

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

January 2011

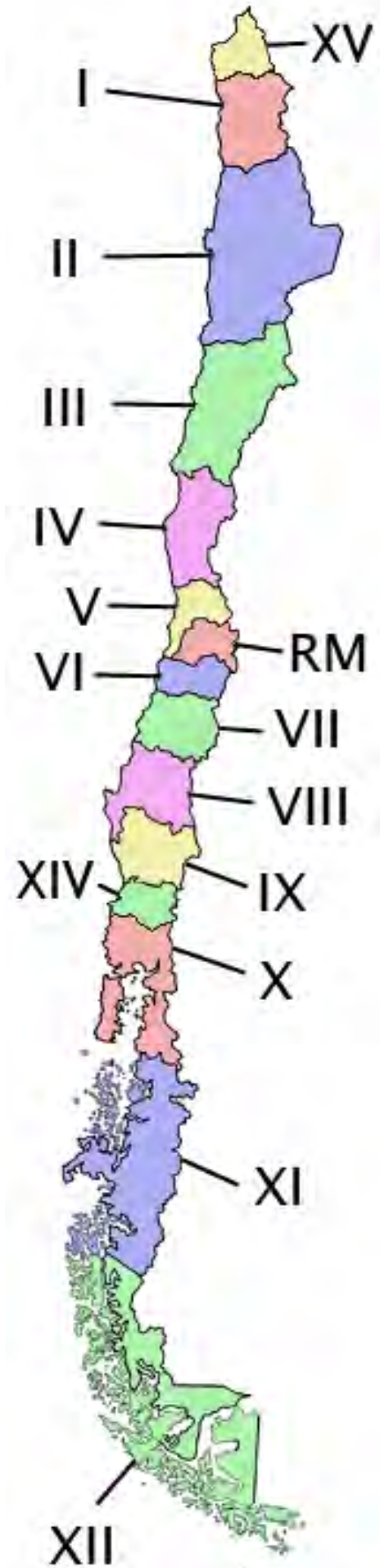
JAPAN INTERNATIONAL COOPERATION AGENCY

UNICO INTERNATIONAL CORPORATION

Administrative Division of the Republic of Chile

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MINECON-JICA CURSO TEORICO "Habilidades del Consultor" Prof. Tomas Bize 13 Oct 2009



MINECON-JICA CURSO TEORICO "Gestión de la Producción" Prof. Yasuhiro Izuho 28 Oct 2009



MINECON-JICA CURSO TEORICO "Generalidades sobre PYMEs" Prof. Benigno Arriagada 15 Oct 2009



MINECON-JICA CURSO TEORICO "Habilidades del Consultor PYME" Prof. Masahiko Honke 13 Oct 2009



Pilot Project (September ~ December 2009)

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

	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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Administrative Division of the Republic of Chile

Photo of Pilot Project

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

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Introduction

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, Development and Reconstruction 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 has been compiled as the Final Report on the basis of the results of the field surveys, primarily discussing a desirable form of the SME consultant system in Chile and proposing action plans for the development of the system, including institutional setup, together with recommendations relating to effective use of SME consultants.

1. Outline of the Project

(1) Background of the Project

In Chile, SME support measures are currently implemented, under the MINECON’s coordination, by 22 public organizations, such as CORFO^{*1} (Industrial Development Corporation), SERCOTEC (Technical Support Center), and ChileCalidad (National Production Quality Center). Many of them are conducted by consultants who are specialized in respective fields and are hired by respective organizations. There are, however, no unified standards for selection, qualification, and certification of consultants. As a result, quality of support programs varies significantly among individual consultants, due to the variation of their skills and capabilities, often leading to dissatisfaction for both recipient companies and program implementation organizations.

Against this background, the Government of Chile has requested the Government of Japan for cooperation in the field of SME promotion. In response, The Japan International Cooperation Agency (JICA) conducted a project formation study in January 2008 and confirmed that the Chilean government sought technical assistance for standardization of skills of local consultants engaged in SEM support. In December 2008, the two governments signed the Scope of Work that specified the details of technical assistance to be provided. The project thus aims to promote skill development and standardization for SME consultants in order to address the needs of the Chilean government and meet its high expectation.

^{*1} Most of abbreviation in this report comes from Spanish titles.

(2) Objective and Expected Benefits of the Project

The objective and expected benefits of the project are described as follows.

(Objective)

The primary objective of the project is to develop and present a set of proposals and recommendations required for the establishment of systems and institutions for skill development and standardization of SME consultants hired by industry promotion organizations in the country, including the development of teaching materials for consultant training, the planning and implementation of skill development and training programs, and the designing and planning of consultant certification and registration systems.

(Expected benefits)

- 1) To standardize the needed competences of SMEs consultants who are currently making use of the productivity promotion instruments.
- 2) To design a training system for the SMEs consultants, including the development of a program with its own contents and learning material.
- 3) To design a SMEs consultant qualification, certification and registration system.

(3) Scope of the Project

The project will be carried out according to the Minutes of Meeting concerning the preliminary study, which were signed by the Chile government and JICA on October 24, 2008, as well as the Scope of Work (S/W) dated on December 23, 2008. The Scope of Work includes the Scope of Cooperation, which is outlined as follows.

- 1) Analysis of Current status of SMEs, government support programs and SMEs Consultants in Chile.
 - a) Current situation of SMEs in the context of competitiveness and productivity (diagnosis of Chilean SMEs included),
 - b) Support programs for SMEs by the Productivity Promotion Network (Red de Pomento Productivo), and,
 - c) Current situation of the actual use of the SMEs consultant's services under support programs and problems on qualification system (interviews to Chilean consultants included)
- 2) Design of Standardized SMEs consultants Training and Qualification System
 - a) Identification of evaluation procedures
 - b) Identification of training subjects (SMEs management)
 - c) Development of training curriculums and materials

- d) Definition of criteria for qualification
- 3) Implementation of Pilot Program
 - a) Implementation of examination
 - b) Implementation of training course
 - c) Implementation of diagnosis (field work) of SMEs
 - d) Implementation of qualification for SMEs consultants
 - e) Modification and improvement of training and qualification system

Note: Above items to be defined according to the scheme of evaluation procedures indicated in 2) a).

- 4) Design of certification, certification validity and registration system
- 5) Roadmap to establish the Standardized SME Consultants System
 - a) Institutional requirement
 - b) Institutional proposal (for Institutional framework)
 - c) Other Issues

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.

2. Project Schedule

The project will be carried out for 20 months, starting in mid-April 2009. It will proceed in the following three stages.

Stage 1: Formulation of draft plans relating to the current state survey and the standardized SME consultant certification/registration system (Mid-April – the end of July 2009)

- ① Preparation work in Japan and compilation of the inception report
- ② Presentation of the inception report to the counterpart and discussion on study policy

- ③ Current state analysis of SMEs, government support programs, and SME consultants in Chile
- ④ Designing of the training and registration system relating to standardization of SME consultants

Stage 2: Implementation of the pilot project (Mid-September – the end of December 2009)

- ① Goal setting and confirmation for the pilot project
- ② Presentation to and discussion with the counterpart on the progress report
- ③ Preparation for implementation of the pilot project
- ④ Implementation of the pilot project

Stage 3: Development and proposition of action plans for the establishment of the standardized SME consultant certification/registration system (Mid. January – the end of December 2010)

- ① Compilation of the interim report and presentation to the counterpart
- ② Development of action plans for the establishment of the standardized SME consultant system, together with proposals
- ③ Compilation of the draft final report and presentation to the counterpart
- ④ Compilation of the final report

3. Organization of Study Team and Counterpart

(1) JICA Study Team

<u>Name</u>	<u>Function</u>
Yoji Watanabe	Team Leader /Small and Medium Enterprises Development
Tomoyasu SHIDARA	Development of Training and Registration System (1)
Yasuhiro IZUHO	Development of Training and Registration System (2)
Nori IAI	Planning of the Training Program (1)
Masahiko HONKE	Planning of the Training Program(2)
Mario SAWADA	Translator
Takeshi IWASE	Coordinator

(2) Counterpart organization

Ministry of Economy Development and Reconstruction (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, however, that function as a consultation partner was transferred from EMT Division to ChileCalidad since July 2010. Also, ChileValora is newly participated as one of cooperative organizations with existing members of CORFO, SERCOTEC and INN.

4. Organization of the Report

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

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 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.

Step of Work	2009												2010					2011					
	← Stage 1 →			← Stage 2 →			← 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 Trainee'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 P/R: Progress Report ITR: Interim Report DFR: Draft Final Report F/R: Final Report

Work schedule (revised at July 2010)

Chapter 1 Current Status of Economy and SMEs in Chile

Chapter 1 Current Status of Economy and SMEs in Chile

1.1 Economic Conditions

1.1.1 Macroeconomic Trend

The Chilean government maintains consistent economic policy over the past three decades, which is founded on neoliberalism led by economic liberalization and the opening of national economy to the outside world. Although the country experienced negative growth in the oil crises (1982), the Asian financial crisis (1999) and Lehman Shock (2000), its economy has been managed steadily; Chile economy for these periods could recover within a year that shows the stability and sustainability of her national economy.

Notably, the following policy factors could be considered to support stabilization of macro economy in Chile.

- (1) Consistent and accountable financial policy
- (2) Setting manageable inflation rate and responding flexible approach, and also keeping independence of the central bank.
- (3) Adequate fiscal policy at an emergency situation.
- (4) Political system could be definitely come out regulation while protecting individual proprietorship.

Moreover, the Chilean government has been successfully pursuing the "maintenance of structural surplus in government finance" since 2001 as its financial management rule, i.e., keeping government finance - excluding the revenue from privatization, the increase in revenue due to economic upturns and due to the rise in copper price - in surplus equivalent to 0.5% of GDP. This allows the government to control expenditures properly by keeping excessive spending in check and to plan and implement medium- and long-term policies on a sustainable basis.

After the Lehman Shock in 2009, copper prices plummeted due to the flight of speculative funds from the market. However, the country is said to be hit more mildly than the U.S. and Europe due to the diversification of its export structure, especially toward the EPA/FTA member states, together with the government's sound financial management. Nevertheless, the country is affected by the slowdown of foreign demand and the economy will likely decelerate.

Table 1.1-1 Economic Forecast Summary of Chile

(% unless otherwise indicated)

	2007a	2008a	2009b	2010b
Nominal GDP (Ps. bn)	85,621	88,535	86,932	93,246
Real GDP growth	4.7	3.2	-1.2	3.0
GDP per head (US\$ at PPP)	13,887	14,493	14,226	14,534
Gross fixed investment growth	12.0	19.5	-16.1	8.8
Industrial production growth	3.1	-1.1	-2.5	2.7
Population (m)	16.6	16.8	16.9	17.1
Unemployment rate (av)	7.0	7.8	10.2	9.4
Export of goods & Services	7.6	3.1	-6.6	5.2
Import of goods & Services	14.9	12.9	-12.2	9.9
Current account balance (US\$. m)	7,189	-3,440	-1,224	-1,615

Remarks: an Actual, b EIU forecasts

Source: Country Report August 2009, the Economist Intelligence Unit Limited 2009

1.1.2 Industrial Structure

Table 1.1-2 summarizes Chile's industrial structure in terms of sectoral GDP ratio, export, and employment. As seen from the table, 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.

Table 1.1-2 Industrial Structure in Chile, 2008

Industrial Sector	GDP (MM\$)	%	Export (MMUS\$)	%	Employment (M/P)	%
Agriculture & Forest	2,710,101	3.2%	3,894.4	6.0%	788.88	11.9%
Fishery	557,224	0.7%			-	
Mining	15,598,515	18.6%	38,190.9	58.7%	96.04	1.5%
Copper	13,742,068		32,807.5	50.4%	-	
Manufacturing	11,316,715	13.5%	21,196.4	32.6%	851.37	12.9%
Food/Beverage/Tobacco	3,659,246		8,467.3		-	
Textile/Sewing/Leather	402,034		-		-	
Wooden/Furniture	494,867		2,146.3		-	
Paper/Printing	1,096,503		3,295.9		-	
Chemical/Oil/Rubber/Plastic	2,722,808		3,811.6		-	
Nonferrous metal	1,193,370		1,481.4		-	
Metal	-				-	
Metal goods/Machinery	1,747,886		1,662.1		-	
Electronics/Gas/Water	3,024,331	3.6%			35.97	0.5%
Construction	6,754,781	8.1%			566.62	8.6%
Commerce/Restaurant/Hotel	7,767,291	9.3%			1,303.66	19.7%
Transportation	4,445,317	5.3%			589.54	8.9%
Communication	1,961,118	2.3%			-	
Finance service industry	13,413,103	16.0%			606.63	9.2%
Housing	4,179,165	5.0%			-	
Service (education, health)	8,524,488	10.2%			1,768.79	26.8%
Public service	3,597,826	4.3%				
Free zone	-		1,821.1	2.8%		
Others	-					
Total	83,849,975	100.0%	65,102.8	100.0%	6,607.50	100.0%

Source: Banco Central de Chile, Boletín Mensual, Junio 2009

Instituto Nacional de Estadísticas (INE), Indicadores Mensuales, 30 abril 2009.

As for geographical distribution of economic activities, Table 1.1-3 shows GDP composition by province between 2004 and 2007. Clearly Santiago Metropolitan Region maintains more than 40% share during the period, followed by BIO-BIO (VIII) that has the second largest industrial area of Concepción (9%) and Valparaíso (V) that is known for tourism (8%). The mining and service sectors, which hold leading positions in terms of industrial structure, are not necessarily concentrated in RMS. It should be noted, however, that data shown in the table are based on the place of business registration, and the large share of RMS seems to come from the fact that a large number of companies have their head office in the

region. Moreover, the regional share has not changed much during the four-year period, evidencing the need for correction of inequality between RMS and other regions.

Table 1.1-3 Regional GDP Ratio(%)

Province	2004	2005	2006	2007
I. Tarapaca	3.7	3.4	3.5	3.6
II. Antofagasta	6.9	6.7	6.5	6.4
III. Atacama	1.7	1.7	1.8	1.8
IV. Coquimbo	2.3	2.2	2.2	2.2
V. Valparaiso	8.1	8.0	8.1	7.8
RMS Santiago Metropolitan	42.6	42.7	42.6	43.0
VI. O'Higgins	3.8	3.8	3.8	3.5
VII. Maule	3.5	3.6	3.6	3.5
VIII. Biobio	9.4	9.6	9.4	9.1
IX. Araucania	2.4	2.4	2.4	2.4
X. Los Lagos	4.6	4.5	4.5	4.5
XI. Aisen	0.6	0.6	0.6	0.6
XII. Magallanes and Antartica Chilena	1.7	1.6	1.6	1.3

Source: Banco Central de Chile, Boletín Mensual, Junio, 2009

1.2 Current State of SMEs and MEs in Chile

1.2.1 Definition of SMEs and MEs

In Chile, there are two official definitions for classification of small- and medium-sized enterprises and microenterprises; one is based on annual sales (UF denominated)^{*1} and the other the number of employees. The former is generally used by the MINECON, various organizations participating in the Productivity Promotion Network (Red de Fomento Productivo), and SII (Servicio de Impuestos Internos). It is formally designated as the MINECON's definition pursuant to "Law for Special Regulation on SMEs" approved on November 3, 2009. On the other hand, the latter definition is primarily used in MIDEPLAN's socioeconomic statistics (Encuesta de Caracterizacion Socioeconomica : CASEN) and in association with the labor law. Generally, the definition based on annual sales is widely used by a wide variety of organizations including financial institutions. Specific criteria for the two definitions are shown below.

(1) Classification by annual sales

Division	Annual Sales (UF)	Chile Peso (Conversion)
Micro	Less than 2,400	50,000,000
Small	2,401~25,000	50,000,000~525,000,000
Medium	25,001~100,000	525,000,000~2,100,000,000
Large	More than 100,001	over 2,100,000,000

Source: Law for Special Regulation on SMEs MINECON

Remark: US\$1 ≙ Ch\$500, as of Jan. 10, 2010

(2) Classification by the number of employees

Division	No. of employee
Micro	under 9
Small	10~49
Medium	50~199
Large	over 200

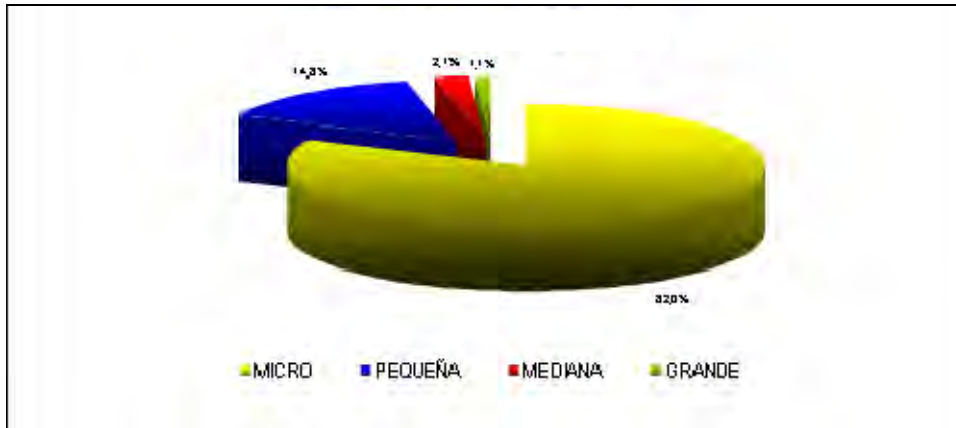
1.2.2 Condition of SMEs and MEs

1.2.2.1 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 (Servicio de Impuestos Internos) and obtain a taxpayer number (RUT). As INE does not conduct business census surveys, SII's corporate

^{*1} UF (Unidad de Fomento) is the currency unit introduced to represent a stable monetary value in place of the U.S. dollar and is generally used for price indication in the real estate business (rent and land price).

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^{*2}. The following analysis is made for the active 900,846 enterprises.



Source: SII

Figure 1.2-1 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.

^{*2} 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.

Table 1.2-1 Industry Distribution by Scale of Enterprises in Chile

(%)

Type of Business	Micro	Small	Medium	large
Wholesale, retail	42	30	32	31
Manufacturing	8	12	13	18
Transport	10	8	6	6
Agriculture, breeding	11	11	7	5
Real estate, housing	9	13	14	10
Financing	2	5	8	12
Construction	5	9	10	10
Mining	0	1	1	2
Hotel, restaurants	5	3	1	1
Other services	8	8	7	5

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

1.2.2.2 SMEs and MEs by region

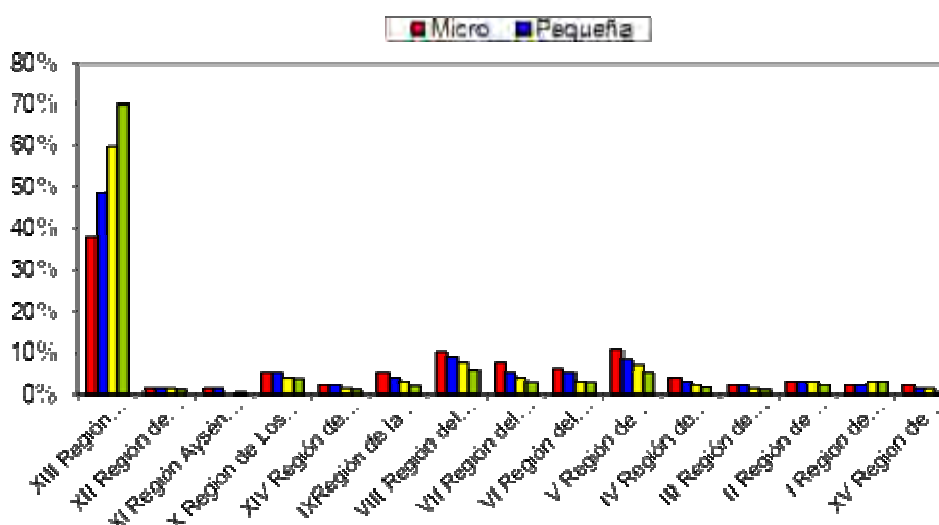
Geographically, 72% of large enterprises and 41% of MEs and SMEs are located in RMS (Table 1.2-2). In the Central Zone - RMS plus B.Ohiggins and Maule, 81% of large enterprises and 63% of SMEs/MEs are situated, showing a high level of concentration. On the other hand, MEs and SMEs are also concentrated 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 1.2-2 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
XIII. RM. Santiago	223,788	61,368	11,049	6,721	302,926
No identified	777	21	0	1	799

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



Source: SII

Figure 1.2-2 Regional Distribution of Enterprises (2008)**1.2.2.3 By operating years**

Table 1.2-3 classifies enterprises by size and operating years. A general tendency is that the smaller the enterprise is, the shorter it operates, and vice versa. It should be noted, however, that 70% of small enterprises and 76% of medium-sized enterprises are operated for more than five years. This is true for microenterprises; 59% of them have a relatively long history of operation. Thus, a high percentage of MEs and SMEs cannot expand their business after five years or longer in operation. Furthermore, a large number of enterprises with operating history of 2 - 5 years suggest a structural problem present in the country's industrial structure. While a fairly large number of startups are seen partly due to government support, their expansion and continuation seems to be difficult. It may be desirable to provide support for enterprises that have operated for five years or less in order to help them overcome various management challenges.

Table 1.2-3 Operating Years by Enterprise Scale

(%)

Operation years	Micro	Small	Medium	Large	Total
<2 years	20	11	7	5	17
<5 years	19	19	18	12	18
>5 years	59	70	76	83	62
Non Operation	2	0	0	0	3

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

1.2.2.4 Contribution of MEs and SMEs to Export

According to "Expotaciones por Tamaño de Empresas, Compendio Estadístico, 2002-2008, Mayo 2009" compiled by the MINECON from Banco Central's data, customs clearance statistics, and SII's data, exports made by MEs and SMEs are summarized in Table 1.2-4.

