

Microfinance and Business Development Services in Europe



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1. Executive Summary

Since their emergence, European Microfinance Institutions have provided Business Development Services (BDS) to their clients along with the provision of microloans. The allocation of BDS has shown to be an essential support for people who are setting up or have already set up their own business. Support services are especially important for microenterprises (enterprises with less than ten employees). Microentrepreneurs often lack technical and managerial skills, information and market access - factors that are needed in order to transform a microloan into a competitive microenterprise. BDS address these constraints and comprise a wide variety of different non-financial pre- and post-loan services.

In the European business environment formal business support is very common. Additional support is indispensable, not least due to the complex administrative and financial regulations in European countries. The European Union has acknowledged the importance of high quality BDS for small enterprises by implementing the "Best Procedure project on Business Support Services" under its "Multi-annual program for Enterprise and Entrepreneurship, in particular for Small and Medium-sized Enterprises from 2001-2005". However, according to a study by the European Commission in 2002, small entrepreneurs often lack information on the availability of business support services and participation rates are generally low. The BDS field in Europe thus still has room for improvement.

The present guide describing twelve good BDS practices in Europe aims at contributing to the provision of more sustainable Business Development Services that are more specifically adapted to the needs of microenterprises in European countries. The twelve good practices presented in the guide are all innovative in their field and show their effectiveness in their sphere of activity. The study includes a description of methodology employed, a contextual and technical description of each good practice, as well as a series of recommendations for their duplication. In addition, a bibliography as well as a list of the sources used has been provided.

The criteria taken into account to choose the twelve good practices were selected according to work methodologies and the results observed by the European Microfinance Network (EMN) within the framework of its network activities in the European microfinance field. Consequently, according to the definition used here, its delimitation comprises a minimum of essential criteria: documented, accessible, based on procedures and methodology that are tested, put into practice, capable of reaching a defined goal, transferable, profitable, effective, adaptable and able to face unforeseen issues.

In addition, EMN has identified three main challenges for European Microfinance Institutions and business support providers in the field of microfinance in Europe. Each of the twelve good practices presented in the guide addresses at least one of these challenges:

- 1) The need for more effective services
- 2) The separation of cost
- 3) The sustainability of services

The main recommendations that follow from the study take up the major aspects observed in all the best practices analyzed and relevant to the challenges in European business support services.

Thereby the specific context should always be kept in mind with regard to a possible transfer of a good practice to a different country or target group.

- To inform the target group proves to be a fundamental action in each one of the good practices analyzed. Such actions would ease the business start-up process, and promote project development.
- A simple, accessible and fast orientation would help to unlock the business start-up sector for all target groups and prevent that the latter feel discouraged by the complexity of the process and formalities.
- Providing space, infrastructure and interaction: bringing together different people who are starting a business, facilitates the exchange of ideas, solution-finding and gives self-confidence.
- To offer useful, effective and quality training allows the acquisition of the basic knowledge necessary to start-up business projects brings an added value, and up-grades the chances of success. To adapt training to target group needs proves to be a key tool that increases the likelihood of success.
- Moreover individual advice has shown to be effective: a specific tool that facilitates administrative procedures may help business entrepreneurs overcome technical difficulties while reducing MFIs' costs.
- Medium- or long-term monitoring makes it possible to keep up entrepreneurial motivation and guarantees a better level of project result and success. Innovating actions particularly profit those who find themselves in the most underprivileged and remote areas.
- The need for regular assessment and setting benchmarks through the dissemination of good practices: 1) The dissemination of good practices allows to access on-going information related to successful actions. 2) Helps target key issues to be developed in a specific context.
- Up-hold market access: it is of primary importance that the organizations committed to offering support to future microentrepreneurs develop innovating actions which up-hold their access to the market.

All these aspects contribute to the effectiveness of the business support services provided. Nevertheless generally speaking, the good practices provided in the guide depend on subsidies. More research in terms of feasibility studies needs to be done concerning the separation of cost and the self-sustainability of services. This will contribute to deepen the knowledge and incite further discussion on these issues that are becoming more and more important within the BDS framework regarding microenterprise providers.

2. Introduction

Within the framework of the EQUAL project, co-financed by the Social European Fund, the MFIs Integra, Adie and Enterprise Northern Ireland joined together in order to carry out common actions with the aim of promoting microenterprise creation in Europe. In this guide Integra, Adie and ENI draw attention to the innovative actions linked to entrepreneurship within Europe. The transnational dimension of the EQUAL project promotes good practice exchange. This guide makes it possible to associate other organizations and thus give a stronger resonance to all those who would wish to launch or improve business support services specially designed for entrepreneurs.

The **European Microfinance Network (EMN)** was given the task of compiling the following guide via **Integra, Adie and Enterprise Northern Ireland**. EMN was launched in April 2003 by its founding members (Adie-France, nef-UK and EVERS&JUNG-Germany) and with the support of the European Commission and the French *Caisse des Dépôts et Consignations (CDC)*. The mission of EMN is to promote microfinance as a tool to fight social and economic exclusion and to promote microentrepreneurship and self-employment. This is achieved by supporting the development of microfinance organisations by disseminating good practices and by improving the regulatory frameworks of self-employment and microentreprises at the European Union and Member State levels.

The creation of this network has proved to be an essential step in the promotion of microfinance in Western Europe, assisting the fight against unemployment and social exclusion through the development of microentreprises. EMN includes both founding and added members, all of which are European organizations involved in European microfinance issues. As of March 2007 EMN has 54 members in 21 European countries.

6 In Western Europe the microfinance sector is relatively young, but in steady expansion. Along with the decline in industrial activity and the growing service industry, there is a trend towards small and microentreprises in the European economy. Strengthening the establishment of small and microentreprises is therefore more and more recognized as an essential tool for job creation as well as social and economic prosperity in Europe.

The European Union stays abreast of the growing importance of small enterprises since 2000. It has adopted the European Charter for Small Enterprises in line with the Lisbon Strategy and has implemented the so-called "Best Procedure on Business Support Services". The latter provides a framework for projects to identify and exchange best practices and to stimulate the improvement of business support targeted at European micro-, small and medium enterprises.

Business Support Services, also called Business Development Services (BDS), generally refer to different kinds of additional non-financial support services that accompany the provision of loans. In Europe, BDS have from the beginning been acknowledged as crucial in facilitating the establishment of microentreprises. Since its development in this region, microfinance has been intrinsically tied to the simultaneous provision of BDS, especially pre- and post-loan training and technical assistance.

Nevertheless the BDS field in European microfinance has room for improvement. The present guide presents twelve good BDS practices related to microfinance in Europe. It thereby aims at contributing to the provision of higher quality and more sustainable Business Development Services that are more specifically adapted to the real needs of microentreprises in European countries. The twelve good practices compiled in this guide have all been recently designed and have shown to be effective in their in-the-field action. The diversity and multiplicity of the practices confirm the large range of BDS services.

After having explained how the practices were chosen, each of these good practices will be presented separately in order to take into account the specific context in which they were developed. Finally, a study synthesis will summarize the main elements analyzed. In the appendix you will find a full bibliography list, as well as the list of sources developed throughout this study.

3. Context

3.1 WHAT ARE BUSINESS DEVELOPMENT SERVICES?

According to the European Commission 98% of all European enterprises are micro- and small enterprises. Among these, 7% are small and 91% are microenterprises¹. Moreover, as the industrial sector in Europe is in decline while the service industry and modern technology is steadily growing, micro and small enterprises have gained and are still gaining importance.

In accordance with the European Commission's definition, the term microenterprise will be used in this guide in order to refer to the size of an enterprise (less than ten employees), its annual turnover and its balance sheet in contrast to Small and Medium Enterprises (SMEs; see table below). Meanwhile it has to be noted that usually the European Union does not have a specific policy ruling microenterprises, but treats micro- and small enterprises as one in its business policy addressing SMEs.

Table 1: Enterprise category

Enterprise category	Headcount	Turnover	or Balance sheet total
medium-sized	> 250	≤ € 50 million	≤ € 43 million
small	< 50	≤ € 10 million	≤ € 10 million
micro	< 10	≤ € 2 million	≤ € 2 million

Source: European Commission http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm

The European Union has acknowledged the importance of productive and competitive micro- and small enterprises for an economically inclusive Europe. Since the adoption of the European Charter for Small Enterprises in 2000 and in the framework of the Lisbon Strategy for growth and social cohesion, the EU undertakes large efforts to incorporate Small and Medium Enterprises into Community policies and programs. In line with this it focuses on the improvement of Business Development Services targeted at small enterprises.

Business Development Services are designed to help enterprise owners overcome certain constraints. Microentrepreneurs are frequently hampered in their business' growth by non-financial factors, such as low educational level, inadequate technical skills, lack of information and poor market access. Despite access to capital, these factors can have a negative impact on the small businesses' prosperity. The term "BDS" therefore refers to multiple kinds of non-financial services accompanying microloans. BDS are provided in order to procure an entrepreneur with new ideas and boost the productivity, profitability and competitiveness of his/her enterprise.

Since the development of microfinance in Europe, Business Development Services have been regarded as an essential factor for the successful realization of a microloan. This stands in contrast to microfinance in developing countries, where credits are more often delivered without additional business support. The different importance attributed to BDS related to microfinance in the North and in the South stems from a different historical business environment development in these regions. For example, Chambers of Commerce providing business support services had already become widely established in Europe in the early 19th century. Moreover, in the second half of the 20th century business support became a general feature of economic

1. European Commission, Enterprise and Industry - Facts and Figures: http://ec.europa.eu/enterprise/smes/facts_figures_en.htm

policy in many European countries and this led to the widespread establishment of business support agencies. Due to the importance of regulative and administrative formalities related to business start-ups in Europe support services are crucial.

Formerly BDS suppliers mainly focused on providing training and assessment services. However, in the last years, the range has broadened and now it also includes efforts to improve access to marketing services and information resources. In addition, infrastructure development and policy reform are now referred to when talking about BDS.

Harper (2000) following Carney (1998) proposes an interesting approach to BDS. He categorizes business development services by the capital assets which people need to live on: physical, social, natural and human.

Capital Asset	Relevant Business Development Services
Physical	The provision of home-based business space, power, water, factory sheds, business incubators, land tenure, roadside rights, transport, common service equipment.
Social	The development of co-operatives, self-help groups, business associations, clusters, networks, franchising, chambers of commerce. Assistance with information and with linkages to customers and to suppliers.
Natural	Promotion of sustainable use of raw materials, recycling, pollution reduction, waste disposal.
Human	Training, advice, counselling, consultancy, in technical skills, 'entrepreneurship' and in business management.

This categorization is useful because it highlights the fact that BDS include a wide range of different development services. Additionally, it points out the importance of locating BDS in a wider context while at the same time adapting them to individual business' needs.

Meanwhile, the *Committee of Donor Agencies for Small Enterprise Development* in its "Guiding Principles for Donor Intervention on BDS for Small Enterprises" (World Bank, 2001) proposes another, equally useful approach. It differentiates two types of BDS services, namely **strategic** and **operational**. While **operational** services designate those services needed for day-to-day operations (information and communication, management of accounts and compliance with regulations), **strategic** services address medium and long-term issues related to a business' market access or competitiveness.

Finally, according to the *Small Enterprise Education and Promotion (SEEP) Network*, BDS comprise the following dimensions:

1. *Training and technical assistance*: management training, feasibility studies, technical training, counselling and advisory services (management and planning advice, assistance in making loan applications and advice on dealing with financing institutions);
2. *Access to larger markets*: strengthened linkages between SMEs and larger enterprises (joint ventures, sub-contracting arrangements, technology transfer or marketing contracts), trade fairs and exhibitions and improved advertising;
3. *Improved Infrastructure*: strengthening the capacity of microentrepreneurs in such fields as transport and delivery, money transfer and internet services;
4. *Input supply*: improving suppliers' capacity to provide regular supply of quality inputs;

5. *Product development*: technology transfer, quality insurance programs and design services;
6. *Alternative financing mechanisms*: notably the facilitation of supplier credit;
7. *Policy/advocacy*: training in policy advocacy; policy studies².

These different approaches highlight the importance of pre- and post-loan services for making effective use of microcredit and establishing a healthy and growing microenterprise. Meanwhile it has to be noted that most small business people do not conceive that they do need BDS. In many situations, they use services that are **informally** provided to them: information and advice provided by relatives, friends or by media programs as well as BDS that are 'embedded' or 'bundled', that is, supplied as a by-product within other commercial relationships. **Formal** BDS in contrast are those provided through special arrangements, conditions or contracts between a business development agency and the owner of the business.

In Europe, a wide range of formal business service providers for micro- and small enterprises exists. This includes the Chambers of Commerce as well as public and semi-public business support agencies. Private, self-sustaining agencies for support services to micro- and small enterprises are much less common though.

The "SME Observatory" cites evidence for the fact that the proper use of good business support services can considerably improve the competitiveness, particularly of rapid-growth SMEs. Meanwhile it is more difficult to assess the impact of such services on general economic performance. Nevertheless the "Global Competitiveness Report" provides evidence of the impact of support services on enterprise performance³.

3.2 MICROFINANCE AND BDS IN EUROPE

3.2.1 Support Services for microenterprises by European Microfinance Institutions

According to an **EMN** survey on the microfinance sector in Europe (2004-2005) which comprises data on 110 European microfinance organizations, three quarters of lending organizations also provide pre- and post-loan training as well as technical assistance.

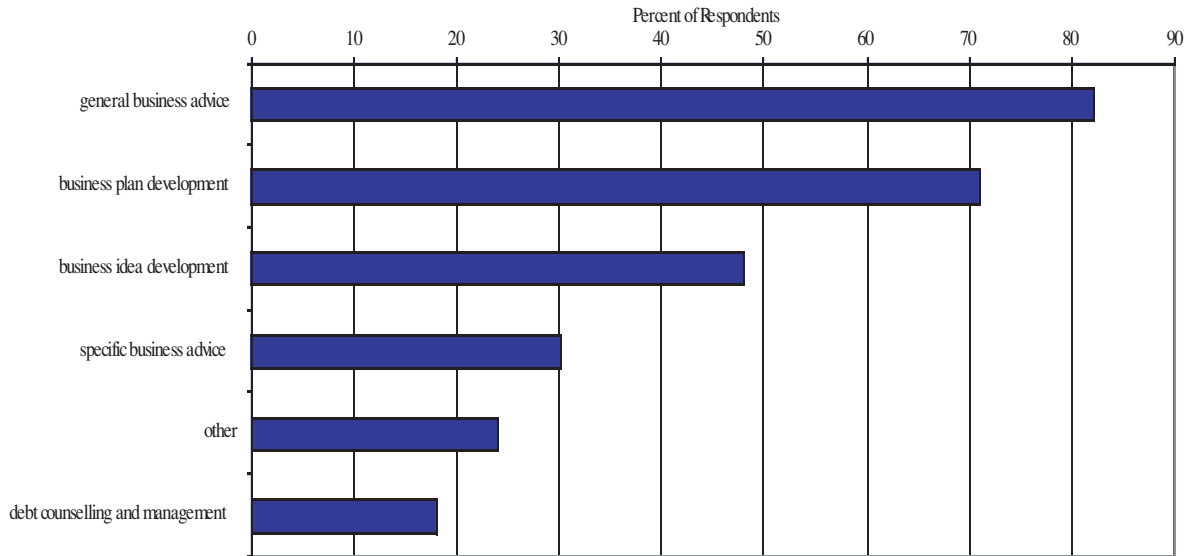
Seventy-five percent of responding organizations provide pre-loan business support services. Provided pre-loan business development services comprise: general business advice, support on developing business, business idea development, specific business advice, informal advice during loan processing, debt counselling and management as well as advice on legal, tax and other fiscal matters. Most organisations that do not provide this support refer clients to appropriate service providers. Amongst survey respondents providing pre-loan assistance, approximately half offer this support only if the client asks for it. Twenty-five percent make it an obligatory part of the loan package. Twenty-seven percent require training and support services only in certain cases.

