>
<th><strong>USE SOMEONE ELSE’S EYES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>How could the product idea be improved? Could you use an alternative material? Are new tools or technology available? How could you change production? Could you use traditional techniques? Is there a new way of doing things?</td>
<td>See the product idea through the eyes of someone else. Think of different kinds of workers and professionals and how your idea would look to them. Think of a nurse, a teacher, an architect or an artisan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>HAVE CRAZY IDEAS</strong></th>
<th><strong>SENSE IT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Take a risk and don’t be afraid of mad ideas. Make your product idea fly, swim or dance. See it walking and talking.</td>
<td>Experience your product/service through your five senses. How does it smell? How could it taste? What is it like to touch? Can you hear your product?</td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>SIMPLIFY</strong></th>
<th><strong>CHANGE THE SIZE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Think about what you can take away from the idea. What could be eliminated in the process? Materials which could be left out? Colours gone?</td>
<td>Magnify or miniaturise your product idea. How would your product look through the eyes of a flea? How might a giant see your product?</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>INVERT</strong></th>
<th><strong>DIFFERENTIATE</strong></th>
</tr>
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<tbody>
<tr>
<td>Turn things upside down. What is the normal rule? How does your idea bend, break or stretch this rule?</td>
<td>Think of different groups of people and how they would like the product-to-be. What if this product was personalised?</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>TWEAK</strong></th>
<th><strong>AS IT IS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change something small. Is there something minor that needs to be shifted? A colour that needs to change? A small alteration on the design?</td>
<td>See the product again as it is. Is this product a classic? What if this product was already just right exactly as it is?</td>
</tr>
</tbody>
</table>
Prototyping and sampling
Prototyping and sampling

This section covers developing a prototype. A prototype is an exploration of how your product idea could come into physical form and be used. This section emphasises the need to be flexible in developing different prototypes and allowing your ideas to evolve. Once you have played with different prototypes, you will need to make a sample – a version of your product that is fully tested and ready to move to production.

As a craft producer working with wood, Inga experimented with a series of prototypes on his product idea. His first prototype was a wooden clock-face with a laser design cut into the face. Inga then needed a way to get the clock to stand. He designed a piece of wood with a special slot for the clock to fit into. He wasn’t happy with the finish of the wood and he tried lots of experiments with different varnishes.

Inga’s second prototype used the same clock design and also incorporated a lamp. After many experiments with moulds and drilling, Inga’s lamp was affixed with a moving arm so the light could be adjusted. Inga went to a trade show with this prototype and got feedback. The problem was that the moving arm on the lamp did not move smoothly. Also, people weren’t so sure they wanted such a large clock next to their beds.

Inga went back to the workshop and designed a new way to fix the arm of the lamp onto the clock-stand. It turned out traditional nuts and bolts worked better.

In the meantime, Inga did online research into different technologies and he decided clocks were outdated for his target market. Instead of inserting a clock into the slot on his piece of wood, he created a stand for an iPad.
Prototyping is part of the process of developing your product. Prototyping means getting your idea into a physical form and then refining it. Prototypes are your experiments with making your product.

Make many mistakes to get your product
When something is in physical form, it is easier to see what will work and what will not. You may have many prototypes before you decide on the version you want to make into a sample for production.

Get feedback on prototypes to improve your final product
Prototypes allow you to work with feedback you get on your product and adapt it for the next prototype. Try not to take criticism personally but be objective about your product.

By understanding or trying to innovate with the materials you are using you will possibly get a better or a more cost-effective production line in place.

There is no set way to make a prototype
Sometimes new or different product ideas can be rejected before being developed properly. Start in a quiet space where you can be sure of constructive feedback. Apart from this, there is no set way to make a prototype. Prototypes can be made from anything – not necessarily the intended final material.

Make a sample from the “best” prototype
Once you have experimented with different prototypes and got feedback, you need to develop a sample which will be used in determining the factors involved in producing the product.

This means thinking through all the stages of the product’s journey as well as making sure that management and financial systems are in place to support the product. If you get this process right, the chance of your product’s success is greatly improved. In essence, when done correctly, the sample process is experimentation within the full value chain. It lays the groundwork for all activities that come into play once you have your product.

Develop your own path but consider the following points:

Materials
- What is the most appropriate material to make the product from?
- What is the consistency of supply and the consistency of quality of these materials?
- How will producing the product, using it, and disposing of it when its life ends impact on the environment?

Production
- What is the most appropriate way to make the product?
- What are the complexities of the processes needed to make the product? For example, are the needed skills and resources available to produce the product?
- What resources might be needed in the production process, such as production aids (moulds, templates, patterns), tools, staff and space?
- What volumes of the product could you produce?
- What are the health and safety issues around the product and its production?
- How long will it take to make the product and can part of the process of making the product be outsourced to someone else (if appropriate)?
- How would quality control be implemented?
Packaging
What packaging and labelling are needed for your product? How does this impact on the production costs and production time?

How will your product be packed for distribution and how will the product be distributed? What logistics need to be in place for this and what impact does this have on costs and planning?

Marketing
- What similar products are available in the market and what sets your product apart?
- Have you got feedback about the product sample from people you think will buy it?
- Do you have a marketing plan?
- How does the product fit with the product range you have already and with your business vision?

Financial management
- What are the full costs of producing the product and is it viable? In other words, have you done a comprehensive costing?

Business systems
- Are your business systems in place to handle the administration around production sales, orders, HR, etc.?
- Is product design registration or IP protection needed?

Activity: Sourcing three different kinds of inspiration for your prototype
- Write down or draw the initial spark or intuition that inspired your product
- Write down what you need from your environment and from others to feel safe to experiment
- Write down any feedback you have got about your product idea
This section covers some of the issues in sourcing materials for your products, particularly around quality and price. It emphasises using materials that are readily and consistently available. It also discusses how the materials you use can be the source of your competitive advantage.

Anna has a highly successful range of beaded jewellery. The unique selling point of her jewellery is the colour and quality of the beads used. Anna sources her beads from Japan, rather than use the Czech-manufactured beads that are usual in most South African beaded products. The Japanese beads are hard to get and very expensive. Anna has designed her jewellery to match the high quality of the beads.

One year, Anna sent an order for export only to have it turned around at the airport because the European Union would not allow nickel. Unbeknown to Anna, there was nickel in the jewellery casings. On another occasion, she received beads from her supplier that were just very slightly different, but enough to alter the look of the finished product. She discovered a setting had been changed in the bead factory in Japan. For these reasons, Anna believes in being the expert on the materials she uses. She makes it her mission to research each material meticulously and know everything about it.

For Anna, the most difficult part of running her business is to try and get reliable access to the 150 different colour beads she uses in her designs. To do this, she tries to form a good relationship with her suppliers, making sure they have a list of the materials that she needs regularly and committing them to lead-times for orders.
If no-one else has the materials you use, no-one else can make your product. Unusual materials can be your competitive edge. They can be what make customers buy your product above others. Try and imagine your product in another material. Could the material you are using be more:

- Innovative
- Cost-effective
- Appealing to your target market

**Buy quality materials so your product sells for more**

Good-quality materials mean that your product can often sell for more when it is completed. This in turn makes the time and work put into making the product more valuable. Keep in mind who your target audience is and how concerned they are with quality and price.

**Research possible materials and how to get and use them**

Don’t stop at the first material that will work for your product. Consider others. Also research the different ways of obtaining your materials. For some kinds of materials there are set routes for getting them, for example clay for ceramics. For other kinds of materials, for example wire, craft producers can get together to buy in bulk and reduce costs that way.

**Get close to the source of your supply**

Get close to the source of manufacturing for buying your materials. There is likely to be a greater range of choice, like colours, the closer you are to the source. For example, a factory may have a choice of 50 fabric designs, but a wholesaler may buy just 10 of these designs for their retail shops. You will save money getting close to the manufacturer as re-sellers add a mark-up to the product.

**Use materials that are easy to get**

Don’t try to make a product out of something that is hard to get hold of or unavailable. Many items are not readily available, or only available at a premium price, particularly in rural areas. Look at local stores for what you will be able to get easily.

Many materials are available on the internet and this can be a good place to source materials. The internet is particularly useful if you know exactly what you want. Many producers can’t access the internet or make electronic payments. If this is holding you back, get help from NGOs in your area see p.158.

If materials become too expensive or are unavailable, look for alternative solutions. For example, when drought killed the grasses traditionally used to make bowls, Rejoice used plastic packets to weave intricate coloured bowls.

Save costs on some materials by buying in bulk with other craft producers.

Yeyethu saves 20% on fabric by buying directly from the factory.
Use natural materials in a sustainable way

The sustainability of the natural environment – the plants, trees and animals – must be the first consideration if you want to use natural materials in your products. For example, porcupines are an endangered species because many of them have been killed for their quills.

If you use natural materials, such as leather, make sure you use a credible supplier and that the material is properly treated so it will last.

You also need to be aware of international trade restrictions on natural materials, which could limit your export ability.

Consider the impact of the material at every stage of the product’s journey

Materials have different health, safety and environmental considerations at every stage of the product’s journey. Assess the toxicity of different materials, particularly glues and paints, in the production process. Make sure the materials you use meet health and safety standards, especially with regard to food and children. Countries and regions place bans on particular materials, so check that the materials you want to use in products for export will not be turned away at the airport. Ultimately, the product will be disposed of. Using materials which can be recycled minimises your product’s impact on the planet and may be a selling point.

Plan how to reduce costs of your materials

Use income from sales to buy materials

Money to pay for your materials should come from the sales you make. Often producers want to borrow money to buy materials. Rather facilitate the purchase of your materials through sales. Sell one of your products and use money generated from the sale to buy material for two more. Once those two are sold, you will be able to buy material to make a greater quantity, and so on.

Build relationships with suppliers and know lead-times for orders

Try to build a good relationship with your suppliers by sticking to their payment terms and not getting into debt for materials.

If you have regular orders with a supplier, give them a clear list of the items and quantities you need. Ask them to use this list when they are ordering stock. Have an agreement about how much stock they will keep for you. You also need a realistic understanding of lead-times from suppliers so you know how quickly you can fill an order. If one of your customers places an order and you have to purchase materials to complete production, the lead-time is how long it takes from placing the order with your supplier to when you have the material in your hand.

Assess the toxicity of different materials in the production process.
Predict what materials you might need

Craft producers usually buy what they need when they need it. It is only the more established companies that have the cash flow and storage facilities to buy in bulk. Try to plan and predict what materials you may need. Try to purchase as much of the material at one time as you can and as your storage will allow. There can be high transport and productivity costs when buying small amounts from a variety of places.

You can save money in the long run by understanding and thinking through the process and procedure of production before you start, you can, for example, by make a sample of your product first. See p.27 for more.

Save money buying in bulk but don’t let stored materials get damaged

There can be huge savings in buying in bulk from wholesalers. This is particularly true when buying common, regularly used materials. There can, however be problems with stockpiling materials that might become damaged in some way through storage. Natural materials may rot or wire may rust or get stolen, for example. There is sometimes a cost to using some of your workspace for storage, especially when renting. The security of your materials also needs to be considered.

Wholesalers may also try to get rid of unwanted stock that is no longer in trend. Be careful not to get stuck with stock you cannot sell or materials you can no longer use.

Buy in a collective with people you work with and trust

Buying in a collective allows groups to negotiate better prices and build relationships with suppliers that will alert them early on to sales and special offers. If you buy in a collective, be sure that everyone is currently producing and selling. Everyone should also have a good reputation and be buying the same or similar products. Someone will need to take the responsibility for keeping records and doing the purchasing and each member should be paid a small fee for doing this. Everybody should contribute towards a collective fund to pay for the purchase trip or delivery. After a big delivery, the group should get together and spend time sorting through the purchase and checking the invoice to make sure that everything is there.
Get prices from different places

To find materials at the right price means getting prices from at least three places, if possible. Once you have at least three options, use the costing tool to work out the final price on all three options. When you compare prices, you may find that one supplier offers cheaper items. Split your shopping list according to the suppliers you buy from and make sure that you get the best prices. But be careful of going to just one place to buy only one or two products – you could find that the transport costs and effort to go there outweigh the initial saving.

