

DRAFT EAST AFRICAN STANDARD

Business Development Services — Delivery of Business Development Services — Guidelines for Service Providers

EAST AFRICAN COMMUNITY

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Foreword

Development of the East African Standards has been necessitated by the need for harmonizing requirements governing quality of products and services in the East African Community. It is envisaged that through harmonized standardization, trade barriers that are encountered when goods and services are exchanged within the Community will be removed.

The Community has established an East African Standards Committee (EASC) mandated to develop and issue East African Standards (EAS). The Committee is composed of representatives of the National Standards Bodies in Partner States, together with the representatives from the public and private sector organizations in the community.

East African Standards are developed through Technical Committees that are representative of key stakeholders including government, academia, consumer groups, private sector and other interested parties. Draft East African Standards are circulated to stakeholders through the National Standards Bodies in the Partner States. The comments received are discussed and incorporated before finalization of standards, in accordance with the Principles and procedures for development of East African Standards.

East African Standards are subject to review, to keep pace with technological advances. Users of the East African Standards are therefore expected to ensure that they always have the latest versions of the standards they are implementing.

The committee responsible for this document is Technical Committee EASC/TC 076, *Services*.

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Business Development Services — Delivery of Business Development Services — Guidelines for Service Providers

1 Scope

This draft East African standard provides guidelines for delivering Business Development Services (BDS). The guideline can be used by solo practitioners and organisations, working in an urban or rural setting, at a parish, district, or regional level to:

- a) Improve their processes for service delivery;
- b) Align interventions to the context of the BDS client, their development life cycle, position in the value chain and the vertical level at which the MSME is operating.
- c) Enable consistent delivery of BDS.
- d) Diagnose their problems at the various stages of development.

This draft East African standard does not cover specific technical areas e.g.: accounting. Instead, it covers the general approach to delivering BDS intended for overall business improvement.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- IEC Electropedia: available at <http://www.electropedia.org/>
- ISO Online browsing platform: available at <http://www.iso.org/obp>

3.1

Business Development Services (BDS)

non-financial services offered to help start-ups, micro, small and medium enterprises (MSMEs) and/or small and growing businesses (SGBs) tackle obstacles more effectively, speed up growth and achieve greater scale. These services include incubation, acceleration, training, technical assistance, coaching, consulting, mentoring and other forms of non-financial support.

3.2

funder

An organization which provides financial resources to promote business development services

3.3

BDS provider

An individual or organization that provides BDS directly to MSMEs

3.4

customer

organization or person that could or does receive a product or a service that is intended for or required by this person or organization

3.5

continual improvement

Recurring activities carried out to enhance performance

3.6

end user

individual or organization who receives business development services

3.7

performance

Measurable result

3.8

product

output of an organization that can be produced without any transaction taking place between the organization and the customer

3.9

services

Output of an organization with at least one activity necessarily performed between the organization and the customer

3.10

risk

effect of uncertainty

3.11

strategy

plan to achieve a long term or overall objective

3.12

contract

binding agreement between two or more parties

3.13

Micro small medium enterprises (MSMEs)

entities that are involved in service, trade, production, manufacturing and processing of goods and commodities that are owned either individually or by business entities that have met the criteria as micro-small and medium enterprises.

3.14**Small and Growing Business (SGBs)**

commercially viable businesses with 5 to 250 employees that have significant potential and ambition for growth.

NOTE: SGBs and MSMEs are usually used interchangeably however SGBs are typically above the upper limit in size of the MSMEs. They are businesses with a rapid growth trajectory.

3.15**solo practitioner**

professional who practices independently usually are also the business owner

4. Principles

Effective delivery of BDS strengthens the capacities of MSMEs resulting in economic growth, employment, and wealth creation opportunities. The delivery of BDS is broadly guided by these three principles:

- a) Impactful
- b) Inclusive and
- c) Accessible

4.1 Impactful

The purpose of the service is to help the MSME achieve its goals These may include sustained profitability, growth, capital raising and/or increased employment. Also guiding the BDS provider should be the impact of the MSME on the broader community, including social, ethical, economic, and environmental concerns. This can be achieved by ensuring that BDS are:

4.1.1 Client Focused

Maintaining a client focus translates into considering the business aspirations together with the business needs, as identified by the diagnosis, to reach an agreement with the client. Customisation may include using language that the BDS client clearly understands, is aligned with their technological ability, and numerical literacy levels as may be appropriate.

4.1.2 Practical

This can be achieved through providing practical tools, such as guidelines, resources, templates, and/or examples, to support the MSME in achieving their objectives.

4.1.3 Aligned with evidence about capacity building

BDS providers' services should draw from current capacity building and behaviour change theory and practice, to maximise the effectiveness of the teaching, consulting, mentoring, coaching, and/or training. Examples can be seen in Annex A.

4.1.4 Sustainable

BDS providers should consider enabling MSMEs to sustain and continue the improvements beyond the course of the BDS provider's engagement with the MSME.

4.2 Inclusive

BDS providers should consider the views of stakeholders in developing the interventions for the MSME.