2. *The SEEP Guide to BDS*; in: Ribbink, Gert, *SNV Guide to Business Development Services*, 2003

3. *Creating Top Class Business Support Services*, Commission Staff Working Paper, European Commission, 2001; http://ec.europa.eu/enterprise/entrepreneurship/support_measures/support-services/staff_working-paper_2002_en.pdf

4. Tamara Underwood, *Overview of the Microcredit Sector in Europe 2004-2005*, European Microfinance Network, Paris, 2007

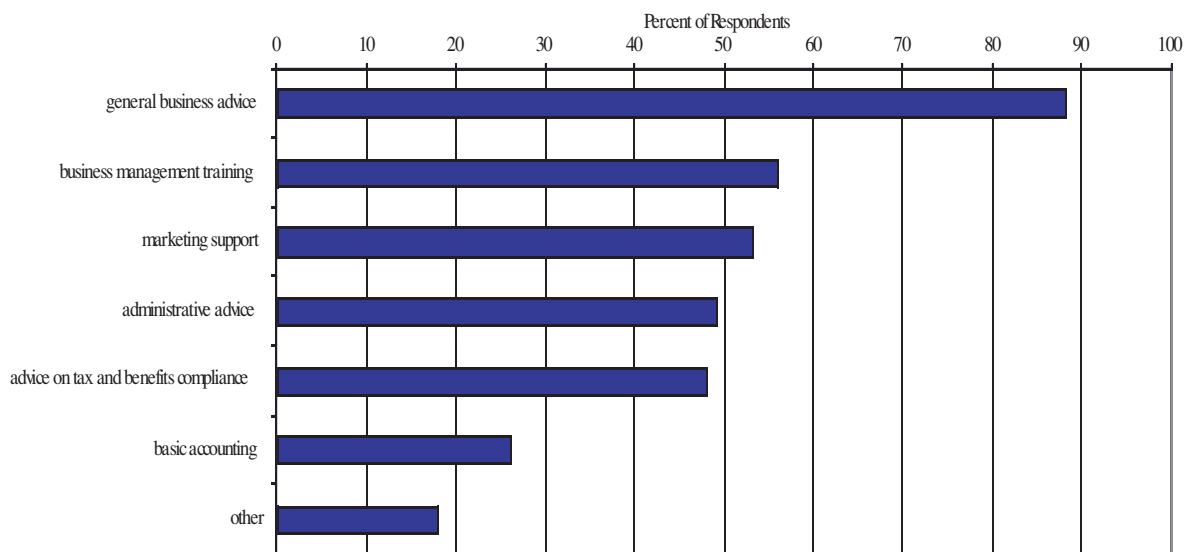
Graph 1: Types of Pre-loan Business Support EU 25



About 10% of organizations providing pre-loan support charge for these services. Some of those charging fees add a percent on to the loan value as a contribution toward training, thus mixing training and support costing with loan pricing. None of the respondents cover the full cost of training and support through fees. The majority rely on public and private sector grants and subsidies.

Seventy-five percent provide post-loan business support services to clients. Of respondents providing these services, 44% offer assistance only if the client specifically requests support, 16% make it an obligatory part of the loan package and 33% make it obligatory in certain cases. Organizations providing post-loan business development assistance primarily offer general business advice. Business management training is available along with general marketing support and administrative advice.

Graph 2: Post loan Business Support Services EU 25



Four percent of lenders providing these services charge a fee. Those who provided details on fees indicated that either a percentage was added to the loan or that a minimal flat fee was charged. Those charging fees cover between 1-25% of their training and support costs from fees. The remainder of costs as well as the costs of those not charging fees is funded by public and private grants.

3.2.2 European Union Policy regarding BDS

The European Commission for the first time formally recognized the importance of small enterprises for economic growth in Europe in 2000, by adopting the **European Charter for Small Enterprises**. The Charter calls for the creation of high quality small business support, easy to access and to understand and relevant to small businesses' needs. In line with the Charter, the European Commission has intensified its policy efforts regarding SMEs in general and Business Development Services for SMEs in particular.

The first phase of European enterprise policy in the field of Business Support Measures to small enterprises was characterized by the so-called **Program of Concerted Actions for Small and Medium Enterprises** from 1994 to 2000. This Program notably aimed at achieving a better targeting and convergence of policy measures concerning the improvement of the business environment for SMEs, the provision of more effective Business Support Measures to SMEs and the promotion of the visibility and take-up of services provided. The main emphasis lay on start-ups, SMEs in the growth phase and the transfer of enterprises. Part of the program was the identification and promoted exchange of best practices in the field of enterprise policy. For this purpose, a "**Business Environment Simplification Task Force**" (**BEST**) was set up in 1997 aimed at preparing an independent report on ways of improving legislation and removing unnecessary hindrances to the development of European businesses. The main conclusions on good practices in Support Services drawn from the Concerted Actions Program, were: the need of improvement both in the coherence of Support Service provision as well as in the quality of services offered; the importance of tailoring support schemes to the stage of development of an enterprise; stronger client-orientation; rationalisation of the extensive array of existent programs and services; and finally, stronger inclusion of the new information technologies into support schemes.

After the adoption of the **European Charter for Small Enterprises** in 2000, the Program of Concerted Actions was replaced in 2001 by the "**Best Procedure**" which aimed at furthering the improvement of the business environment in the European Union. The Best Procedure was part of a comprehensive **Multi-annual program for Enterprise and Entrepreneurship, in particular for Small and Medium-sized Enterprises 2001-2005** and comprised a wide range of projects in the following areas:

- Financing
- Simplifying and improving the administrative and regulatory environment
- Promoting a favourable fiscal environment
- Ensuring and facilitating access to markets
- Promoting entrepreneurship and facilitating start-ups
- Improving the availability of skills
- Supporting the availability of business services and business support services
- Facilitating ICT uptake

Under the Best Procedure, several good practice guides for business support organisations working with start-up enterprises, growing businesses, businesses facing financial difficulties and the transfer of enterprises were published.

Since the adoption of the European Charter for Small Enterprises, **Annual Country Reports** give an account of the degree of implementation of the Charter by EU Member States and Candidate Countries. The process of exchanging and disseminating good practice between the EU Member States, aimed at complement reporting of Member States on the renewed Lisbon

strategy, culminated in the Charter Conference held in Vienna in 2006. Furthermore a publication resulted, entitled “**The European Charter for Small Enterprises - A Good Practice Selection**” introducing good practices in the field of “access to information on legislation”, “business support” and “E-business models”. Moreover, in 2006, a report on the implementation of the European Charter for Small Enterprises in Moldova and the countries of the Western Balkans was published. The EU thus more and more broadens its scope of action in enterprise policy directed at small enterprises in Eastern Europe.

To sum up, the BDS field targeted at small enterprises in the European Union has undergone many positive developments. However, there is still room for improvement. Therefore, three main challenges for MFIs and BDS in Europe will be briefly outlined below.

3.3 CHALLENGES FOR MFIs RELATED TO THE BDS FIELD IN EUROPE

Today the BDS field for microfinance in Europe faces three main challenges: the need for more effective services, the separation of costs and the sustainability of BDS providers.

3.3.1. The need for more effective services

In 2002 the European Commission published a study on Support Services for Micro, Small and Sole Proprietors’ Businesses. The study highlights the fact that high quality services do indeed exist in Europe. Nevertheless, it also points out that all in all information about the existence and availability of support services as well as participation in these services in European countries is relatively low (although differences along gender, education, sector, business cycle and country lines exist). According to the study, the reason for low information and participation rates lies in the fact that offered services do not always match the real needs of SMEs, thereby not optimally contributing to business improvement. The report therefore stresses the need for more effective, tailor-made services (stronger target group/sector orientation) as well as services targeted at specific phases of the business life cycle (start-up, growing enterprise, transfer etc.).

3.3.2. Separation of cost

One of the great challenges for MFIs in Europe today is to assure the separation of cost between pure financing on the one hand and additional business support measures on the other. Most European MFIs provide microcredit in line with a whole range of additional Business Development Services such as pre- and post-loan training, advice and counselling. Becoming more and more aware of the general order of expenditure on support services, many MFIs have begun to financially separate the provision of microcredit from additional services. They try to cover the allowance procedure of the microcredit itself solely by interest rates. The cost for non-financial services is expected to be based on self-financing or to be covered, wholly or partly, by public programs or fees. However, it is hard to estimate the actual financial expenditure for support services. Some MFIs have totally externalized their business support measures to organisations that are uniquely specialized in this field.

3.3.3. Sustainability in BDS markets

A further challenge is that of achieving sustainability of Business Development providers. In the European Union’ the market for Support Services targeted at microenterprises is dominated

by public and semi-public providers. Germany, Netherlands, France and Portugal could be cited as an exemption, because the importance of private service suppliers in these countries is higher than the EU average. Nevertheless, Business Development Services in European countries which are often offered free of charge or at a very low cost, are heavily subsidized and supply-driven.

However, now, several experts strongly argue for a market approach to BDS, that is, the development of a healthy, private sector, business service market and self-sustainability of BDS providers, in order to achieve greater compliance between supply and demand of support services. According to this approach, encouraging clients to start paying for the services should contribute to greater competitiveness between the different providers, higher quality of services provided and the provision of services that are more specifically adapted to the needs of micro and small enterprises. Additionally the need for more regular quality-control and highly visible quality assurance measures as well as a coherent pricing policy are pointed out.

This guide on Good Practices in Business Development in Europe is intended to present twelve innovative solutions in Business Development, thereby addressing the challenges BDS providers are facing today. However, before passing over to the main part of this guide which is the presentation of the good practices, the methodology of the study will be briefly outlined.

4. Methodology

4.1 IDENTIFICATION OF GOOD PRACTICES

EMN proposes the following definition of good practices as well as the selection criteria for good practices in the European Development Business field. The criteria taken into account were selected according to EMN work methodologies and results observed within the framework of its Network activities in the European microfinance field.

4.1.1 Definition⁵

Good practices can be defined as a system or a methodology which, through experience and research, proves its effectiveness by reaching its goal.

A more precise definition could be as follows:

“Good practices are all the strategies, plans, tactics, processes, methodologies, activities and approaches that are documented, accessible, effective, relevant and fundamentally accepted, developed by professional organisations and put into practice by well trained personnel. These measures have proven to be in keeping with the legislation in force, tested and put into practice, through research and experience. Consequently, they have proven to be effective and able to live up to expectations. It has also been established that they can be easily modified and improved according to context.”

4.1.2 Good practice selection criteria

This definition of good practices suggests that a good practice comprises a minimum of essential criteria. A good practice must be:

1. Documented
2. Accessible
3. Based on processes and methodology
4. Tested and put into practice
5. Able to establish goal reaching
6. Transferable
7. Profitable: income exceeds the cost. The ratio between input and output is better than that of similar practices.
8. Effective: leads toward forecasted results. The ratio between input and output is better than that of similar practices.
9. Adaptable and able to face unforeseen issues
10. Able to provide benchmarking and framework
11. Able to deal with in-the-field human, administrative, technical and physical issues. Including people, processes, procedures, policies, plans, systems, networks, technologies and the premises that make the implementation of the system possible.

These characteristics represent the principal selection criteria of good practices.

⁵. According to Facet within the framework of the regional project Meda-ETE;

4.1.3 Key objectives of the good practice study

This study's first objective is to catalogue methodologies and services which have proven their effectiveness in Business Development Services for microenterprise development in Europe adhering to the selected criteria. The second is to establish whether these can be transposed in other contexts (Recommendations for duplication). Hopefully these practices will help microfinance programmes providing BDS throughout Europe to reach higher quality standards and sustainability.

Moreover the twelve good practices will also be analyzed according to the solutions which they bring regarding the three big challenges which the microfinance institutions must address today: the need for effective services, the separation between cost and sustainability in the BDS market.

4.2 METHODOLOGY OF THE STUDY

EMN has selected a certain number of good practices among the microfinance actors present in Europe as well as among the organisations which, without working in the sector as such, take part in microentrepreneurial development so to be by their support actions or by providing council and information services.

On the basis of the three great challenges mentioned above, twelve good practices recognized for their innovative approach and the results obtained were selected to take part in this study whose objective is to offer a comprehensive picture of different products, tools and services in Europe that aim at improving the growth, the productivity and the competitiveness of microenterprises.

Each good practice analyzed comprises eight sections:

1. Organisation: presentation of the organisation or the project at the origin of the good practice
2. Good practice: presentation of the good practice
3. Target group: presentation of the target group or addressed client
4. Contribution to business development: up to what point the good practice studied contributes to develop entrepreneurship
5. Main results: presentation of the principal results obtained by the good practice that has been analyzed
6. Key learning points: what should we retain regarding the good practice analyzed and what can we learn from it?
7. Recommendations: what should we retain regarding the good practice analyzed and up to what point does it constitute an example to be followed and transposed?
8. Key words: some key words which summarize the good practice analyzed

4.2.1 Information sources

In order to carry out this study, various sources of information were used which will be fully indicated in the bibliography in appendix. The team in charge of carrying out the study also contacted many institutions, as well as the organisations analyzed in the study in order to supplement and update the information sources.

The team was also inspired, for certain good practices breakdown, on the work of the project working group 4: “Innovative approaches and products for combating financial exclusion” carried out within the framework of the EU funded project “From Exclusion to Inclusion through Microfinance: Learning from East to West and West to East” led by the Microfinance Centre MFC, Polish member of EMN, together with EMN and the Community Development Finance Association (**cdfa**), UK.

4.2.2 The team

This study was carried out by a team of four people including Philippe Guichandut, Director of EMN, Stefanie Lämmermann and Elizabeth Zamorano, in charge of research and studies and Maria Franco, Network Communication Manager.

5. The Good Practices

5.1 Adie – FRANCE



Finances microentreprises and provides Business Development Services

5.1.1 The organisation

The “**Association pour le Droit à l’Initiative Economique**” (**Adie**) was founded in France in December 1988 by Maria Nowak in order to help adapt the microfinance system to the French environment.

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As an association, it uses its expertise and experience to propose improvements in the existing regulatory governing microfinance and selfemployment at a national and European level. Moreover, it encourages job creation through entrepreneurship.

5.1.2 The good practice: The evolution of Adie’s offer

There is an evolution of the non-financial services offered by Adie in order to build a professional offer adapted to microentrepreneurs.

The development of a council and accompaniment offer for microentrepreneurs financed by Adie is not an objective in itself but a means to achieve the following goals and to contribute to the mission that the organisation has fixed:

- To allow a maximum of underprivileged people to start up their own business if they are well motivated and if they possess the potential to do so;
- To increase the survival rate of the financed and accompanied business enterprises;
- To increase the reintegration rate of the entrepreneurs having ceased their activity.