Keep an eye on other suppliers’ prices over time and check that the prices at your supplier remain competitive. Craft producers living out of towns and cities may have very limited choices regarding materials and prices. Planning, collaborating or working with what is locally available will be essential.

Activity: Look at the table on the next page, which is an example of the costing of materials for a headpiece

Create your own using the template on p.150 Now write:

- The name of your product and the date that you made it (in the first row)
- A list of each item or materials you used to make the product (in the first column)
- How many of each item you need to make the product (in the second column)
- The price of each item (in the third column)
- Then add them together
- This gives you a total cost

COSTING YOUR PRODUCT

<table>
<thead>
<tr>
<th>PRODUCT REFERENCE NUMBER</th>
<th>BSC001</th>
<th>PRODUCT NAME</th>
<th>Blue Spectacle Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE MADE</td>
<td>24th March 2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MATERIALS</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>COST OF MATERIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Pearls</td>
<td>1.5</td>
<td>R 6.50</td>
<td>R 9.75</td>
</tr>
<tr>
<td>Spacers</td>
<td>24</td>
<td>R 0.30</td>
<td>R 7.20</td>
</tr>
<tr>
<td>Fisherman Line</td>
<td>1</td>
<td>R 0.10</td>
<td>R 0.10</td>
</tr>
<tr>
<td>Charms &amp; Pendant</td>
<td>1</td>
<td>R 4.35</td>
<td>R 4.35</td>
</tr>
<tr>
<td>End Spacer</td>
<td>2</td>
<td>R 0.50</td>
<td>R 1.00</td>
</tr>
<tr>
<td>Crimps</td>
<td>2</td>
<td>R 0.02</td>
<td>R 0.04</td>
</tr>
<tr>
<td>Clasp</td>
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<td>R 19.90</td>
</tr>
<tr>
<td>Glue</td>
<td>1</td>
<td>R 0.10</td>
<td>R 0.10</td>
</tr>
<tr>
<td>Jumprings</td>
<td>2</td>
<td>R 0.25</td>
<td>R 0.50</td>
</tr>
</tbody>
</table>

MATERIALS TOTAL (ADD ALL THE C COSTS TOGETHER): R 42.94

Every single material item that goes into your product needs to be properly costed. See p.138 for more info.

Refer to costing and pricing template on p.152.
Production

The sample of your product has been fully prepared and is ready for production. This section covers the production process. It includes how to set up and manage production. This section also covers the need for routine quality control.

Godfrey works with wire and recycled tin. He struggles with the tension between promoting himself as an artist and the financial need to produce high volumes. Godfrey’s solution to this is to make a sample and then outsource production to seven producers he has trained. The nature of Godfrey’s products mean two special skill-sets. The first is to create the product “frames” out of wire. The second is to “clad” this wire with recycled tin. Godfrey pays his producers per piece.

After a day in the market selling, getting feedback and being inspired by requests for new products, Godfrey drives to the homes of each of his producers with supplies and the next day’s orders. If he sold rhinos that day, he will order more to be produced. He also performs quality control on the stock that has been produced that day. He says that he has all the items in his head and can see immediately where producers have gone wrong.

Godfrey has converted one of the rooms in his home into a workshop where he can store a few basic supplies and process items for big orders. Sometimes Godfrey gets a really big order, which requires him to involve 30 or 40 producers. Once the order is done, some of the newly trained producers go on to develop their own styles and products.
Set up planning and management of production

In making the sample of your product, you already have a clear idea of your production process. Further planning, implementing and constantly improving your production process and schedule can save time, ensure high quality and avoid costly mistakes.

Create logical steps
Break down your production process into logical steps. Time how many minutes each step in the production process takes. A flow-chart can help a lot with this.

Optimise work areas
Look at each work area and plan it carefully. Consider how things could be arranged to create a better working environment where production can happen even more efficiently.

Assign production roles
If you work with a number of producers, identify their strengths and special skills and get people to do what they are good at. Don’t be scared to demand a high standard of work.

Provide a sample of the product and a check-list of what to look for when monitoring the quality of their production. Make sure all producers understand the full process, even if they are only producing a section of the product.

Don’t assume that division of labour and production lines are the way to go. Mechanistic assembling of the product can work against its value for the buyer. Sometimes having one person per product can retain that value. It can also work to motivate the producer and be more cost-effective.

Take care of health and safety
The basics of health and safety are to have a First Aid box, a fire extinguisher and proper ventilation. Make sure all areas where people are working are suitable for the work being done. Understand any special safety precautions necessary for working with the materials you use for your product. Make protective gear like gloves or masks available. Make sure that protective gear is correctly and consistently used by producers.

Activity: Production process

What is the first action to produce your product? Write it in the first block below. Now follow the arrows and write each step of producing your product in the flow-chart. For each block, also add how long the step takes, who will implement it and what is needed to ensure quality.

See p.157 for a detailed example
Make sure quality is controlled

Quality control is to make sure that even if many units are produced, your product retains the same high value and function.

Once you have a sample of your product, you will need a list of items that define its quality. The list will include things that make sure your product performs the function it is designed for. It will also include things that will satisfy your customers’ needs in the long term.

Quality control is a set routine to make sure your product meets all the criteria or items on the list. With any production process, mistakes can happen. As well as working regularly with your list of quality criteria, you also need to create a production environment that supports everyone involved to work at their best (see previous page).

If you are having consistent quality issues, brainstorm possible solutions and come up with an action plan to put the solutions into practice.

Thinking through quality issues may lead to care instructions for your consumer.

Activity: Create your quality check-list

Customise the list to suit your product and production process. Questions on quality should be very specific to the product.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLOUR:</td>
<td></td>
</tr>
<tr>
<td>Do the colours match those of the sample order?</td>
<td></td>
</tr>
<tr>
<td>Is the colour consistent in all products?</td>
<td></td>
</tr>
<tr>
<td>Do the dyes crack, rub off or fade?</td>
<td></td>
</tr>
<tr>
<td>MATERIALS:</td>
<td></td>
</tr>
<tr>
<td>Are the quality of the materials identical to the sample?</td>
<td></td>
</tr>
<tr>
<td>Are the materials the same?</td>
<td></td>
</tr>
<tr>
<td>ODOUR:</td>
<td></td>
</tr>
<tr>
<td>Does your product smell of stains, paint, fumigants, textile ink, soil, repellents, mould or cigarette smoke. Be sure to air products adequately before packing for shipment.</td>
<td></td>
</tr>
<tr>
<td>SIZE AND DIMENSIONS:</td>
<td></td>
</tr>
<tr>
<td>Are the products the same size as the original sample order request?</td>
<td></td>
</tr>
<tr>
<td>Are the dimensions accurately duplicated throughout production?</td>
<td></td>
</tr>
<tr>
<td>Is the weight of the finished product the same as the original sample?</td>
<td></td>
</tr>
<tr>
<td>FINISHES:</td>
<td></td>
</tr>
<tr>
<td>Have all the requested finishes been added?</td>
<td></td>
</tr>
<tr>
<td>Are they exactly like those on the sample?</td>
<td></td>
</tr>
<tr>
<td>CONSTRUCTION:</td>
<td></td>
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<tr>
<td>Is the product made correctly?</td>
<td></td>
</tr>
<tr>
<td>PACKAGING:</td>
<td></td>
</tr>
<tr>
<td>Is the quality of the label, tags and packaging as requested?</td>
<td></td>
</tr>
<tr>
<td>Are the boxes strong enough to withstand rough handling? Are the contents safe from the effects of water?</td>
<td></td>
</tr>
</tbody>
</table>
Packaging and packing
Packaging and packing

Now that it is ready to move into the market, your product needs to be appropriately packaged. This section covers how to package so you protect and promote your product and brand. It also covers packing your product for safe and efficient distribution and transport.

Daniel sells beautifully carved ostrich eggs. One day, a husband and wife came to his store. The wife wanted to buy six eggs. Daniel began wrapping the six in newspaper. The husband then said there was no way they would be able to protect the eggs in their luggage, nor carry them aboard the aeroplane. As a result they bought only one egg!

Daniel asked Terrence, a wire worker at the next-door store, to design special wire packaging for his eggs. The design was to be protective, easy to carry, and able to transform into a stand for the egg once unpacked. With his new wire packaging, Daniel started selling more than one egg at a time – and was able to support the wire maker by giving him a percentage of the sales.

Packaging is the way you enclose, seal or wrap your product. You package your product so that it will be protected when it is stored and distributed. You also package your product in order to promote it to your target market. Packaging your product is different from packing your product. Once you are happy with your packaging, you pack your product, usually in a box, for distribution.
Use packaging materials which can be re-used or recycled

The materials you use for packaging your product are important. Consider their cost, weight, functionality and durability. Also consider if they can be recycled and reused.

Make packaging light and compact

Packaging should be as light and compact as possible. This makes transporting your products cheaper and easier. Be careful of packaging that is too bulky, the wrong shape, or takes up too much shelf space. Consider using standard sizes, which might reduce production costs and give greater flexibility for storing and transporting.

Use packaging to promote the product

Packaging should be used to talk about your product to the buyer. Find a way to sell the story of your product on the outside. Communicate its values. Provide information on how to use the product. Think about how the product will be sold or displayed in the market place. Bilkis’s product was a small, silver protea pendant. She mounted these pendants on pieces of white card with a small image of the same protea and a short story about where the flowers are found, together with the meaning they hold for the people in the area.

Make sure the packaging protects the product

Products must be packaged so they are protected from damage. Good packing will add another layer of protection. Both packaging and packing are essential to prevent an order arriving damaged, which can be very costly to a small producer.

Pack with care

In addition to your packaging, your product will also need to be packed for storage and distribution. The packing will protect the packaged product from dust, dirt and damage while it is being stored. It will also make it easy to carry and move your products around as they are being transported. Most important, the packing of your product should make it easy to stack and store. As with packaging, this means using standard-size boxes or containers. Be very aware of the weight of your packing containers. Try not to make them heavier than is comfortable for the average person.

Activity: Packaging checklist

Go through this checklist to see if your packaging will work for your product:

- Does the packaging protect the product?
- Can the packaging help sell your product and inform the user, tell your story?
- Is packaging cost-effective-lightweight for cost of transport?
- Can you re-use, recycle or create part of the end product from the packaging?
- Does the packaging make your product packable and stackable?
- Have you added swing tags with information, such as care instructions or contact details so people can find or contact you?
Marketing
Marketing

This section is about the marketing of your product. It covers the importance of knowing your target market so you can communicate with it appropriately. It gives you a set of questions to ask which will help you decide how best to market your product. This section also gives lots of ideas on how to go about promoting and communicating about your product. This starts with you telling people exactly what you sell and who you sell it to!

Ndihleka is a traditional dressmaker who sells at a very large taxi rank. She has a business card printed with her contact details and a small picture of a button that she uses as her logo. She knows her target market very well for they are women like herself, who want durable, quality clothes. They want clothes that will show respect for their community and be the envy of others at family gatherings.

The marketplace is the stand at the taxi rank where she displays her dresses. The products are the traditional dresses she makes and sells. Her customers think the price of her dresses is fair, and she is able to make a profit over what it costs to produce the dresses. She promotes her dresses by allowing friends to borrow them at big family occasions like weddings. One of her friends was photographed wearing a dress at a wedding and the photograph was published in a magazine. This free publicity resulted in different kinds of customers coming to the taxi rank to buy her dresses.
Plan how best to market your product

Knowing your target market is the first step to marketing your product. Knowing the answers to key questions around your product, its price, the place from which you sell it and how you promote it will help you decide how best to market your product. You also need to know who your competitors are, that is, the people selling products similar to yours in your area. You will need to gather information to answer the questions. This is called research and is essential for marketing that leads to sales.

Identify your target market or your ideal customer

You will not be able to benefit or meet the needs of everyone with a single product. Having a very clear idea of who will buy your product is most important in terms of how you market it. This is called your target market. These are the people you target or aim for when you market your product. When you know exactly who they are, you will know why they might want your product and the places they like to shop. You will also be able to work out how to let them know about your product. Your target market is your ideal customer!

