



BUILDING A SUSTAINABLE & INCLUSIVE
HORTICULTURE SECTOR

BASICS OF RECORD KEEPING

Training Manual for Horticulture Value Chain SMEs



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1. BACKGROUND

1.1. HortiNigeria in Context

The Embassy of the Kingdom of the Netherlands in Nigeria (EKN) recently unveiled the HortiNigeria Program for ensuring a sustainable gender and youth inclusive horticulture sub-sector that contributes to food nutrition and security in the country. The program is being implemented by the International Fertilizer Development Center (IFDC) and its consortium partners East-West Seed Knowledge Transfer (EWS-KT), Wageningen University & Research (WUR) and KIT Royal Institute.

HortiNigeria is a four-year program being implemented in Kaduna, Kano, Ogun and Oyo States; it aims to boost the productivity and income of 60,000 smallholder farmers (50% youth and 40% women) through eco-efficient agronomic practices. The program would also sustainably bring an additional 15,000 hectares of land under cultivation, promote innovations and regional diversifications to reduce seasonal risks facing 2,000 entrepreneurial farmers, increase access to finance for 50 agro-SMEs, enhance sector coordination and facilitate 200 business-to-business linkages in all four states.

HortiNigeria, which focuses primarily on tomato, okra, onion, and pepper value chains, is devoted only to the domestic markets. Program implementation of HortiNigeria Program is based on the following four components:

1. Increasing Productivity and Incomes in Kaduna and Kano States in the north-west;
2. Piloting Production Systems Innovations and Regional Diversification in Ogun and Oyo States in the south-west;
3. Increasing Access to Finance for SMEs and
4. Enhancing Sector Coordination and Business-to-Business Linkages.

1.2. Capacity Building is Important

HortiNigeria acknowledges that for smallholder farmers (SHF) and other value chain actors (VCAs), access to finance is key to sustainable adoption of eco-efficient practices and innovations and expansion to wider markets. Therefore, the managerial and financial investment skills of targeted VCAs need to be improved upon.

Financial inclusion is a step towards accessing finance; HortiNigeria recognizes that the former goes beyond just possessing a bank account, but entails delivering and using a full range of financial services at affordable costs.

The need to boost financial literacy at the levels of small-scale entrepreneurs cannot be overemphasized, as this catalyzes access to financial services. Training is a key activity in this

regard, since it facilitates the modification of the attitude, knowledge or skill behavior of persons, to enable them perform effectively in their endeavors.

This is the first of three training manuals designed for capacity building under implementation activities of HortiNigeria; the second is on financial literacy and the third is on the development of business plans.

Unless otherwise specifically referenced, all photographs contained in the manuals were originally taken by (and belong to) Yusuf Haliru & Associates Limited.

2. Training on the Basics of Record-Keeping

2.1. Training Objectives

The following are the objectives of this module:

- To raise the awareness of participants about importance of keeping records
- To develop the participants' talents in the basics of record-keeping.
- To show the participants the basic records needing to be maintained in their businesses
- To enable the participants to appreciate the similarities of records needing to be maintained by various actors along the horticulture value chain.

2.2. Expected Outcomes

It is expected that after this training, the participants would:

- have understood the underlying reasons for/benefits of keeping records in a business
- itemize the essential records needing to be kept in their businesses
- appreciate the current levels of record-keeping in their businesses
- be able to design simple record-keeping formats
- have enhanced skills in record-keeping, which some could pass onto other entrepreneurs

2.3. Definitions

A record is defined as an official written document that gives proof of something or tells about past events¹.

A record is also defined as an account in writing or the like preserving the memory or knowledge of facts or events while in its verb form, a record is considered as the act of setting-down

1 <https://www.britannica.com/dictionary/record>

something in writing or the like, as for the purpose of preserving evidence².

Record keeping is the process of building detailed, complete, accurate and reliable information on any endeavor. Note that in this respect, the process of building entails two steps - creating and then maintaining.

Records management is the process of creating and maintaining information about business transactions in hard copy or digital form for legal, financial, non-financial, employment, statutory or historical purposes.

