

Republic of Chile  
Ministry of Economy

THE TECHNICAL COOPERATION  
FOR  
DEVELOPMENT PLANNING  
ON  
STANDARDIZATION AND DEVELOPMENT OF  
COMPETENCES OF SMALL AND MEDIUM-SIZED  
ENTERPRISES (SMEs) CONSULTANTS  
IN  
THE REPUBLIC OF CHILE

FINAL REPORT  
(SUMMARY)

January 2011

JAPAN INTERNATIONAL COOPERATION AGENCY

UNICO INTERNATIONAL CORPORATION



## Abbreviation

A	AGCI	Agencia de Cooperacion Internacional
	APL	Acuerdo de Produccion Limpia
	ARDP	Agencia Regional de Desarrollo Productivo
	ASEXMA	Asociacion De Exportadores de Manufacturas y Servicios
	ASIMET	Asociacion de Industrias Metalurgicas y Metalmeccanicas A.G.
	ASIPLA	Asociacion Gremial de Insutriales de Plastico de Chile
	ASOEX	Asociacion de Exportadores de Chile A.g.
C	CCS	Camera de Comercio de Santiago
	CCV	Corporacion Chilena del Vino
	CEPRI	Centro de Productividad Integral
	CNC	Camara Nacional de Comercio, Servicio y Turismo
	COCHILCO	Comision Chilena del Cobre
	CONADI	Corporacion Nacional de Desarrollo Indigena
	CONAF	Corporacion Nacional Forestal
	CONAPYME	Confederacion Nacional de la Micro, Pequena y Mediana Empresa de Chile
	CONUPIA	Confederacion Gremial Nacional Unida de la Mediana, Pequena, Microindustria, Servicios y Artesanado de Chile
	CORCEPR	Corporacion de Capacitacion para el Desarrollo de la Productividad
	CORFO	Corporacion de Fomento de la Produccion
	CPC	Confederacion de la Produccion y Comercio
	CPL	Consejo Nacional de Produccion Limpia
	CTT	Centro de Transferencia Tecnologica
	Chile Alimentos	Asociacion de Empresas de Alimentos de Chile
	Chile Calidad	Chile Calidad
	Chile Califica	Chile Califica
	Chile Compra	Chile Compra
	Chile Emprende	Chile Emprende
	Chile Innova	Chile Innova (Programa de Desarrollo e Innovacion Tecnologica del Ministerio de Economia)
	CiPyME	Centro de Investigacion de Politicas Publicas para la PyME
	Coaching InterEmpresarial	Programa Piloto de "Coaching InterEmpresarial"
	F	FAT
FDI		Fondo de Desarrollo e Innovacion
FIA		Fundacion para la Innovacion Agraria
FNDR		Fondo Nacional de Desarrollo Regional
FOCAL		Fomento a la Calidad
FONCAP		Fondo Nacional de Capacitacion
FONTBC		Fondo Nacional de Desarrollo Tecnologico y Productivo
FOSIS		Fondo de Solidaridad e Invercion Social
FTA		Free Trade Agreement
FUNDES		FUNDES
I		INACAP
	INDAP	Instituto de Desarrollo Agropecuario
	INE	Instituto Nacional de Estadisticas
	INN	Instituto Nacional de Normalizacion
	INTEC	Instituto Textil de Chile
	Innova Chile	Innova Chile

## Abbreviation

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	MINAGRI	Ministerio de Agricultura
	MINECON	Ministerio de Economia
	MINEDUC	Ministerio de Educacion
	MINSAL	Ministerio de Salud
	MOP	Ministerio de Obras Publicas
N	NCh2909	Norma Chilena de Gestion PyME NCh2909
O	OTEC	Organismos Tecnicos Ejecutores de Capacitacion
	OTIC	Organismos Tecnicos Intermedios de Capacitacion
P	PAG	Programa de Apoyo a la Gestion de Empresas
	PDI	Programa de Desarrollo de Inverciones
	PDP	Programa de Desarrollo de Proveedores
	PEL	Programa de Enpredimientos Locales
	PI	Preinvercion
	PRODESAL	Programa de Desarrollo Local
	PROFO	Proyectos Asociativos de Fomento
	PTI	Programa Territorial Integrado
	PUC	Pontificia Universidad Catolica de Chile
	Prochile	PROCHILE
R	RUT	ROI Unico Tributario
S	SAG	Servicio Agricola y Ganadero
	SEGPRES	Secretaria General de la Presidencia
	SEMC	Sistema Escalonado de Mejora Continua
	SENCE	Servicio Nacional de Capacitacion y Empleo
	SERCOTEC	Servicio de Cooperacion Tecnica
	SERNAM	Servicio Nacional de la Mujer
	SERNATUR	Servicio Nacional de Turismo
	SII	Servicio de Impuestos Internos
	SNA	Servicio Nacional de Aduanas
	SOFOFA	Sociedad de Fomento Fabril
	SUBDERE	Subsecretaria de Desarrollo Regional y Administrativo
	SVS	Superintendencia de Valores y Sequros
T	Tramite Facil	Tramite Facil
U	USACH	Universidad de Santiago de Chile

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## Introduction

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## Introduction

This project is entitled “The Technical Cooperation for Development Planning on Standardization and Development of Competences of SME Consultants in Chile” and is carried out by Japan International Cooperation Agency (JICA) as its technical assistance project implemented upon request of the Chile government. According to the Scope of Work signed between JICA and the Ministry of Economy of Chile (“MINECON”), JICA commissioned the implementation of the project to a study team organized by UNICO International Corp. The project was started in mid-April 2009. So far, a total of five field surveys were conducted in Chile. This report is a summary of the Final Report which has been compiled on the basis of the results of the field surveys.

Ministry of Economy (MNECON) has been acted as a counterpart agency for the project, while the EMT (SMEs) Division of MINECON was substantial consultation partner for the JICA Study Team. That function as a consultation partner, however, was transferred from EMT Division to ChileCalidad since July, 2010. Also, ChileValora has newly participated as one of cooperative organizations with existing members of CORFO, SERCOTEC and INN.

The report is comprised of the following chapters.

### Introduction

Chapter 1 Current Status of Economy and SMEs in Chile

Chapter 2 SME Promotion Policies, Programs and Systems, and Consultants

Chapter 3 Implementation of the Pilot Project and Results

Chapter 4 Preliminary Design of the SME Consultant System

Chapter 5 Action Plans for Building of the SME Consultant System

Attachments ① Guía para la Realización de las Prácticas del Diagnóstico (Borrador)

② Evaluation Sheet for SME Consultant Training Course by  
JICA-MINICON

③ Evaluation Sheet for SME Consultant Training Course by  
JICA-MINICON < Count List >

④ Course Modules and Items to be covered by Lecture in Japan

A general outline of each chapter is as follows.

### (1) Chapter 1 Current Status of Economy and SMEs in Chile

The Chilean economy is highly dependent upon the mining industry, especially copper, and its steady growth contributes greatly to long-term stability of macroeconomic conditions. On the other hand, the commerce and service sector is dominated by small enterprises and

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microenterprises and plays an important role in providing employment opportunities. Finally, the manufacturing sector is mainly composed of SMEs and has high potential to drive the national economy in the future.

(2) Chapter 2 SME Promotion Policies, Programs and Systems, and Consultants

The chapter analyzes the Bachelet administration's industrial policy, including SME policy, and reviews programs implemented by public organizations responsible for SME promotion, especially CORFO and SERCOTEC. Then, the relationship between the existing SME promotion system and organizations and consultants, and the current involvement of consultants in program implementation are analyzed.

(3) Chapter 3 Implementation of the Pilot Project and Results

The pilot project has been implemented for the purpose of collecting information relevant to the development of the SME consultant system, especially lessons learned, and of building an organization and other resources for the establishment of the self-propelled SME consultant system. The chapter reports the details of the pilot project and its implementation, together with evaluation results.

(4) Chapter 4 Preliminary Design of the SME Consultant System

This chapter proposes preliminary design of the SME consultant system. As it is proposed to build the system under the leadership of the MOI, discussion extends to outsourcing requirements.

(5) Chapter 5 Action Plans for Building of the SME Consultant System

This chapter presents key considerations in the development of the SME consultant system, action plans, and their implementation steps.

Note that, in developing detailed design for the SME consultant system in Chile and the basic configuration of the training curriculum, the study team has relied on, as reference, the report prepared by the Japanese government's Council on SME Policy in 2000, entitled "The New SME Shindanshi (Consultant) System," which serves as the official guideline for the new SME consultant system in Japan since 2002. The report was published in June 2000 and was used as the basis of developing a curriculum for the new training program, which led to modification of training courses in 2002. The Study Team believes that the report is highly relevant to the designing of the SME consultant system that meets the actual needs in Chile. In addition to the report, the study team has referred to relevant guidebooks on SME consultant that are widely used in Japan.

Step of Work	2009												2010												2011	
	← Stage 1 →			← Stage 2 →			← Stage 3 →			← Stage 3 →			← Stage 3 →													
	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2			
1. Preparatory work for Pilot-Project (PP) in Chile																										
2. 2nd field survey, Preparatory work for PP in Japan																										
3. 2nd field survey (Sep.12 – Dec.19), Implementation of PP																										
4. Steering Committee (SC) meeting, Finalization of PP methodology																										
5. Examination for Trainees's competence																										
6. Training program for guidance theory and Knowledge																										
7. Training program for field work skill																										
8. Licensing examination																										
9. Course completion ceremony																										
10. 3rd home office work																										
11. 3rd field survey (Jan.9 – Feb.5), Evaluation work for PP																										
12. Steering Committee (SC) meeting for PP evaluation																										
13. Preparation and discussion on a roadmap for institutionalization																										
14. 4th home office work																										
15. 4th field survey (8/9~8/20)																										
16. 5th home office work																										
17. 5th field survey(11/4~11/14)																										
18. 6th home office work																										
19. Final Report																										

Remarks: Field Survey Home Office Work Reporting  
 IC/R: Inception Report PR/R: Progress Report IT/R: Interim Report DF/R: Draft Final Report F/R: Final Report

### Work schedule (revised at July 2010)



## **Chapter 1 SMEs in Chile**

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## Chapter 1 SMEs in Chile

### 1.1 Industrial Structure

The largest sector in the country is the mining industry, which accounts for 18.6% of GDP and 58.7% of total exports. In particular, the copper industry maintains dominant share in terms of GDP share and export, although production of molybdenum and lithium is recently on the rise. Other GDP contributors are finance and service (16.0%), manufacturing (13.5%), service (10.2%), and commerce, restaurants and hotels (9.3%). There is no significant difference among these sectors, around 7%. On the other hand, service is the largest sector in terms of employment (26.8%), followed by commerce, restaurants and hotels (19.7%) and manufacturing (12%). Thus, the service sector is the largest employer and far exceeds the mining sector (1.5%).

Clearly, the mining industry is founded on the country's endowment and has been making steady investment to make most use of it. On the other hand, it does not serve as a major employer. To ensure balanced development of the national economy, in terms of both employment and export, it is imperative to foster other sectors.

### 1.2 Condition of SMEs and MEs

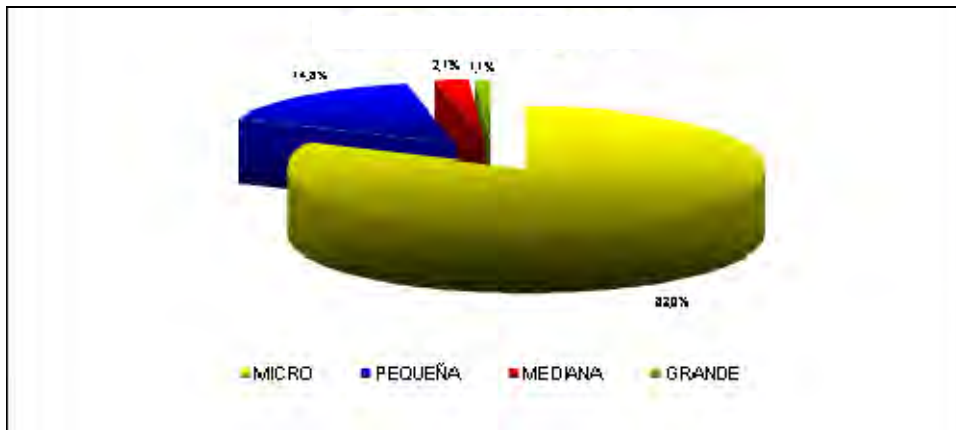
#### 1.2.1 Number of SMEs and MEs according to SII data

In Chile, business operators, regardless of whether they are a legal entity or an individual, are required to register with SII (Internal Revenue Service) and obtain a taxpayer number (RUT). As INE does not conduct business census surveys, SII's corporate data are mainly used for the purpose of estimating the number of enterprises operating in the country. According to SII's data in 2008, 900,846 enterprises were registered throughout the country and received taxpayer numbers. Of total, 900,846 enterprises conducted some business activities, i.e., they paid the value added tax<sup>\*1</sup>. The following analysis is made for the active 900,846 enterprises.

Of total, 891,838 enterprises (99.0%) are classified as SMEs or MEs, and large enterprises account for 1.0% only. Among SMEs and MEs, MEs hold a staggering 82% share. In contrast, medium-sized enterprises show a very small presence with a meager 2.1% share and small enterprises show 15%. Thus, a relatively small number of SMEs in a sharp contrast to a large number of MEs seems to highlight the strong presence of large enterprises in the Chilean economy.

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<sup>\*1</sup> All legal entities are required to pay the value added tax (19%) and those which fail to pay the VAD are deemed to be inactive, e.g. suspension, dissolution, or bankruptcy



Source: SII

**Figure 1 -1 Distribution of SMEs in Chile**

In terms of distribution by industry, commerce holds more than 30% share and is the largest sector regardless of enterprise size. Its share is particularly high among microenterprises including street vendors, reflecting the sector's popularity due to the ease of startup. After the commerce sector, the manufacturing and service sectors follow. While large enterprises hold a relatively high share in the manufacturing sector, SMEs and MEs show stronger presence in the service sector including transportation and restaurants. Overall, manufacturing, mining, construction, and finance sectors are led by large enterprises, whereas commerce and service sectors are dominated by SMEs and MEs.

### 1.2.2 SMEs and MEs by region

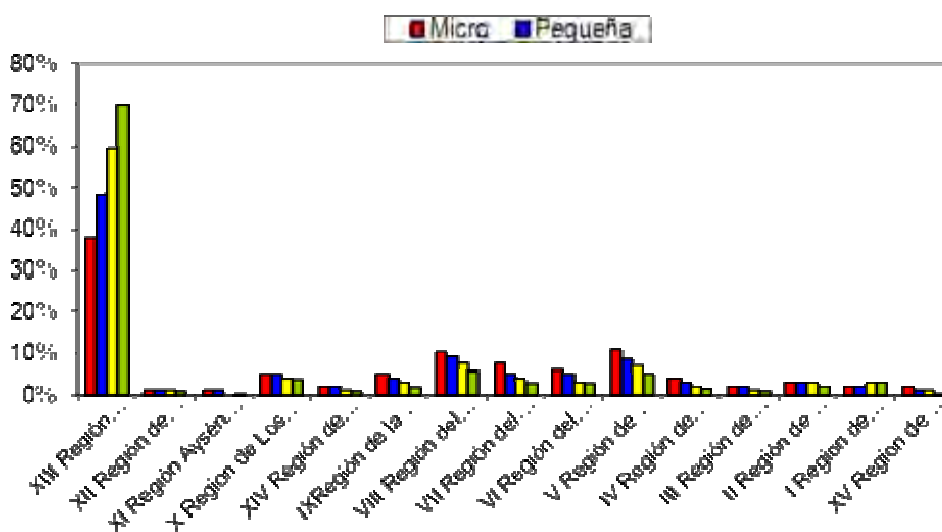
Geographically, 72% of large enterprises and 41% of MEs and SMEs are located in RMS (Table 1-1). In the Central Zone - RMS plus B.Ohiggins and Maule, 81% of large enterprises and 63% of SMEs/MEs are situated, showing a high level of concentration. On the other hand, MEs and SMEs are also concentrated in Valparaiso, which accommodates the national assembly and is known for tourism, and in Biobio that contains an industrial area that centers on Concepcion. Thus, they have significant presence in regions other than RMS.

**Table 1-1 Enterprise Distribution by Region and Scale**

(Companies)

Region	Micro	Small	Medium	Large	Total
I. Tarapaca	21,055	3,068	549	270	24,942
II. Antofagasta	17,427	3,480	424	168	21,499
III. Atacama	9,301	1,639	187	58	11,185
IV. Conquimbo	23,929	3,620	432	132	28,113
V. Valparaiso	63,474	10,944	1,246	436	76,100
VI. B. Ohiggins	33,215	5,472	605	212	39,504
VII. Maule	44,299	5,970	613	217	51,099
VIII. Biobio	64,515	11,015	1,389	519	77,438
IX. La Araucania	31,393	4,589	442	154	36,578
X. Los Lagos	41,924	7,697	874	370	50,865
XI. Aisen	4,429	673	61	30	5,193
XII. Magallanes & Antart	6,939	1,308	181	89	8,517
<b>XIII. RM. Santiago</b>	<b>223,788</b>	<b>61,368</b>	<b>11,049</b>	<b>6,721</b>	<b>302,926</b>
No identified	777	21	0	1	799

Source: "Business Dynamics in Chile (1999-2006)" MINECON, and SII, 2006



Source: SII

**Figure 1-2 Regional Distribution of Enterprises**

### 1.2.3 SMEs and MEs Viewed from Chile Observatory Data

Since 2009, MINECON conducts a national business survey, by industry and size, in cooperation of INE (National Statistics Institute) and other organizations<sup>\*2</sup>. The survey covers 10,261 companies that have been selected from SII registration data, the 2007 INE corporate

<sup>\*2</sup> Title of Statistics investigation: "Enterprise Observatory"

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directory, and other sources by the stratified random sampling method. They represent 1.25% of the entire population, and 8,382 of 10,261 companies (81.7%) are SMEs and MEs. Sampling is made from all sizes and industries, covering the entire country.

The results of statistical analysis were published in November 2009. Some of them are quoted below to highlight major characteristics of SMEs in Chile.

1) Type of ownership

There is a distinctive difference among microenterprises, small enterprises, medium-sized enterprises, and large enterprises. 82.5% of microenterprises (sampling population) are one-man enterprises, 48.3% of small enterprises, and 14.8% of medium-sized enterprises. Thus, the smaller the enterprise size, the less organized the management.

2) Foreign capital ratio

As expected, few microenterprises and small enterprises are incorporated under contribution from foreign investors (1% or less), making a sharp contrast to large enterprises (15.6%) and medium-sized enterprises (4.7%).

3) Type of management

As seen in the clear difference in type of ownership, 95.8% of microenterprises are managed by their founders or their families, followed by small enterprises (86.9%), medium-sized enterprises (68.8%), and large enterprises (39.4%).

4) Form of export

Companies that export their products, including indirect exports, account for 15% of small enterprises, 26% of medium-sized enterprises, and 36% of large enterprises. Note that large enterprises make direct export, whereas SMEs mostly make indirect export.

5) Quality certification

The survey also asks the current status of quality certification. 42% of large enterprises have obtained certification or are under preparation. In contrast, most of SMEs (95% of microenterprises, 88% of small enterprises, and 76% of medium-sized enterprises) have taken no action for certification.

### **1.3 Characteristics of SMEs and MEs in Chile**

From the above statistical data, the following characteristics of SMEs and MEs can be pointed out.

- 1) Microenterprises have a dominant share of around 80% in the SME/ME sector, whereas SMEs are relatively small in number.

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- 2) In each of the three tiers (microenterprises, small enterprises, and medium-sized enterprises), smaller entities account for major portions to form a highly skewed structure<sup>\*3</sup>.
  - 3) While enterprises are generally concentrated in RMS, sizable portions of SMEs and MEs are located in other regions and thus play a substantial part in local economy.
  - 4) In terms of size distribution by industry among SMEs/MEs, smaller enterprises are found more in the commerce and service sectors, and less in the manufacturing sector. This indicates that the multi-tiered supplier base in the manufacturing sector has still to be formed.
  - 5) SMEs and MEs are generally slow in business expansion, despite a relatively long history of operation. In particular, those with 2- 5 years of operation show a low rate of growth.
  - 6) 98% of Chile's exports are made by large enterprises. On the other hand, around 5,500 SMEs export their products.
  - 7) Quality certification is rarely seen among microenterprises and small enterprises, in comparison to larger enterprises.

Overall, SMEs and MEs in Chile are generally characterized by dominance of MEs and SEs in the commerce and service sectors as well as SMEs mainly serving the domestic market. Thus, SME consultants are expected to serve primarily relatively large microenterprises and small enterprises as well as relatively small medium-sized enterprises. In addition, geographical distribution of SMEs - highly concentrated in the central zone including Santiago – suggests that SME consultant training programs should be mainly held in the region.

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<sup>\*3</sup> As learned from CONUPIA, member companies with around four employees hold the highest share.



## **Chapter 2 SME Promotion Policies, Programs and Systems, and Consultants**

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## **Chapter 2 SME Promotion Policies, Programs and Systems, and Consultants**

### **2.1 Current State of SME Consultants in Chile**

In Japan, SME development has been considered as a field of specialty from early times. In particular, a consultant specialized in the field is recognized and officially registered as SME management consultant (“shindanshi”) who has expertise in all fields relating to SME management, from business administration to finance, production, sales, and HR development and is capable of giving appropriate advice on current issues facing SMEs. In particular, there is a wide belief that the SME management consultant must be a “generalist” rather than a specialist by having resourcefulness to address the needs of SMEs in all aspects of day-to-day operation and management. This “generalist” concept seems to come from the following notions.

- (1) SME managers are often required to assume multiple functions (e.g., product development, sales, and finance) but it is often the case that they do not perform them properly because they do not understand a problem or issue to be solved. Here the SME consultant, who can evaluate the client company from broad perspectives, is qualified to serve as a good adviser to help the manager through the problem identification and solving process.
- (2) In particular, owners of microenterprises and small enterprises are solely responsible for all management tasks in many cases and need a consultant having all-round knowledge and skills. The SME management consultant acts as a family doctor who can diagnose and treat every case, rather than a specialist who possesses in-depth knowledge in a specific field.

The generalist concept is also adopted in the design of the SME consultant system proposed under the project; SME consultants to be certified under the new system will be able to handle an integrated process of corporate diagnosis, kaizen planning, field advice, and evaluation by applying broad knowledge and experience in SME management, ranging from business administration, to marketing, organizational management, HR development, finance, and production management. Undoubtedly, they must be distinguished from a specialist consultant.

#### **2.1.1 General Perception and Position of Consultants in Chile**

In Chile, there is no formal system to certify professional qualification by using a set of requirements for consultants to perform professional service. In the context of the present

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project, the country has a program to train professional consultants and a system to register them, but a certification process (to recognize professional skills officially) is not incorporated into an integrated official system.

In place of formal certification of professional skills, which is required for certain professions in the course of providing service, the academic record or the certification or license obtained overseas is used. Boiler welders, for instance, are certified according to American Welding Society (AWS) standards by passing a certification test administered by a local organization designated by AWS. Thus, Chile does not have local standards to assess specific professional skills but rely on internationally recognized certification systems and standards instead. Furthermore, the practice is increasingly accepted as the country promotes the FTA and technology transfer is widely carried out.

The same rule is applied to consultants. Any consultant who renders service for CORFO's industrial promotion program is required to prove his capability in a respective field. In doing so, the consultant is required to be registered with INN. Needless to say, this requirement is not considered to constitute a national certification system and is only the qualification process used for CORFO programs. While there is no certification system, college graduates in the country receive certain levels of recognition and confidence in society. As a result, consultants include persons who have graduated from colleges but have lost jobs due to the recession. They work as consultant until they find a new full-time job and do not have professional knowledge and experience required for giving effective advice to companies. Moreover, it is pointed out that there is a difference in level of education among college graduates, which appears to increase due to the increase in the number of private universities.

Thus, SME consultants are not a nationally recognized profession. Rather, they typically provide consulting service in limited fields that form part of CORFO's industrial promotion programs, such as innovation, energy saving, quality control, and productivity improvement. Base on experience in such service, some call themselves a SME consultant or are unofficially recognized as a SME consultant.

This means, there is virtually no generalist-type SME consultant in Chile, who is capable of providing comprehensive evaluation and service for SMEs and whose training and certification is proposed under this project. Moreover, the generalist-type consultant itself is not a familiar concept in the country, where the role of SMEs in the national economy as well as the need for public support according to different characteristics of MEs and SMEs, and large enterprises is increasingly recognized, together with understanding of importance of corporate diagnosis as to an effective means to determine strengths and weaknesses of SMEs.