There are four major achievements:

- 1) The construction of a basic offer across all levels of the French territory.
- 2) A combination of free and paying services, individual and joint, and finally very large team diversity amidst service providers. This team is composed of: volunteers, staff members, partners (legal assistants) and providers (training). It is important however to point out that the adviser is one of Adie’s pivot concept elements.
- 3) A new marketing strategy for services offered:
 - *Bienvenue créateur*: is a compulsory training session where the offered range of Business Development Services is put forward.
 - *Allô créateur*: an on-going hotline that contacts all business entrepreneurs once every trimester.
 - Plus a new dedicated communication tool: a small box is given to each microentrepreneur presenting the offers.

Related to this is:

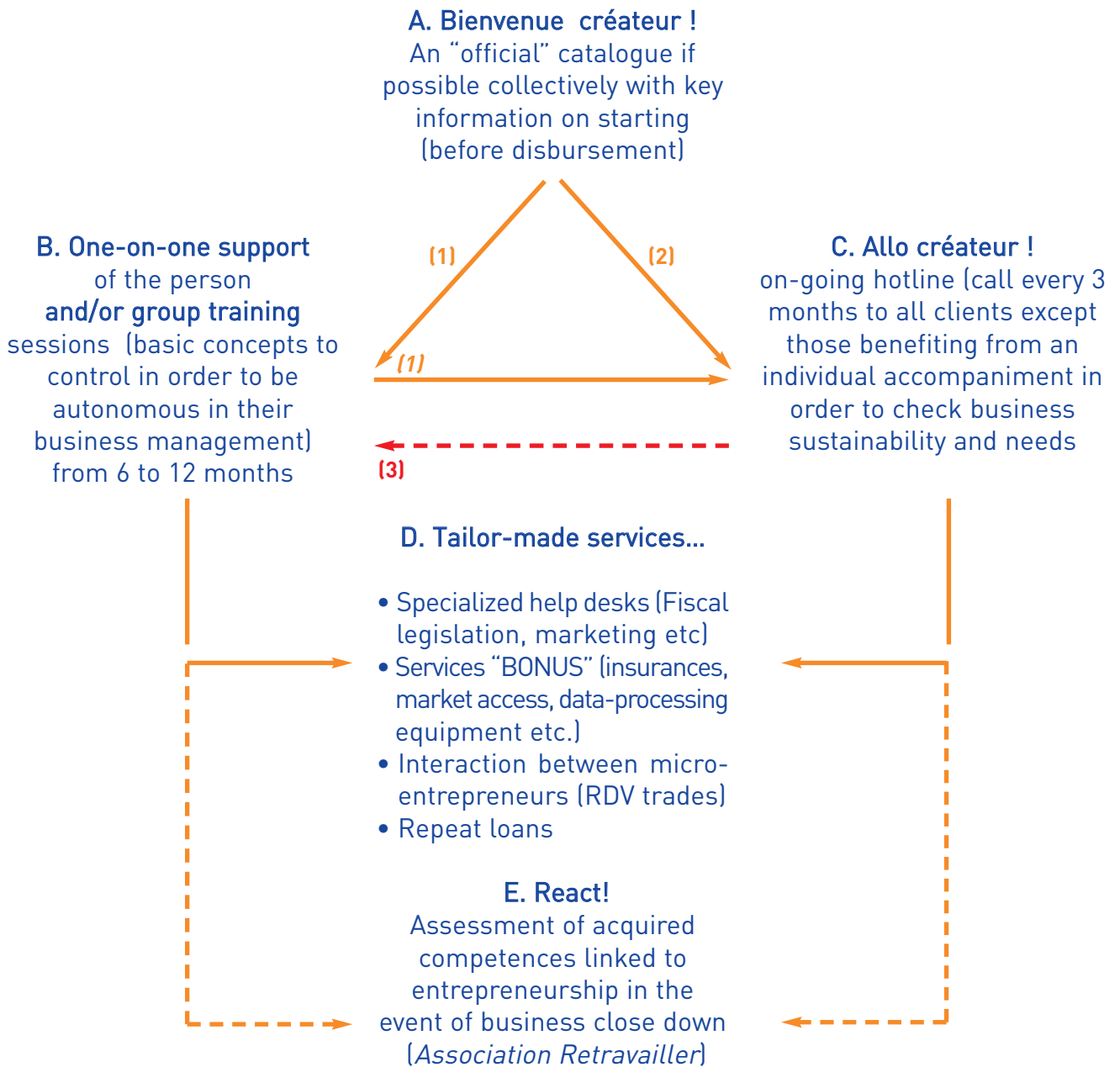
4) A new way of organizing Adie's non-financial services: the separation of loans from the Business Development Services. Indeed there will be dedicated employees focused on organizing Business Development Services assisted by a team of volunteers, partners (such as Linklaters which provides free legal council, Primagaz which trains the plumbers that Adie finances) and independent professionals providing specific services (example: data-processing instructors). This new organization has as an objective to organize, professionalize and propose standard Business Development Services practices that continue to be very heterogeneous.

Adie Business Development Services today comprise:

- The short training sessions level "initiation":
 - two general units: "how to manage correctly my business (including loose-leaf file)" and "legal and tax issues".
 - four thematic units: commercial development, margins and stocks, cash-flow management, banking.
 - Other short training units can be set up: insurance, coaching/motivation, etc.
- One-on-one support for specific categories of microentrepreneurs.
- Specialized help desks, which are staffed by volunteers, staff members, expert partners.
- 3-day data-processing training course after which the entrepreneur is given the possibility of acquiring his/her own computer for 100€.
- Cessation of business activity follow-through.

The general framework will be supplemented by the **on-going hotline** (a unique telephone number access for all microentrepreneurs). It is being tested at the moment in five delegations and thus up to October 2007.

Adie service chart



(1) steps to be followed in priority with entrepreneurs considered to be not at all or not very autonomous

(2) steps reserved to the most autonomous entrepreneurs or those that refuse the method

(3) Possibility for people to return to individual accompaniment even if that was not their Starting Point Choice

5.1.3 Target group

1. Adie finances a wide range of projects. Potential for business success due to an enterprising spirit as well as project feasibility are the main decision-taking criteria.
2. Recipients of welfare benefits represent more than half (56%) of the people financed in 2006. Another 33% goes to unemployed workers, on benefit or not. The percentage of working people is low (3%), mainly poor workers; often women on their own, undertaking a small complementary financial activity to face family expenditure.
3. Adie clients come from all horizons: urban zones, inner cities and rural zones. The association is very present in inner cities which gather 18% of the microentrepreneurs financed in 2006. More than one quarter of its clients come from rural zones. In the same way, nomads, the organisation's specific and privileged clients for the last ten years, account for a total of 7% of the financed microentrepreneurial projects.

5.1.4 Contribution to business development

1. Adie proposes financing possibilities to people having a project but without access to traditional bank loans.
2. Specially designed for unemployed workers or RMI (minimum income) recipients. It is also committed to those workers who wish to supplement their income with an independent activity and who, because of their low incomes or absence of guarantees, can not qualify for traditional bank loans.
3. Through its action, Adie uses its expertise and experience to promote self-employment and microentrepreneurial project development. These microenterprises can take various forms, such as SARL (Limited Liability Company) EURL (One-Person Limited liability Company) or Sole proprietor's enterprises.
4. In the same way, its actions contribute to propose improvements to the existing regulatory framework governing microloan and self-employment standards on the national and European level.

5.1.5 Main results

1. Dissemination of existing services

Services	Welcome	Hello	Specialized help-desks	Training	Data processing in 3 clicks
A number of regions * where the service is available	8 out of 17	12 out of 17	5 out of 17	8 out of 17	10 out of 17

*Adie divided France into 17 regions

All in all, the microentrepreneurs are satisfied with the Business Development Services. The study carried out in February 2006 of 150 microentrepreneurs shows that 93% of the questioned microentrepreneurs are satisfied with the Business Development Services that they were offered and 91% of the microentrepreneurs find their interlocutors on hand and qualified.

2. Service Impact

The microentrepreneur impact survey shows that even if the total impact remains limited, very concrete service impacts are underlined by the clients themselves.

Various impacts	Yes answers
To gain self-confidence	61%
To avoid making errors	57%
To improve management	55%
To solve the difficulties in the piloting of the company	52%
To improve the organization	51%
Better anticipation of difficulties	45%
Customers approach	40%
New professional competences	38%
New professional contacts	32%
To reduce the costs and loads	26%
To solve and anticipate a crisis	24%
Dealing with suppliers	27%
New outlets	23%
Supply diversification	15%
Relation with the bank	12%

5.1.6 Key learning points

1. Financial services are not only necessary to insure a project's success. Support and adapted guidance are essential to guarantee project sustainability.
2. The services must be able to adapt to the clients in terms of schedules, contents, accessibility in order to meet each client's needs and expectations.
3. It is important to maintain a regular link between Adie and the microentrepreneur in order to anticipate difficulties and to offer the services on a regular basis.
4. It is essential to build a clear strategy shared by all at the main office as well as in the regional delegations (particularly loan advisers) and an effective communication strategy in order to "sell" the services to the microentrepreneurs.
5. The services must be accessible in terms of price. However a contribution can be requested from the microentrepreneurs in order to facilitate their adhesion, to reduce absenteeism and to convey an image of professional service.
6. An important volunteer network makes it possible to supplement the action of the organisation at lower cost by proposing professional monitoring and assessment services adapted to needs (marketing assessment, taxation, legislation, etc., by in-the-field-professionals).
7. Partnerships with companies make it possible to supplement available professional competences (legal issues, accountancy, trade skills, commercial outlets, etc.)

5.1.7 Recommendations

1. The access to Business Development Services is essential for independent activity or microentreprise start-ups. The access must be adapted, simple, multiple and wide-ranging. It is necessary to function according to a service offer awareness focused on needs.
2. In order for the services to be client-orientated it is of primary importance for the organisation to carry out systematic evaluations on the quality of its services, as well as studies focused on target group needs and impact.
3. To effectively ensure Business Development Services implementation (in parallel to loan services), it is necessary to separate loan and Business Development Services by entrusting them to distinct people. That supposes a defined, clear and strong articulation between the two types of services.

5.1.8 Key words

Business Development Services and client-orientated services; professional insertion; professional needs; individual and group accompaniment; proficiency assessment; on-going hotline based on individual counselling; volunteers.

5.2 ASPIRE MICRO FINANCE FOR BUSINESS LTD / ENTERPRISE NI – THE WRAISE PROGRAMME – UK



Access to finance for women in rural and disadvantaged areas

5.2.1 The organisation

Aspire Micro Finance for Business Ltd

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Aspire is a niche microfinance institution that provides access to finance for the self-employed and micro businesses in Northern Ireland. In December 2005 **Enterprise Northern Ireland (Enterprise NI)** acquired Aspire. Enterprise NI is the network of the 36 Local Enterprise Agencies located throughout Northern Ireland. Both companies are now the main providers of microfinance in Northern Ireland, operating the “Aspire loan fund” and “Enterprise NI loan fund”.

5.2.2 The good practice: the WRAISE program

Aspire and Enterprise NI both specialize in providing loans to organisations that have been unsuccessful in acquiring a loan from other financial institutes such as banks.

WRAISE (Women in Rural Areas in Self Employment) is an EQUAL programme funded by the European Social Fund, the Department of Employment and Learning and Enterprise NI. WRAISE was designed because the gender gap in self-employment is particularly high in Northern Ireland. The programme aims at developing an innovative methodology for supporting women in rural areas into selfemployment. WRAISE is based on a pre-start up training of 60 “hard-to-reach” women in five disadvantaged rural areas, it offers, through peer groups (5-12 women) support, the opportunity for them to re-enter and to progress within the labour market.

The programme also previews a research phase that will be presented in its mainstreaming event later this year. The research aims to influence the microfinance sector and Credit Unions to get closer and be more open to microfinance entrepreneurs’ initiatives.

5.2.3 Target group

Aspire’s clientele must be an established business with less than ten employees and trading for a minimum of six months. Enterprise NI loan fund provides financial services to those who are unsuccessful in obtaining a loan from the bank and wishing to start a business. The WRAISE project is a pilot project which targets women in rural and disadvantages areas in the North West region.

5.2.4 Contribution to business development

A main barrier for any business/business start-up is the accessing of finance. Aspire and Enterprise NI provide financial services which allow people to start and grow their business, and thus decrease the unemployment statistics in Northern Ireland.

5.2.5 Main results

1. The organisation targeted **60 women** in the North West of Northern Ireland; due to staffing issues Aspire is still working in achieving its target number.
2. It will be also running three more trainings in other three rural areas: Omagh, Fermanagh and Mid Ulster.

SUMMARY	Trainees	accomplished
5 Courses	Commenced	44
	Completed Delivered in Strabane, Donemana, Coleraine, Cookstown and Limavady.	37
	Started a Business	11

5.2.6 Key learning points

1. Research shows that formal financial institutions do not provide financial assistance to microentrepreneurs in Northern Ireland. The main barrier, especially for women, is obtaining financial support for the setting up of businesses due to lack of loan history.
2. Aspire also has learnt that a number of its clients who would be eligible for a bank loan will return to the organisation to request a repeat loan. This is simply because Aspire trusts in their business idea and provides the financial assistance required to help them.

5.2.7 Recommendations

1. Considering the programme's target group - women in rural and disadvantaged areas in the North West region or Ireland - it is important to carry out target group's needs surveys, to adapt the services and assistance offered. Indeed, it is fundamental for the efficacy of the services proposed to take into account the "rural" variable and make a difference between the urban disadvantaged zones and the rural zones, and in consequence adapt the services to their needs and differences.
2. Take advantage of the peer group dynamics to develop and strengthen the links among participants. This particularly contributes to reduce women isolation notably for those who live in rural and isolated disadvantaged areas.
3. Reevaluate the capacity to reach Aspire's objectives in terms of target number, in order to achieve effectively and efficiently its main goals.
4. Results from other programmes that work with peer groups and women show that this methodology increases women's self confidence, knowledge and income and also has a positive impact in their children schooling. Taking this into account, it would be fundamental to reach as many women as possible but also to readapt the staff number to accomplish this.

5.2.8 Key words

Financial access; women in self employment; equal opportunities; micro loan fund; training; information.

5.3 INTEGRA - TEN SENSES - SLOVAKIA

This best practice focuses on an innovation in market access for women entrepreneurs in Slovakia.

5.3.1 The organisation

Ten Senses Ltd.

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Integra Foundation is a non-governmental, non-profit grass-root organisation established in Slovakia in 1995. Integra is engaged in the social and economic development of disadvantaged communities in Slovakia and other countries of Central and Eastern Europe (CEE). Its mission is to help people build their small businesses so they can become "Islands of Integrity" and participate in the transformation of their communities.

Integra is achieving its vision through four strategic programs:

- Microenterprise Development Program (MED Program): training, microloan, market access and other Business Development Services for disadvantaged groups, mainly women;
- Social Enterprise Program: Consulting, training and development finance for small companies with an integrated social and commercial mission;
- CSR (Corporate Social Responsibility) Program: Research, advocacy and consulting services for organisations on business ethics, transparency and anti-corruption issues;
- ODA (Official Development Assistance): technical assistance and investment finance to other countries, primarily the Balkans and East Africa.