Activity: Know your target market

Think of your product. Now imagine your ideal customer, the people who want to buy it. See them get up in the morning. Are they male or female? How old are they? Give them a name. Are they single or do they have a family? What clothes do they wear? What sort of home do they have? Where are they going to work? How will they travel there? What are their beliefs about life? What would make their lives easier? What do they do for fun? How much money do they make? What do they spend it on? What is their expectation around quality and price?

See p.80 for more on understanding why people buy.
Product, price, promotion and place are known as “the 4 Ps of marketing” or the “marketing mix”. Your product must offer a benefit to your customer and be branded as yours. You need to know what your customer thinks of your price and find the most convenient place to sell to them. You also need to figure out the right way and time to promote your product.

**Product**

You may have a product, a service or a mix of the two. Customers buy because of what the product can do for them – the benefit they can get from it. Your product must be well researched. Always brand or mark your products in the same way so that your buyer knows they are yours (see p.83)!

**Price**

When thinking about the price of a product, a customer thinks about the benefits they can gain and the needs that can be met. The customer also thinks about how your product price compares with others. You may want to compete on price. This means selling at the same price or an even cheaper price than your competitors. You may not compete on price but offer advantages such as better quality or a refined design.

**Promotion**

Promotion is about the different ways and times you communicate with your target market about your product. Key ways to promote are through social media, the internet, advertising, sales promotion, publicity, and personal selling (face to face with your short story presented directly to customers see p.63 for more).

**Place**

The more convenient it is for your customers to buy, the more sales you will make. The place must be practical in every way. Place also tells the consumer about the “personality” of a product. For example, at a craft market people will want creative products that are of average price. At a boutique, clients demand high quality, but are willing to pay a high price. The way you display and package your product are also important (see p.82 on styling).

Here are some options of where to sell your product:
- Directly from home, workshop, or socially (party selling!)
- Streets, taxi ranks and other social areas
- Craft markets
- Formal craft shops in a mall or on a street
- Curio shops and boutiques
- Online stores
- Through social media
- Retailers with multiple stores
- Buyers at formal trade events

Focus your marketing in the place where you are selling. It is a waste of resources to promote a product in a place where people cannot buy it or where it is out of place! Also be sure you are not trying to sell your product in a place where the people who might buy it don’t visit.

**Activity: Reflect on your marketing**

If your product is not selling, or not selling as well as you would like it to, go carefully through each of the 4 Ps. Do you need to adjust something? Is your story clear? Ask yourself:

What feedback am I getting?
If I’m not getting feedback, how can I get feedback?
What is working?
What is not working?
What am I now going to do differently?
Marketing basics include you, your branding and logo. You should also always have your business card and short story about your product ready.

**Branding and logos**

Your brand is your business’s name, reputation, and what your clients feel and think about your business. What do you want your business to be known for? Is there a value or status that you want people to attach to owning your product? This is your brand.

Your logo is a sign or symbol that stands for your brand. It helps people to recognise your business and the products it sells. Anything else people can see that is part of the business communicates your brand, as well as the logo. This includes your business card, products, packaging and how you and the people who work with you are dressed.

A logo should:
- Be simple
- Work in black and white
- Stand for the key thing the company is about
- Easily be smaller or bigger

**Short story**

You need a “short story” that tells potential customers in as little time and as few words as possible what you do. For example: “Hi, my name is Thandi Nzazala and I run a business called Thandi’s Pottery. We manufacture ceramic tableware, which we sell to shops in the Knysna area.”

This short story is very clear about what the craft producer does and who she sells to.

**Business card**

Always be able to reach for your business card to give to a potential buyer. Keep the design of your business card free from clutter. Make sure that it has:
- Your branding, which is the logo and name of your business
- Your name, phone number and what you do
- Your email address or website
- Your physical address

Dirty and scrappy cards work against your business. Consider a special box to keep your business cards fresh!
Communicate your brand

Activity: Write your short story

Write your short story by filling in the blank spaces.

My name is ........................................................................................................................................

My business is called ..................................................................................................................

It is known for ..................................................................................................................................

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We sell our (product or service) ..........................................................................................................

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Something special you should know about my business is ......................................................................

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**Long story**

The long story about your business is what you might put into a product brochure or on a website. The basic things you must include in the long story are your logo, product or service information including photographs, pricing and conditions, and indications of your credibility.

**Start with giving an overview of your business.**

This is very similar to your short story.

- Describe the core offering of the business
- Summarise who the business sells to
- Add highly impressive facts (if any)

**Provide exact information about your product or service.**

Give customers a very clear picture of what you are selling.

- Use photographs to show your products
- Give specifications around size, colour and quality

**Describe how your sales process works.**

Be clear of what is involved upfront.

- Clearly state what the costs will be
- Give instructions on quoting requirements and terms (see p.85)

**Provide some indication of your credibility.**

People want to know you have some experience and references.

- If longer than a year, include how long you have been in business
- Use a quote or reference from a satisfied customer
- Share an interesting case study

**Give more information about the founder of the business.**

Indicate the history and track record of the founder. Say a few things about your experience or achievements in the field you work in.

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**Example of a long story**

Woza Carpentry offers quality design and manufacturing of wooden office furniture, built-in cupboards, shelving and custom carpentry jobs. We offer on-site services to home owners and businesses. For custom-manufactured items, please contact us for a quotation. We offer quality carpentry services, at competitive prices.

Our services include the following:

- Furniture design and manufacturing
- General carpentry services
- Wood finishing and painting

We come to you to offer a free quotation and all quotes are valid for 30 days.

Being a completely black-owned business, we are committed to creating opportunities for people in the local trade community.

After seven years of trade, our vision is well entrenched in our motto: Quality service and timely delivery!

“I am so happy with the sleeper couch Woza designed to fit into my awkward study area. It works perfectly with the other furniture in my home and is very comfortable!” Sally Grant, Northcliff, Johannesburg

“Woza and his team know what they are doing and they do it with minimum fuss. When my kitchen was being redone, they were in and out within two days.” Martha Sithole, Florida Hills, Johannesburg

Founder Woza Fokazi is a passionate entrepreneur who started his business as part of an SME development programme in 2007.

**Make sure you have good quality photographs of your product for promotional purposes.**
Make use of publicity

Publicity is one of the most effective and cheapest ways to promote your product. Get creative and find publicity opportunities. Publicity is information about a business and its products or services that appears as a news or editorial item in magazines, newspapers, the internet, radio and television. This means it is free!

When seeking publicity, it is important to have an “angle.” The angle is the reason why your business or product is newsworthy or important. The angle will help you match your product or business with the right media. Be sure to study the media source well before approaching it. See what kind of stories it normally publishes and try to make yours fit in with that.

Trend angle

Many magazines, especially décor magazines, have a “trend” section or showcase products as part of a theme. The angle on your product might be that it is new, inventive, fashionable or memorable. For example, a designer who manufactures tables from glass with lights on the inside positions his product as a “unique design”. A craft producer who makes bags from recycled banners and coffee bags has an “environmentally friendly” angle.

Social angle

The local press especially loves covering socially responsible stories. For example, as a producer of woven mats, you are training and empowering emerging weavers to start their own small businesses and supply you when a big order comes in.

News angle

All publications are looking for news. For example, you won an award for your work, you are having an exhibition, you got a sponsorship from a big organisation that is keen on PR, a celebrity is carrying your handbag. Spend time getting to know the publications, blog sites or radio station you would like to have publicity in.

Once you have an angle and a publication you think will match it you can send them a short press release with a photograph.

Example of publicity

This fabulous bit of publicity appeared on a popular shopping blog called “I want that”.

“Wendy-Lee and her husband Ryan are a formidable design and manufacturing duo. Their unique, often-upcycled furniture items for big and little people are quirky and original and feature a delightfully South African flavour. From ‘bokkie’ rockers in eco-friendly plywood to printed scatter cushions, reworked vintage furniture finds, laser cut coasters and fabulous bright red ‘bokkie’ coat hooks, their creativity and ability to make functional forms for the home seem endless.”
Find other ways to promote your product

As well as publicity, consider advertising online and different methods of sales promotion. Whatever you do, timing your promotions is important! Promotional material includes flyers, brochures, catalogues and online information about your business. Online promotional activities include blogs, Pinterest, Facebook and, most effective for getting orders, hosting an up-to-date website.

Timing
Whatever promotional activity you choose, the timing will be important. Every marketer in the world is going full throttle at Christmas time! Think of your product and what season it will most likely be used or valued. Consider special days, national holidays and festivals, and try to match them with your product. For example, a product made out of alien trees may well be worth spinning a story about for the local press on International Arbour day.

Advertising
Advertising in newspapers, magazines, on radio, and on TV is expensive, but effective if you want to reach many customers. Internet-based advertising has some of the cheapest options, is good for national coverage and can also be very effective. Consider banner ads on e-commerce sites or blog sites, and pay-per-click options. Another cheap but localised form of advertising is to put flyers into post boxes! One downside of advertising is that it can be difficult to measure the impact it has had on your sales.

Sales promotion
Some popular ways to promote sales are:

Free samples: Samples allow customers to try out your product. For example, Joe Nduli offers a cheap little bracelet to children when at a trade fair or craft market. He also uses it as a “kindness gift” when meeting potential clients.

Discounts: Offering two products for the price of one, or a discount if the customer buys a certain amount, promotes sales. For example, when you come to the end of a product range you may sell the last few products at a reduced price.

Special price: Products are offered at a special price, even if the customer buys only one product. For example, selling one product at a special “break-even” price gives your other products and your brand exposure (see p.137 for more on costing).

Your budget will affect the promotional mix. Don’t forget to include these costs in your costing and pricing!

Valentine’s Day is a good moment to promote sales.
Online promotion

It is easy to get photographs and descriptions of your products on the internet. Here are some common ways of promoting products online:

**Website:** A website is a set of related web pages found at a particular website address. For a small annual fee, you could buy your own address and have your own website. You could also put product information on an existing craft focused website. Etsy.com, for example, is a US-based website that showcases and sells thousands of handmade or vintage items.

**Blog:** A blog is like having a personal diary or journal online. It is a website with discrete entries or "posts" where the most recent post appears first. It is easy to sign up for your own free blog but keep in mind you will need to have something to say and to make regular posts. You could also try and get publicity on popular blogs hosted by others, for example www.iwanthat.co.za.

**Facebook:** Facebook is an online social networking service. You must register before using Facebook, after which you can create a personal profile, add other users as friends, exchange messages, and receive automatic notifications when friends update their profiles. As well as having your own page you can create a page for your business or group. Facebook users use the "like" button to like or endorse pieces of content on the web and share them on Facebook.

People and groups of people use Facebook in very different ways. For example, many groups post publicity events on Facebook. Businesses often use Facebook for their sales promotions. To build up your client base, one idea is to offer every 100th "like" of your products or website a free gift. You could then post a photograph of the winner with their gift. This creates a buzz around your products on the internet and on Facebook pages. Be careful never to be aggressive about promoting your products on Facebook.

Facebook offers the huge commercial value of being able to get into people’s personal networks, broadening the exposure of your product and business. Facebook is easy to use, but it may be difficult to fine-tune things as you want them.

**Three levels – publish, interact, and transact**

You can think in terms of three different levels of making use of the internet. The first is simply to publish – to promote yourself and your product online and be contactable. The second is to have a way in which users of the web can interact with the information you have online, usually by leaving a comment. If people leave positive comments about your product, this is great publicity, but if they are negative it can affect sales badly. The third level is to transact. That means that web users are able to buy your products directly online. For both the second and the third level you will need to devote time to managing comments and sales. Each level requires a new level of sophistication of your business.
Selling
Selling

Researched and produced, your product is now ready to be sold. This section covers selling basics like working with your marketing plan, setting sales targets and making it easier for the customer to buy. It also makes the distinction between selling business-to-business and selling directly to the consumer. The section also covers personal selling and understanding why buyers buy. The importance of styling and the way you display your product is also discussed.