2.4. Who Needs to Keep Records?



<p>Parties that Need Record-Keeping</p>	<p>Those needing to keep records:</p> <ul style="list-style-type: none"> • Individuals (be they housewives, small-holder farmers and other actors along all value chains)
	<ul style="list-style-type: none"> • Tiny businesses • Medium - Large firms • Government at all levels <p>The above list shows that anyone involved in any endeavor requires record-keeping as a key activity.</p>

<p>Special Role for the Facilitator – ask the question: “Can someone mention any other body that needs to keep records?”</p>	<p>Note: the essence of this poser is for the facilitator to try and engage the participants by stimulating their thought process and response in mentioning other bodies needing to keep records.</p> <p>Some approaches that could elicit replies include:</p> <ol style="list-style-type: none"> 1. Ask selected participants if they think individuals (especially housewives) need to keep records. From experience, such gender-denoted questions usually draw a lot of responses as members of one gender attempt to defend themselves. 2. Ask if the government needs to keep records 3. Lastly, ask the participants if a small-holder farmer needs to keep records. <p>This poser has been deliberately itemized as the last because from experience, as the dialogue makes progress, the responses from participants almost always gravitates into discussion on the usefulness or benefits of record-keeping. This development is not unexpected and it would be welcomed because it serves as transition to the next activity, which is a group discussion.</p>
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2.5. Group Exercise

Record-keeping is an activity, which we all do, either consciously or unconsciously.

Based on past experience, this exercise could be very participatory and it really makes the participants enthusiastic. The aims are as follows:

- (i). First, to see how the participants are able to achieve the simple, but also sometimes challenging task of breaking-out into groups
- (ii). Second, to enable participants make contributions freely, especially in such a topic that is known to many people and
- (iii). Third, to introduce many points that are to be discussed in the next section; in so-doing, this would ease the learning process.

The facilitator is required to have the participants break-out into groups for the purpose of discussing two sides of record-keeping, i.e.

- (a) Advantages of record-keeping and
- (b) Problems associated with not keeping records

<p>Role of the Facilitator: Refer to Sections 2.2.10 and 2.2.11 of the Training Guide</p>	<p>Specific tips for this exercise:</p> <p>(a) In forming the groups, the facilitator may do any of the following:</p> <ul style="list-style-type: none"> • give the participants the freedom to form groups • allow a democratically appointed class leader to do so, or • guide the participants in the process of creating the discussion groups. <p>Whatever approach used in creating the discussion groups, it is important to ensure that women are not marginalized.</p> <p>(b) Equal number of groups should discuss each of the two sides; for example, should four groups evolve, two groups would discuss the advantages of keeping records, while the other two would look at the problems associated with not keeping records.</p> <p>(c) The duration for the group discussion is between 10 - 15 minutes (for discussion and writing of extracted points on cardboard paper), after which the facilitator calls on the groups to send forward their representative to make their presentations.</p> <p>(d) At the end of the presentations by groups, the facilitator is expected to make remarks on the entire exercise. The essence of these remarks is for the participants to take note of where they did well and also understand areas in which improvements are required. Accordingly, they should become better prepared for other group assignments, which may evolve thereafter.</p>
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3. Records to Keep



Intra-State Transportation of Vegetables in Kano; photo by Yusuf Haliru & Associates

Examples of farm records include activity, fixed assets schedule, farm use, agro-inputs usage, inventory levels, farm expenditure, production logs and sales records¹.

¹ <https://www.legit.ng/ask-legit/guides/1131221-types-farm-records-uses/> August 20, 2022

- **Documents evidencing one's existence as a business:**

These include registration certificates for cooperatives and other forms of businesses, different forms for limited liability firms. For cooperatives, they should have the bye-laws, register of members, minutes of meetings, list of elected officials, annual dues and membership registration dues, loans advanced to members – names, amounts borrowed, tenor and any other terms and conditions

- **Daily activity logs:**

With these logs, important daily activities in the business are stored. The information contained includes the land preparation activities undertaken, nursery activities, transplanting, weed control, field management, till harvest. The activity records assist the owner or manager keep track of all past activities and planning for subsequent activities in the short, medium and long terms.

- **Farm implements and equipment inventory:**

All the equipment of the business would be recorded in this book; this concerns their number, date of acquisition, cost, service schedule. With proper recording, it is easy to note the estimated extent of wear and likely need for replacement. In the case of motor vehicles & machinery, the records should contain the usage of fuel & lubricating oils in addition to frequency of repair and maintenance.

- **Farm use log:**

Number and size of plots available, extent of utilization (hectares), the varieties planted, location of planting, purpose to which the unutilized plot is dedicated etc. It helps to account for different parts of the land and facilitates crop rotation.

