

## PART 5<sup>1</sup>

### BASIC GUIDELINES FOR TELECENTER FINANCIAL SUSTAINABILITY

An idea that should run throughout a handbook of this kind is the importance of molding a telecenter that is *demand-driven*. Whatever the financial support arrangement – funds from governments, community groups, individual service fees, or donations – long term sustainability will depend on a telecenter providing visible benefits to the community and especially providing services that are wanted and needed by the community. A case study at the end of this module includes a list of services that might be part of demand-driven telecenter's activities. In Part 4 (Section 2) we discuss in detail how a telecenter can systematically discover what the community's needs are.

Some telecenters struggle to survive. That is why sustainability is a very important issue. In this chapter, when we speak about telecenter sustainability, we refer to *financial* sustainability, or the economic capacity of a telecenter to survive through time. In this section of the manual, you need to think of your telecenter as a business. And you will learn what a business plan is and how to write one for your telecenter. However, there are aspects of sustainability (or factors that account for the survival of your project) that are not directly connected with financial issues. When you write your business plan, you will understand that the financial sustainability of your telecenter is strongly linked to other issues you can find in the *Handbook* such as researching the needs of your community (Part 4), community participation (Part 2), the role of the telecenter manager (Part 3), and marketing (Module 6 in original *Handbook*).

When you start thinking about the sustainability of your telecenter, so many issues come to mind and you have so many questions, you may not know where to start. The first thing to do is to get organized by putting your ideas in order and creating a plan. The business plan is a tool that will assist you in this task. All telecenters need a business plan, even those that do not rely on charging the community for services. This module will help you organize your ideas to deal with the financial sustainability of your telecenter.

**KEEP IN MIND:** There is no single path to achieve financial sustainability. There is no magic formula. Creativity is a very important element when trying to find ways to make a telecenter project work in a specific community. However, as you may have discovered in Module 3, there is an essential point that you will need to consider when you start thinking about the financial sustainability of your own project: *The first step is to understand the information and communication needs of the community*. This is crucial because your success will depend on the relevance of the services you plan to provide to the community. Only then can you start organizing your business plan.

This module draws heavily on the *Telecenter Cookbook for Africa*, published by UNESCO. We wish to acknowledge the excellent work its creators (Mike Jensen and Anriette Esterhuysen) did by using much of it as they wrote it. We have edited it slightly

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<sup>1</sup> This is adapted from Module 5 of Royal D. Colle and Raul Roman, *A Handbook for Telecenter Staffs*. The full *Handbook* is available at <http://ip.cals.cornell.edu/commdev/handbook.cfm>.

to fit the style of this *Handbook* and we have added some material that reflects what we have discovered in our own experience in the field.

## 1. INTRODUCTION

### 1.1 What is a business plan?

You need to draw up a list of objectives and develop a strategy for establishing your telecenter. This is usually done by producing a business plan, which will contain all the information needed to start your project. It will describe in detail the aims of the initiative, its long-term viability, start-up requirements and the process for establishing the telecenter.

Remember that creating a business plan *is the first step towards achieving sustainability* because the plan contains the main ideas that guide the activities needed to make your telecenter work. Your plan is a detailed description of how you are going to operate your telecenter. Your plan is similar to an agenda, an organizational instrument. In other words, if you imagine that establishing a telecenter is like starting a journey, the business plan is like a map of your itinerary, the instrument that will help you set a direction. Without a clear plan, without a map, you cannot start your journey.

The telecenter business plan is vital in raising the funds and obtaining other kinds of support needed to start the operation. The business plan is also a living document that changes over time. It should be reviewed by the Steering Committee every year to accommodate new developments and new ideas.

#### **A Business Plan has on-going value:**

- It is a guide to setting up and running the telecenter.
- It explains to partners and funders why the telecenter needs their help.
- It is used to raise funds for the telecenter.
- It acts as background material for staff and volunteers.
- It sets the telecenter's on-going operational budget.

A business plan describes many things about the telecenter. It is a detailed statement of the objectives of the telecenter and the strategies for achieving the objectives, and it explains how progress will be assessed.

While you are thinking about what to include in the Business Plan, spend some time thinking about every possible question that somebody who might fund the telecenter will ask. A funding agency will need to know that they are making a good investment. They will ask questions like these:

- What services will the telecenter offer?
- How will the services be provided?

- Who will be in the telecenter's user groups?
- How will the telecenter's services be marketed?
- What does the telecenter's budget look like?
- Can the telecenter be financially sustainable?

Some people have a very good vision for a telecenter, but they have difficulty communicating it to funding agencies and influential people in the community. You will not be able to raise start-up capital unless you can convey your vision clearly and logically. Funding bodies, in particular, are impressed by a coherent and concise proposal.

### **Sustainability in Hungary**

The ultimate question posed at every training event and conference is long term sustainability. In the Hungarian Telecottage Association's experience, at least US\$15-20,000 is required to set up a telecottage. Annual operating costs are at least that much. In all likelihood, initial support for roughly two years is indispensable. Beyond that, given good network service and a business-like attitude, a telecottage can support itself from at least four sources of revenue.

The actual amounts and proportions vary in each specific situation:

- Fees for local services (office services, local media, education, retail, etc.),
- Grants and grant competitions (donations, organizing events),
- Business brokering through the network (trade through the network, financial services, distance learning, distance work),
- Provision of state and local government services based upon contracting out (social services, regional development, assisting official business, public interest information dissemination).

G. Bihari & C. Jokay.1999. *Telecottages in Hungary*

## **1.2 Establishing the objectives of the telecenter**

Every telecenter is established with the main objective of providing members of a community with access to computer and telecommunications technology. We have seen that a telecenter cannot be viable unless it refines this broad objective to suit the needs of specific community groups. This research process is one of the critical roles of the telecenter's Steering Committee.

As you have read in Part 4, practical research is essential. Information collected from initial research is vital in guiding the formulation of a telecenter's objectives.

The objectives of a telecenter will also expand or shift over time. As user patterns become clearer and users become more and more empowered and skilled, the Steering

Committee will make further decisions on the most appropriate groups for the telecenter to serve and the most productive operating hours.

Initially, objectives will be determined by the answers to questions such as:

- What are the needs of the community?
- Approximately how many people are going to use the telecenter?
- Who are the key target groups?
- What services will be offered?
- What networks or partnerships with other organisations exist or can be developed?
- How much money is available for running the telecenter?
- How many paid staff will be needed?
- How will staff be recruited?
- How many volunteers can be relied upon?
- How many hours of the day will the telecenter be open?

It will not be possible to make a precise list of objectives without knowing the answers to these questions. A clear set of objectives is essential to convince users, potential partners, community leaders, and, most important, funding agencies that a telecenter will be a beneficial community investment. A good business plan hinges on a very clear set of objectives.

### **1.3 Working with your Steering Committee**

In Part 3 we discussed the various roles of a Steering Committee. We continue to support the idea that a Steering Committee representative of the community is important to the health of a telecenter. So we suggest at the beginning you schedule a series of meetings with your Steering Committee. After each meeting (which may last for a whole morning or a whole afternoon), each Steering Committee member can take responsibility for working on a certain section of the business plan based on the discussions in the meeting. This work can be discussed again in the next meeting until everybody is happy with the contents. All this information can then be integrated into a structured document, which will become your final version of the business plan.

Use lots of paper. Make lots of notes. When your Steering Committee meets to discuss the telecenter's business plan, make sure you have lots of newsprint available and different coloured pens so that every idea can be jotted down, even if it is not used in the final plan.

