

“Setting up a business”

EPISODE 8: “Funding”

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Characters / Episode 8:

Narrator

Daniel Huba (Man, 29 years old)

Scene 1 :

KOSSI : (Man, 18 years old)

ABBAS : (Man, 21 years old)

MARIAM: (Woman, 19 years old)

KOSSI’S FATHER: (Man, 55 years old)

LINDA : (Woman, 20 years old, Kossi’s big sister)

Scene 2:

KOSSI : (Man, 18 years old)

ABBAS : (Man, 21 years old)

THE SECRETARY: (Woman, 25 years old)

CUSTOMER: (Man, 45 years old)

BANKER: (Man, 50 years old)

Scene 3 :

KOSSI : (Man, 18 years old)

ABBAS : (Man, 21 years old)

MARIAM: (Woman, 19 years old)

MR. MASINGA: (Man, 57 years old)

INTRO

Host : Hello and welcome to Learning By Ear and another episode of our series about setting up a business. So far, the young entrepreneurs Mariam, Abbas and Kossi have set up their own interior design and event management agency called Young Design. In the last episode they reviewed their budget and fixed the prices for their services. Now they need some solid funding so they can really get the company going. But where will they find the money? This eighth episode is called “Funding” and starts off with a word of advice from our expert, Daniel Huba, lecturer at the Regional Center for Enterprise Development at Inoorero University in Kenya.

1. Daniel Huba 45’’

So let us look at sources of financing your business. One source of financing your business can be personal savings. Maybe you’ve saved for some time and you want to use it to do your business. And this has no risks, because this is your money. You’re not paying anyone any interest. But sometime you don’t have enough money to start a business. But it’s good to remember always as a business person to try to save something. Don’t just depend on what you can be given. Second source is in terms of your friends and relatives. Your friends and relatives can lend you money. Either at zero interest - that means you don’t pay any interest, you start your business and whenever you get money you return it back to them. Or some will say, okay, this is business, we have to charge you a little bit. So it depends on how you agree with them.

- 2. Narrator :** **Abbas, Kossi and Mariam have saved up some money. But even when they pool their savings, they don't come to all that much – certainly not enough to serve as start-up capital for their agency. So they've decided to try their luck with their friends and relatives.**

Scene 1: At Kossi's house

Linda, Mariam, Kossi's dad, Abbas, Kossi

3. ATMO : Outside, leaves rustling, barking, hens

- 4. LINDA :** **(Worried)** I'm a bit worried, Mariam. Our old man's been acting funny recently. Even mom can't seem to keep him under control...
- 5. MARIAM:** Let's just cross our fingers, Linda. He did say he would help us, and I'm sure your brother will be able to persuade him!
- 6. KOSSI'S DAD:** **(From a distance, angrily)** Listen, stop hassling me! **(getting closer and louder)** You and your sister know all the problems I've had in the past three months.
- 7. ABBAS AND MARIAM:** Hello, sir!
- 8. KOSSI'S DAD:** Hello, kids. Sit down, please.

9. SFX : Sound of chairs

- 10. KOSSI'S DAD:** **(clearing his throat as if he's looking for the right words)** My dear children, I know I promised to help you... But all these supposedly great investments, these get-rich-quick schemes... They make you think you'll make money fast if you invest in something, and then some crook ends up running off with your life's savings. And regardless of your experience, you still end up making serious mistakes. It hurts me to say it but I've lost a pretty penny in this way. **(In a more reassuring tone)** But rest assured, as soon as my financial situation has improved, I promise I won't forget you... Good luck!

11. SFX : Steps going away (1 person)

- 12. The young people:** Thank you, sir...

- 13. KOSSI :** **(Sad and disappointed)** I'm so sorry...

- 14. MARIAM:** It's not your fault, Kossi...

- 15. ABBAS :** And it's not the end of the world either, is it? Your dad has promised us his help – it's just going to take a bit longer than we expected, that's all.

- 16. MARIAM:** Right now we have to be pragmatic. Let's go over all our sponsors again.