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While there is no unified concept or definition of consultants to form the basis of the formal certification system, various moves are being made to position consultants as part of the professional qualification system. For example, the Labor Competence Law enacted in June 2008 has the primary purpose of standardizing professional skills through formal evaluation. This is essentially similar to the mechanism adopted in Mexico. In practice, however, the Committee of National Certification System was only created in June 2009 and enforcement regulations are prepared by related organizations, suggesting that it will take some more time to set forth detailed rules, including actual professions to be covered and the treatment of university degrees.

### **2.1.2 Registration Systems of Leading Public Support Organizations**

Consultant registration systems operated by leading public support organizations are generally described as follows.

#### **(1) CORFO**

Originally, CORFO created and maintained its own list of registered consultants. In 2004, it entrusted registration of consultants for its project implementation, especially FOCAL programs, to INN on a permanent basis. As a result, CORFO's original registration list is restricted for use and is not accessible by companies from this year. Because of ongoing projects, however, both registration systems are still in place. Note that CORFO implements programs that do not require consultants to be registered.

#### **1) Registration with INN**

The registration of consultants to be engaged in CORFO programs is not required by law but according to a service agreement concluded between CORFO and INN in 2004. Also, there is no legal requirement to hire a registered consultant for ISO-related consulting service. Rather, CORFO requires INN registration to be one of the special conditions for FOCAL and other programs.

Prior to the commissioning of the registration system to INN, CORFO prepared and maintained its own list of consultants and made selection from the list for each CORFO program. CORFO's decision to commission the registration system to INN appears to reflect its intention to secure a pool of qualified consultants on the basis of prior evaluation on their competence and skills.

#### **2) Programs requiring INN registration**

Basically, programs relating to quality control require INN registration of consultants. Relevant programs and INN registration procedures are summarized below.

**Table 2-1 Program Requiring INN Registration**

Programs	Projects
FOCAL	ISO9001, ISO14001, OHSAS (Industrial safety and health control) , BPA, PABCO, HACCP, SEMC (KAIZEN), ALP (Cleaner-production), NCh209, Alojamiento Turistico, Agencias de Viaje y Tour Operadores
PIEE	For energy-saving
For upgrading service of tourism industry	NCh2912 (for Hotel), NCh2980 (for Apartment-hotel), Others

Source: Prepared by JICA Study Team

For INN registration, the following requirements must be satisfied.

For individuals:

- ① Diploma from university (certificate of enrollment for at least four years)
- ② Certificate of professional experience (consulting service of three times or more)
- ③ Certificate of no crime record, tax delinquency and misconduct in business matters
- ④ Documentary evidence to show expertise in a specific field
- ⑤ Passing of a relevant certification test (such as Nch2909 and HACCP)

Legal entities

- ① Certificate of business registration
- ② Certificate of no tax delinquency and misconduct in business matters
- ③ INN lawyer's check (whether a consulting firm satisfies the requirements)
- ④ A consultant serving as the principal meets the above registration requirements for individual consultants.

All tests relating to INN registration are administered by INN (in rural regions, INN uses CORFO's office). Note, however, that consultant training programs are conducted by multiple organizations including INN. Thus, INN is only one national organization to administer certification tests for various consultant qualifications and to register them accordingly.

(2) AOI

Originally, the AOI's service was limited to its own members. In 2003, the restriction was lifted and AOIs started to extend consulting service outside their members. Some are vigorously seeking opportunity for such outside service, while others pursue the traditional business style. In particular, an AOI with small membership opts to seek such opportunity. This prompts AOIs to secure competent consultants and thus to maintain their own list. In

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relation to CORFO's FOCAL projects, they use consultants who are registered with INN and are included in their own list. Each AOI's list is based on registration criteria that emphasize on the prospect for the project's success, although it is claimed to be based on its own evaluation criteria.

(3) SERCOTEC

1) Registration with MERCADO Publico by Chile Compra

SERCOTEC hires consultants registered with MERCADO-Publico. However, registration does not require a specific qualification (to pass the test, etc.) and the applicant is expected to provide the name, the address, the area of specialty, expertise, and other relevant information.

Instead, SERCOTEC carefully selects a consultant for each project by specifying detailed conditions for the consulting contract. Its typical selection procedures are shown below. Note that other organizations that hire consultants registered with MERCADO-Publico adopt their own selection procedures.

2) Invitation to the tender for the project

- a. Publication of procurement information on the Web site
  - Notification of the project's basic conditions (contract terms, TOR and budget) by SERCOTE to ChileProveedores
  - Publication of the basic conditions after checking compliance with Chile Compra's internal rules
  - Automated notification to registered consultants who satisfy the conditions
- b. Publication of questions on the project and answers by the consultant
- c. Submission of project offer letters by candidate consultants

3) Evaluation of the consultant's proposal

- a. Establishment of the internal evaluation committee led by SERCOTEC's local office manager (organized by SERCOTEC's officers) (if special technology is required, evaluation is assigned to a third party consultant)

- b. Examination of the offer letters submitted by consultants at the evaluation committee

General content of the offer letter:

- Consulting experience
- Proposal
- Performance record on consulting service

Note that a good consultant responds to a published TOR by submitting a proposal that goes beyond the scope set by the TOR.

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- c. Evaluation of the offer letters and selection of the most excellent proposal
  - d. Consultation with SERCOTEC's head office and final decision
  - e. Signing of the consultation agreement by a local office manager
  - f. Start of consulting service
  - g. Monitoring of progress by SERCOTEC's officer

## **2.2 Nch2909 Training Program**

Nch2909 is a set of management standards for SMEs in Chile, which was developed on the basis of ISO9001 (2001) and was enacted in 2004. Under the commissioning from CORFO, INN sets forth detailed technical standards called Norma Chilena Official Nch 2909 (Fundamental Management Requirements for SMEs), including management and quality control steps and levels to be followed by SMEs. SMEs in Chile are recommended to obtain Nch2909 certification as the first step prior to ISO9001 and 14000. For this reason, training in preparation for Nch2909 certification constitutes one of CORFO's major programs. Nch2909 covers the whole range of SME management, ranging from the definition of terms relating to organizational management, to unification of format, control of document flow, record management, delineation of organizational strategy (including action plans), and information management in the fields of production, sales, human resources, finance, and inventory management.

Thus, consultants specialized in Nch2909 to be similar, in terms of requirements and service content, to SME consultants who will be trained under the present project (generalist-type consultants). For companies that intend to obtain Nch2909, the primary objective is to improve their management on a qualitative basis by standardizing and documenting their operational rules. Consultants help SME to obtain certification by performing necessary evaluation and analysis, by promoting unification of format, and by teaching management techniques. At the same time, they are expected to make broad judgment on SME management, as compared to other consulting services. In consideration of these factors, the pilot project contemplated under the present project should take a realistic approach in that competence levels required for Nch2909 consultants are assumed to be equivalent to those for SME consultants as a result of standardization, while adding relevant knowledge and skills that are required for SME consultants in Japan. The following table compares Nch2909 consultants and SME management consultants to be trained under the pilot project (Table 2-2).

**Table 2-2 Compares Nch2909 Consultants and SME Management Consultants**

	Nch2909 consultant	SME management consultant
Area of activity	<ul style="list-style-type: none"> <li>① Corporate diagnosis (current state of management, analysis of management policies, and use of SWOT and other analytical techniques)</li> <li>② Internal work flow analysis</li> <li>③ Proposals relating to the improvement of the internal system, and related guidance and advice</li> <li>④ Support for application procedures relating to examination</li> </ul>	<ul style="list-style-type: none"> <li>① Corporate diagnosis (detailed management analysis covering internal departments and outside organizations)</li> <li>② Internal work flow analysis</li> <li>③ Development of proposals for development strategy and kaizen plans on the basis of corporate diagnosis and analysis</li> <li>④ Support and advice in relation to business planning</li> <li>⑤ Support and advice in relation to implementation of business plans</li> </ul>
Objective of consulting	<ul style="list-style-type: none"> <li>① Improvement of the internal business process and system</li> <li>② Improvement of management quality</li> <li>③ Support for obtaining Nch2909 certification</li> </ul>	<ul style="list-style-type: none"> <li>① Identification of problems relating to corporate management, and proposition of strategic solutions</li> <li>② Advice for improvement of the operation system and management quality</li> <li>③ Preparation of business plans targeting promotion organizations and financial institutions</li> <li>④ Check and advice on day-to-day SME management (playing the role of the family doctor)</li> </ul>
Differences	<ul style="list-style-type: none"> <li>① SMEs currently active</li> <li>② Support for obtaining of Nch2909 certification</li> <li>③ Required to transfer know-how as the facilitator for Nch2909 certification</li> </ul>	<ul style="list-style-type: none"> <li>① In addition to currently active SMEs, entrepreneurs and investors</li> <li>② Management diagnosis and consultation</li> <li>③ Required to have analytical skills and planning capability as management consultant</li> </ul>

Source: Prepared by JICA Study Team

### 2.3 Local Consultant Community and Population

#### (1) Number of consultants registered at MERCADO Publico

There are no statistical data on consultants in the country, partly reflecting the fact that they are not officially recognized. The most useful data for the estimation of the local consultant population are available from the government procurement portal site, MERCADO Publico<sup>\*4</sup>. In the country, government offices and public organizations are required to purchase goods and services (including the hiring of consultants) via MERCADO Publico. The site lists supplies in all fields, including the consultant supplier list<sup>\*5</sup>. At

<sup>\*4</sup> "MERCADO Publico" is operated and maintained by Chile Proveedore, while the government procurement system is managed by Chile Compra.

<sup>\*5</sup> Basically, any company can be registered as supplier, although it has to meet several requirements such as tax payment. Additional conditions are established for each procurement by a respective government office. At present, approximately 35,000 suppliers (individuals and legal entities) are listed and classified according to the Chilean occupational classification (CIC CL2007), ranging from office supplies to tourism and consultant.

present, the consultant supplier list contains approximately 4,000 names (both individuals and legal entities). Thus, it is considered to represent a fairly accurate estimate of consultant population in the country<sup>\*6</sup>.

(Note that the list does not include consultants in agriculture, livestock farming, and fisheries under INDAP's registration and those rendering service under the CORFO programs)

## (2) Number of consultants registered at INN

While most government organizations, including the MINECON and SERCOTEC, hire consultants via MERCADO Publico, CORFO finds consultants through a different route. Traditionally, CORFO operates a consultant registration system, from which consultants for its programs are selected and appointed. As consulting service requires an increasingly high level of expertise, however, CORFO feels the need for competence evaluation prior to registration and has decided to entrust the qualification and registration process to INN. At present, CORFO requires registration with INN to be the prerequisite to the hiring contract with consultants for many of its programs.

At present, there are 629 consultants registered with INN (End of Oct. 2009). INN holds a training program in Santiago only but conducts the qualification test throughout the country. As a result, INN registered consultants are situated in various parts of the country, although geographical concentrations are seen in Department 13 (Santiago) and Department 5 (Valparaiso) to reflect distribution of CORFO's activities and implemented programs. Note that approximately 336 out of 629 consultants are registered as those specializing in NCh2909 (management rules for SMEs developed as Chilean version of ISO).

**Table 2-3 INN Registered Consultants in Nch2909**

Unit: Man

Province No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
No. of people	20	20	14	23	89	23	46	41	23	31	1	10	288	0	0	629

Source: INN

## (3) Number of consultants registered with other organizations

In addition, INDAP, which serves as a technical support center for small producers in the agriculture, livestock farming, and fishery sectors, maintains a list of around 4,000 consultants (generally referred to as extension officers), of which 1,500 persons are said to be active. They

<sup>\*6</sup> When a consultant is registered as a legal entity, it does not necessarily list all the consultants who belong to it. Thus, a total number of consultants exceed 4,000.



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should constitute the consultant population in addition to those registered with MERCADO Publico and INN. Based on these data, a rough estimate of consultants registered in the country is as much as 8,000 (including those double counted), of which the active population (those serving actively in various fields) can be estimated at around 2,000 – 2,500.



## **Chapter 3 Implementation and Results of Pilot Project**

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## Chapter 3 Implementation and Results of Pilot Project

### 3.1 Outline of Pilot Project Implementation

#### 3.1.1 Objective of the Pilot Project

The pilot project is designed to test training materials and courses as well as institutional design of the certification and registration system in a field environment and is positioned as a milestone toward the formalization of the country's SME consultant system. For this purpose, it sets the following two objectives: (1) extraction of information for the establishment of the final proposal; and (2) the development of a system and organization for the buildup of a self-propelled SME consultant system.

#### (2) Training Implementation Method and General Outline

The methodology used for implementation and a general outline of the pilot project are shown in Table 3-1. Note that the methodology is subject to modification as a result of detailed verification in the course of the pilot project in order to see if each of key elements fits local conditions peculiar to the country.

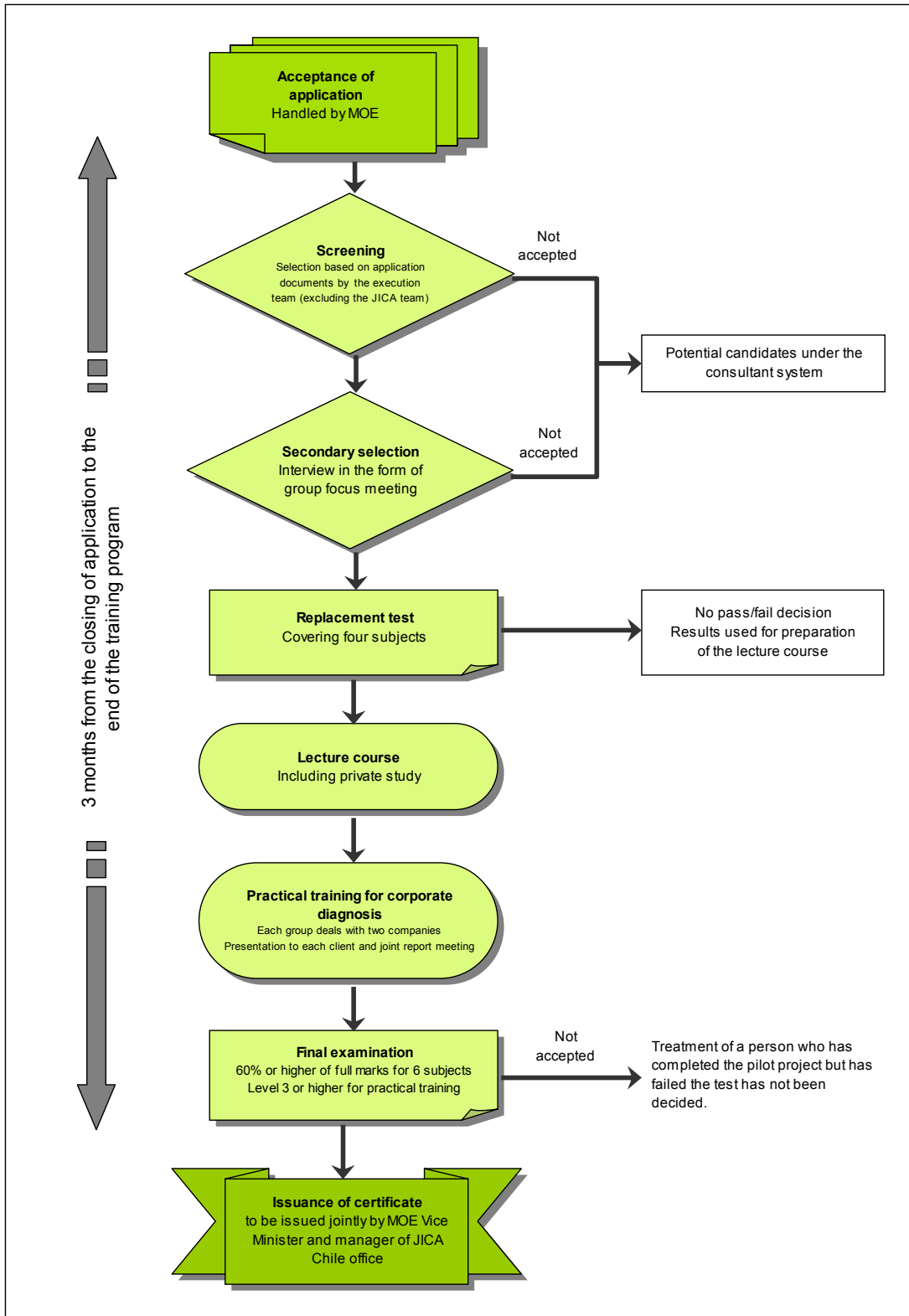
**Table 3-1 Pilot Project Implementation Steps**

Implementation steps	Key points
Recruitment of participants	Most of participants will be consultants working in the private sector, while government officers in charge of SME promotion will also join. Request will be made to each of the organizations forming the Pilot Project Executive Team for recommending candidates on the basis of internal selection. The recruitment process will start at the project seminar to be held on July 27, 2009. Participants representing government organizations are expected to improve the ability to manage SME support programs led by public organizations more effectively.
Qualification	<ul style="list-style-type: none"> <li>① University graduates with practical experience of three or more years, or graduates of professional institutes with practical experience of five or more years, and either of (2) or (3) below;</li> <li>② Field experience on three or more projects (preferably those covering the manufacturing sector) under CORFO or SERCOTEC program; or</li> <li>③ Consultant registration with INN</li> <li>④ Working for a public organization relating to SME promotion (including central and local governments) or a financial institution</li> </ul>
Selection of candidates	<ul style="list-style-type: none"> <li>- To explore various possibilities under the pilot project, the Pilot Project Executive Team will select around 24 participants by taking into account relevant factors.</li> <li>- The selection process will start by requesting applicants to submit an application, curriculum vitae and job description statement.</li> </ul>

Implementation steps	Key points
	<ul style="list-style-type: none"> <li>- Following the preliminary screening on the basis of documents submitted, an oral examination will be held for candidates so selected in the form of group discussion on subjects like SME consultant's activity areas and reasons for becoming SME consultant. Through the document review and the oral examination, professional experience and expertise of applicants will be confirmed, together with examination of their understanding on conditions facing SMEs and competency required for SME consultants.</li> <li>- On the basis of documents submitted by applicants, the executive team will establish selection criteria and select applications at a selection meeting.</li> </ul>
Competence evaluation test	See the section discussing the key points in implementation of the competence evaluation test.
Implementation of the training program	<p>Organization</p> <p>Classroom course (65 hours - 3 weeks)</p> <p>Practical training course (90 hours - 3 weeks)</p> <p>Other 2 hours</p> <p>Total 157 hours</p> <p>Note that the curriculum and other details of each course are described in a separate section.</p>
Implementation and grading of the certification test	<ul style="list-style-type: none"> <li>- The certification test will consist of multiple choice and essay questions. As it is designed to check knowledge, practical skills to apply it, and the thinking process required for SME consultants, questions may go beyond the scope of study covered by textbooks and classroom lecture.</li> <li>- The test will be graded according to the standard established by the executive team, which will make overall evaluation on grading for the classroom course (group study) and the practical training course made by instructors, the results of diagnosis reports, the presentation meeting at clients, and attendance rate (80% or better), together with the certification test results. Field observation on advice and communication with the client will also be taken into account.</li> </ul>
Certificate of completion	The certificate of completion under the JICA project will be issued to participants with the attendance rate of 80% or higher. Passing the certification test will be required for INN registration.
Registration of SME consultants	Participants who have passed the certification test can make registration with INN as SME general management consultant (to be newly created by INN).

Source: Prepared by JICA Study Team

Figure 3-1 shows a general flow of activities in the pilot project, from the acceptance of applications to the end of the training program.



Source: Prepared by JICA Study Team

**Figure 3-1 Process Flow of the SME Consultant Training Project in Chile**

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### **3.1.2 General Profiles of Participants and Test Results**

#### **3.1.2.1 General Composition and Attendance**

(1) General composition

The training program started with 25 participants, of which 16 were private consultants and 9 represented SME promotion organizations. 16 participants were men and 9 women, with the age distribution ranging between 28 and 60 and the average age of 42.7. Notably, private consultants had good experience and all of them were registered with INN as Nch2909 consultants.

The original plan envisaged 30 participants at maximum and private consultants representing around 70%. In consideration of an optimum class size in the practical training course (6 – 7 persons per group) and the number of Japanese trainers available, it was decided to limit the class size to 21. It was divided into 16 private consultants and 5 staff members of support organizations. Finally, the latter was increased to 9 in response to the increase in the number applications.

(2) Attendance

The overall attendance rate for the lecture and practical training courses was 93%. Five participants did not miss a day during the training period (four consultants and one SME promotion organization staff). Note that a private consultant announced, on the second day of the lecture course, that she would not continue because it was not what she expected. Because she was determined, her secession was accepted and textbooks were returned, the class size was reduced to 24 and it was maintained until the end of the training program. The attendance rate was thus calculated on the basis of 24 participants.

The attendance rate was more or less the same for both courses. It is considered to be fairly high in consideration of the course schedule that features many hours for the practical training course as well as four days of daytime training. Meanwhile, after the end of the program, a substantial number of participants stated in the evaluation sheet that the weekday lecture schedule should be changed. Participation in the course that was held at weekday night for two months has presumably caused significant physical and mental fatigues for participants who worked daytime. Thus, this needs to be modified in the future system design.



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### 3.1.2.2 Final Examination

#### (1) Written test

Test problems were prepared for all the six subjects in the lecture course and the test was conducted for two days, covering three subjects each day, in consideration of burdens on participants and the difficulty in securing a test facility. The same method for preparation as that used for preparation of textbooks and the placement test was applied, i.e., Japanese instructors showed sample problems that served as a guideline and Chilean instructors created actual problems with reference to the sample ones (some sample problems were used with minor modification of wordings). Basically, test problems were designed to follow textbooks and lectures, with some requiring practical application of a textbook theory. Types of problems and time allocation (five hours in total) are summarized below. For all the subjects, 20 points were assigned to each essay question and 4 points to a multiple choice question.

Types of test problems by module

Module	Essay (including calculation)	Multiple choice	Test duration (hr)
1 SMEs in general	1	5	40
2 Consulting skills	1	5	40
3 Finance and accounting	1	10	60
4 Business law	1	5	40
5 SME management theory	1	10	60
6 Operational management of manufacturing enterprises	1	10	60
Full marks of 300			300

The passing marks for the written test are as follows.

- a) 40% or more of the full marks for each subject
- b) 60% or more of the total full marks for all the subjects

18 out of 23 participants (one person absent) passed the written test. Compared to the results of the placement test conducted on the first day (only 2 persons exceeded the passing marks), the passing rate has risen significantly. Major factors are high levels of competence of participants, effect of learning through the courses, and the provision of a preparation period. The written test will be scored by the medium point method that is widely used in Chile<sup>\*7</sup>.

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<sup>\*7</sup> Under the middle point method, if an answer is not entirely correct but suggests that an examinee understands a problem to a sufficient degree, a middle point (between a full-score and zero) is assigned. For this purpose, a test problem is accompanied by a model answer that is eligible for the middle point.

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(2) Evaluation of application and execution capabilities

The final examination for the practical training course was conducted by a Japanese trainer and a Chilean assistant trainer to check the ability to apply knowledge in the field environment and to execute a proper action. The passing mark is set at level 3 or higher on average. Under the pilot training program, all the participants have obtained level 3 or better grading (by both of the trainer and the assistant trainer). As discussed earlier, this seems to come from the fact that the majority of participants were experienced consultants and all the participants maintained enthusiasm and commitment during the course period. The same is true for participants representing SME promotion organizations, who have eagerly participated in group discussion and report preparation.

At the same time, various problems were found in relation to the evaluation method applied during the practical training course. First of all, only one assistant trainer was to take care of three groups and was not able to closely observe behavior of all the participants due to time constraint. Also, Japanese trainers tended to pay attention to visible behavior and attitude (e.g., frequency of participation in discussion, presentation skills, and leadership) due to various reasons such as language barriers. Efforts should therefore be made to develop a more appropriate evaluation system and standard.

(3) Certification and registration

In the original plan, persons who have completed the training program under the pilot project are expected to be registered with INN. This means, “SME consultants” are established as a new category for consultant registration under the formal agreement with the MOE, thereby contributing to implementation of CORFO and SERCOTEC programs. Chile is the country where it is difficult to establish a national certification system. So that pilot project envisages the certification and registration process under which persons that have passed the formal test are registered.