- **Agricultural input:**

This document keeps track of all agricultural inputs, including fertilizers, seeds and agrochemicals. The log contains the amount of each input bought, the amount used in a day, and the balance.

- **Livestock and livestock products inventory:**

It is recommended that separate documents be maintained for livestock and crops. In addition, each type of livestock should have separate documents. These documents are used to track the number of animals and their output.

- **Feeds log:**

This log is used to keep an inventory of different feeds, the quantity purchased, and the amount consumed daily. This helps in determining when next to stock and the amount to purchase.

- **Expenditure record:**

This is a document used to document all monies spent, the date and purpose of the expenditure, no matter how little.

- **Workers' log:**

Contains the number of employees, their salaries, days worked, days off, and skipped days. This document is an essential tool for ascertaining sufficiency of human capital, employee productivity, and the staff turnover rate.

- **Production records:**

Documents everything produced by the business. Depending on the nature of production, the frequency of recording could be low or high. For instance, there could be daily, weekly or monthly recording of production figures. A log is entered every week and then summed up at the end of the month. An end-of-year sum should also be made. This helps the farmer to keep track of how well the business is doing.

- **Sales record:**

This has information on all sales from the produce, e.g. tomatoes, peppers, onions, okra sold daily. A proper record should have date, kind of output, number of units, price per unit and value of sale. It would also have an indication of the terms of sale (whether credit or cash).

- **Financial documents:**

Specifically, you need to keep financial records of transactions. Your financial records, like all others, will need to be kept both for your internal use as well for the use of regulators and potential business partners.

- **Contractual documents:**

Certain documents such as employee contracts, loan offers, etc. must be kept for records as may be required for several legitimate reasons.

- Records of pesticide application are absolutely essential for the safety of both food and workers. Records of spray dates, chemicals used, and safety intervals such as the re-entry interval and the pre-harvest interval protect your customers and employees from exposure to potentially harmful residues.

- **Other Assets, essentially, receivables:**

what outsiders are owing you in terms of credit sales. Date of sale, quantity, rate, agreed terms of collection, etc.

- **Liabilities** - any items owed to outsiders; unpaid supplies, date of receipt, quantity, rate and agreed terms of payment

- **Suppliers / Vendors:**
names, contact details, officer in-charge
- **Major Customers:**
names, contact details, officer in-charge

4. Advantages of Keeping Records

<p>Advantages or Benefits of Record-Keeping (1)</p>	<ol style="list-style-type: none"> 1. Record-keeping prevents or minimizes inconsistencies, arguments, disputes and conflicts; accordingly, it could preclude internal squabbles within your business, while shielding the business from outsiders who may wish to make wrong claims, either willfully or based on errors. 2. Enables an objective assessment of the contribution of each resource 3. To measure the cost of each individual operation 4. Useful for ascertaining profit and loss 5. Useful for assessing the financial viability of the business/operation 6. Assist in analysis of new investments 7. Useful in the preparation of income tax returns
<p>Example to be Discussed by Facilitator:</p> <p>Accurate Records Served as Evidence for a Female Entrepreneur</p>	<p>Some years ago, a company was contacted by a 'Debt Collector' who had been appointed by a bank to collect millions of naira, in what the bank alleged as unpaid loan that the company took from the bank some twelve years earlier. We listened and advised the Debt Collector to get a formal introductory letter from the bank to us before we could respond on the matter.</p> <p>In under fifteen minutes of receipt of the bank's letter appointing the Debt Collector, we were able to retrieve our documents evidencing full repayment of the loan. The documents included our letter (which was duly acknowledged by the bank) in which we had instructed them to sell the shares we bought using the loan; the bank's own statement of account evidencing sale of the shares as instructed by us and the proceeds paid into our account, leaving us with a surplus over the cost of purchase plus transaction costs. We wrote to the bank, attaching the undisputable documentary evidences of the repayment and the matter was fully settled. Our twelve-year old incontrovertible records and documents had saved us a lot of head ache.</p>
<p>Learning Points, to be Explained by Facilitator</p>	<p>1st - Every interface with a financial institution, either direct or through a third party, must be backed by formal communication</p> <p>2nd - A credit facility collected from a bank is a debt; it remains a debt until the amount is fully repaid</p> <p>3rd - All the documents related to the money borrowed must be kept carefully in a way and place that would allow for retrieval whenever necessary</p> <p>4th - Even if a loan was collected from a bank many years earlier, the borrower should be able to prove full settlement if that has been done</p>