Zacharia Mukwira is an artist and skilled painter. He has a stall at Spier and paints while selling from his stand. He loves interacting with people and believes he sells better while painting. Zacharia has learnt from experience that his stall attracts more interest if he adds diverse products. His friend Boniface Chikehere carves beautiful wooden sculptures. Boniface prefers to stay home where he can carry on carving. They have reached an agreement whereby Zach does the marketing and selling, while at the same time he can carry on painting at the stall. For this, Zach gets a small percentage of every product he sells for Boniface and Theo, a ceramicist.

Zach has grouped the ceramics together to create visual impact. The three dimensional sculptures are combined with the two dimensional paintings. The visual combination of the colourful ceramics, texture of the wood and paintings complement each other very well. Very often, a customer will buy a painting as well as a sculpture or ceramic item to go with the painting. The display is simple, clean and inviting. All products are clearly visible on their own and together, clearly priced and positioned on different levels.
Selling your product is directly linked to and dependent on your marketing plan and your target market. The way you go about actually selling your product will be determined by the price, place and promotions you have already established – see p.60. One of the first things is to distinguish whether you are selling business-to-business, business-to-consumer, or a combination of both.

**Business-to-business selling**

Business-to-business selling is when a business, like a craft production business, sells its products to another business, such as a retailer. In this case, the retailer will then sell the product to the consumer. Business-to-business selling can be a much longer process. It can take anything from 1–12 months. Buyers have cycles and budget periods that make it a more long-term process. Business-to-business selling involves the following steps:

- Finding leads or businesses which might be willing to buy your product
- Setting up individual meetings with the right people in that business
- Presenting the product with sales material and pricing to the right person
- Following up
- Negotiating a deal

**Business-to-consumer selling**

Business-to-consumer selling usually involves you or someone on your behalf interacting with customers in a place where there are many of them, such as a shop or market. Customers are normally buying for their own personal use or as a gift for a friend.

**Know the selling basics**

**Set sales targets**

For your business to survive you need to sell a certain number of products a month to pay for materials, production, fixed costs, living expenses and savings. It is a good idea to have these costs set out in a monthly budget (see p.133). Work out how many products you need to sell in order to cover these costs. This is your sales target. If you do not meet your sales target your business will not thrive and might not survive.

**Make it easy for the customer to buy**

The most effective selling technique is “making it easy for the customer to buy”. Whether your customer is a retailer or someone browsing at a market, think through each step of the purchase and how it could be made easier for your customer to buy your product.

**Sell the benefit, not the product**

People might buy a physical product, but what they are really buying is what the product will do for them. In essence, they are buying the good feelings they associate with owning the product. Don’t sell the product. Sell what the product will do for the person making the purchase.
Personal selling is an art

To be good at personal selling you need to be warm, engaging and confident. You also need to be able to respond appropriately to different kinds of customers. Not everyone is good at selling. Be honest with yourself. Often someone else can sell your product better than you can.

In a direct selling situation, you might ask a customer if they are looking for something special. After that, let them initiate the conversation. Customers like to set the pace of the engagement. The visible making of the product gives customers an opportunity to start a conversation. In conversation, you might tell the customer about the benefits of the product.

Nobody likes to be conned or manipulated. Be yourself and be real about your product. Customers respond to authenticity.

**Have thoughtful perseverance!**

Fact: It can take up to seven interventions with a client to get him or her to buy your product! Don’t give up on the first or second time but be smart about how to go about it. Follow up when you say you will. Respond to e-mails quickly. Address the need for information and concerns honestly.

**Deal with feedback**

What if they say no? Ask them why they said no. Be curious not defensive! Can you turn a "no" into a "yes"? But also learn to accept no. Beware of pushing too hard!

Too expensive: Always know your break-even price. Can you give them a discount? Can you offer a free gift? Always build a buffer into your price so you have room to negotiate and come down, or alter the product to be more price sensitive (see p.137 for costing info).

Other products are being considered: Find out what other products they might be interested in. Engage the buyer on the attributes of your product. Mention the attributes and benefits of the product. Always have a special story at hand.

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**Activity: Understanding why buyers buy**

Understanding why buyers buy can help with selling. Think about your product and your ideal customer. Read the information and then try to answer each question. Jot down your answers on a piece of paper.

**People make decisions emotionally.** They decide based on a feeling, need or emotion, not necessarily through a logical thought process. “What is the feeling here?”

**People justify decisions with facts.** Even if they make decisions on emotion, they justify them with facts. “What facts support this purchase?”

**People are centred on themselves.** Research your target market and ask them “What’s in it for you?” On a deeper level, the question might be “How will this make you feel good about yourself?”

**People look for value.** The greater the value relative to the price, the more likely people are to buy. “What is the value relative to price?”

**People love to buy.** They love to discover wonderful new products and experiences. What people don’t love is to be cheated or tricked. “How can I help you?”

**People are always looking for something.** Love. Wealth. Glory. Comfort. Safety. “How does this support your needs?”

**People like convenience and exclusivity.** “How can I emphasise convenience and exclusivity in my sales message?”

**People like to see it, hear it, touch it, taste it, or smell it before they buy it.** “What sensory experience could be missing from the sales message?”

**Most people follow the crowd.** We look to others for guidance, especially when we are uncertain, which is why testimonials and case histories are so influential.
Style your selling space

Styling, sometimes called visual merchandising, is all about the way you arrange and display your product to maximise your sales. It has lots in common with marketing (p.57) and packaging (p.46). Selecting and buying your product should be an easy and pleasant experience for your customer!

**Position to be seen**

Customers must be able to see your product. Your product will be seen better if it is at eye level (not on the ground). For example, products near the till will be noticed! Use a variety of heights.

**Keep the space uncluttered**

Your product can best be appreciated in an uncluttered space. If you have a table cloth, beware that its design is not too busy. A plain design enables your product to be seen clearly. If you have items under the table, ensure they are neatly arranged so that the clutter does not detract from your products.

**Setting should reflect your brand**

Support sales by providing an appropriate setting for your product. For example, if you have recycled bags at a market table, you could have a poster with a recycle sign on it. If you are selling gold jewellery at an exhibition, you could have a luxurious red-velvet backdrop.

**Display unit should support your type of product**

The right display will help your product to be seen. For example, if you are selling clothes, you could place them on hangers on a rail. If you are selling bracelets, you could clip them around a pole.

**Price tag, logo and information on the product**

Pricing should be clear and easy to find. This is also a valuable opportunity to put your logo, a few words about the uniqueness of the product or a few interesting facts on the tag (see packaging p.51). Price labels tend to fade quickly and people don’t want to buy items that have been around for a long time. Make sure you replace your price labels often so they look fresh.

Clear, fresh price labels mean your customers won’t have to ask and can set the pace of engagement.

See p.57 for more on marketing and branding.
Have a variety of products and prices but a uniform quality

For optimum selling, you need to have a variety or range of products that speak to each other. It is good for people to have more than one item to choose from. You should also have a variety of price points and a uniform quality of product. For example, if you have teacups, then have a jug and a teapot, too.

If you have a variety of products to display, start with creating an anchor or visual pulse-point around which you will organise the rest of the space. Some different looks to consider are:

- The gallery – minimalist and clean
- The junk shop – where treasure seekers feel comfortable
- Room set – how your product can be used in the home

Have packing materials available

For direct selling of products, always have the basics to pack products in. These are bubble wrap, tissue paper, tape and a plastic or paper bag. Certain products need special kinds of packing. For jewellery, for example, the very least requirement is a small packet appropriate to the size of the pieces you sell. See p.46 for more on packing and packaging.

Have strict rules for how you manage orders, sales and receive payments

For your business to grow and be sustainable, you need to set up a clear way in which to do business transactions. Business transactions include taking an order, invoicing and clarifying terms and conditions. Don’t bow to pressure to deliver when you do not have a clear written agreement containing this information (usually an order form or invoice).

Government and the corporate sector are an important market for craft producers. But more often than not requests for products are urgent. Never put your business at risk by skipping your normal process of taking orders, invoicing and clarifying terms and conditions. Paperwork and a paper trail are critical!
Government orders

It can be exciting to get a big order from a government department. Be careful that, in your excitement, you do not let go of the strict rules for how you manage orders, sales and receive payments.

Make sure everything is in writing

The point of putting everything in writing is very important. You cannot trust an order and agreement over the telephone. Telephonic orders can be denied when you need to be paid. If the person you are dealing with is unable to provide anything in writing, do not hand over your products to them. The urgency of the matter is not an excuse not to formalise the request with official documents.

Know the name and contact details of who you are dealing with

Next, make sure that your communication is very clear. Government departments are big, with many employees. It is very important that you know who you are dealing with. You need to have their name and all their contact details. You also need to have their requirements in writing. To come back a few months later, when you are following up on your payment and you do not even remember the name of the person you dealt with, will make things impossible to resolve.

Government has a set way of getting products and services

Usually, when government needs products or services, there is a very specific process that needs to be followed. That process involves formal written communication on the requirements and is finalised with an issued order numbers, which shows that the transaction is valid and authorised. Don’t start until you have this in place.

Be ready to quote

The public service is governed by strict legislation on the procurement of services and goods. These guidelines say that if a service or goods below a certain amount are needed, quotations must be obtained. Make sure you have your processes in order to be able to issue quotations when these are asked for. When your quotation is accepted, you also need to be able to provide what was requested with an invoice. It needs to be very clear what the terms of the transaction are, in terms of delivery and payment.

Leave a paper trail

Generally government should not pay for a service or a product which has not been provided or rendered. This is what makes a paper trail very important. Do not work on assumption and “trust”. You also need to remember that people change jobs. Your documents must be clear so that, even if your contact leaves the job while your engagement with their department is under way, the transaction can still be completed properly.

Dealing with urgent requests

Where things can get difficult is when requests are urgent. You have to be open and clear about your ability or lack of ability to respond to a late request. If you are unable to respond, be very clear that you are willing to work with the client but your capacity does not allow you to respond to the current request. If possible, provide the client with a referral to someone who can help with what they need. If you are a well organised business you might already have a system in place to collaborate with other producers in meeting large, urgent orders. In that case, also, it must be very clear what is needed. This includes time-frames, payments and arrangements between you and the other craft producers, who will assist with capacity to meet the orders. Be careful, though, that you do not compromise the quality of your service or product. That will also harm the reputation of your business.
Often government and other sectors want to place large orders in a hurry. Never let this get in the way of the proper ordering process. Insist on everything in writing – especially when and how payment will happen.

**Have an invoicing system**
Invoices and a system for keeping them is essential for selling. An invoice tells a customer how much they must pay for your product. It should have contact details of you and your business, the date, a description of your product, number of units of products to be sold, and total amount charged. For an example of an invoice see p.155.

**Be prepared to quote**
Many companies will make a quotation to a prospective buyer so they can see the costs involved before they commit to anything. For an example of a quotation see p.154. Once they accept the quotation, you need a means for both you as the seller and the buyer to confirm the agreement of the terms, costs, lead times and quantities of the products or services to be supplied.

**Orders must be in writing**
Many businesses might ask customers to sign their quotations as confirmation of an order being placed. Other businesses might have a special order form for this purpose. Orders must be very clear about the contact person, the time-frames for delivery and payment, the delivery address and the terms and conditions. If the person ordering or requesting a service/product cannot put things in writing do not supply them with what they require. For big orders, insist on getting a deposit upfront to help cover the cost of your materials.

**Sales terms & conditions**
Create a document of terms and conditions (T & Cs). This should be sent with the quote or invoice. Your T & Cs of sale set out the terms under which your business will have transactions with customers. Often a condition will be that the order does not start being processed until a deposit of 50% has been received. Other important T & Cs are your exchange policy and how you deal with broken or damaged goods. For an example of T & Cs see p.158. T & Cs can protect you from unforeseen costs or misunderstandings.

**Consider selling on consignment**
Consignment is where a shop agrees to take your products and only pays you for them once they have sold them. Consignment can be a good way to get into shops and galleries where you would like to have customers. Be selective about where you place your products! It is important to keep careful records of where stock is placed and keep checking if sales have been made. A consignment note can help with this (see p.157 for an example). If you have stock available, it is better to have it out in the marketplace on consignment than in storage. Beware of allowing textile products to sit for too long, however, as they may become dirty or faded.