### **3.1.3 Evaluation on the Training Program by Participants**

#### **3.1.3.1 Evaluation by Questionnaire Survey**

After the end of the training program, 24 participants were asked to fill out an evaluation sheet in order to collect opinions on the training program and the formal certification system to be introduced (see a sample evaluation sheet ② and a summary table ③ at the end of the report). As of December 10th, 23 persons (i.e., all the participants who took the test) submitted the evaluation sheet. Results are tabulated and indicate several important findings. Here, the results of analysis of evaluation on the training program as a whole (excepting question III) are reported below.

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However, this implies the establishment of a new system to require decision by relevant organizations, and consensus was not reached within a short period of time up to the completion of the pilot period. As a provision measures, therefore, it was decided to issue a certificate by the execution team to participants who have passed the test. The certificate is signed by the undersecretary of the MOE and the representative of JICA's Chile Office (see below). Formal certification and registration procedures should be finalized as part of subsequent efforts, and Chapter 3 presents a strategic direction toward the goal.

(1) Reason for participation

The majority of private consultants (as participants) have applied for the training program mainly because it leads to the improvement of their skills and career development. The second reason is that the SME consultant system has been developed in Japan, suggesting that experienced consultants are interested in Japanese SME consulting service.

(2) Time schedule for the training program

Many participants pointed out insufficient hours in comparison to the curriculum and the textbooks. The majority of them felt that the training hours were too short (including comments in relation to other questions), although five persons considered system to be appropriate and two persons too long. While the original plan estimated around 300 hours, some persons responded that 420 – 450 hours would be needed. On the other hand, those who felt too long considered 100 – 130 hours to be appropriate, which are not significantly deviated from 157 hours in the pilot project. In any case, it is clear that reducing the total training hours by nearly half, despite the original estimate, has created a very tight schedule, even for experienced consultants.

Because all the participants worked during the daytime, the night schedule was virtually inevitable. Participants expressed general understanding on this respect, but at the same time, they pointed out the need for effective use of weekends. Also many wanted to limit night class to be a few times per week.

(3) Curriculum

7 participants considered the curriculum for the training program to be adequate, while 15 persons wanted some improvements. Areas of improvement are roughly divided into the modification of lecture hours and schedule and the content of lecture and textbooks. Some questioned the quality of interpreters for Japanese instructors, which will not be a major issue in the future as the formal training system will be operated by local instructors.

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As for content of lecture (question V-2), some preferred a combination of lecture and case study and others wanted to increase debate and practical training for field diagnosis.

(4) Private study

Many participants did extensive private study other than lecture and classroom work. Because they were busy on weekdays (daytime work plus nighttime study), they mainly used weekends for private study. Four participants studied at home for a total of over 21 hours.

(5) Comparison between training programs for Nch2909 consultants and SME consultants

As all private consultants who have participated in the training program were registered as Nch2909 consultant, they were asked to compare the level of difficulty in terms of content of training and test between this training program and the Nch2909 consultant training program. 15 participants considered this program to be more difficult, 3 felt that both programs were at the same level, and one person viewed the Nch2909 program to be more difficult.

(6) Usefulness of the training program for individual capacity development

5 participants felt that the program was fairly useful, and 16 very useful. No participant felt otherwise.

(7) Is the practical training course for corporate diagnosis essential for this type of training program?

All the participants said yes to this question, including those with some conditions. While this type of practical training is rarely seen in similar training courses conducted in Chile, many participants felt that practical training would be an effective way for consultants to obtain necessary capabilities and skills.

(8) How much fee can be charged for training programs of similar nature and content?

Responses varied widely between UF7.1 (\$300) and UF150 (\$6,300), with the central range between UF25 - 50 (\$1,000 - 2,000). Some wanted financial support or subsidy from public organizations. One respondent pointed out that the program would not be marketable as it was not formalized and there was no incentive for training or certification.

(9) Which is the most suitable organization for managing the training program? (Number of responses in parenthesis)

MINECON (8), INN (9), CORFO (7), Others

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(10) Which is the most suitable organization for local deployment of the training program?

CORFO (9), INN (5), SERCOTEC (4), MINECON (4), Others

(11) Which is the most suitable organization for implementation of skill evaluation for the training program?

INN (11), MINECON (5), CORFO (4), Others

(12) Which is the most suitable organization for registration of SME consultants under the training program?

INN (14), MINECON (7), CORFO (5), Others

Thus, many respondents expected the MOE to play a leading role in various elements of the SME consultant system, while expecting INN and CORFO to be responsible for implementation and management of each process.

(13) What are key factors for successful formalization of the SME consultant system?

Responses varied widely. They are roughly divided into provision of promotion programs (more frequently cited) and effective collaboration between organizations relating to the consultant system.

All in all, many participants expressed that the training program, including the practical training course, was useful and effective and should be continued as a formal program. Then, they expected the formal system to be implemented and managed under the leadership of the MOE and in cooperation of CORFO, SERCOTEC, and INN.

#### **3.1.4 Evaluation by Client Companies**

To receive evaluation from six SMEs that were client companies in the practical training course, the study team visited them around two weeks after the presentation meeting and heard candid opinions from the management. Major findings commonly found from comments by the client companies are as follows.

- 1) They view the corporate diagnosis they have received as actual consulting service, rather than activities as part of the consultant training program. In fact, they have accepted advice from the consulting team seriously, e.g., they have read the corporate diagnosis report repeatedly after the presentation meeting.

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- 2) They value the consulting team's analysis in the report (as well as at the presentation meeting) because it clarifies problems vaguely identified by the management by determining key factors, not because it presents a new discovery. The same is true for analysis of individual departments.
  - 3) All of them have actually started various activities, including their preparation, to address an issue that can be promptly dealt with, including the modification of an inventory management method, the start of 5S activities, or the restructuring of an organization or HR management. Also, they point out that the diagnostic report served to motivate the above initiatives and this was most valuable for them.
  - 4) In particular, they pointed out that such initiatives inevitably increased discussion between the management and employees, thus activating internal communication.
  - 5) On the other hand, they felt that the report did not fully cover an actual method to deal with an identified issue or failed to address problems peculiar to each company (e.g., production management, sales, and machinery).
  - 6) Finally, they stated that the corporate diagnosis and advice service (proposing kaizen activities) would be very beneficial to SMEs in Chile. On the other hand, many pointed out that it was presumably very difficult for SMEs to obtain this level of consulting service on its own cost and public support would be required to ensure a viable program.

### **3.1.5 Lessons Learned from the Pilot Project**

#### **(1) Relevance of building up the SME consultant system in Chile**

Necessity and relevance of the building of the SME consultant system in Chile have been confirmed during the second field survey (pilot project) in addition to the first field survey (current state analysis). The results of the questionnaire survey indicate that 18 out of 23 participants considered the training program to be very useful for competency development, 5 fairly useful, and none not useful. Companies that had received diagnosis service found it to be useful for identifying problems and all of them took action to deal with issues pointed out by the diagnosis team. Effective actions, undertaken steadily, are expected to be conducive to improvement of day-to-day management and competitiveness.

As the primary purpose of the project is to find consultants suitable for SME promotion through capacity development and evaluation of existing consultants, it is said to constitute necessity of building the proposed system. In addition, current state analysis indicates that the following three factors are an integral part of such necessity. They can also be considered as the objectives of building the consultant system.

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- 1) To train, select and register (certify) consultants who can provide appropriate consulting service for the purpose of improving competitiveness of SMEs and MEs in Chile.
  - 2) To establish a formal training and registration system for generalist-type consultants who can provide management consulting service for SMEs and MEs, for whom there is no training or registration system.
  - 3) To establish a competence evaluation system for consultants who are engaged in SME support programs for the purpose of improving efficiency of program implementation, because most of existing consultants have not gone through the certification process based on clear standards.

(2) Positioning of SME consultants in Chile

This Pilot Project and discussion with related organizations reveals that the positioning of the generalist-type consultant does not match the nature of existing consultants in Chile, i.e., INN's registration system is largely used for CORFO's FOCAL program and registers consultants having competence suitable for a specific program, thus characterized as the "job-specific qualification." This is because INN registers consultants capable of providing support service for obtaining certification according to quality control or hygienic management standards. As a result, it does not envisage the general-type consultant who can analyze operation and management of SMEs and give advice to address problems identified through analysis. In other words, there is no formal mechanism to use the general-type consultant (SME consultant) in a productive way even if it is recognized as a new category of INN registration.

One solution proposed by the Chilean counterpart is to integrate service performed by the generalist-type consultant with that of existing consultants in terms of service offerings. For instance, consultants engaged in FOCAL programs perform corporate diagnosis at the initial stage of consulting activity relating to Nch2909, SEMC, and ISO9001, for the purpose of identifying and analyzing the current state of client companies and problems facing the SME. Notably, they perform similar activities in the early stage of service, whereas activities in the latter stage differ significantly due to the difference in final goals of their consulting service. The same is true for consulting service relating to SEMC and ISO9001. In fact, consultants in these fields have a common purpose of providing support for improvement of corporate management quality. The idea is to ensure activities for SME consultants by positioning them in extension of existing consultants or even above them within the framework of the conventional category of professional registration for management consultants.

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Integration of the Nch2909 and SME management consultants can be reviewed as a hybrid of the "general qualification" and the "job-specific qualification." The SME management consultant (shindanshi) in Japan was originally the job-specific qualification for corporate diagnosis service by the public sector. Then it has later been recognized as the general qualification to show competence of consultants specialized in SME management. Now, it is widely known as a formally certified professional qualification. This is a general direction that the SME consultant system should follow in the future. Specifically, it is recommended to make any of the three qualifications relating to FOCAL programs as an application requirement for SME consultants. This way, SME consultants are expected to possess knowledge and practical skills relating to respective programs, while having competence to provide consulting service relating to SME management. As a result, a person who is formally certified as SME consultant will be able to be engaged in a wide range of consulting activities.

### (3) Level of knowledge required for SME consultants in Chile

The SME consultant system in the country should be established as a formal and integrated system to train, select and certify consultants who can provide appropriate service for SMEs in all three key economic sectors (manufacturing, commerce, and service) in relation to the improvement of competitiveness. Under the pilot project, standard competence of SME consultants was set at 60% or higher for the seven lecture modules (and level 3 or higher for the practical training course). While this standard should be used as the basis of the formal consultant system to scope and level of standard competence may be redefined with reference to an expected image of SME consultants in the country by taking into account the factor in (1) above.

For instance, the results of the placement test and the final examination conducted under the pilot project indicate that most consultants currently active in Chile do not have finance and accounting capabilities at internationally competitive levels. While the two tests are considered to be equivalent to basic levels in the Japanese "shindanshi" certification test, the average test results have not reached the minimum required level of 40%. Various reasons are there. The low level of importance of financial analysis in conventional consulting activities is one reason, and short lecture hours in the finance and accounting module might be reflected to the test result. They should be analyzed in detail to redefine the level of understanding required for consultants.

Furthermore, the module organization needs to be reconsidered in relation to the existing qualification systems discussed in (2) above. This means, if knowledge and skills to meet requirements for specific elements of FOCAL programs are established as standard



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competence of SME consultants, the following requirements need to be defined in addition to competence standards required for SME consultants as defined in the pilot project.

- Knowledge and skills required for guidance and advice in relation to implementation of ISO9001
- Knowledge and skills required for guidance and advice in relation to implementation of Nch2909
- Knowledge and skills required for guidance and advice on SEMC (phased kaizen)
- SME management theory, management information system, new business development, advice theory, and others required in the business environment facing SMEs in Chile



## **Chapter 4 Preliminary Design and Planning of the SME Consultant System in Chile**

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## **Chapter 4 Preliminary Design and Planning of the SME Consultant System in Chile**

This chapter presents the study team's proposal for the SME consultant system in Chile. In 4.1, key points and considerations relating to system design are enumerated and analyzed. In 4.2 and 4.3, a preliminary design proposal for the SME consultant system and system/institutional buildup steps is presented. As the proposed system is viewed as a formal mechanism to train consultants specialized in a field not previously seen in Chile, the study team has received a number of questions, from different local stakeholders, with regard to the basic system design concept, requirements for the formulation of the SME consultant system, and the role expected for the MINECON in relation to the system development process. To answer these questions, sizable portions of 4.2 are devoted to discussion on system design policy and activities to be undertaken during the initial stage of institutional buildup, together with an outline of the proposed system development plan. Finally, the proposed system is developed on the basis of the training program for the SME Shindanshi (Consultant) system in Japan, which has a long history and a good track record in the country's SME development.

It should also be noted that the primary responsibility for project implementation and system design on the Chilean side was transferred in July 2010 from the SME Division to ChileCalidad under the direction of the MINECON's Permanent Secretary Office. Meanwhile, the system design proposal presented here was originally presented in March 2010 after the end of the pilot project and through extensive discussion with the Chilean side led by the SME Division of MINECON. In consequence, the system design proposal has been developed under the assumption that the SME Division of MINECON will serve as the implementing agency (or core agency) for system/institutional buildup. This final report therefore assumes that the SME Division's role in the system startup stage is taken over by ChileCalidad as it is.

### **4.1 Overview of Design Concept and Principles**

#### **4.1.1 Confirmation of the Need for the Development of the SME Consultant System**

The Project has the major objective of establishing a system for competence development and standardization of SME consultants by developing their training courses and teaching materials and by designing a certification and registration system for consultants who have completed a training program. As discussed extensively since the project formation stage, the concept of the SME consultant system has been developed in recognition that consultants engaged in programs implemented by the Productivity Promotion Network (Red de Fomento Productivo) vary greatly in competence and skills and their standardization is essential in providing effective support for SMEs.

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At present, there are no accurate data on the number of consultants who conduct activities for various programs implemented by the Productivity Promotion Network. A rough estimate obtained through interview with related organizations during the field survey amounts to as many as 4,000 persons. Of total, consultants engaged in SME promotion programs implemented by CORFO and SERCOTEC are estimated at less than 2,000, at most<sup>\*8</sup>. As a large number of programs are implemented by aid of consultants, it is safe to conclude that their effectiveness is highly dependent upon competence of individual consultants. For these data alone, it is clear that a formal system for competence development and standardization of consultants will play an essential role in the country's SME promotion efforts.

At the same time, it is important to understand what types of consultants are needed by SMEs that are beneficiaries of various support programs. In Chile, there are around 130,000 SMEs (not including microenterprises). Many of them are operated by their founders, and smaller companies are often managed by a single owner who takes care of almost everything. While they need public support in a wide variety of aspects, SME support programs implemented by CORFO and SERCOTEC are highly limited in terms of target population due to budget constraint and are not far from meeting demand. For instance, "Observatorio Empresas 2009" - which surveyed the current status of quality certification by companies according to size - indicates that only 25% of medium-sized enterprises and 13% of small enterprises have obtained or are in processing of obtaining certification. As the vast majority of SMEs do not take any action, it should be noted that many of them cannot apply for a support program (lack of fund or human resource, etc.) or do not know the existence of such programs. On the other hand, there seems to be large demand for outside experts to deal with problems relating to day-to-day business management, according to AOI organizations that implement CORFO programs and SERCOTEC's local offices. These data and information suggest that many SMEs have the strong needs for consulting service, regardless of availability of an actual program, but they cannot afford to hire a consultant at their own expense or cannot use a support program for various reasons. This means that training generalist-type SME consultants who can meet the actual needs of SMEs is highly critical in the country's SME promotion - together with competence development and standardization of existing consultants - and is considered as the development of infrastructure required for effective implementation of SME support policies and programs. This principle needs to be shared with related government agencies and organizations engaged in SME promotion as the first step to build the SME consultant system.

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<sup>\*8</sup> Estimated by the JICA Study Team on the basis of INN's registration data and interviews with CORFO and SERCOTEC

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#### **4.1.2 Need for Announcement of Government's Commitment to the SME Consultant System**

A key success factor is that the Chile government (MINECON) announces a clear message on its commitment to the SME consultant system. Such message should be directed to not only consultants, but SMEs, their support organizations, and the general public. The message should express the government's basic policy and principle relating to SME promotion. It can be sent via the mass media or other means of communication, such as public seminars, not necessarily in the form of legislation. The government's message is essential in bringing minds of stakeholders together toward the building of the SME consultant system, for its effectiveness is difficult to be verified or proved as it does yet not exist or operate; in other words, the public accepts the system only after it has produced competent consultants, who, in turn, are not available before the launching of the system.

To this date, the country's SME promotion programs have selected and hired consultants according to varying selection criteria and processes set by different organizations. Their results are mixed; some have produced satisfactory results, while others have failed to show cost effectiveness. While there must be a variety of reasons for successes and failures, human factors, especially consultants and their performance, appear to be a major factor, as judged from the above analysis.

Effective management of public programs targeting SME promotion is eventually reflected in the national economy and its performance. Thus, it is the government's best interest to monitor performance of its programs and ensure that they are implemented in an effective and efficient manner. In this connection, the training and selection of competent consultants to ensure effective implementation of SME support programs is considered to be a joint policy agenda for the government and organizations engaged in SME promotion. Having said that, the MOI's announcement of its commitment to the SME consultant system is the prerequisite to the actual launching of the system building process.

#### **4.1.3 Need for the Common Concept of SME Consultants**

At present, Chile does not have a consultant registration system accredited by government. Instead, consultants are qualified when they are registered for the FOCAL programs jointly implemented by CORFO and INN<sup>\*9</sup>. The registration system is operated by a public organization and is by no means a national certification system established by law. Also, registered consultants are generally expected to provide service related to the improvement of quality management. In particular, they focus on certification under an international standard

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<sup>\*9</sup> In addition, INDAP launched a system to train and evaluate consultants specialized in providing support for agriculture and livestock sectors.

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(e.g., ISO) and their primary role is to help client companies (SMEs) to improve their internal management system to meet requirements for such certification.

On the other hand, the generalist-type consultant, who is envisaged under the project, is expected to deal with overall improvement of corporate management for not only SMEs but entrepreneurs also by working together with managers to solve a variety of issues concerning all aspects of business operation and management. It is compared to a family doctor who treats patients having a variety of symptoms and conditions. As the generalist consultant is not recognized under SME development programs implemented to this date, the idea of using such consultant is not accepted or understood in the country. Thus, the building of the SME consultant system should start with the establishment of the idea, particularly a clear definition of the SME consultant.

As pointed out earlier, while the concept of the generalist consultant is not widely accepted or understood in the country, SME consultants are specialized in a specific area, typically quality management and supply chain development. However, this does not necessarily mean that there is no need for the generalist consultant. When consultants render service for SMEs in Chile, 50-70% of the service fee is usually borne by public organizations such as CORFO, which implement SME support programs. As a result, the need for SME consultants is generally determined by such organizations. As the country's industrial policy emphasizes quality improvement and innovation, a project to use a generalist-type consultant to provide all-round service for SMEs is not highly encouraged; it is difficult to produce visible results. FOCAL's programs (focusing on quality improvement) are directed toward a tangible goal, i.e., to obtain certification under an international quality standard. Innovation-related programs such as FAT and PDP are also inclined to focus on reinforcement and improvement in a specific field. Furthermore, even if a program using the generalist consultant is conceived, it is hard to find a qualified person so long as there is no opportunity to receive training for required knowledge and skills.

The surveys conducted so far reveal that there are a large number of persons who can become the generalist consultant or the training program instructor. On the other hand, the training program is significantly different from existing consultant training programs in terms of methodology and content, so that it is imperative to develop and design the training program from scratch, which fits local conditions peculiar to Chile, including a training framework, curriculum, teaching materials, test problems, and the practical training course (including its management). The project serves as an integral part of the program development process, but its success is dependent on efforts to establish and propagate the basic concept of the SME consultant in Chile.



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#### **4.1.4 Basic Requirements for the SME Consultant**

The standard set of competence required for SME consultants in Chile has been a major subject for discussion since the start of the present study. For this reason, the “generalist type SME consultant” proposed by the study team was clearly defined in the pilot project stage (2.2.3 of the main report). The concept of the generalist type SME consultant is based on the following principles.

- 1) SME owners often have to perform multiple functions, such as product development, sales, and finance, while they fail to identify or understand problems accurately. In particular, to deal with a complex problem that is increasingly seen in modern management, a consultant capable of evaluating a company from broad perspectives can become the best adviser for the owner.
- 2) To serve as the best advisor for the owner of a small enterprise or a microenterprise, who is (solely) responsible for all aspects of corporate management, the SME consultant is expected to broad knowledge and skills. He is thus compared to a family doctor (general practitioner), rather than a specialist working for a hospital.

Specifically, the generalist type SME consultant should be capable of performing activities covering the entire consultation process, from corporate diagnosis to kaizen planning, advice on kaizen activity, and evaluation, while having broad knowledge and experience relating to all aspects of corporate management, including business administration, marketing, organizational management, human resource development, finance, and production management.. The term “generalist” is thus used in a contrast to “specialist.”

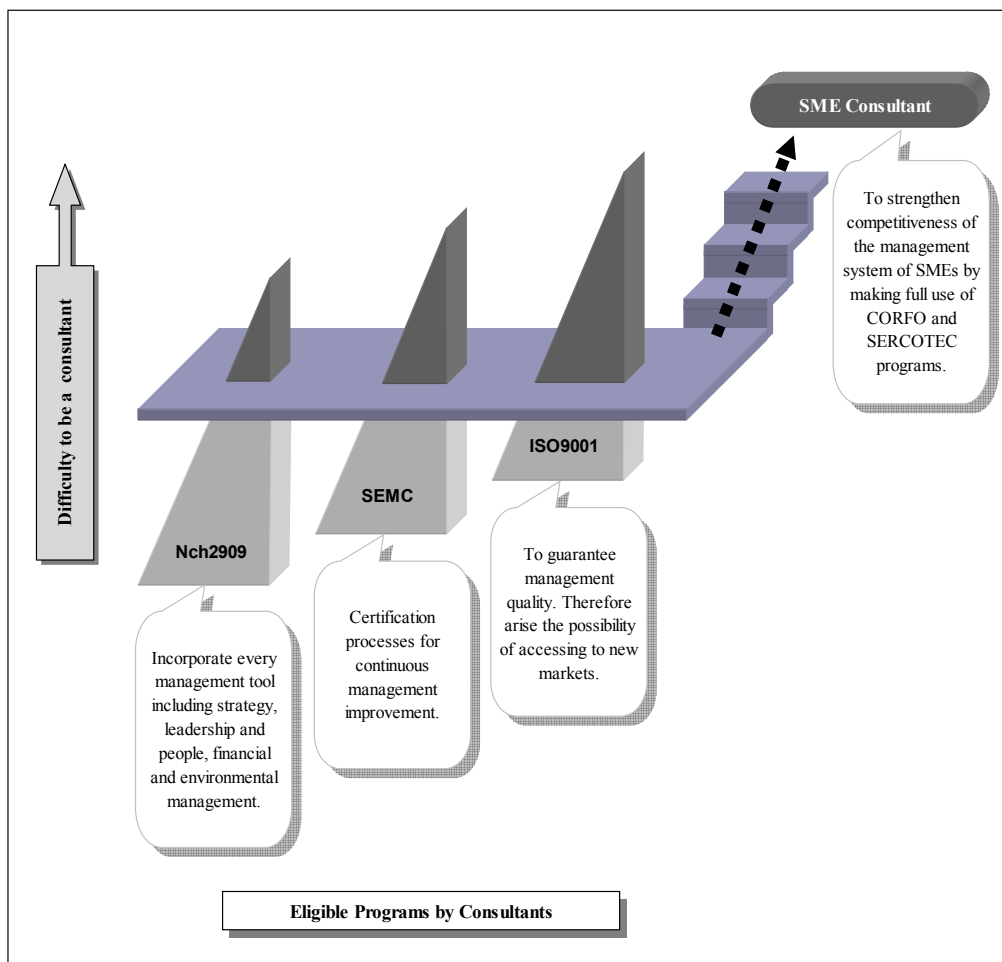
Based on the “generalist” concept, competence requirements for SME consultants have been established on the basis of the results of the pilot project and discussion with the Chilean side, the following two items have been added to establish a final proposal for competence requirements, which then form the basis of system design. Note that these two items were incorporated into the Japanese Shindanshi system in 2002(cf. “The New SME Shindanshi System,” June 2000, Council on SME Policy). Although they were not proposed as independent course modules under the pilot project, they are included in related courses by listing required textbooks.

#### **4.1.5 Creation of the Activity Base for SME Consultants**

To ensure sustainable development of the SME consultant system, activities of SME consultants need to be widely accepted among their clients and related parties, including their value. This means that SME consultants are expected to satisfy customers by improving required skills and by understanding needs and wants of SMEs. On the other hand, not all of

SMEs can benefit from consulting service at their own expense. In fact, many of them cannot afford to hire SME consultants financially. To ensure sustainability of the SME consultant system, organizations engaged in SME development programs should create an activity base for consultants, provided that such activity base should be limited to SMEs that require support and meet specific conditions.