Stakeholders may include management, customers, staff, shareholders, suppliers and the wider community. This can be achieved by ensuring that BDS are:

4.2.1 Equitable

BDS providers should consider social dynamics related to gender, youth, and other social categories, and take account of the complexity of their interconnectedness to ensure that no person is disadvantaged by the service, or unfairly excluded from opportunities offered.

4.2.2 Contextualized

BDS providers should adopt their interventions to the environment within which the MSME is operating. BDS providers can understand the external environment by examining:

- a) The political, economic, social, technological, environmental, and legal factors that would affect the achievement of their strategic objectives;
- b) Competition and market dynamics;
- c) Industry and technological trends;
- d) Standards and codes of practice;
- e) External stakeholders' relationships, perceptions, values, needs and expectations;
- f) Contractual relationships and commitments;
- g) The complexity of networks and their interdependencies.

4.3 Accessible

BDS providers should, where possible, consider increasing access to BDS by serving MSMEs in remote geographical locations, making their services accessible to MSMEs, and maximizing the value to MSMEs especially those with limited resources. BDS providers should consider replicating components of the intervention and / using technology to reduce costs and achieve scale.

5. Scoping and Contracting

5.1 Scoping and Contracting for MSME clients

5.1.1 Agreeing scope for MSME clients

BDS providers should understand the scope of service provided as it relates to the MSME's needs and goals. Providers should clearly communicate the services they are competent to provide. It is important that the BDS provider only provides services for which they are capable.

5.1.2 Contract writing and execution for MSME clients

Depending on the nature of a BDS provider's engagement with an MSME, a contract and/or service level agreement may need to be signed.

5.2 Scoping and Contracting for Funders

Formalising the arrangement through an agreement is critical to ensuring that the needs, expectations, obligations, roles, and responsibilities of all parties involved are clearly defined. The BDS provider and the funder should establish an agreement on how the project is to be delivered.

5.2.1 Agreeing scope of project for Funders

There are many considerations within the scoping phase which include:

- a) Perceived needs and expectations of the customer
- b) Potential constraints and risks involved in the assignment
- c) Resourcing capabilities and constraints
- d) Timing considerations
- e) Principles to govern the course of the contract (e.g.: ways of working, dealing with significant scope changes)

The BDS provider should take steps to understand the nature of funding, the funder's objective, the needs of individual end users, the problem the intervention seeks to address, and the nature of support required.

NOTE: Further understanding of the needs of the client may be facilitated by the BDS provider undertaking research through market research. See Annex C.

5.2.2 Proposal Writing

The BDS provider should prepare a proposal that lays out their understanding of the problem to be addressed, the proposed intervention and how this is to be delivered.

The content of the proposal should include:

- a) A brief overview of the problem or need;
- b) Details of the proposed intervention, including, but not limited to high level process; outcomes, alignment to the problem or need;
- c) Evidence of BDS internal capacity to deliver intervention;
- d) Details around the budget and timing detail.

NOTE: Further guidance can be found in the checklist in Annex B.

5.2.3 Contract writing and execution

The purpose of the contracting phase is to build and reach an agreement between the BDS provider and the funder on the services to be provided. The BDS provider should only enter into an agreement that protects interests of the client and the BDS provider. The outcome of the contracting phase is a binding agreement between the BDS provider and the client. The agreement determines the services and the deliverables to be provided and establishes rights and obligations for each of the parties.

The agreement should include:

- a) Context;
- b) Services and key deliverables;
- c) Approach and work plan;
- d) Roles and responsibilities;
- e) Acceptance criteria;
- f) Commercial terms: including fees, charges, and payment schedules

- g) Terms and conditions: including ownership of material and deliverables, intellectual property, licensing, confidentiality, non-compete clauses and use of data.;
- h) Any relevant policies (for example data sharing agreements, non-disclosure agreements)

All parties should execute the contract before commencing project work.

6. Understanding the MSME in context

BDS providers should tailor support to the overall business context of the BDS client and the end user. Consideration needs to be given to the resources available to the MSME, its position in the value chain, its stage of growth, its geographical location (including urban or rural), and its industry, while demonstrating awareness of and sensitivity to social issues such as gender.

NOTE: Annex D for a MSME needs assessment framework/checklist.

7. Service Delivery to MSME

The BDS provider should ensure that their services are delivered in an organised manner. This can be achieved by following this four-stage process:

- a) Conduct a Diagnosis,
- b) Use Practical tools and Interventions,
- c) Measure Progress,
- d) Document the project.

The process is iterative rather than linear, which leads to Continual Improvement.

7.1 Conduct a Diagnosis

The BDS provider and MSME should set a specific, measurable, actionable, realistic, time bound (SMART) goal for the intervention. The BDS provider can use a diagnostic tool to define the problem and align the intervention to the problem.

Diagnostic tools should be broad, covering the relevant aspects of the business as applicable, even if the MSME goal is narrow. The diagnostic approach used should be interactive, flexible, and customisable to the stage of development of the business.