Make sure your records are kept in an accessible place so you can refer to them.
Distribution

Your product has been produced, marketed and maybe even sold. Now you need to get it to your customers. This section covers distribution. It emphasises being flexible according to your business model and also having a clear system for distribution.

Nicolene is a successful producer of handmade soap. She distributes her soap in a number of ways. The most common way is through the post office. Most of her customers are shops throughout South Africa and they order her soap online or through e-mail. She invoices the clients with postage costs added to the invoice. Once they have paid, she posts the soap.

Nicolene packs her soap very securely. Although the post office allows packages of up to 30kg, Nicolene does not make her packages heavier than 15 kg. Her reasoning is that, if a box is too heavy, someone carrying it somewhere along the line will drop it, resulting in damage. Nicolene gets a tracking number from the post office for every parcel she sends. She communicates the tracking number to the clients and it is then their responsibility to follow up further.

For orders greater than R4 000 it is cheaper to send by courier than the post office. Nicolene has found a courier company that will accept cash on delivery (COD) at the other end, so that the client pays for it. Sometimes customers send their own couriers to collect the soap.

The large retail companies who order her soap lay down their own rules for distribution. One, for example, requires her to deliver to their distribution centre.

Nicolene also distributes some of her soap overseas, usually with a freight company. Nicolene delivers the soap to the freight company and the clients organise their own arrangements from there.
Distribution is all about logistics. It is about keeping records and precise timing. But first you need to identify which business model you are working with.

The way you distribute your product depends on your business model. You could be operating with one of these three models:

- Business-to-consumer
- Business-to-business
- Combination of both

It is common to start business-to-consumer and then grow your business so you are distributing business-to-business.

**Working with a business-to-consumer model**

You might have your own store or customers might order your products online. Easiest is direct selling, when customers take stock directly after they have paid for it, for example at markets or festivals. Common additional methods of distributing goods, business-to-consumer, are through parcels to the post office, or freighting products that have been bought online. Make sure that any delivery or postage costs are factored into the selling price.

**Working with a business-to-business model**

If you are working with a business-to-business model, the businesses buying from you may determine how you distribute to them. Some big businesses, for instance, will have their own distribution and logistics companies.

**Consider outsourcing distribution**

Distribution can be complex, with unexpected challenges. There are many businesses focused exclusively on distribution. Many producers outsource their distribution to these companies.

**Activity: Work out your distribution system**

Whether you outsource distribution, or manage it yourself, you need to figure out a system that works for your customers, your products and your business.

- Where will your products be stored before they are distributed?
- Do you have an inventory form so you know how many products you have?
- How will you track your products when they leave your storage space?
- How can you make your customers more responsible for the distribution of your products?
- How will you know when the products have been received by the customer?
Feedback

Your product is out there in the market being sold. This section covers the feedback that you get on your product. It emphasises being precise around the kind of feedback you are looking for and using that feedback to input into improved product ideas and new designs. Another product journey begins.

Jimmy is a highly skilled ceramicist with his own studio. He produces beautiful dark-coloured bowls and plates. He got feedback from various people who loved his designs but found the colours too dark. Jimmy started to experiment with white glazes, resulting in dramatically improved sales.

When you look for feedback, be precise about what aspect of your product you want feedback on:

- Product design
- Product useability or durability
- Material it is made of
- Colour
- Pricing

In listening to feedback, think not just of your existing product, but of how this could be relevant to additional products.
Get direct feedback in the market

A successful product is one that sells. If your product is not selling, this is feedback that you need to change the product or the pricing, or create a new product. Even producers who sell most of their products wholesale spend some time every year getting direct feedback from customers in the marketplace. Feedback can also give you guidance on how to go about expanding your product lines.

Do research to get feedback

You could design a survey with specific questions you have about your product for representatives of your target market to fill out. Don’t have more than three or four questions but try to get at least 30 people to respond. To incentivise responses, give each person who fills out your survey an opportunity to win a raffle with one of your products as the prize. You could do a survey face to face, by e-mail, on the phone or on your website or blog. You could also use an online facility called SurveyMonkey to set up your questions, gather the data and analyse it for you.

Visit shops and galleries to ask if your product would sell there and whether your estimate of the selling price is close to the market. This also helps build relationships!

Activity: Expand your product lines or range and increase sales

Think of your existing product. Now go through each of the points below and write down how your product could be adapted or extended.

**PRICE RANGE**: Create products with a range of prices to include low-medium to high-end target markets.

**SIZE**: Vary the sizes of your best-selling product. For example, if you have a handbag range that sells well, look at including a smaller cosmetic bag, or a larger shopping bag.

**SETS OR SERIES**: Create a series of a single product. For example, a vase can be sold in a set of two to create symmetry, or add sizes to small, medium and large and sell as a set of three.

**FUNCTION**: Give the product a new function. For example, beautifully crafted mini mud houses were transformed into bird houses and dolls’ houses, and sales increased.

**COLOUR**: Change colours to create a new look and new line of product. For example, a range of hand-woven grass wash-baskets were not selling at all. After being painted with white paint, sales increased dramatically.

**MATERIAL**: Find an alternative material to give a new look to your product. For example, basket weavers started using wire, freely available in tyres, to weave baskets when the grasses dried out during a drought. The resulting industrial-looking baskets inspired a new range and many more product possibilities.

Register for Etsy, the website that shows and sells products. Here you will be able to see how many sales individual producers have made over what time-scale and within which price range. It’s a really accurate way of getting real-time information about the marketplace.
Business orientation
This section helps you to orientate and assess where your business is right now. It covers the key elements of a business and emphasises that each is equally important. It also introduces the different stages in the life of a business.

Key elements of a business

Wherever your business might be focused on the product’s journey, there are things that every business needs to have in place to survive and thrive.

The key elements of any creative business are:

- **Strategic vision**: Your dream of what you will grow your business into, and the goals and objectives that will get you to this dream.
- **Product**: Your offering to meet a need or benefit a particular set of people.
- **Production capacity**: Setting up your work-space for efficient production and being clear about how many products you are able to produce in a particular amount of time.
- **Sales, distribution and marketing**: Selling enough to cover the costs of your business and make a profit, having a clear system of getting your products undamaged to your customers and keeping customers and potential customers updated about your products.
- **Business systems and human resources**: Keeping and filing records of all your business transactions and making sure that everything is in place to make things go smoothly with the people you work with.
- **Financial management**: Tracking your business income and expenditure, costing and pricing your products correctly, and being tax-compliant.
- **Communication**: Having easy ways for people to contact you and responding in the same easy, professional way about all the elements in your business.
- **Individual capacity**: Your ability to believe in your business, to live by your values, to do what you say you are going to do, and to learn from every experience you have.
The wheel shows these key elements and represents both the cogs/key aspects of the two cogs we have been working with. Aside from your product, production, sales, distribution and marketing, you need to focus on developing your individual capacity, your strategic vision, financial management and business systems. Each of these elements is equally important. It can be tempting to focus on the elements you are comfortable with and ignore those you are not.
Activity: Rate your business

Use the wheel on the opposite page to rate your business.

Use a scale of 1-10

10 is if things are going really well with this element of your business

5 is if there is some evidence that things are happening but there is lots of room for improvement

0 or 1 is if there is no or little evidence of this element in your business.

Use a tick and write down the things that are going well in each element.

Use an arrow and write down the key actions you need to take to get this element of your business closer to 10. See the example of Tom’s business.
The life of a business

There are a few key stages in the life of a business. These can help you orientate where your business is right now. There is no set time for each stage. You could decide a particular stage is what you want for the business right now.

Starting the business
Starting a business involves getting enough money to buy equipment and materials, and producing and selling the first products. You may need to earn money in a different way as it takes time to make enough money from the business to live from.

Reaching break-even point
Break-even point means that you are making enough money to pay yourself and pay for all the expenses of the business, including buying more materials to sell again and again.

Stabilising the business
When the business is stable it means you are making a profit, or you have more money than you need to pay your salary and cover your expenses.

Growing the business
Once you are making a profit, spend some of the money to grow your business, for example, buying more equipment, creating new products, or perhaps employing others. Growing the business might mean formalising the business through registering it (see p.147 for more on this). It could also mean creating different departments that perform different tasks, such as marketing, accounts, etc.

Exiting the business
You might decide to sell the business and make a capital profit. This means that the business is doing so well that someone might want to buy it from you, sometimes for a large sum of money. Although it may not be advisable to do this, many entrepreneurs start businesses to sell them and then start another to grow it and then sell it.
Strategic vision and business plan
This section helps you to develop a vision for the future of your business. It also helps you to think through your values, goals and objectives.

There are two ways of thinking about your business. The first is strategic. The second is operational. When you think strategically, you remove yourself from the daily activities. You engage in planning, brainstorming, creativity and big-picture thinking. The operational things are the things we physically do to make a profit. Strategic planning means you identify where you are now and then develop a vision for where you want to be. Then you develop a business plan or road map for how you will achieve your vision.

Stay inspired by your vision

A vision is about the world you and your business are working towards, not necessarily what is happening now. A vision will inspire you to keep moving forward and influence all decisions relating to the business. Your vision needs to be in line with your values (see p.120). The vision of a business gives the business purpose, so you see yourself building a house rather than laying stones. When you write down your vision, don’t think of the obstacles, think of the best and brightest possibility for your business.

Develop a business plan

A business plan states the strategic vision and sets out the goals and objectives that will help the business to meet this vision.

Set goals and objectives

“Goals” are the things that you aspire to be, do or have in your life. “Objectives” are the stepping stones you use to help you get to those goals. For instance, a single goal to become a millionaire would have many objectives that would need to be set and achieved along the way.

To determine your objectives, get a piece of paper and write your ultimate goal at the top of the page. Then below it write down every single task or action that would need to be achieved in order to help you obtain that goal. This list of tasks or sub-goals is in fact your list of objectives.

Now that you have this list of objectives, make sure that each one is specific, measurable, appropriate, realistic, and time-based, i.e. “SMART”

The SMART Rule:

<table>
<thead>
<tr>
<th>S</th>
<th>Specific</th>
<th>Objectives must be specific.</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Measurable</td>
<td>Objectives must be measurable in some way so you know when you have achieved them.</td>
</tr>
<tr>
<td>A</td>
<td>Appropriate</td>
<td>Objectives must be appropriate to your vision and acceptable to those you work with.</td>
</tr>
<tr>
<td>R</td>
<td>Realistic</td>
<td>Objectives must be realistic in that they must be feasible for you to reach them.</td>
</tr>
<tr>
<td>T</td>
<td>Time-based</td>
<td>There needs to be a time period for when objectives must be met.</td>
</tr>
</tbody>
</table>

Activity: Write down your vision for your business

- Why do you do what you do? Start with your purpose for your business. To get things going, it might be helpful to start by writing “I believe…”
- How do you do what you do? There will be one or two things that are unique about the way you go about doing things.
- What do you do? Think of the real and/or psychological needs that are fulfilled when customers buy your products or services.
- For whom do we do it? Try to be as precise as possible about the people you want to benefit with your vision.
- What is the highest possibility for what you do? If your vision was fulfilled, how would the world be?
Activity: Create a basic business plan by creating your own table like the one on the next page

- In the top row, write down your vision for your business
- In the second row, write down your first goal for reaching your vision
- In column one, write three or more of your SMART objectives for reaching this first goal
- Next, write down each action needed to reach this objective
- Assign a date by when you will have achieved the action
- In the last column, note down any resources or help you will need
- Now do the same with the other goals for your business

<table>
<thead>
<tr>
<th>VISION: STUDENTS ACROSS THE WORLD EXPRESS THEIR STYLE AND PERSONALITY WITH A UNIQUE HARD-WEARING BAG MADE FROM RECYCLED MATERIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal No. 1 to reach vision: Increase sales to selling 50 bags per month</strong></td>
</tr>
<tr>
<td><strong>Objectives to reach Goal No. 1</strong></td>
</tr>
<tr>
<td><strong>Get Bags for Africa to stock my bags</strong></td>
</tr>
<tr>
<td><strong>Get bags onto Etsy.com</strong></td>
</tr>
<tr>
<td><strong>Get publicity</strong></td>
</tr>
</tbody>
</table>

| **Goal No. 2 to reach vision:** |
| **Objectives to reach Goal No. 2** | **Actions** | **By when** | **Resources needed** |
| **Goal No. 3 to reach vision:** |
| **Objectives to reach Goal No. 3** | **Actions** | **By when** | **Resources needed** |
Individual capacity
This section emphasises starting with yourself as the disciplined creative driver in your business. The better you know yourself, and the values you live your life by, the quicker you can get your business to where you want it. As a small business owner, you also need to commit to ongoing learning.