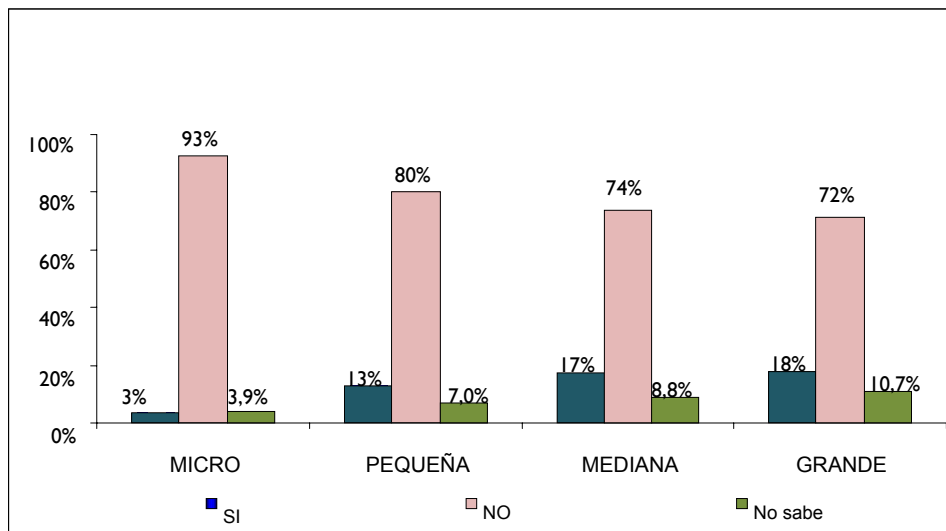
Table 1.2-4 Export by Enterprise Scale (2008)

(FOB US\$)

	Sales	No. of Enterprise	(FOB)	Total (%)
Micro	0~200	708	2,109,002	0.0
	200~600	409	4,393,094	0.0
	600~2,400	617	17,579,002	0.0
Small	2,400~5,000	458	26,207,308	0.0
	5,000~10,000	585	66,859,757	0.1
	10,000~25,000	966	199,219,640	0.3
Medium	25,000~50,000	882	345,126,205	0.5
	50,000~100,000	909	653,611,347	0.9
SME Total		5,534	1,315,105,357	1.9
Large	100,000~200,000	834	1,208,579,611	1.7
	200,000~600,000	950	2,818,198,745	4.0
	600,000~1,000,000	298	2,103,640,003	3.0
	1,000,000以上	654	62,375,215,571	89.3
Large Total		2,736	68,505,633,930	98.1
Total		8,270	69,820,739,286	100.0

Source: SME/Banco Central de Chile/SII

As shown in the table, 5,534 SMEs and MEs (SMEs) exported the total value of \$1,315 million in 2008, which accounted for only 1.9% of the country's exports. Their contribution is very small in comparison to large enterprises. Moreover, their share declined steadily in recent years, i.e., 3.8% in 2002, 3.5% in 2003, 2.5% in 2004, 2.3% in 2005, 1.7% in 2006, and 1.7% in 2007. On the other hand, the number of SMEs/MEs doing export generally grew during the same period; 4,031 in 2002, 4,303 in 2003, 4,380 in 2004, 4,600 in 2005, 4,503 in 2006, 5,285 in 2007, and 5,534 in 2008. Thus, while SMEs and MEs that make exports are on the rise, their percentage share in the country's total exports tends to decline slightly.



Source: SII

Figure 1.2-3 Export Contribution by Enterprise Scale (2007)

1.2.2.5 SMEs and MEs Viewed from Chile Observatory Data

Since 2009, MINECON conducts a national business survey, by industry and size, in cooperation of INE and other organizations^{*3}. The survey covers 10,261 companies that have been selected from SII registration data, the 2007 INE corporate 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} Title of Statistics investigation: "Enterprise Observatory"

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.

1.2.3 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.
- 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^{*4}.
- 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.

^{*4} As learned from CONUPIA, companies with around four employees hold the highest share.

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.

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

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

2.1 SME Promotion Policies, Programs and Systems

2.1.1 Characteristic of SME Promotion Policies and Programs in Chile

(1) Microeconomic policy

The Chilean government maintains consistent economic policy over the past three decades, primarily centered on industrial development with an aim to promote “growth through liberalization of trade and investment.” In particular, it has pursued the comprehensive liberalization policy in the 1970s, including foreign exchange, international trade, deregulation, and promotion of foreign investment, which laid the groundwork for the country’s strong commitment to the free trade agreement in recent years. Today, as much as 90% of the country’s exports are enabled through the use of the FTA. As a result, Chile is one of the countries with a high export ratio in the Central and South American region.

In Chile, a final election was held to elect a new president on January 17th, 2010, and the left-center government ended its rule for 20 years after the return to democratic government. Shortly after, the new president took office on March 11th. New President Sebastian Pinera has already announced continuation of economic policies pursued by the previous administration, including economic liberalization and tax incentive for SMEs. In addition, “75 Promises” pledged during the presidential campaign include other policies inherited from the previous governments, such as improvement of competitiveness and job creation. Thus, it is generally believed that the country’s macroeconomic policies will not be changed significantly since ex-administration.

The following is the current state of SME promotion policy, system and organizations as of the end of February 2010.

(2) SME promotion policy

The country’s SME promotion policy is also formulated and implemented within the framework that goes along with the national goal to promote “growth through liberalization of trade and investment.” The present administration pursues this policy and has set forth the following goals.

- 1) Modernization of relevant systems and regulations
 - Establishment of the SME Agency

(While the SME Agency has still to be established, the MINECON appears to lay weight on SME promotion policy, e.g., it's Office of undersecretary in charge of Economy has been renamed the Office of undersecretary of Economy and SME.)

- Establishment of regional development offices for coordination with the central government

(Present activities are led by the MOI, whereas the MINECON intends to establish its own system to promote local SMEs by establishing the Public-Private Consulting Council.)

- Simplification of procedures and requirements for the establishment, relocation, and closure of SMEs

(This is addressed in the newly enacted law (Special Law for SMEs.)

- Enactment of the law relating to transparency of administrative procedures (the draft bill under preparation)

(The SME law is designed to address the lack of information on public documents and procedures and ambiguity about application of penal provisions. Actual improvement measures will be set forth in detailed rules.)

2) Capacity building of individual companies

- Promotion of training and development of technical support programs

(Promotion of program implementation by CORFO, SENCE and SERCOTEC)

- Development of a collaboration program between SMEs and large enterprises and preparation of export models

(Enhancement of the government procurement site "MERCADO Publico" and simplification of procedures)

- Development of a program to promote linkage between SMEs and large enterprises and dissemination of a successful export model

(Promotion of program implementation by CORFO and ProChile)

- Issuance of management quality certification conforming to international standards

(Promote by FOCAL Program of CORFO)

3) Financing

- Development of a mechanism to renegotiate debt

(Addressed in the newly enacted law (Special Law for SMEs)

- Reinforcement of the credit guarantee scheme

(Provision of two or more credit guarantee schemes)

- Improvement of the loan scheme

(Promotion of the SME loan scheme under the leadership of BancoEstado)

- Reduction of stamp duty

- 4) Promotion of business startup and establishment of a simplified taxation system
 - Startup promotion is driven by programs implemented by CORFO, SERCOTEC and others. In particular, CORFO focuses on startup support by using an incubator and SERCOTEC is actively promoting the Seed Capital Fund program.

- 5) Technological innovation and development
 - Promotion of IT investment
(Promotion by using the Innovation Chile program)

To achieve these objectives, various promotion programs have been carried out by ministries in charge of industrial development as well as public organizations, under the framework of the Productivity Promotion Network (Red de Fomento), which was formed to promote industrial development and productivity improvement by integrating efforts and resources of 9 ministries, 22 organizations, and 210 programs. And the permanent coordinating committee is established under the leadership of the MINECON and participation of all related organizations to ensure policy coordination. In reality, however, this institutional framework fails to function due to the difficulty in assuring the overall coordination at the central government level, including considerable time required. Instead, participants (9 ministries and 22 organizations) carry out their own activities, while they consult with each other as collaboration is required. On the other hand, local offices of the ministries and organizations forming the network are very active in some areas.

The project is basically designed to promote the skill development and standardization of SME consultants who are used by the Productivity Promotion Network (Red de Fomento). However, in light of the fact that the network does not perform its function at the central government level, while SME consultants envisaged in the project cannot be effectively used in programs implemented by all the related organizations, it is more realistic to standardize skills of generalist-type SME consultants (to be trained in the present project), as the initial goal, so that they can be used for programs implemented by CORFO and SERCOTEC.

2.1.2 Program Planning and Implementation by Public Organizations under Ministerial Policy

2.1.2.1 Programs of Major SME Promotion Organizations

Once the government sets forth policy and ministries announce basic plans, the program implementation system starts up. Public organizations under respective ministries plan their own programs to which unique code names are attached. The planned programs are then implemented through the ongoing framework such as the Productivity Promotion Network or by private organizations or enterprises through a network formed by a responsible ministry and related organizations.

In the Table 2.1-1, programs implemented by CORFO and SECOTEC are summarized. SERCOTEC's programs, however, are directly influence to the small enterprises without any support by SME consultants. That means consultants are indirectly involved in SERCOTEC's programs.

Table 2.1-1 Summary of Programs Implemented by Key SME Promotion Organizations (as of August, 2010)

<CORFO Program >

Program name/method	Description	Target	Remarks
1. Programa de Preinversión, Eficiencia Energética-PI, EE.	<ul style="list-style-type: none"> - Support for contribution to efficient use of energy by companies - Support for efficient energy consumption and cost reduction - Subsidy on consulting service relating to the above activities 	<ul style="list-style-type: none"> - Evaluation on SMEs and MIEs in relation to technology, economics, and find - \$6 million at maximum - Up to 70% co-financing 	<ul style="list-style-type: none"> - Formal, company/company manager
2. Programa de Preinversión Energías Renovables No Convencionales PI. ERNC	<ul style="list-style-type: none"> - Support for power generation projects using reusable resources to help meet the goal set by the Kyoto protocol - Support for related industries in RMS - Reusable energy sources for power generation under CNE's mandate (Energy Agency): Support for geothermal, wind power, solar, biomass, wave power, small-scale hydropower, 20,000K W or less projects 	<ul style="list-style-type: none"> - Up to 50% of the consulting or study cost or Ps33 million - Co-financing 	<ul style="list-style-type: none"> - Formal, company/company manager
3. Programa de Proinversión, Medio Ambiente	<ul style="list-style-type: none"> - Financial support to bear portions of the cost relating to the environment-related consulting contract concluded by companies 	<ul style="list-style-type: none"> - Support for preliminary study on environmental investment by SMEs and MIEs to ensure continuous production - Up to 50% of the consulting cost or Ps4 million - Co-financing via AOI 	<ul style="list-style-type: none"> - Formal, company/company manager
4. Programa Preinversión Riego	<ul style="list-style-type: none"> - Co-financing for preliminary study in relation to development of project specifications (irrigation) - Support for permanent users and companies 	<ul style="list-style-type: none"> - Up to 70% of the consulting cost - Up to Ps3 - 9 million depending on the project's content 	<ul style="list-style-type: none"> - Formal, company/company manager

2.1 SME Promotion Policies, Programs and Systems

Program name/method	Description	Target	Remarks
5. Programa Preinversión Areas de Manjo de Pesca Artesanal	<ul style="list-style-type: none"> - having the right of water use - Support for associations of fishermen and fish farm operators - Subsidy on pre-investment study for SMEs and MEs - Subsidy to cover portions of the consulting contract cost to conduct current state study and to obtain information of follow-up steps 	<ul style="list-style-type: none"> - Basic study: Up to 70% of the cost, Ps 9 million at maximum - Continued step: Up to 50% of the consulting cost, Ps 2 million at maximum - Financing via AOI (co-financing) 	<ul style="list-style-type: none"> - Formal - User organizations under Law No.18,450
6. Programa Asociativos de Fomento PROFO – Proyectos Asociativos de Fomento	<ul style="list-style-type: none"> - Support for project development and preparation by a group of at least companies - Support for the formation of a (productive) community conducive to the development of the ability to compete in the global market, such as market or procurement information shared by SMEs and MEs - Participation, without the need for compensation, in support for consulting and advice activities 	<ul style="list-style-type: none"> - Pyme, annual sales of UF2,400 – 100,000 - 50% co-financing 	<ul style="list-style-type: none"> - Formal, company/company manager
7. Fondo de Asistencia FAT	<ul style="list-style-type: none"> - Support for companies that incorporate clean production and IT technology - Introduction of management techniques for improvement of competitiveness to individual companies through professional consultants 	<ul style="list-style-type: none"> - 50% - 70% co-financing - Financing via AOI 	<ul style="list-style-type: none"> - SMEs and MEs - Formal, company/company manager
8. Fomento a la Calidad (Etopa de Implementación)	<ul style="list-style-type: none"> - Contribution to improvement of companies' quality management system 	<ul style="list-style-type: none"> - Up to 70% of consulting cost, Ps 7 million at maximum 	<ul style="list-style-type: none"> - Formal, company/company

2.1 SME Promotion Policies, Programs and Systems

Program name/method	Description	Target	Remarks
<p>9. Fomento a la Calidad (Etapa de Verificación)</p>	<ul style="list-style-type: none"> - Support of the implementation of the field-proven management system in SMEs and MEs (ISO, Chilean standard, etc.) - Support for companies that strive to improve productivity and competitiveness through the quality management standard or the certification system - Partial cost subsidy for the certificate provided under the INN registration and certification system 	<ul style="list-style-type: none"> - Co-financing via AOI - 50 -90% co-financing - Targeting SMEs and MEs - Provision via AOI 	<p>manager</p> <ul style="list-style-type: none"> - Formal, company/company manager
<p>10. Programa de Desarrollo de Proveedores - PDP</p>	<ul style="list-style-type: none"> - Support for project preparation and evaluation for large enterprises wanting final integration of suppliers into the production chain to improvement linkage between customers and commerce - Targeting SMEs suppliers of large enterprises 	<ul style="list-style-type: none"> - Up to 50% of the total cost at the corporate diagnosis stage, Ps 800,000 at maximum - Up to 50% at the development stage, Ps 2.5 million at maximum - Ps 55 million per year at maximum - 10 – 20 Middle class enterprises and large enterprises via AOI 	<ul style="list-style-type: none"> - Formal, company/company manager

<SERCOTEC Programs >

Program Name: Programa Microempresa

Method	Description	Content	Target
1. Capital Semilla	<ul style="list-style-type: none"> - Support for new business creation at the informal/project stage, including market entry 	<ul style="list-style-type: none"> - Management advice - Ps 3 million at maximum - Asset of Ps 10 million or less, period of 18 years or longer - Direct subsidy 	<ul style="list-style-type: none"> - Fish farming, social/health service, tourism, commerce, hotel, restaurant
2. Subsidio Directo a Instituciones Financierasno Bancarias	<ul style="list-style-type: none"> - Credit access facility that does use banks 	<ul style="list-style-type: none"> - Subsidy, technical support, service, training 	<ul style="list-style-type: none"> - Mainly women - Tendering
3. Acceso de MYPE a las Compras Públicas	<ul style="list-style-type: none"> - Promotion of participation of small enterprises/microenterprises in the public procurement market 	<ul style="list-style-type: none"> - Subsidy, technical support, service, training 	<ul style="list-style-type: none"> - Formal enterprises - Mainly women
4. Apoyo a la Formalización de Empresas	<ul style="list-style-type: none"> - Support for formalization 	<ul style="list-style-type: none"> - "Pack de Formalización" - Legal/management advice 	<ul style="list-style-type: none"> - Informal - Entrepreneurs
5. Asesoría para la Formulación de Planes de Negocio	<ul style="list-style-type: none"> - Training of entrepreneurs 	<ul style="list-style-type: none"> - Training of entrepreneurs in relation to business planning - Promotion of Capital Semilla - Business plan evaluation 	<ul style="list-style-type: none"> - Subsidy - Formal/informal
6. Desarrollo de la Comercialización	<ul style="list-style-type: none"> - Improvement of access to new markets and commercial capability 	<ul style="list-style-type: none"> - Platform development - Support for commercialization and promotion - Market study 	<ul style="list-style-type: none"> - Formal - Mainly women
7. Implementación de Planes de Negocios	<ul style="list-style-type: none"> - Support for the new business at the initial operation stage 	<ul style="list-style-type: none"> - Business plan promotion - Management support - Business development - Organization of business operators as group 	<ul style="list-style-type: none"> - Formal - Corporate groups

Method	Description	Content	Target
8. Desarrollo Cultura Asociativa	<ul style="list-style-type: none"> - Development of capacity of business operators in relation to collaborative business planning 	<ul style="list-style-type: none"> - Development of business management capability - Promotion of collaboration - Business development - Organization of business operators as group 	<ul style="list-style-type: none"> - Subsidy - Formal
9. Buenas Prácticas de Gestión de Desarrollo Local Convenio Unión Europea	<ul style="list-style-type: none"> - Participation of local governments and business operators in relation to business opportunity - The building of collaborative network between corporate groups 	<ul style="list-style-type: none"> - Support for development of corporate kaizen leaders and creativity by the EU/Chilean government 	<ul style="list-style-type: none"> - Formal - Corporate groups
10. Gestión y Competitividad Digital	<ul style="list-style-type: none"> - Provision for MIPYME of resources for practical use (IT system for skills certification and knowledge development) 	<ul style="list-style-type: none"> - Corporate skills standardization and certification programs - Targeting voluntary training and management improvement of individual companies 	<ul style="list-style-type: none"> - Subsidy - Support for development of the private sector - Formal/informal
11. Negocio Asociativo	<ul style="list-style-type: none"> - Support for promotion of sustainable, high quality joint business 	<ul style="list-style-type: none"> - Promotion/development/self-motivated management - Project managed by company 	<ul style="list-style-type: none"> - Formal
12. Profesionalización de la Gestión Empresarial	<ul style="list-style-type: none"> - Support for upgrading of corporate management in terms of professional skills - Development of management capability of MIPYME for business success 	<ul style="list-style-type: none"> - Subsidy - Development support 	<ul style="list-style-type: none"> - Formal
13. Promoción de la Cultura Emprendedora	<ul style="list-style-type: none"> - Dissemination of entrepreneurship culture 	<ul style="list-style-type: none"> - Service, technical support, training, workshop - Subsidy and indirect support 	<ul style="list-style-type: none"> - Formal
14. Centros de Emprendimiento y Desarrollo Empresarial	<ul style="list-style-type: none"> - Business startup center and corporate development - Development of new centers 	<ul style="list-style-type: none"> - IT-driven improvement of quality of business and information - Subsidy and direct/indirect support 	<ul style="list-style-type: none"> - Formal/informal - Organized as union or association

< FOSIS Programs < Fondo de Solidaridad e Inversión Social>

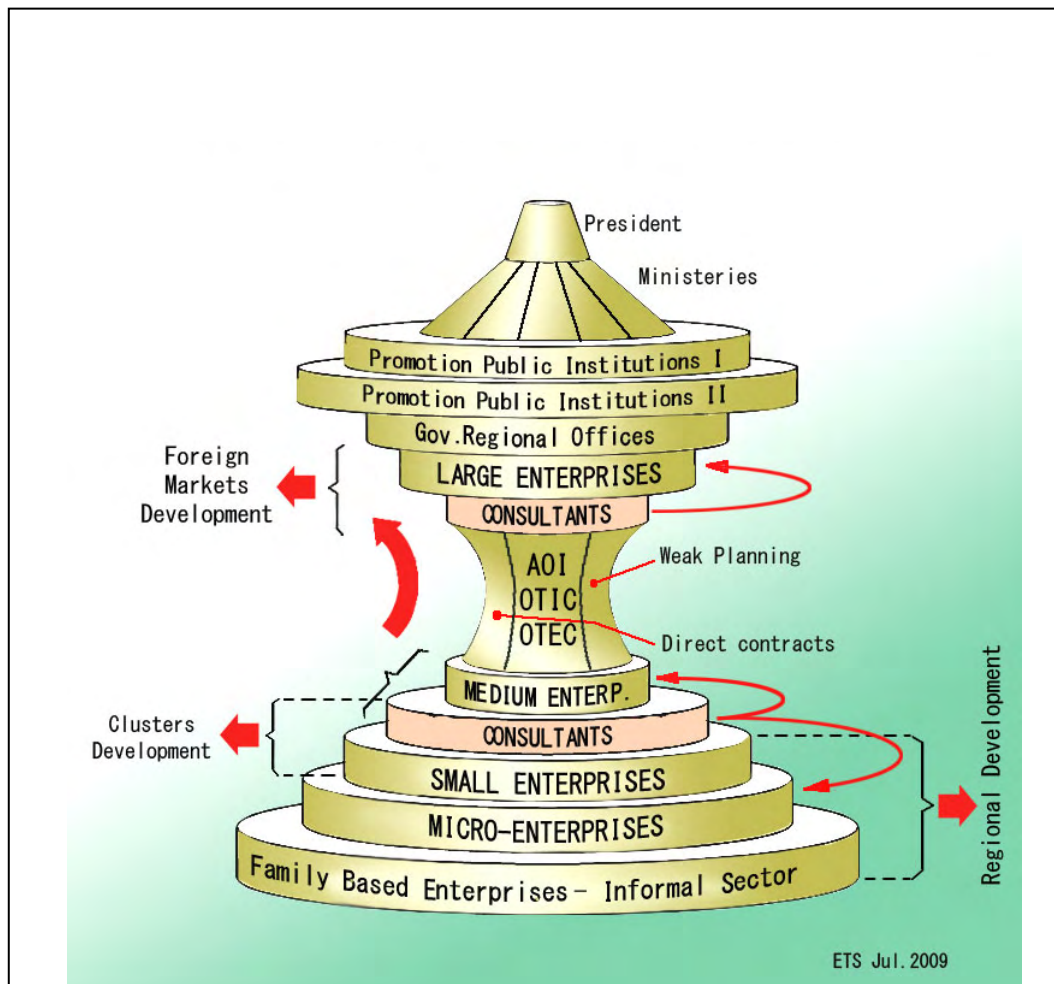
Program name	Description	Target	Remarks
1. Programa de Apoyo a Actividades Económicas	<ul style="list-style-type: none"> - Program to improve standards of living by using potential, improving skills, and making effective intervention in the poor economic condition - Income to go over the poverty line and become financially self sufficient - Income to go over the aborigine's level and become financially self sufficient 	<ul style="list-style-type: none"> - Direct support for people in poverty 	<ul style="list-style-type: none"> - Entrepreneurs - Informal - Construction - Livestock farming - Fishery
2. Programa Generación Ingresos e Inclusion Social "Pro. Apoyo al MICRO - EMPRENDIMIENTO"	<ul style="list-style-type: none"> - Improvement of living conditions - Increase of income to the aborigine's level so as to help unemployed (men and women) become financially self sufficient - Support for microenterprises hiring unemployed - Methodology: technical advice as part of support measures, Capital Semilla, improvement of market/management, support for equipment and materials, advice and assistance by engineers and technicians for average four months - Unemployed women of 19 - 59 years old and men of 19 - 64 years old 	<ul style="list-style-type: none"> - Direct support 	<ul style="list-style-type: none"> - Entrepreneurs - Informal - Formal - Microenterprises - Individuals

Sources: JICA Study Team compiled a Table on the basis of hearing from each institution.