An illustrative diagnostic framework details practices that lead to business sustainability and growth, covering the key elements of business success: strategic planning, market and customer positioning, operations, as well as financial and human resource management. BDS providers can use the diagnostic framework, and a systematic checklist (as illustrated) to help the BDS client to set growth goals that address the gaps. The diagnostic would supplement a needs analysis (if conducted at the scoping stage) and provide detailed indications of areas for BDS support.

NOTE: The BDS provider can leverage a diagnostic tool to assess the strengths and weaknesses of the MSME and identify critical areas of support the MSME needs to achieve their goals. See example in Annex D.

7.2 Use Practical Tools and Interventions

Practical tools and interventions are applicable, relevant, resources that MSME can immediately use in the business to make progress towards a desired outcome. BDS providers should consider identifying practical tools and interventions in the areas identified in the diagnosis framework in 7.1.

In developing the tools to be used to deliver the intervention, the BDS provider should consider relevance to the MSME type and stage of development. A tool can be simple, or more sophisticated to best support the MSME stage and capacity.

NOTE 1: BDS providers can create their own tools or create partnerships to leverage existing tools. The BDS provider should support the MSME to implement appropriate tools to enable them to introduce the business practices needed to reach their goal.

NOTE 2: For example:

- a) If an MSME has identified 'Track progress' as a key gap in their Strategic planning business practices, they can review appropriate and relevant tools to identify the one that is most relevant to their specific need.
- b) If goal setting is a gap, a business can use a Goal planner (SMART Goals) template to document and track progress monthly, quarterly against business strategic goals.
- c) Additional examples of practical tools have been included in Annex E, these relate to compliance, implementing a marketing / sales plan, planning talent.

7.3 Measure Progress towards MSME's goal

Measuring outcomes help MSMEs to assess progress toward their goal as well as helping with motivation for continual improvement. Measurement against the MSME's initial goal and/or the goal of the intervention can help set an outcome-orientated approach. It is important that MSMEs document the progress measured.

In cases where long term interventions are to be implemented, the BDS provider may conduct regular client check-ins to review progress and adapt expectations. This may cause the BDS provider to adapt the intervention based on interim progress and findings.

7.4 Documentation of Service Delivery and Impact

It is important to keep records relating to the project itself for the purpose of all stakeholders, the participants, the customer, and the BDS provider to use the information for continual improvement, for reporting purposes, and for record keeping of legal and administrative purposes, e.g., financial transactions and registrations. BDS providers should keep records secure and confidential especially when they relate to personal and confidential business data.

It is important that the BDS provider remains up to date with the current data protection regulations.

NOTE 1: Typical examples of records that may be kept include:

- a) End user: Progress against initial goal, Engagement in the programme (e.g., attendance, training completion) and impact/achievement from the programme.
- b) Funder: Funds dispersed, progress against key commitments and milestones, budgetary spending, tracking of results, impact of intervention, etc.
- c) BDS Provider: Lessons learnt or areas for improvement in service delivery

- d) A checklist of required documentation may be found in Annex F.

7.5 Continual improvement

To support the MSME, the BDS providers should be able to:

- a) Advise, drawing on the principles and practices of organisational change to help entrepreneurs to create and sustain a business
- b) Facilitate learning, drawing on adult learning principles and the application of appropriate modes of learning
- c) Coach, using client-centric listening and responding.
- d) Help the client to analyse, Problem-solve and spot opportunities

During the intervention, BDS providers should share tools/frameworks/ diagnostic tools to support the client to continue to improve after the intervention is complete.

After the intervention the MSME should have a better understanding of their business, as well as the diagnostic tool. The MSME should be able to consistently apply the diagnostic tool, to identify areas where they need to seek out relevant support, tools, and/or interventions to address their growth goals.

To facilitate continual improvement, the BDS provider should consider revisiting past clients / MSMEs regularly to identify new business needs and understand longitudinal impact and feedback of their interventions

8. Closure

8.1 Closure for engagements with funders

In some cases, BDS engagements may be supported financially by funders. In this case, the project is completed when the terms of the agreement have been met, and final deliverables have been submitted.

These may include:

- a) Legal and contractual matters;
- b) Final evaluation and continual improvement;
- c) Administrative matters, including payment of agreed fees where applicable;
- d) Communication;
- e) Intellectual property rights;
- f) Outstanding minor issue

NOTE 1: Guidance on an impact outcome framework can be found in the informative Annex G.

8.2 Closure for engagements with MSMEs

If an agreement is governing the engagement with the MSME, the engagement will be completed when the terms of the agreement have been met, and final deliverables have been submitted - see clause 8.1.

Annex A

(Informative)

Clarification on Capacity Building Concepts

A.1 Key Capacity Building Concept

In Clause 4 Principles for Service delivery, key capacity building concepts were mentioned. In this section additional background around these concepts are shared.

Understanding these concepts and embedding them within the services provided to MSMEs is likely to significantly enhance the outcomes of services (e.g., training, coaching, advising, and business growth interventions).