Ten Senses Limited was established to run the Ten Senses market access programme in late 2003, by the Integra Foundation, which manages the microenterprise development programme (MED) for women at risk in Slovakia. This MED project began in 1999, and by 2004 had expanded to include almost 600 women in all parts of the country. This program provides business development support, mentoring and loans for start-up enterprises.

Roughly 35% of the clients of the Integra MED programme are producers. Typical products are: specialty food products, textiles, clothing, carpets, leather goods, wooden goods, candles, baskets and other handcrafts.

By the end of 2002, Integra staff began to realize that the producers among their clients were having increasing difficulty in accessing markets for their products. This was mainly due to the changing retail landscape (supermarkets, hypermarkets and "big box" retail developments, and shopping malls,) and the resulting closure of local shops and outdoor markets.

5.3.2. The good practice: Ten Senses



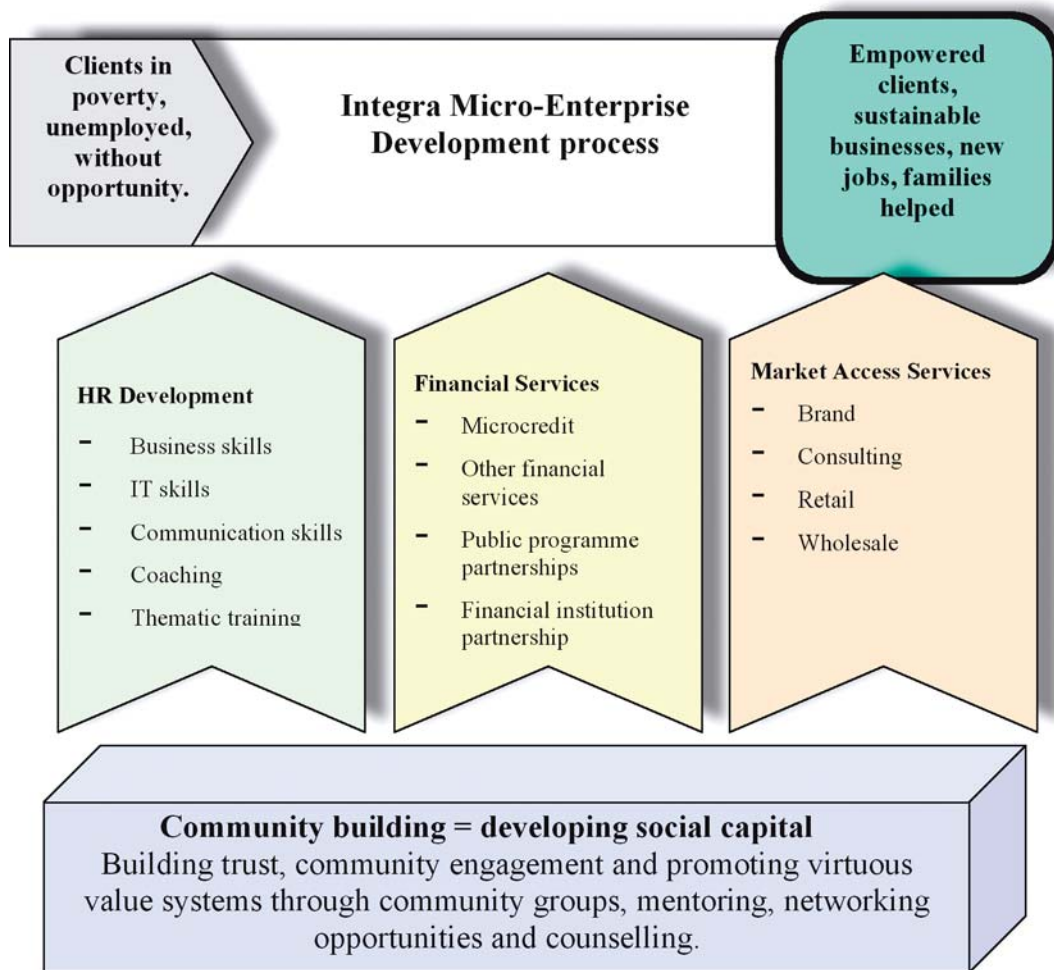
Typical microcredit focuses on the delivery of financial services, even to entrepreneurs. However, it is clear that in modern economies influenced by globalisation, market access is becoming just as critical as financial access for producers. In 2003, Integra, in partnership with Accenture Development Partnership and the Shell Foundation, developed a complex strategy to address the restricted market access experienced by its producer clients. The outcome of this was the creation of a new company, Ten Senses

Limited, which has since expanded its retail and wholesale operations in Slovakia and also to Romania, Bulgaria, Serbia, Russia and Kenya.

The services offered to clients are the following:

- Affordable professional consulting in product design, quality and packaging
- Access to the Ten Senses Fair Trade brand
- Product access to Ten Senses retail shops
- Advance payment and secure orders for products
- Access to Ten Senses wholesale channels, which sell products to major regional retailers
- Participation in regular training opportunities that focus on product innovation, advance information on market trends, product life cycle management, etc.

The illustration below shows how the different interventions work together.



Additionally, Ten Senses has become the first certified Central and Eastern Europe member of IFAT, the International Fair Trade Association. This allows client products to be sold under a certified fair trade label, and allows consumer confidence in the fair trade nature of the production and the supply chain.

5.3.3 Target group

The target clients are the participants in the Integra MED programmes for women at risk. This includes single mothers, refugees, divorcees, women with low educational achievement, women members of minority groups, women married or partnered with chronically unemployed spouses, victims of domestic violence, etc. While other women also participate in the Integra MED programme, it is specifically designed to be accessible to this group, and has a target of

more than 50% of all market access clients from it. The programme may assist individual women, or the companies or associations they own, or are involved with.

The typical client company has one or two full-time employees, with often another two or three working part time.

Ten Senses has classical Fair Trade products (coffee, tea, chocolate, cotton goods, etc.) to complement the locally produced items. Approximately 25% of sales are from these products. Thus, a secondary target group consists of traditional fair trade producers from the developing world.

In 2006 Ten Senses has also created its own fair trade sourcing company in Kenya, with a focus on extending market access services and supply chain to producers in Africa.

5.3.4 Contribution to business development

1. As markets become more sophisticated and globalised, market access becomes a serious problem. Just as this is evident on a global level, with poor markets in the developing world excluded from access to markets in Europe and North America, so it is also a problem within countries. While microcredit itself is becoming more accessible in Slovakia, lack of access to markets means that many loan recipients might fail.
2. Furthermore, by helping microentrepreneurs to gain a steady income from their sales, it may lead to their needing less credit that would otherwise be the case. Indeed, in some cases, the delayed payment terms offered by suppliers may provide all the credit that is needed.
3. Indirectly, the program reduces financial exclusion because the track record and strong sales of a business mean it can access mainstream loans.

5.3.5 Main results

1. **Impact:** Early indications are that a program such as Ten Senses can have a considerable positive impact on the target group. Table 1 shows the key performance indicators measured to track programme impact in Slovakia.

Table 1: Ten Senses (Slovakia) Ltd. Key Performance Indicators to 30 June 2006

	30.06.06	30.06.06
	Projected €	Actual €
KPI 1 - Ten Senses turnover	45,347	57,710
KPI 2 - Ten Senses profit (pre-tax/NIBT)	-4,430	7,934
KPI 3 - Number of clients using Market Access	185	184
C1: MA Consulting Clients	45	42
C2: MA Vendors	170	172
KPI 4 - Growth in Market Access client business income % of C1 and C2 clients reporting increased business income	40%	39%
KPI 5 - Growth in client household expenditure % of C1 and C2 clients reporting increased household expenditure	42%	45%
KPI 6 - % of Market Access clients from at risk target group	55%	53%
KPI 7 - Market Access jobs created and sustained	225	221

In addition, Ten Senses Slovakia has expanded this program to the poorer areas of Romania and Bulgaria, where the following outcomes are reported (to 31 March 2006):

- 139 clients have created 232 jobs
- 62% report an increase in income
- 71% report an increase in household expenditure
- 60% are from the at-risk target group

These figures show the benefits of the program may be greater, the poorer the economy.

- 2. Adaptability / scalability:** Market access remains an issue for entrepreneurs throughout Europe. The combination of business development services with the growing Fair Trade movement appears to be effective in many parts of the continent, particularly in the East. The fact that the Slovakian programme has spread to five other countries since 2003 indicates that it could have wide application. This view is supported by the fact that Ten Senses staff have helped create market access development strategies with MFIs in Kosovo, Armenia and Kenya.
- 3. Financial Sustainability:** Ten Senses is a for-profit company. Its survival depends on earning an income from its work. Income and profit projections from the initial operations in Slovakia are roughly 120% above operational sustainability projections. Integra has invested \$300,000 (€234,000) into the development of Ten Senses, and projects full investment recovery by the end of 2007.
- 4. Cost-efficiency:** In terms of number of clients helped per dollar of investment, the project is efficient. With \$350 000 (€273,000) invested in 323 clients, and 453 jobs created, the project costs are:
 - \$928 (€724)/per client
 - \$662 (€517)/per job

5.3.6 Key learning points

1. Financial support services that aim at helping business start-ups, as well as all other efforts carried out to this end are insufficient as long as they do not provide access to the market. It is important to be able to count on a structure which facilitates market access, especially at the beginning of a business activity.
2. To be able for business beginners to initially develop their activity under a known label is a pledge of success. The business launching phase can be shorter or longer and the lack of notoriety can be a major take-back for a microenterprise. Consequently, by being given the opportunity of carrying-out of his/her activity under a common label will make it easier to bring about first clients.
3. The access to existing stores in order to sell his/her goods represents a certain advantage since it makes possible to develop his/her activity, particularly commercial, without the need for investing in premises. This has an unquestionable incidence on the amount of capital necessary to the launching of the project.
4. The access to council and training is essential, in particular when one deals with populations at risk. These additional services supplement the device while bringing to women the tools necessary to guarantee the likelihood of their activity.

5.3.7 Recommendations

1. As Eastern European countries go through transition, and markets become more competitive and globalised, the exclusion of local producers from markets poses a serious threat to the development of their business. This should be an area of concern for MFIs, whose financial returns are often dependent on the success of their client businesses. The Ten Senses approach offers a way to help producer clients reach their markets.
2. As demand for financial services is reduced in countries with an emerging formal financial sector, market access becomes a way for microenterprise development agencies to remain sustainable.
3. MFIs might find default rates are reduced if they offer a market access program, incorporating design advice. It is possible to do this profitably.
4. MFIs working with excluded or vulnerable populations, such as immigrants, might find a combined microenterprise development program and Fair Trade provides a valuable new service to their client group.
5. There is a strong demand for market access consulting from MFIs, which, with investment, could become a separate business.
6. The Ten Senses intervention is only useful for producers. Because many clients of MFIs work in retail and services, a Ten Senses style program might be valuable mainly as a component of a more comprehensive enterprise development program.

3.7.8. Key words

Market access; financial exclusion; producers; transparency; training; accessible markets; fair trade.

5.4 TRANS-FORMANDO - LACER PROJECT - SPAIN



Creation and validation of a new system of education focused on qualified migrants.

5.4.1 The organisation

Trans-Formando

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TRANS-FORMANDO S.Coop.Mad. is a non-profit co-operative. It was founded in 1998 and is the result of the efforts of a group of multidisciplinary professionals from both the big business environment as well as the smaller local development environment who share a common interest in social issues.

Its identity distinctiveness is characterized by:

- Professionalism: efficacy and efficiency in our work.
- Commitment: focused on social empowerment.

Trans-Formando's social spirit drives forward the idea of “change”, in the broad sense of the word, meaning: custom-made training methodology, added value empowerment and involvement through counselling and information.

5.4.2 The good practice: LACER Project

Trans-Formando has been the Lacer project's promoter and coordinated the partnership composed of four more entities (*CEAR: Comisión Española de Ayuda al Refugiado, IFPA: Institut de Formacion et de Promotion des Adultes, AHE, LA VIDA OKTATÓ ÉS TANÁCSADÓ KFT*).

According to sociological studies, the most frequent cause for immigration is the search for a job that allows people to stay and to sustain themselves as well as their families in the country of origin. When they arrive in Europe, the work opportunities that they find are, in the great majority, positions that do not require qualifications that are temporary with low incomes; and a labour market that makes his/her process of integration difficult. However, many immigrants have a professional level far beyond these jobs that are generally available to them.

Self-employment offers, a promising alternative for some migrants who are sufficiently prepared and it can, in addition, provide employment to other people who also undergo job access difficulties due to cultural and racial prejudice and discrimination. Business start-up also implies an upgrading of the social perception of the group as people with an entrepreneurial spirit, skilled and capable of originating wealth. It also offers migrants the possibility of returning to their countries of origin with greater experience and resources in order to start over again.

The present business management and start-up training possibilities are not adapted to qualified migrant groups, since they do not focus on their specific needs. A methodological adjustment is needed as far as rates, schedules, spaces, languages, and even contents are concerned, with a special mention on how to identify and handle cultural differences between the countries of origin and Spain.

The LACER Project is based on a market study revealing the particular needs of migrant groups all over Europe. The LACER Project mission was to validate a new system of education focused on this group, by creating adapted training methodologies, didactic materials and contents, adapted to pupils' needs and based on their opinions and particularities, in order to assure useful, effective quality training. This action was co-financed by the *European Program Leonardo da Vinci*, a programme created by the EU to promote a European space dedicated to education and professional training.

LACER Methodologies offer a training of quality and a tutoring identical to those offered to any public. Nevertheless, they take into account all the aspects related to the specific needs of migrants and refugees. The core of the pedagogy is the adaptation of the contents to a specific group. Lacer Methodology is intercultural and proposes two phases of the learning process:

- 1) Training in business creation and management: this phase is focused on the acquisition of the main basis to create an enterprise; it is provided as group training.
- 2) Tutoring: one-on-one training focused on the development of each entrepreneurial project. This "individual training" is adapted to each person and is a complement of the training.

LACER Methodology has been developed through three manuals which are completed by different pedagogical tools to facilitate the training:

- 1) Manuals:
 - FOF0: Manual "Immigration and entrepreneurship: training the trainers"
 - FOM: Manual "Immigration and entrepreneurship: Training methodology" for entities and trainers
 - TUTO: Manual "Immigration and entrepreneurship: Tutoring methodology" for entities and trainers
- 2) Pedagogical Tools employed:
 - GE: Entrepreneur's handbook
 - FJ: Handbook on business legal formulae
 - AT: Handbook on permits
 - GR: A resource guide for entrepreneurs
 - DVD: Immigrant entrepreneur and refugee testimonies
 - GEE: A website containing relevant information for entrepreneurial immigrants and teachers in entities: www.lacer-entrepreneurs.org
 - EE: Study on Best Practices oriented to immigrant training and business creation

5.4.3 Target group

The methodology is aimed at:	It provides:
Entities specialised in self-employment wishing to cater for immigrants' needs	The opportunity to adapt its training courses to immigrants and refugees (mixed groups or not)
Entities specialised in assisting immigrants wishing to set up a self-employment service	An overall view of the various aspects linked to setting up a self-employment service in such entities
Teaching teams specialised in self-employment: trainers, tutors, advisers, with or without experience in dealing with immigrants and/or refugees	Tools to identify entrepreneurial immigrants and refugees' specificities Suggestions and guidelines to deliver appropriate training courses
Immigrant and refugee entrepreneurs	Practical information and tools to support the business creation process

5.4.4 Contribution to business development

In many cases the potential entrepreneur hesitates to launch him/herself in the entrepreneurship adventure because of his/her lack of essential business know-how. The LACER project sets the bases for the launching of training initiatives addressed to enterprising migrant people, offering training opportunities adapted to this group.