2.1.2.2 Institutional Framework for Implementation of SME Promotion Programs

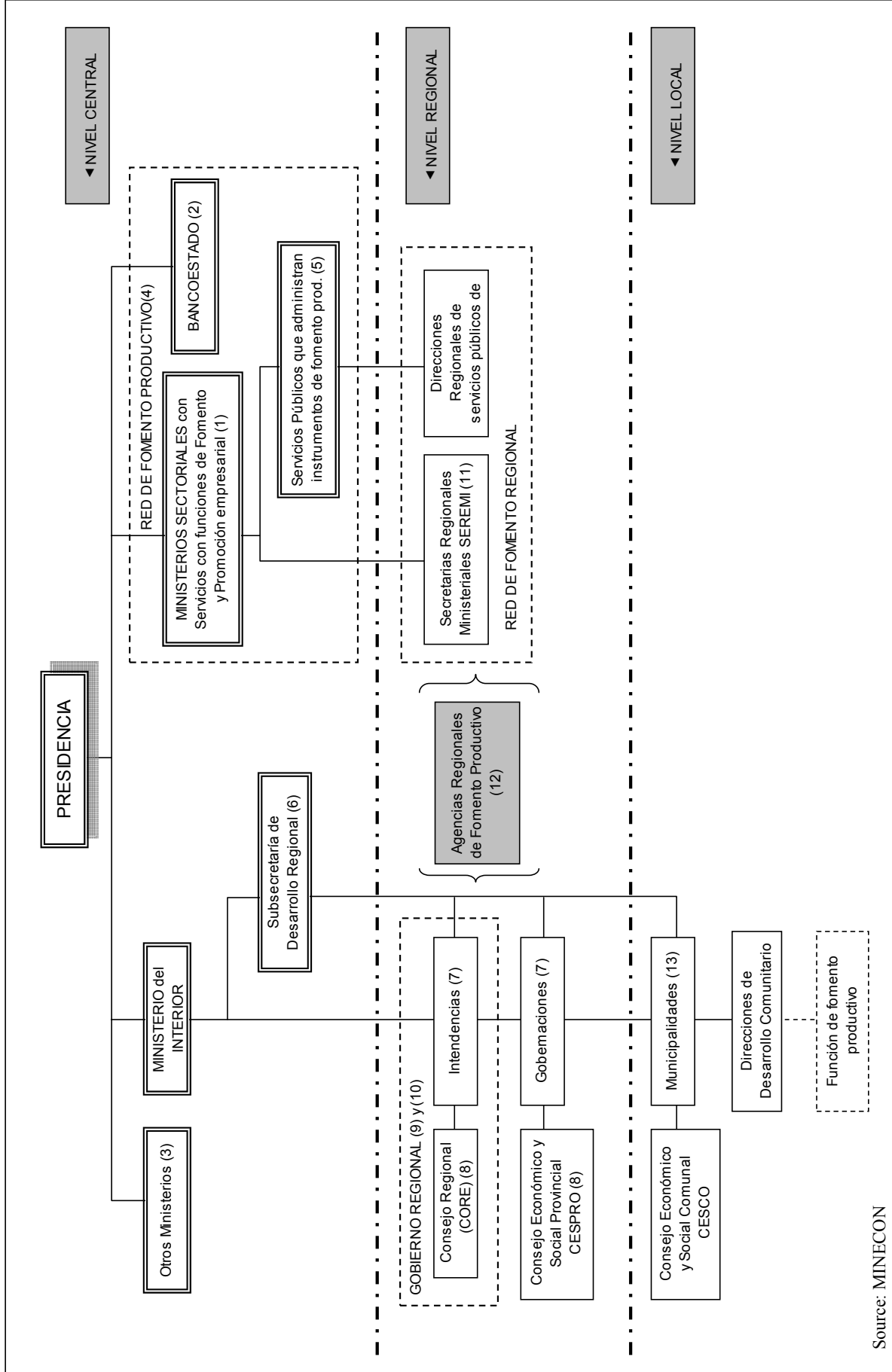
SME promotion programs in Chile are implemented by public promotion organizations under related ministries. These organizations are responsible for implementation of programs to support private enterprises on behalf of respective ministries. They commission program implementation to consultants who are registered with each organization or implement them jointly with consultants in some cases. In addition to consultants, trade associations and the chamber of commerce and industry act as AOI (Agentes Organizaciones Intermediarios).

The entire process is fairly complex to require considerable time and effort in all aspects of program planning, approval and financing. The overall structure is shown in Figure 2.1-1. Coupled with the organizational chart relating to regional development (Figure 2.1-2 “Conceptual View of Organization Relating to Promotion of SMEs and Regional Development”), this suggests further complexity.



Source: Prepared by JICA Study Team

Figure 2.1-1 Industrial Promotion System in Chile



Source: MINECON

Figure 2.1-2 Organization Relating to Promotion of SMEs and Regional Development

2.2 Current State of SME Consultants in Chile

2.2.1 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 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.

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.

Aside from the consideration as to whether SME consultants should be included in the professional qualification system, discussion should be deepened to determine a desirable role of professional SME consultants in society, including types of service they should assume in programs of CORFO and SERCOTEC, by exploring their potential in the course of the pilot project.

2.2.2 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 Oficial 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 seSMEo 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^{*1}. Consultants help 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 2.2-1).

Also, a general outline of INN's Nch2909 training program is shown in Table 2.2-2. Note that various private organizations also offer Nch2909 training programs, but INN is responsible for registration of Nch2909 consultants, together with their certification test. However, INN explains that it is responsible for evaluation of knowledge and skills relating to Nch2909, not the certification process.

Table 2.2-1 Compares Nch2909 Consultants and SME Management Consultants

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

^{*1} As Nch2909 has still to be widely accepted, many SMEs seek to obtain ISO9001 certification.

Table 2.2-2 General Outline of INN's Nch2909 Training Program

Item	Description	Remarks
Teaching method	Lecture 50%, case study (simulated training and discussion in classroom) 50% Test on the final day	
Target	- University graduates (management, accounting, engineering, etc.) - Consultants - SME managers and other persons who are interested in Nch2909	- First come first serve basis - Area of specialty not considered
Class capacity	14 – 21 persons (held four times per year)	- The controllable size up to 30 participants - 15 participants on average
Instructor	Can be handled by only one person	As the instructor is also responsible for other jobs, two persons are assigned.
Schedule	5 days, 9:00 a.m. – 6:00 p.m. (Total: 40 hours)	
Level of training	To teach consulting skills suitable for MEs and SMEs	- The business plan should be developed on the basis of internal and external information. - It is advised to avoid use of management terminology, such as strategy and SWOT.
Test	- Conducted on the final day (fifth day) (Attendance: More than 75%) - A total of 25 questions (multiple choice and essay) Including collection of registration information, understanding of the standard, and problem solving in appropriate steps - 4 out of 7 points are required to pass. - Passing line: more than 65%	- Open to the public - It is difficult to pass without basic knowledge on the subject matter. - Persons other than the target group are recommended to attend the course without taking the test.

Note: There is no auditing system concerning Nch2909. If the system is established in the future, INN will offer an auditing course for persons who have completed the above Nch2909 course.

Source: Prepared by JICA Study Team

2.2.3 Relationship between SME promotion organizations and consultants

(1) Redefinition of the generalist-type SME consultant

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.

CORFO and SERCOTE are organizations implementing SME promotion programs, which are most closely associated with generalist-type SME consultants to be trained under the present project. Also, they carry out almost half of programs implemented by the PPN. While both organizations use outside consultants to implement actual programs, however, they apply different methods to selection of consultants. Program implementation activities by the organizations, including consultant selection, are summarized as follows.

(2) CORFO

Since its foundation in 1939, CORFO has been implementing programs to support local companies in all fields relating to industrial development. Especially, it emphasizes promotion of SMEs, as seen from the fact that many CORFO programs target companies with annual sales of 100,000UF (the upper limit for the definition of SMEs), although they do

not entirely exclude large enterprises. In comparison to SERCOTEC, CORFO appears to give priority to relatively large small enterprises and medium-sized enterprises.

Among CORFO programs, the FOCAL (Development of Quality) program is most relevant in terms of use of SME consultants to be trained under the present project. The program aims to improve management and operation aspects of SMEs by assisting them in obtaining certification under various quality standards, such as ISO (9001 and 14001), HACCP, and Nch2909. CORFO's project formation procedures, including the FOCAL program and consultant selection steps are summarized as follows.

- 1) CORFO implements all programs via an AOI^{*2}, which serves as an intermediary organization (not including CORFO), and under approval of CORFO's head office or province office. In particular, financial and innovation programs are directly managed by the head office, whereas CORFO's province office is responsible for technical service using consultants.
- 2) CORFO, at first, offers conditions for program implementation to an AOI via its province office and determines a preliminary budget for the AOI in consideration of its mission, i.e., to estimate a program cost so as to achieve a goal, while according with the AOI's overall goal. Note that CORFO changed its budget system in FY2009 from program-base to AOI-based. In other words, the new budget system reflects the concept of industry-specific support.
- 3) Then, specific projects are formed by companies and consultants, under the leadership of AOI (Association) member companies. Each project, upon agreement with individual companies, is brought to the AOI.
- 4) The AOI examines a project to see if it conforms to CORFO's concept and requirements, and then, CORFO's province office makes the final decision for project approval. (Note that CORFO call FOCAL and FAT programs as "programs," and programs targeting individual companies as projects.)
- 5) CORFO's province office in Santiago, for example, maintains nine AOIs in FY2009, with the total budget of 5 billion pesos (1 billion yen).

Consultant selection procedures for CORFO-AOI programs are described as follows.

^{*2} The AOI (Agente Operador Intermediario) is an organization, either public or private, formulates and implements a CORFO program at the company level. It is called IAN in English (Intermediary Agent for Negotiations for advice on project execution).

To this date, consultants have been selected from those registering with CORFO. The registration system was started in 1993 for the primary purpose of expanding the range of consulting service by fostering professional consultants who were in short supply. It was designed to evaluate knowledge and skills of consultants and to register them by specifying their areas of specialization. For the purpose of registration, certificates and evidence of professional experience were required. In practice, however, the system to evaluate consultants after registration did not work well and the registration system only provided the list of available consultants without consideration to their qualification. Then, CORFO entrusted the registration system to INN, while maintaining the consultant list. At present, CORFO and INN are in agreement on preparation and maintenance of the consultant list relating to the CORFO-FOCAL programs.

Consultants hired under CORFO's programs are required to register with CORFO or INN and sign a service agreement with an AOI responsible for a specific project. Furthermore, registered consultants take initiative in project formulation under an agreement with client companies and bring a project proposal to an AOI, which then reviews it with CORFO's province office for final selection. In other words, registration with CORFO or INN constitutes a major requirement for consultants to win a contract, while it forms an integral part of CORFO's consultant selection process. CORFO's province office, which has approved a consultant contract with an AOI, is responsible for management of the consultant (such as performance evaluation).

(3) SERCOTEC

SEROTEC, established in 1952, mainly implements programs targeting microenterprises and small enterprises, which account for around 97% of all companies in the country. Thus, SEROCTEC is one of the most important customers - together with CORFO - for SME consultants to be trained under the present project. It primarily carries out programs that are designed to support the present administration's policy relating to promotion of innovation and entrepreneurship and pledges to provide support according to the company's development stages, from creation to infancy and full-fledged growth. SERCOTEC's programs are roughly classified into the following three types.

1) General Services

- Provision of information for small enterprises and microenterprises via the Internet, by telephone or by direct contact, and training for entrepreneurs and small business owners

2) Intermediate Services

- Technical service to assist growth of small enterprises and microenterprises, including programs to provide startup funds for entrepreneurs

3) Special Services

- This service category is further divided into programs to support business expansion or to provide operating funds.

Unlike CORFO and SENCE, which implement programs via an outside implementation organization that directly serves a beneficiary company, SERCOTEC (i.e., its province office) negotiates directly with beneficiary companies and selects a consultant from the Web site for government procurement, MERCADO Publico. At present, SERCOTEC has 27 province offices (15 at department level and 11 at county level).

SERCOTEC's consultant selection procedures are summarized as follows.

- 1) Each province office determines a main development theme for its province and develops programs accordingly.
- 2) The province selects a consultant for each program to decide on the content of TOR (preliminary diagnosis).
- 3) Notification is made at MERCADO Public for consultant selection. The Web site is used to ensure transparency. SERCOTEC encourages consultants who are competent but are not registered with the site to make prior registration. Notification is made by each province office.
- 4) The province office matches selected consultants and companies that applied through the Web site (SERCOTEC.CL). It determines actual programs on its own. SERCOTEC's programs require beneficiary companies to bear an average 20% of the program cost.
- 5) The consultant selected is supervised by SERCOTEC's province office personnel in charge of monitoring.
- 6) Post evaluation on the consultant's performance is based on evaluation by each beneficiary company and by SERCOTEC's monitoring personnel. Note that evaluation by the latter is made against TOR only and there is no evaluation criteria commonly used within SERCOTEC.

Thus, CORFO and SERCOTEC use consultants as an outside contractor for project implementation, although they adopt different selection methods. This is also practiced by other SME promotion organizations. However, it is pointed out that programs implemented by CORFO and SERCOTEC often fail to produce expected effects because their outcomes are primarily governed by individual consultants and their capabilities, which vary greatly due to the absence of a nationwide certification system. In this recognition, both organizations have introduced systems to evaluate performance of consultants who

implement programs, but evaluation is based on comments by beneficiary companies (in the form of interview survey) because no objective criteria are established. Furthermore, neither organization feels the need for improving and maintaining consultants' skills at desirable levels by providing an adequate training program. In fact, the primary purpose of the project on the Chile side is to establish a skill certification system for consultants who are currently in service, rather than a training system to ensure standard skill levels. Both CORFO and SERCOTEC firmly believe that it is important to evaluate consultants accurately, so that they can entrust work to qualified consultants.

2.2.4 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 2.2-3 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 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.
- 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

2.2.5 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^{*3}. 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^{*4}. At 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^{*5}.

(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

^{*3} "MERCADO Publico" is operated and maintained by Chile Proveedore, while the government procurement system is managed by Chile Compra.

^{*4} 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.

^{*5} 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.

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 2.2-4 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 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 (by interview survey from different sources).

Chapter 3 Implementation and Results of Pilot Project

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 - these objectives are described in more detail, as follows.

Note that, SME Consultant System in Chile (a draft plan) is proposed in Chapter 4 of the Report, which is based on a trial plan and system under the Pilot Project.

(1) Extraction of lessons learned for the establishment of the permanent system

The pilot project aims to collect information useful for the establishment of the permanent SME consultation registration and certification system, including the proper functioning and operation of various organizations carrying out tasks relating to the development of the system, such as the executive team, the test and training preparation team, the test result evaluation group, and the registration system itself, the training schedule and the training materials development process, activity steps such as the training of Chilean trainers, and localization of documentation formats such as the company profile sheet and the diagnosis report. Information so collected constitutes expected results from the pilot project and is listed as follows.

- 1) Establishment and management of related organizations, including the executive team, the test and training preparation team, the test result evaluation group
- 2) SME consultant certification and registration system
- 3) Participant recruitment procedures
- 4) Recruitment and training steps for local instructors and trainers
- 5) Procedures relating to various tests, including the competency evaluation test and the certification test
- 6) Preparation of the training program implementation schedule and overall steps
- 7) Steps taken for preparation of test problems and their execution
- 8) Documentation forms including the company profile sheet and the diagnosis report

(2) Development of a formal system to drive subsequent institutional buildup

For the SME consultant system to develop fully, consultants must improve their competency and meet the needs and wants of SMEs in relation to diagnosis and advice, thereby to achieve high levels of customer satisfaction. On the other hand, most SMEs do not have sufficient funds to retain consultants for corporate diagnosis and advice. To maintain the SME consultant system on a sustainable basis, therefore, government is expected to create business opportunity by using public support measures, which include the following actions.

- 1) To promote the planning of support programs by CORFO and SERCOTEC with view to expanding the scope of activity for SME consultants.
- 2) To push forward budget allocation in the next year for the establishment of the SME consultant system and public support programs using it at the MINECON, CORFO, and SERCOTEC.
- 3) To explore the possibility of using SME consultants to be trained under the pilot project for consulting activities in relation to the SME Bankruptcy Law (approved November 2009), such as corporate diagnosis in the context of support for SME regeneration or the formulation of regeneration plans.
- 4) To disseminate and advertise benefits and effectiveness of SMEs consultants by SME development organizations, via trade associations and other media.

3.1.2 Design Concept

3.1.2.1 Basic Policy and Implementation System

(1) Design principles

To ensure effectiveness of SME promotion programs, availability of high quality consultants and the development of an environment to ensure the effective use of consultants are essential. Generally, quality of service is determined by customers, often measured by “customer satisfaction” that can be obtained by meeting their needs or expectations. If consultants who can obtain customer satisfaction from SMEs are considered to be “high quality” consultants, they should be familiar with conditions surrounding SMEs as well as their needs. This position needs to be reflected in the designing of the proposed system for standardization of SME consultants and constitutes basic policy for system design and development.

(2) Establishment and Role of the Project Implementation Team

In July 2009, a team responsible for operation and management of the pilot project, the “Pilot Project Executive Team” was established within the MINECON. The team is primarily

responsible for actual implementation until the project is completed. It is organized by two members representing the MINECON, one CORFO, one SERCOTEC, one INN, one ASEXMA, and the study team members. A representative of the MINECON serves as the team leader and the secretariat is established with SME Division. The team examines preliminary design proposals for the standardized training and registration system for SME consultants, which will be made by the study team, and will agree on a final proposal including the following items.

- 1) Evaluation steps (including training, test, and registration)
- 2) Training courses (subjects) focusing on SME management
- 3) Development of the training curriculum and materials
- 4) Definition of qualification requirements

A general organization of the pilot project implementation system is shown below.

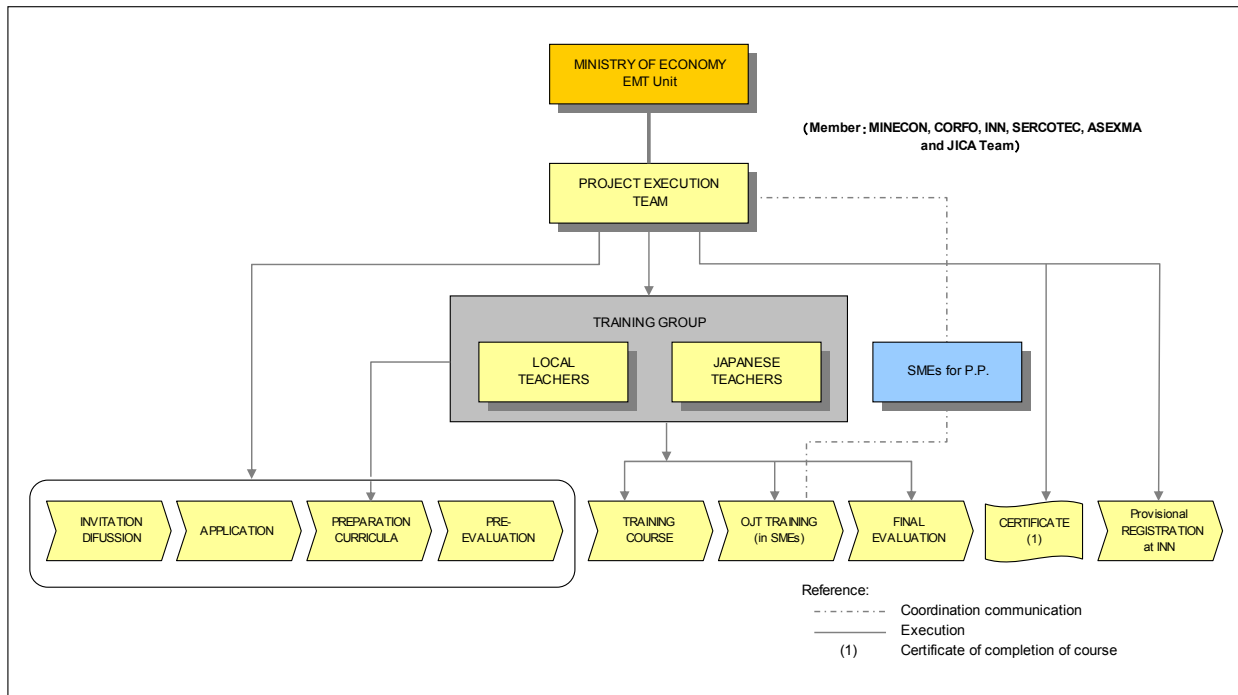


Figure 3.1-1 Pilot Project Implementation Team

Members of the Project Implementation team will also be members of the project's steering committee, except for ASEXMA. ASEXMA has been selected to represent the private sector from candidate organizations through consultation with the MOI.

3.1.2.2 Training Implementation Method and Schedule

(1) Basic Policy for Implementation of the Training Program

SME consultants are expected to produce visible results at client companies. The training program is therefore designed to train practical skills so that they can provide advice and support for viable and sustainable growth, promote the effective use of management resources, aim at comprehensive diagnosis from individual departments to overall management, and help the productive use of SME programs, the mobilization of outside resources, and smooth realization of proposals. For these purposes, the training program will consist of lecture and field training courses that allow participants to learn basic knowledge required for diagnosis and advice in the following areas, from 1) to 4), as well as the ability to apply such knowledge to field service.

