

Arise Community – Stella’s New Capacity Project Status



August 12, 2021

The Arise Community team recently reviewed the status of Stella’s New Capacity project. New Capacity is the program phase our mama’s enter when their families and businesses are stable. At this point, they should be earning adequate funds to operate their household every month and have a little savings.

Stella was our first mama to reach the New Capacity phase. Her primary business was selling children’s clothes door-to-door, which we call hocking. Stella felt that if she could

buy stock at wholesale prices, she could double her profit. As Stella’s project idea seemed sound, Arise provided her with a loan of 1.2 million shillings (that’s about \$425 CAD, \$340 USD or 245 GBP). This loan allowed her to buy a large bundle of imported clothes.

When the bundle arrived, Stella counted the clothes inside and there were 512 articles in it. She separated them into 3 categories of clothes which would have different prices. Then she began selling.

Stella was able to repay the startup loan and make a little extra before COVID here in Uganda shut her down. For the past 2 months, no one has been allowed to sell door-to-door like Stella does. This is considered a mobile-market and is forbidden. In fact, Stella won’t be able to go back to work now until the end of September at the earliest.

As some lockdown restrictions were lifted recently, the team decided to assess this project and see how Stella was doing. Thankfully Stella kept good records (as requested) and we were able to see a fairly clear picture of how things have gone. The numbers tell us that the project has succeeded, but not to the level we hoped. Stella repaid her Arise loan and also made a little extra. She also has about 100 items left to sell so there are additional revenues to come in.

As we have time before Stella can begin selling clothes again, the Arise Community team will work with her to identify any areas we can improve. The following 3 items have already been identified as ways the next bundle project can be more successful.

- Before Stella starts selling, we need to inventory the clothes more fully. This will allow us to price things better. We noted that Stella launched before planning the value of the clothes as well as she might have.

- Stella should avoid having interested and excited clients into her home looking through clothes before she is ready. Too many people or a frenzy of buying may lead to theft or miss-charging clients.
- More frequent reviews of stock and revenue may help catch mistakes earlier.

From the outset, Arise knew that we would do several iterations of the bundle project to help Stella reach her goals. Once this one is complete, we will release the capital once again for her to purchase another bundle. This time she will be even more successful. After 3 or 4 iterations, Stella will have made enough profit that she will be able to buy her own bundle and won't need Arise any longer. This is the goal we are heading for.

The financial outcomes are summarized below. This analysis predicts how successful Stella will be at reaching her financial goal for this initial bundle project.

CLOTHING BUNDLE DETAIL:

	DATA
Cost of Bundle	1,200,000 UGX
Articles of Clothing in Bundle	512
Quality Mix	~1/3 in each category == 171 items per category

PER-ITEM PRICING STRATEGY:

QUALITY OF CLOTHING ITEM	ANTICIPATED SELLING PRICE (UGX)
Clothes in New Condition	10,000
Clothes in Good Used Condition	7,000
Clothes in Average Condition	3,500

BUNDLE SALES TARGETS:

CATEGORY	# pcs	AMOUNT	TOTAL
Clothes in New Condition	171	10,000	1,710,000 UGX
Clothes in Good Used Condition	171	7,000	1,197,000 UGX
Clothes in Average Condition	171	3,500	598,500 UGX
Total Anticipated Revenue			3,505,500 UGX

ACTUAL SALES REVENUE TO DATE:

	Amount
Banked Revenues	1,200,000 UGX
Transport Costs Paid	170,000 UGX
Cash in Hand	70,000 UGX
Total Funds Raised thru Sale of 412 Articles of Clothing	1,440,000 UGX

REMAINING INVENTORY VALUE:

CATEGORY	# pcs	AMOUNT	TOTAL
Clothes in New Condition	33	10,000	330,000 UGX
Clothes in Good Used Condition	33	7,000	231,000 UGX
Clothes in Average Condition	33	3,500	115,500 UGX
Total Anticipated Revenue			676,500 UGX

ANTICIPATED ACTUAL REVENUE:

	Amount
Actual Sales Revenue to Date	1,440,000 UGX
Anticipated Additional Revenue	676,500 UGX
Total Anticipated Revenue from Sale of 512 Articles of Clothing	2,116,500 UGX

EXPECTED VS LIKELY REVENUE:

	Amount
Expected Revenue	3,505,500 UGX
Likely Revenue	2,116,500 UGX
Variance from Expected (+/-)	-1,389,000 UGX

ANDREW'S SUMMARY

As we see, Stella paid back her loan and should make about 1 million shillings profit over that. This is less than hoped, but still a good result. The project will be re-run and she will do better because she will have gained knowledge and skill. After a few bundle iterations, Stella will give Arise back the investment funds and we will help another family in the same way.