The proposal favours, on a long-term basis, the socio-labour integration of migrants currently discriminated against, since, through training, the necessary tools are provided to develop migrant entrepreneurship in Europe offering the same opportunities as the native population. This is especially true for those who are sufficiently prepared and undergoing labour discrimination due to cultural differences and prejudices.

In the same way, this action contributes to improving the migrant's social image as they become identified with his/her entrepreneurial and creative spirit and capable of bringing about prosperity.

5.4.5 Main results

Diverse qualitative project impact evaluations have been carried out - at the beginning of the project, in the middle of the project and at the end. Impact evaluations have served to validate the methodology and programme products.

1. The LACER products are the results of three years of work in Spain, France, Hungary and Poland. The methods have been developed in a parallel way during this period including contents observations and conclusions elaborated in the course of various pilot trials implemented in these countries.
2. Concerning training methods, a total of 18 training sessions have been given to a total of 144 students. (Those trials took place in the project partner countries of Spain, France, Hungary and Poland.) It is important to mention that it has been difficult to get more than five people per group in the pilot trials organised in Eastern Europe countries where immigration is still not very relevant. Those pilot trials have been done at various levels: level 1: "introduction to business creation" and level 2 "elaboration of a business plan". Only 60% of participants in the first training on introduction progressed to the second level of training. This is due to the fact that the training "introduction to business creation" works as a selecting phase for the business creation process. A lot of students realised that business creation was not for them or that their initial idea was not viable. Regarding the second level of training, most of the students finalised it with a written business plan. Occasionally we noted that some participants could not finalise the training because of family responsibilities (mothers mostly), or because they found a job before the training ended. Generally motivation is very high.
3. Of all the participants who proceeded to the second level training 25% are expected to really create their business in the next six months to one year following the sessions. The process of business creation is very slow and it is very difficult to evaluate the impact at a short term level.
4. In regards to the tutoring method, a total of 29 projects have been tutored with a total of 31 persons. The pilot trial has been implemented with highly motivated persons with a well advanced project. From this group 75% will probably really create their business in the next six months to one year following the sessions.

As the project was only finalised in October 2006 it is premature to get figures on their real integration in the market.

5. Concerning the “Training the trainers method”, 14 pilot trials have been implemented with a total of 100 trainers. Results from these training courses have been very positive as the tool has been considered as a real answer to a specifically identified need. Up to now it has been difficult to estimate its real impact on the project as it was launched only recently. The products need to be promoted in many ways in order to increase their use and impact.

According to diverse qualitative evaluations, the LACER project has reached its objectives in terms of results.

5.4.6 Key learning points

1. The project in itself is innovative due to the shortage or non-existence of similar programs adapted to the “qualified migrant” group.
2. The adapted methodology and didactic materials focused on the group have been created and validated within the project itself, in order to guarantee their quality.
3. The would-be pupils have participated in the design of the educational and learning program.
4. The project is committed to helping foster a more human-based economy, promoting solidarity group values. The educational system addressing management and entrepreneurship has as main basis values such as: solidarity group economy, management transparency, internal democracy, participation and social support, special care for environment, limitation of extreme wage differences and, donation of a part of its resources to solidarity group actions.
5. The use of the new technologies as a learning tool is innovative; it fosters experience exchange and interaction between migrant groups. For those in charge of this target group’s training and monitoring it promotes feedback from trainees who have already experienced entrepreneurship in their countries of origin.
6. The creation and validation of a new educational system allows useful, effective and quality training adapted to target group needs.

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5.4.7 Recommendations

1. These products/manuals have been launched only recently and it is difficult to estimate their impact. Nevertheless at the moment they constitute a basic tool to identify entrepreneurial immigrants’ and refugees’ specificities. Moreover, they provide suggestions and guidelines to deliver appropriate training courses to these groups.
2. Basically they teach us how to learn from our own students: What are the attitudes to be implemented? How do we act in order to succeed in our task of advisers and trainers for the business creation?
3. The “Training for trainer manual” and the “tutoring manual” are very useful for anyone who is working in the field of microfinance as it delivers ways to reach the most demanding group in microfinance which are immigrants.
4. Although the manuals have been designed with regard to immigrant and refugee entrepreneurs, a lot of considerations are valid for other disadvantaged groups.

5.4.8 Key words

Immigrant and refugees entrepreneurs, business creation, pedagogical tools.

5.5 EVERS&JUNG - TELECOACHING - GERMANY

Telephone mentoring to start-up businesses, reducing default rates

5.5.1 The organisation

EVERS&JUNG

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EVERS&JUNG is an international research and consulting company based in Germany. It provides advice to banks, government ministries and the media on private and small and medium enterprise (SME) finance. The sixteen-member team develops concepts and products, undertakes studies, and pilots innovative approaches in business financing and economic development. Current products include SME advisory services, consulting and international research and evaluation.

The organisation's clients include institutions focusing on economic development, SME financing, start-up enterprise and product quality development. They also assist small enterprises needing coaching and financial advice, and publish guidebooks on finance and financial literacy.

5.5.2 The good practice: TeleCoaching

The TeleCoaching initiative provides telephone-based post-loan business advice and support to microentrepreneurs. It is currently available in Hamburg, financed by the city, and offered to borrowers under the city's micro-loan program.

The purpose of the scheme is to provide a cost-effective way of reducing default rates, by providing mentoring support to start up businesses. The intention is that regular checks, every three months, will identify problems before they become too difficult to manage. Business support is tailored to the needs of the clients.

Under the initiative, coaches and entrepreneurs have telephone-based conversations every three months. Particular aspects of support include:

- Training in sales, marketing and cash flow forecasting
- A quarterly status check, covering business and personal budgeting and cash flow
- Agreeing milestones for the next three months
- Advice and support on how to acquire plant and materials
- Provision of information leaflets
- Access to a database of support information
- Access to workshops on the minicontrol software tool [see separate case-study].

Specially trained consultants offer an ongoing business support, the compensation of entrepreneurial deficits through training on the job, and the identification of crisis symptoms at an early stage. The business support helps to prevent failures of the micro entrepreneurs. If a failure of the microenterprise can not be prevented, the identification of early crisis symptoms often prevents greater loss to the entrepreneur.

5.5.3 Target group

The program assists borrowers under the city's microcredit scheme which is aimed at unemployed potential entrepreneurs. Clients are, therefore, usually disadvantaged in financial terms, and many have a lower than average level of education. There is an above average number of immigrants among the client group.

5.5.4 Contribution to business development

The program is supported by the city of Hamburg, because it provides a range of economic benefits to the city. In addition it increases the repayment rate of loans provided with its money. TeleCoaching has improved the performance of participating microentrepreneurs, and so their ability to repay their loans. The program has not, however, been running for a sufficient time to give statistically reliable evidence of its effect on default rates.

5.5.5 Main Results

1. So far 323 borrowers have been registered in the TeleCoaching database. 249 borrowers have participated in the TeleCoaching program. 110 of them completed the consulting process. At present there are 136 borrowers actively participating in the consulting process. The TeleCoaching consulting did not start in 53 cases, either because contacting failed (29 cases) or because borrowers (24 cases) dropped out of the process early due to their unwillingness to cooperate. For the remaining 21 cases, their status is either briefly before admission (14) or there is still need of some fine-tuning with the Authority of Economy and Labour due to missing data (7).
2. On 1 March 2007, there were 136 borrowers actively involved in the consulting process. A further 14 borrowers received the pre-announcement of the TeleCoaching by the Authority of Economy and Labour and the first contact e-mail from EVERS&JUNG. The first telephone contact will be in the coming days and weeks.
3. The reactions of the borrowers about the TeleCoaching program are predominantly positive and the cooperativeness is at minimum 80%. Most borrowers are pleased about the offer. They report openly about their business progress and address possible difficulties or coaching requirements. The majority of the borrowers gain support for dealing with the daily questions and decisions of the actual business management, which often differs substantially from the beforehand prepared business plan.

5.5.6 Key learning points

1. TeleCoaching is an effective way of reducing the cost, and increasing the reach, of post-loan and support to microentrepreneurs.
2. The cost of a TeleCoaching scheme cannot be recouped from interest on loans. It may be a worthwhile investment for MFIs if it reduces default rates, but the full cost can probably only be met by a contribution from an institution interested in the economic or social inclusion benefits which it provides.
3. TeleCoaching can provide a way of identifying potential problems at an early stage. Where appropriate, a face to face interview can then be arranged.

4. Because there is little face to face interaction, TeleCoaching must combine high quality business support skills with an ability to communicate well, and provide support and encouragement, by phone. High-quality telecoaches can be hard to find, and are often expensive.
5. TeleCoaching is most effective when combined with a set of computer-based tools, and so is best used where levels of internet access are high among the target group.

5.5.7 Recommendations

1. There is an increasing awareness throughout Europe that successful microfinance depends upon good pre-and post-loan support. The TeleCoaching programme offers a way to provide this at a lower cost than through face to face meetings.
2. MFIs would benefit from the TeleCoaching program, provided that it helped reduce default rates. The costs of the program are considerable, however, and would need to be borne by institutions which value its economic benefits. MFIs and policy-makers may wish to discuss how they can finance the program between them, so that each obtains the results it needs.

5.5.8 Key words

Telephone-based mentoring; telephone-based post-loan business support; reducing default rates.

Software offering simple cash-flow monitoring and business overview mechanism

5.6.1 The organisation

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EVERS&JUNG is an international research and consulting company based in Germany. Its activities are noted in detail in the first section of the Telecoaching case-study, above.

Some years ago, the company identified a need for a simple tool which allowed entrepreneurs to process financial information and obtain a snapshot of their business situation. They developed the minicontrol product to meet this need and tested it over an extended period.

5.6.2 The good practice: minicontrol

Minicontrol is a computer-based business support tool for microentrepreneurs employing between one and ten employees, and start-up businesses. It is designed to overcome the reluctance of many small scale entrepreneurs to record their financial transactions properly, or address key business needs, such as marketing and ordering, in a systematic way. Entrepreneurs can learn to use it within two hours, and it does not require accounting skills because it operates on a cash flow basis.

As well as recording financial transactions to produce a statement of account, the tool provides a business assessment report. It is divided into six basic modules, covering: household budgeting, business cash flow, profitability, financial planning, order and project control and business development. Additional modules cover liabilities assessment, charge-out rate calculation, customer analysis and telephone-based sales support.

Other features of the tool include: an integrated assessment of enterprise and private financing, budgeting, an automatic rolling assessment of input tax, a lack of technical language, and a reliance on cash flow rather than accounting movements. The tool automatically generates simple overviews on a single sheet of A4, which demonstrate the status of the business and can be used as standardized information for loan officers. The overviews highlight any potential problems, and this ability to identify issues before they become problems is one of the tool's key benefits.

The next two figures show the key menus used by the tool.

Figure 1: minicontrol main menu

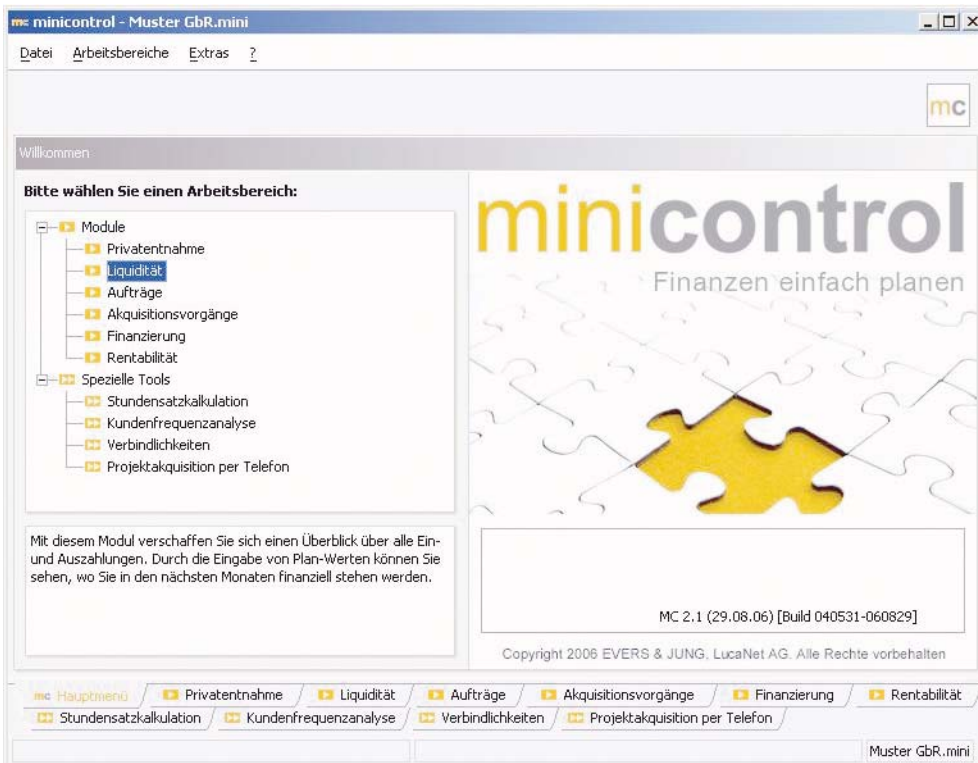
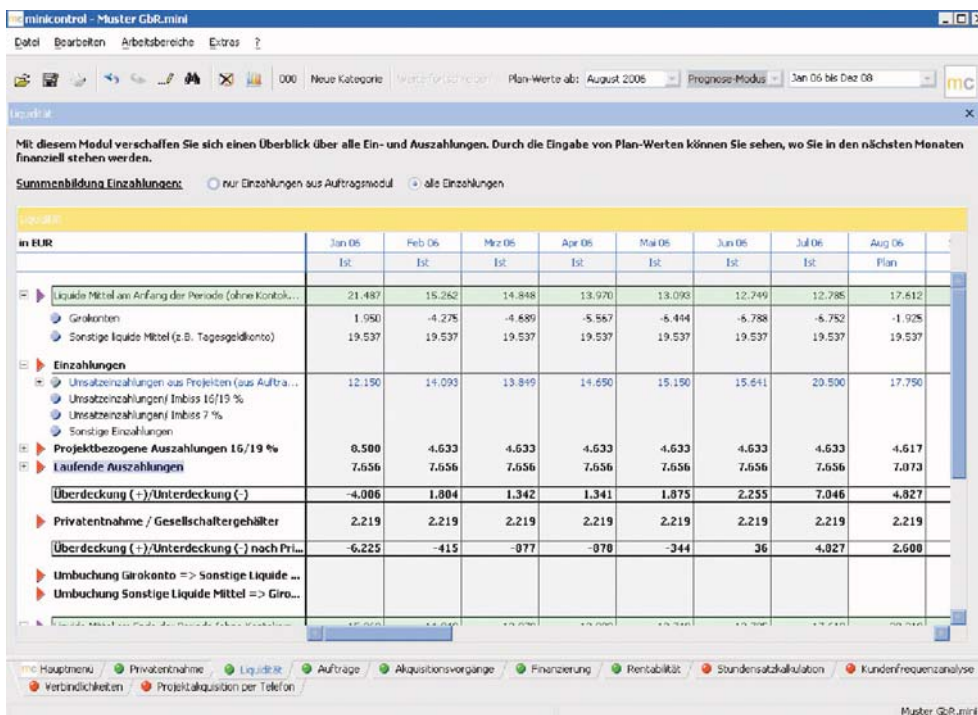


Figure 2: minicontrol Cash Flow Planning Module



More information and a free demo version are available at www.minicontrol.eu (German language only).