- 1) Advice and support for easily doable improvement and sustainable growth
- 2) Reevaluation of management resources and promotion of their effective use
- 3) Comprehensive diagnosis from individual departments to overall management
- 4) Support for effective use of public SME programs to take advantage of each company's characteristics, or the mobilization of outside resources and smooth realization of specific proposals

(2) Training Implementation Method and General Outline

The methodology used for implementation and a general outline of the pilot project are shown in Table 3.1-1. 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 3.1-1 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. Participants representing government organizations are expected to improve the ability to manage SME support programs led by public organizations more effectively.
Qualification	<ol style="list-style-type: none"> 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; ② Field experience on three or more projects (preferably those covering the manufacturing sector) under CORFO or SERCOTEC program; or

Implementation steps	Key points
	<p>③ Consultant registration with INN</p> <p>④ Working for a public organization relating to SME promotion (including central and local governments) or a financial institution</p>
Selection of candidates	<ul style="list-style-type: none"> - To explore various possibilities under the pilot project, the Pilot Project Executive Team will select around 24 participants by taking into account relevant factors. - The selection process will start by requesting applicants to submit an application, curriculum vitae and job description statement. - 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. - On the basis of documents submitted by applicants, the executive team will establish selection criteria and select applications at a selection meeting.
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"> - 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. - 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.
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

(3) Instructors and Teaching Materials

Teaching materials used for the classroom course, including textbooks and syllabus, will be prepared by the study team by using those developed for similar JICA projects implemented in other countries as reference. However, those relating to the country's legal and commercial systems and conditions, such as business startup, incorporation, bankruptcy, intellectual property rights, contract, securities and capital transaction, labor relations, and accounting principles, will be made in consultation with Chilean instructors and under advice of Japanese instructors (JICA Study Team).

Two tests will be conducted, the competency evaluation test and the certification test (the final test). Japanese instructors will establish a basic guideline for administration and grading of the tests and make test problems, which will be finalized in consultation with the counterpart. In particular, textbooks will be designed to allow participants to learn practical knowledge.

Table 3.1-2 Key Points in Selection of Local Instructors and Development of Teaching Materials

Organization of instructors	<ul style="list-style-type: none"> - Japanese (experts) and Chilean instructors - As for Chilean instructors, a candidate list will be prepared by the executive team.
Selection of Chilean instructors	<ul style="list-style-type: none"> - Instructors for each subject will be selected through consultation between the study team and the executive team according to selection criteria by taking into account candidates' experience and their competency demonstrated in group study and field training. - After general discussion with each candidate on a specific subject to be assigned and his agreement to teach the subject, detailed discussion will be made on the organization of lecture and content of field training. Final selection will be made by the executive team.
Treatment of teaching materials	<ul style="list-style-type: none"> - Textbooks and other teaching materials to be prepared for the pilot project will be delivered to the MINECON. They are expected to be transferred to INN when it becomes an implementation organization (or other organization). - They will not be distributed to Chilean instructors for the pilot project. - Care should be taken to prevent unauthorized reprinting or illegal copying.
Preparation of teaching materials	<ul style="list-style-type: none"> - Based on the teaching materials prepared by Japanese experts, the text/training preparation team will compile teaching materials that reflect actual conditions in Chile, including the legal system. - They will be refined and updated from time to time on the basis of the results of the pilot project to form the basis of preparing textbooks and other materials that meet the objective of the training program. - Textbooks and syllabus used for the classroom course will be prepared by the study team on the basis of those used for a similar project in Mexico. As for the practical training course, consulting and report writing techniques will be compiled by local instructors under supervision of the study team, while applying these techniques used for field training for corporate diagnosis in Japan.

Source: Prepared by JICA Study Team

(4) Competency Evaluation Test

The competency evaluation test is conducted to accomplish the following purposes.

- 1) To evaluate the level of knowledge owned by consultants prior to the start of the training course.
- 2) To collect information from the test results, which can be used to develop teaching materials and improve the training program in order to allow identification of weaknesses common to consultants and to teach knowledge required for SME consultants.
- 3) To find ways to refine teaching materials and improve the training program on the basis of information obtained from the results of the competency evaluation test.
- 4) To provide basic information to measure the results of the training course (level of improvement of participants) by comparing the results of the competency evaluation test with those of the certification test at the end of the training course.

3.1.3 Consultant Training Program**3.1.3.1 Course Schedule****(1) Lecture and practical training courses**

The SME consultant training program will be held for a total of 157 hours, consisting of the classroom course to teach knowledge (65 hours), the practical training course focusing on field training at SMEs (90 hours), and the presentation meeting, the closing ceremony, and other events and activities (2 hours)

Classroom course	(65 hours - 3 weeks)
Practical training course	(90 hours - 3 weeks)
Other	2 hours
Total	157 hours

(2) Time allotment plan

A general outline of each training course, including the study method and time allotment is shown in Table 3.1-3.

Table 3.1-3 General Outline of the Training Courses with Time Allotment

Training course	Study method	General description	Time allotted
Classroom course	Objective	To acquire knowledge required for SME consultants	16 hours
	Individual study	- To conduct study at home by using distributing materials.	

- While providing effective evaluation and guidance for SMEs requires a specific set of

Training course	Study method	General description	Time allotted
		<p>knowledge, experience, practical skills, and aptitude, participants will be active consultants or government officers engaged in SME promotion and can acquire necessary knowledge by means of individual study.</p> <ul style="list-style-type: none"> - Participants can ask questions or clarification to the test/training preparation team. 	
	Objective	To review knowledge learned through individual study and develop the ability to apply it to practice.	
	Group study	<ul style="list-style-type: none"> - All participants will attend a single lecture class held in INN's room and will be organized into groups consisting of around eight persons, as required. - During each group session, participants will occasionally discuss on a topic selected by the instructor. - It is expected to stimulate creative thinking of participants by means of awakening through the exchange of opinions and ideas derived from professional knowledge and experience of consultants. - Group discussion may include the introduction of successful cases by consultants and the guest lecture by SME managers on their own experience. - Care should also be taken to help participants to improve communication skills. 	38 hours
		Opening ceremony, placement test, guidance, Joint-reporting to host SMEs, and Test	11 hours
Practical training course	Objective	To develop the ability to apply acquired knowledge and the ability to execute promptly.	
	Client company 1	<ul style="list-style-type: none"> - Each group (consisting of eight participants) will visit a client company to OJT-style field training for corporate diagnosis and advice for the purpose of learning required competence and skills. - Corporate diagnosis and advice will be performed at the rate of one company per week in consideration of burdens on the client company and by revising the schedule as required, including the use of the weekends and nighttime. - Each group will develop proposals to meet the needs of the client by applying knowledge and skills learned in the classroom course and will compile a formal report. - In light of the fact that many client companies complain about consultants for their lack of understanding on actual conditions and needs 	53 hours

Training course	Study method	General description	Time allotted
		<p>of individual companies, emphasis will be made to develop communication skills with SME managers and workers.</p> <ul style="list-style-type: none"> - If time permitted, the group will hold a presentation meeting to report the results to the client, as well as a peer review meeting, on the final day of visiting. It is designed to identify and apply lessons from the experience to the subsequent consulting activity (Client company 2). For the reporting purpose, a summary report on the results of diagnosis and advice will be prepared and presented to the client (host SMEs). - A consulting report will be submitted in other days. 	
	Client company 2	Same as above	37 hours
Reporting and closing ceremony		<ul style="list-style-type: none"> - Review meeting for the practical training course (questionnaire survey and exchange of opinions by participants and instructors) and closing ceremony Two hours 	2 hours

Source: Prepared by JICA Study Team

Note that a one-week intermission will be provided between the classroom course and the practical training course. Instructors will make an action plan for the training course by making necessary coordination and arrangement to match schedules of client companies and participants. In developing the action plan, the following conditions should be taken into account.

- 1) Each client company will be visited by a group of participants (around six) accompanied by a Japanese expert (instructor).
- 2) The visiting schedule should be made flexible for convenience of both client companies and participants, including the use of nighttime and weekends.
- 3) Each group will decide on the schedule (time for assembling) and the method for communication
- 4) The total duration of the practical training course will be 90 hours or longer.

3.1.3.2 Training Curriculum

(1) Basic principles of the training program

The training program aims to develop competence required for SME consultants to assume the following functions, including the ability to perform corporate diagnosis in an efficient manner, to develop an effective and viable proposal, and to motivate SME managers to take effective action.

- 1) Generalist capable of conducting corporate diagnosis and giving advice from overall perspectives
- 2) Coordinator capable of giving proper advice relating to the procurement of external resources for the purpose of complementing management resources that are generally in short supply at SMEs
- 3) “Family doctor” capable of answering any questions relating to corporate operation and management, reliable for client companies

The training program is expected to produce the following results.

- 1) To obtain know-how required for SME consultants to develop good relations with client companies and to perform corporate diagnosis from SME's interests and perspectives.
- 2) To become capable of providing comprehensive advice directed toward problem identification and support for the management system from department level to the entire company.
- 3) To become capable of making proposals based on effective and efficient use of management resources by reconsidering the current state of utilization.
- 4) To develop the ability to provide advice and support for actions that is easily doable and sustainable.
- 5) To become capable of developing proposals for effective use of government's SME support programs (or external resources) in the direction to leverage the client company's strengths and advantages, and of providing support for realization of such proposals.

(2) Training subjects

Based on the above principles, the following seven subjects (six courses plus field training for SME diagnosis) are considered to be indispensable in developing a knowledge base and competency required for SME consultants and should therefore be offered in the training program. As discussed earlier, the training program will be 157 hours in total and will be divided into the lecture and practical training courses. The classroom course will then be divided into individual study and group study. In consideration of the needs of SMEs relating to corporate diagnosis, the role expected of SME consultants, and priority programs relating to SME policy, key topics will be selected for each subject. In the following list, each subject is followed by key topics (in parenthesis) that have been tentatively selected. Actual topics will be determined by the test and training preparation team under assistance of Japanese experts.

- 1) SMEs in general (SME support, business startup support, the mechanism of the Productivity Promotion Network, etc.)

- 2) Consulting skills (professionalism and ethics, advice theory, presentation techniques)
- 3) Finance and accounting (management analysis, cost accounting, cash flow management, investment analysis)
- 4) Business law (incorporation, reorganization, liquidation, commercial transaction, IP, share and IPO)
- 5) Corporate management theory (management strategy, organizational management, HR management, marketing, IT)
- 6) Operational management of the manufacturing establishment (production planning, quality control, materials procurement, production, machining techniques)
- 7) Field training for SME diagnosis (each group handles two companies)

Figure 3.1-2 shows the body of knowledge and skills required for SME consultants.

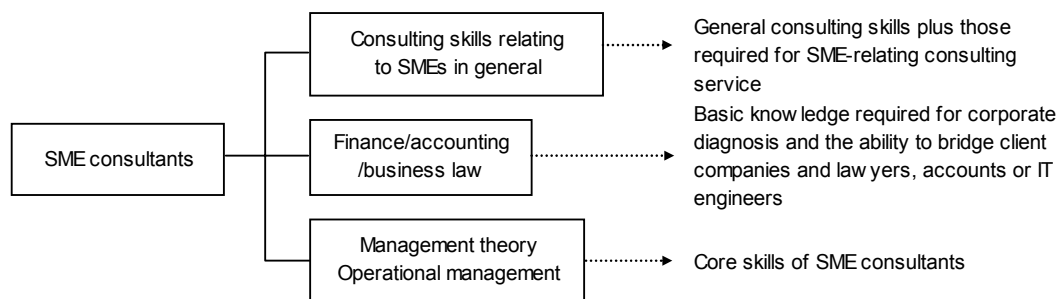


Figure 3.1-2 Body of Knowledge and Skills Required for SME Consultants

(3) Management of Training Courses

The test and training preparation team will be organized under the executive team to manage the training courses by taking into account the following requirements.

- 1) Maximum use of resources (physical and intellectual) owned by organizations relating to the executive team, including training facilities, office space for instructors, secretariat and secretaries, and know-how on training
- 2) The setting of rules for the training courses in consultation with the preparation team and strict time management relating to participants
 - Strict enforcement of rules and their notification to participants (e.g., noncompliance with the rules results in failure to complete the course)
 - The rules and other necessary information will be made into a booklet for distribution to participants and orientation will be held prior to the start of the course (e.g., during the opening ceremony).
- 3) Every Japanese instructor including those teaching the classroom course will have a Japanese/Spanish interpreter.

3.1.3.3 Classroom course

(1) Objective

To teach or check basic knowledge required for SME consultants and the ability to provide long-term and objective advice from interests and perspectives of SMEs.

(2) Time schedule and allotment

As participants are government officers (in charge of SME promotion) and consultants serving for the private sector, the time schedule should be made flexible to ensure the ease of attendance, e.g., use of nighttime and weekends (Saturdays). The following time allotment is tentatively established.

Total: 65 hours

- Individual study: 8 hours (Saturdays) x 2 weeks = 16 hours
- Group study: Lecture; 3 hours x 12 days + 2 hours = 38 hours, others: 11 hours

(3) Training method

1) Individual study

For SME consultants to conduct proper diagnosis and guidance service, an optimum combination of knowledge, experience, the ability to execute, and aptitude is indispensable. As most of participants are consultants with sufficient experience, the classroom course can be primarily conducted in the form of independent study, i.e., each participant will study at home or other places and at his own pace by using teaching materials provided. The basic rules for independent study are as follows.

- Participants are expected to conduct independent study by using teaching materials provided in advance, prior to the start of group study. Note that subjects covered in the teaching materials will be included in the scope of the certification test.
- Independent study should be carried out in such manner to find each participant's weaknesses and to identify key points and issues relating to each subject, so that group study is used to overcome weaknesses and to improve the understanding of key points.
- A test will be conducted one week before the start of group study (three hours and 30 minutes on Monday night) for the purpose of checking the results of independent study and weaknesses.
- Participants can ask questions and clarification during the group study session or directly to the test and training preparation team.

2) Group study

As it is assumed that most of participants are consultants active in their own areas of specialty when they participate in the program, they are expected to learn each other through the exchange of opinions and ideas. They can help others in a field where they have expertise, while seeking advice from others to overcome weakness. In particular, discussion will serve as a good opportunity to enhance the ability to apply knowledge to field practice. As many of them will have to participate in the program under time constraints, topics will be selected in consideration of the needs in relation to SME diagnosis and advice required for consultants. Selection will be made by Japanese consultants in consultation with the test and training preparation team. A local instructor having experience as SME consultant will be assigned to each group.

(4) Principles relating to the development of teaching materials

Textbooks and other teaching materials will be prepared with an emphasis on practical knowledge that can be applied to actual conditions of SMEs so as to develop the ability to fulfill the role expected of SME consultants. The principles relating to the development of textbooks for the six subjects are summarized below. The teaching materials developed the pilot project will be refined and updated from time to time on the basis of the results of the pilot project to form the basis of preparing textbooks and other materials that meet the objective of the training program.

Table 3.1-4 Principles Relating to the Development of Textbooks

Subject	Principles set for development of textbooks
Introduction to SMEs	<ul style="list-style-type: none"> - Many of companies surveyed want consultants to conduct diagnosis and give advice on the basis of good understanding of their actual conditions and difference from large enterprises. SMEs and large enterprises differ in not only size but many other aspects as well, including management style (family-operated, agility, flexibility, etc.), availability of management resources (assets, money, and information) and reliance on external resources, and the business environment. In addition to characteristics of SMEs, knowing the business environment surrounding SMEs, such as the trends in Chilean industries and regional economies and the term of trade, is critical for proper diagnosis and advice. - Many of SMEs visited by the study team had hard time at the startup stage due to the lack of management resources (both quality and quantity). SME consultants are thus expected to provide support relating to the procurement of external resources in addition to the development of management strategy and the advice for implementation. In this connection, it is important to acquire knowledge and skills relating to public support programs, such as their outline and the application method, as well as the use of other outside resources. The textbook should therefore meet the needs.

Subject	Principles set for development of textbooks
	<ul style="list-style-type: none"> - Moreover, materials will be prepared for group discussion on the situation facing SME owners (they have to deal with everything but do not have time to think or collect information) and general dependency on owners for decision making, thereby to help improve the ability to be responsive to actual conditions of SMEs by putting oneself in their place (which consultants are said to lack).
Consulting skills	<ul style="list-style-type: none"> - Many SME managers interviewed during the first field survey stated that the primary requirement for consultants was the ability to develop confidence and to listen what they want to say on an equal footing. Also, many pointed out that some consultants had ethical problems in terms of non-disclosure obligation, compliance with fiduciary obligation, and abuse of power, etc. On the other hand, there are a number of opinions to want practical and realistic advice, rather than vague recommendations for idealistic goals. Some expect consultants to provide follow-up consultation on a continuous basis after the initial advice and to watch the company's growth. Textbooks will therefore be developed to help participants to acquire basic knowledge and skills to meet such expectations. - In addition, materials will be prepared for group discussion on the desirable role of consultants as part of management resources, including coordinating skills, thereby to help improve the ability to be responsive to actual conditions of SMEs and act accordingly (which consultants are said to lack).
Finance/accounting	<ul style="list-style-type: none"> - Management analysis using financial statements is an important tool to analyze the company's state accurately and identify problems facing it. For instance, evaluating the possible impacts of an action on overall management of the company, such as cost reduction measures at a production department versus the company's cash flow, cannot be carried out without financial and accounting knowledge. Textbooks used for the pilot project will certainly include such knowledge and skills. In this connection, local laws and regulations including generally accepted accounting rules in the country will be fully taken into account. - Furthermore, materials will be prepared for discussion on various issues relating to finance and accounting, such as the need to address financial and accounting issues from their connection with workers (e.g., cost reduction must come from cost awareness of all employees and should therefore be addressed from the viewpoint of making it their issue, rather than something that has to be taken care of by managers), or ways to understand actual conditions of SMEs accurately given the lack of proper data, thereby to help improve the ability to be responsive to actual conditions of SMEs and act accordingly (which consultants are said to lack).
Business law	<ul style="list-style-type: none"> - Understanding the country's legal system and custom is very important in relation to SME consulting, especially business law covering business startup, reporting procedures, incorporation and bankruptcy, intellectual property, contract, and capital markets such as bonds and securities; commercial transaction in general, including business custom; accounting principles and regulations; labor relations, and public health and the environment. While actual tasks in these fields are largely handled by

Subject	Principles set for development of textbooks
	<p>lawyers, accountants and other experts, SME consultants are expected to possess basic knowledge in these areas in order to identify potential risks and problems by understanding the company's operating status accurately, discuss them with SME managers, and supplying necessary information to experts as required. Textbooks should therefore cover basic knowledge and skills in these fields.</p> <p>- Also, in order to address the need for the ability to be responsive to actual conditions of SMEs and act accordingly (which consultants are said to lack), materials will be prepared for group discussion on measures to use law and regulation into the company's advantage (e.g., patent strategy to create differentiation from competitors and promotional strategy to improve a public image by announcing environmentally friendly products) and the role of SME consultants in support for business regeneration.</p>
SME management theory	<p>- This course will consist of management strategy, organization theory, marketing, and information system. As management strategy, organization theory and marketing, together with management analysis based on finance and accounting techniques, constitute a body of knowledge essential in management analysis, problem solving and advice on future development, and they should be covered by textbooks for the pilot project.</p> <p>- As for IT, the development of a management information system to take advantage of technological advancement in the area requires a high level of knowledge and proficiency. At the same time, such system can only fulfill its function and produce favorable results when the management system and organization is adapted accordingly. In this connection, SME consultants are expected to be involved in conceptual design and system planning by making proposals to allow the information system to deliver results in all aspects of corporate management and make substantial contribution to the improvement of productivity and competitiveness, while taking into account relevant factors such as management strategy, organization, production, and sales. Thus, textbooks will cover basic knowledge and skills relating to IT and information system, which enable SME consultants to bridge communication between SMEs and IT engineers in relation to system development and implementation. Note that knowledge on programming will not be included.</p> <p>- In addition, materials will be prepared for discussion on issues relating to management strategy, organization, and information system, which are important for SMEs to adapt themselves quickly to environmental change, including the role of employees, thereby to help improve the ability to be responsive to actual conditions of SMEs and act accordingly (which consultants are said to lack).</p>
Operational management	<p>- There is much criticism about consultants and their attitudes, e.g., lack of interest in field activity and the making of a plan or a proposal without knowing actual conditions. As SME consultants are expected to provide appropriate guidance and advice for improvement of competitiveness and productivity from the entire company's perspectives, textbooks will therefore cover knowledge and consulting know-how relating to factory operation and</p>

Subject	Principles set for development of textbooks
	management. - In addition, materials will be prepared for group discussion focusing on TQC-related issues, such as the relationship between the factory, the sales department, and the design department, outsourcing management, response to customer complaints, and 5S-Kaizen activities, thereby to help improve the ability to be responsive to actual conditions of SMEs and act accordingly (which consultants are said to lack).

Source: Prepared by JICA Study Team

(5) Classroom course curriculum

The classroom course will be designed in consultation with the counterpart, on the basis of a curriculum prepared by the study team by taking into account local conditions, as shown below. The time schedule and allotment will be made by the test and training preparation team, under assistance of the study team, with care to ensure balanced time allotment within a set of core knowledge, especially in relation to the desirable role of SME consultants, knowledge and skills that consultants do not have now, management theory, and operational management.

