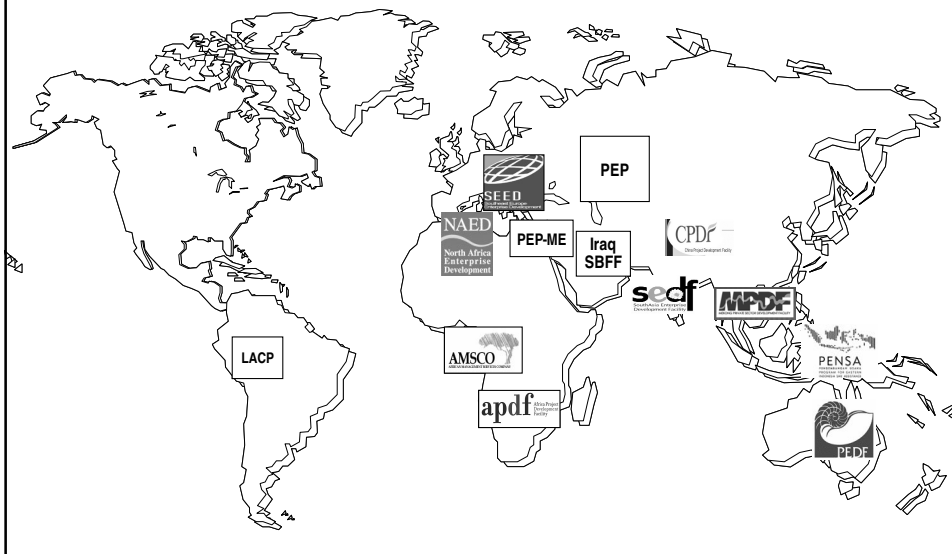


Business Development Services of IFC's Project Development Facilities

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IFC's Project Development Facilities (PDFs)



Categories of BDS Programming

Training for SMEs

- General Management Training (17 projects)
- Specialized Technical Training (50 projects)

Building Local Consulting Services Markets

- General Consulting Skills (17 projects)
- Specialized Consulting Skills (11 projects)

Improving Access to Information

- General Information (9 projects)
- Specialized Information (13 projects)

Special Categories of BDS Projects

- Export Promotion (26 projects)
- Working within Subsectors (13 projects)
- Linkages with a Lead Firm (25 projects)
- Business Associations as Business Service Providers (20 projects)
- Entrepreneurship Development (43 projects)
- Small Scale Tourism (5 projects)
- Tools to Stimulate Demand for Business Services (matching grants, vouchers) (3 projects)

Training for SMEs

Categories of training programs for SMEs:

General Management Training:

- Supplement managers' informal business management skills with formal skills needed to grow their businesses.
- Classroom training, self-teaching workbooks, television programs, radio shows
- 17 programs in 17 different countries

Specialized Training:

- Transfer specific skills and knowledge to address specific problems
- Incorporated in linkage/supply chain, local economic development projects and export promotion projects.
- 50 programs in 29 different countries

Example: General Management Training *Business Edge* (MPDF)

What is it?

A suite of specialized training products/services that can be combined flexibly

- 38 self-study workbooks
- 19 seminar packages combining trainer’s guides with workbook content
- Course for trainers in adult pedagogy using *Business Edge* materials
- Comprehensive trainer certification program
- CD Rom/Internet Tools

Who is it for?

- Owners and managers of SMEs
- Middle managers of large companies
- Trainers/training institutions

Track record to date:

Sales of self-study workbooks:

- Vietnam: 32 workbook titles published and 134,300 sold
- Cambodia: 27 workbook titles published and 9,427 sold
- Lao PDR: 12 workbook titles published and 3,634 sold
- Egypt: 14 workbook titles published and 2,200 sold
- China: 44,000 workbook published and 5400 managers trained

Business Edge Workbook Titles

HUMAN RESOURCE MANAGEMENT	FINANCE & ACCOUNTING	MARKETING MANAGEMENT	GENERAL & OPERATIONS MANAGEMENT	PERSONAL PRODUCTIVITY SKILLS
<ul style="list-style-type: none"> •Owner / Manager and the HR Function •Job Analysis •Job Descriptions, Specifications and Standards •Recruiting, Job Search and Selection •Wage and Salary Systems •Performance Appraisal •Training Delivery Skills** 	<ul style="list-style-type: none"> •Understanding Finance •Working with Budgets* •Controlling Costs* •Making a Financial Case •Business Planning for a New Venture** 	<ul style="list-style-type: none"> •Introduction to Marketing Concepts* •About Customers: Gathering Information* •About Customers: Gathering Information on Purchasing Processes and Trends* •Target Markets* •Product Planning and Development* •Pricing and Pricing Strategy* •Promotion and Advertising* •Caring for Customers •Managing Public Relations 	<ul style="list-style-type: none"> •Understanding Quality •Achieving Quality •Auditing Quality •Controlling Physical Resources •Planning and Controlling Work 	<ul style="list-style-type: none"> •Leading your Team •Delegating Effectively* •Motivating People* •Making and Taking Decision •Solving Problems •Communicating in Groups •Leading Change •Managing with Authority* •Becoming More Effective •Managing Time* •Communication in Management •Communicating at Work** •Quick Tools for Solving Problems** •Planning Change** •Becoming More Effective Managers**

Examples: Specialized Training

Leadership and Corporate Governance (Kenya, Tanzania, Uganda)

- Target company managers/directors
- Skills to establish and maintain good corporate governance structure
- Initial firm-level assessment; and 3-day training program in association with the Private Sector Corporate Governance Trust. (PSCGT)

WRAP Certification (Vietnam)

- SME garment firms seeking to export
- Labor certification needed by garment manufacturers to enter export markets
- Training workshop, support for process implementation, information campaign