<p>Advantages or Benefits of Record-Keeping (2)</p>	<ol style="list-style-type: none"> 1. Provides the tool for planning operations and making decisions (production, processing etc.) 2. For making reliable future projections on profitability 3. Show where the business/operation has been and the direction in which it is going 4. For a cooperative, it gives facts on general issues 5. Enables the business to ascertain its inventory, output and sales
<p>Advantages or Benefits of Record-Keeping (3)</p>	<ol style="list-style-type: none"> 6. Records can enable you recognize the strengths and weaknesses of the business; this knowledge, when matched against the opportunities available to you and the threats you face will help to get you and your business ready as you operate within the market. 7. Makes the business easily understood by interested outsiders like banks, potential investors, suppliers, as well as insiders like management, shareholders and staff 8. Good for trend analysis: On farms for instance, trend analysis helps management to segregate changes in cost components based on price and quantity in order to determine the possibility of controlling costs in general. An in-depth analysis helps to fully assess the farm's performance, thereby eventually understanding and managing the changing relationship between revenues and expenses. 9. Farm records in trend analysis facilitate for example, comparing the cost of fertilizer to the kilograms of fertilizer purchased. It also helps to spot opportunities to improve the operations of the farm on a timely basis. 10. Useful when applying for loans; the potential lenders wish to see the asset conversion cycle as reflected in the payments out of and receipts into the bank account of the enterprise. The flow of cash should be traceable and evident in the business activities.
<p>Advantages or Benefits of Record-Keeping (4)</p>	<ol style="list-style-type: none"> 11. Good record keeping aids the business to know what impacted on prices and to what extent - weather, pests, tariffs 12. Useful in budgeting and strategic planning; process is usually facilitated by the availability of information, which serves as an important basis for understanding the past and current nature of business operations. Furthermore, they will be relevant in the conceptualization, development and implementation of the plan 13. Good for comparing actual performance with the budget 14. They provide useful insight to financial stability of the enterprise. Records show where adjustments can be made.
<p>Advantages or Benefits of Record-Keeping (5)</p>	<ol style="list-style-type: none"> 15. With certain records, it becomes easy for a business entity to show compliance with regulatory provisions: there are certain documents that by law, a business entity is required to apply for, process and obtain. These include registration certificates, operating permits, receipts of taxes and levies etc. 16. Credibility: Accurate records of good quality together with complete documents, underscore the credibility of a business, transparency in its dealings and the extent to which it could be relied upon in business relationships.

Discussion to be Facilitated on Inter-Gender Comparison:

'Men or Women: Who are Better at Keeping Records?'

Over time, there have been capacity building activities for scores of groups of VCAs; among these groups there are single gender and mixed gender groups.

The general discussion should hold before the facilitator discloses the following:

In most instances, where training handouts were given to the participants, the rate at which the documents were still available after a week was an average of 75% for females and 45% for males.

The foregoing may not be a conclusive evidence that females are better keepers of records as compared to men, but this discussion would encourage all participants to be conscious in keeping their handouts safely.

5. Methods of Record-Keeping

5.1. Human Memory

Facilitator to energize the class by asking the question "Who has a better memory: a woman or a man?"



A female digging-up her memory; photo by Yusuf Haliru & Associates

This record system is very old and it simply entails memorizing events and other facts, be this consciously or unconsciously. Therefore, in the absence of a formally documented system, the farmers, especially at the traditional level, have to depend on their memory while making decisions regarding their entrepreneurial activities.

There are some reasons why people use this approach to record-keeping:

- Tendency to attach decisions to notable events - this forms the trigger at any time there arises a need for recall
- Tendency to attach an occurrence to what is considered a similar scenario previously observed - for instance, tomato yield "similar to that from my neighbor's farm"
- Unwillingness or inability to read and write - many entrepreneurs just do not read and write (in whatever language)

- Refusal to delegate or seek outside assistance - this is closely connected to the inability to read and write
- Not recognizing the importance
- Avoiding innovations, because they do not recognize the importance of adoption or they simply prefer to 'keep doing things as we have always done'
- With increasing advance in technology, we have continued to see a reduction in the incidence of farmers' refusal to depart from keeping records in human memory.