A.2

Based on research into how individuals learn and improve performance in businesses, the principle of indicates that performance improvement will come 70% from on-the-job application – using tools and active experience to work through tasks and problems; about 20% from feedback, reflection and learning from peers around you; and only 10% from formal training like workshops and traditional training. This is important to consider when planning business development support services and interventions to support the implementation of new skills, behaviours, or practices. Interventions should include a significant focus on practical application and feedback.

A.3 Behaviour Approach

Focusing on sustained change in a business requires habits that are embedded either for individuals or for business practice. The development of lasting change requires a behavioural approach to BDS provision. BDS providers should recognise and integrate both attitudinal and behavioural elements to their services.

- (1) The attitudinal aspect recognises that entrepreneurs and teams need to recognise a need for change, and
- (2) the behavioural aspect (integrates the continuous learning to sustain change over time-including reminders, routines, and rewards).

Change in the organisation needs to be affected and underpinned by a sustained change in behaviour of key personnel.

A.4 Practice Approach

Key to organisational change is a set of practical tools designed to effect improvements in the standard practices in the company. Here the focus is not on individual learning but changing company practices by embedding change in work and ensuring ongoing application over time. A BDS provider can achieve this by having participants assess their companies on a set of practices and select the ones that will produce the most growth. The participants are then introduced to tools that enable them to introduce these practices. This practice approach is illustrated in the MSME Diagnostic Framework – see Annex D.2.

Annex B

(Informative)

Proposal Checklist for Funder proposals

Example

Aspect	Description	Notes
Project background	An overview of the project (or intervention) and the problem that it is to address. This can include information gained through market research or needs analysis.	
Organisation Overview	A brief introduction to the organisation, highlighting relevant fields	
Organisation's Programme Methodology	Description of the BDS provider's approach to the problem	
Proposed Programme for Client	This section outlines how the BDS provider's methodology would be applied to the client's needs and includes scope, budget, and deliverables.	
Programme Success Measures	Overview of the proposed project success measures	
Organisation's Past Experience and References	Evidence of prior success. This could be through testimonials, descriptions, and/or contact details of references.	
Key Personnel / Management Team profiles	Short bios of key team members.	

Annex C
(Informative)
Market Analysis

Market research helps BDS providers submit proposals for services to funders or other stakeholders that are relevant, contextualized and based on fact, evidence, and strategy. It helps BDS providers to submit proposal that demonstrate understanding of the services required and how the interventions they propose will achieve the required outcomes.

Table 2: Key Elements to Consider When Conducting Market Research to Support a Funding Proposal

Why	Clarify 'why' funds are available and what outcomes those funds are intended to support
Who	Build a comprehensive understanding of the funder profile and segment in which they operate
How	What interventions will help accomplish these outcomes
What	The behavioural or performance-based objectives, skills, knowledge and attitudes the funder is looking to change or address
When	When is the intended period of the project

Methodologies a BDS provider can use include those illustrated in the table below

Table 3: Methodologies for Market Research

Qualitative research	Qualitative method is small-scale and detailed. This type of research is considered exploratory—it's all about the "why" in research. Answers in qualitative research are often found through focus groups and in-depth interviews.
Quantitative research	This type of research is the opposite of qualitative research. Instead of small-scale, it is large-scale with large sample sizes. Quantitative research focuses on gathering reliable data from large groups.
Hybrid research	Hybrid research is a blend of qualitative and quantitative methodologies. When conducting hybrid research, the qualitative portion typically comes first. This is a preferred method for marketing research as it outlines with data areas for further exploration through interviews and focus groups.

There are several activities that BDS providers can undertake when conducting qualitative research.

Table 4: Activities Involved In Qualitative Market Research

Surveys	Surveys can be the easiest tool to build and distribute. Common survey methods are <ol style="list-style-type: none"> 1. Online Surveys 2. Phone Surveys
Interviews	BDS providers can spend time doing in-depth interviews of their target audience, which can be both a funder and a MSME. This helps BDS providers dig deep into the pain points or challenges a funder or MSME is seeking to address.
Focus groups	BDS providers can organise focus groups, which are group-based interviews. Typically, the groups are organised based on common characteristics – like geography, sector, or size.
Audience Analysis	Audience analysis is different from interviews and focus groups. This activity involves secondary research by reviewing existing research to gain insights.
Industry/peer community research	Finally, BDS providers can leverage any entrepreneurship or funding communities they are a part of to do research in focus groups or through audience analysis.

Insights gained from market research are used to support scope of services to a funding provider or other stakeholders and should be summarized within funding proposals to support the scope of services proposed.

Annex D (Informative)

Needs analysis and Diagnostic (for an individual MSME)

In order to address a MSME's needs and design a fitting intervention, the BDS provider can consider the following three step process. The first step is to conduct a broad learning needs analysis to conduct a general inquiry into the nature of the problem as the MSME sees it. More detail on this is shared in section D.1 below. The second step is to identify the broad area, or areas, of needs highlighted by the needs analysis. Thirdly, if appropriate the BDS provider can create and apply a more detailed diagnostic as explained in section D.2. BDS providers should use the diagnostic to detail the root cause of the issue to design an appropriate intervention.