In fact, providing a mechanism to make most use of SME consultants is the most important element of the development of the effective and sustainable system. Figure 4-1 shows conceptual view of the relative positioning of consultants required for the FOCAL programs and SME consultants proposed under the project. Notably, the SME consultant makes a sharp contrast to the specialist consultant who focuses on certification under international management standards, as the former is positioned as a generalist-type consultant who can be used in a wide variety of SME promotion programs as well as a wide range of fields. Note that this concept and positioning is also true for other ongoing programs other than CORFO.



Source: Prepared by JICA Study Team

**Figure 4-1 Positioning of SME Consultant Relative to Consultants Eligible for CORFO Programs**

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In the discussion with the counterpart organization, various ideas about programs that can use the SME consultant were conceived. For instance, the following programs are proposed, including potential programs.

- 1) Use of SME consultants for CORFO's FOCA programs and SERCOTEC's capital seeds programs
- 2) Consultation service in relating to initiatives to improve SME management quality under CORFO's Innovation Chile
- 3) Use for support programs for companies that have received the ChileCalidad award "Premio Pyme Gestion Competitiva"
- 4) Use for industrial cluster programs in rural regions implemented by CORFO under the Work Bank's assistance
- 5) Use for consulting activities in relation to the SME Bankruptcy Law, including corporate diagnosis in the SME regeneration process and support for development of regeneration plans

Efforts should be made to explore opportunity for use of SME consultants and to examine feasibility to incorporate their use into actual programs.

#### **4.1.6 Use of Related Organizations and Human Resources in the Pilot Project**

Organizations and individuals involved in the pilot project are classified into three groups, namely government organizations – CHILECALIDAD, CORFO, SERCOTEC, INN, and ASEXMA – that form the Implementation Team, 24 participants of the training program, and 6 companies that have received consulting service including corporate diagnosis. If universities and research organizations that the study team contacted in the preparation stage, as well as other applicants for the training program, are added, the project is recognized by or has contact with a variety of persons and organizations.

For the development and management of the formal system, organizations and individuals who have shared the pilot project experience should be used as far as possible. For instance, trainers for the corporate diagnosis course need to have actual work experience in the field, unlike lecturers who can be recruited from universities and other organizations. In this case, newly certified SME consultants can be hired as trainers<sup>\*10</sup>. Also, persons and organizations that have participated in the pilot project should be used in other preparation activities, such as the development of the training curriculum and teaching materials, and PR activities to promote wide acceptance of the SME consultant system. They can play a critical role in driving the efforts to build the system.

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<sup>\*10</sup> Note that they should preferably receive the TOT program operated by JICA.

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#### 4.1.7 Deployment outside RMS (Santiago Metropolitan Region)

As around 40% of SMEs and MEs are located in RMS, the region is a good starting point for consultant training. In due course, however, it needs to be extended to the rest of the country, where the remaining 60% are widely distributed. In addition, as the above consultation program is expected to be implemented throughout the country, it will require a sizable number of consultants in regions including RMS. For the pilot project, program participants were selected by giving priority to those living in Santiago, but some came from outside of RMS, such as Rancagua. A few participants had to leave the class early because of transportation available.

This suggests that there are SMEs and MEs outside RMS, which need consulting service, and potential applicants for the SME consultant training program. In the initial stage of building the proposed system, therefore, consideration should be given to the development of a general framework for SME consultant training in rural regions, including possible tools such as visual/audio media (CD/DVD) and the Internet, together with the appointment of local training facilities. Proper and timely local deployment is one of the essential elements of the successful SME consultant system.

### 4.2 SME Consultant System: Planning Framework and Design Criteria

#### 4.2.1 Design Concept and Basic Policy

Preliminary design of the overall system is developed in line with basic policy that consists of the following three items. Each item is explained in Table 4-1.

Basic policy for preliminary design of the SME consultant system

- ① Securing of public interest
- ② Securing of transparency
- ③ Securing of fairness

**Table 4-1 Basic Policy for SME Consultant System Design**

1. Securing of public interest	Under Law 20.416 (FIJA NORMAS ESPECIALES PARA LAS EMPRESAS DE MENOR TAMAÑO), it is confirmed that the MINECON is responsible for policymaking in the area of SME development and aims to promote efficient use of public support programs by executing power and authority for coordinating other ministries and agencies to ensure effective policy implementation. On the other hand, as the development of the consultant market on a commercial basis is essential in promoting effective implementation of support programs, the MINECON's involvement in such market development is expected to further public interest.
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	<p>&lt;Substance&gt;</p> <p>(The consultant market as public common)</p> <p>The consultant market constitutes software infrastructure used for implementation of SME development policy. Thus, the MINECON should advertise public interest of the consultant market to the general public.</p> <p>(Normalization of the consultant market)</p> <p>The present consultant market has problems that cannot be solved by market principle. The MINECON intends to promote its normalization by using the system, while encouraging the sharing of such recognition among government parties and motivating related organizations to participate in the market.</p> <p>(Unified standard for public interest)</p> <p>The MINECON clearly shows a unified standard for public interest, e.g., opportunity for participation in the system is sufficiently provided for the general public, including information disclosure; the system is operated in a fair manner; and the system is widely recognized in society.</p> <p>(Third party (advisory) organization)</p> <p>Public interest should not be determined by a government office in charge but a third party (advisory) organization including outside experts, which reviews and evaluates the current state of public interest, transparency, fairness, and sustainability of the system. Based on the results of such evaluation, maturity of the system is verified and advice is made in consideration of the future environmental changes.</p>
2. Securing of transparency	<p>The system is recognized and trusted by the general public that it complies with the provisions of Ley de Transparencia (Sistema de Gestión de Solicitudes, Ley No. 20.285 Sobre Acceso a la Información Public (Law concerning Access to Government Information), disseminates information on the system's public interest to the general public, ensures transparency, and serves public interest by hearing opinions from the general public.</p> <p>&lt;Substance&gt;</p> <p>(Partnership between the government and private sectors)</p> <p>As the government is involved in the consultant market that should operate under free competition, it is expected to design and operate the system in such manner to win trust from consultants and companies and to encourage partnership between the government and private sectors.</p> <p>(Information sharing between the government and private sectors)</p> <p>The government provides information for the general public by means of information disclosure and encourages two-way information sharing with the private sector by soliciting opinions and comments from the private sector.</p> <p>(Expansion of opportunity for participation by the private sector)</p> <p>The government should expand opportunity for participation in the system by the private sector for policymaking that reflects opinions and needs of the private sector. At the same time, it enhances the audit and evaluation functions</p>

	<p>and collects information in the form of request for comment from the private sector and acceptance of policy recommendations on support programs so as to use it for its decision making process, such as policy formulation relating to SME development and institutional reforms.</p> <p>(Accountability of government) In disseminating information, transparency of the system and its management should be maintained, including the selection process of criteria for training institutes, the test and registration process and standards, and publication of selection results. In addition, accountability should be ensured as the system audit results and future response in order to ensure the improvement of public recognition.</p> <p>(Public comment) For the interest of ensuring transparency and winning trust of the general public, a mechanism to collect public comments should be created to establish the system that meets expectation and trust of the private sector (companies and consultants), followed by feeding back the results to the general public.</p>
3. Securing of fairness	<p>To ensure the system that provides equal opportunity for participation by the general public, it should assure fairness and should be free from discriminatory treatment on the basis of geographical area or industry by maximizing transparency and hearing opinions of beneficiaries (SMEs and consultants) as public comment. In doing so, consideration should be given to the provision of incentive for government organizations, SMEs and private consultants in relation to the system's operation.</p>
	<p>&lt;Substance&gt;</p> <p>(Use of private initiative) Information relating to the system, including recruitment of participants, the training program, test and registration, is published by media accessible to the general public, such as the Internet, newspapers and journals, in order to provide fair opportunity for participation, while ensuring use of private initiative under fair competition according to a preset standard.</p> <p>(Nationwide deployment) The system is expected to cover the entire country uniformly, rather than a specific area, and it aims to secure fair opportunity for access to the system by individuals and companies in rural regions.</p> <p>(Continuous improvement) The MINECON disseminates information on the system to the government and private sectors on a continuous basis by maintaining two-way communication, thereby to gain proper understanding of the purpose of the system, recruitment and training (curriculum, teaching materials, and instructors), test and examination and to allow continuous improvement according to the changes in the environment surrounding the system.</p> <p>(Complimentarily)</p>

	<p>To prevent beneficiaries from suffering unfairness due to difference in industry or geographical area, the system should incorporate complimentarily by taking into account the progress or status of projects implemented by other ministries or organizations (such as the Ministry of Agriculture and Livestock Farming), in addition to the understanding of the needs of local SMEs in relation to corporate diagnosis.</p> <p>(Synergetic effect)</p> <p>As other ministries and agencies plan or prepare programs benefiting SMEs, collaborative relationship should be developed to promote synergies with future programs.</p>
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Source: Prepared by JICA Study Team

#### 4.2.2 Expected Roles and Competence Set Required for SME Consultants

The role and competence of the SME consultant expected under the new system are specified in Tables 4-2 and 4-3.

**Table 4-2 Role Expected for SME Consultants**

Expected role	Description
1 Establishment of communication and trust	<ul style="list-style-type: none"> <li>- The SME consultant should establish trustworthy relationship with each client company, while understanding its needs for diagnosis and its current state including actual operating conditions and acting according to the code of ethics applicable to consultants. Maintaining good communication with the client by listening to its views is indispensable in winning confidence and customer satisfaction.</li> <li>- Today, the SME consultant is expected to act as the participation-oriented consultant who goes through the consultation process (analysis, problem identification, and development of solution) by working together and exchanging opinions with the client, rather than the traditional, proposal-oriented consultant who performs diagnosis and makes proposals and reports without much consultation with the client. Thus, he needs to give advice on a variety of problems, instead of writing and submitting a report in a standard format, and in doing so, he must possess communication skills to establish and maintain good relationship with the client.</li> </ul>
2 From theory-based to field-oriented diagnosis and support	<ul style="list-style-type: none"> <li>- SMEs generally lack expertise including intelligence capability in comparison to large enterprises. In addition, they cannot use such ability in a productive manner. A major difference between SMEs and large enterprises in terms of management capability is boiled down to not only their management resources in terms of human resource, asset, money and information, but also know-how to ensure effective use of available resources. A major challenge to SMEs is to secure management resources in innovative ways and to use them in an efficient manner. Here the SME consultant is expected to provide specific guidance and advice on resource</li> </ul>

Expected role	Description
	management, such as the method to make most use of a public support program or to secure outside resources at an economical cost.
3 Continuous support through direct involvement	<ul style="list-style-type: none"> <li>- The SME consultant's job does not end upon presentation of proposals. Rather he should think and act together with the client until his proposals are effectively executed. For instance, when the consultant proposes a client to use a public support program to supplement management resources and strengthen its management base, he should ensure that the proposal is actually put into practice by making periodical contact and communication. He should therefore act as a permanent advisor who supports the client company throughout its development process. To do so, the SME consultant needs to possess coaching and mentoring skills to encourage and motivate the owner. Also, he may need to find an expert who may be useful in achieving a goal or solving a problem and communicate with the expert for the best interest of the owner.</li> </ul>
4 Support based on foresight to anticipate the future changes in the business environment	<ul style="list-style-type: none"> <li>- Generally, the business environment surrounding SMEs is subject to rapid and dynamic changes in comparison to large enterprises. On the other hand, SMEs often have difficulty in analyzing the business environment and related problems and responding to environmental changes. The SME consultant is therefore expected to foresee such changes that may have major impacts on the client's survival and growth and to propose effective adaptation measures, together with necessary support for their implementation. His activities include business planning relating to product development or market exploration, analysis of local and regional markets, implementation of information systems, response to environmental issues, prevention of bankruptcy caused by default of a trade partner, improvement of the financial basis including cost reduction, development of regeneration support plans, and guidance and advice based on accurate forecast of the future changes in the business environment.</li> <li>- Finally, the SME consultant is expected to have the ability to perform diagnosis in a flexible manner by addressing issues that emerge in the rapidly changing environment, in addition to the ability to conduct routine diagnosis procedures including conventional analysis, evaluation (scoring) and documentation.</li> </ul>
5 Bird's eye view diagnosis and support for management innovation	<ul style="list-style-type: none"> <li>- The SME consultant is required to evaluate the client company from overall perspectives to identify a real problem and its cause and to allow the company to solve it by using available resources in an efficient manner, thus going beyond guidance and advice in a specific area (e.g., sales, finance or production).</li> <li>- The ability to observe and analyze the company with bird's eye view is essential in promoting management innovation of SMEs, as well as effective advice on business planning and the strengthening of the management base.</li> </ul>



Expected role	Description
	Also, as the consultant provides continuous diagnosis and support from broad perspectives, he should act as a good coach who works together with the owner and motivates him toward a business goal.

Source: Prepared by JICA Study Team on the basis of "Principles of Corporate Diagnosis: Standpoint from Management System Analysis," SME Diagnosis Association

For the SME consultant to fulfill the expected role, he must possess the following competence (skill set).

**Table 4-3 Competence Required for SME Consultants**

Competence Requirements
<p>Basic skills for proper advisory service</p> <p>The role that is most expected for SME consultants in Chile is to give advice as to how SMEs should respond to the external environment, on the basis of accurate understanding of their internal environment. To do so, SME consultants are expected to have knowledge and skills to perform qualitative and quantitative analysis of the current state and characteristics of SMEs and then to provide proper advice. Also, they need to provide guidance for improvement of SMEs in consideration of the current business environment. On the other hand, SMEs are usually limited in their management resources. Thus, advice should include information on available external resources for SMEs, including public support programs, support organizations, and potential partners (private enterprises). Again, the ability to provide proper advice is determined by knowledge on external support tools as well as know-how relating to use of various support programs.</p>
<p>Skills relating to corporate management</p> <p>SME consultants are required to analyze problems facing the client company (i.e., diagnosis) from broad (companywide) perspectives. Such ability comes from knowledge on all aspects of corporate management and problem solving capability, which include the following items.</p> <ul style="list-style-type: none"> <li>- Knowledge and practical skills relating to finance and accounting</li> <li>- Knowledge relating to legal management</li> <li>- Knowledge and practical skills relating to development of management strategy and business plan</li> <li>- Knowledge relating to corporate management and resource management</li> </ul> <p>In addition, the following items were identified from the present survey as competence requirements for SME consultants in the country.</p> <ul style="list-style-type: none"> <li>- Ability to provide support for business creation and startup</li> <li>- Knowledge relating to use of information technology for corporate management</li> </ul>
<p>Practical skills to provide advice and guidance</p> <p>This means the ability to apply knowledge and know-how learned from lecture courses in the training program to actual consulting activity by establishing fiduciary relationship with the SME manager, thereby to produce tangible results for the client. At the same time, SME consultants need to have coaching and counseling skills to motivate the client company and its management to take effective action on the basis of advice. These knowledge and skills constitute the foundation of the SME consultant.</p>

Source: Prepared by JICA Study Team

Here, a consultant who meets the above competence requirements is referred to as the generalist-type SME consultant. In Table 4-4, the competence requirements are translated to specific consulting skills. The SME consultant system will check these skills by means of a certification test to determine if a person is qualified as the SME consultant.

**Table 4-4 Skills Required for SME Consultants**

	Competence category
1	Ability to provide appropriate guidance, support and advice in relation to management support on the basis of the current state of SMEs and management characteristics
2	The ability to provide appropriate guidance, support and advice on the basis of knowledge on SME support programs implemented by central and local governments in the areas of finance, taxation, and management
3	The ability to provide appropriate guidance, support and advice after participation in the client's problem identification and solving process as well as confidence building
4	Ability to provide appropriate guidance, support and advice on issues identified from financial analysis
5	Ability to provide appropriate guidance, support and advice on legal matters relating to business activities, including communication with legal professionals by using legal knowledge required for the SME consultant
6	Ability to provide appropriate guidance, support and advice in relation to formulation of management strategies and plans, and management to execute a business plan properly
7	Ability to provide appropriate guidance, support and advice on identification of problems relating to man-organization relationships and their solving to help accomplish the organization's objective
8	Ability to provide appropriate guidance, support and advice on formulation of marketing strategy and sales management to execute marketing strategy
9	Ability to provide appropriate guidance, support and advice on identification of problems relating to production management and the direction of problem solving
10	Ability to provide appropriate guidance, support and advice in relation to development of store concept and development of store layout plans, and other matters relating to retail facilities
11	Ability to provide appropriate guidance, support and advice in relation to identification and evaluation of business opportunity and formulation of business plans
12	Ability to provide appropriate guidance, support and advice to identify issues relating to information management required to solve management issues and to formulate measures
13	Ability to provide appropriate guidance, support and advice by analyzing the current state from broad perspectives, identifying issues relating to improvement of management, and proposing solutions for key sectors to solve the issues

Source: Prepared by JICA Study Team

Note that the pilot project provided the following courses to cover the standard competence required for SME consultants, as summarized in Table 4-4.

- ① Basic skills for proper advisory service
  - SME in general

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② Skills relating to corporate management

- Consulting skills
- Finance and accounting
- Legal management
- Corporate management theory
- Operation management for the manufacturing industry

③ Practical skills to provide advice and assistance

- Consulting skills
- Skills relating to corporate diagnosis

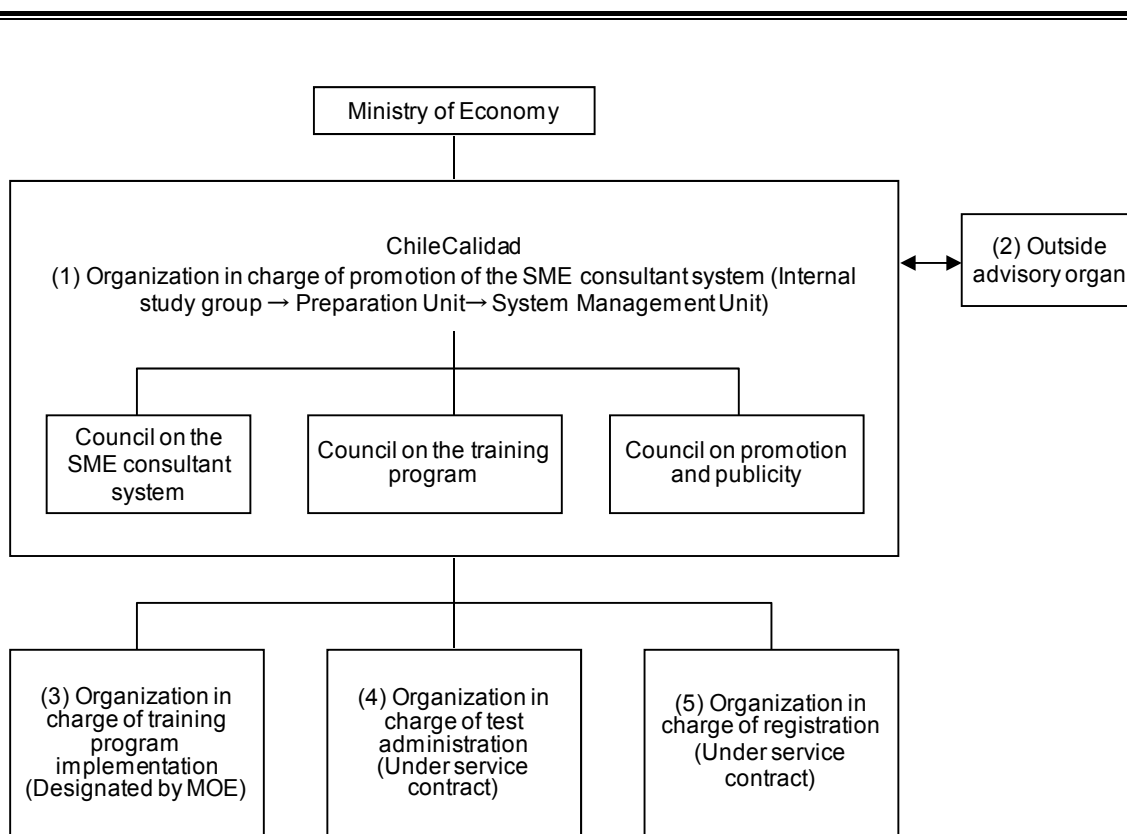
### **4.2.3 Design Policy for Institutional Setup**

(1) Overview of the SME consultant system

Based on the proposal made by the Preparation Team for the SME Consultant System, an institutional setup for the SME consultant system is planned and built as follows. Under supervision of SME Consultant System Management Unit (in ChileCalidad), contract will be awarded to organizations for operation of the training program in various parts of the country, administration of tests to be conducted in several locations, and registration of SME consultants (including renewal). However, it seems to be appropriate to select a single organization for each of test administration and registration services or both.

ChileCalidad will be responsible for the building of the SME consultant system and will establish the Preparation Unit, which will be later reorganized to the System Management Unit. The Preparation Unit will lead actual startup of the system by creating internal councils represented by related ministries and organizations, as well as university professors and other experts. That is, all preparatory work will be done by ChileCalidad, however, a final decision will be made by the MINECON.

Figure 4-2 shows conceptual view of the institutional setup for the SME consultant system. The role of each organization constituting the institution is defined in Table 4-5.



**Figure 4-2 Conceptual View of Institutional Setup for the SME Consultant System**

**Table 4-5 Roles of Organizations in the Implementation System**

Organization	Role	Remarks
(1) Organization in charge of promotion of the SME consultant system	The organization will evolve from an internal study group to the Preparation Unit, and then, the System Management Unit and will be responsible for discussion on the SME consultant system in general, organizational setup, monitoring, selection of implementation organizations, and nomination and supervision services. <ul style="list-style-type: none"> <li>- With the maturing of the SME consultant system, it will be renamed from the internal study group to the Preparation Unit, and then, the System Management Unit.</li> <li>- Within the organization, the councils on the entire system, the training program, and promotion and publicity will be established (members will include outside experts as required)</li> </ul>	To be established within ChileCalidad.
(2) Council on the SME consultant system	It is organized by persons who are familiar with the business environment and the current state of SMEs as well as representatives of SME organizations. It discusses policymaking relating to the system and its changes.	Use of a newly established government-private joint committee is considered.

Organization	Role	Remarks
(3) Organization in charge of training program implementation	Education/training institutes that have in-depth knowledge on the business environment and the current state of SMEs, e.g., to offer courses relating to SME management, will be selected and appointed.	Universities and other educational institutes offering a SME-related course will be selected.
(4) Organization in charge of test administration	Non-profit organizations that have experience in test administration on SME-related qualifications and are widely recognized in society will be selected and appointed.	INN, CORFO, SERCOTEC
(5) Organization in charge of organization	Non-profit organizations that have experience in registration of SME-related qualifications and are widely recognized in society will be selected and appointed.	INN, CORFO, SERCOTEC

#### 4.2.4 Basic Policy for Management of the SME Consultant System

##### (1) Basic policy

Until the SME consultant system becomes fully operational and established (expected to be around three years), government is expected to take leadership and perform the coordinating function for training of SME consultants. Then, when the system is established and starts to train SME consultants at a stable rate, together with expansion of their activities, and when it is widely recognized in society, government's role should be reduced to a minimum required range such as final determination of competence (e.g., success and failure in the certification test), while other functions should be contracted or transferred to outside organizations according to preset standards. Thus, it is important to ensure the sustainable management of the SME consultant system under the assumption that its management will change in phase (see Table 4-6).

**Table 4-6 Basic Policy for Management of the SME Consultant System**

	Basic policy	Description	Remarks
Sustainability	1. Effective use of existing resources	<ul style="list-style-type: none"> <li>- Clear definition of the role of participating organizations</li> <li>- Promotion of collaboration with participating organizations</li> <li>- Cooperation with existing outside systems and institutions</li> <li>- Incorporation into the new system</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing SME development programs</li> <li>- SME Law and other related laws</li> </ul>
	2. Management from the viewpoint of SMEs	<ul style="list-style-type: none"> <li>- Conformity with needs of SMEs</li> <li>- Manufacturing, retail, and service industries</li> <li>- Desirable form of sustainable support</li> <li>- Collaboration with financial institutions and other similar organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Formulation of SME support programs on the basis of actual needs</li> <li>- Development of support programs that meet the needs</li> <li>- Sustainable support (including financial support)</li> </ul>
	3. Consideration to the standpoint of SME consultants	<ul style="list-style-type: none"> <li>- Development of programs to which the SME consultant can be qualified</li> <li>- Operation method to facilitate participation in the system</li> <li>- Subject-based curriculum</li> <li>- Phased qualification system</li> <li>- Introduction of subject-based qualification</li> <li>- Effect use of IT in each process</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing public support programs</li> <li>- Participation under the SME Law scheme</li> <li>- Assistant SME consultant (shindanshi)</li> <li>- Subject-based qualification valid for three years</li> <li>- Use of e-learning</li> </ul>

Source: Prepared by JICA Study Team

(2) Design policy for the training program

As SME consultants are expected to deliver tangible results to client companies, the training program needs to be designed by taking into account the desirable role of the SME consultant and the range and level of competence required to fulfill such role. Also, it should develop skills to provide comprehensive guidance and advice, including advice and support to focus on doable and sustainable growth, promotion of effective use of management resources, expanded service coverage from departmental diagnosis to companywide management system diagnosis and support, use of SME programs, procurement of outside resources, and support for implementation of proposals. In doing so, the training program will consist of lecture and practical training courses to teach minimum knowledge and skills required to perform diagnosis and advisory services listed in a) – d) below.