## 2. HOW TO STRUCTURE A BUSINESS PLAN

It is best to have a very clear, logical framework for a business plan. Not all business plans follow the same outline, but they all contain certain elements. Here are the key elements of a good business plan:

### 1. *Program focus of the Telecenter*

How was this program focus determined? Here you will need to explain how you assessed the needs of the community. You will need to ensure the reader of your business plan that a thorough audit of the community was conducted. You will need to provide reliable information, including statistics about the community.

**This section should:**

- Define the community to be served (for example: general members of the community, students, teachers and small business people.).
- Describe the steps the Steering Committee has taken to identify community needs (obtaining demographic information; conducting focus groups; interviews with members of the community; developing partnerships with other organisations in the community, etc.).
- Give a clear summary of the findings of the research.

### 2. *Description of the telecenter's services and programs*

This section will answer the question: *How will the telecenter's services meet community needs?* If this question is answered well, it will give an idea of:

- The different alternatives that the telecenter has considered.
- How other community resources have been taken into consideration.
- Why the chosen services meet the needs of the community. (Note: If the telecenter's Steering Committee has developed a mission statement for the telecenter, it may fit here.)

For special programs, this section of the plan should also give the following details:

- **The name of the program** (for example, *Job Preparation Program* or *Teachers' Program*).
- **A detailed description of the program** (what it will involve; what the participants will do; what the program will achieve).
- **The hours when the program will be offered** (for example, the *Teachers' Program* might be an afternoon or an evening program).

- **The paid and volunteer staff who will supervise the program** (for example, the *Job Preparation Program* might be offered by a retired volunteer personnel manager from the community).
- **The anticipated outcomes of the program** (for example, the *Job Preparation Program* will aim to equip unemployed members of the community to find jobs).

### 3. **Community partners**

This section will give information about what the Steering Committee has done to develop partnerships with other organisations and groupings in the community. The following questions should be answered:

- How were community partners identified?
- What partnerships have been developed?
- How will the partner benefit from the telecenter?
- How will the telecenter benefit from the partner?
- How will the partnership be sustained?

*Note: Remember that there are many different kinds of partnerships and many different kinds of benefits. Never underestimate the value of in-kind contributions (explained in section 5.2). All partnerships should be described in this section of your business plan.*

There are partnerships with organisations. For example, the telecenter might have a partnership with the local housing forum or the Adult Basic Education program or with the government's Department of Education.

Here are some examples of other partnerships that are essential for a telecenter's ability to become self-sustainable:

- A partner may offer free premises to the telecenter, or premises at very low rent.
- A partner may offer old PCs to the telecenter, or second-hand hardware at low cost.
- A partner may offer software, furniture or renovations at low cost or no cost.
- Partners are the skilled people on the Steering Committee who contribute their expertise to the telecenter at no charge because of their commitment.
- A partner may be a community library that offers a special exchange arrangement. For example, the telecenter can use the resources of the community library at no cost in exchange for computer usage for two staff members for a certain number of hours per week.
- A partner may be a local shop that offers special discounts to those who volunteer at the telecenter.

- A university may be a partner that can provide locally relevant information for a web site on health or agriculture, or can provide students to help in research or in tutoring.

Can you name other kinds of partnerships that would benefit your telecenter or its clients? Your description of these partnerships should be very clear and concise and give exact details of the exchange. Remember other organisations have to pay for some of the services that a telecenter will receive free of charge from partners. These services have a material value, and this must be taken into account when you draw up your budget. The free services you receive from community partners constitute money you have already raised for the telecenter. A funding agency will be very interested in this information.

#### **4. User projections**

In this section of the plan you will need to consider the following questions:

- How many people will use each of the telecenter's different services and programs?
- How will this number increase as the telecenter becomes better known?
- What will a weekly or monthly schedule for the telecenter look like?
- How will the schedule change at different times of the year? For example, during school holidays, there will be more school students attending programs during the daytime. In holiday seasons, there might be more tourists visiting the area.

This section will require a substantial amount of estimating with little data available. When a telecenter starts out, it is difficult to predict to what extent the number of users will increase. After a telecenter has been operating for a while, there will be a much clearer picture of user patterns and user numbers. At the beginning, you will need to rely on the results of the pilot program, if there has been one, predictions from other community organisations that have been consulted, and the impressions of Steering Committee members who are involved with different sectors in the community, or experience from other communities.

It is worth describing, where possible, how you estimated your projections. For example, you might say something like this:

*A meeting was held with the Women's Group, which meets at the local community centre. Ten women attended the meeting. All of these women expressed an interest in attending a computer literacy program. These ten women are connected to a number of other organisations in the community ranging from the local funeral society, a sewing group, a women's co-operative, the mothers' union and an adult literacy class. There are approximately three hundred other women who will hear about the telecenter from the ten women in this group. If one third of those women decide to visit the telecenter, this represents another one hundred users. We predict that of these one hundred, at least 30 will register for classes in computer literacy in the first month.*

In this section, you should include an example of the telecenter's proposed schedule for use of its rooms and PCs. It is best to keep a consistent schedule from day to day for special programs so that the public can more easily remember when these programs are held.

The schedule may look like this:

### **Monday**

**9:00:** Elderly  
**9:30:** Job Preparation  
**10:00 – 12:00:** Open Time  
**12:00 – 16:00:** Recreation/Unemployed  
**16:00 – 18:00:** Open Time  
**18:00 – 20:00:** School Leavers

### **Tuesday**

Repeat Monday's schedule, and so on.

## **5. User fees**

In this section, you will give an idea of the money that will be charged for different services.

Apart from the fees for fax and telephone, Internet access (for example, per half-hour), photocopying, binding, laminating, etc., you will have different costs for different user groups. These costs will also be influenced by existing partnerships. For example, if an educational NGO has provided premises free of charge, you might not charge some of the staff members from that NGO, provided that they use the telecenter at agreed upon times.

You might have separate membership fees for students and adults, or for women's groups, health care workers and business people. In each case, these costs need to be carefully worked out. The telecenter needs to generate income, but it must not be out of reach of the people in the community. Its future depends on being accessible to the whole community.

Refer to section 6 below, *Pricing your services*.

## **6. Operations**

This section outlines the details of the telecenter's plan for getting started and maintaining itself. The following questions should be considered:

- Who will govern the telecenter? Who are the members of management committee? What are their major responsibilities?
- Who will be in charge of the day-to-day operations of the telecenter? Who will this person be accountable to?



- What other staff members will be needed? What will they do? Who will they be accountable to?
- How will the telecenter's performance be reviewed? How will volunteers and staff be rewarded for their commitment and hard work?

## 7. Timeline

This section looks at the different steps in the process of setting up the telecenter and who is responsible for ensuring that these steps take place. It takes time to set up a multi-purpose telecenter because there are so many factors involved, such as staff, computers, participants, space, and available funds. Most Steering Committee members will have full-time jobs, and the voluntary time they can give to setting up the telecenter will be limited.

**Note: Although there are certain essential steps for establishing a telecenter, each telecenter is unique and not all telecenters will follow exactly the same process.**

### Possible timeline

<p><b>Months 1 – 4</b></p>	<p><b>Form a Steering Committee</b>          Conduct the first meeting of the steering committee.          Conduct a community audit.          Hold a community meeting.          Conduct the second meeting of the Steering Committee (with new community representatives).          Gather in-depth information about the target group's needs and assets.          Hold the third meeting of the Steering Committee to discuss the information collected.          Decide on the governance structure for the telecenter and institute the legal arrangements.          Design a fund-raising plan.</p>
<p><b>Months 5-8</b></p>	<p><b>Hold Steering Committee meetings once a month</b>          Determine the program focus of the telecenter (to reflect the needs and interests of the community).          Identify equipment needs.          Build partnerships with local institutions/organizations          Develop a business plan.          Begin with fundraising.          Develop a strategy for on-going operations and begin a pilot program.          Find a location for the telecenter.</p>
<p><b>Months 9-12</b></p>	<p><b>Advertise and market the telecenter</b>          Hire a coordinator for the telecenter.          Identify software programs to meet the program needs of the</p>

community.  
Acquire computers and software.  
Renovate the premises and begin to set up the telecenter.  
Recruit volunteers to assist with staffing the telecenter.  
Launch the telecenter.