3.1 Outline of Pilot Project Implementation

Table 3.1-5 Classroom Course Curriculum

	Contents	Hrs	Major item	Topic
1.0 SME General		3	Policy for development of teaching materials: Based on those used for the Mexico project and modified to take into account local conditions in Chile	Introduction of cases in Japan, discussion questions, and speeches by invited companies
1.1	Public support for SMEs		SME policies and related laws and regulations in Chile, and current state of SMEs and MEs (characteristics and conditions)	Q: Why is the Planning Agency's criteria based on the number of employees not used? Q: Why are consultants working at present criticized? Reasons and future measures
1.2	Entrepreneurship		Discovery and evaluation of business opportunity, business plan development, and creation of innovation (product/service development and business startup)	Same as left
1.3	SME promotion organization network (Red de Fomento)		Support organizations for SMEs and MEs (Productivity Promotion Network) and their support programs	
1.9	Key words: associativity, entrepreneurship, innovation, promotion programs		Importance of organization, collective operation/activity and alliance, consulting techniques for microenterprises/small enterprises, characteristics of financing and accounting methods, and use of outside resources and related philosophy	Advantages for organization, collective operation/activity and alliance (Japanese cases) Why are they difficult in Chile? Introduction of cases (invitation of Hotel Rio Amazonas)
2.0 Habilidas del consulor		3		
2.1	Professional ethics (continuous cons)		Consultants and code of ethics	Introduction of business ethics in Japan and exchange of opinions, introduction of cases on customer complaints (improper identification of corporate needs and lack of explanation), case study on Curial Chile
2.2	Coaching		Advice techniques and consulting skills (interview, communication, diagnosis planning and steps)	Introduction of general practice relating to diagnosis and support in Japan (principles relating to diagnosis and the role of SME consultants), and introduction of experiences by group members
2.3	Presentation techniques		Presentation (preparation of a plan statement, public speaking, persuasion), way of thinking and behavioral pattern of SME/ME managers	What is presentation easy to understand for ME owners?
2.9	Key words: Technique for keeping good relations, Effective Communication			
3.0 Finance and Accounting		6		
3.1	Financial analysis		Financial analysis and accounting standard	
3.2	Cost calculations, Finance, *Cash-flow		Cost management, breakeven point, cash flow, finance, bridge fund, investment evaluation, budget control	To be prepared jointly by the Japanese and Chilean counterparts because possible impacts of the country's accounting standards on other items are not known. Cost awareness of employees is critical for successful cost reduction; visualization of waste, variation, irrationality. What does it take to raise employees' cost awareness?
3.3	Investment		Investment evaluation, Budget management	
3.9	Key words: equilibrium point calculation, finance table preparation, negotiation with banks, account receivable. (credititos), actions based on financial analysis		Adequate taxation management	
4.0 Applicable Laws and Regulations		6		
4.1	Companies structures		Detailed checking on all items	

3.1 Outline of Pilot Project Implementation

	Contents	Hrs	Major item	Topic
4.2	Liquidation			
4.3	Commerce regulations			
4.4	Patents, Technology knowledge			
4.5	Stocks			
4.9	Key words: Bankruptcy Law, company re-structuring, client bankruptcy case, private assets and company assets, tax control, labor safety actions, regulations from start to end SME			Introduction of Japanese cases; method for determining the possibility of regeneration, the formulation of regeneration plans and follow-up; case study on MULTIMETAL. What can SME consultants do?
5.0	SME Management Strategy	9		
5.1	SME management strategy		Management strategy and business plan	SME survival strategy (niche, Only One company); survival for Chile's SMEs and MEs. What role can consultants play in planning and implementation of development strategy?
5.2	Organization management		Organizational structure, decision making, leadership, management plan, SWOT analysis, BSC, evaluation (PDCA)	Medium-term plans (goal setting, analysis of difference between annual plans and actual results, and improvement measures)
5.3	Labor management		Labor relations law, HR management, motivation, career planning, work safety and hygiene, working environment (modification required according to labor laws)	What is an effective method to motivate employees of SMEs and MEs in Chile?
5.4	Marketing		Introduction to marketing, market and market study techniques, sales (AIDA), value chain strategy, cluster development theory, industry analysis in Chile and characteristics	Introduction of Japanese cases; new type of sales person – sales engineer (customer needs → design and planning → manufacturing), production/sales meeting. What is the most effective and sustainable method for reading customer needs?
5.5	I/T systems		Management strategy and information system	
5.9	Key words: SWOT analysis, balance sheet, Score card, business plan, new business, sales engineer, engineering, incentives for increase labor productivity, anchoring of laborer, management cycle		Brand image and packaging	Introduction of Japanese cases; and after-sales service, response to customer complaint, product improvement (including the service delivery method). What is the difference from Chile?
6.0	Manufacturing Process Control	11		
6.1	Production planning		Production process, planning, and process analysis	Introduction of Japanese cases; and TQM, QC. What is an effective method to introduce to SMEs in Chile? (for instance, use of ISO9001 certification as the basis of introducing TQM)
6.2	Quality control		TPM, ISO9000-2008, Neh2909, TQM QC (statistical techniques and seven QC tools)	Supplier management (relationship with subcontractors)
6.3	Material purchase		Materials/purchase management	Introduction of Japanese cases: KAIZEN and 5S. What is an effective method to introduce to SMEs in Chile?
6.4	Production process, manufacturing technology		Production management, KAIZEN, 5S, safety and hygiene, and environment	
6.9	Key words: calculation time/methods, case study, KAIZEN by innovation, defects control, stocks, delivery suppliers control, packaging → corporate image, net present value			
	Total hours	38		

Source: Prepared by JICA Study Team

3.1.3.4 Practical Training Course

(1) Objective

The practical training course is designed to improve the ability to apply knowledge and know-how learned in the classroom course to practice in the form of OJT, and communication and presentation skills to explain results to client companies. Note that the following coaching and counseling skills that are generally expected of SME consultants are included in the guideline for the SME consultant ("shindanshi") system in Japan. Their necessity and suitability for the SME consultant certification system in Chile will be evaluated under the pilot project, and if necessary, their training method suitable for the country will be developed.

- Listening skill
- Discussion skill for a specific agenda
- Skill to summarize the discussion
- Skill to identify other person's competency
- Skill to induce other person to self-suggestion
- Skill to motivate other person to take action

Source: Guidelines for Services and Activities of SME Shindanshi (SME Shindanshi Association)

In the practical training course, adequacy of the pilot project will be examined and necessary refinement will be made to develop a model for corporate diagnosis and support that fits local conditions in Chile, by taking into account the issues facing local consultants at present, the desirable role of SME consultants, the expected image of diagnosis and support services in Japan, and similar products in other countries.

Table 3.1-6 Desirable Scope and Quality of Corporate Diagnosis and Support Services by SME Consultants

Diagnosis/support activities	Description
Prior confirmation of diagnosis needs	<ul style="list-style-type: none"> - SME consultants are in a position to provide high quality service for companies in terms of customer satisfaction, and the key success factor is to understand customer needs, i.e., what they expect from diagnosis. - It is often the case that a SME manager does not even realize main issues facing his company and their causes. As a result, the consultant needs to understand the company's wants and expectations through interview and document review, to check their validity from rational and long-term perspectives, to reach an accord with the company (including necessary change in goals expected by the company), and to gain the company's understanding of what it needs to do in order to accomplish an objective or goal. - This process is essential in winning confidence of the company (customer satisfaction) at the final stage where proposals and reports are submitted. Also, it is the prerequisite to the successful implementation of the proposals. - A non-disclosure agreement is signed by participants. It represents the code of ethics for SME consultants, including confidential obligation, the maintenance of fiduciary relationship with the client, and the prohibition of abuse of consultant's status.

3.1 Outline of Pilot Project Implementation

Diagnosis/support activities	Description
Quantitative and qualitative analysis	<ul style="list-style-type: none"> - Traditional management analysis using a set of indices derived from financial statements (representing growth potential, profitability, safety, liquidity, and productivity), as well as qualities of managers (leadership, communication skills, decision making, personality, and reliability) - Analysis of initiatives to grasp new opportunity, such as environmental protection and social contribution
Factors relating to the business environment	<ul style="list-style-type: none"> - Economic factors (changes relating to management resources to affect operating efficiency, including human resource, property and money, regulatory trends, and local economy trends) - Social factors (impacts of the environment and society on companies and their activities, including changes, events and phenomena on a global scale) - Human factors (satisfaction of materialistic needs, mental fulfillment, and self-realization, pursuit of individual goal and fulfillment, and diversity): They can be considered as business opportunity, rather than threat and weakness.
Analysis of management resources	<ul style="list-style-type: none"> - Need for analysis of the client's management resources from overall perspectives, e.g., whether mobilization of management resources and resource development and utilization plans are formulated in line with the overall business plan, whether the possibility to mobilize outside resources (HR, fund, information, IP) to complement internal ones is considered, whether all management resources are allocated to all departments in a balanced manner, and whether the management system is designed and operated to allow optimum use of resources according to changes in the business environment
Identification of management issues	<ul style="list-style-type: none"> - SME consultants are expected to change their mindset to drive a shift from the traditional style consultation characterized by top-down, cure-all advice to the new style characterized by diagnosis and guidance founded on a participatory and customized approach. - At the same time, companies are expected to actively participate in the process of identifying issues.
Proposals and presentation meeting	<ul style="list-style-type: none"> - Proposals should be made under a clear agreement with the client company, for which a participatory approach in the diagnosis process needs to be elaborately designed. - In the presentation meeting, efforts should be made to agree on a proposal that is acceptable to the client company in terms of rationale and incentive. Coaching and counseling techniques should be used where applicable to support the consensus building process. Again, this should start with good communication between the consultant and the client in the diagnosis stage.
Development of business plans adaptive to variable factors	<p>An action feasible at present may become infeasible due to changes in the business environment or other internal or external conditions, and vice versa. Business plans should therefore address such variable factors</p>
Proposals and reports backed by overall consistency	<p>Any proposal should pursue the optimum outcome for the entire company, rather than a specific department or business. Also, the development of proposals in a diagnosis group should be made with care not to results in inconsistency among members.</p>
Doable proposals	<ul style="list-style-type: none"> - As the consultant is an adviser and facilitator while implementation of his proposal is left to the client. The consultant's role is therefore to present a proposal in such way that the client sees it doable and is motivated to carry it out until an expected goal is attained. - The proposal should be doable within available management resources within the company. If outside resources are required, the proposal should specify the method for mobilization or procurement.
Support for proposal implementation	<ul style="list-style-type: none"> - The consultant taking a participatory approach involves the client company in the diagnosis process, while he actively participates in the implementation process to support the client's activities. - The role expected of SEM consultants is to ensure that their diagnosis and support activities lead to a specific outcome for the client company, not mere completion of their activities. In this connection, it is important to provide the client with information on available public support programs, including their effective use.

Reference: Principles of Corporate Diagnosis and Management System Analysis in Perspective, SME Shindanshi Association

(2) General outline of the practical training course

A preliminary time schedule for the practical training course is shown below. Modification will be made about interview and factory visit schedules according to client companies.

Table 3.1-7 Time Schedule for the Practical Training Course

Item	Time allotment	Description
Objective		The primary objective of the practical training course is to develop the ability, in the form of OJT, to apply knowledge and know-how learned or reinforced in the classroom course to daily practice in SME consulting.
Total hours	90 hours	<p>The total 90 hours are divided into the following activities. Actual time allotment is adjusted in consideration of actual conditions at client companies. To secure training hours of at least 90 hours, use of Saturdays and nighttime on weekdays will be considered in scheduling.</p> <p>90 hours (53 hours (10 days) for medium-sized enterprises and 37 hours (7 days) for small enterprises</p> <p>① Interview with management (general diagnosis): 1 day x 8 hours x 2 companies = 16 hours</p> <p>② Detailed diagnosis: 1 day x 8 hours x 2 companies = 16 hours</p> <p>③ Report meeting: 1 day x 3 hours x 2 companies = 6 hours</p> <p>④ Group discussion and report preparation: Total of 52 hours (33 hours for classroom discussion + 19 hours for private study)</p> <p>Note: The above hours do not include travel time.</p>

Source: Prepared by JICA Study Team

(3) Implementation steps for the practical training course

The course is implemented according to the following steps.

1) Selection of client companies

Client companies are SMEs that fit the objective of the course. In the first step, candidate companies are selected on the basis of financial statements, interview surveys of the management, and a positive response on cooperation including factory visit. Selection criteria are summarized as follows.

- Client companies are SMEs or MEs of size and industry type that fit the objective of the course and are willing to cooperate by providing necessary data and documents and by responding to interview surveys.
- Necessary data include financial statements (three terms), company profiles, product description, sales and purchase records, factory/store layout and drawings, organizational chart and job description, work rules, and production charts for key products
- Presentation meeting and questionnaire survey: Client companies are willing to cooperate in the presentation meeting (attendance by managers) and the questionnaire survey (which serves as the basis of evaluating the competency level of participants).

2) Preliminary meeting

A team of Japanese and Chilean instructors will visit client companies prior to the start of the course to hold the meeting for the following activities and receive necessary data and document required for preparing a preliminary survey sheet.

- To explain the purpose of the visit and field training, its general outline and schedule, and deliverables.
- To check what client companies expect for corporate diagnosis in terms of specific items to be covered and make necessary adjustment or arrangement to produce results that can exceed their expectation.
- To request response to the questionnaire survey upon completion of the visit.

Course participants will fill out the preliminary survey sheet prior to the visit for the purpose of understanding the client company's basic data and operating status and will set provisional issues on the basis of information provided by the company and the needs for corporate diagnosis identified in the preliminary meeting. Note that the preliminary survey sheet will be designed in consideration of local conditions (basically following the format of the preliminary survey sheet of the SME Agency) and will be organized by key items, including basic information and operating status, items expected to be covered by corporate diagnosis and related requests by the client company, information relevant to implementation of field training, issues identified prior to the start of the visit, and key points relating to course implementation.

3) Field survey/corporate diagnosis

Under the pilot project, the practical training course will be carried out according to the following schedule.

Table 3.1-8 Schedule of Practical Training Course

Stage	Step	Major activities
Research and study	0 Preliminary research and study on candidate companies (instructors, etc.)	① Selection of companies for corporate diagnosis ② Interview with managers ③ Collection of corporate information
	1 Policy setting for corporate diagnosis (classroom)	① Orientation on diagnosis methodology ② Grouping of participants ③ Preliminary study and analysis of client companies ④ Policy setting - Establishment of hypothetical issues
Diagnosis	2 General diagnosis of individual departments (field work)	① Interview survey on general management (five departments) ② Collection of departmental information ③ Evaluation and grading
	3. Understanding of strengths and weaknesses (classroom)	① Analysis of results of general diagnosis ② Construction of radar charts depicting strengths and weaknesses ③ Development of a detailed diagnosis plan ④ Preparation of draft reports on departments
	4. Detailed diagnosis of departments showing weakness	① Agreement on diagnosis policy with a client company ② Collection and analysis of detailed information relating to weak departments - For the detailed diagnosis, research and study on internal/external environments (relevant to a specific weakness) will be conducted by small groups (consisting of four participants each) on the basis of the client's needs and issues. ③ Evaluation
Report preparation	5. Final analysis and kaizen proposals (classroom)	① Preparation of draft reports on departments to reflect the results of analysis of detailed information on weak departments ② Formulation of kaizen strategy and policy ③ Preparation of corporate diagnosis reports
	6. Preparation of diagnosis reports (classroom)	① Completion of corporate diagnosis reports - Preparation of reports addressing client companies' needs and requests relating to diagnosis - Proposition of integrity between the enterprise and departments, issues, and strategic direction ② Preparation of presentation materials
Advice	7. Report meetings (field and classroom)	① Presentation to client companies - Questionnaire survey and confirmation of customer satisfaction ② Presentation at participants' joint meeting ③ Review meeting

Source: Prepared by JICA Study Team

Implementation steps for the practical training course are summarized in Table 3.1-9. Each group will consist of around eight participants. Each participant will deal with different fields at different companies in order to experience diagnosis and guidance activities in multiple fields. As for the business environment study, consideration will be given to

allow participants to develop broad skills by using diverse survey methods. Implementation steps are summarized in the table below.

Table 3.1-9 Implementation Steps for the Practical Training Course and General Outline

	Implementation steps	Description
Field training for corporate diagnosis	1 Preliminary survey	
	- Logistics planning for the field exercise	Checking of the client's contact person and address, activity schedule, vehicle, lunch, and adjustment of other logistics support
	- Understanding of the status of corporate management	Assortment of documents provided by the client company, production and sales patterns, and profit trends
	- Understanding of the diagnosis needs, requests, preliminary issues, and key considerations	Summation of management interviews, confirmation of key considerations, requests and preliminary issues prior to the start of the field exercise, and establishment of provisional issues
	2-1 Understanding of the operating status (analysis of the internal environment)	<ul style="list-style-type: none"> - Including process control, work management and analysis, quality control, materials purchase control, sales management, attitude surveys of management and employees, management strategy and decision making process, pricing and cost reduction, physical distribution, continuous development, product development, and work management - Analysis of the internal and external environments will be conducted by three small groups (each consisting of around three persons). From each of the internal and external environments, one item will be selected by taking into account the company's needs and issues facing them.
	2-2 Understanding of the business environment (analysis of the external environment)	<ul style="list-style-type: none"> - Interview of the management (to find how well they understand the business environment, current operating conditions, and future direction, etc.) - Commercial zone and location surveys, custom satisfaction surveys (including suppliers and other trade partners), sales promotion and sales methods, field/site surveys, interviews of the management and employees, interview of trade partners (suppliers and distributors)
	3 Overall coordination	Coordination of opinions between participant groups and between the field survey group and the client company, etc.
	4 Report preparation	<ul style="list-style-type: none"> - Preparation of a report that meets the needs and requests of the client company in relation to corporate diagnosis - Consistency between general and specific sections, and clear indication of issues and direction
	5 Presentation meeting	Questionnaire survey and evaluation of customer satisfaction

Source: Prepared by JICA Study Team

3.1.4 Certification and Registration Requirements

The certification and registration process to be implemented under the pilot project, as outlined below, remains to be a tentative plan as of the end of July 2009. As both certification and registration are required to be handled by widely recognized public organization and their selection and related coordination is underway, the plan is subject to change.

3.1.4.1 Registration

(1) Objective of registration

Registration of SME consultants is designed to officially recognize a person who has been certified to have a minimum set of knowledge and practical skills required to conduct diagnosis and give advice and guidance in relation to operation and management of SMEs and MEs in Chile, thereby to ensure opportunity for companies to receive adequate diagnosis and advice services.

(2) Conditions for initial registration

The following conditions are required for registration of SME consultant:

- 1) A person who has passed the certification test; and
- 2) A person who is not subject to rejection due to a reason set by law.

(3) Conditions for renewal of registration

The following conditions are required for renewal of SME consultant registration:

- 1) A person who has participated in annual training for renewal or has passed the certification test for renewal; and
- 2) A person who is not subject to rejection due to a reason set by law.

(4) Basic policy for the certification test

The certification test is conducted to determine if a person possesses a minimum set of knowledge and practical skills required to conduct diagnosis and give advice and guidance in relation to operation and management of SMEs and MEs in Chile. In particular, the test should be designed to check the following two areas.

- 1) Knowledge and skills required to provide diagnosis and advice services relating to all aspects of corporate management, including SME management and related policies, consulting skills, and in-depth knowledge on finance, accounting, business law, management theory, and day-to-day operation
- 2) Ability to apply the above knowledge to practice

(5) Certification test method

Based on the conditions for registration and the basic policy for the certification test, an adequate method for checking qualification for SME consultants is to conduct two types of test, i.e., a written test and a practical skill test. The former should check if a person has a minimum set of professional knowledge on corporate management (SME management and

related policies, consulting skills, finance, accounting, business law, management theory, and day-to-day operation), whereas the latter tests the ability to apply professional knowledge and skills to practice and the thinking process required for SME consultants, which should be demonstrated in the course of actual diagnosis and advice activities.

3.1.4.2 Certification Requirements and Evaluation Standard

(1) Evaluation standard

1) Written test for certification of necessary knowledge

The written test will cover six subjects (SME management and related policies, consulting skills, finance, accounting, business law, management theory, and day-to-day operation) and will consist of multiple choice and essay questions. To pass the test, applicants are required to meet the following scoring requirements:

- a) To get 40% or more for each subject; and
- b) To get 60% or more for all the subjects

2) Practical skill test for certification of the ability to apply and execute

This test will be conducted in the form of evaluation by instructors about attitudes of participants in the classroom course (group discussion) and the practical training course. Evaluation will be made using the following sheet.

Table 3.1-10 Evaluation Sheet for Practical Skills (for reference)

Positive attribute	5	4	3	2	1	Negative attribute
1. Group activity (ability to organize group members and to act as a team)						
- Good at leading the group		○				- Lack of interest in group action
- Good at leading discussion			○			- Persistence in his own opinions without consideration to the direction of discussion
- Able to give attention to the progress or advancement of the group as a whole	○					- Tendency to stand out in the group
2. Persuasiveness (ability to understand needs and wants of others and win their confidence)						
- Able to make appropriate statement and expression				○		Roundabout speech and inappropriate reference
- Good at extract ideas of others						Overly critical about other's statement
- Willing to listen attentively to other's speech						Tendency to talk about experience or express opinions one-sidedly
3. Practical skill (ability to apply acquired knowledge to practice from overall perspectives and by incorporating the results of diagnosis and advice)						
- Good at searching data and documents						- Content with available data and reluctant to make extensive search

Positive attribute	5	4	3	2	1	Negative attribute
- Good at writing and compiling a report						Tendency to write a report that cannot be easily understood
- Good at making clearly understandable charts and graphs						Tendency to make charts and graphs that are complicated and difficult to understand
4. Enthusiasm and execution power (ability to apply acquired knowledge in collaboration of others)						
- Able to conceive a good idea						- Tendency to ride on other's idea
- Able to express an opinion without hesitation						- Mostly listening to others
- Able to act quickly						- No voluntary act or the last person to act

Evaluation standard

- 1) A person who has obtained the overall average score of three or more points passes the test.
- 2) However, the one-point score for any item results in failure.

3.1.4.3 Schedule for the Pilot Project

As shown in Table 3.1-11, the pilot project will be implemented for the period of two months and half between late September and early December 2009. It will consist of a three-week lecture course (65 hours) including the placement test and the certification test (completion test), a three-week practical training course (90 hours), and a closing ceremony and other activities (2 hours), totaling 157 hours.

