

What is Business Edge (BE) ?

By Malcolm Harper

- Branded training for managers in small and medium enterprises (SME);
- Small, medium and large businesses, not informal or micro-businesses;
- 36 short seminars, each with trainers' guide and stand-alone workbook;
- Trained and licensed trainers, self-employed or with private training companies;
- Content originated in IFC MPDF office in Vietnam;
- Available in Vietnam, Cambodia, Lao, Sichuan (China), Egypt, Saudi Arabia, Oman, UAE, Yemen, Palestine and Jordan;
- Managed by IFC staff in MPDF, CPDF and PEP-MENA;

Questions:

- Does BE conform to ‘international best practice’?
- How does BE differ from other donor SME training?
- Do trainees improve their performance?
- Are BE customers satisfied?
- Do BE training providers make money?
- Is BE training cost effective?
- Does BE training contribute to ‘development’?
- Is IFC a suitable ‘home’ for BE?
- What should happen next ?

How Does BE Differ from Other Donor SME Training? (GTZ – CEFE, ILO – SIYB)

- Medium and large vs. smallest
- Managers vs. entrepreneurs
- Already in business vs. start-ups
- NGOs and BMOs vs. private providers
- Individual trainers vs. training businesses
- Licensed Trainers vs. trained but not licensed
- Growing, middle class vs. struggling and poor
- Quasi-sustainable vs. donor dependent

‘International Best Practice’

- Segment the market – big/small, new/old, owner/manager
- Practice not theory
- Problems not techniques
- Use trainees’ experience
- Train men and women together
- Use trainers with real experience, not academics
- Universities and private providers, not NGOs and BMOs
- Mix different businesses
- Discussion, informal, not books and TV
- Some subsidy is needed.

Improved Performance ?

- Participant ratings out of 5 points - 3.9 to 4.6
- Two thirds introduced specific changes
- Some major personal transformations

(Conspiracy of courtesy)

Customer Satisfaction ?

- All paid for, even trainer training
- Introduce BE for in-house training
- Participative training is new and popular

But:

- Celebration
- Compensation
- Confirmation
- Recreation

Do BE Training Providers Make Money ?

- Trainer training is paid for, in kind (7 days time) or in cash
- In most markets providers pay \$1000 registration fee
- Booksellers display and sell the workbooks
- Most providers would pay more
- Subsidy is ‘bunched at the top’

Is BE Training Cost Effective ?

- Good value for trainees – many pay themselves
- Good value for employers – repeat purchase
- Good value for providers – businesses and trainers

But - Is it good value for IFC ?

- MPDF - \$119 per participant day, \$1046 per business ????
- PEP-MENA - \$320 per trainee
- Negligible revenues from fees, book sales
(costs over-stated, because investment included)

Some spill-over for investees, e.g. Mobinil

No evidence of ‘crowding out’ unsubsidised training

Does BE Training Contribute to 'Development'?

- Cheaper beer and cigarettes vs. job creation
- Blue Sword Brewery, Sichuan Tobacco Company
- Urban vs. rural
- China and Egypt v. Bangladesh and Malawi
- Not micro for the poor
- Drift from SME to medium and large

But efficiency = growth = MDG (??)

Is IFC a Suitable 'Home' for BE ?

- It has worked so far
- Strong brand
- Links to investees
- Links to SME credit lines

BUT:

- Expensive and extravagant
- Cumbersome and non-commercial
- Internal role confusion
- Donor preference
- Insecure
- Privatisation is IFC's business

What should happen next ?

IFC should get out:

- BE Foundation: own the brand, maintain standards, identify franchisees, facilitate funding.
- BE Vietnam: existing staff, maintain the BE materials ‘factory’, hold franchise for Vietnam, Lao and Cambodia
- Other countries or regions: franchised brand managers, could be buyouts, existing businesses, donor entities, SME support institutions, depending on level of development