In each case, the step to be taken should be described in more detail than is given in the sample timeline. It should describe the task in more detail. Give the deadline for the task; and give details of which staff members or Steering Committee members will be responsible for ensuring that the task is completed in time.

### **8. Start-up needs**

Here, you will need to convince whoever reads the business plan that you have thought about absolutely everything that the telecenter needs before it can begin to operate. This includes all items, services and expenses that need to be acquired and paid for before the telecenter opens its doors, including costs relating to the telecenter premises, staff, equipment, supplies, salaries, software, hardware, cleaning materials, stationery, etc.

### **9. On-going needs**

Again, this list must be very comprehensive. Here is a summary of what you need, but you will have to give details for each section:

- Premises (rent, utilities, security, insurance, maintenance, rubbish removal, etc.).
- Staff (including salaries, benefits and incentives for volunteers).
- Marketing and promotion.
- Equipment and furniture (including replacement and repair costs).
- Software (including purchases, upgrading and replacements).
- Computer and office supplies.
- On-line services and Internet accounts.
- Publications and reference materials.
- Budget for special events (such as the launch of the telecenter or an open day where refreshments are provided).

## **10. Marketing the telecenter**

How will you inform the community of the services that you plan to offer? You should be prepared to answer questions such as:

- What media will be used?
- What promotional materials do you plan to produce?
- What meetings are you planning for special presentations?
- How will community partners assist with promoting the telecenter?
- How will you market the telecenter to people who cannot read or write, or to disabled people?

In this section, you should include a description of the process you went through to develop your marketing plan. See Module 6 on marketing for more information.

Here is an example:

*We intend to communicate with local government representatives. We plan to set up personal meetings with key local government officials. We have already met with people in the Ministries of Education, Health and Welfare, and Agriculture. We have received permission to set up a stall at the Inter-Ministerial meeting on HIV/AIDS, to be held on 5 June at the community centre where we will distribute pamphlets about the telecenter services. We will also encourage local government representatives to make use of the telecenter to distribute important government information. We plan to have a PC available so that we can demonstrate the value of having a specific web site for various government departments. We will offer to assist government departments with setting up their own personalised web sites.*

## **11. Evaluation of telecenter services**

It is necessary to make an evaluation plan that will help tell if the telecenter is meeting its objectives. The evaluation methods you choose must be explained in detail and could include the following:

- Sign-in/sign-out procedures that give an accurate record of who uses the telecenter and for how long.
- Teacher/instructor logs that include plans for classes as well as follow-up notes.
- Volunteer logs to record tasks undertaken by volunteers, difficulties encountered and suggestions for improvements.
- A comments box where telecenter users may place their comments, suggestions and criticisms.

- Plans for regular meetings with representatives of key user groups, volunteers and staff in which people can express their needs and concerns.
- Appointing a representative of a key telecenter user group to the Steering Committee so that he or she can give feed-back regarding concerns directly to the highest decision-making structure.

You can refer to Module 3 (Research Methods) for more information on how to design your evaluation plan.

## **12. Possible problems and solutions**

You need to be clear about your concerns and reservations about telecenter operations. It is always better to be transparent about these matters so that potential funders know that you are aware that problems could arise and that you have prepared contingency plans to deal with them. Here is a list of potential problems:

- Hardware breakdown or malfunction. Unreliable technical assistance.
- Not enough participants/customers, or too many.
- The schedule is not appropriate to meet the needs of key user groups.
- There is local opposition to the telecenter.
- Anticipated funds may be delayed or may not be forthcoming at all.
- Volunteers prove to be unreliable.
- The telecenter premises may be too small, too hot or too cold.
- There may not be sufficient staff to sustain all the telecenter's programs.
- Telecenter staff may not be skilled in dealing with customers.
- Telecommunications connections are unreliable.
- Students may refuse to obey the rules.

From your list of potential problems, choose two or three to describe in detail. For example:

### *The problem*

*There is a group of "wild" high school students in the community. We are concerned that these students will break the rules by making too much noise and eating and drinking on the telecenter premises. This will disturb other users and could even damage the telecenter equipment. We could loose customers if we can't control this group.*

### Possible solution

*The telecenter coordinator will have to be very firm about enforcing the telecenter rules. If the behaviour of these students does not improve, it might be necessary to approach the principal of the school and ask for his assistance. If there is still no improvement, this group of students will have to be denied entry to the telecenter*

### **13. Budget and financial planning**

In this section, you will have to show that the telecenter is able to raise sufficient funds to start its operations and to keep running. You will need to present a summary of projected start-up expenses and costs and a cash flow worksheet describing on-going expenses and revenue for the first year of the telecenter's life. This may require the assistance of an accountant. Perhaps there is an accountant on the Steering Committee who would be willing to volunteer his or her services. If not, it is best to seek professional help from a reliable accounting firm in the community. The expense of these services should be included in the start-up costs.

The financial breakdown should be accompanied by a written description of the budgeting process. It should also describe any initiatives taken to identify sources of support. If the cash flow statement indicates negative cash flow in some areas, you will need to give concrete suggestions on how you intend to address this problem.

In speaking about cash flow, we note that creativity and initiative are vital to a telecenter's survival. We mentioned earlier (Module 1) the growing importance of e-Governance, especially for people who live in rural areas. Telecenters looking for ways to increase their incomes need to monitor the growth of e-Governance in their areas and the opportunities for incorporating this service as a fund-raising enterprise. The accompanying box shows how one system works to the benefit of farmers and entrepreneurs. Situations like this challenge a telecenter operation to be innovative in mobilizing resources.

#### **Providing Resources for Farmers and Telecenters**

We mentioned earlier the Madhya State Initiative [India] which is an experimental Intranet computer network for remote farming districts in India. The State provides the content for the site, farmers buy their own computers, and the operation is franchised to an educated local person who charges small fees for access to information and services. Villagers can report broken pumps, lost pension checks or a sick teacher, and the state guarantees a reply within a week.

- For 10 cents, farmers can obtain copies of land titles that previously cost US\$100 when purchased through corrupt officials who demand bribes.
- Farmers now take advantage of higher prices for their agricultural products in city markets (up to 40 percent higher) because the system has reduced their reliance on local traders who pay lower rates.
- Farmers are learning computer skills – leading to off-farm wages.

For specific information on budgeting, see section 4 below.

### 3. HOW TO PRESENT A BUSINESS PLAN

**The sustainability of the telecenter will be of concern to funders, telecenter users and local organisations. In presenting the business plan it is important to emphasise the telecenter's potential to be sustainable after the first year of operating.**

A telecenter's business plan is one of the most important documents you will produce. The way in which it is presented will indicate to its readers the author's degree of professionalism and commitment. The plan should include a number of supportive appendices or attachments. These may be:

#### **Supporting documentation**

Documentation to support the business plan might include:

- A mission statement for the telecenter.
- Letters of support from partners.
- Brief descriptions of the background of Steering Committee members and/or staff member's backgrounds.
- Photographs of a women's group or a group of students who have expressed their support for the telecenter.
- A cash flow statement. (This is essential for any business plan.)
- A map of the area showing the telecenter's proximity to other organisations or structures.
- A floor plan of the telecenter.

#### **An Executive Summary**

This is the first page that readers will see when they look at the business plan. It gives a summary of what they will read in the report. It should not be more than two pages long and should simply highlight key sections of the report.