Know your values

Your values are what you believe in for yourself, your community and your business. Your values are the things that matter most to you over time. They determine what you pay attention to and what you act on. Once you know your values, you might decide you are only prepared to make products that won’t harm the environment. Or that good quality must be a factor in everything you make.

An example of the CCDI Statement of Intent

In order to grow my creative enterprise to build worth and prosper, I will act with:
- Integrity
- Honesty
- Fairness
- Respect

I will be professional at all times
I will strive for excellence in all I do
I will use my unique skills and capabilities to produce desirable products for receptive markets
I will ensure that my actions are mindful of, and promote, environmental, social and economic sustainability
I will engage in ethical and sustainable business practices
I will be efficient in my activities and in my use of resources
I will follow fair labour practices

Activity: Create a Statement of Intent for your business

Put it up on a wall in your workshop/office so that you and your staff can be reminded of your values and can reflect on how you and your business are living up to them.

Activity: What are your values?

1. Read this list of values carefully and see which ones feel true for you.

2. Add values you think have been left out that are important to you.

4. Choose three that you really relate to and circle them. These are your most preferred values.

5. Answer these questions:
   - What do you need to do to live by your values?
   - How will you know if you are living by your values? Who or where will you get feedback from?
   - What will the cost be to yourself and your business if you do not live by your values?
Start with yourself

There are many things that you can’t control. Start with what you can control – your own actions and attitude. Know that you are the expert for your own business and product. You have the solutions to your challenges – others can only help you find them.

Some people get affected by the “weather” around them. Weather could be another word for the environment or context they find themselves in. If the weather is good, then they feel good and perform well. If the weather is bad then they don’t perform and they can have a really bad attitude. These are reactive people. To be a proactive person, you need to carry your own weather around with you. Whether it’s stormy or sunny makes no difference. If your value is to do really good work then that is what you’re going to do. Never mind what the weather or your environment is.

Be disciplined

Discipline means doing what you have to do, when you have to do it, whether you feel like it or not! It often works to prioritise the most unpleasant tasks and do them first thing. This way, thinking about having to do unpleasant tasks won’t drag on your energy all day. In business, you have to stick to your plan, deliver on your promises and do what is needed. Discipline also means committing to ongoing learning and making adjustments to your plans when these are not delivering the results you need.

Commit to ongoing learning

Entrepreneurs are lifelong learners and they approach everything they do as a learning experience. In order to learn, you need to go through each stage of the learning cycle. This is planning for action, taking action, and reflecting on that action. You take your reflecting back into planning for the next round of the learning cycle.

Many people and groups focus on planning and action. Unless you visit each phase of the learning cycle, you will not learn. Reflection on the action you have taken is critical for learning. There are no mistakes, there are only “missed takes” in the learning cycle. You learn from these and go into the next cycle. The commitment is to ongoing learning, not to getting things right every time. Some products won’t work in the market but will evolve into ones that do. Trust the learning process.

Activity: Questions for reflection

At the end of every day, or every action that is taken, ask yourself the key questions for reflection:

- What worked well about the action that was taken?
- What values did I live out that I am proud of?
- What didn’t work well about the action that was taken?
- When I do it again, what will I do differently?
- What will I take from this into my planning?

Then make plans based on what you have learnt.
Communication
Having healthy relationships with everyone connected to your business is important, and this starts with good communication. In fact, communication is part of everything you do for your business. This section highlights being aware of the ways you communicate without words. It also emphasises the importance of checking that your messages were received and offers some basic tips for written communication.

Forming and maintaining relationships with buyers, customers and other craft producers is important for the success of your business. Healthy relationships start with good communication that builds trust and credibility. This means being clear about what you can and can’t do and being consistent in your responses.

Be consistent

People need to know that you will respond to them in the same easy and professional way that you always do. For example, you should keep the same phone number and there should always be someone to answer your phone during business hours. Every missed call could be a missed opportunity or make someone think that your business no longer exists.

Know that you communicate with the things you don’t say

A big part of the way you communicate is with the things you don’t say. Your posture, the tone of your voice, and how loudly you speak, all communicate things to buyers and customers. An upright posture and speaking plainly and directly tell people you are confident about your work. You also communicate through the use of time, for instance, the time you take to respond to requests. If you take a long time, it may communicate that you are not interested.

Always confirm messages and arrangements

You may have a message you need to send someone. You think you have communicated this message clearly. It can be hours or days later when you discover they got the wrong message or misunderstood what you meant. The biggest problem with communication is assuming that what was said or written is what was understood. The best way to solve this is to confirm that the message you sent was the same message that was received. You can check in with the person. Did you get my message? If you are still not sure, ask them to repeat back to you what message they got or to confirm it in writing.

Activity: Check your requests will be met

Think back to the last time you made a request of a supplier, customer, colleague, or employee. What exactly did you say to them? Now go through this check-list to see what could be missing.

- Your request clearly stated the purpose or concern behind it
- The details of what you want are clear (this may mean outlining steps)
- The conditions around what you want are clear, e.g. time or quality
- The resources to complete what you want are available (know-how, time and equipment or materials)

Now check in with the person you are making the request of:

- They tell you in their own words what you want
- They freely express concerns
- They sincerely agree to meet your request
Communicate through a middle-man if necessary

Many production businesses make use of other people to support their sales. This is because they don’t have the time or skill to take advantage of all sales opportunities. If this is true for you, you could also consider finding someone to handle this part of your business.

English is the main language of business in South Africa and is also the language that many international clients use. English is the second language of most craft producers. You may not have the confidence to carry out complex discussions in English. If this is true for you, consider finding a “middle-man” – someone who will communicate and sell on your behalf for a cut or percentage of the sales fee.

Nurture your relationships and networks

Business is all about relationships. Try to identify and develop relationships with key people in your field, or with organisations that have access to different networks of producers. Often going to a workshop or a meeting can be a way to meet new people and build relationships that can lead to other networks. You and your business will struggle to grow if you just keep the same relationships and the same networks.

Write clearly

SMS and e-mail are good ways to communicate and can save the costs of phone calls. Be very clear what you want the receiver of the message to do and include only necessary information. Never send a “please call me” message to a customer.
Now and then, send out your news

E-mail and SMS are a good way to stay in contact with your customers and get new ones. But you should only e-mail or text people who have asked that you do so. A way to do this is to have a form at market stands with places for people’s names, phone numbers and e-mail addresses. When you talk to people on the phone, ask if it’s okay if you put them on your mailing list.

When you have a list you could send a short news update every eight to 12 weeks. Beware of mailing or texting people too often. When you mail them, focus on the news about products rather than insisting that they buy the products! The idea is that people get your message and remember that you are still around, making the products that you make. On every update, offer people a chance to unsubscribe and get off your mailing list. Consider using MailChimp, which is a free online e-mail marketing service provider.
This section is about managing your money. It covers how you should keep the money that your business has separate from the money in your personal life. It shows you how to keep financial records around your business income and expenditure. This section also covers how to cost and price your products accurately. The benefits of paying tax and getting a tax clearance certificate are covered at the end of the section.

Open separate bank accounts for business, personal and savings

There should never be any confusion about where the cash belongs, whether it is business or personal. If you manage a business, the easiest way to manage your money is to keep it in three separate bank accounts or sub-accounts. Many of the commercial banks have these options. Shop around for the best rates or deal:

- A business bank account to pay for materials or stock and for all your other business costs. This is also for all the money you make.
- A personal bank account for all your personal costs. This is where you will deposit any salary you draw from your business account.
- A savings account for money you want to save.
- Compare bank fees at different banks to find a low-cost bank account.

Record your money

Record what money you make and spend on your business and what you spend personally. You will need these records to do your tax return (see p.141) and to make plans and budgets.

You need to organise the amounts you make and spend into different categories. Always have dates with your records. Income is the total amount of money that comes in – the money that you make. Expenditure is the total amount of money that you spend running your business. This includes the materials, labour and all other business costs, like salaries or transport.

It’s also important to record how much money you owe people and how much money people owe you. Owing people money or being in debt is expensive.

Make a budget

A budget is your plan for how you will spend your money. A budget is the way to make sure your money is being used the way you want it to be used. A budget generally requires three steps:

First, identify how you’re spending money now. If you keep records every month you will know how much you are spending (see p.134). If your income doesn’t cover your costs, then you need to figure out how to reduce your costs or increase your income.

Second, set financial goals for your business. Based on your records, and how you might cut costs, make a plan for how much you will spend for each category of costs.

Third, track your spending to make sure it stays within the budget or plan for spending you have made.
**Activity: Record your income and expenditure**

In the first table, record your personal expenses at the end of the month. In the following tables, record the income and expenditure for your business at the end of the month.

### PERSONAL EXPENSES FOR _________(WRITE MONTH)_________(WRITE YEAR)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXPENSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROCERIES is the money you use to buy food and other household items.</td>
<td></td>
</tr>
<tr>
<td>CLOTHING is the money you use to buy clothes for you and your family.</td>
<td></td>
</tr>
<tr>
<td>PROPERTY is the money you spend on your home, including rent, rates, electricity, etc.</td>
<td></td>
</tr>
<tr>
<td>TRANSPORT is the money you spend on personal travel. It includes petrol costs, public transport, licence fees, etc.</td>
<td></td>
</tr>
<tr>
<td>COMMUNICATION is the money you use to pay for personal telephone calls, cell phone contracts, internet, etc.</td>
<td></td>
</tr>
<tr>
<td>EDUCATION is the money you use to pay for schooling, uniforms, textbooks, sport, etc.</td>
<td></td>
</tr>
<tr>
<td>ENTERTAINMENT is the money you spend on leisure activities such as eating out, visiting places, holidays, etc.</td>
<td></td>
</tr>
<tr>
<td>PERSONAL CARE is the money you use to take care of yourself such as having your hair cut, taking out a gym membership, etc.</td>
<td></td>
</tr>
<tr>
<td>MEDICAL is the money you spend on medical aid, doctors’ visits, medicines, etc.</td>
<td></td>
</tr>
<tr>
<td>FINANCE is the money you use to pay bank charges and fees on your personal bank account. It is also the money you need to pay for policies such as life insurance, retirement annuities, etc.</td>
<td></td>
</tr>
<tr>
<td>OTHER is the money you use to buy things that don’t fit into one of the other groups.</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT SPENT IN THIS MONTH ON PERSONAL EXPENSES**

Add all the personal expenses together to find the total.

### BUSINESS EXPENDITURE_________(WRITE MONTH)_________(WRITE YEAR)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXPENSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LABOUR is the money you pay yourself (your salary). This is the money you can then use to pay your personal expenses.</td>
<td></td>
</tr>
<tr>
<td>LABOUR is also the salaries you pay to others who make and sell your products.</td>
<td></td>
</tr>
<tr>
<td>MATERIALS is the money you spend buying the materials you need to make your products.</td>
<td></td>
</tr>
<tr>
<td>PROPERTY is the money you spend on the property where your business is. It includes rent, electricity, furniture, etc.</td>
<td></td>
</tr>
<tr>
<td>TRANSPORT is the money you spend on travelling so that you can make and sell your products.</td>
<td></td>
</tr>
<tr>
<td>COMMUNICATION is the money you use to pay for business telephone calls, internet rental, couriers, etc.</td>
<td></td>
</tr>
<tr>
<td>MARKETING is the money you spend on promoting and advertising your product or your business.</td>
<td></td>
</tr>
<tr>
<td>FINANCE is the money you spend on bank charges and fees on your business bank account, and the money you use to pay for policies such as insurance. It would also include the fees of an accountant, whose help you may need to fill in your income-tax forms.</td>
<td></td>
</tr>
<tr>
<td>CONSUMABLES is the money you use to buy things for your business that get used up and have to be replaced, such as stationery and refreshments.</td>
<td></td>
</tr>
<tr>
<td>OTHER is the money you spend on things that don’t fit into one of the other groups.</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL BUSINESS EXPENDITURE**

Add all the business expenditure together to find the total amount you spend on your business.
Now look at the totals and answer these questions:

- Am I making more, or less money than I planned to make?
- Where is most of my money coming from? Is it from SALES or from OTHER?
- Am I making enough money to pay for my business expenses? How much more do I need to make?
- Which business expense is the highest?
- Are there any costs which I think I can lower in the future?
- How much do I owe people? How quickly can I pay any of this debt?
- Look at the costing and pricing section (px) to make decisions about the products your business sells.