5.6.3 Target group

In the context of microfinance, the target group is small scale and start-up entrepreneurs, with limited financial and computing skills.

5.6.4 Main results

1. There were more than 1400 downloads of minicontrol 2 (planning & controlling) from August 2006 to March 07. The recently developed tool “minicontrol 2 Businessplaner” has been downloaded about a hundred times from February 2007 to March 2007.
2. About 650 licenses of minicontrol 2 have been sold from August 2006 to March 2007, about 1000 licenses of minicontrol 1 (in two years).
3. Minicontrol 2 is in fact used by 50% to 60% of participants which is considered as a very good rate with regard to the target group.

5.6.5 Contribution to business development

1. Minicontrol permits disadvantaged entrepreneurs to understand their financial situation and control cash flow. This reduces the chance that their business will fail and the default costs of investors.
2. Minicontrol increases financial and business literacy skills of microentrepreneurs. Increased skills in these areas help to prevent failures of micro enterprises and subsequently social exclusion.

5.6.6 Key learning points

1. A simple financial modelling tool can be very effective in helping entrepreneurs understand their business.
2. Once created, such a tool is comparatively inexpensive to provide to entrepreneurs.
3. The tool could be offered in other countries, once its instructions and field descriptions are translated, and changes are made to reflect differences in the levels of tax etc. Currently EVERS&JUNG is working on an English version of minicontrol.
4. The tool requires a computer, and basic computer skills, on the part of the entrepreneur. An internet connection is useful but not essential. The tool can, therefore, be applied in many contexts in both Eastern and Western European countries.
5. The tool offers a way to lower the cost of post-loan support, by providing loan officers with the information they need in a standard format. This reduces the sometimes considerable cost of the loan officer asking for additional information.

5.6.7 Recommendations

1. MFIs could consider minicontrol, or a similar tool which they develop themselves, as a way of reducing post-loan mentoring costs, and default. They may find it more cost effective to purchase such a tool, rather than develop it.
2. Minicontrol is likely to be most effective where offered as part of a comprehensive post-loan business support package. This will increase the likelihood that borrowers will use it over a sustained period.
3. Minicontrol can help loan officers by providing an early warning where the business is encountering difficulties, which might mean the loan will not be repaid on time.

5.6.8 Keywords

Software offering simple cash-flow monitoring and business overview mechanism.

5.7 WOMEN'S WORLD BANKING - TRADE HOUSE - SPAIN

New markets for craftswomen

5.7.1 The organisation

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Women's World Banking in Spain ("WWB", Fundación Laboral WWB en España), is a non-profit foundation, created in 1988, to help incorporate and promote women in their working life. WWB increases awareness of the problems facing women entrepreneurs, by acting in international conferences. Its core activity, however, is working directly with women, advising them when they start businesses, providing them with business training, and supporting their trade activities. Among other things, WWB offers loans. Since its inception 8055 small loans have been given to microentrepreneurs.

5.7.2 The good practice: Trade House

Handicraft is one of the most fragile sectors in the Spanish economy. This sector mainly employs women who are often located in rural and in underprivileged urban areas. The main difficulty women face in these zones is lacking access to communication and distribution channels for their products. One consequence is that handicraft ceases to be produced which means loss - loss of cultural heritage as well as loss of entrepreneurial activity as these women most of the time don't have the heart to establish themselves as entrepreneurs and therefore remain in the underground economy. One of the factors that restrain women from becoming entrepreneurs is the high costs of installing oneself in a local commerce. Initial costs have to be born by the women themselves without knowing if the product will be able to stand the market competition.

The Trade House initiative (*Casa de Comercio*) was set up in 1996 in Madrid, in the framework of the EU Initiative NOW II. Trade House provides free retail outlets, where craftswomen can promote their products, receive business training and create business networks. The shops sell wood, ceramics, jewellery, food and other products. Every two months, a group of craftswomen (there are between 20 and 25 women in each group), comes to a Trade House from different parts of rural Spain.

Before their arrival, the women receive a commercial training book, with information about fixing prices and product labels, so that they can review their practices. When they arrive in the Trade House, they participate in six hours of training, covering such topics as prices and marketing (presentation, design and colour). Consultants review their product design and marketing with them. They are then able to test-market their products in the shop, at no cost.

5.7.3 Target group

This project assists poorer and migrant women in rural and underprivileged urban areas.

5.7.4 Contribution to business development

1. One objective of the initiative is to provide room for women where they can test the competitiveness of their product in the market. Many of the Trade House participants have established their own enterprise. Others however became aware of the impossibility to establish a business because of the non-competitiveness of their product. Others again were able to alter the design of their product and thus make it more competitive.
2. Moreover Trade House allows craftswomen to improve their financial situation, by helping them to earn more money with their business. Craftswomen are often far from their potential markets and often lack any business training. The Trade House project overcomes these barriers by providing them with tailor-made business training. Additionally the Trade House provides space to sell their products at no-cost. The women can thus find new markets and clients. Their craft production can help economic revival in rural and underprivileged regions.

5.7.5 Main results

1. The training is different for each woman, depending on her situation and her products. The tailored approach helps women develop their businesses and access markets. During the life of the project in Spain over 1.500 craftswomen received training and could promote their products in the outlets.
2. The initiative proved to be very successful in providing business support to craftswomen. In 1998 three new Trade Houses opened their doors: one in Malaga, one in Segovia and one in Madrid. WWB, with the financial assistance of the Spanish Agency for International Cooperation, is opening a new outlet for craftswomen in Morocco.

5.7.6 Key learning points

1. High quality business support for craft producers should include individual design advice. Intensive, hands-on support from professionals, particularly designers, helps craft producers in less developed areas give their products the image they need to sell in a competitive market.
2. The Trade House model did not charge its users, and it was expensive to run. There may be scope to recover some or most costs by charging fees to users.

5.7.7 Recommendations

1. MFIs proposing to lend to craft producers may wish to offer intensive marketing and product design advice directly or through partners, in order to reduce the chance of default.
2. Policy-makers wishing to help communities with a high proportion of craft producers (who are usually women) may wish to consider the Trade House model as a way of helping them become more financially and socially included.

5.7.8 Key words

Shops, design, business support, for craftswomen, immigrants, new markets for craftswomen.

5.8 BOLAGSBOLAGET – SWEDEN



“Rent your employer”

5.8.1 The organisation

BolagsBolaget AB

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On September 22, 1991, Republiken Klarälvdal'n ("the Republic of the Klarälvdal'n River Valley"), was declared and this was the start of a true story which has come to inspire and renew not only the region where it happened but also the Swedish socio-economic sector.

Republiken Klarälvdal'n was founded in the Western part of mid Sweden. This Republic, which is, of course, a totally virtual place, resulted out of an idealistic and passionate vision with the aim of actively improving living conditions instead of focusing on what does not exist and just wishing that the economical, personal and social conditions were better.

The creation of this utopian Republic has had an important impact not only in the region in which it was created, but also throughout the Swedish economic sector. This Association's key strategic point is making available the potential to be creative to everyone, which gives body and soul to the way people focus on their lives without losing a sense of humour.

In 1995, this non-profit association received the prize for the best regional development project in Sweden, which urged its intellectual architects to become even more creative and more go-getting. The Republiken Klarälvdal'n launched the BolagsBolaget AB project in September 1999.

5.8.2 The good practice: BolagsBolaget

BolagsBolaget, which means "Business Business", was created as a response to the problem that there was no half-way measure between employment and self-employment in Sweden. Anyone wishing to sell a product was required to register, to obtain permission to issue invoices from the tax authorities. They also had to take full control of all aspects of operating a business - including accounting, for example - at a time when they were still trying to develop and market it, and when cash-flow was very tight.

BolagsBolaget, which is a social enterprise company, overcomes this problem by offering an administrative platform for people who want to run a business, without starting a formal company of their own. Instead they become employees of BolagsBolaget. They are still, in practice, operating a separate business within that company. User-employees effectively rent their employer, and can cancel the arrangement at any time.

When an entrepreneur wants to start a business, he or she signs a "Memorandum of Understanding" with BolagsBolaget, which lays out the roles of each. The entrepreneur takes full responsibility for delivering the product or service, and for working towards making a profit, while BolagsBolaget handles the administration. Developing the relationship may be very simple, requiring only a single phone call, followed by signing the memorandum.

BolagsBolaget takes control of the flow of money, including invoicing, receiving payments, and paying wages, suppliers and VAT. It undertakes to do this accurately, and in accordance with the law. It opens a separate cost centre in its accounts to deal with all the book-keeping for the user, so transactions can be monitored at all times.

BolagsBolaget does not offer credit, so payments can only be when there is sufficient money in a user's account to cover them. BolagsBolaget charges 15% of the sales for taking full responsibility as an employer.

5.8.3 Target group

The target group is people wanting to start businesses, usually with no previous business experience.

5.8.4 Contribution to business development

1. Microentrepreneurs don't always have the know-how to set out in the venture of entrepreneurship, either because they fear administrative formalities, or because they wish to take their time before launching their own project. That is why microenterprise focused platforms, which deal with all those issues that are not directly related to the business activity itself, help break the barrier represented by the administrative start-up phase.
2. By subcontracting their activity's operational management, the microentrepreneur can focus completely on his/her principal activity and increase the likelihood of success.
3. Starting-up a business is no longer an issue for those who do not have the necessary management skills. Therefore the future entrepreneur feels ready to undertake it.

5.8.5 Main results

1. During its first year, BolagsBolaget grew to 215 employees spread all over Sweden, and has now been trading for seven years. The number of employees is today 330 with a constant growth. Quite a number of the former employees have started businesses of their own or "invoiced themselves" to a traditional employment.
2. The turnover 2006 was €1.1 million including a sufficient profit.

5.8.6 Key learning points

1. A social enterprise intermediary can reduce the financial risk facing people starting a new business, and may increase their chances of success by handling administrative and financial matters on their behalf.
2. Such an approach can grow rapidly, and be sustainable.
3. The BolagsBolaget model appears to be comparatively easy to copy in other European countries, in both the East and the West, subject to the next point.
4. Each country's rules regarding the separation of legal entities varies. In Sweden, it is possible for a company to employ people who are effectively running separate business ideas as their employment. This may not always be the case.

5.8.7 Recommendations

1. MFIs might wish to establish a social enterprise on the BolagsBolaget model as a stand-alone business, able to support the people to whom it gives loans. This is very likely to reduce default rates on start-up businesses. It might be sufficient to have a single national social enterprise to which many MFIs can refer their borrowers.
2. Policy-makers could consider commissioning a feasibility study to identify any regulatory barriers to introducing the BolagsBolaget model, and making any appropriate amendments.
3. Policy-makers might consider providing grant finance to pilot the model in their countries, and disseminate the results

5.8.8 Key words

Management platform; back-office; “Rent your employer”.

5.9 PROWESS - FLAGSHIP AWARDS - UK



Prowess' vision is equal numbers of women and men starting and growing businesses in the UK

5.9.1 The organisation

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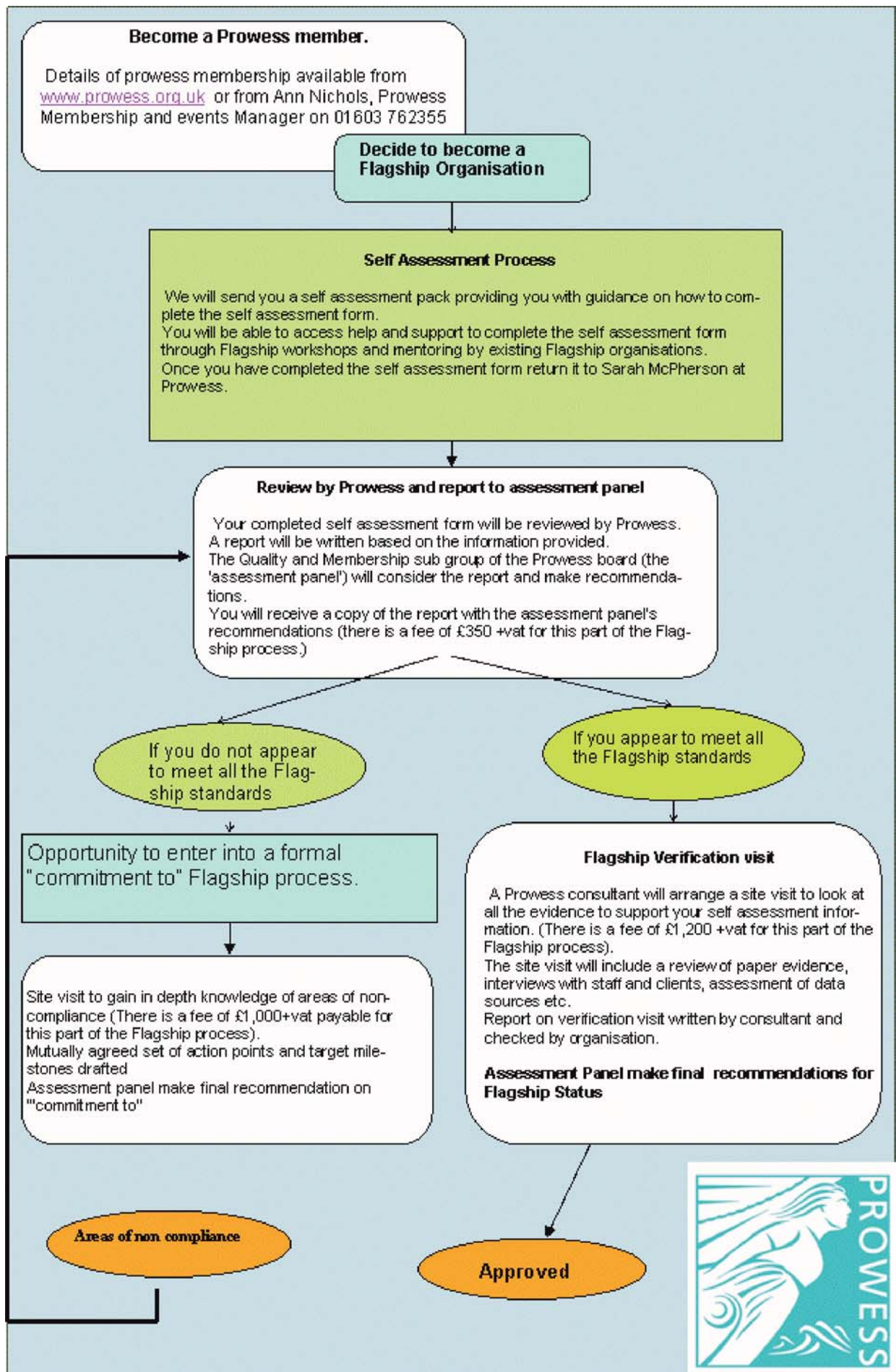
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PROWESS is a UK-wide advocacy network that supports the growth of women's business ownership through the development of an effective women-friendly business support infrastructure and enterprise culture. The organization achieves this by raising awareness, providing capacity building support to organizations which provide enterprise support services and by lobbying and advocacy at national, regional, European and local levels. Furthermore Prowess offers a range of specialist consultancy services which are designed to enable members to develop both their organizational capacity and an effective range of support to women-owned businesses.