D.1 Learning Needs Analysis

The goal of a learning needs analysis is to identify any gaps that exist within an individual or group of entrepreneurs and, if gaps do exist, establish what training or BDS intervention is required to fill the gap(s) and help them grow.

The outcome of a needs analysis should be a summary of the MSME profile, the gaps in business or individual competence or practice, and an indication of the area of focus for any BDS intervention. A needs analysis can be done at a high level to understand the broad scope of services or in greater depth where resources and capacity allow.

When And How To Conduct A Learning Needs Analysis

For a BDS provider to offer a service that meets the needs of an MSME, they should identify the root cause of the problem affecting the ability of the MSME to perform effectively and grow. If there is no clear indication of a relevant failure point, the BDS provider should conduct at least a basic needs assessment.

A learning or training needs analysis should answer 5 key questions: Why, who, how, what, and when.

Table 5: Questions Guiding A Learning Or Training Needs Analysis

Key questions	Rationale
1. Why should the MSME accept services?	BDS providers should tie the performance problem to a critical business need and ensure that the benefits of any intervention are greater than the cost of the services. To ensure value, BDS providers can conduct a (1) needs versus wants analysis and/or (2) feasibility analysis. Details on these analyses below.
2. Who is involved?	BDS services are effective when all necessary participants from the MSME are involved from the beginning to identify and solve the problem. BDS providers can conduct a target participant analysis if needed to understand important stakeholders.
3. How can the performance issue be addressed?	Providers can conduct a performance diagnostic to identify what skill or competency deficiency needs to be addressed in their services. Using exploratory questions while scoping a project will help providers to identify the scope and focus of a contract for services that will support performance improvement. A more detailed diagnostic of individual business practices should form part of the services offered and is shared in in D.2.

4. What is the best way to perform / what is the 'best practice'?	Identify the tool or framework that will indicate the best practice and support implementation of improved business practice. Are the learners clear on the organisation practices that they should follow? Do they have access to the tools and resources that will support them? Are there governmental regulations to consider when completing a business practice or activity?
5. When will the training take place?	Identify the optimal period and duration for the BDS services to generate maximum impact and performance improvement. You can conduct a contextual analysis to answer logistics questions.

Types of Needs Assessment

Learning needs analyses seek to identify the context and specific BDS needs of entrepreneurs and their teams. Needs analysis can be conducted in several ways:

1. Surveys (online or by phone)
2. Interviews (in-depth conversations to dig deeper into pain points and context)
3. Observation (visiting the MSME's location and observing activities and premises)
4. Secondary data (reviewing existing research or qualitative data previously gathered)
5. Workshops or focus groups (group-based interviews typically gather MSMEs with similar characteristics –e.g., training needs, size, sector, or geography)

The following table indicates the different types/categories of questions needed to conduct a comprehensive learning needs assessment. These analyses should be used together depending on the needs/goals, time available and manpower.

Table 6: Types of Needs Assessments

Type of assessment	What the analysis answers	Sample questions
Performance analysis or gap analysis	Is this issue a skill/knowledge deficiency? How can the deficiency be addressed?	<ul style="list-style-type: none"> • What challenges do you face as a business? • Describe events or activities that have helped the business grow or that has led to failure. • Are there processes, systems, or tasks that your business has struggled to implement? • Can you provide an example of a challenge that you or your team faces in a particular area? • What knowledge or skills would help you to run your business more smoothly? Please give examples.
Feasibility analysis	Why should this training be done?	<ul style="list-style-type: none"> • What is the overarching goal of the services? At the end of the programme, what will your business be doing differently? • What is your biggest challenge to business survival or growth? • What measures do you have in place to grow your business? What measures are you planning to implement? • Tell me about your strategic priorities as a company. What keeps you awake at night?
Needs vs wants analysis	Why should this training be done? Is the deficiency important to solve?	<ul style="list-style-type: none"> • What has been done in the past to address challenges on this topic? What worked and what didn't? Why? • Why is this important to address for the business
Job/task analysis	What is the best way to do this task? How can the services be structured?	<ul style="list-style-type: none"> • What support/tools/resources do you have access to? • Is there support you need but cannot access? • If yes, what is the support needed and what hinders access? • What kind of training would give you the most value as a business owner?

Target group analysis	<p>Who is the target participant for the intervention / services?</p> <p>What is known about them to help scope your offer?</p> <p>What other groups might also benefit?</p>	<ul style="list-style-type: none"> Who is the primary audience for the services? What types of businesses are we serving (e.g., all sectors, or just retail), what is the size of the organisation (# of people), where are they based (e.g., rural, or urban)? Who would be involved- owners, employees? What would be the participant's motivation in taking part in this intervention? What is their education background? What is their level of tech-savviness? What language of instruction are they most comfortable with?
Contextual analysis	<p>When will the services be offered?</p> <p>What are the other requirements to successfully deliver?</p>	<ul style="list-style-type: none"> What kind of training would give you the most value as a business owner? Technical support (staff), tools or software, training (workshops/ coaching/ peers/ mentors/ accredited training/ qualifications/ formal courses) How often would you be available for training? Once a week or 2 hours every day, etc.