The executive summary should – **very briefly** – answer the following questions:

- Who are you? (Describe the committee or the sponsoring organisation)
- What are you planning? (Describe the telecenter)
- Why are you planning the telecenter? (Describe the needs of the community)
- How will you do it? (Describe your plan for the telecenter)

- When will you do it? (Describe your timeline)
- What will happen? (Describe the anticipated outcome)

### **Cover Page**

There will be very little information on this page. It will include:

- The name of the telecenter (or the sponsoring organisation).
- The words: **Business Plan**.
- The date of the business plan.

### **Binding and distribution**

The plan needs to look neat and professional. You may consider binding the document but this will depend on the cost involved. Alternatively, very attractive files can be purchased quite cheaply from a local stationery shop.

You may need multiple copies of the business plan. Make a list of how many copies will be needed, and, if you do not have access to a photocopying machine, negotiate prices with a local printer. Your distribution list may include the following:

- Steering Committee members.
- Funding agencies
- Key people in the community.
- Community partners.
- Local government officials.
- Volunteers and staff members
- Others.

## **4. BUDGETING**

If you work through the above sections, you should be able to make up a list of all the costs and income sources so that a budget can be developed. There are two parts to the budget:

- **A start-up budget** gives details of the one-time costs of setting up a multi-purpose telecenter.
- **An operating budget** gives details of the on-going costs of running the telecenter.

**Start-up Expenses** include the cost of getting everything ready before you actually open the telecenter. There are two kinds of start-up expenses:

- Capital expenses and one-time expenses such as renovations to the premises, purchase of equipment, furniture and furnishings and deposits to suppliers of electricity, telephone connections, etc.
- Expenses that will continue once the telecenter is operational such as salaries, rental, equipment maintenance and replacement, insurance, software and computer supplies, marketing costs, telecommunications costs, educational materials, stationery and cleaning materials.

The best way to approach a budget is to set up a spreadsheet or a page with columns drawn on it, and methodically work through each category of expenditure. For each category, there should be one column for start-up costs and another column for on-going monthly costs over a period of one year. The totals can be added up when you have completed your list. Here is a list of costs you will need to consider:

### **Staff**

There will be various sub-categories under this section since you will need to calculate a monthly salary for employees such as the coordinator and receptionist as well as for those who will be paid an hourly or daily rate.

### **Staff benefits**

This will include the cost of medical benefits, retirement or investment opportunities, training courses, or other advantages if offered

### **Professional fees**

These costs include charges for lawyers, accountants, technicians, etc. It is likely that legal costs will be higher during the start-up phase. An accountant's fees, however, will probably be on going.

### **Site costs**

These include costs of:

- Renovations (listed with start-up costs).
- Utilities (i.e., water and electricity, garbage collection). If you are unsure about these costs, make an estimate based on those of an organisation of similar size. It is best to over estimate these costs at first rather than under estimate them.
- Maintenance. This will include cleaning materials and cleaning equipment such as a broom, a mop, a bucket; toilet paper and soap. Once again, if you are unsure, ask another organisation in similar-sized premises how much they pay.

### **Security and insurance**

If the telecenter premises are being used before it opens to the public, these costs must be included in the list of start-up costs.



**Hardware and software**

Include the cost of maintaining and replacing hardware as well as the cost of building on existing hardware and purchasing new equipment. Maintenance costs should include the cost of any maintenance contracts on computers, printers, or other peripheral equipment and an estimate of what repairs will cost. This estimate should increase as the hardware gets older.

Start-up costs of software will probably be higher than the on-going monthly amounts. For example, a telecenter might plan to purchase 80 software packages by the end of the first year, but it will start out with 40.

You should also include the expenses of other media such as audiocassettes, a television, a video camera, or a VCR, to name a few examples.

**Office expenses**

These costs will include stationery, envelopes, labels, fax paper rolls and other stationery, as well as items such as signs for the door of the telecenter. It is important to allow some costs for miscellaneous supplies because it is always difficult to accurately predict all the hidden costs in this category.

**Communications**

This should include monthly on-line service charges for the Internet as well as the telephone bill (which includes fax charges). If a pay phone is installed in the telecenter, you will need to include the monthly charge for it in this section of the budget.

**Marketing and public relations**

For this section of the budget, you will need to assess the costs of placing advertisements in local newspapers or on radio and television, posters, pamphlets and brochures. In the module on marketing, you will get more of an idea of the kinds of costs involved. Since the most intensive marketing will happen before the telecenter opens, a large percentage of these costs will be listed under start-up costs.

**Meetings and entertainment costs**

Include the costs of providing refreshments for Steering Committee meetings and other meetings. Expenses for events such as telecenter open days should also be considered.

**Educational materials**

Include the cost of reference books, magazines, newspapers and technology journals, etc.

**Miscellaneous costs**

Under this section of the budget, you will need to consider costs such as banking fees and licensing fees.

**Income projection**

On a separate sheet, list all the income you expect to earn for the telecenter. You may consider the income the telecenter will receive from:

- Telecenter user fees

- Telecenter memberships
- The business community
- Government subsidies and contracts for services
- Grants from local organisations or funding agencies
- Special fundraising events
- Others.

## **5. FUNDRAISING**

Once the business plan has been developed, funds will have to be raised for the telecenter, both formally and informally.

### **5.1 Formal fundraising**

For formal fundraising, the telecenter's business plan is a critical document. There are several steps to follow for formal fundraising:

#### **STEP 1 – Develop a database or a list of potential funders**

This should be updated when new information becomes available. For each individual or organisation on the list, you should add the following information:

- Name of the organisation.
- Street address.
- Telephone and fax numbers.
- E-mail or web site address.
- Name of the person to be approached.
- Name of the person or organisation that referred this potential funder to you.
- Funding areas of the organisation (for example, one funder might be particularly interested in funding networking activities while another might want to support women's groups specifically).
- Preferred method of initial approach (for example, phone call, meeting, letter or proposal).
- Deadlines for grant applications.

- Leave some space to record the approaches you have made to different funders. For example, if you sent a letter to a certain agency on 6 June 2001 and received a reply on 7 July stating that your application is under review, it is very important to record these dates and details. For one thing, you don't want to make the mistake of approaching the same funder too soon after your first application. Secondly, when you follow up an application, it is important to be able to say that you are making a follow-up on the basis of correspondence that has already been written or received on a certain date.

## **STEP 2 – Collect information about potential funders**

This will involve speaking to other community organisations, to government departments or agencies, or to influential people in the community. It will probably be useful to gather as much written material about potential funders as you can find.

The information you collect can give useful facts about where a particular funder's sympathies lie. For example, if a funder is especially interested in assisting school students and the telecenter has a strong outreach to school students, it will make sense to emphasise this focus group in an application for funds.

## **STEP 3 – Prepare and send off the funding application/proposal**

It is a demanding and time-consuming process to write a good new fund raising proposal each time you apply for a grant or compete for a contract. For this reason, it is useful to develop a "master copy" which can be adapted for different funding applications. If the telecenter's business plan has been finalised and is up to date, it will be much easier to write a funding application since the business plan will include most of the information required. The key elements of a funding proposal are:

- An Executive Summary.
- A description which includes the following:
  - details about the need for the telecenter
  - a description of the telecenter's programs
  - details about the telecenter's capacity (equipment, operating schedule, etc.)
  - a staffing plan.
- A budget.
- Supporting documentation. This may include press cuttings, letters of support, pamphlets, a list of Steering Committee members with a brief description of what they do and how they are connected in the community, and a copy of the business plan.