- a) Advice and support for doable improvement that can lead to sustainable growth
- b) Reassessment of management resources and promotion of their effective use

- c) Expanded service coverage from departmental diagnosis to companywide management system diagnosis and support
- d) Use of SEM programs implemented by public organizations, effective use of outside resources, and support for implementation of proposals, with view to leveraging characteristics of each company

(3) Content of training courses

Implementation steps for training courses are outlined in the table below.

**Table 4-7 Implementation Steps for Training Courses and Design Criteria**

Implementation step	Design criteria
Recruitment of participants	<ul style="list-style-type: none"> <li>- Participants in the training program will be selected from private consultants who meet qualification requirements, and staff members of public organizations engaged in SME development (including central and local government ministries and agencies) and financial institutions. In particular, participants from public organizations are expected to help their organizations to improve effectiveness of SME support programs.</li> <li>- Recruitment will be carried out by methods specified by MINECON and ChileCalidad, such as the MINECON’s Web site. Public organizations engaged in SME development will select candidates internally for formal recommendation.</li> </ul>
Eligibility	<p>An applicant for the training program must meet the following requirements:</p> <ul style="list-style-type: none"> <li>① A degree or diploma from a four-year university and work experience of three years or longer;</li> <li>② Professional experience in three or more cases of CORFO/SERCOTEC programs;</li> <li>③ INN-registered consultant (Nch2909, SEMC or ISO9001)</li> </ul> <p>Candidates from SME development organizations (including central and local governments) are required to have work experience and to be recommended by their own organizations.</p>
Selection of candidates	<ul style="list-style-type: none"> <li>- At first, each candidate is required to submit a set of documents, including an application, a curriculum vitae, and job description.</li> <li>- As required, candidates who have passed the screening based on documents are organized into groups for oral examination. They will answer questions relating to activities of SME consultants and a reason for application. The screening and oral examination should examine each candidate’s work experience and area of specialty, together with the level of understanding concerning SMEs and their current state.</li> <li>- Final selection of participants will be made on the basis of submitted documents and the results of the oral examination and according to the criteria established by the organization in charge of test administration.</li> </ul>

Implementation step	Design criteria
Implementation of the training program	<p>The training program will last around six months, totaling 360 hours. For lecture courses, class will be held on Wednesdays (3 hours from 6:30 to 10:00 p.m.), Fridays (6 hours from 3:00 – 10:00 p.m.), and Saturdays (6 hours from 9:30 a.m. to 4:30 p.m.), totaling 15 hours per week. In addition, the practical training course on corporate diagnosis will be held for 5 days (8 hours per day, totaling 40 hours).</p> <p>(Course design modification to facilitate participation)</p> <ul style="list-style-type: none"> <li>- As most of participants are consultants on active service and are expected to attend at training courses totaling around 360 hours, it is planned to allow participants to conduct private study (required under the pilot study) in the form of e-learning. Note that this necessitates classification of course elements (knowledge) into those that can be learned through e-learning and those that require class attendance.</li> <li>- The 360 course hours will be divided into two parts, 180 hours each, and courses will be conducted in two separate parts. Accordingly, it is proposed to give the qualification in two phases.</li> <li>- Also, it is proposed to conduct a certification test for each subject and to permit participants to obtain qualification as the SME consultant by passing all tests a three-year period at maximum.</li> </ul>
Implementation and grading of the certification test	<ul style="list-style-type: none"> <li>- The certification test will consist of multiple choice and essay questions. As it examines knowledge required for the SME consultant, the ability to apply it to practice, and the thought process, examinees (participants) should be notified in advance of that the test may go beyond the scope covered by teaching materials and the lecture courses.</li> <li>- Grading will be made according to the standard established by the Implementation Management Team, and a pass/fail decision will be made by the SME Consultant System Management Unit in overall consideration of grades for lecture (group study) and practical training courses made by respective instructors, evaluation of diagnosis reports, and the presentation meeting (upon revisit to each client company), and the rate of attendance (should be 80% or over). The practical training course will be graded on the basis of, among other things, observation on field skills relating to communication and advice. The grader will be basically a person who has interviewed a candidate at the time of the oral examination for admission.</li> </ul>

Source: Prepared by JICA Study Team

#### 4.2.5 Institutional Setup and System for Operation of the SME Consultant System

The building of the SME consultant system should be led by ChileCalidad as discussed below. In particular, its leadership is required in the initial stage of system development. This chapter discusses the expected role and activity of ChileCalidad in relation to



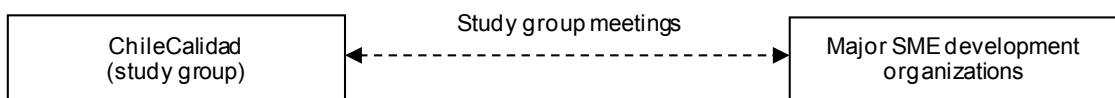
institutional setup and system for the building of the formal system. In particular, activities to be carried out by the MINECON are listed. It should be noted, however, that responsibility for the institutional buildup was transferred from the MOE to ChileCalidad on July 1, 2010. While ChileCalidad serves as the leading agency, overall supervision rests with the MOE.

#### 4.2.5.1 Institutional Setup Stages

The institutional setup process is roughly divided into the following stages, which are generally outlined with respective conceptual views.

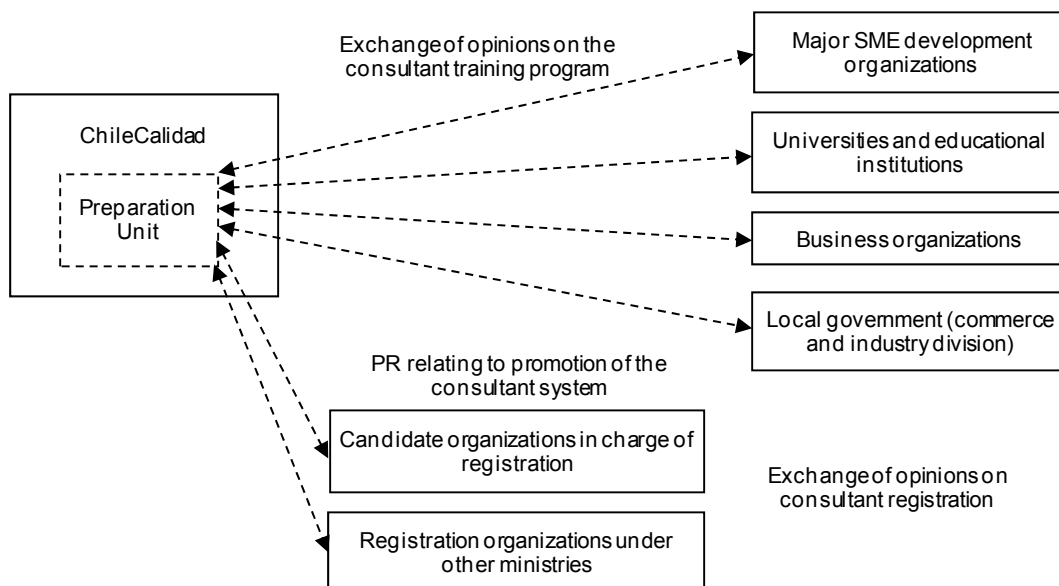
##### (1) Internal study group stage

A study group will be held within ChileCalidad and a formal unit for the building of the SME consultant system has still to be established. Thus, the stage is led by discussion and consultation within ChileCalidad, while organizations and consultants that have participated in the pilot project may be included. In the figure below, a dotted line denotes an activity that is not carried out under legal authority. This definition applies to other figures.



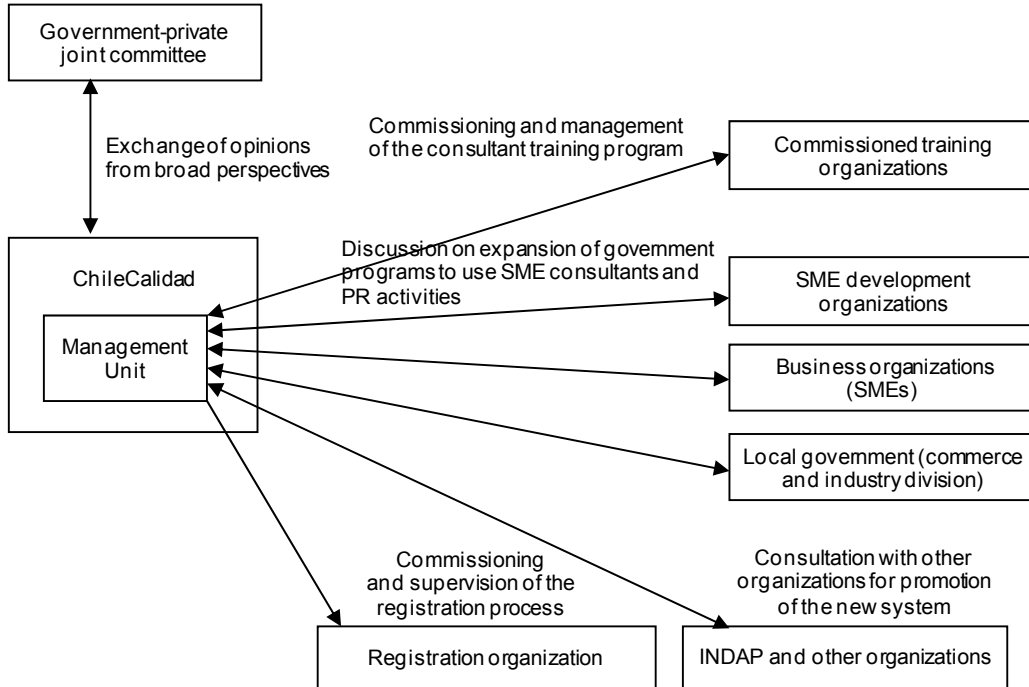
##### (2) Preparation stage for institutional setup

A formal unit in charge of the institutional setup (Preparation Unit), as led by the study group members, will be established to start discussion with related organizations.



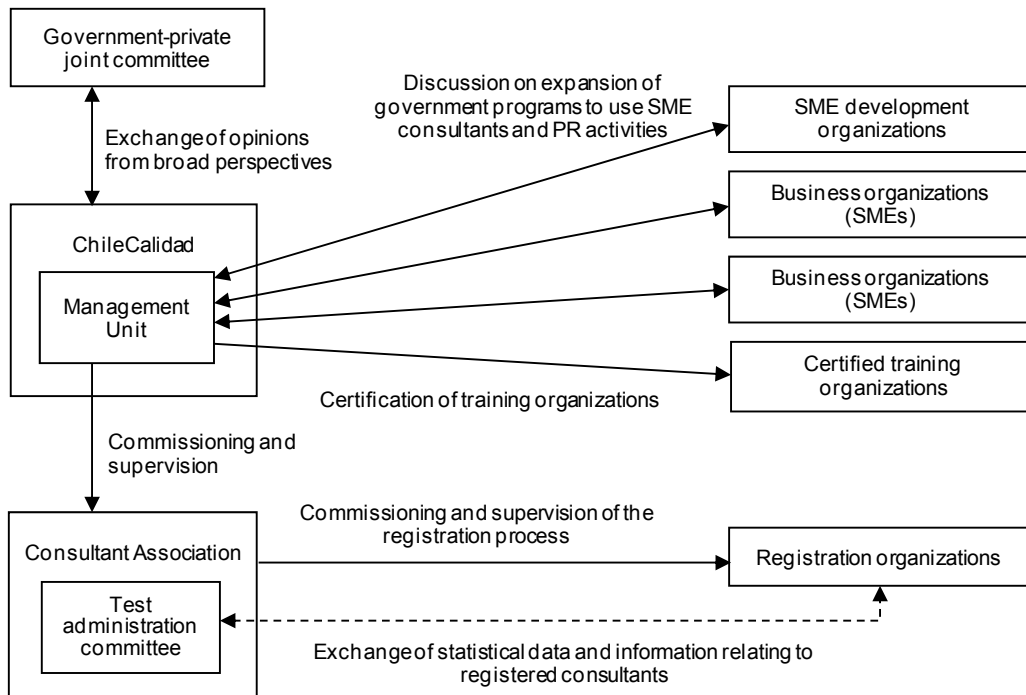
(3) First stage of institutional buildup

The unit will take over activities by the Preparation Unit and will have authority and responsibility for the buildup and management of the SME consultant system.



(4) System maintenance and transfer stage

In this stage, institutional setup has been completed to focus on management of the SME consultant system with view to outsourcing the training process.



In the following table, the buildup steps and related organizations are summarized.

**Table 4-8 Institutional Buildup Steps, Related Organizations, and Key Points**

Stage	Leading agency	Support organizations (increased in phase)	Key points
Preparation stage (study group)	ChileCalidad	CORFO SERCOTEC INN ASEXMA	<p><u>Major aims of the study group</u></p> <p>Organized by ChileCalidad and related staff only</p> <ul style="list-style-type: none"> <li>- To define and share functions and services to be performed by ChileCalidad for the building of the new system.</li> <li>- To develop a clear image under participation of Director General, deputy director, and potential core members of the preparation process.</li> </ul> <p>Organized in cooperation of outside organizations</p> <ul style="list-style-type: none"> <li>- To identify problems and issues to be addressed through free exchange of opinions with related organizations.</li> <li>- To build human networks with related persons in the Productivity Promotion Network for close communication.</li> </ul>
Preparation stage	ChileCalidad (Preparation Unit)	CORFO, SERCOTEC, INN, and ASEXMA, training organizations (universities), and business organizations	<p><u>Major aims of the preparation stage</u></p> <p>To reflect the image and ideas developed by the study group in concrete plans, and to organize an advisory group including related organizations and experts:</p> <ul style="list-style-type: none"> <li>- To develop institutional setup and action plans on the basis of medium-term goals.</li> <li>- To develop detailed standards relating to training and registration of SME consultants.</li> <li>- To start promotional activity for the SME consultant system.</li> </ul> <p><u>Reasons for establishment of the Preparation Unit</u></p> <p>It is positioned as the stage of building the foundation before administration and supervision, including contracting, is added to the official duties.</p> <ul style="list-style-type: none"> <li>- To promote exchange of opinions with universities and educational institutions.</li> <li>- To exchange opinions with business organizations including SME members.</li> <li>- Also, the exchange of information with candidate registration organizations and local governments having the commerce and industry division.</li> </ul>
Buildup stage	ChileCalidad (System Management Unit)	CORFO, SERCOTEC, INN, and ASEXMA, consultants, and	<p><u>Development of the training program</u></p> <ul style="list-style-type: none"> <li>- To select training organizations through the bidding process.</li> <li>- To provide guidance for training organizations</li> </ul>

Stage	Leading agency	Support organizations (increased in phase)	Key points
		SMEs	<p>regarding preparation of the training programs.</p> <ul style="list-style-type: none"> <li>- To estimate and request the program budget.</li> </ul> <p><u>Discussion on the activity base for trained consultants</u></p> <ul style="list-style-type: none"> <li>- To promote their hiring in existing programs (e.g., to perform corporate diagnosis straddling over multiple programs prior to program implementation).</li> <li>- Consultation with SME development organizations and local governments, including the launching of new programs such as the SME consultation desk</li> </ul> <p><u>Promotion of public recognition</u></p> <ul style="list-style-type: none"> <li>- To hold meetings with related organizations and start up and maintain collaboration with other organizations on a one-to-one basis.</li> </ul> <p>Related organizations share experience and accumulate know-how through discussion.</p>
Preliminary completion stage	ChileCalidad (System Management Unit)	CORFO, SERCOTEC, INN, and ASEXMA, consultants, SMEs, and other organizations	<p><u>Nationwide deployment</u></p> <ul style="list-style-type: none"> <li>- To discuss on desirable ways of using SME consultants in rural regions, and to make approach to related organizations.</li> <li>- To hold training courses in three cities and conduct a unified competence evaluation test.</li> <li>- To shift focus from classroom study to e-learning in the training courses.</li> </ul> <p><u>Nationwide deployment</u></p> <ul style="list-style-type: none"> <li>- To discuss on desirable ways of using SME consultants in rural regions, and to make approach to related organizations.</li> <li>- To hold training courses in three cities and conduct a unified competence evaluation test.</li> <li>- To shift focus from classroom study to e-learning in the training courses.</li> </ul> <p><u>Discussion on collaboration of the national competence certification system</u></p> <ul style="list-style-type: none"> <li>- To discuss standard competence and the test method.</li> </ul> <p><u>Legislation in relation to the SME consultant system</u></p> <p>Legislation will be considered after the training program has been conducted for three years and over 200 consultants have completed the program and have passed the certification test.</p> <ul style="list-style-type: none"> <li>- Legislation to require the use of SME consultants in government-assisted SME development programs, assuming that their service quality is widely accepted.</li> </ul>

Stage	Leading agency	Support organizations (increased in phase)	Key points
			<ul style="list-style-type: none"> <li>- Establishment of the Consultant Association and promotion of membership A nationwide organization to represent registered consultants will be established and managed under government supervision.</li> <li>- The training program will be made open to the general public as part of lifetime education (to help students and workers to be prepared for business startup and employment), assuming that its operation and management is outsourced to private educational organizations. Then, a formal system to provide partial subsidy for the participation cost will be discussed with the Ministry of Education and the Ministry of Labor.</li> </ul>
Sustainable management and outsourcing stage	ChileCalidad (System Management Unit)	Private educational organizations and Consultant Association	<p><u>Discussion on consistency with the national competence certification system</u></p> <ul style="list-style-type: none"> <li>- To promote integration or harmonization between the SME consultant system and the national competence certification system, in particular, the development of 3-stage qualification and registration system for SME consultants.</li> </ul> <p><u>Accreditation of private consultant training organizations</u></p> <ul style="list-style-type: none"> <li>- To monitor effectiveness of training activities as part of lifetime education</li> <li>- To give consideration to an optimum balance between e-learning and traditional classroom education.</li> </ul> <p><u>Supervision of the Consultant Association</u></p> <ul style="list-style-type: none"> <li>- Exchange of opinions on SME development programs and invitation to seminars and events relating to SME development</li> </ul> <p><u>Periodical meeting with related organizations</u></p> <ul style="list-style-type: none"> <li>- The government-private joint committee to discuss the SME consultant system from broad perspectives.</li> <li>- To hold periodical meetings with ChileCalidad, SME development organizations, educational organizations, the Consultant Association, and business organizations.</li> </ul>

Source: Prepared by JICA Study Team

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### 4.3 Detailed Design of the Training Program

#### 4.3.1 Selection and Admission of Participants

(1) General flow

Applications for the training program will be accepted for around one month after the announcement and will go through the selection process that will take around three weeks. Participants will be selected one month before the start of the program. Applications made by private consultants will be reviewed in two stages (screening based on documents and oral examination), as done in the pilot project. The same process will be applied to selection of applicants representing SME support organizations and other government offices. As applicants are recommended by their organizations (the screening step is omitted), the training organization that accepts them will only check submitted documents and the intent of each applicant to participate. Note that the training organization will obtain ChileCalidad's approval for its final selection before notification to applicants.

(2) Selection process

The selection process will be divided into two stages. At the first, the training organization will make preliminary selection on the basis of documents and will then conduct an oral examination on selected applicants in the form of focus group discussion. Documents will include the applicant's statement about the reason for application and significant work experience. The oral examination will be conducted according to specifications shown below.

**Table 4-9 Outline of the Participant Selection Process**

Type of test	Items to be confirmed, main themes, and key points
1. Screening based on documents	(Purpose) To confirm educational background/work experience of applicants to see if they meet eligibility requirements. (Requirements for passing the screening test) - To meet the eligibility requirements - To have sufficient work experience, including the number of projects, by means of collation with CORFO's consultant work record
2. Oral examination (group focus discussion)	To check the applicant's thought about SMEs, his plan for future consulting activities, and attitude in the group discussion from the viewpoint of whether he will be able to build good communication and relationship with his client.  (Items to be evaluation in the oral examination) - Understanding of the current state of SMEs in Chile - The role of consultants in relation to SMEs

Type of test	Items to be confirmed, main themes, and key points
	<ul style="list-style-type: none"> <li>- The plan for the training program as to activity and contribution</li> <li>- Participation in the group focus discussion and communication with other participants</li> </ul> <p>(Selection criteria for examiners)</p> <ul style="list-style-type: none"> <li>- Instructors who are familiar with the training program (with experience in the pilot project) and preferably be an expert in communication skills.</li> </ul>

Source: Prepared by JICA Study Team

From applicants representing the consulting community (private consultants), the training program will select participants with reference to the grading made by examiners. On the other hand, applicants representing SME development organizations (under their recommendation) will participate in the group focus discussion but will not be graded. They will be subjected to confirmation of documents (educational background and work experience), rather than the selection process. The training organization will prepare a list of final candidates selected through the above process and submit it to ChileCalidad for final approval.

### (3) Admission of participants

Final candidates who have received notice from the training organization will have to pay a specified participation fee to the training organizations within a week after the notice. They will be then admitted as participants and will receive teaching materials.

### (4) Notification of the training schedule and other information

In the selection process, selected participants should be informed of the training plan as early as possible. Then, in order to allow private consultants to adjust their work schedule, details of the training program, including the curriculum, syllabus and timetable, will be notified to participants around three weeks before the opening ceremony, followed by distribution of a guidebook.

## 4.3.2 Training Program

The training program will be held for persons who want to obtain knowledge and skills required for certification and registration as SME consultant. Organizations that will implement the training program will be selected through the bidding process and sign a service contract with ChileCalidad. In principle, the training program will be operated by an organization that is different from an organization administering the certification test. To ensure the training program that matches the certification test in terms of content and coverage, two organizations should confer and discuss detailed curriculum design and scheduling in order

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to agree on a standard training program. Meanwhile, ChileCalidad will supervise the training program, together with the rest of the SME consultant system.

The training organization will be primarily responsible for the establishment of actual courses and their curriculum, selection of instructors, preparation of textbooks, provision of classrooms, recruitment of participants, and evaluation of course results. It will be selected under the following criteria.

- (1) An organization relating to SME support or professional training such as consultants
- (2) An organization that provides service in the above fields
- (3) Note that the training organization does not necessarily have instructors (they will be appointed from outside experts in respective fields).
- (4) Ideally, the training organization should have classroom facilities in an easily accessible area, while rented facilities are acceptable.

The SME consultant system does not require applicants for the certification test to participate in the training program. Instead, they should be allowed to take a course(s) based on their choice made according to their own knowledge and skills. In the system's startup stage, however, all test applicants are expected to participate in the training program. This means that the training program will be established as a place to provide SME consultant training for private consultants in active service, and then, it will be upgraded to provide training for a national certification system. In the future, the program is expected to provide a variety of learning opportunities to meet the diverse needs, such as private study (using textbooks), corresponding education, and e-learning via the Internet.

### **4.3.3 Standard Course Modules and Curriculums**

#### **4.3.3.1 Change in Courses from the Pilot Project**

In developing the final curriculum proposal for the SME consultant training program, extensive discussion was held by the implementation team members, Chilean trainers, and the study team in the course of the pilot project, including case studies in other countries (Japan, Mexico and Thailand). Under the pilot project, the following courses were offered (see Chapter 3 for detail): (1) SMEs in general; (2) consulting skills; (3) finance and accounting; (4) legal management; (5) management theory; (6) operation management for manufacturing industries; and (7) practical training for SME diagnosis. These courses were chosen and designed for consulting service in the manufacturing sector (primarily diagnosis and advice). Before the end of the pilot project, however, the majority of comments made by the Chilean side pointed out that the training program in Chile should include consulting knowledge and skills required in the commerce and service sector. In response, a revised curriculum was developed by referring to the training program for the ongoing SME Shindanshi system in Japan.