5.9.2 The good practice: The Flagship Award

The Flagship Awards are a good practice standard for excellence in women's enterprise development. They aim to help organizations identify measures and improve their services for women looking to start and grow businesses. The process of developing the standards resulted in the identification and adoption of 13 core standards for Business Support Providers (BSP). PROWESS believes these standards represent the minimum best practice criteria for women's enterprise support. The standards are designed to be measurable and transparent as well as being as objective as possible, with numerical targets for some elements. The Flagship standard is a nationally recognized accreditation. The standards have been developed and are administered by Prowess. They fit across four key areas as illustrated below:

INCLUSION 1. Outreach 2. Access	CLIENT FOCUSED 3. Segmented market knowledge 4. Listening organisations 5. Regular face-to-face service 6. Promotion of clients' businesses
EQUALITY 7. Some women only provision 8. Women business support professionals 9. Commitment to Diversity	QUALITY 10. Established programmes 11. Significant impact 12. Effective partnerships 13. Coherent range of services - pre-enterprise - Business training or counselling - Access to finance - ICT - Networking or mutual support



5.9.3 Target group

Providers of business support to women.

5.9.4 Contribution to business development

The contribution to business development falls into two categories:

1. In order for business support to be suitable for all women it needs to be appropriate and accessible. The Flagship Standard ensures that issues around accessibility, women only if required, caring responsibilities, affordability etc; are evidenced.
2. For the Business Support Provider going through the Flagship accreditation process it is an opportunity to reflect upon and develop best practice, to review their current programs, and understand how developing enhanced skills in business support to their clients can build their organizational profile.

5.9.5 Main Results

1. The organization has accredited 29 Flagship organizations with ten more currently going through the Flagship process.
2. Four out of the nine Regional Development Agencies now require Flagship accreditation as part of their funding criteria to Business Support Providers in their region. It is expected that this number will increase by 2008, making Flagship of national importance leading the field in business development excellence.

5.9.6 Key learning points

1. Women in business often feel invisible and not listened to – best practice organisations need to listen to and act on feedback from their clients.
2. Lack of confidence is an issue for a lot of women starting their own business. In the early stages face to face services are crucial. Regular face to face services will also build trust and help ensure that businesses feel that they can help shape the service.
3. Women often feel more comfortable in discussing broader issues affecting their businesses in a woman-only session. This can enable strong and effective networks to develop, which are a source of ongoing support during the process of starting and developing a business. Women-only can be an essential option for some cultural groups.
4. Support organisations need to make efforts to reflect the characteristics of their clients. Women business support professionals can be powerful role models to clients and women clients sometimes feel happier seeing another woman.
5. By providing a coherent range of services the organisation will enable women to access all the support they need to start up or develop their business without the need to shop around numerous business support agencies.
6. The organisations that have been accredited are proving exemplary business support to their whole client range, not necessarily restricted to women. It is evident that if the support is flexible and accessible it will work for all sectors of the community that are under-represented in enterprise development, not simply women.

7. The Flagship accreditation is built around the UK National Strategy for supporting women in business. This government lead has given the program the national credibility it needs in order to be effective across the whole of the UK.

5.9.7 Recommendations

1. The services identified above are the minimum level required. In addition organisations are encouraged to think about providing:
 - Assistance in making the transition from welfare benefits to self employment
 - Mentoring or coaching services
 - A managed workspace/incubation environment.
2. The PROWESS Flagship quality standard is focused on the structure of effective business support services. It may be used to complement other quality standards such as:
 - SFEDI (Small Firms Enterprise Development Initiative) quality standard
 - IIP (Investors in People)
 - Customer First standard
3. To effectively target market segments, best practice organisations need to measure the effectiveness of their marketing approach.
4. Reflecting on experience and feedback from clients is an important part of the process of designing a quality programme of women's business support.
5. If services are effectively targeted at women and are meeting their needs this will start to translate into greater numbers of women taking up those services, so that business support assistance should be proportionate to their representation in the relevant local/regional population.
6. Referral relationships are important, but best practice organisations will seek closer working relationships with organisations which enable them to deliver a coherent service. And they will expect the same high standards from the partner organisations as they set for themselves.

5.9.8 Key words

Flexible and accessible support, business support, national credibility, effectiveness, accreditation process, providers of business.

5.10 WEETU - FULL CIRCLE - UK



Offers group loans and microfinance support services through its microfinance programme

5.10.1 The organisation

WEETU

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WEETU was founded in 1987 in Norwich (United Kingdom), on a Women's Group initiative as an independent voluntary agency and is a Company Limited by Guarantee (not-for-profit), designed specifically to meet the needs of women. It addresses the barriers they face concerning traditional banking and financial circuits. It aims to help develop economic prospects and assist women to achieve self-employment. Priority is given to help the most financially disadvantaged women, to help them develop their economic projects and to improve access to local labour market through the provision of high quality employment and enterprise support services.

WEETU works with key local partners to deliver a range of practical information, advice guidance, training and financial support, to over 2,000 women each year.

To this end, several programmes were launched:

- **STEPS** (Steps Towards Employment and Practical Skills)
- **FULL CIRCLE**
- **FULL CREDIT**

5.10.2 The good practice: FULL CIRCLE

Full Circle is a FREE Program for women living in Norfolk and Suffolk who wish to become self-employed or to further develop an existing business. The program comprises pre-enterprise training, business skills training, ongoing support and access to loans.

The programme offers a holistic approach to running a business, looking not only at the technicalities of book keeping and business plans but also the implications for family life and personal growth. Lending Circles offer women an ongoing support group, helping to combat isolation, which is the main reason for women failing in self-employment. Its loan fund enables financially disadvantaged women to access money to help build and develop their businesses. They can borrow at competitive rates of interest without having to offer collateral or go through credit checks.

Since the Full Circle Program started in 1998, it has become an internationally recognised project helping hundreds of women to achieve their dream of working for themselves.

WEETU's Full Circle programme gives entrepreneurs the three things they need most: training, long-term support and access to finance:

TRAINING

Acutely aware that barriers to enterprise remain much higher for women, WEETU's Full Circle clients participate in a rigorous, but supportive training program. In just eleven weeks participants have a business plan that could impress a bank manager. *Is Enterprise for Me?* is an introductory course that helps clients evaluate whether their business ideas are viable and do necessary market research. *Skills for Business* trains clients in the practical aspects of running their businesses, giving them the tools to be successful.

LONG-TERM SUPPORT

After training, WEETU continues to support participants as they join lending circles, i.e. self-selected groups of four to six business owners who meet regularly to offer support and cut down on isolation. They also approve loans. First loans are up to £1500 (€2200). When that loan is paid, clients may borrow up to £2500 (€3670). Full circle is the full package for start-up businesses.

ACCESS TO FINANCE

The innovative peer-lending scheme offers business start-ups low-interest loans - without consideration of credit history. *Peer-Lending Circles* approve members' loans, using social capital as collateral. Because of that, Full Circle boasts a 96 per cent repayment rate. The other payoff is the ongoing and long-term support that business owners receive from their circle.

WEETU services are specifically designed to meet the needs of women and address the barriers they face. WEETU *Peer-Lending Circles* is a loan arrangement in which a small group of borrowers guarantee each other's loans in lieu of providing traditional collateral. These 'Peer Lending' groups help promote trust, reciprocity, information, and cooperation associated with social networks, they help prevent isolation and increase the likelihood of success. The Toolkit is tried, tested, effective.

Why a peer-lending?

Lack of finance is not the only problem. Isolation, lack of confidence, lack of business knowledge and cultural stereotyping all conspire to stop people maximizing their opportunities. Small supportive groups or *Peer-Lending Circles* provide an invaluable support network for the first few years of business. The group plays a part of moral pressure on the person to whom the loan has been granted, since the following person will not be able to access her loan as long as the first has not entirely refunded. The group acts as a self-managed identity and must devise its own rules and group management roles.

The group also fulfils a social role in the isolated areas; the group makes it possible for the various members to create a bond between them. The interaction can thus go beyond the purely financial aspect.

5.10.3 Target group

Through its FULL CIRCLE Programme, WEETU supports women living in Norfolk and Suffolk who wish to become self-employed or further develop an existing business.

5.10.4 Contribution to business development

1. WEETU plays a significant role in making the case to policymakers for support to women in the labour market and particularly those on low income or those who are socially disadvantaged.
2. WEETU's customized training courses develop clients' entrepreneurial fibre testing business feasibility and build confidence in order to overcome deficiencies in the entrepreneurship field, lack of confidence or business and financial literacy which are the main barriers for women in self-employment start-ups.
3. *Peer-Lending Circles* offer women an ongoing support group that helps them feel secure and capable of carrying out their own projects. By winning the moral guarantee of the other group members, they can obtain a loan which the banks refuse to grant to them.

5.10.5 Main results

1. By the end of Full Circle WEETU training:

- 88% of survey respondents felt more confident in making decisions for their family future, up from 68% at the beginning of the training period;

- 100% are confident in dealing with the banks and financial institutions, up from 54%.
- 85% feel in control of their lives, up from 62%.
- 78% have more confidence in their personal skills, against 52%.
- 60% feel more self-confident and positive, against 17%.

2. Full Circle facts

- Businesses supported by WEETU have an annual turnover of more than £3.5 million (€5137000).
- Full Circle has been running for over 6 years and has nearly 500 clients.
- 1st loans up to £1500 (€2,200) and 2nd loans up to £2,500 (€3,700)
- 76% of businesses start-ups in 2001 are still trading today.
- 96% repayment rate on loans
- 90% of businesses supported through the program have a turnover under £25,000 (€37,000).
- 9.3% more clients use Adult Education as a result of taking part in the Full Circle programme.
- At the start of the programme 58% of participants were on benefit; 27% were in low paid work; 15% were unwaged or unemployed and 10% are disabled or on long term sick

3. In addition, WEETU impact evaluations show that the Programme participants, by building confidence and self-esteem, are inclined to benefit from teaching for adults and become active members of their community. It has been proven that they take better care of their health and that they tend to have higher aspirations for their children.

5.10.6 Key learning points

1. Financing is not the only key issue to bear in mind in microloan start-up programmes. The lack of self-confidence, the lack of specific knowledge and isolation are factors which must be taken into consideration in order to increase a project's likelihood of success.
2. Peer-lending circles create strength and loyalty between peer members which maximizes their business opportunities. The risk of loan defaulters is very low, since refunding constitutes a prior requisite for applying for a loan by the other members of the group.
3. By setting up groups which are maintained as long as the peer-loans are not refunded, bonds are created between the participants, helping to combat isolation, in particular in the most isolated areas. Interaction between group members goes well beyond the simple financing of the project and contributes to maintain individual motivation for all, and thus, to guarantee the likelihood of success.
4. In addition, WEETU impact evaluations show that the participants in the Program, by building confidence and self-esteem, are inclined to benefit from teaching for adults and become active members of their community. It has been proven that they take better care of their health and that they tend to have higher aspirations for their children.

5.10.7 Recommendations

1. Peer loans have a double mission: they make it possible to have guarantors in order to obtain a loan and help break insulation, in particular in the most remote zones.
2. The loans are subject to preliminary training which makes it possible to establish project performance reports and to acquire basic knowledge necessary to the implementation of the project.
3. Moreover, the compulsory training courses make it possible for peer-group members to acquire greater self-confidence which increases the likelihood of success of their micro-enterprise project.

5.10.8 Key words

Holistic approach, isolation combat, peer lending, confidence, lending circles, training, long-term support and access to finance.

5.11 APCE - INTERNET WEBSITE - FRANCE



Counselling and information addressing potential micro entrepreneurs

5.11.1 The organisation

APCE

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The **APCE** (*Agence Pour la Création d'Entreprises*) is a non-profit association.

The agency works to foster and develop an effective entrepreneurial orientated network in the world of business start-ups and takeovers. The agency is a key contributor to the consistency and efficiency of the environment in which entrepreneurs must operate. The agency acts as a national observatory providing on-going initiatives to local authorities taking into consideration the international environment and European issues. The agency is focused on developing a range of standard reference products and services (multi-media services, networking and information exchange, training in business management as well as practical guides and information sheets) designed to assist entrepreneurs and increase project development. Among its other objectives, the APCE observes, analyses and evaluates any data to do with business start-ups, entrepreneurs or the resulting businesses and transmits this information to all economic actors implementing business support policies. The APCE shares its in-the-field knowledge based on expertise and experience by working in partnership with administrations, local authorities, support networks, socio-professional organizations.

Created in 1996 on the initiative of the national authorities, the APCE is committed to providing assistance in the business start-up process working as an information agency, as an on-going technical tool addressed to support networks and local authorities by carrying out statistical studies and economical impact studies by activity segment and employment area in order to better target and answer public needs.

The APCE has a 44 member staff and develops narrow partnerships with over 5000 in-the-field experts all over France coming from the Chambers of Commerce and Industry, Chambers of Skilled Crafts, private networks, associations and entrepreneur clubs. Its operational budget is 60% State-financed and 40% accounted for by self developed resources such as professional training or on-line data sales.

Recently its competencies were extended to business takeovers. A new website part is dedicated to business takeovers and future entrepreneurs.

APCE's main goals are:

- to inform the public in real time and in an exhaustive way closest to its expectations,
- to direct the public towards support networks and financing assistance,
- to help foster project outcomes.

5.11.2 The good practice: Internet Website

The APCE prime objective is to design a key tool to give support to entrepreneurs and useful information on starting an enterprise. The Agency identifies the different entrepreneurial start-up stages as well as the main initiatives involving start-up sponsorship and puts forward this information on its website. Through its website, it provides special guidance to people wishing to create their own enterprise so that they can evaluate for themselves the different stages and make the right decisions. For each one of these stages, the APCE website proposes exhaustive information on the questions to be asked and the steps to be undertaken. It offers business sector evaluations in order to help the future entrepreneur in his/her market research.

The entrepreneur can also develop his/her project idea on-line in order to test know-how, choose legal statute, draft planning, find useful addresses, download APCE selected documents, write-out project (business plan), fill-in administrative start-up formalities. This is a no fee website service. To sum up, the APCE website gathers in a unique space all information necessary to support entrepreneurs and business start-ups.

Likewise, the website also proposes a list of contacts and organizations likely to come to assistance to the future entrepreneur in the various phases of his/her project.

Available in four languages (French, English, Spanish and German), the website makes it possible to obtain information on how to get started in France. The French version also offers information on business start-ups abroad.

In addition, the "professional service" offers operators an IT platform containing a wealth of practical information, specially geared to the needs of professionals responsible for advising and assisting entrepreneurs.