D.2 MSME Diagnostic framework

This section details an illustrative diagnostic framework which details practices that lead to business sustainability and growth, covering the key elements of business success: strategic planning, money, talent/people, operations as well as customers. BDS providers can use this diagnostic framework, and a systematic checklist (as illustrated) to help the MSME set growth goals that address the gaps.

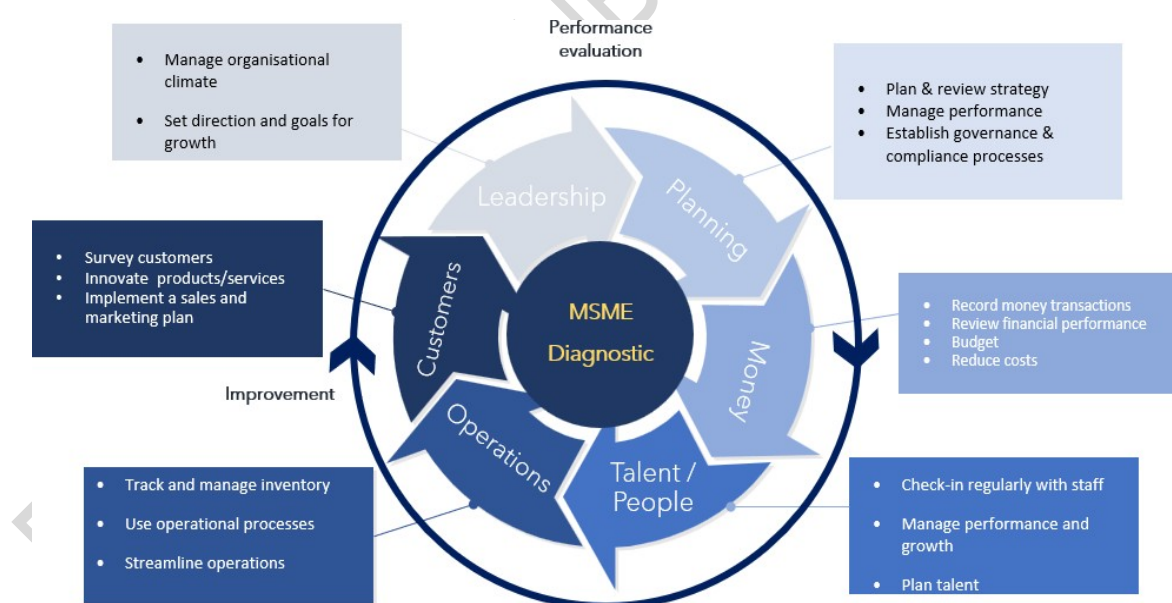


Figure 3: MSME diagnostic framework

To conduct a diagnostic assessment using the comprehensive framework above, BDS providers should use a systematic checklist or questionnaire covering each of the core / relevant business practice areas.

The table below illustrates how such a questionnaire could be developed for the practice of financial management.

Table 7: Example Diagnostic checklist – Money practices example

Practice	Measure	MSME Performance <i>Degree to which MSME has implemented practice</i>	MSME Priority <i>Importance relative to the MSME achieving their goal</i>
Capture all money transactions: We keep records of all our business transactions, including sales, purchases, loans, deposits, and payments	We know what's going in and out of our business (and if required can show proof to get a loan or identify mistakes or fraud)	0 = We have an informal system for keeping slips and records 1 = Someone (like a bookkeeper) keeps track of money from time to time and tells us if we have enough 2 = All money transactions are captured immediately and checked by an independent person, in a system that provides a clear picture of the health of the business	0 = Not important at all to achieve current goals 1 = Of little importance to achieve our current goals 2 = Of Average importance to achieve our current goals 3 = Very important to achieve our current goals
Review financial performance: We review weekly/monthly how the business is doing financially (e.g., Revenue / costs / profits / cashflow)	We have the data to make good decisions before it's too late	0 = We seldom have a clear picture of the profitability of the company 1 = Our bookkeeper keeps track of these things and lets us know that we have enough money 2 = Every decision-maker in the business reviews at least monthly the key financial indicators (at least cash flow and profitability) of the part of the business for which they are responsible	0 = Not important at all to achieve current goals 1 = Of little importance to achieve our current goals 2 = Of Average importance to achieve our current goals 3 = Very important to achieve our current goals
Budget: Each year we predict what our income and costs will be each month and each month we compare actuals against what we expected and make decisions accordingly	We understand what we need to do to ensure profitability and have sufficient cash through the year, and to manage costs and revenues to meet budget	0 = We do not budget 1 = Our bookkeeper / accountant draws up an annual budget 2 = All decision-makers are involved in compiling a budget (projecting income / expenses for the year) as well as budget review (tracking budget projections against actual performance) to ensure that the business remains profitable and has sufficient cash through the year	0 = Not important at all to achieve current goals 1 = Of little importance to achieve our current goals 2 = Of Average importance to achieve our current goals 3 = Very important to achieve our current goals