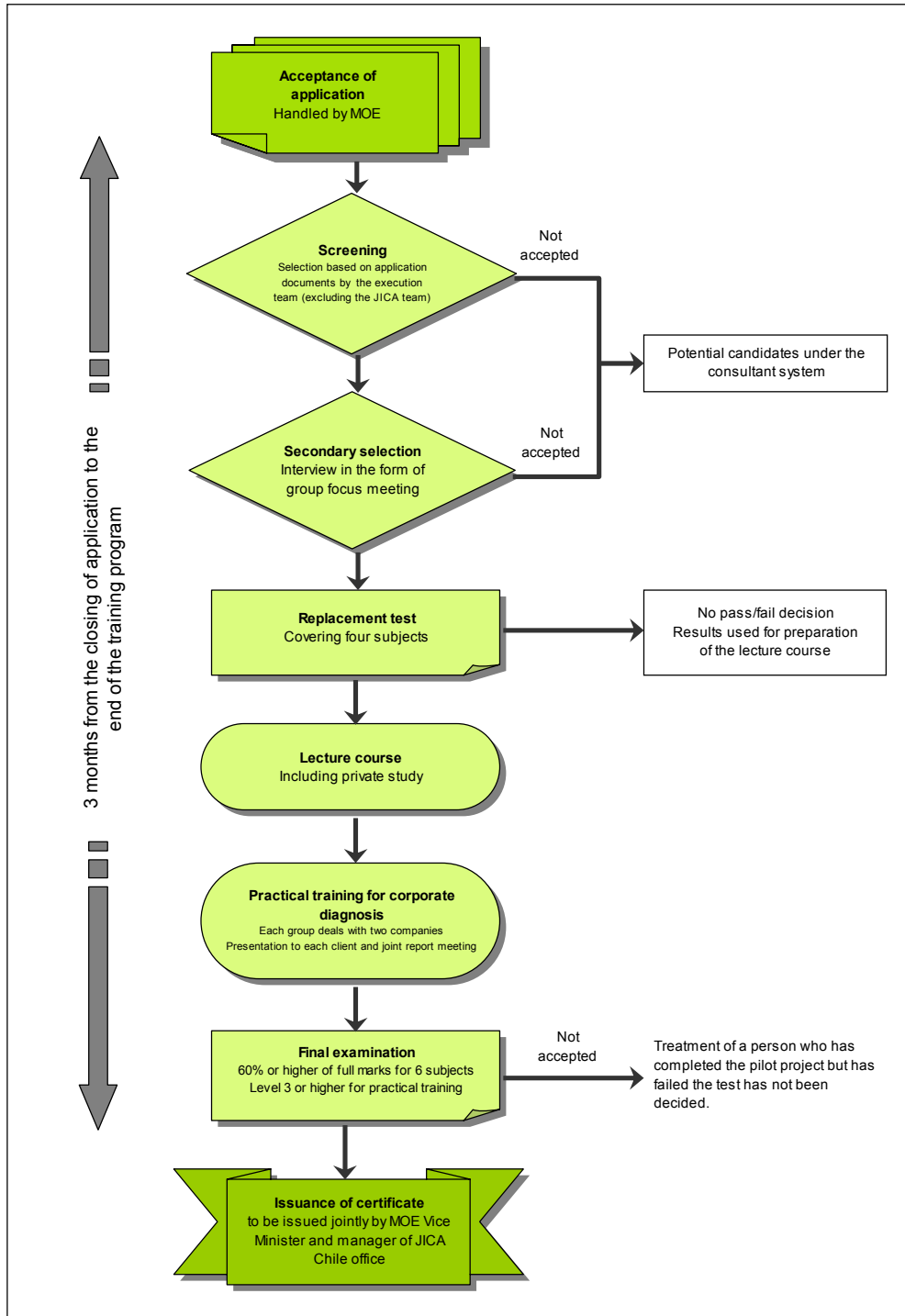
Table 3.1-11 Schedule for the Pilot Project

Week	Month	Day	Time	Training course	Class	Hours	Description	Sub-Total	
1		27	Sun						
		28	Mon						
		29	Tue	18:30	★Opening ceremony/placement test	○	2	Guidance/distribution of teaching materials (1~4)	
		30	Wed						
10		1	Thr						
		2	Fri						
		3	Sat						
2		4	Sun						
		5	Mon						
		6	Tue						
		7	Wed						
		8	Thr						
		9	Fri						
		10	Sat						
3		11	Sun						
		12	Mon		Holiday	△	M1~M4	Expected hours spent for private study	8 hrs
		13	Tue	18:30	★Lecture course	○	3	M2 distribution of teaching materials(M5, M6)	
		14	Wed		Day off				
		15	Thr	18:30	Lecture	○	3	M1	
		16	Fri	18:30	Lecture	○	3	M3	
		17	Sat						
4		18	Sun						
		19	Mon	18:30	Lecture	○	3	M3, M4	
		20	Tue	18:30	Lecture	○	3	M4, M3	
		21	Wed	18:30	Lecture	○	3	M4	
		22	Thr	18:30	Lecture	○	3	M5	
		23	Fri	18:30	Lecture	○	3	M5	
		24	Sat						
5		25	Sun						
		26	Mon	18:30	Lecture	○	3	M5	
		27	Tue	18:30	Lecture	○	3	M6	
		28	Wed	18:30	Lecture	○	3	M6	
		29	Thr	18:30	Lecture	○	3	M6	
		30	Fri	18:30	Lecture	○	3	M6 Guidance for practical training (1hrs)	41 hrs
		31	Sat						
6	11	1	Sun						
		2	Mon			△	M5~M6	Expected hours spent for private study	8 hrs
		3	Tue	18:30	★1st certification test	○	2	Subjects M1,M2,M4	2 hrs
		4	Wed	18:30	1st client: preliminary reseach/policy formulatio	○	3	INN classroom/3 hours	
		5	Thr	9:30	General diagnosis	×	8	Client company/8 hours	
		6	Fri	18:30	Identification of weak department	○	4	INN classroom/3 hours + Private study/1 hour	
		7	Sat			△	3	Private study/3 hours	
7		8	Sun						
		9	Mon	9:30	Detailed diagnosis	×	8	Client company/8 hours	
		10	Tue	18:30	Analysis/report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		11	Wed	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		12	Thr	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		13	Fri	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		14	Sat			△	4	Private study/4 hours	
8		15	Sun						
		16	Mon	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		17	Tue		Report meeting	×	3	Client company/3 hours	53 hrs
		18	Wed	18:30	2nd client: preliminary reseach/policy formulatio	○	3	INN教室3時間	
		19	Thr	9:30	General diagnosis/identifying weak dept	×	8	Client company/8 hours	
		20	Fri	9:30	Detailed diagnosis/analysis	×	8	Client company/8 hours	
		21	Sat			△	3	Private study/3 hours	
9		22	Sun						
		23	Mon	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		24	Tue	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		25	Wed	18:30	Report preparation	○	4	INN classroom/3 hours + Private study/1 hour	
		26	Thr		Report meeting	×	3	Client company/3 hours	37 hrs
		27	Fri	17:00	Joint presentation meeting	○	3		3
		28	Sat						
10		29	Sun						
		30	Mon						
12		1	Tue						
		2	Wed						
		3	Thr	18:30	★2nd certification test	○	3	Subects M3,M5,M6	3 hrs
		4	Fri						
		5	Sat						
11		6	Sun						
		7	Mon						
		8	Tue		Holiday				
		9	Wed						
		10	Thr						
		11	Fri						
		12	Sat						
		13	Sun						
		14	Mon	16:00	★Closing ceremony		2	MOE certificate of completion issued	2 hrs
Total								157 hrs	

3.2 Evaluation of the Pilot Project

3.2.1 Implementation Method for the Training Program

Figure 3.2-1 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 3.2-1 Process Flow of the SME Consultant Training Project in Chile

A general outline of each step is presented below.

(1) Acceptance of applications

SME Division - serving as secretariat for the execution team – started on the second week of August to invite applications for the training program at a Web site (www.paraenprender.cl) specially opened for the project. For this purpose, the following eligibility requirements were set.

Eligibility requirements for the training program

- 1) Graduate of a four-year university or higher and practical experience of three years or longer;
- 2) Professional experience in three or more programs implemented by CORFO or SERCOTEC (those relating to the manufacturing sector preferred); and
- 3) INN registered consultants including Nch2909; or
- 4) Staff members of public organizations engaged in SME promotion (including central and local governments) or financial institutions

By the end of August (provisional deadline), 48 private consultants submitted applications and the acceptance from consultants ended at the end of August (the recruitment period of three weeks). Despite a busy schedule (a public seminar to announce the project outline was held at a hotel in Santiago at the end of July and recruitment was started in early August), together with the strict eligibility requirements, the pilot project has successfully received broad attention. (Note that there are over 600 Nch2909 consultants formally registered with INN.)

(2) Selection of participants

The selection process was divided into two stages. At first, the execution team made preliminary selection on the basis of documents. 48 applicants were reduced to a short list of 23 candidates by applying the following selection criteria.

Document-based selection criteria

- 1) Meeting eligibility requirements
- 2) Confirmation on the number of CORFO programs implemented through comparison with its consultant service history
- 3) Resident of Santiago

As for 2), the service history was confirmed at CORFO's head office. Criteria 3) was required because the training courses would be held at night.

In the second stage of the selection process, interview was conducted for 23 consultants over two days (September 21 and 22). It was carried out in the form of group discussion on the following topics, in place of time consuming individual interview. It was attended by the execution team members as evaluators. Finally, 16 consultants were selected from the short list as participants of the pilot project.

Topics of group discussion

- 1) Current state of SMEs in Chile
- 2) Role of consultants in relation to SMEs
- 3) Expected contribution after the end of the training program

Concurrently with the above group discussion, interview was conducted with candidates representing SME promotion organizations. A total of 9 persons, recommended by 7 organizations, were accepted (2 from CORFO and 2 from SERCOTEC). Note that the eligibility requirements applied to private consultants were not considered here, except for the university graduate requirement. (Thus, the selection process was virtually limited to confirmation on recommendations made by SME promotion organizations.)

The pilot project was able to recruit private consultants having high levels of knowledge and experience because it set high eligibility requirements. Also, participants representing SME promotion organizations were found to have excellent capabilities. In particular, all participants showed enthusiasm and commitment toward study. On the other hand, the project had one problem, i.e., it failed to let details of the training plan known to all applicants as well as participants. Except for a guidebook distributed at the opening ceremony, detailed information – including the curriculum, the syllabus, the timetable – was not notified to participants in the recruitment process due to a reason relating to the preparation by the execution team. As a result, participants were not well prepared for the training program in some respects, especially the nighttime course on weekdays. In the future, efforts should be made to inform the details in the application stage.

(3) Placement test

1) Test design

The placement test for all participants covered four out of six modules to be covered by the training program, as follows.

Module 3 Finance and accounting
Module 4 Business law
Module 5 Management operation theory
Module 6 Management control

Test problems were prepared in the following steps. First of all, the JICA study team selected basic items from first-stage test problems for SME management consultants (shindanshi) in Japan and showed to local instructors as test standard. Furthermore, as for finance and accounting and business law, local instructors were asked to contribute test problems reflecting local conditions, and then, test problems were created in consideration to Japan's test standards. On the other hand, modules 1 "SMEs in general" and 2 "consulting skills" were designed on the basis of current conditions in Chile and the study team did not have time to prepare problems for the acceptance test. The test problems consisted of multiple choice, true-false, and essay questions with a full mark of 101 points.

2) Results of the placement test

Test results indicate that the highest score was 65 out of 101 (one person), followed by 61 (one person), with the average score of 47.7. If the passing marks were set at 40% or higher for each module and 60% or higher for the overall score (the same pass/fail standard adopted in Japan, which will be applied to the pilot project), only two persons (showing the top two scores) would have passed the test. While the test results cannot be used as an accurate gauge to measure the current levels of capabilities partly because the test varied in the number of questions and duration among subjects to be tested, partly because it covered four subjects only, and participants were not given of time to be prepared for the test. Still they show a general tendency of Chilean consultants at present. For instance, the average score for business law reached 70, whereas that for finance and accounting was only 32.6% and the majority of participants failed to obtain the average score. One reason for this may come from the fact that consulting activities in Chile are currently related to the improvement of quality control, where consultants rarely perform corporate analysis from finance and accounting points of view.

Summary of placement test results by module

Module	Full mark	Average	Highest score	lowest score
3 Finance and accounting	30	9.75 (32.6%)	16	1
4 Business law	21	14.75 (70.0%)	19	11
5 Management operation theory	38	16.24 (42.7%)	23	7
6 Management control	12	6.40 (53.3%)	10	4
Average	101	47.60 (47.1%)	65	30

Types of test problems by module

Module	Multiple choice	True-false	Essay questions
3 Finance and accounting	2	20	0
4 Business law	0	14	7
5 Operational management of a Manufacturing establishment	17	0	4
6 Management control	0	0	12
Average	19	34	23

(4) Lecture course

The lecture course was started on October 13th, two weeks after the opening ceremony and was conducted at night up to October 30th (a total of 13 sessions and no class on January 14th for a local reason). Its schedule is shown in the following page. Basically, the first lecture starts at 6:30 p.m. and runs for 90 minutes, followed by a 15-minute break, and then the second lecture proceeds until 9:45 p.m. In practice, however, the start of the first lecture was usually delayed by around 10 minutes because not all participants came on time, and the class ended near 10:00 p.m.

Lecture was based on the textbook and key points and reference cases were discussed. PowerPoint presentation sheets were distributed and used as a general guidance. Textbooks supplied to participants are as follows.

Textbooks and teaching materials

- SMEs in general (plus a separate volume on innovation)
- Consulting skills
- Finance and accounting
- Corporate management theory
- Operational management of manufacturing establishments
- Case study on SME programs in Japan
- Fundamentals of finance and accounting
- Case study on finance and accounting
- SME related laws and institutions in Japan
- Fundamentals of production management
- Guide to 5S activities
- Guide to cost reduction
- Inventory management techniques
- 7 QC tools
- Practical corporate diagnosis
- Guide to implementation of practical training for corporate diagnosis
- Guide to diagnosis reports

Table 3.2-1 Lecture Course Time Schedule

		29 Sept 2009				
		lunes 12/10/2009	martes 13/10/2009	miercoles 14/10/2009	jueves 15/10/2009	viernes 16/10/2009
18:30 a 20:00	/	/	HABILIDADES DEL CONSULTOR MR. TOMAS BIZE	/	MODULO N° 1 GENERALIDADES DE LAS PYME MR. BENIGNO ARRIAGADA	MODULO N° 3 CONTABILIDAD Y FINANZAS MR. NELSON ESPINOSA
20:00 - 20:15			BREAK		MODULO N° 1.1 GENERALIDADES DE LAS PYME MR. NORI IAI	BREAK
20:15 a 21:00			MODULO N° 2 HABILIDADES DEL CONSULTOR MR. TOMAS BIZE and Mr. HONKE		MODULO N° 1 GENERALIDADES DE LAS PYME MR. BENIGNO ARRIAGADA	MODULO N° 3.1 CONTABILIDAD Y FINANZAS MR. NORI IAI
21:15 a 22:00						
<hr/>						
		lunes 19/10/2009	martes 20/10/2009	miercoles 21/10/2009	jueves 22/10/2009	viernes 23/10/2009
18:30 a 20:00	/	MODULO N° 3 CONTABILIDAD Y FINANZAS MR. NELSON ESPINOSA	MODULO N° 4 LEGISLACION APLICABLES A EMT'S MR. RAUL FIGUEROA	MODULO N° 4 LEGISLACION APLICABLES A EMT'S MR. RAUL FIGUEROA	MODULO N° 5 GESTION DE PYMES A EMT'S MR. JUAN MARTIN IRETA	MODULO N° 5 GESTION DE PYMES MR. JUAN MARTIN IRETA
20:00 - 20:15		BREAK	BREAK	BREAK	BREAK	BREAK
20:15 a 22:00	/	MODULO N° 4 LEGISLACION APLICABLES A EMT'S MR. RAUL FIGUEROA	MODULO N° 3 CONTABILIDAD Y FINANZAS MR. NELSON ESPINOSA	MODULO N° 4.1 LEGISLACION APLICABLES A EMT'S MR. NORI IAI	MODULO N° 5.1 GESTION DE PYMES MR. MASAHIKO HONKE	MODULO N° 5 GESTION DE PYMES MR. JUAN MARTIN IRETA
		BREAK	BREAK	BREAK	BREAK	BREAK
<hr/>						
		lunes 26/10/2009	martes 27/10/2009	miercoles 28/10/2009	jueves 29/10/2009	viernes 30/10/2009
18:30 a 20:00	/	MODULO N° 5 GESTION DE PYMES MR. JUAN MARTIN IRETA	MODULO N° 6 GESTION DE PROCESOS PRODUCTIVOS MR. ORLANDO RAMIREZ	MODULO N° 6 GESTION DE PROCESOS PRODUCTIVOS MR. ORLANDO RAMIREZ	MODULO N° 6 GESTION DE PROCESOS PRODUCTIVOS MR. ORLANDO RAMIREZ	MODULO N° 6.1 GESTION DE PROCESOS PRODUCTIVOS MR. YASUHIRO IZUHO HORA TERM: 20:45 hrs
20:00 - 20:15		BREAK	BREAK	BREAK	BREAK	
20:15 a 21:15	/	MODULO N° 5.1 GESTION DE PYMES MR. MASAHIKO HONKE	MODULO N° 6.1 GESTION DE PROCESOS PRODUCTIVOS MR. YASUHIRO IZUHO	MODULO N° 6.1 GESTION DE PROCESOS PRODUCTIVOS MR. YASUHIRO IZUHO	MODULO N° 6.1 GESTION DE PROCESOS PRODUCTIVOS MR. YASUHIRO IZUHO	
21:15 a 22:00		BREAK	BREAK	BREAK	BREAK	CIERRE ETAPA I

(5) Practical training for corporate diagnosis

The practical training course was formally started on November 4th, but its preparation was commenced in early October, including selection of client companies and preliminary study by the study team. Companies for diagnosis training were selected from those recommended by ASEXMA (member of the execution team) after field tour and interview with the management. The following companies having a strong desire for improvement were selected.

Medium-sized enterprise

Enterprise	Main Product	Annual sales	Number of employees
Product Agrosilva	Mayonnaise, Ketchup	UF77,142	50
ivo	Shoes &. Boots for Ladies	UF102,857	72
Mecanica Plastica	Plastic Processing	UF33,428	25

Small sized enterprise

Enterprise	Main Product	Annual sales	Number of employees
MetalMechanica	Metal-processed Furnitures	UF10,285	15
Inversiones Ahumada	Shoes heels &. Soles	UF7,714	25
FASIONPLUST	Shoes heels &. Soles	UF15,428	18

As discussed earlier, the pilot project targeted the manufacturing sector because Japan had expertise and experience to transfer and visible results could be expected within a short period of time. In fact, ASEXMA's support was very helpful in achieving the objective of the project.

In the practical training course, 24 participants were divided into 3 groups (8 members each) and each group took charge of a medium-sized enterprise and a small enterprise for corporate diagnosis, analysis, and advice under supervision of a Japanese trainer. Prior to the start of the course, an orientation meeting was held on the final day of the lecture course to introduce diagnosis techniques to participants. “A Guide to Implementation of Corporate Diagnosis” explaining diagnostic procedures were distributed at the meeting. It was based on diagnostic procedures widely adopted in Japan (see Attachment ① at the end of the report). Each group spent two days at each client company and the rest of the period was used for analysis, problem identification, development of proposals, and preparation of diagnosis reports in INN's classroom under direction of a Japanese trainer.

Among participants, private consultants generally showed some familiarity with SWOT analysis and interview with the management on strength of professional experience. Yet, the training program demanded broad and in-depth diagnosis techniques, including financial

analysis, requiring to spend long hours for analysis and report compilation. In addition, general issues inherent in diagnosis of SMEs, such as the lack of reliable financial data or clarity about labor management, have worked as a time consuming factor. In particular, the inability to or the lack of intent to create and maintain financial statements is a major obstacle to understand the actual state of SMEs in the country.

The practical training course for corporate diagnosis is generally conducted to create opportunity to apply knowledge and skills learned in the lecture course to the real world or to improve communication skills with the management. Under the pilot project, these capabilities were defined as application or execution capability and were evaluated using a table that scores each participant's attitude, aptitude and skill levels. As accurate evaluation of Chilean participants by Japanese trainers is difficult due to language barrier and other factors, a Chilean instructor who taught consulting skills in the lecture course (module 2) served as an evaluator for the practical training course (assistant trainer). As a result, evaluation of application and execution capabilities of participants was made on the basis of weighted allocation of marks by a Japanese trainer (40%) and a Chilean assistant trainer (60%).

(6) Corporate diagnosis report

In the practical training course, each group compiled a corporate diagnosis report for two client companies (medium-sized and small enterprises) and presented it to the management at each company. The meeting was usually attended by the manager or a department head. However, a medium-sized enterprise made most employees (including new employees) attends at the meeting by positioning it as the place for raising their awareness and unification.

The corporate diagnosis report is generally required to cover the following items, while its volume varies with client companies and groups performing diagnosis.

Key items of the corporate diagnosis report

- (1) SWOT analysis
- (2) Radar chart for management diagnosis
- (3) Proposals and recommendations in specific fields
- (4) Proposal outline for improvement of management
- (5) Problems and improvement guidelines
- (6) Summary of diagnosis
- (7) Corporate profiles

In addition, some reports included financial analysis and reference materials for promotion of proposals. (While financial analysis is included in this type of report, it was reported in some cases but not in others due to the reliability problem relating to data.) For participants, SWOT and other techniques were familiar to some degree, but analysis required for the diagnosis report, in terms of breadth and width, was presumably first experience. This is reflected in the fact that most participants, in preparing a diagnosis report for the first client (a medium-sized enterprise), worked at home and even at office, other than hours assumed in the course schedule. The same seemed to be true for the second client (a small enterprise) because fewer hours were allocated, although they had a clear image of what they have to do and think about the diagnosis report. The course did not set standard hours for report preparation but a deadline for completion. The allocated time period was simply not sufficient for participants who were willing to make a report containing in-depth analysis and effective advice.

(7) Textbooks

A general outline of textbooks used for the pilot project is shown in Table 3.1-4 of Chapter 3. Essentially, they are based on the latest versions used in Mexico, with edition and updating to reflect local conditions in Chile. Development of the Chilean versions was jointly by Japanese and Chilean instructors before the final stage. Proofreading was left to Chilean instructors and the final product was the Spanish version only. Major changes from the Mexican versions are summarized as follows.