In competing for a contract to perform particular services, the contracting organisation may have its own form or items required. If not, you can use a similar approach to the grant application but stressing what services your telecenter can perform and what the advantages are of using the telecenter (for example, providing a

local organisation with copying and mailing services, or special computer workshops or training for its members).

**Note: A funding proposal is not the same thing as a business plan but it has some of the same ingredients.**

#### **STEP 4 – Follow up**

##### **Arrange a meeting**

If the application for funding has been sent to a local agency or organisation, telephone the person responsible for reviewing funding applications approximately ten days after posting the proposal and request a meeting. Advise all members of the Steering Committee that a funding application has been sent to this particular organisation or agency, and ask them to follow up with any contacts they have who might be able to support the application.

Even though the organisation or agency may take several months to review the application, make sure you maintain contact. You might send press clippings or other information about the telecenter to the person responsible while you are waiting for a response.

##### **What to do if you are notified that your application has been accepted**

- Write a letter thanking the funder.
- After the funds have been received, write another letter thanking the funder.
- Six months later, you could contact the same organisation and ask about the procedures for applying for further funding.

##### **What to do if you hear that your application has been rejected**

- Phone the relevant representative, and try to find out why the application was rejected. Ask how the proposal could be re-written to make it more effective.
- Ask about the deadlines for re-applications for funding.

#### **5.2 Informal fundraising**

If a member of the Steering Committee has a colleague who is a computer technician and this person offers to repair computer hardware free of charge, this in-kind assistance is made possible through a process of informal fund raising.

Steering Committee members have a responsibility to help get the telecenter running and to play an on-going role in securing funds for the telecenter. It is a good idea for each Steering Committee member to take responsibility for raising a set amount of funds, whether these are in cash or in “in-kind” contributions.

### **How to look for in-kind donations**

As with formal fundraising, it is important to develop a database of potential organisations to approach for in-kind donations. It is best to make contact by telephone before sending a proposal. If you are then asked to send a written proposal for a hardware or software donation, the following details should be included:

- Information about how the software or hardware will benefit the telecenter. For example, it might allow more school students to use the telecenter, or it might help with telecenter administration.
- A description of the telecenter's minimum hardware and software standards for intended use.
- The number of staff able to operate the equipment, and the number who still need to be trained.
- Details about the support the telecenter has for providing staff training, program development, technical assistance.
- The amount in the telecenter's budget to support the above activities.

## **6. PRICING YOUR SERVICES**

All the services a telecenter offers must be carefully and individually costed and priced. It is important to check what other telecenters are charging for services and to carefully calculate what resources you need for each task, including the amount of staff time. Ideally, the prices charged for the goods and services should be affordable for small community groups and large community education projects; large businesses and small entrepreneurs; and government departments and state institutions while, at the same time, the telecenter realises a profit.

You may be in a situation where you are the only provider of such services in your community, and, therefore, there will be no way to compare prices. A good solution would be to establish the cost of each service for your center, and add a certain percentage to generate the required income. Be aware that the percentage you add to your costs should not produce a final price that members of your community cannot afford. Test the price with relatives or friends or do a simple survey of different community groups before making it public. Finally, be attentive to the response you receive from the community once you start offering the service, and act accordingly.

Take into account that costs, as mentioned in the previous paragraph, should include all types of costs involved in providing the service. You should include all current costs of the center, maintenance costs, supplies, salaries (include yours). Add 20% to the final cost as a reference and observe how users react to these prices. See the example in the box on the following page.

**Example:** providing printing services (prices in fictitious currency units)\*

<i>Fixed costs:</i> price of the printer divided by number of copies in lifetime	0.02
<i>Operational costs:</i> maintenance cost per copy	0.01
<i>Salaries:</i> daily salary attributable per customer	0.1
<i>Supplies:</i> incidence of utilities in the service	<u>0.01</u>
<i>Total cost</i>	0.14
+ <i>Margin:</i> 20% over total cost	<u>0.028</u>
<i>Total cost</i>	0.168
<i>Charge to customer</i>	0.20

\*Note this is a hypothetical example; you should calculate a breakdown for each service you provide – using costs plus a margin.

## 6.1 Individual user fees

Additionally to the individual service pricing, you may decide to develop a list of fees for users who do not visit the telecenter sporadically but every day or every week. Frequent and regular users deserve a different charge because they form your clientele base.

For these special clients you may offer a periodical fee (weekly or monthly). This is not only a reward to your regular clientele and a way to retain your best customers, but it can also be an incentive to attract new users.

In addition to offering weekly and/or monthly fees, you should consider establishing an annual fee, which will allow you to expand the base of regular clients even further. This might act as a telecenter membership, similar to having a library card.

## 6.2 Collective user fees

Besides individuals and frequent users, you should also consider collective clients, who may also deserve a different fee. Think in terms of groups of students, farming organizations, or women's self-help groups in your community. They, as groups, could be clients who visit the telecenter for a specific purpose. Charging each of the people individually in these groups could be problematic and discourage future group visits. You might consider a *family* as such a group and offer a family membership arrangement.

Think about the possibility of establishing a specific charge for each service used by a group and special prices for frequent use of the center by certain groups. If your center has the capacity, and you are interested in promoting full use of the center, you can create a range of discounts depending on group size.

### **6.3 Corporate tariff**

A different way of looking at collective users is focusing on organizations that are interested in the services you offer, rather than the specific persons who actually come to the telecenter. It may be that a certain local business or other collective organization is interested in using the services of the center. Start thinking about establishing a corporate fee for those organizations. Here it is important that you understand the interest this organization has in the center. Certainly, the corporate charge should not be the same for a non-profit organization than for a profit making one. Negotiate the best price you can get for each corporate user.

### **6.4 Institutional charge**

There may be a potential collective client in your community that is part of a larger organization. For example, governmental agencies or public services providers may have a branch or a representative in your community. The public school of the regional authorities is another example.

These types of clients may also be considered as corporate clients, and it may be more profitable to visit the headquarters to arrange a fixed fee for the whole institution, rather than for just the branch in your community. The extra effort could produce extra income and more profit!

### **6.5 Sponsorship**

Another form of income can be obtained through sponsorship. An organization, such as an agricultural cooperative, will pay to have particular information available in the telecenter. This may be in the form of a network web page, audiocassettes, or printed materials. The information is usually made available free of charge. A typical example is a contract service for a public agency such as the government health service.

### **6.6 Memberships**

Members of the community may be approached to become "official" supporters by contributing money for telecenter membership even if they are not users. In some countries, this kind of income supports telecenters, community radio stations, libraries and other public benefit organizations. The telecenter can develop some kind of visible symbol that gives public recognition to the donors.

### **6.7 Services free of charge**

Finally, you should always bear in mind that, besides being sustainable, your mission is to serve everyone in the community with certain basic services. And it could be that, in certain situations, people simply lack the funds to use a service they may need. Think about an emergency such as a personal accident or any problem that could be solved through the resources of the center by people who cannot pay, or who lack the funds at that particular time.

Rely on your own judgment to decide what exceptions should be made so that they do not adversely affect the rest of your business. Be aware that widespread awareness or wrong impressions about the payment exceptions for services could turn

against you and result in people requesting free services every time they visit your telecenter. The way you handle this issue will be very important.

#### **Approaches to charging for services**

In Kannivadi, a farmer's association called *Reddiarchatram Seed Growers Association (RSGA)* came forward to start a telecenter. RSGA was started in Kannivadi during 1999, with more than 200 members, to strengthen the linkages of farmers and agricultural laborers with scientific and research institutions, extension agencies, industries and market. Most of its members are small and marginal farmers and landless laborers.