<p>Reduce costs: We regularly review what we spend money and time on and take steps to reduce what we spend</p>	<p>We can reduce waste and increase profits</p>	<p>0 = We do not review our costs 1 = We are aware of some of our costs and try to keep them as low as we can 2 = We have regular reviews (quarterly or annual, depending on the cost item) to see where we can reduce both variable and overhead costs. On the basis of this, we implement and monitor steps to reduce cost</p>	<p>0 = Not important at all to achieve current goals 1 = Of little importance to achieve our current goals 2 = Of Average importance to achieve our current goals 3 = Very important to achieve our current goals</p>
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Annex E

Example of Practical tools

BDS Providers should consider building out tools and resources to complement the practice areas (strategic planning, market and customer positioning, operations, as well as financial and human resource management) that lead to business sustainability and growth. Some examples of which are shared below.

Table 8: Examples of MSME Tools Against Practice Areas

Practice area	Practice	Tool Link	Tool Details
Strategic planning	Compliance	F.1 Risk Control Template	The risk control template is used to conduct a risk assessment which should be done regularly and whenever there is a change in the operations, equipment, or environment.
Money	Set a budget	F.2 Budgeting Tool	The budgeting tool helps to estimate total revenue, expenses and costs for the year; and compare the estimates to the actual month on month financial inputs. Understanding 'variance' will help MSMEs to improve assumptions and plan money effectively over time.
Marketing and Sales	Implement a marketing / sales plan	F.3 Positioning Strategies Tool	The positioning strategies tool helps a company situate their brand within the market and differentiate it from competitors.
Talent/People	Plan talent	F.4 Agenda for Annual Talent Review	This tool provides a set of questions for the manager(s) of a company to discuss talent in the company annually or quarterly.

E.1 Risk Control Template

What are the hazards?	Who might be harmed and how?	What are the anticipated consequences?	What are you already doing to prevent harm?	Do you need to do anything else to control this risk?	Action by who	Action by when	Status
<i>Physical, biological/chemical, competition, risk of new technology, suppliers failing to deliver, failure of power, etc.</i>		<i>Minor injury – requiring first aid; Major injury – requiring hospitalization; critical – loss of life</i>					

<i>Example: Slips and trips</i>	<i>Staff and visitors may be injured if they trip over objects or slip on spillages.</i>	<i>Minor/major injuries</i>	<i>1) General good housekeeping is carried out.2) All areas well-lit including stairs.3) Staff keep work areas clear, e.g., no boxes left in walkways, deliveries stored</i>	<i>1) Better housekeeping in staff kitchen needed e.g., on spills.2) Arrange for loose carpet tile on second floor to be repaired/ replaced.</i>	<i>All staff Construction manager to monitor</i>	<i>31/11/22</i>	<i>Yes</i>
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E.2 Budget tool

A budgeting tool helps to estimate total revenue, expenses, and costs for the year; and compare the estimates to the actual month on month financial inputs. Understanding 'variance' will help MSMEs to improve assumptions and plan money effectively over time.

To complete a tool like this, MSMEs would need to create a projected budget for revenue, direct costs, and overhead costs for the year, and track actual income and expenditure over time.

F.3 Positioning Strategies Tool

Strategy	Description	Your notes
Product	<ul style="list-style-type: none"> Is there something unique about your product that sets you apart from your competitors? Is your product more durable or more reliable than others in the market? Does it have qualities that make the product more useful to the customer? Do your customers have problems to which you can provide a solution, or do they have needs that are not being met? 	
Service	<ul style="list-style-type: none"> Do you have the fastest delivery or response time? Do you respond to queries and complaints more promptly than others? Do you offer to maintain and service the equipment that you sell Do you have ways that make it easy for customers to order and pay? 	
Branding and packaging	<ul style="list-style-type: none"> Does the name of your business communicate your unique value proposition (e.g., Speedy Printers)? Are you unique in your branding e.g., is your logo easily recognisable or your catchphrase memorable? Do you provide useful information or instructions on in your packaging? Do you have bright, eye-catching, professional looking business premises to attract customers? 	

<p>Personnel</p>	<ul style="list-style-type: none"> ● Are your staff the friendliest, the most attentive and the most helpful to the customer? ● Do they make customer’s experience memorable? ● Are your staff knowledgeable, well-trained, motivated, and focussed on your customers? ● How do you show gratitude to your loyal customers? 	
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E.4 Agenda for Annual Talent Review

This tool provides a set of questions for the manager(s) of a company to discuss talent in the company annually or quarterly. Do prepare in advance any data you need to make this a helpful and efficient conversation.

Larger organisations may need to put aside a full day or half day to do justice to this important topic

In a small organisation the leader may review these questions on his/her own.