Weaknesses of the system: Many farmers in developing countries make an excellent mental diary of key events and data, but this can hardly be sustainable due to the following:

- Cerebral capacity differs with individuals and therefore some people naturally remember much more information than others.
- Events always accumulate over time
- There is a variation in what people are able to recall - while some remember dates most easily, some recollect figures, some remember events
- There's a limit to storage and recall

But memories can become unreliable after a few days, months or years, as events continue to pile up and over the years, several issues would invariably become blurred in the memory and therefore eventually get mixed-up and even forgotten entirely.



Young female retailers of vegetable products in Kazaure Market, Jigawa State of Nigeria, said they need not keep any records, as they can recall every aspect of their business activities. Photo: Yusuf Haliru & Associates

5.2. Manual

In this case, records may be kept in paper form, whether in designated note books or papers, whereby each item being recorded is documented in a different notebook that is clearly marked.



The advantages of this system are:

- low initial out-of-pocket expense
- easy to start
- requires only a writing material and paper or book

The flaw of this system is that the papers could be lost, damaged or burnt.



5.3. Use of the Computer



A laptop computer in use; <https://www.gettyimages.com/detail/photo/online-document-management-optimized-online-royalty-free-image/1363600152?adppopup=true>

This is also known as automation; it involves the use of computers for storing of data in general. High accuracy and efficiency of record keeping as details of financial transactions and indeed all other activities of the business are entered onto the data base.

Advantages:

- takes on a lot of information due to large memory
- fast, given the high processing speed of the equipment
- accurate
- easier to use in analysis, in view of the memory capacity and the speed of processing
- access could be restricted to selected persons who are given access rights
- Can be as simple or as elaborate as desired
- Can significantly improve the efficiency and accuracy of record maintenance and data processing.

Other features to note:

- Usually entails a high initial investment, in view of the high cost of computers
- Users need adequate training
- Information must be stored in a manner that allows for easy retrieval
- There should be a back-up; in this regard, memory devices are available as back-up that could be kept off-site. Furthermore, there is a huge trend towards using cloud storage

because files stored in the cloud are easily accessible from anywhere, and storage options can easily be increased as the need grows. Cloud storage services are flexible and convenient.

In some organizations, both manual and computerized systems are maintained side by side, as back-up for each other.

6. Characteristics of Bad Record-Keeping

Records should provide accurate and necessary information, fit into the business organization, and be available in a form that aids in decision-making.

While a strong, well-thought-out record-keeping process is desirable for efficiency and effectiveness, bad records management can cause the reverse.

6.1. Symptoms

These are all signs that a business is managing its records poorly:

- Staff tend to treat record-keeping with levity and sometimes as a joke
- Pieces of data are always wrongly inputted (wrong figures, dates, switched numbers)
- Sequencing of information is mixed-up; for instance, date is recorded before activity and in other tasks, these are switched
- Paperwork accumulating faster than documents can be filed away
- Paperwork storage takes up too much office space
- Sharing and disseminating files is cumbersome
- Misfiling of information

6.2. Consequences

Over time, poor records management can lead to these issues:

- Valuable office space is used to store paperwork, forcing the company to pay premium prices for document storage
- Valuable time expended in the search for files and other documents
- Excessive time is wasted sorting through messy filing cabinets
- Clients begin to find it unworthy to interact with the enterprise
- Inter-unit and inter-staff communication becoming strained
- Employee stress levels rise as their ability to find and share information becomes unnecessarily challenging

7. Way Forward

This section is devoted to giving participants some tips on how to step forward in record-keeping. Facilitator should note that the tips are not necessarily exhaustive:

1. List what records you currently have
2. List the ones you need immediately, but do not have
3. List the records you need in the medium-to-long-term but do not have
4. Which ones are the “low hanging fruits”...which you can start to put together? Start to build the records, based on our discussions of today
5. Imbibe the culture of getting documentary evidence of all transactions
6. Have a box for all small pieces of paper (receipts, bills, print-outs)
7. In addition to manual record-keeping, try digitization, no matter how elementary
8. For bank transactions – ask for records through mails
9. Ensure proper narration when consummating e-transactions
10. Build capacity in the process of keeping records
11. Provide the resources required for building and keeping records and documents.

BASICS OF RECORDKEEPING TRAINING MANUAL FOR HORTICULTURE VALUE CHAIN SMEs



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