Construction Industry: How to put together winning bids

(Albania, Bosnia-Herzegovina, FYR Macedonia, Serbia-Montenegro)

- SMEs in construction industry
- Requirements for submitting bids on large projects and contract management
- 3- day training program

Issues in Training SMEs

- ◆ Making money on training SMEs is hard, it's a competitive business and SMEs won't pay much
- ◆ Expensive to develop good products and it's an ongoing expense
- ◆ Most trainers in many markets need to learn how to train adults
- ◆ Maintaining training quality is difficult
- ◆ Setting up certification systems time consuming, expensive
- ◆ Measuring impact of training very difficult to do

Consultant Development Programs (CDP)

Two roles:

- ◆ **Retail Model**—outsource pre-selected products/services
- ◆ **Wholesale Model**—building general consulting firm skills

Two types of consulting:

- ◆ **General Management/Financial consulting skills**
- ◆ **Specialized consulting skills**

Examples: General Consulting Skills

CPDF Business Performance Improvement Program (BPIP): turn-key consulting methodology (techniques and tools) for local business service providers

- ◆ **Objective:** Build the local supply of consultants serving SMEs
- ◆ **Products:** guide manual, tools (questionnaires, business report template, workbooks, etc.) strategic financial analysis software, coaching sessions
- ◆ **Arrangement:** cost-share (\$150,000 contribution each)
- ◆ **Target market:** SME consulting firms with annual revenue of \$ 120,000 - \$200,000; 5 to 8 consultants per firm; 2 to 3 years of operation. SME average contract value is about \$40,000.

APDF Associate Experts Program (AEP): training and accreditation of local consultants to deliver consulting products that were previously offered by APDF in-house.

- ◆ **Objective:** To build local the capacity of local consultants to deliver APDF products and serve APDF clients
- ◆ **Products:** (i) training course (English and French); (ii) technical assistance to build the firm's organizational capacity

Examples: Specialized Consulting

APDF Total Quality Management Training:

- ◆ Training to equip local consultants to provide ISO 9001:2000 certification.
- ◆ 8-day Trainer of trainer course i) Producing to EU Standards and Marketing Practices for the EU market and ii) Strategic planning (TOT) additional related courses

SEED Linkage Diagnostic:

- ◆ Set of tools to help local consultants deliver linkage support services to SMEs
- ◆ Questionnaires/datasheets for different stages of production, strategic/business plan template, “best practice” examples, financial software.

Issues in CDPs

- ◆ Weak demand for consulting services from SMEs—low trust, don't want to pay
- ◆ Weak supply of local consultants with appropriate products AND desire to serve SMEs
- ◆ Pricing of services: What to do when SMEs are accustomed to subsidies?
- ◆ How to build sustainable specialized consulting services when customers are few and their needs are heterogeneous?

Linkage Programs

*IFC's Triple Bottom Line: Building better businesses,
promoting economic growth and sustainable poverty reduction.*

Objectives:

- ♦ Develop mutually beneficial linkages between SMEs and larger firms
- ♦ Increase the quantity/value of supplies procured from SMEs
- ♦ Increase the number of SME distributors

Interventions:

- ♦ Information sharing - local procurement opportunities, requirements for bidding contracts
- ♦ Training - business process, operations management, quality control
- ♦ Consulting - process and operational improvements, large firm's procurement policies
- ♦ Mentoring - know-how transfer, oversight/monitoring, strengthening networks
- ♦ Financing - working capital, equity, supplier finance, leasing
- ♦ Legal/regulatory work - improve the business environment

Results to date:

- ♦ 26 programs in 18 different countries
- ♦ 11 IFC investment-related linkage programs
- ♦ 15 non-IFC investment related programs

Examples: Linkage Programs

SABCO Linkage Program (Nairobi, APDF)

- ♦ Build the capacity of Coca-Cola Inc's soft drink Manual Distribution Centres (MDCs) to include new SME distributors
- ♦ Skills development courses and facilitation of access to working capital for SME distributors; supply chain management support to Coca Cola
- ♦ Served more than 200 MDCs in Nairobi as of July 31, 2004

Yanacocha Mines (Peru)

- ♦ Supply chain development and support for general local economic development
- ♦ Total Quality Management training, capacity building for local financial consultants, financial management skills and business plan support to SMEs
- ♦ Results:
 - ♦ 220 small construction/service contractors receive new subcontracts
 - ♦ 60 participating companies gained access to new contracts and sales valued at \$465,000
 - ♦ 2 companies won contracts with a supermarket in Lima
 - ♦ Aid to Artisans supported 35 ceramics and textiles producers.

Example: Linkage Programs (continued)

Kilombero Sugar (Tanzania, APDF)

- ◆ Support to cane grower associations and SMEs supplying Kilombero Sugar Co.
- ◆ Supplier needs assessment, credit delivery mechanism, and training in business management, agricultural practices and quality control.
- ◆ Results (May, 2004): Over 4,000 small growers, farming 10,000 hectares, have signed contracts with the company – an increase from 2,500 farmers working 4,100 hectares in 2002.

Issues in Linkage Programs

- ◆ Finding points of true mutual interest can be tricky
- ◆ Relatively few large firms are willing to build what can be fairly expensive, labor intensive linkage programs
- ◆ Doing so can mean altering procurement practices fairly profoundly
- ◆ The gap between requirements of large firms and capacities of local small firms can be significant
- ◆ Finance for small suppliers can be more difficult to provide than BDS
- ◆ Sustainability issues are a bit different than the norm

Trends Going Forward

- ◆ **Consolidation: fewer programs**
- ◆ **Sharing more: moving products/approaches that work across the PDFs**
- ◆ **Writing down what we know: manuals, flyers, what works pieces**