In Japan, the SME Guidance Law was substantially amended in 2000, with its name being changed to the SME Support Law. As for the SME Shindanshi system, the previous three registration categories (manufacturing, mining, commerce, and information) were integrated and training curriculums were modified accordingly. After the end of the pilot project, discussion was held by the study team and Chilean stakeholders and it was agreed to use the training program and its curriculum under the new SME Shindanshi system as the basis of designing the training program for the SME consultant system in Chile. At the same time, opinions were expressed, especially by CORFO, to take into account the current situation in Chile by including consultants specialized in certification under international standards (ISO9001 and Nch2909 (which is adopted to reflect local conditions peculiar to Chile)) under the proposed SME consultant system. These opinions were reflected in the interim report prepared in December 2009, including assessment of the pilot project and its future direction, in which a course to cover knowledge relating to ISO9001 and Nch2909 was incorporated, together with the curriculum design under the new Shindanshi system in Japan. In total, the new curriculum proposed ten courses.

Then, after the submission of the interim report, a final proposal was developed in consideration of relevance, viability and fairness, in particular, a desirable skill set and the scope of consulting service for SME consultants in Chile (i.e., addition of the commerce and service sector), thus covering the following nine courses: (1) SME management and policy; (2) advising theory; (3) finance and accounting; (4) legal management; (5) management theory; (6) operation management; (7) new business development; (8) management information system; and (9) practical training for SME diagnosis. The relationship between the skills required for SME consultants is summarized in Table 4-10.

**Table 4-10 Skills Required for SME Consultants and Training Courses**

Skill category	Training course
1 Ability to provide appropriate guidance, support and advice in relation to management support on the basis of the current state of SMEs and management characteristics	1. SMEs in general and support programs
2 Ability to provide appropriate guidance, support and advice on the basis of knowledge on SME support programs implemented by central and local governments in the areas of finance, taxation, and management	
3 Ability to provide appropriate guidance, support and advice after participation in the client's problem identification and solving process as well as confidence building	2. Consulting skills
4 Ability to provide appropriate guidance, support and advice on issues identified from financial evaluation and analysis	3. Financial analysis and strategy
5 Ability to provide appropriate guidance, support and advice on legal	4. Legal management

matters relating to business activities, including communication with legal professionals by using legal knowledge required for the SME consultant	
6 Ability to provide appropriate guidance, support and advice in relation to formulation of management strategies and plans, and management to execute a business plan properly	5. Management strategy
7 Ability to provide appropriate guidance, support and advice on identification of problems relating to man-organization relationships and their solving to help accomplish the organization's objective	
8 Ability to provide appropriate guidance, support and advice on formulation of marketing strategy and sales management to execute marketing strategy	
9 Ability to provide appropriate guidance, support and advice on identification of problems relating to production management and the direction of problem solving	6. Operation management
10 Ability to provide appropriate guidance, support and advice in relation to development of store concept and development of store layout plans, and other matters relating to retail facilities	
11 Ability to provide appropriate guidance, support and advice in relation to identification and evaluation of business opportunity and formulation of business plans	7. New business development
12 Ability to provide appropriate guidance, support and advice to identify issues relating to information management required to solve management issues and to formulate measures	8. Management information system
13 Ability to provide appropriate guidance, support and advice by analyzing the current state from broad perspectives, identifying issues relating to improvement of management, and proposing solutions for key sectors to solve the issues	2. Consulting skills (and "9. Practical training for SME diagnosis" for trainees who have passed the test)

Source: Prepared by JICA Study Team

Major differences from the pilot project are summarized as follows.

- "(1) SMEs in general" under the pilot project is more or less the same as "(1) SME management and policy" in content, but a different name is adopted to show the content more clearly.
- "(6) operation management for manufacturing industries" has been changed to "(6) operation management, with subtitles of "1) production management" and "2) commerce and service operation management."
- "New business management" represents the largest program element of CORFO – core of industrial development support – in terms of budget allocation. Also, it stands out to represent separate, comprehensive skills to perform diagnosis and advisory service by using a wide range of knowledge, from management strategy, to marketing, organizational formation, profit plan, fund planning, and operation management. For these reasons, it is established as

a separate course module. Note that, in the pilot project, the subject has been discussed in the textbook on “SMEs in general.”

- “(8) management information system” has been newly established by separating it from “(5) management theory” under the pilot project, in consideration of importance of information systems in SME management. Effective use of information technology for management is becoming an important issue for SMEs in Chile. In particular, they are rapidly adopting IT, including the Internet, for the purpose of promoting purchase of materials and new market development for products and services within the framework of the supply chain.
- In particular, “new business development” and “information technology system” have been newly added as they are closely associated with the areas most emphasized by CORFO (e.g., new business development and supply chain development).
- Finally, the course covering ISO9001 and Nch2909 certification, which was added in the interim report, has been removed from the final proposal under the condition that the training program during the first 4-5 years will mainly cover consultants specialized in these fields.

Table 4-11 summarizes the changes in the training curriculum configuration from the pilot project to the final proposal

**Table 4-11 Change in the Training Curriculum Configuration**

Pilot project	Interim report	Final report
SMEs in general	SMEs in general	SMEs in general and support programs
Consulting skill	Advising capability	Consulting skill
Finance and accounting	Finance and accounting	Financial analysis and strategy
Legal management	Legal management	Legal management
Corporate management theory	Corporate management theory	Management theory
Operation management for manufacturing industries	Operation management	Operation management
	New business development	New business development
	Management information system	Management and information system
	ISO9001, Nch2909	
Practical training for SME diagnosis	Practical training for SME diagnosis	Practical training for SME diagnosis (supplemental)
7 courses in total	10 courses in total	9 courses in total (including one supplemental course)

Source: Prepared by JICA Study Team

#### 4.3.3.2 Course Design Principles

Each of the course modules proposed for the training programs is designed under the following principles.

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(1) SME in general and support programs

The interview survey of individual companies has revealed that consultants operating to serve SMEs in Chile include those who lack accurate understanding of the actual conditions of SMEs, including business philosophy of SME owners, and the lack of management resources as well as their ineffective use. Also, there are complaints about consultants who make a proposal that is hard to be implemented by SMEs by applying textbook theories and analytical techniques perfunctorily, without understanding the business environment facing SMEs or their daily operating conditions. In fact, many SME managers want elaborate diagnosis that reflects and takes into account their operating conditions and characteristics, together with a realistic and doable proposal and advice on a continuous basis.

Thus, to train consultants who can perform diagnosis based on accurate understanding of SMEs and their operating conditions and who can give executable advice seems to be conducive to effective implementation of SME development policy. In particular, the executable advice means to suggest a support program that meets the needs of the client, including its effective use, for support programs implemented by FOCAL and other organizations in the Productivity Promotion Network can be used to address resource restraint facing SMEs. To do so, SME consultants must possess knowledge relating to the Productivity Promotion Network and its working, as well as available support programs. As SME consultants are trained with such capability, then, the government sector is expected to hire them for effective implementation of public support programs, thereby to achieve the goal of national SME development policy.

(2) Consulting skill

The survey of SMEs indicates that some of SME managers are dissatisfied with consultants because they do not know the actual conditions of SMEs, fail to understand what they want to say, or are not trustworthy due to the lack of work ethics or confidential obligation. To provide proper diagnosis and guidance service for SMEs, the key success factor is to establish good communication and relationship with SME managers. In fact, BancoEstado Microempresa has an employee education program that focus on business practice, such as communication skill and work ethics, so as to develop basic skills for personnel in charge of credit and loan service. By the same token, SME consultants in the private sector need to develop a high sense of work moral and good communication skill, in addition to expert knowledge relating to management analysis and problem solving techniques that are required for corporate diagnosis. Without a mutual trust-based relationship with the SME manager, it is very difficult to obtain confidential information, including management policy and vision, which forms the basis of insightful diagnosis and advice.

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As SME consultants are expected to satisfy their client and its needs through their service, they should be able to possess and apply communication skills that allow them to understand the needs. The proposed training program should therefore teach a variety of techniques for establishing good communication and relationship, including coaching, interviewing, and presentation, by offering practical training opportunity, such as the workshop. In day-to-day practice, SME consultants must learn to avoid one-way communication and a dogmatic or self-righteous attitude, which would discourage the client to accept their proposal or recommendation and to execute the proposal faithfully. Instead, their service should start with the exchange of information and opinion with the client, followed by full-fledged participation of managers and other employees in the course of diagnosis, which would allow them to understand the client's needs and establish the client's ownership in the subsequent stage where their proposal is to be put into practice.

### (3) Financial analysis and strategy

The course is proposed to address a lesson learned from the pilot project, i.e., this is the ability that most consultants in Chile do not have. Financial analysis is an important tool to visualize a company's operating status and trend in a quantitative and objective manner, while allowing management information, including issues facing the company, to be shared with the owner. To perform financial analysis properly, it is imperative to attain basic knowledge and skills to measure and assess the operating conditions of SMEs in the country, including accounting and management analysis. The results of financial analysis can also be used as the basis of developing financial strategy to drive corporate growth by optimizing financing and cash flow and calculating economic viability of new business and investment.

Furthermore, SME consultants may need the help of an accountant to analyze financial statements in detail, so that they should be able to digest and explain relevant information to the accountant on the behalf of the owner. In this connection, the study team's surveys indicate that financial statements made by SMEs are not true or accurate in some cases. SME consultants should therefore be able to verify financial data by taking into account the client's non-financial assets, such as the eagerness of the owner, the relationship with customers and trade partners, employees' morale, outside human networks, and bargaining power against financial institutions.

### (4) Legal management

For SME consultants to offer useful advice on a continuous basis, they should be able to possess basic legal knowledge that is required throughout the company's lifecycle from startup to dissolution. There are a wide variety of laws governing or affecting business activities, ranging from the incorporation, tax and other reports to regulatory agency, to labor relations and employment contract, relationship with shareholders including the issuance of

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stock or bond, and relationship with banks, trade partners and customers, such as payment (check) and sales contract. In addition, SME consultants should be familiar with laws and regulations relating to international business and M&A, as well as bankruptcy and reorganization.

The legal environment facing SMEs in Chile is becoming increasingly complex, such as new laws on SMEs and job competence, but it should not be considered as a threat to business activity. Instead, SME consultants should give advice that enables their client to use laws as an instrument to implement its growth strategy. To do so, they should understand the intent and spirit of relevant laws and regulations. Furthermore, they should be able to timely refer to a lawyer or other legal expert any matter that requires advanced legal knowledge, such as the law suit against a trade partner or a related party.

#### (5) Management strategy

To ensure sustainable growth, a company needs to formulate and implement management strategy to take advantage of its strengths and opportunities by understanding the business environment accurately. As there are often the trade-off relationships between the company's strengths and weaknesses and between opportunities and threats, SME consultants are expected to verify them and develop a solution on the basis of agreement with the client. This course will primarily cover three areas, knowledge required to establish management policy and objective that is desirable from the viewpoint of the business environment, knowledge relating to organizational management required to assign human resources and build an organization for the purpose of achieving the objective, and knowledge relating to marketing techniques used to deliver products and services by making most use of human resources, thereby to realize customer satisfaction.

As the business environment changes dynamically worldwide, SMEs in Chile are by no means immune from its impacts because the country pursues free trade policy. To survive in such environment, any company must be a flexible organization capable of driving innovation to adapt itself to environmental changes, including globalization. As seen in the example of dinosaurs, companies can survive not because they are strong but because they are adaptable. Only these companies can thrive and establish brand power. SME consultants should therefore knowledge relating to management strategy, which can turn threats to opportunities by leveraging dynamic changes.

Finally, SME consultants are expected to forecast possible environmental changes and threats in the future and to develop measures to adapt the client to them from companywide perspectives. In consideration of the need for quick response to changes, this course will consist of three mutually complementary fields, namely business environment and

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management policy, organizational development, and marketing. Note that they represent head office functions, in comparison to the next course that represents operational functions.

(6) Operation management

A key factor directly affecting the level of customer satisfaction and company performance is good operation of a contact point with customers, namely the factory for the manufacturing sector and the store or shop for the commerce and service sector. These contact points need to be operated to serve the best interest of the customer. In so doing, an information system plays a vital role in aligning operation management with management strategy in order to allow the company to be adaptive to the changes in the business environment and the customer needs.

Yet, companies that have responded to the study team's survey report that consultants often make reports and proposals that do not reflect the needs of the contact point (i.e., SME factories) by applying inappropriate diagnosis techniques and without consideration to workability on the shop floor. What SMEs expected for SME consultants is the proposal and advice that can be easily carried out by a field working team. At the same time, as the Chilean government and companies have the strong interest in Japanese management techniques (5S, kaizen, TQC, QC tools, QC circle, waste elimination techniques, and cost reduction measures), SME consultants should learn the ability to apply such techniques in a way to produce tangible results, including the localization and implementation methods.

(7) New business development

In Chile, the government implements various public support programs to promote innovation and new business development, such as InovaChile. However, the survey indicates that some SME owners have hard time during the initial startup including a new business due to the lack of their own management resources. This means that SME consultants should be able to assist their client in obtaining or mobilizing outside resources - not only fund and personnel but equipment, market and technology information as well - in order to make up for internal resource constraint, in addition to support relating to business planning and effective use of internal resources. In particular, they should be able to provide information and advice relating to use of public support programs, which would reduce the company's burden in connection with new business development, while helping to establish a collaborative system in relation to technology or business development, jointly with universities or research institutes (e.g., the innovation course offered by University of Chile and USACH). Finally, SME consultants should be able to give advice that leads to creation of a new value by leveraging characteristics (strengths) of SMEs and addressing potential needs of customers and future environmental changes.

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(8) Management and information system

For any company to meet the customer's needs and remain competitive, it is imperative to build an information system to understand the customer's needs and manage information relating to production and sales (e.g., demand forecast, purchase of raw materials, inventory control, production planning, distribution, and sales and marketing), including a supply chain and a value chain formed by stakeholders from the upstream to downstream process. SME consultants are expected to give advice from companywide perspectives for the purpose of maximizing the total value in the entire chain, rather than partial optimization of a specific function, department or party.

In Chile, use of information technology is becoming widely pervasive among family operated microenterprises (including street empanada vendors), such as sales via the Internet. Meanwhile, SMEs operating in an area that is limited in population and market face difficulty in expanding the customer base for profit increase. While actual methods for maintaining and gaining customers vary between countries, customer relation marketing is equally important in Chile in order to turn new customers to loyal ones. In this connection, SME consultants are expected to have knowledge relating to the development and management of customers' database. In particular, they should be able to give advice on system design concept that helps realize a management vision or strategy, while assisting SMEs in building an optimum information system in collaboration with IT engineers as required.

#### 4.3.3.3 Items to be covered by each course

Items to be covered by each course are summarized in Table 4-12. In the detailed design stage, it is imperative to reflect latest conditions of SMEs in the country by adding case study and other content. The lecture items shown in the table are based on the training curriculum for "The New SME Shindanshi System" that serves as a guideline for the system that is currently used, with some modification and addition made by the study team.

**Table 4-12 Course Modules and Lecture Items**

Course	Major lecture items
1. SME in general and support programs	① Characteristics of SMEs in Chile ② Current state of SMEs in Chile ③ Outline of the SME Law ④ SME policy and support system and institution ⑤ Support relating to regeneration of SMEs ⑥ Support relating to invigoration of small enterprises ⑦ Support relating to diversification of financial sources ⑧ Support relating to formation of new alliances and networks



Course	Major lecture items
	<ul style="list-style-type: none"> <li>⑨ Support relating to incorporation, relocation and dissolution procedures</li> <li>⑩ Support relating to FOCAL programs</li> <li>⑪ Advice on technical support programs</li> <li>⑫ Support relating to collaboration programs with large enterprises</li> <li>⑬ Support relating to export promotion programs</li> <li>⑭ Support relating to programs for the securing of management quality certification under international standards</li> <li>⑮ Support relating to loan programs targeting SMEs</li> <li>⑯ Support relating to the loan guarantee scheme</li> <li>⑰ Support relating to accurate and simplified tax reporting process</li> </ul>
2. Consulting skills	<ul style="list-style-type: none"> <li>① Logical thinking skill that forms the basis of management consultant's thought process</li> <li>② Thinking skill for problem identification and solving as the basis of consulting skills</li> <li>③ Interviewing and presentation skills as an integral part of consultant's communication skills</li> <li>④ Skills required to give comprehensive and practical advice for the distribution and manufacturing industries through the comprehensive management diagnosis process (formulation of management strategy, identification of management issues, and development of execution plans for problem solving, on the basis of corporate diagnosis results)</li> <li>⑤ Skills required to perform diagnosis through the participatory consulting process that emphasizes consensus with the client company, in place of the traditional, suggestion-oriented consulting process</li> <li>⑥ Skills required to analyze the SME owner's management capability (including leadership, communication skill, personality, and reliability), together with standard management analysis such as financial analysis</li> <li>⑦ Skills required to accurately understand an issue not recognized by the client and to make kaizen proposals under the agreement of the client and customer satisfaction</li> <li>⑧ Professional skills required to provide management consulting service to assist the client in achieving self-driven growth</li> <li>⑨ Skills required to propose and suggest direction of improvement that leads to the client's action, together with specific methodology for improvement</li> <li>⑩ Advice relating to the effective use of professional service on the basis of minimum required knowledge on legal and other fields</li> <li>⑪ Advice relating to key SME policy agenda (business model building for new business, venture or innovation, formulation of regeneration plans, intra- and inter- regional or industrial alliance between companies, and international deployment including new investment and withdrawal)</li> </ul>
3. Financial analysis and strategy	<ul style="list-style-type: none"> <li>① Advice relating to bookkeeping and accounting required for management analysis using financial statements</li> <li>② Advice relating to depreciation</li> </ul>

Course	Major lecture items
	<ul style="list-style-type: none"> <li>③ Advice relating to proper tax management</li> <li>④ Advice relating to preparation of the cash flow statement as well as financing</li> <li>⑤ Advice relating to management analysis (liquidity, profitability, productivity, and growth potential)</li> <li>⑥ Advice relating to cost calculation</li> <li>⑦ Advice relating to CVP (break-even point) analysis</li> <li>⑧ Advice relating to economics analysis of capital investment</li> <li>⑨ Advice relating to financial and accounting theories such as capital cost, corporate valuation, and foreign exchange risk management</li> <li>⑩ Skills required for information sharing and communication with a certified public accountant</li> <li>⑪ Advice relating to cost reduction</li> </ul>
4. Legal management	<ul style="list-style-type: none"> <li>① Advice relating to the civil code (credit, contract, property, and inheritance)</li> <li>② Advice relating to the company law (incorporation, transfer of business, merger, division, etc.)</li> <li>③ Advice relating to IPO</li> <li>④ Advice relating to bankruptcy, dissolution, and liquidation</li> <li>⑤ Advice relating to copyright and intellectual property laws</li> <li>⑥ Advice relating to the labor law and the association law</li> <li>⑦ Advice relating to the labor competence law</li> <li>⑧ Advice relating to the consumer protection law and regulation</li> <li>⑨ Advice relating to the hygienic and environmental law</li> <li>⑩ Advice relating to international commerce including contract</li> </ul>
5. Management strategy	<p><u>A. Business environment and management strategy</u></p> <ul style="list-style-type: none"> <li>① Support for strategic decision making and development of management strategy</li> <li>② Support for organizational building on the basis of management strategy</li> <li>③ Support relating to business restructuring for the company's survival and growth</li> <li>④ Support relating to development of diversification strategy</li> <li>⑤ Support relating to management strategy for competitive advantage and avoidance of competition</li> <li>⑥ Support for promotion of continuous innovation in response to environmental change</li> <li>⑦ Support for promotion of network strategy under alliance with outside organizations</li> <li>⑧ Advice relating to CSR (corporate social responsibility)</li> <li>⑨ Advice relating to globalization (export, international deployment, etc.)</li> </ul> <p><u>B. Organizational development</u></p> <ul style="list-style-type: none"> <li>① Advice relating to types of organizational structure</li> <li>② Advice relating to reorganization adaptive to environmental conditions</li> <li>③ Advice relating to organizational behavior focusing on individual and small groups within the organization, including motivation, group</li> </ul>

Course	Major lecture items
	<p>dynamics, and conflict</p> <p>④ Advice relating to leadership theory</p> <p>⑤ Advice relating to labor management, including recruitment, assignment and transfer</p> <p>⑥ Advice relating to personnel evaluation</p> <p>⑦ Advice relating to the compensation system</p> <p>⑧ Advice relating to human resource development</p> <p>⑨ Advice relating to labor laws and regulations</p> <p>⑩ Advice relating to the working environment, safety and hygiene</p> <p><u>C. Marketing</u></p> <p>① Advice relating to analysis of the market environment</p> <p>② Advice relating to the establishment of marketing targets (sales, profit, market share)</p> <p>③ Advice relating to market segmentation</p> <p>④ Advice relating to e-marketing</p> <p>⑤ Advice relating to market research</p> <p>⑥ Advice relating to product strategy, such as product mix, branding, packaging, and product development</p> <p>⑦ Advice relating to price strategy, such as price setting</p> <p>⑧ Advice relating to channel and physical distribution strategy</p> <p>⑨ Advice relating to promotion strategy, such as advertisement, publicity and sales promotion</p> <p>⑩ Advice relating to customer management</p> <p>⑪ Advice relating to foreign market development</p> <p>⑫ Advice relating to value chain management</p>
6. Operation management	<p><u>A. Operation management for the manufacturing industry</u></p> <p>① Advice relating to factory layout</p> <p>② Advice relating to production systems</p> <p>③ Advice relating to product development, design and VA/VE</p> <p>④ Advice relating to production technology including materials and machining</p> <p>⑤ Advice relating to demand forecast, production planning, and production control</p> <p>⑥ Advice relating to procurement and management of raw materials</p> <p>⑦ Advice relating to inventory control and purchase management</p> <p>⑧ Advice relating to IE, quality control, and equipment management</p> <p>⑨ Advice relating to environmental protection laws and regulations, including waste disposal</p> <p>⑩ Advice relating to value chain and production information system</p> <p><u>B. Operation management for the commerce and service sector</u></p> <p>① Advice relating to development of store concept</p> <p>② Advice relating to selection of store location and opening</p> <p>③ Advice relating to sales methods (person-to-person, self-service, etc.) and outlets</p>

Course	Major lecture items
	<ul style="list-style-type: none"> <li>④ Advice relating to store layout and design, including display</li> <li>⑤ Advice relating to store lighting and color design</li> <li>⑥ Advice relating to merchandizing, including product planning, purchase, pricing, and sales promotion</li> <li>⑦ Advice relating to physical distribution and delivery management</li> <li>⑧ Advice relating to sales and distribution information systems, such as POS, bar code, and EDI (electronic data interchange)</li> <li>⑨ Advice relating to customer management and relations</li> </ul>
7. New business development	<ul style="list-style-type: none"> <li>① Support for discovery of business opportunity and development of business concept</li> <li>② Support relating to assessment of business opportunity, such as alignment with management resources, market analysis, profitability, and competitiveness</li> <li>③ Support relating business model building such as customer target and product/service portfolio</li> <li>④ Support relating to the method for business plan development</li> <li>⑤ Advice relating of assessment of business plans</li> <li>⑥ Support relating to business scheduling and schedule management</li> <li>⑦ Advice relating to business financing plans</li> <li>⑧ Advice relating to business operation, including financing, human resources, and outsourcing</li> <li>⑨ Advice relating to the use of public support programs</li> <li>⑩ Advice relating to alliance with universities and research institutes</li> </ul>
8. Management and information system	<ul style="list-style-type: none"> <li>① Advice relating to the establishment of market information</li> <li>② Advice relating to the establishment of materials and production management information</li> <li>③ Advice relating to the establishment of sales management information</li> <li>④ Advice relating to the establishment of customer management information</li> <li>⑤ Advice relating to use of packaged software</li> <li>⑥ Support relating to networking, such as LAN and the Internet</li> <li>⑦ Support relating to methodology for streamlining of business management</li> <li>⑧ Support relating to maintenance of management information</li> <li>⑨ Advice relating to the establishment of a Web site</li> </ul>

Source: Prepared by JICA Study Team referring to the training course configuration developed by the subcommittee on soft management resources, "The New SME Shindanshi System," June 2000, Council on SME Policy

#### 4.3.3.4 Preparation of Textbooks

Upon the launching of the SME consultant system, the training organization will be registered with the organization in charge of SME consultant registration. Then, each instructor will prepare textbooks for his course under guidance of a member of the test organization, with regard to the respective course design and its standard curriculum.