17. SFX : Rustling of paper

- 18. KOSSI :** Well, Mariam, your parents, gave us 100 dollar, and they lent us the same amount.

- 19. MARIAM:** That we have to pay back gradually. Who else?

20. KOSSI : Abbas' parents also gave us some money – 50 dollar – and our card-playing friends managed to collect 40 dollar, as did our old schoolmates. Abbas, your aunt from Paris sent us a check for 300 dollar. And on top of that there are our own savings, which come to 145 dollar altogether. John and Linda have contributed 80 dollar ... I think that's it for now...

21. ABBAS : How much in total?

22. KOSSI : (**Slowly**) Innnn... totallll...

23. SFX : Calculator buttons being pressed

24. KOSSI : (**talking to himself**) 50 plus 40 and thisahhmm....
(**loudly**) Altogether we've got 615 dollar.

25. MARIAM: Umm... We need 1000 dollar as start-up capital.
(**silence again**) So that's not enough.

26. LINDA : Come on, let's not be defeatist. We have to go on with the fight. Look at the list, Kossi, and tell us how many people promised to give us some money but still haven't coughed up.

27. KOSSI : OK. (**Pause**) 1..2..3, 4, 5..6 Err, yep, 6 people.

28. ABBAS : We should ask them again. Maybe there's a chance some of them can still help us.

29. Narrator : **Friends and family are full of goodwill but they can't give what they simply don't have. What's the next step for entrepreneurs, if they've counted up all their savings and asked everyone they know, and they still don't have enough money? Our expert Daniel Huba has a solution:**

30. Daniel Huba 49''

The third way is through the formal bank institutions. But you have to understand that if you want to get financing from a bank, you must prepare some documentation. They call it a business plan. You must have a write down of your business and what it will cost you. And based on that they may decide to give you financing or not. Or lastly, think about a mixture. You can say, my business cost 500 dollars, I can raise 200 Dollars. If I'm a youth, do we have in our country a youth fund? Then you go and tell the youth fund: 'Look here, I have 200 Dollars, can you add me 300? Normally they'll be very supportive because you've already saved something. Or if you go to the bank. So you can mix your personal savings plus a lending from either financial institutions, special funds or the banks. So it's upon you to know what to choose.

31. Narrator : **Our young entrepreneurs are thinking of taking out a loan to add to the money they've already collected. They go to the bank to check out the conditions, but there's a surprise in store for them...**

Scene 2 : At the bank

Abbas, Kossi, Mariam, Secretary, Client, Banker

32. ATMO : Inside, bank, computer keyboards, printers

33. ABBAS : Go on, Kossi. The information desk is over there. You can express yourself the best, so Mariam and me will wait here.

34. SFX : Sound of steps (1 person)

35. KOSSI : Hello, madam. I've come to get some information...

36. THE SECRETARY : **(In a friendly tone)** Sit down, please... Just give me a second... I'll finish what I'm doing and then I'm all yours...

37. SFX : Person sits down on a chair

38. SFX : Sound of computer keyboard

39. CUSTOMER: **(a bit further away, speaking loudly)** What do you mean? You can't be serious! I'm telling you, I'm ruined! All I want is for my deadline to be extended so I can pay off the loan, and the bank, MY bank, is refusing...

The dialogue between the CUSTOMER and the BANKER continues while the secretary is talking