Keep all these records for your tax returns

---

### BUSINESS INCOME FOR ______ (WRITE MONTH) ______ (WRITE YEAR)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td></td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td></td>
</tr>
</tbody>
</table>

SALES is the money you make from selling products.

OTHER is any other money that you get such as interest, grants, tax rebates, etc.

Add sales and other together to find the total income.
Cost and price your products accurately

Part of the financial management of your business involves careful and accurate costing and pricing of every product that you sell. Many people want to decide on a price before they have worked out what it costs to make it. Costing comes before pricing!

Your business has fixed or indirect costs which don’t change every month. This includes your telephone rental and rent. Many people call these overheads. There are also the variable or direct costs of making a product. Some people include the overhead costs into the costing of products. This costing section for products includes only the direct costs and not the overheads.

Costing

There are three main things that go into costing a product. These are what it cost for the materials to make it, what it cost for the labour to put it together, and what it cost to package the finished product. Once you have added together the costs of your material, labour and packaging you have the cost price of your product.

Materials: Every single thing that goes into making a product needs to be costed. Every piece of thread has a cost!

Labour: Work out how long it takes to produce the product. Break down each part of making the product. Time how many minutes it takes. Some people argue that labour must be included in the direct cost of making a product. You can do this if you are paying for the labour per piece. If you are paying a fixed salary, then labour should be costed within the fixed costs or overheads of a business.

Packaging: Every single thing that is involved in the packaging of the product must be costed. This might include a box, a label, a carrier bag or a swing tag.

---

**COSTING YOUR PRODUCT**

<table>
<thead>
<tr>
<th>PRODUCT REFERENCE NUMBER</th>
<th>PRODUCT NAME</th>
<th>DATE MADE</th>
<th>MATERIALS TOTAL</th>
<th>LABOUR COST TOTAL</th>
<th>PACKAGING COSTS TOTAL</th>
<th>TOTAL COST PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC001</td>
<td>Blue Spectacle Chain</td>
<td>24th March 2014</td>
<td>R 42.94</td>
<td>R 11.25</td>
<td>R 3.00</td>
<td>R 57.19</td>
</tr>
</tbody>
</table>

**MATERIALS**

<table>
<thead>
<tr>
<th>NAME OF MATERIAL</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>COST OF MATERIALS</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Pearls</td>
<td>1.5</td>
<td>R 6.50</td>
<td>R 9.75</td>
<td>e.g. A pack of beads costs R25. There are 1 000 beads in the pack. R25 ÷ 1 000 = R0.025 or 2½ cents</td>
</tr>
<tr>
<td>Spacers</td>
<td>24</td>
<td>R 0.30</td>
<td>R 7.20</td>
<td></td>
</tr>
<tr>
<td>Fisherman Line</td>
<td>1</td>
<td>R 0.10</td>
<td>R 0.10</td>
<td></td>
</tr>
<tr>
<td>Charms &amp; Pendant</td>
<td>1</td>
<td>R 4.35</td>
<td>R 4.35</td>
<td>Consider glues, fasteners, cottons and anything else you use to make the product.</td>
</tr>
<tr>
<td>End Spacer</td>
<td>2</td>
<td>R 0.50</td>
<td>R 1.00</td>
<td></td>
</tr>
<tr>
<td>Crimps</td>
<td>2</td>
<td>R 0.02</td>
<td>R 0.04</td>
<td></td>
</tr>
<tr>
<td>Clasp</td>
<td>1</td>
<td>R 19.90</td>
<td>R 19.90</td>
<td></td>
</tr>
<tr>
<td>Glue</td>
<td>1</td>
<td>R 0.10</td>
<td>R 0.10</td>
<td></td>
</tr>
<tr>
<td>Jumprings</td>
<td>2</td>
<td>R 0.25</td>
<td>R 0.50</td>
<td></td>
</tr>
</tbody>
</table>

**LABOUR**

<table>
<thead>
<tr>
<th>DESCRIPTION OF TASK</th>
<th>TIME IN MINUTES</th>
<th>LABOUR COST PER MINUTE</th>
<th>TOTAL LABOUR COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce</td>
<td>45.00</td>
<td>R 0.25</td>
<td>R 11.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R 0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R 0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R 0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R 0.00</td>
</tr>
</tbody>
</table>

**PACKAGING**

<table>
<thead>
<tr>
<th>NAME OF PACKAGING</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>COST OF PACKAGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lace Bag</td>
<td>1</td>
<td>R 3.00</td>
<td>R 3.00</td>
</tr>
</tbody>
</table>

---

ADD ALL THE MATERIALS, LABOUR & PACKAGING COSTS TOGETHER.
Pricing

Once you know the cost of making a product, you need to decide what you will charge for the product. You want to price your product as high as possible while still being able to make sales. At the very least, you need to break even. Break-even means you make neither a profit nor a loss on selling the product. Many craft producers under-price their items and end up making very little profit. Consider the market-related value of the product and consider the pricing of similar products in the market. General guidelines for pricing depend on whether you are selling directly to the public or wholesale. See wholesale price template on p.151.

Prices for retail: Put a 100% mark-up on the cost price, but also consider market information on what you may be able to sell the product for.

**Activity: Getting information to make decisions about your product range**

**Answer these questions:**
- How much is each different product costing you to make?
- Which of your products is selling best?
- Which of your products is making you the most money?

**Prices for wholesale:** If you are selling wholesale to retailers, you know that they will add 100% on the price. Put a 50% mark-up on the cost price. There may be higher volumes of sales to retailers.

If your wholesale price is less than, or not much above, your cost price you must go back to your costing and see where you could reduce costs. Perhaps the products can be made quicker, reducing your labour costs. Perhaps the packaging can be reduced. Perhaps there is a cheaper alternative part or material you could use. If there are no costs you can reduce, you may have a product that is not viable in the market.

Note that you may also need to work out other price categories, such as distributor price, agent price and consignment price.

**Remember:** This is a guide for costing and pricing.

<table>
<thead>
<tr>
<th>PRICING YOUR PRODUCT (Retail pricelist)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCT REFERENCE NUMBER</strong></td>
</tr>
<tr>
<td>BSC001</td>
</tr>
</tbody>
</table>

ADD ALL THE MATERIALS, LABOUR & PACKAGING COSTS TOGETHER.
Fill in a price based on market information and the COST OF STOCK

Price to End User | RETAIL PRICE (K) | R 200.00 |

<table>
<thead>
<tr>
<th>PRICING YOUR PRODUCT (Wholesale pricelist)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCT REFERENCE NUMBER</strong></td>
</tr>
<tr>
<td>BSC001</td>
</tr>
</tbody>
</table>

Fill in a price based on market information and the COST OF STOCK.

Mark up% for Wholesale Price | 50% |

Final Wholesale Price to Retail Shops | WHOLESALE PRICE (S) | R 100.00 |

What mark up% do you want to add to your COST PRICE?
Equals the recommended WHOLESALE PRICE
Pay your tax

By law, everyone has to register as a taxpayer. Everyone who earns over a certain amount has to pay tax on the money they earn. This is called income tax. If you don’t pay income tax, there are penalties. The more money you earn, the more tax you pay.

The amount of money that you earn is added together over 12 months. These 12 months start on 1 March in one year and end on the last day of February in the next year. This is what is called the tax year.

Register with SARS and get a tax number

The South African Revenue Service (SARS) is the organisation in government that makes sure that people and businesses pay income tax. SARS wants to help people pay the right amount of tax. Start off by registering with SARS and getting a tax number. You can visit or phone your local tax office or go online to www.sars.gov.za. For enquiries phone 080 000 7277.

Submit your tax return every year

Once you have a tax number you must use it when you submit tax returns. The tax return is a form where you inform SARS of everything you have earned. You also inform SARS of all the costs you had to pay to actually earn that money. For example, you might have to rent a workshop, pay for transport to sell your goods or buy materials to make them. These costs can be taken off your total earnings. You need to keep evidence of these costs (see p.142). The costs you claim back from your total earnings result in you paying less tax because the amount is less. You could also pay someone who specialises in tax to manage your tax returns.

Become tax-compliant

If your business has submitted all its tax returns and paid all the money it owes SARS, then your business is tax-compliant. The South African government and many other organisations will only work with tax-compliant businesses because that is one way they can tell that a business is reliable. To prove that you are tax-compliant you will need a Tax Clearance Certificate.

Get a Tax Clearance Certificate

A Tax Clearance Certificate is a document which SARS gives to you so that you can prove to others that you are tax-compliant. There is no cost to getting a Tax Clearance Certificate. The process is to apply for a Tax Clearance Certificate with SARS. SARS then checks its records about you (or your business) to make sure that you have done everything correctly. If this is the case, SARS will give you a Tax Clearance Certificate.

Activity: Are you ready to do your tax return?

Do you have all the totals and documents you need to complete your tax return? Check the boxes and find out what you are missing.

- List and total of your medical expenses
- Tax certificates for retirement annuities, etc.

If you have income from more than one source, you will also need:

- Cost of business rental, electricity and water or 15% of your total home costs for these items
- Travel logbook and total of your travel expenses
- Cost of landline and/or cellphone, fax, internet and stationery
- Cost of entertainment of clients and potential clients

If you are employed, you will also need an IRP 5 from your employer
Business systems & human resources
This section covers business systems and human resources (HR). Business systems or business administration are what you do and put in place to make your business run smoothly and efficiently. This starts with thinking about if and how you might formalise your business. Business systems also involve developing a filing system and keeping records of all business activity including financial records. How you manage your staff human resources or HR is also part of business systems.

Register your business or be a sole proprietor

You need to decide if you want to stay as a sole proprietor or register your business.

**As a sole proprietor, you and your business are legally the same**

A sole proprietorship is a type of business owned and run by one individual. In a sole proprietorship there is no legal distinction between the owner and the business. The owner receives all profits and has responsibility for all losses and debts. A sole proprietor can use a trade name or business name other than his or her legal name. These trade names must be registered.

Note that a sole proprietor is also known as a sole trader or a proprietorship.

With a registered business you and your business are different legal entities

When you register your business it becomes a legal person with a legal name and with legal rights, protection and responsibilities. This is important because it separates your business from the people who own and run it. In most cases, if a registered business runs into financial trouble, the personal assets of its owner cannot be taken away unless they have signed surety for loans or debts.

You can register your business with the Companies and Intellectual Properties Commission (CIPC), formerly known as CIPRO. There are different types of business registration but the most common are private company registration (Pty) Ltd or a non-profit company (NPC). You are not legally required to do this and can operate as a sole proprietor for as long as it suits you.

Registering your business will not add to your wealth or to your profits. It may make it easier to get a loan or trade credits, however.

Keep records and use a filing system

Records are all the documents that concern your business. When you keep records you must make sure that you keep every document and that you know where to find them. Poor record-keeping has caused many businesses to fail. Records concerning the founding of your business and your suppliers and customers you will keep forever. Financial records should be kept for five years to prove income or deductions on a tax return.
**Develop a filing system**

You will need a filing system for storing and tracking all documents. Think ahead when you set up a filing system, so it will still work as your business grows. Use separate files for separate records. File your records in these key categories:

- Financial
- Legal and confidential
- Customer
- Supplier

**Store your records**

You can keep records by hand and store them in hard copy, or you can keep records on a computer. If your records are on a computer you will be able to build up a full history of all your buying and selling. This will help you make informed decisions about budgeting and forecasting. Remember to make copies of your electronic files in case your computer crashes or is stolen.