The access to this space requires a subscription and a personal password. The subscription is valid one year starting as of the attribution of the personal password. The annual subscription price is 350 euros.

All information addressed to the potential entrepreneurs is free, except for the documentation on sale on the website's bookstore.

5.11.3 Target group

The services offered by the APCE are addressed to all those who wish to start out in the entrepreneurial venture, in France as well as abroad (the site also offers information on how to undertake abroad). This service also concerns in-the-field professionals dedicated to potential start-up or takeover entrepreneurs.

5.11.4 Contribution to business development

1. The APCE's website is a simple on-going tool that gathers and makes available all information focused on entrepreneurial start-ups and takeovers. It makes the project development stages as simple as clicking into the Web to access the required information.
2. The APCE helps the entrepreneurs in the various phases of their project allowing them to work on-line. This makes it possible for the future entrepreneur to evaluate his/her project as well as working out his/her business plan, all that via a unique tool. The entrepreneurs can find on-line sector-based information as well as the necessary contacts to carry out research or obtain assistance.
3. The mission entrusted by the Minister for SME to the APCE extends its activity range and lays down a three-year operational plan. This agreement is formalized in a convention signed between the Ministry and the APCE. This convention confers on the agency new

means to continue its traditional missions, to develop its Internet website, to enrich its database, its publications and its training catalogue.

5.11.5 Main results

1. In 2006, the APCE recorded over 11 million website visits, processing over 33.000 questions, 71.000 on-line projects, (a quarter of the annual enterprise start-ups in France), issuing over 50 000 sector-based sheets and methodological guides as well as imparting over 8.000 hours of in-the field professional training.
2. During the first months of 2007, the website visits reached record levels with a 13 % progression against the same period of the previous year (1,206 million visits in January 2007) New technical co-operation programs were developed with State and financial establishments focused on start-up assistance processes.

5.11.6 Key learning points

1. The existence of an easy to access, free wide-ranging tool has a positive impact on project outcome insofar as it contributes to consolidate them in their entrepreneurial start-up stage. When information is disseminated and the interlocutors are too numerous, the future entrepreneur risks feeling discouraged and ends up giving up on his/her project.
2. The future entrepreneur has free access to all the information necessary for his/her business start-up. The economy of time is up-graded by a substantial cutback on costs not negligible for those in a difficult financial situation.
3. The microentrepreneur can prepare his/her project on line and receive professional counselling. Therefore, the future microentrepreneur can find-out rapidly if his/her project is sustainable or if it needs to be re-thought. As a result, start-ups no longer appear to be accessible only to those having previous management skills.

5.11.7 Recommendations

1. It is important for a microentrepreneur to have easy, free and fast access to information necessary to his/her start-up project.
2. As business start-up is a complex process in many countries, the existence of a simple to use tool such as an Internet portal plays a key role in reducing fears inherent to entrepreneurial start-ups and takeovers.
3. It is not always easy to know who or how to contact the right interlocutors in order to launch an entrepreneurial project. This brings about the need for easy access to an exhaustive list of in-the-field interlocutors to contact.
4. In the same way, a lot of microentrepreneurs are slowed down by what they consider as out of their range steps, such as the setting up of a business plan. To be able to work out ones own business plan on line, with the various stages to be followed clearly defined, contributes to demystify this impossible to circumvent stage and thus to promote entrepreneurship. No fee services are an additional asset.

5.11.8 Key words

On-line software tool, data research, start-up stages, training, sector-based information, on-line programs and services, forwarding, broadcasting, assessment, counselling, on-going easy to use tool.

Dynamic start-up incubator for young freelancers

5.12.1 The organisation

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Due to the stagnating high level of unemployment (10.0% as of February 2007), entrepreneurship out of unemployment is still an issue of high importance for the region of Hamburg, Germany. An increasing number of people are taking steps towards self-employment. Just a small proportion is motivated by internal factors, and the lack of alternatives on the labour market.

These people face the challenge of taking courageous measures into an uncertain entrepreneurial future. Within the process of starting-up their own businesses they experience the real meaning of running a company and living the entrepreneurial spirit. They take the risk and responsibility of their own income, even in conditions of low demand for their products.

The .garage project is operated by the private organisation “Enigma Gründungszentrum”, based in Hamburg, Germany. It runs several programmes to support people on their way out of unemployment into entrepreneurship. Since the start of operations in 1998, more than 8,500 entrepreneurs have used the services. The activities are mainly funded by public institutions as well as by private ones. Enigma has a core management staff of 16, which is supplemented by over 40 free-lance consultants and trainers.

5.12.2 The good practice: .garage



.garage is a start-up incubator for young people under 35, who are unemployed and wish to start-up their own business. It is located in Hamburg, Germany, and targets local entrepreneurs from the area of the city.

The .garage team supports the entrepreneurs to define, specify and implement their business ideas. For the time-span of six months the entrepreneurs use the infrastructure of the 400 sq. m open-plan office of .garage, with phones, computers and internet access. Although every entrepreneur has his/her own workplace, the open-plan office is important as a networking-platform for exchanging ideas, knowledge and experience with each other.

For a sustainable future for the newly started businesses, the .garage has the following aims:

- to provide the required business knowledge and skills (e.g. marketing, sales, bookkeeping, finance, tax)
- to broaden entrepreneurial decision-making and responsibility
- to strengthen the power of judgment for product strategies and prospects of success
- to acknowledge the wish for keeping the risk on a low level
- to set the framework for courageous decisions
- to offer new patterns of behaviour and thought - to reduce the risk of return to unemployment in conditions of occurring difficulties.

The aim of .garage consists of encouraging the entrepreneurs to take responsibility, to give them the qualifications which are needed and to give a suitable perspective on targets to run the business. Beneath the infrastructure, .garage offers seminars to gain business knowledge and entrepreneurial behaviour. Additionally, every entrepreneur is counselled by a personal coach, who is working with him or her on an individual basis. All these elements are co-ordinated by the project management, and the achievement of agreed goals is supervised. The setting of these elements has been continuously developed since 2000 and is thus described closer further below.

The activities are mainly funded by public institutions as well as by private ones. Private sponsors are for example: "Lovells", a legal services company which gives legal advice and seminars for entrepreneurs and "AOL", Germany's biggest public health insurance company which offers seminars free of charge.

5.12.3 Target group

.garage targets local entrepreneurs from the area of the city of Hamburg. It is a start-up incubator for young people under 35, who are unemployed and wish to start-up their own business. The .garage environment attracts young people who are mostly looking to become freelancers in the areas of graphic design, internet design, copywriting, PR, film, music, photography or fashion and styling.

31% of the entrepreneurs in the .garage incubator are male and 69% female. Average age is 31 years. 7% of participants are foreign nationals. With regard to participants' level of education, two thirds hold A-Levels.

5.12.4 Contribution to business development

From January 2000 to February 2007 the .garage team was able to offer advice 3,370 times to potential participants. 913 applicants passed through the assessment centre. 564 entrepreneurs have had the chance to implement their business ideas till date. At present, 35 entrepreneurs are supported by .garage. The survival rate of the start-ups (survival 6 months after finishing .garage), is 81% - which is well above the local average (data from July 2004).

5.12.5 Main results

1. Results of 529 former participants:
 - a. 456 (86%) are self-employed
 - b. 33 (6%) are employed
 - c. 8 (2%) are in re-training
 - d. 34 (6%) are unemployed.
2. Over 94% of the former participants have their own independent source of income (data from July 2004).
3. As the framework of the .garage has been continuously developed since 1999, the experiences and success factors have been proven to be transferable. .garage has been duplicated to several other German cities: Cottbus (2004), Kiel (2005), Berlin, Hoyerswerda, Dortmund and Essen (all 2006). A further duplication, also internationally, is intended by the organisation.

5.12.6 Key learning points

1. Since hundreds of businesses have been started up by young entrepreneurs, it has been confirmed that people in their phase of business planning cannot just be briefed and instructed. They rather are in need of room, interaction and frameworks, which allows them to meet their challenges with a high degree of personal responsibility. For this issue, the so called seven dynamics have been developed in the .garage:

- *Dynamic through structure:* The incubator is providing a structured schedule for the process of starting-up. The entrepreneurs experience that the implementation of the business idea can be broken down into small measures, which can be precisely described. This makes complex tasks manageable.
- *Dynamic through knowledge:* The incubator provides knowledge through seminars, workshops and personal consulting, which are delivered in time according to moments of decision-making. Knowledge supports the understanding of coherence, sharpens the power of judgment and increases the competence of entrepreneurial decision-making.
- *Dynamic through action:* The incubator ensures from the beginning, that the entrepreneurs act as active market participants. Already in the phase of preparing the market entry, the entrepreneurs conduct a first market survey among their potential clients. This leads to very early interaction between entrepreneurs and their prospects, allowing them to gain valuable feedback among other things.

Dynamic through feedback: Reactions on the own actions of the entrepreneurs are the strongest stimulus for changes in behaviour and attitude. Feedback on actions is gained on the one hand through interaction with clients, on the other hand through deliberated feedback of others. The later takes place in groups as well as in individual coaching sessions.

- *Dynamics through room and interaction:* Beside the -coordinated input of knowledge, coaching and feedback, the incubator offers room for individual and uncontrolled exchange of experience and knowledge among the entrepreneurs. The effect takes place immediately and directly, with a remarkable impact on the starting-up process.
- *Dynamic through groups:* In the process of creating their own business, essential decisions are taken which need courage and confidence. This is supported by open and trustful contact with other people. Trust is developed among people after going through a group dynamic experience together. Thus, the entrepreneurs always start in groups within the incubator.
- *Dynamic through heterogeneity:* The incubator creates synergy only if the entrepreneurs do not see each other as competitors. Thus, the heterogeneity of the business ideas is a source of group energy and character of the incubator. It lets the entrepreneurs compare each others ideas and practice co-operation at a very early stage, which is needed for a sustainable success.

2. Beside these developed methodologies, a further distinction of business ideas has been proven to be precious. To avoid overburden and enable a continuous personal development towards higher entrepreneurial courage, two different counselling approaches could be identified.

- *Instant Cash:* A business that is deliverable has no need for investment and can generate turnover quickly, is called "Instant Cash" in the context of the incubator. Only clients are missing, thus the emphasis of counselling is Marketing and Sales, and the empowerment of the entrepreneur to do that.

- *Risk & Fun*: Other business ideas, on the other hand, take more time to start up. A location needs to be selected, legal and bureaucratic obstacles must be solved, goods and equipment must be purchased. Due to this, the entrepreneur needs a sufficient funding of the business. The incubator provides support for writing the business plan. These ideas, which require more time and funds, are called “Risk & Fun”.

5.12.7 Recommendations

1. Young entrepreneurs’ motivation should be countered by providing the necessary infrastructure and additional support to them. Room, interaction and frameworks allow them to meet their challenges with a high degree of personal responsibility. This strengthens their motivation even more, at the same time avoiding failure.
2. Business support is most effective when aimed at a socio-economically and professionally well-defined target group. This allows the support organisation to develop a specialized business support offer probable to meet the real needs of the target group.
3. For the process of duplication, a number of factors need to be taken into account. These are besides others: regional and cultural differences, target group, structure of public support and location (rural or urban).

5.12.8 Key words

Incubator; youth entrepreneurship; start-up counselling; start-up consulting; coaching; start-up out of unemployment; Enigma; .garage.

6. Recommendations for duplication

Considering the diversity of actions launched to increase enterprise development services in Europe by the organisations represented here, the present recommendations search for new ways to put forward their duplication. In fact, the present section is the result of the good practices studied and retakes the key aspects observed in each one of them. These key aspects (information, training courses, counselling, long-term accompanying, broadcasting of good practices, market access back-up) are, from our point of view, **duplicable and adaptable** according to contexts, since they are **fundamental** proceedings that lead to good impact development that involve (seek) socio-professional inclusion and upgrading of the services offered to vulnerable groups, excluded from the banking system.

Consequently, we advise the development of innovating actions which put forward the fundamental aspects presented here.

- **To inform** the target population proves to be a fundamental action in each good practice studied. This allows a better knowledge about the sector, its actors and interlocutors as well as about the project development process. This contributes to consolidate the microentrepreneurs in their start-up phase, to reduce fears inherent to entrepreneurship procedure complexity and to reinforce their self-confidence, while boosting their project start-up.
- **Orientation** is another aspect which comes up rather often during the studies. Indeed, the study of the good practices teaches us that in many cases the future microentrepreneurs have already developed their ideas and rather need to be advised and to receive professional counselling on the viability and solidity of their ideas. Consequently, an easy and fast project evaluation is essential. Without a doubt, a simple, accessible and fast orientation would help to open the microentrepreneurial sector to prevent potential microentrepreneurs to feel discouraged by the complexity of the process and related formalities.
- Related to this is the urge to give individuals the self-confidence they need in their phase of business establishment. This can be achieved by providing them with the space, infrastructure and interaction they need for setting up their business. Bringing together different people who are starting a business facilitates the exchange of ideas and solution-finding through discussion and learning from each other.
- **Training:** has also been pointed out by our studies as a fundamental action. However, it is not simply a question of educating the target groups, but of offering them useful, effective quality training, and one which allows the acquisition of the basic knowledge necessary for the starting-up of their microentrepreneurial project, which brings an added value, and increases the likelihood of success. To adapt training courses to the needs of the concerned group has been proven to be a key asset that fosters best results.
- Moreover **individual advice** has shown to be effective. Telephone-based individual counselling can be a way for MFIs to reduce costs of post-loan services as well as increase the outreach of services. Moreover, a specific tool that facilitates administrative procedures may help business people overcome technical issues while reducing costs for MFIs.

- **Medium - and long - term monitoring:** this action goes well beyond the simple project financing support, since in addition to helping to reinforce the activities mentioned before, medium - and long - term monitoring makes it possible to uphold potential microentrepreneurs' motivation and to guarantee a better level of project result and success. On-going actions such as the group loans, long term monitoring, the weaving of bonds between potential microentrepreneurs with a project thus reducing their isolation especially important for those who are in the most disadvantaged zones.
- **Regular assessment** of Business Development Services should help provide high quality services that are adapted to individual business' needs. One way to set benchmarks is through the **dissemination of good practices**: it permits evaluation and establishes which aspects could be transposed to a specific context. This action must be added to the need for informing and counselling the vulnerable groups in order to enable them to develop and achieve their business goals.
- **Help market access:** Financial support services aiming at helping business start-ups, as well as all other efforts carried out to this end are insufficient as long as they do not provide access to the market. In the specific context of INTEGRA, the organisation makes it possible for business beginners to initially develop their activity under a common label, which facilitates the business launching phase. Consequently, it is of primary importance that the organisations charged to offer a support to potential microentrepreneurs develop **innovating actions** which facilitate access to the market.

The mentioned aspects assure that business support is tailor-made and based on the real needs of the microentrepreneurs in the phase of establishing or expanding their business. This contributes to a maximum to the effectiveness of the business support services. Nevertheless generally speaking, the good practices presented in this guide are not sustainable, but depend on subsidies. More research in terms of feasibility studies therefore needs to be done concerning the separation of cost and the self-sustainability of services. This will contribute to deepen the knowledge and incite further discussion on these aspects becoming more and more important in the work of BDS providers to microenterprises today.

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