What staff will we need in the future?

What are the staffing implications of our strategy for growing the business? Do we need to begin recruiting new staff or re-training existing staff to prepare for new needs in the future?

Who are our key staff?

Key staff are those who have skills or knowledge that would be difficult to replace, so if they left, that would be a threat to the company. What can we do to retain and develop them? This may include recognition, remuneration, promotion, opportunities for learning, and opportunities to try new roles.



What development plans are needed?

Consider the remaining staff members to review how they are performing, whether they are in the right place, and who needs training. If there are too many to review individually, ensure that this is being done by other managers at the appropriate level in the organisation.



Do we have a succession plan in place for key positions?

A succession plan identifies who might move into positions as they are vacated in the future. A small organisation will not need a formal succession plan but may want to think about who is available should someone leave or be promoted, as that may reveal a risk in the form of too few skills in the company or identify training that people could receive to be ready.



Is our organisation's brand out in the job market to attract new talent?

Are we seen as an attractive employer? Are we looking for talent all the time?



Do we know of anyone whom we should be recruiting?

Some start-up organisations are prepared to take on a star even if the job for them does not exist yet, in order to bring the best people on board. Of course, this has major budget implications, so should not be done lightly, but a young organisation is defined by the quality of its members, so it could be considered. Where should you be looking for talent?



Are our systems for managing and developing staff effective?

Are systems in place that make sure that you keep carrying out practices that you need to do in order to have smooth operations within your business



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Annex F

Record keeping checklist

BDS Providers should consider their business record keeping needs and ensure that sufficient record keeping provisions are made. An example list of records that could be kept by BDS providers is shared below.

Table 9: BDS Provider record keeping checklist

What	Why	When	Self-Assessment
Record of work done			
Client contract or agreement	To be clear on expectations and to avoid misunderstandings: What, where, when, at what price and when are payments due	Before work begins	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Client/project assessment – pre and post intervention	To record initial learning/skills gap and change over time	At outset and on conclusion	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Evidence of impact	To demonstrate value for money and for future marketing purposes	Throughout and on conclusion	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Client feedback	To assess impact and to spot areas of BDS requiring improvement	On conclusion of each session	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Records of tools and materials used			
Planning tools	As a record of the approach taken on each assignment	At planning stage	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Communications material: <ul style="list-style-type: none"> - Attendee pre-session preparation material - Attendee welcome pack/comms - Post event comms 	To ensure and enable a consistent approach to each assignment and to ensure that each has a beginning, a middle and an end. The post event communication is means of staying in touch for future work	Before, during and after	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Training materials	To ensure and enable a consistent approach to each assignment and so the work can be repeated if requested by the client	On conclusion	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Training materials – given to participants	As above	During	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
Attendance records	For information on customer segmentation and to see trends over duration of each programme	Before each session	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A

Certificate templates	As a valuable branded keepsake for participants	On conclusion of each session	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
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Annex G

(informative)

Impact and Outcome Tracker

It's important that MSMEs document the progress measured against the MSME's initial goal and/or the goals / outcomes of the intervention. To do that you can use a standard outcome or monitoring and evaluation framework. This framework should state the agreed goals, outcomes identified in an initial needs analysis or project/contract scope, and the agreed indicators and metrics to assess progress.

GOALS	OUTCOMES	INDICATOR	DATA COLLECTION	TARGET	METRICS	TRACKING PROGRESS					
						Track progress	Q1	Q2	Q3	Q4	TOTAL
<i>High-level goals for the service provision / project</i>	<i>Achieving goals will lead to outcomes</i>	<i>What are the indicators or measures of success?</i>	<i>How will you collect the data</i>	<i>What is the target</i>							
Grow the business and increase overall revenue	MSME revenue growth	This is the % number of MSMEs report an improvement in their annual profit.	Baseline revenue survey and final report survey	60% of businesses grow their revenue. Average revenue increase of 15%	Revenue (previous year)						
					Revenue (current year)						
					TOTAL		0	0	0	0	0
Create new jobs in the business and local community	Creation of an estimated 2 jobs per business	This is the number of additional new jobs created in year 2 & 3 by businesses.	Progress Review, Longitudinal Survey	Total: 300 jobs. Average 2 jobs per annum per business	Part-time (Male)	60					0
					Part-time (Female)	60					0
					Full-time (Male)	40					0
					Full-time (Female)	40					0
					TOTAL	200	0	0	0	0	0
		BDS will measure the		Total: 3+ prac	Practices implemented	75%	50%	60%	80%	90%	70%

Ensure MSMEs use critical business practices to support growth	Implementation of 3+ core business practices per organisation	number of new business practices implemented - including practical tools downloaded and frequency of implementation.	Progress Review, Longitudinal Survey	practices implemented per business - 75% have implemented new practices - Average of 3 tools adapted per business - 70% of businesses	nted						
					# Of practices implemented per business (avg.)	6	2	3	3	6	14
					# Of tools downloaded perbusiness (avg.)	5	3	2	15	13	8.25

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