RSGA, as an extension agency, has well-developed norms about financial management. In addition to the membership fee, the members pay a fixed fee for certain services such as linking with seed companies. It also gets support from government and development agencies for running various development projects. However, some of the general extension services are provided free of cost. RSGA decided to charge for the Internet, and typing and printing facilities, and agreed that the location-specific information would be given free of cost.

— P. Thamizoli and K. Balasubramanian, Information Management and Knowledge Empowerment: MSSRF Telecenters in South India, *The Journal of Development Communication*, December 2001.

## **7. ALERT SIGNALS**

This final section has been added to give you a brief but important reminder of the necessity of controlling a possible deviation in the course of your strategy. Remember that a boat that deviates from its course can correct its direction only if (i) the captain is aware that the direction taken is wrong and must be adjusted and (ii) time still allows a correction.

### **7.1 Tools for identifying alert signals**

The budget is a very useful and powerful tool for alerting you to deviations from your strategy. Once you have established a projection of what your income and expenditures should be for an operating year, a periodical review of your budget performance will tell you if and how far you are you deviating from the planned path.

Deviations are not necessarily a bad thing for your strategy. It is the extent of the deviation that should concern you. If you are running below expected income for several months, and the gap between expected and actual income is large, you should identify without delay what factors are making this happen.

Remember that many actions can be considered and tested in order to correct an undesired trend, as long as you identify the cause early. Although it is not the only tool, the budget is the best thermometer for measuring the success of the center. Other measures that will help you determine the success of the telecenter are quality as perceived by your customers, participation as measured in community involvement and the number of visitors. Do not focus on too short periods of time to check these numbers. Certain events not related to performance could affect the numbers. Focus rather on the "big picture," the consolidated number of visits, complaints, and payments that will tell you how successful you are. And try to identify other sources of information



that you believe are relevant to evaluate your performance. Do not be afraid to create your own control tool with data coming from any source such as the comments of your neighbors and the number of times the telecenter is mentioned in the local paper.

## 7.2 Controlling deviations from the plan

Instead of thinking of what to do right at the moment you identify an alert signal in your monitoring system, you could devise a simple control plan *before* operations start. By doing so, you can decide in advance what your tolerance is for deviations and, also, what actions could be taken in different scenarios (see section 7.3).

A simple and useful way to prevent unnecessary and immediate reaction to an alert signal would be to establish limits to deviations in your plan. When drawing your estimates of costs and income, you can establish simultaneously a lower and upper band of tolerance that you consider to be the limits before action is taken. You should include the time duration you would allow the deviation to be present before you start taking action. By doing this, when you face a problem, you will be prepared and know in advance what to do instead of panicking!

## 7.3 Specific actions that can be taken

In addition to the prevention measures mentioned above, it would be helpful to establish in advance a course of action to be taken in case the performance of the center deviates significantly. Review the chart on the following page.

Imagine that the numbers of users are fewer than you planned. If this deviation surpasses the limit you established and persists for longer than you planned to allow, a specific action to take should have been identified beforehand. You should have a backup plan ready for action; for example, plan to review the price scale, or to promote the center in other nearby communities.

Finally, in case all your signs show a failure of the telecenter, it does not necessarily mean that you have to redefine your mission and your goal. Empirical evidence seems to show that not all telecenters are self-sustaining in the beginning years. Maybe you need more time or maybe some new services. Or perhaps you need to adjust the service fees. The key point here is that, once you have identified that the telecenter is running into trouble, you should play an active role in reversing the negative trend. Keep on trying different options, and allow each of them a certain period for deep testing. And keep on trying!

### **Need help? Look within your community**

Many times the best reference tools can be found in your own community. You can look inside your community for people who have worked in these areas or have some experience in dealing with accounting, marketing, or management problems that may arise. This way, you are involving your own community members and helping them engage in telecenter functions.

## Activity Reviews

<b>Activity to be reviewed</b>	Financial situation
<b>Review Period</b>	Monthly and annually
<b>Review Process</b>	Reporting by treasurer, comparison against budget for current period, profit/loss statement
<b>Future Strategies</b>	Ensure pricing structure is correct and profitable, reduce availability of non-profitable services
<b>Activity to be reviewed</b>	Level of Activity
<b>Review Period</b>	Quarterly
<b>Review Process</b>	Review of income and expenditure, level of use (number of persons)
<b>Future Strategies</b>	Reduce non-profitable activities, offer new services to attract additional clients
<b>Activity to be reviewed</b>	Committee's performance
<b>Review Period</b>	Ongoing and annually
<b>Review Process</b>	Feedback from public/clients and others
<b>Future Strategies</b>	Ensure committee is active in the telecenter and that the telecenter planning is appropriate to the needs of the community; strategic planning
<b>Activity to be reviewed</b>	Client satisfaction
<b>Review Period</b>	Quarterly
<b>Review Process</b>	Phone or postal survey, suggestions box, via Committee
<b>Future Strategies</b>	Considering clients feedback, offering additional/alternative service; ensuring standards of service and work are maintained at a high level

[Taken from the Western Australia Telecenter Association]

## **APPENDIX 1 MODEL BUSINESS PLAN**

Here is an example of a business plan, which can be used as a guide to draft an actual telecenter proposal. When writing a real business plan, the authors should use the model as a checklist, modifying the actual one to reflect the local conditions. The names used in the following example are fictitious.

### **Tsekesedi Community Telecenter, Mubanga**

#### **1. INTRODUCTION**

This document outlines the proposed strategy for the establishment of the Tsekesedi Community Telecenter. It describes the financial, marketing and operating activities planned to make the Telecenter a long-term success.

#### **2. DESCRIPTION OF PROPOSED BUSINESS**

##### **2.1 Name of the proposed telecenter**

Tsekesedi Community Telecenter  
Physical Address: Old Harare Road, Mberenga, Midlands  
Postal Address: Box 101, Mberenga, 5120, Midlands  
Contact Person: Nomsa Pundla,  
Telephone/Fax: 34981

##### **2.2 Type of business**

The Tsekesedi Community Telecenter is both a business situated in the communications and information industry and a local economic and social development initiative being supported by the Zinganda Farmers Union.

##### **2.3 Ownership**

The Telecenter will be owned by the Mberenga Community Development Forum and registered as a Section 21 company (non-profit) called the Tsekesedi Community Telecenter. The company directors and management committee have been drawn from the local community and include two retired [telecommunications] engineers.

The Mberenga Community Development Forum has been responsible for a number of successful local development projects, including the recent establishment of a community garden and the Aids Awareness Education Project (AAEP), which is being supported by the HealthUP NGO.

The operations of the Telecenter will be guided by the Tsekesedi Telecenter Management Committee, which is comprised of six senior members of the Mberengfa community.

## 2.4 Aims and objectives

To address the need in the community of Mberenga for a range of telecenter services by the end of June 1998.

The main services envisaged for the Telecenter are:

- Voice telephone services (incoming and outgoing) including local, long distance and international calls.
- Announcement of messages or incoming calls
- Delivery of urgent messages
  - Voice mailbox service
  - Fax service: type, send and receive faxes
  - Document/business services: photocopying, word processing, document scanning, data entry, promotional material production (business cards, brochures, etc.), bookkeeping, form filling (affidavits, power of attorney, wills, etc.), travel and accommodation reservations.
  - Library and community information services and informal education
  - Teaching basic skills of information retrieval using the Internet
  - Training courses for special needs
  - Latest local, national and world news
  - Market prices
  - Job opportunities
  - Trade opportunities
  - Classified advertisements
  - E-mail accounts
  - Web browsing/FTP and USENET News access
  - Internet application training courses for individuals and groups
  - Basic word processing and office software
  - Internet access/use and computer networking
  - Distance education courses accessed through the Internet, radio and television
  - Basic literacy and numeracy training (computer assisted)
  - Secretarial courses
  - Teacher training courses
  - Tax returns
  - License payments
  - Claims processing
  - Other on-line administrative information
  - Internet-based video conferencing facilities
  - On-line banking facilities
  - On-line purchasing and ordering of supplies
  - Reproduction facilities for newsletters, school materials, manuals, training, documentation, etc.
  - Community media audio-visual production facilities
  - Video productions of weddings and other such events.
  - Editorial copy and photographs of local events for local (or national) media
  - Web site development and hosting services (hosted via local ISP)
  - Space and equipment rental for meetings/training/entertainment special events

### **3. MARKETING PLAN**

#### **3.1 Market evaluation and general environment**

The number of people within 30 minutes' walking distance of the Telecenter is estimated to be 20,000 – about 2,000 families/dwellings. The community includes a large number of teachers and other civil servants. There are two villages (Unis and Roften) about 5 km away, and the area within an hour's walk has a total population of 50,000 people.