**Manage your human resources with care**

Human resource management means taking care of everything to do with your staff, from recruiting them, to dealing with grievances, to ending their employment with you. Working conditions must be in line with the health and safety standards of the law.

Often, when you start out, you will only need help when you have a big order to fill. It may make more sense to sub-contract people. If you are expecting someone to give you all of their time or to make a product or piece of a product only for you, this needs to be clear and they must be fairly compensated. Try to outsource services and don’t employ people until you are truly ready to carry the monthly cost of salaries.

**Have a written contract with people**

When you get someone to work for you, you should have a contract in writing which sets out everything you have agreed about the job. Make sure the contract covers what they will earn and how long the work will last. Keep a copy of their identity documents.

If you employ someone the contract should also cover what happens if they miss work, if they are sick, if they underperform, or if they have a grievance.

**Working conditions must be within the law**

The law sets out maximum hours of working and there are rules about how much you must pay people. These are the basic conditions of employment. People must be fairly compensated for the work they do. There is a lot to learn about human resources. When your business gets bigger and you employ more people you will need to get professional advice.

**Activity: Use the SCARF to see if your people have the optimum conditions for working**

- **Status:** People are recognised as having a role and status in your business
- **Certainty:** There is certainty about what will happen including pay, leave and working hours
- **Autonomy:** People know what they need to do by when and have the autonomy to carry out tasks on their own
- **Relatedness:** People feel like they are all on the same side and know the meaning behind their tasks.
- **Fairness:** People feel they are fairly treated.

(Developed out of David Rock’s SCARF model)
Templates and examples
## COSTING YOUR PRODUCT

<table>
<thead>
<tr>
<th>PRODUCT REFERENCE NUMBER</th>
<th>PRODUCT NAME</th>
<th>DATE MADE</th>
</tr>
</thead>
</table>

### MATERIALS

<table>
<thead>
<tr>
<th>NAME OF MATERIAL</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>COST OF MATERIALS</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td></td>
<td>A \times B = C</td>
<td>Think of all the raw materials that you use to make this product.</td>
</tr>
</tbody>
</table>

- **Example:** A pack of beads costs R25. There are 1,000 beads in the pack. 
  \[ R25 \div 1 \text{,}000 = R0.025 \text{ or } 2\frac{1}{2} \text{ cents} \]

Consider glues, fasteners, cottons and anything else you use to make the product.

### LABOUR

<table>
<thead>
<tr>
<th>DESCRIPTION OF TASK</th>
<th>TIME IN MINUTES</th>
<th>LABOUR COST PER MINUTE</th>
<th>TOTAL LABOUR COST</th>
<th>DESCRIPTION OF TASK</th>
<th>TIME IN MINUTES</th>
<th>LABOUR COST PER MINUTE</th>
<th>TOTAL LABOUR COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td></td>
<td>C</td>
<td>A</td>
<td>B</td>
<td></td>
<td>C</td>
</tr>
</tbody>
</table>

- **Example:** If your hourly rate is R50: \[ R50 \text{ per hour} \div 60 \text{ minutes} = R0.84 \text{ or } 84 \text{ cents per minute.} \]

### PACKAGING

<table>
<thead>
<tr>
<th>NAME OF PACKAGING</th>
<th>QUANTITY</th>
<th>PRICE</th>
<th>COST OF PACKAGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td></td>
<td>A \times B = C</td>
</tr>
</tbody>
</table>

### TOTAL COST PRICE

ADD ALL THE MATERIALS, LABOUR & PACKAGING COSTS TOGETHER.

---

## PRICING YOUR PRODUCT (Retail pricelist)

<table>
<thead>
<tr>
<th>PRODUCT REFERENCE NUMBER</th>
<th>PRODUCT NAME</th>
<th>DATE MADE</th>
</tr>
</thead>
</table>

### TOTAL COST PRICE

ADD ALL THE MATERIALS, LABOUR & PACKAGING COSTS TOGETHER.

**Price to End User**

**RETAIL PRICE**

Fill in a price based on market information and the COST OF STOCK.

---

## PRICING YOUR PRODUCT (Wholesale pricelist)

<table>
<thead>
<tr>
<th>PRODUCT REFERENCE NUMBER</th>
<th>PRODUCT NAME</th>
<th>DATE MADE</th>
</tr>
</thead>
</table>

**Price to End User**

**RETAIL PRICE**

**WHOLESALE PRICE**

Fill in a price based on market information and the COST OF STOCK.

**Mark up% for Wholesale Price**

What mark up% do you want to add to your COST PRICE?

**Final Wholesale Price to Retail Shops**

**WHOLESALE PRICE**

Equals the recommended WHOLESALE PRICE.
## Quotation

**Date:**

**Quotation No.:**

**Customer Order:**

**Quotation to:**

**Postal Code:**

**Sales Person**

**Shipping Method**

**Quotation Payment Terms**

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Product Code</th>
<th>Description</th>
<th>Unit Price</th>
<th>Amount</th>
</tr>
</thead>
</table>

**Total Goods Supplied**

**Less Discount**

**Net total value of goods supplied**

**Other Charges (Packaging/Freight)**

**Total quotation amount**

**Notes & Comments**

- Note_1
- Note_2
- Note_3
- Note_4

**Terms & Conditions**

Insert your own terms and conditions here. See p.156.

## INVOICE

**Company Name**

**Date:**

**Invoice No.:**

**Customer Order:**

**Invoice To:**

**Deliver to:**

**Postal Code:**

**Sales Person**

**Shipping Method**

**Payment Terms**

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Product Code</th>
<th>Description</th>
<th>Unit Price</th>
<th>Amount</th>
</tr>
</thead>
</table>

**Total Goods Supplied**

**Less Discount**

**Net total value of goods supplied**

**Other Charges (Packaging/Freight)**

**Total invoice value**

**Banking Details**

- **Account Name:** YOUR DETAILS HERE
- **Bank:**
- **Account Type:**
- **Account Number:**
- **Branch Code:**
- **Swift Code:**

**Terms & Conditions**

Insert your own terms and conditions here. See p.156.
## Delivery Note

**COMPANY NAME**

<table>
<thead>
<tr>
<th>Sales Person</th>
<th>Shipping Method</th>
<th>Pay/To Pay</th>
<th>No. of Cartons/Items</th>
<th>Carton Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice To:</td>
<td>Deliver to:</td>
<td>Postal Code</td>
<td>Postal Code</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Product Code</th>
<th>Description</th>
<th></th>
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<tbody>
<tr>
<td></td>
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</tbody>
</table>

**RECEIVED BY**

<table>
<thead>
<tr>
<th>Signature</th>
<th>Print Name</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Goods/Cartons received in good order

**RECEIVED** by

<table>
<thead>
<tr>
<th>Goods/Cartons received in good order</th>
<th>Yes</th>
<th>No**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COMPANY CONTACT DETAILS HERE**

## Consignment Note

**COMPANY NAME**

<table>
<thead>
<tr>
<th>Sales Person</th>
<th>Shipping Method</th>
<th>Consignment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice To:</td>
<td>Deliver to:</td>
<td>Consignment No:</td>
</tr>
<tr>
<td>Postal Code</td>
<td>Postal Code</td>
<td>Customer Order</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Product Code</th>
<th>Description</th>
<th>Unit Price</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
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</tbody>
</table>

**totals**

<table>
<thead>
<tr>
<th>Total Goods Supplied</th>
<th>Less Discount</th>
<th>Net total value of goods supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

**Other Charges (Packaging/Freight)**

| Payment terms - All goods sold will be invoiced monthly and payments will be due upon invoice presentation |
| Consignee will be liable for any damages or losses due to breakage, theft and/or shrinkage |
| Consignee may elect to purchase consignment stock at any time |

**Terms & Conditions**

All goods remain the property of the Company until fully paid for

We reserve the right to collect unsold stock at any time based on operational needs

Consignment stock will be left with consignee for an initial period of three months, and reassessed thereafter

Stock take will be taken monthly, on 25th each month, in order to establish what sold goods must be invoiced.

Payment terms - All goods sold will be invoiced monthly and payments will be due upon invoice presentation

Consignee will be liable for any damages or losses due to breakage, theft and/or shrinkage

Consignee may elect to purchase consignment stock at any time

**COMPANY CONTACT DETAILS HERE**

**Example**

Insert your own terms and conditions here. See p.156.
Sample: terms and conditions of sale

All prices quoted are ex-works and in South African Rands (ZAR)

Quoted price includes all labour, materials and basic packaging, but excludes any special packaging, freight or other costs

Custom sizes and special colours by arrangement. These will be charged for at an agreed rate

As these are handmade products, dimensions may differ slightly from the sizes quoted

Payment terms and the validity of this quote are strictly as set out above

If payment terms require pre-payment or a deposit, work will only commence once the initial payment has been received

Terms and conditions – consignment

All goods remain the property of the company until fully paid for

We reserve the right to collect unsold stock at any time based on operational needs

Consignment stock will be left with consignee for an initial period of three months, and reassessed thereafter

Stock-take will be taken monthly, on 25th each month, in order to establish what sold goods must be invoiced.

Payment terms - All goods sold will be invoiced monthly and payments will be due upon invoice presentation

Consignee will be liable for any damages or losses due to breakage, theft and/or shrinkage

Consignee may elect to purchase consignment stock at any time

Production process

Break down your production process into logical steps. Time how many minutes each step in the production process takes.

This flow chart can help a lot with this.

1. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

2. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

3. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

4. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

5. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

6. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

7. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................

8. Step: ........................................
   Time: ....................................
   Person: ..................................
   Quality: .................................
Places to help you

**The Cape Craft and Design Institute**
www.ccdi.org
info@ccdi.org.za
021 461 4696

**Department of Arts and Culture**
www.dac.gov.za
info@dac.gov.co.za
011 4413000

**The Department of Trade and Industry (the DTI)**
www.thedti.gov.za
contactus@thedti.gov.za
0861 843 384

**Small Enterprise Development Agency (Seda)**
www.seda.org.za
info@sed.org.za
0860 103 703

**Small Enterprise Finance Agency (Sefa)**
www.sefa.org.za
helpline@sefa.co.za
086 000 7332

**National Empowerment Fund (NEF)**
www.nefcorp.co.za
applications@nefcorp.co.za
info@nefcorp.co.za
011 305 8000

**National Youth Development Agency (NYDA)**
www.nyda.gov.za
080 052 5252

**Companies and Intellectual Property Commission (CIPC)**
www.cipc.co.za
info@cipc.co.za
086 100 2472

**Limpopo Economic Development Agency (Leda)**
www.leda.co.za
015 633 4700

**The North West Development Corporation (NWDC)**
www.nwdc.co.za
018 381 3663

**Free State Development Corporation (FDC)**
www.fdc.co.za
lesley@fdc.co.za
051 400 0800

**Royal Bafokeng Enterprise Holdings (RBEH)**
www.bafokengholdings.com
info@bafokengholdings.com
011 530 8000

**Mpumalanga Economic Growth Agency (Mega)**
www.mega.gov.za
013 752 2440

**The Business Place (TBP)**
www.thebusinessplace.co.za
network@tbp.co.za
011 833 0340w
The Department of Arts & Culture’s

*Growing your creative business: A guide for craft producers, designers and other creatives*

takes you through each step of the process of developing, producing and selling your product – while building your business.

It is packed with photographs, stories and examples to inspire you and expand your thinking about your product and your market. There are also lots of activities and practical advice so you can take action and get sales.

The sections show you what you need to do to start and grow a small business in South Africa. And to help you be sure you are making money out of your products, the Business Guide shows you how to do careful costing and pricing, and offers simple systems for proper record keeping.

Most importantly, the DAC Business Guide is focused on developing you – the creative producer. On every page you will find tips to boost your motivation and give you the confidence to create successful products and build a sustainable business.