(Textbooks used for the pilot project will be used as the basis, with modification and updating according to the course outlines shown in Table 4-12.)

These textbooks should be carefully edited because they will serve as a guideline for applicants taking the certification test and as a standard model for textbooks that will be prepared by other training organizations that may be established in future. In terms of content, each subject should be composed in such manner to depict the overall structure clearly, to cover key components in a balanced manner, and to treat them with fairness and without subjective judgment.

Based on the results of the pilot project, the textbooks will be edited to cover knowledge required for SME consultants, while deleting that not applicable to SMEs. In particular, a sufficient number of pages will be allocated to a subject that requires detailed discussion, so that students can tell what is emphasized in each textbook, while taking into account local conditions peculiar to Chile. Design principles for textbooks and teaching materials for each course are summarized in Table 4-13.

**Table 4-13 Design Principles for Textbooks and Teaching Materials**

Course	Design principles
SMEs in general and support programs	<p>(Policy) As SME consultants are expected to attach important to field/day-to-day operation, the textbook should take into account actual conditions of SMEs in the country, rather than general information covered in textbooks used in other countries.</p> <p>(Content) Under the pilot project, this course included innovation. However, as innovation is an important theme in the country's economic policy, it will be taught in a separate course and the textbook will be prepared in consideration to local conditions.</p> <p>- Many of surveyed companies wanted to receive diagnosis and advice from a consultant who understands their actual conditions, especially difference from large enterprises. In particular, it should be emphasized that SMEs and large enterprises differ substantially in many aspects (in addition to the difference in size), including management style (e.g., family operated, agile, and flexible), and availability of management resources (personnel, physical assets, fund, and information) including the need for outside resources, and the business environment (bargaining power, etc.). Coupled with management-related characteristics of SMEs, the consultant needs to possess knowledge on the business environment surrounding SMEs (such as related industries, local economy conditions, and term of trade) if he is to perform proper diagnosis and advice service.</p>

Course	Design principles
	<ul style="list-style-type: none"> <li>- Many of SME owners visited by the study team have had hard time in the startup stage due to the lack of management resources in terms of both quality and quantity. SME consultants should therefore be capable of assisting SMEs in obtaining outside resources to make up for internal resource constraint, in addition to the standard set of consulting service including the formulation of management strategy and the offering of advice useful for smooth implementation. In doing so, it is important to have knowledge and skills relating to public support programs and their use, including application procedures and effective use of outside resources. The textbook will be designed to meet these needs.</li> <li>- Source materials will be prepared to focus on typical conditions of SMEs, e.g., the owner is required to deal with all management aspects, or the owner's personality often governs the company's characteristics, or the owner is occupied with day-to-day operation or does not have an information source. By using these materials, group discussion will be held to help improve practical skills that existing consultants are said to lack.</li> </ul>
Consulting skills	<p>(Policy)</p> <p>As it is difficult to learn consulting skills in classroom, the course will be conducted in the workshop style and the textbook will be prepared accordingly.</p> <p>(Content)</p> <ul style="list-style-type: none"> <li>- Many SME owners visited during the first field survey pointed out that the most important quality requirements for SME consultants were their credibility as an individual as well as a good listening skill to communicate with SMEs on an equal footing. Also, work ethics are considered to be critical, such as secrecy obligation, fiduciary relationship, mutual trust, and prohibition of rent seeking. Furthermore, many want a realistic and concrete proposal that can be readily applied to day-to-day operation and management, rather than an idealistic proposal. Some owners want the SME consultant to serve as an adviser who can follow up his advice and work together with the client company from long-term perspectives. Textbooks should include basic knowledge and skills relating to the expected roles of SME consultants and relevant theories and techniques.</li> <li>- As for coordination skills and the desirable role of SME consultants as part of management resources, source materials for group discussion will be prepared with view to strengthening the ability to provide practical and workable advice, which existing consultants in Chile are said to lack.</li> </ul>
Financial analysis and strategy	<p>(Policy)</p> <p>This course is considered to represent a major weakness of consultants in Chile, as found in the course of the pilot project. Thus, textbooks will be prepared with care to ensure the ease of understanding by participants, while sufficient class time will be allocated, together with selection of instructors who are familiar with actual conditions of SMEs.</p> <p>(Content)</p>

Course	Design principles
	<ul style="list-style-type: none"> <li>- Management analysis using financial statements is an important technique to understand the current state of companies and identify problems facing them. Also, knowledge on finance and accounting is essential in performing diagnosis from companywide perspectives, such as the impacts of cost reduction efforts taken by a production division on the company cash flow. Textbooks will aim to teach basic knowledge and skills required to meet these needs, while care should be given to compliance with the country's laws and customs, including generally accepted accounting principles.</li> <li>- Furthermore, consideration should be given to strengthen the ability to provide practical and workable advice, which existing consultants in Chile are said to lack, by preparing source materials that can be used as the basis of group discussion, focusing on familiar issues, e.g., problems relating to finance and accounting should not be limited to the administrative division; how employees and field workers should tackle the problems (how they have cost awareness which is essential in effective cost reduction); and how financial conditions in SMEs can be monitored and understood accurately, where data are poorly kept and tabulated in many cases.</li> </ul>
Legal management	<p>(Policy)</p> <p>As the legal course varies from one country to another, the course should be designed to reflect local conditions in the country. Also, legal knowledge required for SME management changes with the business environment. For instance, the textbook should address the latest topics such as the SME law, the labor competence law, and environmental issues.</p> <p>(Content)</p> <ul style="list-style-type: none"> <li>- Textbooks should reflect the current state of the country's legal system and conditions. In particular, relevant laws and regulations enacted lately, such as the SME Law, labor competence, SME development organizations, and environmental issues, should be dealt with.</li> <li>- In particular, focus should be placed on the legal system and customs, which are rather unique to Chile, including business laws (business startup and reporting procedures, incorporation and bankruptcy procedures, intellectual property, contract, and capital markets including bonds and stocks), business customs and other trade practice, the legal system relating to finance and account (such as accounting principles), labor relations, and public health and the environment. In practice, matters relating to these fields are often handled by lawyers and accountants, but it is important for SME consultants to have basic legal knowledge in order to identify potential problems in the course of analyzing the current state of the client company, consult with the management, and provide critical information for experts. It is therefore imperative to incorporate such knowledge and skills into textbooks.</li> <li>- Additional consideration should be given to strengthen the ability to provide practical and workable advice, which existing consultants in Chile are said to</li> </ul>

Course	Design principles
	<p>lack, by preparing source materials that can be used as the basis of group discussion, focusing on effective use of laws for the interest of the company's business (e.g., differentiation from competitive products by using patents, and promotion of a good image by launching eco-friendly products) and the role of SME consultants in relation to support for regeneration of SMEs.</p>
<p>Management strategy</p>	<p>(Policy)  As this subject represents the consultant's core competence, the course tends to emphasize theories widely taught at universities. However, as SME consultants are expected to weigh field-based activities, theories to be taught in the program should reflect actual conditions of SMEs. Also, cases referred to in textbooks and the class should deal with SMEs.</p> <p>(Content)</p> <ul style="list-style-type: none"> <li>- This course will cover management strategy, organizational theory, marketing, and management information system. In particular, management strategy, organizational theory, and marketing are indispensable in SME management as they are extensively used, side by side with finance and accounting, for analysis of the current operating status, problem solving, and future business strategy. Thus, the textbook will cover these areas in a comprehensive manner.</li> <li>- As for information technology, while the development of a management information system using advanced technology requires high expertise, the system will not be able to show its maximum performance unless management is properly aligned with system design. SME consultants are thus expected to develop relevant plans and proposals, in consideration of management strategy, organizational management, production, sales, and other factors, to enable the information system to perform its intended function in all aspects of management and thereby contribute to the improvement of competitiveness and productivity. In particular, the information system needs to enable SMEs to use HR and marketing information in relation to management strategy</li> <li>- In conjunction with the above, source materials will be prepared to address issues facing SMEs (strategy, organization, information system, and other environmental changes) and the role of employees in dealing with such issues. By using these materials, group discussion will be held to help improve practical skills that existing consultants are said to lack.</li> </ul>
<p>Operation management</p>	<p>(Policy)  The textbook used for the pilot project covered the manufacturing sector only, but the formal training course should reflect the actual state of the Chilean economy by including store facility management applicable to the commerce and service sector. In addition, a separate book will be compiled to cover Japanese quality management knowhow, including 5S, kaizen, QC tools, cost reduction techniques, and inventory control, instead of printings to be</p>



Course	Design principles
	<p>distributed in classroom.</p> <p>(Content)</p> <ul style="list-style-type: none"> <li>- It is proposed to compile a textbook focusing on the Japanese production management techniques (e.g., 5S, kaizen, 7 QC tools, cost reduction, and inventory management), which were introduced in a reference material under the pilot project.</li> <li>- It is frequently pointed out that consultants available now do not visit a factory or other site where business activity is taking place and make proposals without knowing what is going on the shop floor. SME consultants are expected to perform diagnosis from broad perspectives and provide guidance and advice that helps SMEs to improve overall competitiveness and productivity. Knowledge on operation management (including a factory) and related advising skills play a critical role in achieving such goals and thus should be fully covered in textbooks.</li> <li>- Efforts should be made to strengthen the ability to provide practical and workable advice, which existing consultants in Chile are said to lack, by preparing source materials that can be used as the basis of group discussion, focusing on the desirable role between the factory and other departments (sales, design, etc.), outsourcing management, proper response to customer complaints, and implementation of TQC techniques (e.g., 5S and kaizen).</li> </ul>
New business development	<p>(Policy)</p> <p>Consulting service relating to business startup and management innovation requires skills to perform diagnosis and give advice according to the client company's management process. In particular, SME consultants are required to maintain competence in a wide variety of fields, ranging from information gathering for analysis of the business environment surrounding the client company (applying management theories) to planning, and procurement of necessary management resources.</p> <p>(Content)</p> <p>Consideration will be given to provide information useful for analysis of corporate activities, discovery of business opportunity, creation of business seeds, building of business concept, development of business plans, and procurement of management resources. Also, successful cases in Chile are introduced to show the method for developing a concrete business plan based on confirmation of accordance between market needs and business seeds and clear definition of target customers, products and services. In particular, results of entrepreneur and venture business support projects conducted by major universities, including University of Chile and Santiago University, will be taken up as part of the textbook or source material.</p>
Management and information	<p>(Policy)</p> <p>In all aspects of corporate management, effective use of information systems becomes critical. The course is designed to teach basic knowledge on use of</p>

Course	Design principles
system	<p>information systems in the context of management as well as system design so that SME consultants can mediate between the management and IT professionals such as system engineers.</p> <p>(Content)  As information and communication technologies become pervasive, information systems play an important role in all aspects of corporate management, such as strategic information systems. The course is designed to teach basic knowledge on use of information systems in relation to corporate management as well as system design so that SME consultants can mediate between the management and IT professionals such as system engineers.</p>

Source: Prepared by JICA Study Team referring to “The New SME Shindanshi System,” June 2000, Council on SME Policy, subcommittee on soft management resources

In order to secure linkage to existing consultants and encourage experts in other fields to become the SME consultant, exemption will be introduced to some courses. For instance, lawyers may be exempted from the legal management course and qualified IT experts from the management information system course.

Assuming that the above courses are offered in the new training program, the final examination may be conducted on a course basis, e.g., pass or failure will be decided for each course, and a passed course will be exempted from the final examination in the ensuing three years. Finally, in consideration of linkage to other experts, exemption will be introduced to some courses, e.g., “legal management” for lawyers and “SMEs in general and support programs” for staff members of support organizations.

#### **4.3.4 Course Schedule**

##### **4.3.4.1 Lecture Course Schedule**

The training program is expected to set various course schedules according to the increase in the number of applicants. Table 4-14 shows a typical course schedule (showing maximum days and hours) for a six-month program, which will start in April 2011, totaling 15 hours per week (Wednesdays (3 hours from 6:30 to 10:00 p.m.), Fridays (6 hours from 3:00 – 10:00 p.m.), and Saturdays (6 hours from 9:30 a.m. to 4:30 p.m.)).

**Table 4-14 Typical Course Schedule for the SME Consultant Training Program, by Maximum Days and Hours (6 month course to be started in April 2011)**

	Course module	Basic	Case	Total
Lecture course (April 1 (Fri) ~ September 21 (Wed))	① SME management and policy	27h		27h
	② Advising skill	30		30
	③ Finance and accounting	38	6h	44
	④ Legal management	29		29
	⑤ Management theory	35	6	41
	⑥ Operation management	35	6	41
	⑦ New business development	29		29
	⑧ Management information system	29		29
	⑨ Practical training for SME diagnosis	90		90
	Total	342h	18h	360h
Opening ceremony on April 1 (Fri)				3h
Closing ceremony on September 30 (Fri)				3

Source: Prepared by JICA Study Team

#### 4.3.4.2 Practical Training Course Schedule

##### (1) Design policy

The practical training course for corporate diagnosis is designed in consideration of issues facing existing consultants taught in the lecture course, the expected role of SME consultants, and a general guideline for diagnosis and advisory services as shown below.

**Table 4-15 General Guideline for Practical Training Course Design**

Diagnosis and support stage	Description
1. Preliminary confirmation of diagnosis needs	<ul style="list-style-type: none"> <li>- SME consultants are in a position to deliver satisfaction to client companies by accurately understanding their needs for diagnosis service.</li> <li>- Owners may not recognize their own issues or their causes. SME consultants need to identify the client's wants and expectations from data and information obtained from interview surveys and documents, check their relevance from objective and long-term perspectives, and request modification if necessary. In the process, SME consultants should weigh harmonious agreement with their client through close and effective communication.</li> <li>- Such preliminary confirmation is the prerequisite to final proposals, customer satisfaction, and the implementation of the proposals.</li> <li>- Participants must comply with the code of ethics and contractual relationship required for consultants, including secrecy obligation, fiduciary relationship, mutual trust, and prohibition of rent seeking.</li> </ul>

Diagnosis and support stage	Description
2. Quantitative and qualitative analysis	<ul style="list-style-type: none"> <li>- Conventional management analysis using financial statements (based on indices such as growth potential, profitability, safety, liquidity, and productivity) and owner's quality requirements (leadership, communication skill, decision making, personality, and reliability)</li> <li>- Analysis of activities to seek new business opportunities, such as environmental preservation and social responsibility</li> </ul>
3. Analysis of business environment factors	<ul style="list-style-type: none"> <li>- Economic factors, including trends relating to management resources affecting economic efficiency (individuals, property, money and information), regulatory trends, and trends relating to regional economic zones</li> <li>- Social factors (environmental and social impacts on individual companies in the context of social responsibility and global perspectives)</li> <li>- Human factors (from satisfaction of material needs to mental satisfaction, self-realization, personalization, and diversification), which should be viewed as new business opportunity, rather than threats or weaknesses</li> </ul>
4. Analysis of management resources	<ul style="list-style-type: none"> <li>- Comprehensive analysis of the client's management resources by addressing questions, such as whether plans for development and/or utilization of management resources are formulated in line with management plans; whether all management resources such as internal human resources, fund, information and intellectual property are allocated in a balanced manner at all departments (together with availability of outside resources); and when the management system is designed and operated to allow use of management resources according to the changes in the business environment.</li> </ul>
5. Identification of management issues	<ul style="list-style-type: none"> <li>- SME consultants are expected to serve as a consultant capable of providing customer-oriented support, rather than the traditional, proposal-oriented consultant.</li> <li>- Both strengths and weaknesses will be identified, including those that have surfaced or may surface. This way, clear goals for management improvement and innovation can be established.</li> </ul>
6. Proposals	<ul style="list-style-type: none"> <li>- Participatory diagnosis should be designed to develop proposals under agreement with the client company.</li> <li>- To make proposals inspiring to the client company, coaching and counseling skills should be used. In doing so, effective communication with the client in the diagnosis process is essential.</li> </ul>
7. Preparation of business plans in consideration of variable factors	<p>A business plan that is feasible at present may turn into infeasible due to the changes in the business environment (internal or external), and vice versa. Thus, factors that would likely emerge should be identified and incorporated into proposals.</p>
8. Proposals and reports with overall consistency	<ul style="list-style-type: none"> <li>- Proposals should be optimized for the entire company, rather than a specific factor or division. When proposals are formulated by a group, care should be taken to ensure consistency between proposals through discussion among members.</li> </ul>
9. Feasible proposals	<ul style="list-style-type: none"> <li>- SME consultants make proposals as an advisor/supporter, and the client company is solely responsible for their implementation. Thus, it is important to explain proposals clearly so that the client company can understand their intent and feasibility thereby motivating it to execute them on a continuous basis.</li> </ul>

Diagnosis and support stage	Description
	- It is also important to develop proposals that can be executed by using management resources owned by the client company. If procurement of outside resources is necessary, the procurement method should be indicated.
10.Support for proposal execution	- The participation-oriented consultants are expected to implement the diagnosis process under participation of the client company, and then, they participate in the proposal execution process so as to support the client company's activity under agreement. - The role of SME consultants does not end when they submit proposals, but they have to provide support for the client company to produce results by executing the proposals. In this conjunction, SME consultants are expected to provide information relating to the method for securing necessary resources, including public support programs and collaboration with experts in various fields.

Source: Prepared by JICA Study Team

## (2) Timetable

A preliminary timetable for the practical training course is shown below. A detailed schedule, especially interview with the management and factory visit, will be finalized by giving due consideration to convenience of a client company. As practical training differs significantly from lecture in terms of study method, a guidebook explaining the course outline, methodology, and key points will be distributed to participants so that they can understand what they should do prior to field visit.

**Table 4-16 Typical Timetables for the Practical Training Course**

Item	Hours	Description
Purpose		To develop the ability to apply knowledge and know-how obtained in the lecture course to field consulting activities by means of OJT.
Total hours	90	The course will cover a total of 90 hours for the period of three weeks, i.e., 45 hours per company. The breakdown by activity is shown below, with some adjustment to be made in consideration of convenience of client companies. For instance, an actual timetable may be determined by each group to ensure effective time management by using Saturdays and weekday nights, while securing more than 90 hours.  90 hours (53 hours for a medium-sized enterprise (10 days) and 37 hours for a small enterprise (7 days)) ① Interview with the management (general diagnosis): 8 hours x 1 day x 2 companies = 16 hours ② Detailed diagnosis: 8 hours x 1 day x 2 companies = 16 hours ③ Report meeting: 3 hours x 1 day x 2 companies = 6 hours ④ Group discussion and report compilation: 52 hours (33 hours for classroom discussion and 19 hours for home work) Remark: The above hours do not include "travel time."

Source: Prepared by JICA Study Team

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In addition, as the evaluation results of the pilot project indicate the need for localization of the diagnosis report format, the organization of the report is expected to be improved in consultation with instructors.

#### **4.3.4.3 Selection Requirements for Instructors and Trainers (Practical Training Course)**

Prior to the start of the training program, it is important to select qualified instructors and trainers for the lecture and practical training courses to ensure sufficient quality of education.

Instructors and trainers should meet the following requirements.

- ① They must satisfy qualification requirements for an instructor or a trainer in a specific field.
- ② They must understand the requirements for SME consultants and the intent of the SME consultant system.
- ③ They must have broad work experience of five years or longer in a specific subject as staff or manager. It is desirable to avoid a person who is specialized only in a specific field of interest because he tends to overemphasize it in lecture (e.g. university professors).
- ④ They must have work experience in the private sector for three or more years.
- ⑤ They should be able to allocate sufficient time to their lecture and/or practical training courses.
- ⑥ Trainers for the practical training course should preferably be certified as SME consultant, but during the early stage of the training program, selection will be made on the basis of performance evaluation made in the practical course under the pilot project.

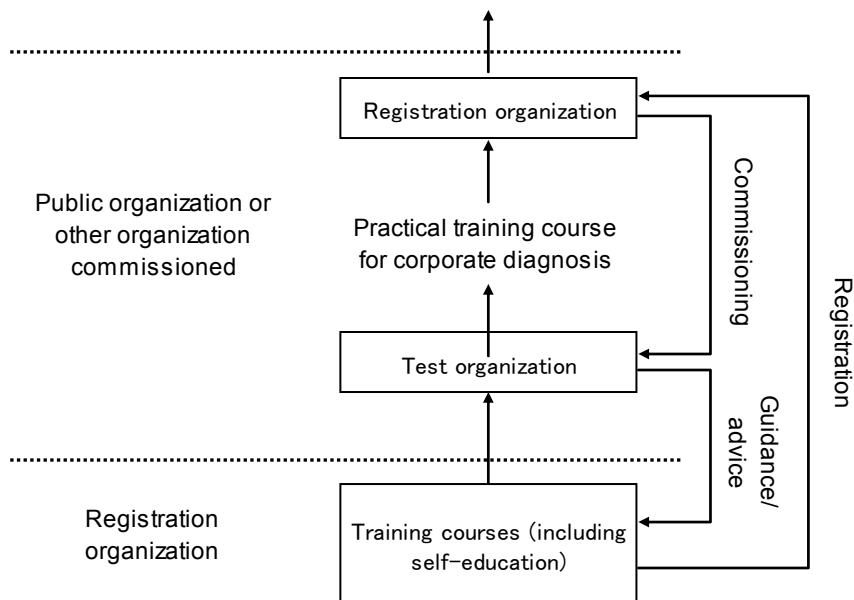
#### **4.3.5 Registration and Certification System**

The role expected for SME consultants, who will be certified and registered under the new system, is to perform diagnosis on SMEs and to give advice on all aspects of their management, such as the formulation of management strategy, development of management plans, and improvement or reform of individual divisions (e.g., HR, labor, production, sales and finance). On the other hand, ministries and public organizations in charge of industrial development show strong interest in the SME consultant system on the basis of expectation that SME consultants will serve as a driving force for SME development programs, in addition to corporate and advisory service to help growth of individual SMEs.

Figure 4-3 shows a general flow of the registration and certification process, which is designed to train SME consultants by teaching knowledge and practical skills in preparation for

the certification test, followed by formal registration. In the following sections, the process is explained step by step.

Note that a person who has passed the certification test and wishes to be registered as SME consultant must participate in the practical training course for corporate diagnosis, which is part of the registration requirements. In the course, participants will receive comments from an instructor about their attitude in the course relating to consulting activity, although they are not reflected in the pass/fail decision on the certification test. This is because field (diagnosis) activities in the course are conducted by participants who assume different roles, making it difficult to evaluate their competence on the basis of the same standard. Instead, their practical skills are evaluated in the oral examination.



**Figure 4-3 Certification and Registration Process**





**Chapter 5 Action Plans for the Building of the SME  
Consultant System and  
the Overall Implementation Schedule**

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## Chapter 5 Action Plans for the Building of the SME Consultant System and the Overall Implementation Schedule

### 5.1 Action Plan

This chapter proposes the series of programs required for implementation of the development plan for the SME consultant system, related budgetary planning, and the overall implementation schedule. The proposed programs are roughly divided into programs to promote and support the building of the new system and those required for the system's sustainable development. They are enumerated below in the form of action plans, including the elements discussed as the system development process in Chapter 4. Note that these action plans are intended for implementation in the next three years, in the context of building the SME consultant system according to the MOE's plan. Thus, further action plans to be taken up in the ensuing years (such as the integration with the national labor competence certification system) are not included here.

- Action Plan 1 Institutional Buildup within ChileCalidad
- Action Plan 2 Securing of the System Building and Operation Budget
- Action Plan 3 Promotion Program for Nationwide Deployment of the SME Consultant System
- Action Plan 4 Training Programs for Instructors and Trainers
- Action Plan 5 Project to Deploy the SME Consultant System
  
- Action Plan 6 SME Consultants Utilization Program ①  
Program to Promote NCP Opportunity for SME Consultants
- Action Plan 7 SME Consultants Utilization Program ②  
Collaboration with CORFO Programs
- Action Plan 8 SME Consultants Utilization Program ③  
Collaboration with SERCOTEC Programs
- Action Plan 9 Project to Promote Integration with the Bankruptcy Economic Adviser
- Action Plan 10 Project to Support the SME Consultant Association

#### 5.1.1 Details of Action Plans

The following tables present action plans in detail. Note that Action Plans 1 – 5 are concerned with the building and operation of the SME consultant system, and Action Plans 6 – 10 are designed to promote use of SME consultants or sustainable development of the SME consultant system. Basically, these Action Plans were prepared on the assumption that EMT Division of MINECON takes a leading role in program implementation for the first three years. Since changing a leading role for the project, ChileCalidad could take over a role and function of EMT Division on and after December, 2010.