The site is in a central location, close to the main road and the main group of shops in the village. The two secondary schools are about 1 km away and the clinic is about 500 metres away.

##### **3.1.1 Telephones**

There are half a dozen private telephones in the village, which use the Farmtel system with operator-connected calling (manual), and it is unreliable. The nearest public telephone is 12 km away in Lamani, which costs \$25 to get to by taxi. In Lamani, there is a private phone shop with five lines.

##### **3.1.2 Electricity**

Electricity is available and is installed in about 3,000 homes. The supply is reliable, but the voltage can be low at times.

##### **3.1.3 Post offices**

The post office is in Lamani.

##### **3.1.4 Banks**

The nearest bank is in Fidara, 19 km away.

##### **3.1.5 Schools**

There are two primary schools nearby and a secondary school 3 km away. A private primary school is located across the road from the proposed Telecenter site.

##### **3.1.6 Clinics/hospitals**

There is a new health clinic open five days a week in the District Development Fund compound and another nearby. It has a radio system and one phone line.

##### **3.1.7 Churches/seminaries**

There is one large Catholic Church in the village and two other smaller churches — about four church employees.

### **3.1.8 Industry and commercial activity**

There are three general dealership shops in the village, one large informal mechanical shop, a butcher/bakery and about 50 informal street stalls. Most people go to the Lamani supermarket for larger quantities of goods or when they need something special. Photocopy services are available only in Fidara.

### **3.1.9 Development projects**

A conservation and eco-tourism training project has been established with support from the Eco Trust (ECT) and Minefields. The community has also set up an irrigation scheme (with assistance from Mukla Trust) and there are plans for dried fruit production. Currently, a sewing project is in progress, mainly for school uniforms.

### **3.1.10 Tourist attractions**

There are no real tourist attractions in the area, although Mberenga is on the road to the Grange Wilderness area, which gets a fair number of visitors. The Telecenter site is 400 metres from the main road, and a sign to direct passers-by to the Tsekese Community Telecenter will be erected on the road.

## **3.2 Expected market share and competitor analysis**

There are no telecenters in the surrounding area. It is expected that the telephone and copying services used in Lamani will be replaced by the local services provided at the Telecenter.

A general dealer in Mberenga may install a public phone booth when the telephone network is upgraded, but this is only expected to have a small impact on the demand for services at the Telecenter. Therefore, virtually 100% market share is expected for almost all of the services provided by the Telecenter in the first year.

The primary school is also used for meetings and occasional training courses by NGOs. Outreach to the NGOs will be needed to inform them of the new facility at the telecenter.

## **3.3 Promotional strategies**

### **3.3.1 Informing government departments**

The local branch offices of the following government departments will be contacted, informing them of the availability of the Telecenter's services for their outreach, information dissemination, meeting space, training and other requirements. One-day promotional events for each department will be arranged at the Telecenter: Departments of Agriculture, Labour, Environment, Education, Health, Trade & Industry, and others.

### **3.3.2 Informing other agencies**

The following other nearby institutions will also be informed and promotional events arranged:

- Traditional Authority
- Political party constituency offices
- Chamber of Commerce
- Banks, insurance companies and pension payers
- Chain stores
- Computer retailers
- Newspapers, radio stations, magazines and other local media.
- Travel agents and tourism promotion offices.

### **3.3.3 Launch promotion**

A special one-day event and celebration will be held to help promote the Telecenter. T-shirts will be distributed, advertisements will be placed in the local media, pamphlets will be handed out and posters and flyers will be posted and handed out at strategic locations.

### **3.3.4 On-going promotion**

T-shirts, baseball caps and pamphlets advertising the Telecenter will be produced. Services will be priced affordably and a number will be made free to attract customers to the fee-paying services (external bulletin board, government service information online, free promotion days, etc.).

## **4. FINANCIAL PLAN**

### **4.1 Own contribution**

The community will provide the on-going management and premises for the Telecenter as well as labour for some of the physical upgrading, such as painting.

### **4.2 Source and application of funds**

Start-up costs: Capital equipment and support for premises upgrading will be provided by [a local organization].

Income: Sale of services and subsidies from government and advertising. The services are described above. Services can be broken down into three major types: hourly rental, unit sales and service minutes.

Hourly rentals will be applied to meeting space, TV, overhead projector, cameras and other equipment, with a peak and off-peak tariff.

Unit sales will apply to products — fax pages, photocopy pages, stationery and other physical goods as well as transactions such as on-screen PC-based

advertisements, posting notices on the notice board on behalf of a government department or other agency, and financial transactions.

Service minutes will apply to telephone calls, Internet access, video conferencing and also to “personal assistance time” (PAT) — where the customer requires the time of an operator to perform one of the services. For example, when customers cannot fax or photocopy items themselves, or search the web, the charge includes unit sales as well as service minutes.

The PAT will be divided into normal and over-time periods, and rates could also vary for individual and group assistance. A descriptor will also be used to track the different services through the accounting and planning systems — typing services, photocopying, web searching, etc.

Application of income received: After covering costs of operations, funds will be reserved for replacement of depreciated equipment, expansion of services (i.e., additional PCs) and contingencies.

#### **4.3 Operating budget and break-even turnover**

See attached budget. As can be seen, the first year’s deficit is about US\$15,000 on a total income of about US\$34,000, assuming full coverage of start-up costs. Since the ZFU will be providing initial support for equipment, it is anticipated that there will be a surplus in the first year.

### **5. OPERATING PLAN**

#### **5.1 Managerial expertise**

The two Telecenter managers identified by the community will need to attend two training sessions provided by the ZFU/SCC project. Debbie Malosi has a School Leaving Certificate. Nebo Dante has a School Leaving Certificate and a secretarial qualification. Two members of the management committee are entrepreneurs with their own businesses and substantial experience in business management.

#### **5.2 Staff planning**

Apart from the two Telecenter managers who have been identified, the community will employ a security guard and a part-time cleaner. After six months, an additional assistant will be hired if the demand for services justifies it.

#### **5.3 Staff training**

Further training of the Telecenter staff is planned with support from the ZFU. In particular, this will include training in: customer service orientation, financial management, equipment and applications operation and support, and how to train others effectively.



#### **5.4 Administration and record-keeping system**

Telecenter activities will generate a number of records that will be monitored to determine further strategy in the pursuit of providing and pricing services effectively. This information will be communicated to the ZFU on a monthly basis.

Transaction units and prices will be printed on the bill and recorded in the system and monthly copies made off-site. Fax, photocopier and computer printing activity units will be in pages, the remainder will be hours or minutes with a varying rate for peak and off-peak hours.

Externally supported services such as the provision of government information in the form of printouts on the bulletin board (i.e., farm produce prices or land redistribution schemes) should be recorded like other transactions, billed to a pre-paid account.