1) SMEs in general:

Entirely rewritten, focusing on SME support programs in Chile, the program implementation system, innovation, and startup promotion (54 pages, including the separate volume on innovation)

2) Consulting skills:

Mostly based on the Mexican version, with addition of sections on coaching and presentation techniques (70 pages)

3) Finance and accounting:

Discussion on cost accounting, financing, and cash flow management, all in accordance with the ongoing systems in Chile, and a renewed section on mathematical management analysis (111 pages, including an annex)

4) Business law:

Entirely rewritten, covering, among others, labor law and IP issues in Chile, and including an annex on SME related draft laws.

5) Corporate management theory:

50% written about management strategy, organizational management, HR management, marketing, and management information system (129 pages)

6) Operational management of manufacturing enterprises:

Based on the Mexican version (except for commerce and service) (132 pages)

(2) Supplementary materials

Supplementary materials used for the pilot project are mainly PowerPoint presentation sheets, a handbook explaining terms, and case studies. In particular, PowerPoint slides were prepared for specific topics and their number of pages exceeded those of respective textbooks.

3.2.2 General Profiles of Participants and Test Results

3.2.2.1 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.

3.2.2.2 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
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^{*1}.

(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.

^{*1} 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.

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.



3.2.3 Evaluation on the Training Program by Participants

3.2.3.1 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.

(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.

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

(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.

3.2.3.2 Evaluation of Individual Modules

Participants were asked to evaluate each module by using the same evaluation sheet. The result is summarized as follows.

(1) Module 1 (SMEs in general)

1) Design concept of lectures and textbooks

- To help participants to deepen understanding of qualitative aspects of SME management in Chile, key trends relating to related industries and local economies, the business environment surrounding SMEs such as terms of trade, and public support programs.
- To introduce experience and case study in other countries for comparative analysis.

2) Evaluation and comments by participants (general direction)

Module 1

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	3	7	1	3	3	2	4	3	3	2	1
4	14	12	9	13	9	12	13	11	6	11	11
3	6	4	9	7	9	8	5	7	9	6	9
2	0	0	4	0	1	1	1	1	4	4	2
1	0	0	0	0	1	0	0	1	1	0	0
No Answer	0	0	0	0	0	0	0	0	0	0	0

Note) Evaluation scale (same for Module 1 through practical training)

1. Poor 2. Not satisfied 3. Satisfied 4. Fairly satisfied 5. Excellent

Items (same for Modules 1 through 6)

1-1 Lecture by Japanese instructor 1-2 ... Lecture by Chilean instructor (for Module 4)

1-1 (1) and 1-2 (2) ... Was the lecture original and well prepared?

1-1 (1) and 1-2 (2) ... Was the lecture and advice easily understood? (Level of sophistication)

1-3 ... Teaching materials (textbooks and reading materials)

1-3 (1) ... Were teaching materials useful to your consulting activities?

(2) ... Were they easy to understand?

(3) ... Did they contain information required in the curriculum?

(4) ... Did they contain new information?

1-4 ... Quality of curriculum

1-4 (1) ... Was time allocation appropriate?

(2) Were the curriculum and syllabus well developed?

1-5 ... What was your general impression on the module?

Generally, more comments were heard about support programs and tools useful for day-to-day consulting activities, rather than the current state of SMEs in Chile and their business environment. Also, many participants stated that comparison with Japan and the Japanese system was helpful when they thought about future SME support in the country. These comments suggest that the future training program should be directed to create a place for productive discussion as to how SMEs in Chile can be promoted by providing latest information on the actual state of SMEs and available support programs, together with case studies in other countries.

3) Supplemental lecture

In the training program, participants from SERCOTEC served as lecturer, upon request from other participants (consultants), to talk about SERCOTEC's SME support programs. This is a notable event not only as an instrument to reinforce communication between participants, but also as an initiative to promote collaboration between the public and private sectors.

(2) Module 2 (consulting skill)

1) Design concept of lectures and textbooks

- To review and relearn basic communication skills required for consultants in order to establish a good relationship of mutual trust with clients and other related parties for effective communication including useful advice.
- To introduce experience and case study in other countries for comparative analysis.

2) Evaluation and comments by participants (general direction)

Module 2

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	6	4	5	6	3	4	6	5	3	2	1
4	12	13	6	11	11	13	10	10	5	9	13
3	5	5	8	6	9	6	7	6	9	8	9
2	0	1	3	0	0	0	0	1	5	3	0
1	0	0	0	0	0	0	0	0	1	0	0
No Answer	0	0	1	0	0	0	0	1	0	1	0

Many participants commented that the module was very helpful for confirming knowledge and skills required for consultation to motivate SMEs and produce results. On the other hand, some pointed out that more time would be required or it should be preferable to study management innovation and conflict of interest. Also, interest in the Japanese system characterized by coexistence of competition and collaboration was shown. In the future, the module may be improved to reflect day-to-day problems facing SMEs by adding discussion on effective communication with SMEs according to their reaction, capability, desire, and personality.

(3) Module 3 (finance and accounting)

1) Design concept of lectures and textbooks

As analysis of finance and accounting aspects is an effective tool to perform comprehensive analysis and define problems, the module is designed to teach basic knowledge that enables consultants to understand the financial status, which is currently left to an outside accountant. Focus should be placed to raise motivation for data-based consulting service.

In addition, experience and case study in other countries are introduced for comparative analysis.

2) Evaluation and comments by participants (general direction)

Module 3

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	10	7	10	10	9	8	10	10	2	4	4
4	7	8	11	4	10	10	10	8	5	10	15
3	6	8	2	9	4	3	2	4	4	5	3
2	0	0	0	0	0	2	1	0	9	2	1
1	0	0	0	0	0	0	0	0	3	2	0
No Answer	0	0	0	0	0	0	0	1	0	0	0

For many participants, the module covered the area in which they had not previously been involved. Many pointed out that lecture was excellent and clear, while lecture hours were insufficient. On the other stand, the level of understand varied greatly. As finance and accounting is learned through experience, the module period may be extended with increase in exercise so as to allow participants to digest theories and other knowledge, in addition to the increase in lecture hours.

3) Supplemental lecture

Upon strong request from participants, a Chilean instructor held three-hour lecture at the MOE's meeting room on November 30, which was attended by 18 persons. It was generally accepted as useful lecture.

(4) Module 4 (business law)

1) Design concept of lectures and textbooks

While lawyers and other legal professionals are required for legal action, SME consultants can help client companies to prevent a dispute from developing to a legal battle if then have basic knowledge relating to day-to-day problems encountered by SMEs. The module teaches fundamentals of legal knowledge.

In addition, experience and case study in other countries are introduced for comparative analysis.

2) Evaluation and comments by participants (general direction)

Module 4

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	9	4	12	9	9	8	10	11	3	4	5
4	9	12	8	11	10	10	10	11	9	13	17
3	5	7	2	2	4	5	3	1	8	5	1
2	0	0	1	1	0	0	0	0	2	1	0
1	0	0	0	0	0	0	0	0	1	0	0
No Answer	0	0	0	0	0	0	0	0	0	0	0

Many participants commented that both instructors were clear and practical in their lecture, while time allocated for study and discussion was insufficient. Some wanted an emphasis on corporate lifecycle (startup, growth, and termination), environmental issues (laws and treaties) or labor unions (type, nature and impact). As corporate activities are generally governed by laws and regulations, the module's quality can be improved by covering issues that are closely associated with latest social and economic changes, in addition to basic legal knowledge.

(5) Module 5 (corporate management theory)

1) Design concept of lectures and textbooks

- To teach knowledge on management strategy, organizational management, marketing, and information system, which are essential in performing management analysis, solving problems, and giving advice on future development, or which are conducive to the improvement of competitiveness and productivity.
- To introduce experience and case study in other countries for comparative analysis.

2) Evaluation and comments by participants (general direction)

Module 5

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	8	6	2	2	2	4	3	4	0	1	1
4	12	10	9	11	12	14	11	10	9	9	10
3	3	7	10	8	6	3	5	6	9	7	8
2	0	0	2	2	3	2	4	3	4	6	3
1	0	0	0	0	0	0	0	0	1	0	0
No Answer	0	0	0	0	0	0	0	0	0	0	1

This module, in a sense, provides the most practical knowledge and know-how for participants who work as consultant. Many comments pointed out that theories and cases presented in lecture were applicable to large enterprises, rather than local SMEs, and content was concentrated on the instructor's specialty. Also there were favorable comments, while there were complaints about insufficient hours. As discussed earlier, it is difficult to collect and compile cases and theories relating to SME management, so that collaboration and information sharing with SME support organizations and trade associations is essential. In this connection, the module should also serve to create a place for exchange of experience and information between participants.

(6) Module 6 (operational management of manufacturing establishments)

1) Design concept of lectures and textbooks

In Chile, there are cases where a consultant proposes improvements without seeing or understanding the actual state of production activity. It is thus important to get acquainted with basic knowledge on production management and various kaizen tools that are widely used. The module is designed to teach basic knowledge and know-how useful for development of effective advice and proposals.

Also, production management techniques widely used in Japan, including 5S, kaizen, and inventory management, are introduced.

2) Evaluation and comments by participants (general direction)

Module 6

Evaluation Points	1-1		1-2		1-3				1-4		1-5
	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)	(1)
5	7	6	0	0	3	2	2	2	0	0	0
4	6	6	2	5	4	8	8	8	1	3	3
3	10	9	9	10	11	11	9	8	12	13	12
2	0	2	11	8	5	2	4	4	9	6	7
1	0	0	1	0	0	0	0	0	1	1	0
No Answer	0	0	0	0	0	0	0	1	0	0	1

Comments from participants include the criticism about the Chilean instructor, i.e., he had a tendency to overemphasize their own area of interest and specialty and fail to cover entire content including textbooks. As for the Japanese instructor, there were favorable comments that lecture and teaching materials were not easily available in Chile. On the other hand, critical comments were heard, e.g., he mostly read out of PowerPoint slides or failed to answer questions properly. In addition, insufficient time and the lack of collaboration between the two instructors were pointed out. As this module strongly reflects the country's industry and production structure, innovative efforts are required if the basic concept and practical knowledge are to be transferred accurately, such as repetitive presentation and exercise using slides and videos.

(7) Module 7 (practical training for corporate diagnosis)

1) Design concept

- To provide a place and opportunity for applying knowledge and know-how learned in the lecture course to the real world, while creating the environment to motivate SMEs and produce visible results.
- To provide opportunity for each participant to broaden his horizons by exchanging knowledge and opinions through group activity.

2) Evaluation and comments by participants (general direction)

Module 7

Evaluation Points	Grupo A		Grupo B		Grupo C		1-4				1-5	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(1)	(2)
5	1	1	4	6	2	4	9	5	6	3	3	7
4	2	0	3	1	3	3	6	9	11	9	6	11
3	3	4	0	0	3	1	5	7	5	8	4	4
2	2	2	0	0	0	0	1	2	1	3	9	1
1	0	1	0	0	0	0	0	0	0	0	1	0
No Answer	0	0	0	0	0	0	2	0	0	0	0	0

1-1 Leadership of Japanese instructor

1-1 (1), 1-2 (1) and 1-3 (1) ... Was the methodology for corporate diagnosis easy to understand?

1-1 (1), 1-2 (2) and 1-3 (2) ... Was the guidance and advice timely made?

1-4 ... Teaching materials (diagnosis manual and report model, etc.)

1-4 (1) ... Were teaching materials useful to your consulting activities?

(2) ... Were they easy to understand?

(3) ... Did they contain information required in the curriculum?

(4) ... Did they reflect business environment in Chile?

1-5 ... Quality of curriculum

1-5 (1) ... Was time allocation appropriate?

(2) Were the curriculum and syllabus well developed?

Practical training was conducted in the form of group activity (participants were organized into three groups). As each group's activities were tuned to characteristics and capabilities of group members as well as the actual state of client companies, comments by participants varied from favorable to critical. Most participants agreed that this type of practical training was inspiring and productive, albeit it was a new and burdensome experience. On the other hand, many complained about the shortage of time for discussion and report preparation, insufficient time for research on corporate diagnosis manuals and report format models, and different approaches to conclusion among groups. As participants tend to rely on manuals and tools, future efforts should focus on understanding of advantages and disadvantages of various tools and the development of enhancement versions. Furthermore, satisfaction of participants can be increased by emphasizing the reinforcement of understanding of basic theories learned in each module, their practical application, and explanation and application of diagnostic tools (e.g., radar charts and cause and effect diagrams), which eventually lead to satisfaction of client companies.

3) Supplemental lecture

C Group developed a cost calculation formula customized to its client company and proposed a workshop to refine the concept in collaboration of the Japanese trainer and the interpreter. As other group members wanted to participate, the workshop was held as a supplemental lecture for two hours and half at night on December 7th. It also served as a place for realistic discussion on the logical process including the formulation and implementation of strategies, priority programs and action plans.

3.2.4 Evaluation by Client Companies and Other Organizations

3.2.4.1 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.
- 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.

3.2.4.2 Evaluation by Related Organizations

Highlights of comments obtained from the execution team members (representing related organizations) are presented below. Note that they represent views of individuals, rather than those of the respective organizations.

(1) CORFO

- 1) Through the training program and the tests conducted under the pilot project, it has become apparent that there is a significant difference in terms of competence between Nch2909 consultants and international-level SME consultants. This is a very value finding for CORFO.
- 2) At the same time, it is feasible to relate the Nch2909 consultant training program to the SME consultant training program. In this sense, selection of participants from registered Nch2909 consultants has been a good choice.
- 3) In Chile, many posts in government organizations have not been appointed due to the effect of the presidential election, suggesting that the formalization of the SME consultant system will require a reliable project plan proposal for FY2010 and afterward. It is important to receive the proposal from the JICA team for discussion among related parties (staff level) in Chile.
- 4) Potential use of SME consultants in relation to existing CORFO programs is found in FOCAL program for quality improvement. For instance, CORFO sets a target in that 20,000 companies will obtain Nch2909 certification in FY2010. SME consultants can contribute in this area. Also, they can be useful in SEMC (phased improvement) and industrial cluster development. Thus the possibility of linking these programs and SME consultants should be analyzed.
- 5) CORFO expects the training program to serve as a source of SME consultants, who can perform comprehensive analysis, not Nch2909 consultants. In particular, it is recommended to link system to the FOCAL program.

(2) SERCOTEC

In the pilot project, SERCOTEC serves as the execution team's member and sent two participants from its Santiago metropolitan region office. The following comments were made by staff members who worked in the execution team.

- 1) According to its staff members who have participated in the training program, corporate diagnosis techniques they learned were very useful in allowing the understanding of key points within a short period of time. Overall course management was appropriate.
- 2) It takes some more time to find how SERCOTE will be able to use consultants trained under the JICA system. In consideration of specific knowledge and skills taught in the program, they may be most effectively used in SERCOTEC's capital seeds program.
- 3) SERCOTEC has just started a new consultant selection method (sharing of consultant information by four organizations, SERCOTEC, INDAP, FOSIS, and SENCE) and has to wait for a while until its effectiveness is confirmed (currently at the stage of starting accumulation of relevant information). On the other hand, the consultant system proposed by the JICA team is mainly concerned with training and selection, which take place before registration, so that it is not directly linked to SERCOTEC's selection method.
- 4) As for training, SERCOTEC conducted a manager education program this year, jointly with FundacionChile, ChileCALifica, and SENCE. Program evaluation will be completed in next March. If favorable evaluation is obtained, this formation can be used for SME consultant training.
- 5) SERCOTEC has not accepted CORFO-INN registration in the consultant selection process but is prohibited from doing so under its rules. Thus, such acceptance is technically possible.

(3) ASEXMA

- 1) The project is considered to be excellent in terms of content and management. ASEXMA appreciates that it was able to participate in the project as the execution team member as well as participants. Notably, the project has provided opportunity to recognize the desirable role of SME consultants in the country.
- 2) The most important contribution by the pilot project is that it has created a new and significant experience for participants (consultants), i.e., they were organized to a team and performed joint tasks such as corporate diagnosis. It is quite epoch-making in the

country. Consultants here have a strong desire to be independent and have rarely listened to others. The training method to urge participants (consultants) to reach conclusion through discussion has been a fresh and inspiring experience for them.

- 3) ASEXMA intends to apply ideas and lessons learned the pilot projects to its own activities, such as the inclusion of the enhanced corporate diagnosis and advice service in TOR for consultants, together with the reinforcement of PR and promotion activities in such direction.
- 4) It is important to find ways to formalize the SME consultant system to immediate issue is to training of local instructors (TOT), which should need outside assistance, such as the acceptance of Japanese experts.

(4) MINECON

MINECON performed evaluation of the pilot project as the counterpart organization by conducting interview surveys of participants and companies that they visited for corporate diagnosis, according to a method similar to the one adopted by the study team. The results are compiled as MINECON's "Pilot Project Evaluation." Major findings are summarized as follows.

- 1) The pilot project is considered to have been successfully implemented in most aspects.
- 2) Teaching materials need to be more localized by revising and upgrading content as required.
- 3) Generally, the project was carried out under large time constraint, which affected performance in some points.
- 4) Quality of instructors can be improved further by recruiting those who are familiar with actual conditions of SMEs.
- 5) The field exercise for corporate diagnosis is highly useful and should be included in a formal training program.
- 6) The pilot project has provided good opportunity to examine and recognize the need for the SME consulting system. This recognition should be disseminated widely to related parties.
- 7) Data and information obtained in the course of the pilot project should be properly documented for future use.

3.2.5 Project Cost

Major cost items relating to the pilot project are as follows. The project cost has been funded by JICA, excepting fees to Chilean instructors (borne by the MOE).

1. Rent for use of classrooms (3 rooms x 2 months)

2. Copying and printing of textbooks (7 subjects/modules)
3. Copying of teaching materials and documents (7 subjects/modules)
4. Translation of teaching materials
5. Other costs, including secretary, stationery, and drinks
6. Fee to Chilean instructors
7. Japanese/Spanish interpreters (2)
8. Operation and management of the practical training course for corporate diagnosis (vehicles, diagnosis reports)
9. Preparation of test problems and test administration
10. Closing ceremony and meetings

Note that the above cost items are related to operation and management of training courses and do not include PR activities, and administration and management of tests, certification and registration. Also, once the formal system is established, translation costs will become unnecessary because all courses will be conducted by Chilean instructors. So far as the training program is concerned, the operating budget will consist of initial investment (preparation of textbooks and training facilities) and day-to-day operation costs (fee to instructors). Thus, if initial investment is funded by the public sector, the operating cost will be covered by revenues from the course fee. However, it is imperative to decide how to divide costs relating to the practical training course (corporate diagnosis). As the course fee needs to be limited to an affordable amount for participants, detailed cost calculation will be needed by defining the scope of the program.

3.2.6 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.

- 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.

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

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

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.

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^{*1}. 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.

^{*1} Estimated by the JICA Study Team on the basis of INN's registration data and interviews with CORFO and SERCOTEC

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^{*2}. 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

^{*2} In addition, INDAP launched a system to train and evaluate consultants specialized in providing support for agriculture and livestock sectors.

(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.

4.1.4 Basic Requirements for the SME Consultant

It is important to define the SME consultant who can play a critical role in the country's SME development in terms of required competence and role. On the basis of the current state of consultants in the country (as discussed in Chapter 2), and evaluations on the pilot project by related organizations (as discussed in Chapter 3), major issues facing consultants currently operating in the country are summarized below (Table 4.1-1).

Table 4.1-1 Issues Relating to Existing Consultants

Key issues	Comments by companies and organizations surveyed
<p>1 Low levels of communication with clients, work ethics, and trust worthiness as consultant</p>	<ul style="list-style-type: none"> • For the consultant to provide proper diagnosis and support service for SMEs, education and training relating to human factors, especially communication skills, work ethics, and trust worthiness (BancoEstado Microempresa, financial institution serving microenterprises and small enterprises). • Some consultants lack the sense of work ethics, e.g. misappropriation of clients' business plans, and basic requirements for the SME consultant are mainly related to humanity and moral, while professional knowledge and skills can be attained in a later stage (CuroalChile). • New employees (consultants) should be selected on the basis of personality (Dollenz, Consulting Company). Many opinions from government organizations and consultants indicate that SMEs do not want to disclose confidential information and data. • There are many consultants who are not trustworthy and it is difficult to discern competent consultants from non-competent ones (OMAMET and others). • Persons who have lost employment with large enterprises work as consultants without understanding the actual state of SMEs, creating problems. • Some consultants disregard the client's interest, e.g. the development and proposal of a program or project that benefits the consultant (Chamber of Commerce Pyme21). Generally, given the presence of consultants who are not trustworthy, SMEs are generally discouraged to provide information.
<p>2 Diagnosis and proposal on the basis of the lack of understanding on and consideration to the actual state of SMEs,</p>	<ul style="list-style-type: none"> • Some SMEs are unable to hire competent workers during their startup due to the lack of fund or public recognition and are required to train workers by themselves (Logessa). • Some consultants make perfunctory proposals without detailed survey or analysis of relevant issues or the actual operating status and conditions (OMAMET and others). • Many SMEs lack adequate management resources (personnel, physical assets, fund, and information) in terms of both quality and quantity, e.g.