### **Action Plan 1 Institutional Buildup within ChileCalidad**

Purpose and outline	To promote institutional buildup within the ChileCalidad (including the establishment of a responsible organization and staff) that will directly handle the series of tasks required for implementation of the SME consultant system, from preparation for the institutional setup to supervision of system building. While the ChileCalidad is not an implementation body for the project to build the new system, it is expected to take leadership in the actual system building and supervision of system operation in cooperation of related organizations.
Implementation body	ChileCalidad (cooperation of the undersecretary office will be required for organizational reform)
Activity outline	<p>The institutional buildup will be driven according to the progress of development of the SME consultant system.</p> <p>(1) Step 1</p> <ul style="list-style-type: none"> <li>- Appointment of the responsible organization within the ChileCalidad and startup of the internal study group organized by related parties</li> <li>- Analysis of JICA's proposals and modification as required</li> <li>- Confirmation of a typical image and standard competence of SME consultant required for the system</li> <li>- Arrangement of items required for the startup of the SME consultant system</li> <li>- Organization of the Preparation Office</li> </ul> <p>(2) Step 2</p> <p>To start up the Preparation Office (unit) with the study group's members as core</p> <ul style="list-style-type: none"> <li>- Confirmation of the development plan for the SME consultant system</li> <li>- Development of details of the consultant training program as well as related standards</li> <li>- Detailed design of the qualification and registration systems</li> <li>- Preparation for the bidding process for program implementation organizations (to be commissioned) and its implementation</li> <li>- Start of promotion and advertisement activities for the SME consultant system</li> </ul> <p>(3) Step 3</p> <p>To establish the SME Consultant System Management Office to take over the study group's tasks</p> <ul style="list-style-type: none"> <li>- Review and modification of the SME consultant system and development of long-term plans (including the plan for integration with the national competence certification system)</li> <li>- Efficient operation and management of the SME consultant system</li> <li>- Promotional activities for the system</li> <li>- Development of infrastructure to deploy the system in the rest of the country</li> </ul>
Input	<p>Full-time staff members (four at maximum), together with theme-specific councils organized by related organizations to provide support</p> <p>In the system implementation stage, various costs are incurred, including the service fee to organizations that carry out activities under contract and other promotional activities. (See 5.3 for the service fee)</p>
Key considerations	<p>This action plan aims to drive the building of the SME consultant system. Thus, full-fledged activities may not be required in the study group or preparation stage or the preparation stage may have to be expedited under certain circumstances. Also, in the plan finalization stage, it is important to reflect opinions of organizations and individuals, who have participated in the pilot project, on the plan.</p>

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**Action Plan 2 Securing of the System Building and Operation Budget**

Purpose and outline	To estimate the cost required for startup and operation of the formal SME consultant system and to take necessary actions for budgetary allocation to the MOE on the basis of detailed analysis and justification.
Implementation body	ChileCalidad
Activity outline	<p>To estimate the system building and operation costs in the next three years and determine portions to be funded by the MOE's budget, including a necessary internal arrangement.</p> <p>(1) Step 1 To estimate the overall budget for system building and operation.</p> <ul style="list-style-type: none"> <li>- Review of JICA's plan (budget)</li> <li>- Budget estimation on the basis of the final plan proposal made by the internal study group of ChileCalidad</li> </ul> <p>(2) Step 2 To ascertain the budget to be secured by the MOE</p> <ul style="list-style-type: none"> <li>- Detailed examination and confirmation of the estimated cost to be funded by the MOE's budget</li> </ul> <p>(3) Step 3 To execute budgetary procedures within the MOE</p> <ul style="list-style-type: none"> <li>- Preparation of budget proposals for FY2011 – 2013</li> <li>- Application and negotiation for the FY2011 budget</li> </ul>
Input	The process will be led by the study group members, subject to Director General's approval
Key considerations	The FY2010 budget has already been decided, and budgetary allocation under this action plan will basically cover the cost in FY2011 and later. In principle, the proposed SME consultant system should apply the principle that beneficiaries bear the cost and ask participants in the training program to pay the fee in amount equivalent to that they would have paid for a similar program. In reality, however, the training program will be rather extensive (360 hours in 6 months) and the number of participants will likely fall significantly below the expectation if the benefit principle is strictly applied (in particular, during the initial stage when benefits from SME consultants have still to be visualized). Instead, from the viewpoint of developing the infrastructure for SME development, the MOE will provide subsidy for system operation in the form of the service fee to the training organization, basically for the period between the first and sixth training programs. Then, review will be made for the seventh and later programs with view to increasing participants' cost burden.

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**Action Plan 3 Promotion Program for Nationwide Deployment of the SME Consultant System**

Purpose and outline	To make the SME consultant system known to the general public, with the initial target being SME managers in the country, private consultants, and staff members of AOI (CORFO program), CORFO, and SERCOTEC, followed by the nationwide deployment plan.
Implementation body	ChileCalidad (Preparation Office)
Activity outline	<p>To carry out promotion and advertisement activities for the SME consultant system, including its purpose and content.</p> <p>(1) Step 1 (November 2010 – March 2011)</p> <p>To develop tools to introduce and advertise the SME consultant system</p> <ul style="list-style-type: none"> <li>- Establishment of a special site within the MOE’s home page, in which information on the system will be published</li> <li>- Production of pamphlets to introduce the SME consultant system</li> </ul> <p>(2) Step 2 (January – December 2011)</p> <p>To hold seminars to promote the SME consultant system</p> <ul style="list-style-type: none"> <li>- Program development and design</li> <li>- Budgeting for holding seminars</li> <li>- Preparation and implementation of seminars (to be held in four locations including the areas outside Santiago in 2011)</li> </ul>
Input	The Web site will be designed and installed under the assistance of IT staff within the MOE (using the similar site design under the pilot project). Production of pamphlets will be outsourced to an outside organization through public bidding. If the budget is difficult to obtain, the Preparation Office will provide resources and support as far as possible. The seminars will include reports by participants in the pilot project (who have passed the certification test) and SME owners who have received the field diagnosis team.
Key considerations	The pamphlets and the seminars will entirely depend on whether the budget is allocated, so that coordination within the MOE will be critical.

#### **Action Plan 4 Training Programs for Instructors and Trainers**

Purpose and outline	It is designed to provide intensive training for instructors for the lecture course and trainers for the practical training course. Although it is desirable to conduct an extensive TOT (training of trainers) program according to a well-planned curriculum, such program is not feasible in consideration of the present competence levels of candidate instructors and the cost burden created from the long training period. Thus, priority should be given to intensive training to teach the purpose and intent of the SME consultant system, particularly the training program. It is therefore proposed to conduct a five-day training program (20 hours in total), with some adjustment such as the reduction of training days by increasing training hours per day.
Implementation body	ChileCalidad (in cooperation of JICA's Chile office)
Activity outline	To formulate and implement the training plan for instructors and trainers (1) Step 1 To develop an implementation plan for the intensive training program - Development of a five-day training program proposal (4 hours/day) - Securing of the training budget - Securing of training facilities and preparation for implementation (2) Step 2 To select candidate instructors and trainers - Acceptance of applications from potential instructors and trainers (recommended by others or themselves) - Selection of participants in the first intensive training program (to be 15 - 20 persons) (3) Step 3 To conduct the intensive training program - Technology transfer by veteran instructors, covering key points in the lecture and practical training courses, development of teaching materials and methods - Development of the MOE's database on instructors and trainers
Input	The program is expected to be conducted jointly by the MOE under support of outside experts including foreigners. While training will be conducted by outside experts, the program will incur various costs and expenses, such as use of training facilities (MOE's seminar room and companies that received diagnosis service under the pilot project), documents to be distributed to participants, lunch during the training period, and transportation costs for field visit (one day).
Key considerations	Basically, a qualified SME consultant could be instructor for training program.

### Action Plan 5 Project to Deploy the SME Consultant System

Purpose and outline	The project is designed to launch the SME consultant system and start up the entire process, including consultant training, qualification, certification, and registration. The project will be carried out under the MOE's leadership, because the SME consultant system intends to support SME development in the country (infrastructure for development of SMEs and MEs), rather than training consultants for the benefit of public organizations (such as CORFO and SERCOTEC).
Implementation body	A unit of ChileCalidad in charge of the project and outside organizations to provide service under commissioning
Activity outline	<p>Organizations commissioned to provide service will carry out key tasks in the entire process, including recruitment of participants, training, qualification, certification, and training, under ChileCalidad's supervision. They will make preparation and carry out specific activities according the service contract with the MOE.</p> <p>(1) Step 1 (October – December 2010) To prepare bidding documents and select contract organizations through the bidding process</p> <ul style="list-style-type: none"> <li>- Preparation of bidding documents on the basis of JICA reports</li> <li>- Invitation to bidding, review, and selection according to specific procedures</li> <li>- Negotiation with the successful bidder and conclusion of service contract between the MOE and each implementation organization</li> </ul> <p>(2) Step 2 (December 2010 – February 2011) To prepare for implementation of the training program (preparation of teaching materials)</p> <ul style="list-style-type: none"> <li>- Preparation of teaching materials, classroom facilities, and client companies for the training program</li> <li>- Preparation for the certification test and confirmation of the testing method</li> </ul> <p>(3) Step 3 (January – March 2011) Recruitment, selection, and acceptance of participants in the first program</p> <ul style="list-style-type: none"> <li>- Start of recruitment</li> <li>- Selection and implementation of group interview</li> <li>- Notification of results to applicants, and provision of detailed information on the training program</li> </ul> <p>(4) Step 4 (January – March 2011) Implementation of the first training program</p> <ul style="list-style-type: none"> <li>- Implementation of the lecture and practical training courses</li> <li>- Confirmation and supervision of progress of the training program</li> </ul> <p>(5) Step 5 (January – March 2011) Implementation and of the first certification test and registration</p> <ul style="list-style-type: none"> <li>- Implementation of written and oral examinations</li> <li>- Grading, pass/fail decision and confirmation, and approval by the supervising organization</li> <li>- Registration of persons who have passed the certification test</li> </ul>
Input	The Preparation Office staff will responsible for coordination of activities relating to management of the SME consultant system. The MOE will pay the service fee to each organization that performs tasks in each process under contract.
Key considerations	Care should be taken to ensure that the building of the SME consultant system is undertaken jointly with various contract organizations. In particular, the training program needs to be developed with consideration to convenience and benefit of private consultants (participants) and SME development organizations (potential clients of SME consultants).



**Action Plan 6 SME Consultants Utilization Program ①**

**(Program to Promote NCP Opportunity for SME Consultants)**

Purpose and outline	National quality Premio Pymes (NCP) is awarded by ChileCalidad to recognize SMEs with high management quality. The award ceremony is held annually under attendance of the president. NCP has established its reputation throughout the country. To promote the improvement of management quality among SMEs through the efforts to win NCP, ChileCalidad has launched a support program using CORFO's FOCAL program. As the program is less costly for participants in comparison to ordinary CORFO's programs, it is expected to attract more participants in the future. In fact, the program needs the type of consultant who will be trained through the proposed SME consultant training program and can achieve maximum effect by using qualified consultants. For this reason, this program is designed to relate SME consultants to the NCP support program by promoting their use as a program requirement.
Implementation body	ChileCalidad, CORFO and CORFO's AOI organizations
Activity outline	To require use of SME consultants for the NCP support program (1) Step 1 To incorporate Nch2909 and SEMC consultants into the SME consultant system - Development of database on registered Nch2909 and SEMC consultants in preparation for their incorporation into eligibility requirements for the SME consultant training program - Publication of the requirement in the recruitment process for the training program (2) Step 2 To establish corporate diagnosis techniques used for NCP support and to promote their field application - To use corporate diagnosis techniques possessed by SME consultants for the NCP support program for the purpose of accumulating experience. - To establish corporate diagnosis techniques suitable for the NCP support program. (3) Step 3 To make the SME consultant a qualification requirement for NCP support programs - To make NCP support programs opportunity for SME consultants through coordination with CORFO and ChileCalidad.
Input	The MOE needs to consult with CORFO and ChileCalidad. The program budget should be included in CORFO's budget.
Key considerations	This program should be designed in due consideration to ChileCalidad's intent and within the framework of CORFO's program budget. Also, one year will be allowed to help registered SME consultants to gain experience. During the period, registration as Nch2909 or SEMC consultant will be a qualification requirement for the program.

**Action Plan 7 SME Consultants Utilization Program ②**  
**(Collaboration with CORFO Programs)**

Purpose and outline	Many SME development programs are implemented by CORFO. In particular, FOCAL programs that focus on improvement of management quality and competitiveness of SMEs and Innova-Chile programs that support the strengthening of competitiveness through innovation are expecting significant contribution of SME consultants. Furthermore, Technical Assistance Fund (FAT) and CORFO programs that use the generalist-type consultants appear to support sustainable growth of the SME consultant system. Thus, efforts to promote collaboration with CORFO will start concurrently with the start of the SME consultant system, focusing on how SME consultants can be used for CORFO programs and how program requirements should be set to achieve the goal.
Implementation body	CORFO and ChileCalidad
Activity outline	To identify CORFO's active programs and their elements that can use SME consultants and incorporate use of SME consultants as part of program requirements, and to consider creation of new programs that satisfy the requirement. (1) Step 1 To check the level on matching with CORFO's active programs - Matching with FOCAL programs - Matching with Innova Chile programs - Discovery of suitable programs (2) Step 2 To publicize suitable programs among CORFO programs - Establishment of conditions for suitable programs and their publication on pamphlets or other media - Notification to AOIs and consultants, and use for CORFO programs (3) Step 3 To develop or identify SME development programs that can use SME consultants and their competence - Analysis of problems relating to FAT programs - Hearing of opinions from CORFO's local offices and AOIs - Development of new program proposals
Input	Related divisions of CORFO, CORFO's Santiago office, and ChileCalidad
Key considerations	It is very important to ensure that CORFO's staff understands as to what SME consultants can do in CORFO programs, in particular, as to how they can contribute to SME development. For this purpose, it is proposed to hold a workshop on SME consultants for CORFO's staff only. In addition, it is important to ask for input from two CORFO staff members, who have participated in the pilot project, and to reflect it in program development.

**Action Plan 8 SME Consultants Utilization Program ③**  
**(Collaboration with SERCOTEC Programs)**

Purpose and outline	To create opportunity for effective use of SME consultants in SECOTED programs and at regional offices responsible for program implementation by defining specific ways and fields through consultation between SERCOTEC and the MOE
Implementation body	SERCOTEC, ChileCalidad
Activity outline	<p>To identify SERCOTECs active programs that can use SME consultants and incorporate use of SME consultants as part of program requirements, and to consider creation of new programs that satisfy the requirement.</p> <p>(1) Step 1          To check the level on matching with SERCOTECs active programs</p> <ul style="list-style-type: none"> <li>- To identify fields or areas of SERCOTEC programs where SME consultants can be used, including Capital Seeds program</li> <li>- To develop ways to use SME consultants at SERCOTEC's regional offices.</li> </ul> <p>(2) Step 2          To publicize suitable programs among SERCOTEC programs</p> <ul style="list-style-type: none"> <li>- Publication of SERCOTEC programs that can require use of SME consultants</li> </ul> <p>(2) Step 3          To develop or identify SME development programs that can use SME consultants and their competence</p> <ul style="list-style-type: none"> <li>- Development of new programs that can use SME consultants</li> </ul>
Input	Related divisions of SERCOTEC, SERCOTEC's Santiago office, and ChileCalidad
Key considerations	<p>It is essential that SERCOTEC's staff understand as to what SME consultants can do in SERCOTEC programs, in particular, as to how they can contribute to SME development. For this purpose, it is proposed to hold a workshop on SME consultants for SERCOTECs staff only. In addition, it is important to ask for input from two SERCOTEC staff members, who have participated in the pilot project, and to reflect it in program development.</p> <p>Note that examples of new programs of CORFO and SERCOTEC are presented in the final section of 5.1.</p>

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**Action Plan 9 Project to Promote Integration with the Bankruptcy Adviser**

Purpose and outline	The Bankruptcy Advisor is defined in the Special SME Law promulgated in January 2010. His primary role is to investigate a problem debtor (a small business that has a problem relating to its operation and management) about its problems relating to finance and accounting and to assess the operating status from broad perspectives. As it is generally similar to the role of the SME consultant, the latter's service fields can be expanded by establishing qualification requirements for both professionals. According to the law, the Bankruptcy Advisor is certified by passing a test administrated by the Bankruptcy Bureau, followed by registration with the bureau. Discussion will be made with the MOF to agree on how the two professions can be linked or integrated for the purpose of serving the best interest of SMEs.
Implementation body	Ministry of Justice, ChileCalidad
Activity outline	<p>To perform comparative analysis of the Bankruptcy Advisor and the SME consultant and to seek opportunity for integration</p> <p>(1) Step 1</p> <p>To perform comparative analysis of the Bankruptcy Advisor and the SME consultant</p> <ul style="list-style-type: none"> <li>- To analyze qualification requirements for the two professions on the basis of discussion with their supervising organizations (as neither has not been formalized)</li> </ul> <p>(2) Step 2</p> <p>Consultation with the Bankruptcy Bureau and the legal community</p> <ul style="list-style-type: none"> <li>- To discuss possible amendments of related laws and their provisions with view to relating the SME consultant to the Bankruptcy Advisor in the context of the formal system for their certification and registration.</li> <li>- To check with related parties in the legal community as to possible amendments</li> </ul> <p>(3) Step 3</p> <p>Integration of qualification requirements</p> <ul style="list-style-type: none"> <li>- To seek opportunity for integration of the two professions (qualifications) on the basis of the above amendments</li> </ul>
Input	This project will be implemented in the form of discussion between the Bankruptcy Bureau and ChileCalidad.
Key considerations	The basic concept is that the Bankrupt Advisor will complement functional elements that are not covered by the SME consultant system.

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**Action Plan 10 Project to Support the SME Consultant Association**

Purpose and outline	<p>To ensure self-propelled growth of the SME consultant system, it is important to encourage voluntary organization of SME consults into a trade association in order to provide opportunity for improving their competence through mutual help efforts, while expressing opinions and views representing their common interest to the outside world.</p> <p>While the association will be organized as initiative of individual consultants, it can be regarded as a candidate organization to operate the SME consultant system as its ownership is transferred to the private sector in the future. In this conjunction, the project aims to drive such move by ensuring that the MOE and organizations relating to the development and management of the SME consultant system will provide adequate advice and support in relation to the establishment and management of the association, in order to promote the system's development under active participation of all stakeholders.</p>
Implementation body	Private consultants (consultants who are certified as SME consultants and those engaged in SME development focusing management quality (Nch2909, SEMC and ISO)
Activity outline	<p>To promote the establishment of a trade association by private consultants</p> <p>(1) Step 1 To foster core members of organization of the trade association</p> <ul style="list-style-type: none"> <li>- Organization of interested consultants into a founder group</li> <li>- Development of basic concept and activity rules of the Consultant Association</li> </ul> <p>(2) Step 2 Organization and establishment of the Consultant Association</p> <ul style="list-style-type: none"> <li>- Formal organization</li> <li>- Strengthening of collaboration with the MOE and SME development organizations</li> </ul> <p>(3) Step 3 Start of activity</p> <ul style="list-style-type: none"> <li>- Start of outside activities as a formal trade association</li> <li>- Discussion on possible participation in management of the SME consultant system</li> </ul>
Input	Basically, the project will be implemented to encourage and support the initiative by private consultants to establish their own organization. Cooperation of the MOE and SME development organizations will be desirable in the organization stage.
Key considerations	Participants in the pilot project are already moving to establish a trade association. It is therefore important to maintain policy for supporting their move by ensuring information sharing in the process of building the SME consultant system.

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## **5.2 Preliminary Schedule for Implementation of the SME Consultant System**

As discussed in 4.2, the SME consultant system will be built as joint efforts by related organizations under the leadership of the MOE. The plan will thus primarily be driven by the government and take three years to complete after the startup. Table 5-1 shows a preliminary schedule under the premise that ChileCalidad will initiate necessary actions promptly after May 2010, when the JICA study team will submit a system implementation plan in its draft final report.

For Action Plans 6 – 10, preparation will be made concurrently with the startup of the system for the interest of promoting its sustainable development.

**Table 5 -1 Work Schedule for the System Implementation SME Consultants**

Acción	Año-Mes	2010				2011				2012				2013				2014	
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV		
Entrega de reporte (diseño) de JICA					△														
<b>Plan de acción 1</b> <u>Preparación dentro de ChileCalidad en el Ministerio de Economía</u> - Crear un grupo de trabajo interno al interior del Departamento - Establecimiento de una unidad para la preparación del sistema - Establecimiento de una oficina para administrar el sistema				△	△	→	→	→	→	→	→	→	→	→	→	→	→	→	→
<b>Plan de acción 2</b> <u>Obtención de presupuesto para la construcción y la administración del sistema</u> - Comunicar el presupuesto total relacionado con la elaboración y la administración del sistema - Minucioso análisis de la cantidad de presupuesto de responsabilidad del Ministerio de Economía - Ejecución del protocolo de presupuesto en el Ministerio de Economía		←	←	←	←	←	←	←	←	←	←	←	←	←	←	←	←	←	←
<b>Plan de acción 3</b> <u>Programa para la promoción del sistema de consultores de EMT</u> - Preparación de una materiales de difusión para introducir el sistema de consultores - Celebrar un seminario para presentar y promover el sistema					→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
<b>Plan de acción 4</b> <u>Programa de entrenamiento para profesores y instructores prácticos</u> - Preparación de un plan de ejecución para el programa de entrenamiento - Selección de candidatos a instructor - Ejecución del programa de entrenamiento				→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
<b>Plan de acción 5</b> <u>Proyecto de implementación para el sistema de consultores EMT</u> - Selección del organismo implementador - Preparación de la implementación del currículo de entrenamiento - Selección de candidatos - Ejecución de cursos de entrenamiento - Ejecución y registro de examen para evaluación de las capacidades					→	→	→	→	→	→	→	→	→	→	→	→	→	→	→

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### 5.3 Budgetary Requirements for System Building and Management

Major tasks relating to the implementation of the SME consultant system will be commissioned by the MOE to outside organizations, including the implementation of the training program, administration of the certification test, and registration of SME consultants and renewal. As these tasks will be conducted on a continuous basis, they will constitute major cost factors. In addition, other costs will incur in relation to preparation for and promotion of the SME consultant system. Note that they do not include costs relating to staff members of related organizations.

Costs relating to the startup and implementation of the system, to be borne by the MOE, are estimated as follows.

#### Basic assumptions

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|--|--|
| (1) Start of promotional activity:   | November 2010  |
| 1) Production of pamphlets:  | 4 pages (A4 size), color print, 5,000 copies   |
| 2) Holding of promotion seminars:  | Costs relating to the seminar facility, transportation, daily allowance and accommodation for four seminars in 2011 (including those held in other regions)                |
| (2) Start of recruitment for the first training program:                       | January 2011 (subsequently twice per year)   |
| (3) Implementation of the first training program:                              | April – September 2011 (subsequently twice per year)   |
| (4) Management of the training program:  | 40 participants/program x twice per year (UF180/person, or UF10,000 per program)   |
| (5) Passing rate:  | 40% (32 participants per year) and all to be registered  |
| (6) Instructors and trainers:  | One for each course (UF5/90 minutes)   |
| (7) Textbooks and test problems:   | Separate committees will be established for development of textbooks and preparation of test problems (including grading). Compensation will be paid to committee members. |
| (8) Classroom facilities and companies to be visited for the practical course: | Each training organization will make selection.  |
| (9) Cost to be borne by participants (participation fee)                       |  |
| 1) Participation fee:  | UF180/person (UF100 (US\$3,945) to be paid by each participant and UF80 per person by government)  |



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- 2) Examination fee for the certification test: UF8/person (UF5 (US\$197) to be paid by each participant and UF3 per person by government)
- 3) Registration fee: UF5/person (US\$108) to be paid by each participant and UF2 per person by government)
- (10) Participant's share of the fee It becomes revenue for each organization.

MOE budget for FY2011

UF7.360 (US\$290.352)

UF 1 (Unidad de Fomento) = \$(Chile Peso) 20.912.91 US\$ 1 = \$530 (al 26 de febrero de 2010)

UF 1 = US\$39.45

Breakdown (annual budget)

(1) Promotional activities

1) Preparation of pamphlets: UF0.02 x 5,000 = UF100

2) Promotion seminars: UF80 x 4 = UF320

(2) Commissioning to the training organization: UF80 x 80 = UF6,400

(3) Commissioning to the test organization: UF3 x 80 = UF240

(4) Others UF300

(Other costs relating to the council meeting (not periodical) and compensation to members will incur.)