The Telecenter accounts will be submitted to an independent auditor at the end of each financial year.

#### **5.5 Operating hours**

The Telecenter should open for a minimum of eight hours a day, seven days a week. According to demand, the management will try to open the Telecenter from 7 am until 10 pm and may expand to 24 hours a day if there is enough demand.

#### **5.6 Communication and networking**

There will be regular visits to and communication with other Telecenters to observe their operations and to learn from their experiences. Exchange programs with staff may be developed as well as links with other development projects.

#### **5.7 Student access**

Bona-fide students will be given a special pass, which will allow them access to the three text-based terminals for typing and Internet access at a very low monthly fee. The other equipment will also be made available to students for periods when no paying users need it.

### **6. GROWTH PATH**

The Telecenter site identified by the community is a 6 X 8 metre room previously used as a storage space for the adjoining general dealer. See attached floor plan. The premises for the Telecenter will require:

- painting
- wiring for electric sockets and neon lights
- the installation of an insulated ceiling
- shelving and benches
- burglar bars
- Ramp for wheelchair access
- Toilet modification for the disabled.

See the attached quotes for these modifications, which will be provided by local businesses.

### **6.1 Priorities**

Telephones, fax, computer access and photocopying services will be the first priority of the Telecenter.

### **6.2 Milestones**

After 12 months of operation, it is expected that additional phone lines and PCs will be required. In addition, the Telecenter should be able to assume full post office facilities.

In the second year, a second smaller telecenter will be established at the secondary school on the other side of the community.

### **6.3 Prospects.**

If the Telecenter develops according to plan, it should also be able to establish full Internet connection via a local ISP (Internet Service Provider), which is expected to be established in Fedara.

When the new road to Lamani is built next year, business at the Telecenter should expand substantially.

### **6.4 Diversification**

Once the road to Lamani is built, the community would like to add a new wing to the Telecenter and establish additional services there, especially for the youth and women.

### **6.5 Plan for the disabled**

As mentioned above, the entrance to the Telecenter and the toilet will be modified to accommodate people with wheelchairs and those with other physical disabilities. One of the telephones will also be housed in a bench designed for easy access by the disabled. Likewise, one of the PCs will be set up in similar housing, and the text-to-speech facility and screen font enlargement system will be installed on another PC to provide for the sight impaired.

**APPENDIX 2  
MODEL BUDGET FOR A FULL SERVICE TELECENTER**

A model budget for a full service telecenter (in U. S. dollars)

ITEM	QTY	UNIT COST	YEAR 1	NOTES
<b>1. Office equipment</b>				
Physical upgrading & maintenance of building	1	\$2,000.00	\$2,000.00	Security, electricity wiring, paint, fixtures
Desks, chairs	10	80.00	800.00	
Cabinets & shelving	5	80.00	400.00	Include whiteboard/ projector screen
Safe	1	250.00	250.00	
Window blinds		150.00	150.00	
Cleaning equipment		60.00	60.00	
Miscellaneous		120.00	120.00	Carpeting, cups, cutlery, urn, heaters, etc.
Contingency		1,500.00	1,500.00	
<b>2. Telecenter equipment</b>				
Till & accounting system	1	1,250.00	1,250.00	
Telephone handsets	6	15.00	90.00	
Long-range cordless phone (2 400MHz)	1	150.00	150.00	
Photocopier/reprographic Equipment	1	3,000.00	3,000.00	
Integrated Scanner/printer/fax/copier	1	750.00	750.00	
Multimedia Pentium PC with 32 MB RAM	5	950.00	4,750.00	
Text-based terminal	3	125.00	375.00	
Server/dial-up router	5	900.00	4,500.00	
28.8 kb/s dial-up modems	2	150.00	300.00	
CD-ROM products	10	50.00	500.00	
16 port 100BaseT LAN hub	1	120.00	120.00	
LAN cable (10-m lengths)	8	8.00	64.00	
Ethernet card	5	25.00	125.00	
Digital still camera	1	600.00	600.00	
Digital video cameral	1	1,000.00	1,000.00	
CD-Writer	1	250.00	250.00	
Colour printer	1	300.00	300.00	
Client application software	5	200.00	1,000.00	
Leased line equipment		500.00	500.00	
Audio & visual PC aids for the Sight impaired and the blind		300.00	300.00	

ITEM	QTY	UNIT COST	YEAR 1	NOTES
Large TV (29"), DSTV, Antenna, etc	1	350.00	350.00	
WorldSpace/FM/AM/SW radio	1	200.00	200.00	
Power-stabilizer/UPS equipment/inverter/generator	1	800.00	800.00	
Installation		1,250.00	1,250.00	
<b>3. Total Capital Costs</b>			<b>26,304.00</b>	
<b>4. Fixed Recurrent Costs</b>				
Premises, annual rental (month)	12	50.00	600.00	
Telephone rental	6	120.00	720.00	12 months @ \$10/month = \$120/year
Staff - managers (person months)	24	250.00	6,000.00	
Security	12	50.00	600.00	
On-site training		500.00	500.00	Initial on-site technical training on PC & telephone systems
Dial-up Internet access (months)	12	40.00	480.00	Monthly subscription
Telephone calls (minutes)	36000	.01	360.00	90 min/day on each line for 300 days/year @ av. of 1 cent/min
PC equipment maintenance/support		700.00	700.00	Annual contract
Photocopier/reprographic Equipment Maintenance	12	50.00	600.00	
Staff development & induction	12	50.00	600.00	
Marketing & events		300.00	300.00	
Insurance (monthly)	12	30.00	360.00	
Bank charges	12	10.00	120.00	
Capital depreciation			5,261.00	20%/year of total capital costs
<b>5. Variable Recurrent Costs</b>				
Electricity	12	50.00	600.00	4 KW @ 8 h/day
Paper (reams)	100	6.00	600.00	
Stationery for Telecenter Administration	12	25.00	300.00	
Stationery and related products (for Resale)	2,000	1.00	2,000.00	Includes writing instruments, exercise books, packaging (average cost)
Diskettes (boxes of 10)	50	8.00	400.00	
Toner for fax/printer/copier	10	80.00	800.00	
Writeable CD disks	50	2.00	100.00	
Transport	24	5.00	120.00	Trips to bank

ITEM	QTY	UNIT COST	YEAR 1	NOTES
<b>6. Total Recurrent Costs</b>			<b>22,121.00</b>	
<b>7. Total First Year Costs</b>			<b>48,425.00</b>	
<b>8. Annual Income</b>				
Telephone services (min. of voice)	36000	.02	540.00	50% mark-up (See cost above)
Computer usage for commercial Customers (mins.)	135000	.05	6,750.00	4 PCs @ 90 mins each/day for 300 days
Local e-mail accounts	150	25.00	3,750.00	
E-mail traffic charges (kb)	10,000	.02	200.00	
Student drop-in access subsidy (students)	200	10.00	2,000.00	Department of Education Subsidy
Training courses (average number of person-courses)	250	30.00	7,500.00	
Reproduction services (reams of Paper)	100	10.50	1,050.00	75% mark-up on paper costs
Business materials design & Production	250	10.00	2,500.00	
Expediting financial transactions & sales/delivery	1,000	2.00	2,000.00	
Distribution of information	1,000	1.00	1,000.00	Government support for posting notices
Sales of stationary and related Products	2,000	2.00	4,000.00	Mark-up of 50% of cost
Space rental	48	5.00	240.00	4 days/month
Equipment rental	96	5.00	480.00	
Personal assistance time (mins.)	18,000	.10	1,800.00	60 mins/day
<b>Total Income</b>			<b>33,810.00</b>	
<b>First Year Profit/Deficit</b>			<b>-14,615.00</b>	