40. THE SECRETARY: **(sighing)** Oh dear - another one who's facing hard times...

41. BANKER : Sir, please. Calm down, please!

- 42. CUSTOMER :** You're saying you're going to repossess my house, even though I've got a mortgage! I owe you 15 000, and you're going to take my villa that's worth 50 000... It's not even as if my business was unsuccessful - I was the victim of an industrial fire. You are immoral!
- 43. BANKER :** Listen, sir, we are in a bank. Please keep your voice down. You did sign. It's the law. There are clauses in the contract that explain what happens in these circumstances.
- 44. CUSTOMER :** What clauses? Clauses my foot! You're all crooks! But you won't get me, no you won't! I'm telling you, you won't! **(He walks away shouting)** I'm going to set my lawyers on you. I'll fight, you'll see...
- 45. THE SECRETARY:** **(To Kossi)** Sir, I'm listening. Please accept my apologies for all this unpleasantness. What can I do for you?
- 46. KOSSI :** **(Shocked by the scene)** Err, um, no, sorry madam, I... er...
- 47. SFX : Chair pulled back, person leaves**
- 48. KOSSI :** **(A bit more loudly)** I just wanted to know what the conditions were for opening an account... but I think I'll come back another time.
- 49. THE SECRETARY:** **(from a distance)** OK, sir! Have a good day! See you soon!

- 50. KOSSI :** **(To Mariam and Abbas)** I got so scared, guys. If you can lose everything just like that I don't think we should take out a loan. Let's get out of here!

Scene 3: At Mr. Masinga's on the terrace

Mr. Masinga, Kossi, Mariam, Abbas

51. ATMO : Outside in the daytime, sound of leaves rustling, birdsong, traffic in the distance...

SFX : Sound of glasses and drinks being poured

- 52. MR. MASINGA:** **(Calm and optimistically)** Come now, children, don't be sad. Don't let all this get you down.
- 53. KOSSI :** **(Down)** You know, Uncle, what we saw at the bank put a bit of a damper on everything.
- 54. MR. MASINGA:** It's true that nothing is easy in life. Nothing falls from the sky just like that. But you should be happy that some of your relatives and friends are helping you despite their own problems. How much of the 1000 that you need have you managed to come up with?
- 55. ABBAS :** 615 dollar.
- 56. MR. MASINGA:** OK, well, you must know that it's not easy to raise capital – it's a very common problem. I also had this problem when I was starting out my company. But I found some funding. I was lucky because I found a "business angel".
- 57. KOSSI :** What's a business angel?

- 58. MR. MASINGA :** Well, basically it's somebody who invests in an innovative project they think has strong potential. They don't only invest money but also put their skills, time, resources and contacts at the disposal of the young entrepreneurs.
- 59. ABBAS :** **(Happy)** Hallelujah ! Do people like that still exist? How can we find one?
- 60. MR. MASINGA :** Yes, they still exist. Their goal is to help young entrepreneurs launch their business successfully, and to do this they have to make a big commitment themselves. But of course business angels also hope that one day the business will flourish and they will make a return on their investment.
- 61. MARIAM:** **(Enthusiastically)** Can you give us some addresses?
- 62. MR. MASINGA :** **(laughing)** Well, that's not really how it works... **(More seriously)** But my children, I could be your business angel. **(Silence)**
- 63. ABBAS :** **(Completely shocked)** Sorry? - Really? You'll be our business angel!?
- 64. MR. MASINGA :** Leave your business plan with me, and your financial statement, so I can look at your project in detail.
- 65. KOSSI :** I can't believe you're doing this for us!

- 66. MR. MASINGA :** Well, by helping you, I'll be helping to strengthen the network of viable entrepreneurs in this country and thus also helping to get our national economy back on track. And what I'm doing for you today you'll do for others tomorrow, once you're independent, so the process will continue. Remember, no man is an island...
- 67. ABBAS :** You really are an angel.
- 68. Altogether:** Thank you, Uncle Masinga.
- 69. MR. MASINGA:** See you soon, children. But I'm warning you now – I do have one condition...!

OUTRO :

Host:

And that wraps up the eighth episode of our Learning by Ear series about setting up a business, featuring Daniel Huba from Inoorero University in Nairobi in Kenya. After all those problems raising the money, this really is a piece of good fortune for our friends. But what condition is Mr. Masinga going to set? Tune in to the next episode to find out.

If you'd like to hear this episode again, or any other Learning by Ear series, go to dwworld.de/ibe There you'll also find more information about how to become an entrepreneur.

Bye for now, and don't forget to tune in next time!

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