Key issues	Comments by companies and organizations surveyed
<p>especially, the apparent lack of perspectives from day-to-day operation</p>	<p>Many point out that there are a large number of consultants who make proposals useless to SMEs by failing to take into account the resource shortage and applying textbook techniques suitable for large enterprises.</p> <ul style="list-style-type: none"> • On the other hand, there is the case where a company was able to obtain the necessary fund from a SERCOTEC program under the assistance of a consultant (an engineer/friend) in relation to the development of a business plan (De Las Nieves). • Some companies made innovative efforts to use external resources, e.g. use of a leather factory that is idling due to the recession (CuroalChile). • Kaizen tools are not fully used in field operation, while there is no consultant who is capable of providing field guidance and advice (ChileCalidad). • It is important to taken into account the difference in the business environment and the management’s mindset between small enterprises and larger enterprises (BancoEstadio Microempresas). • It is important to realize that SME managers are generally eager about their products and production activity, whereas they do not know much about management and are much less interested in modernization of their operation (ASIMET). <p>Varying quality levels among consultants serving small enterprises and microenterprises seem to come from the difference in level of understanding on these enterprises.</p>
<p>3 Diagnosis and support failing to take into consideration the external business environment facing SMEs</p>	<ul style="list-style-type: none"> • Many SME managers are excelled at product development and production, while they lack management knowledge. They do not realize the need for employee education (not to mention the need for their own education), and the lack of management knowledge (such as accounting and taxation) as well as information places SMEs in an unfavorable position compared to large enterprises (OMAMET). • Preoccupied with day-to-day operation, a company did not know about public support programs, including misunderstanding that SENCE support programs were open to 25 years or younger workers (De Las Nieves). • Consultants should be able to make SMEs realize that their business environment changes more quickly than that for large enterprises and to perform diagnosis and give advice by reflecting local conditions and their dynamics effectively (OMAMET). • A company has felt the need for management education as it had a bad debt due to bankruptcy of its trade partner (copper exporter) (Logesa). • Consultants should be able to perform diagnosis and give advice that is suitable for actual conditions of SMEs and MEs, which are different from large enterprises in terms of scale of operation and pace of change (CONUPIA). <p>There are many comments pointing out that diagnosis techniques used and</p>

Key issues	Comments by companies and organizations surveyed
	proposals made by consultants tend to be perfunctory and not applicable to the business environment surrounding SMEs.
4 Shortsighted diagnosis and proposal	<ul style="list-style-type: none"> • Many consultants believe that their service is completed by making a hackneyed proposal or report on the basis of superficial diagnosis, without understanding the client's actual operation. SMEs do not want an impractical or unrealistic proposal or report. They look for consultants who can provide the client with continuous support so as to help them to solve problems in relation to their day-to-day operation and management by listening to what the client thinks or feels and understanding actual conditions including the shop floor and product portfolio (CuroalChile and others). • A single consultant cannot solve every problem and should be able to learn professional knowledge or to find an expert as required (OMAMET). • It is desirable to see a program that allows SMEs to use the consultant's service on a continuous basis (De Las Nieves). Consultants tend to measure the results in monetary value, but follow-up service is important to maintain the kaizen process as proposed (ALCAINO). • Consultants should deal with their clients (small enterprises) as long-term partner, rather than a short-term contract (BancoEstado Microempresas). • The lack of follow-up service after diagnosis and advice, and the lack of assessment of results (including impacts) are problematic (CONUPIA). • A company has started as a home-based confectionary and is hiring ten workers. The owner wants to expand business by moving a workshop from his own house to other place, but he has no time to prepare for it. Also, there is no person whom he can consult in relation to the development of a future business plan, although he knows experts in specific fields (CostHermanosCia). • On the other hand, there is a consulting firm that checks the progress of its kaizen proposal as follow-up (Dollenz).
5 Diagnosis and advice focusing on a specific field, rather than from broad perspectives	<ul style="list-style-type: none"> • While some SME managers identify problems and analyze their causes by themselves, the results are often inaccurate and far from finding a real cause. Consultants should thus be able to analyze management-related problems in the context of an operating system and to find a real cause (OMAMET). • Currently available consultants have weakness in the inability to perform diagnosis from companywide perspectives and give advice toward continuous improvement (ChileCalidad).

Source: Prepared by JICA Study Team

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 this 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 have 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 defined above, competence requirements for SME consultants have been established on the basis of the results of the pilot project and discussion with the Chilean side, as specified in 4.2.1. In particular, 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.

- 1) Knowledge relating to promotion of business startup and innovation
SME consultants should be capable of performing diagnosis and giving advice in the fields of business startup and innovation, new business development, and new product development. In particular, as the business environment changes dramatically, even startup companies may be able to raise funds from the capital market or to be engaged in M&A. As a result, SME consultants will be increasingly required to understand corporate finance, including the assessment of the company’s value or investment opportunity. While corporate finance courses are already offered by some universities as part of their entrepreneurship program, corporate finance should be incorporated to the training program for the SME consultant system.

2) Counseling skills

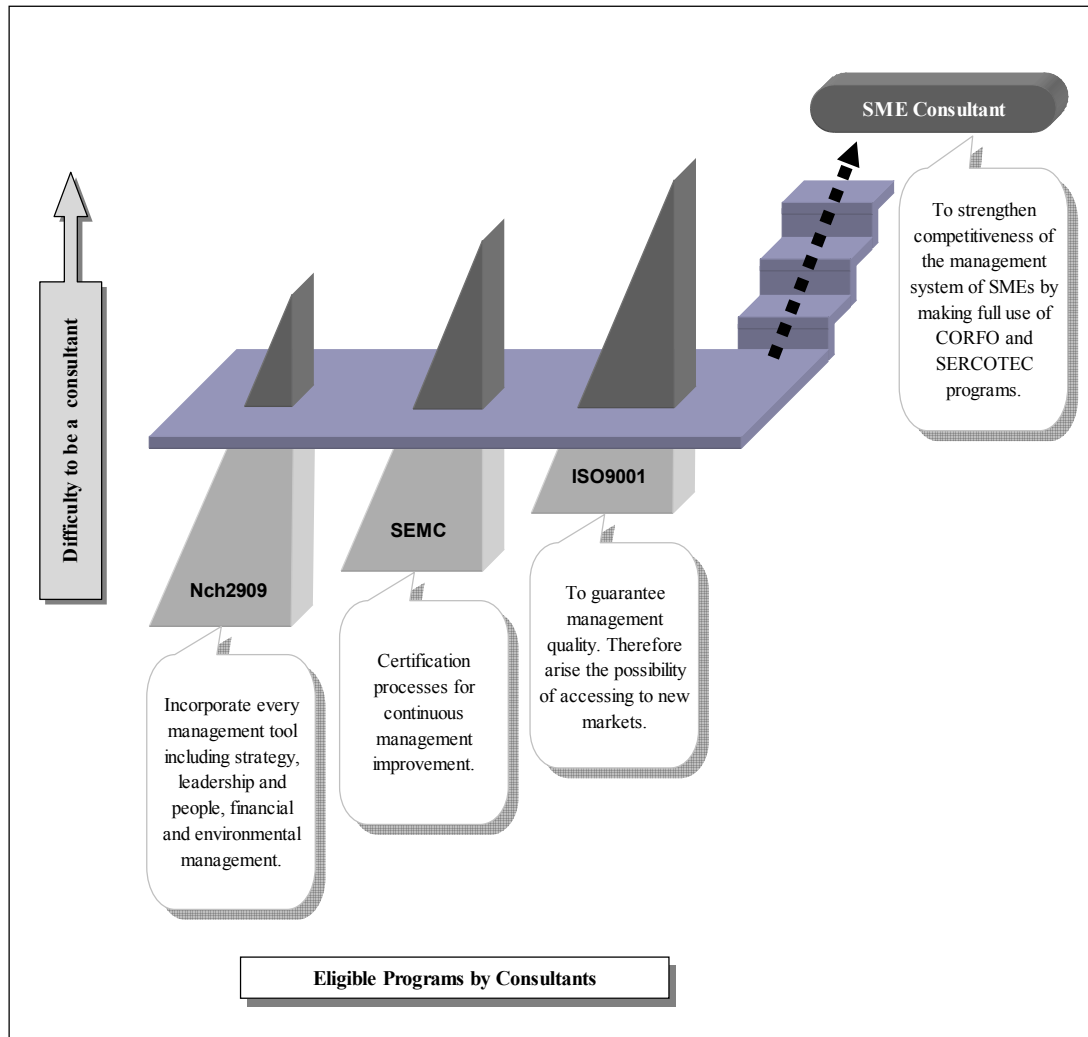
Finally, the SME consultant is expected to establish and maintain competitiveness in order to provide SME support on a commercial basis. In doing so, he must possess counseling skills that include not only the traditional diagnosis service (based on analysis and problem identification), but comprehensive advisory service that embraces the formulation of strategies and plans, identification of issues facing the client in future, and proposition of proper measures. Counseling skills required for the SME consultant should therefore include the skills for smooth communication with the client company, in addition to basic knowledge relating to consulting service as a whole. (The discussions in 1) and 2) above are based on “The New SME Shindanshi System,” June 2000.)

Thus, the SME consultant system needs to be designed by taking into account the above knowledge and skills as basic requirements for SME consultants in Chile. Note that the discussions in 1) and 2) above are based on those presented in “The New SME Shindanshi System” as the basic concept of the new system.

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 4.1-1 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 4.1-1 Positioning of SME Consultant Relative to Consultants Eligible for CORFO Programs

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^{*3}. 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.

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.

^{*3} Note that they should preferably receive the TOT program operated by JICA.

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 Need for Government Leadership in System Development

The proposed SME consultant system is expected to be built up under the leadership of the MINECON (ChileCalidad responsible for the formulation of the system development plan). It is important to understand why the ministry should assume the leadership role in development of the consultant system.

The government needs to be involved in the building process for the SME consultant system in order to ensure that its SME development policy accomplishes the expected results, by empowering consultants that have completed the training program to help operate SME support programs in relation to issues that cannot be solved by market principle alone. This is based on the notion that public support for SMEs is justified for the interest of industrial development and job creation in order to enable them to overcome the disadvantage over large enterprises in terms of management resources. In this connection, the need for effective operation of support programs, in connection with the development of the public support system, is implied. The MINECON is expected to show leadership in sharing the recognition with related organizations and in driving the problem solving process.

As shown in Table 4.2-1, the MINECON needs to specify the timing and duration of government involvement, its nature and extent, and the number of consultants to be trained, followed by the review and adjustment of the plan proposed in this report and implementation as its own initiative.

Table 4.2-1 System Construction by the Administration

Category	General description
1. Significance of government involvement in the SME consultant system	<p>(Principle) To intervene in the SME consultant system in relation to an issue that cannot be solved by market principle and that is not covered by a public support program.</p> <p>(Description)</p> <ul style="list-style-type: none"> - Effective operation of SME development policy - Accomplishment of effective results from public support programs - Upgrading of the consultant market - Promotion of visualization of consultant's competence
2. Activity areas of SME consultants	<p>(Principle) Areas where there are a problem relating to SME development, which cannot be solved by market principle alone.</p> <p>(Description)</p> <ul style="list-style-type: none"> - Activities covering the interface between companies and government in relation to SME development related support programs - Potential areas relating to improvement of management capability and regeneration of SMEs
3. Process involved	<p>(Principle) To minimize the period of government involvement in the consultant market, together with the process.</p> <p>(Description)</p> <ul style="list-style-type: none"> - It is assumed to take three years to accumulate knowhow relating to the operation of the SME consultant system. - Thereafter, government involvement will be limited to determination of test results, while other tasks will be commissioned to the private sector.
4. Number of consultants to be trained	<p>(Principle) To determine the number of consultants to be required for government involvement by checking the scope of possible activities, in light of the fact that eligibility for the SME consultant training program includes registration as Nch2909, ISO9001 or SEMC consultant. For instance, the number of persons who obtain certification for Nch2909-related consulting service may be used as the threshold number.</p> <p>(Description) The system should be designed on the basis of the number of consultants to be trained, e.g., 80.</p>
5. Period for government involvement	<p>(Principle) The training period can be determined from the number of consultants to be trained under government involvement.</p> <p>(Description)</p> <ul style="list-style-type: none"> - Assumed to be three years. - The three-year period appears to be sufficient for the building of a mechanism to operate the system efficiently, including accumulation of know-how. Government will supervise and direct the private sector by applying acquired know-how and select a qualified organization according to preset criteria, followed by the monitoring of its operation and management.

Source: Prepared by JICA Study Team

The following is preliminary design of the SME consultant system.

4.2.1.1 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 4.2-2.

Basic policy for preliminary design of the SME consultant system

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

Table 4.2-2 Basic Policy for SME Consultant System Design

<p>1. Securing of public interest</p>	<p>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.</p> <p><Substance> (The consultant market as public common) 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) 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) 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) 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</p>
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	<p>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><Substance></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 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)</p> <p>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)</p> <p>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</p>

	incentive for government organizations, SMEs and private consultants in relation to the system's operation.
	<p><Substance></p> <p>(Use of private initiative)</p> <p>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)</p> <p>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)</p> <p>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>

Source: Prepared by JICA Study Team

4.2.1.2 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 4.2-3 and 4.2-4. Note that they are derived from “basic requirements for the SME consultant” as discussed in 4.1.4 by delineating them as “expected roles” and “required competence set.”

Table 4.2-3 Role Expected for SME Consultants

Expected role	Description
1 Establishment of communication and trust	<ul style="list-style-type: none"> - 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. - 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.
2 From theory-based to field-oriented diagnosis and support	<ul style="list-style-type: none"> - 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 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"> - 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.
4 Support based on foresight to anticipate the	<ul style="list-style-type: none"> - 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

Expected role	Description
future changes in the business environment	<p>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.</p> <ul style="list-style-type: none"> - 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.
5 Bird's eye view diagnosis and support for management innovation	<ul style="list-style-type: none"> - 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). - 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. 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 4.2-4 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"> - Knowledge and practical skills relating to finance and accounting - Knowledge relating to legal management - Knowledge and practical skills relating to development of management strategy and business plan - Knowledge relating to corporate management and resource management <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"> - Ability to provide support for business creation and startup - Knowledge relating to use of information technology for corporate management
<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 4.2-5, 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. Note that the relationship between these skills and actual courses (competence evaluation) is discussed in 4.3.

Table 4.2-5 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 4.2-4.

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

4.2.1.3 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 4.2-1 shows conceptual view of the institutional setup for the SME consultant system. The role of each organization constituting the institution is defined in Table 4.2-6.

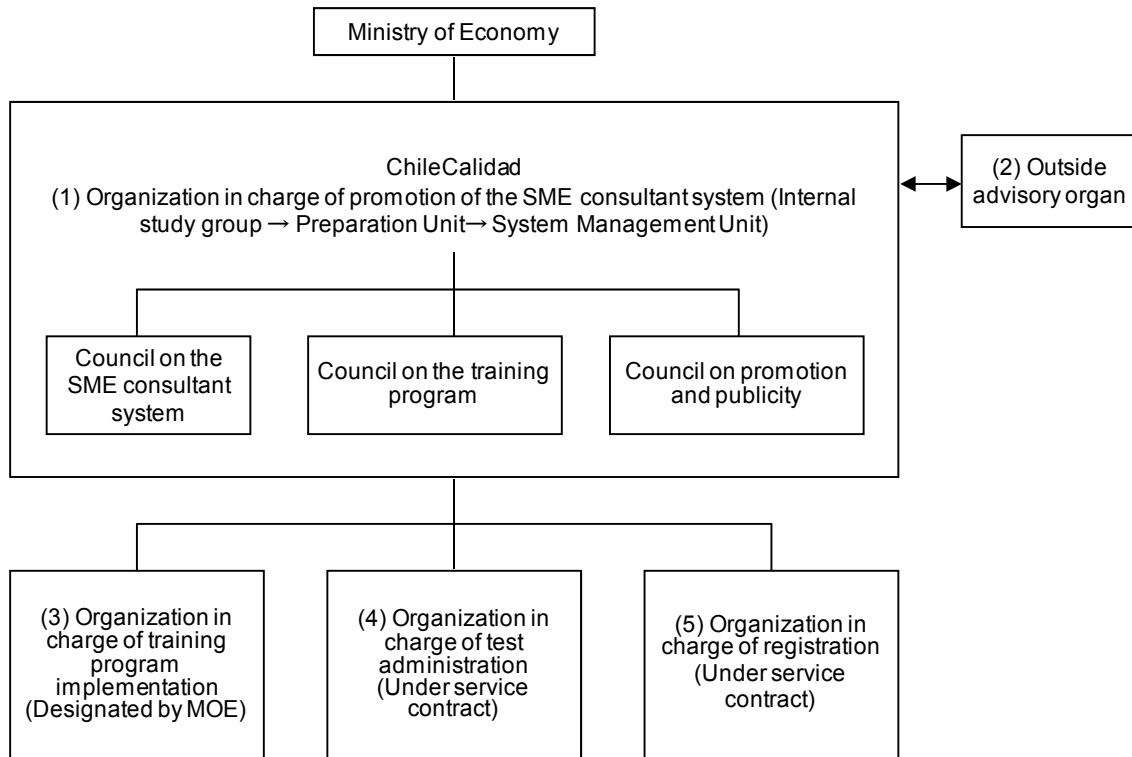


Figure 4.2-1 Conceptual View of Institutional Setup for the SME Consultant System

Table 4.2-6 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. - 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. - 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)	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

In addition, the following items should receive particular attention in the course of system design (Table 4.2-7).

Table 4.2-7 Key Considerations in relation to System Design

Design concept	Key considerations
1. Rationale for government involvement in the SME consultant system	<ul style="list-style-type: none"> - Positioning in government SME policy - Need for the SME consultant system - Method and substance of government involvement <p>The number of consultants to be trained in government involvement, the level of competence, and period of involvement</p>
2. Institutional design to secure sustainability	<ul style="list-style-type: none"> - Effect use of existing resources - Confirmation of role of each organization and common purpose - Intent of related organizations to collaborate and the collaboration system - Incentive for client companies - Incentive for SME consultants - Intent of the government sector
3. Institutional design from short-, medium- and long-term perspectives	<ul style="list-style-type: none"> - Government involvement in the short run - In the long-run, government will be responsible for determination of success and failure, while other processes will be outsourced to the private sector. Government will retain policymaking, certification, designation, coordination and supervision functions.

4.2.1.4 Basic Policy for Promotion of the SME Consultant System

Basic policy for promotion of the SME consultant system - major steps to build it as a national certification and registration system - is discussed below.

(1) Organization in charge of promotion of the entire system

As part of the project, an organization to promote the building of the SME consultant system, entitled “SME Consultant System Management Unit,” will be established within ChileCalidad under the assumption the system will be deployed throughout the country in future. While it is positioned as a committee for preparation and promotion of the SME consultant system, a council will be organized by representatives of SME development organizations, universities, and private organizations, under leadership of the MINECON. Note that, in the startup stage, the Preparation Unit will be established as the antecedent and will handle preparatory work.

The organization will carry out activities according to the actual environment surrounding SME consultants, such as the implementation status of public support programs and the enactment of related laws. As the first step, a study group will start up within ChileCalidad, and three months later, it will be reorganized to the Preparation Unit.

Subsequently, the Preparation Unit will finalize a plan for development of the SME consultant system and perform preparatory tasks. Then it will be reorganized to the SME Consultant System Management Unit. Thus, the institutional setup will progress in several steps. Table 4.2-8 lists specific activities to be undertaken by the promotional organization at each stage. In addition, activities of ChileCalidad in the startup period are discussed in detail in 4.2.2. Note that they are assumed to be undertaken by the SME Division of the MINECON, as discussed in the beginning of the chapter.

Primary roles of the promotional organization (SME Consultant System Management Unit)

- 1) Review and modification of the SME consultant system building plan
- 2) Recommendations to the MINECON concerning legislation and budget allocation relating to the SME consultant system
- 3) Approval of guidelines for the training programs, individual courses, syllabus, etc.
- 4) Designation of organizations in charge of training program implementation, and conclusion of service contract
- 5) Designation of organizations in charge of qualification and registration, and conclusion of service contract
- 6) Approval of qualified persons (registered as consultant)
- 7) Monitoring and review of the training program and the qualification and registration system

(2) Phased development of the promotional organization

The MOI and ChileCalidad will make preparation for the establishment of the Preparation Unit, while conducting the review of proposals in the report and coordination

with related organizations. During the review, the business environment surrounding SMEs in the country and the use of public support programs will be analyzed again to confirm the need for and the role of SME consultants. Thus, the MINECON will confirm the rationale for its own program (building of the SME consultant system).

Table 4.2-8 Basic Policy for Phased Development of the Promotional Organization

Phased development process	Description
1. Establishment of the internal study group on the SME consultant system	<p>(Role of the study group)</p> <ul style="list-style-type: none"> - Analysis of JICA's proposals - Confirmation of a general image of the SME consultant - Listing of activities and other items required for the startup of the system - Examination of possibility of using the SME consultant for ongoing SME support programs <p>The results of the JICA report and proposals will be reviewed for 3 – 5 months, accompanied by consultation with related organizations as required, in order to understand the environment surrounding SME consultants and to obtain the MINECON and ChileCalidad's unified view on the need for the SME consultant, the justification for government involvement in the SME consultant system, and the role and future prospect for the SME consultant.</p> <p>(Membership)</p> <ul style="list-style-type: none"> - 2 – 4 staff members of ChileCalidad, who have participated in the JICA study and/or the pilot project and understand the SME consultant system <p>(Duration)</p> <p>The study group will be active for three months so as to accomplish its objective and will then be reorganized to the Preparation Unit.</p>
2. Development to the Preparation Unit for Building and Operation of the SME Consultant System	<p>(Role of the Preparation Unit)</p> <p>The Preparation Unit will conduct the following activities in consultation with various councils to be established in preparation for the startup of the SME consultant system.</p> <ul style="list-style-type: none"> - Preparation of a medium-term (3 – 5 years) system development plan and action plans - Preparation of detailed content of the consultant training program and relevant standards - Development of the registration system and supervision of registration - Implementation of propagation and promotion activities for the SME consultant system - Preparation of a draft budget proposal and application

Phased development process	Description
	<p>(Membership)</p> <ul style="list-style-type: none"> - In addition to the study group members, a few staff members will join, totaling around 4 persons. - The Preparation Unit will conduct activities under participation of experts (such as lawyers and accounts) and staff members of public organizations as required or considered appropriate according to a specific theme. Then, the following councils will be established. <p>(Duration)</p> <p>The Preparation Unit is expected to conduct its activities for around 15 months and will then be developed and reorganized to the System Management Unit in preparation for the formal startup of the SME consultant system.</p> <p>(Councils to be established within the Preparation Unit and their roles)</p> <ul style="list-style-type: none"> - Council on the SME consultant system The council will conduct general discussion on the SME consultant system and select monitoring and implementation organizations. - Council on the training program The council will deal with the training program (e.g., subjects, teaching materials, and syllabus), designation and supervision of training organizations, preparation of test programs, and test administration. - Council on promotion and publicity The council will discuss promotion and publicity for the SME consultant system and coordination with implementation organizations.
<p>3. Launching of the SME Consultant System Management Unit</p>	<p>The office will be established to take over activities conducted by the Preparation Unit. During the implementation period (in particular, during the period of government involvement), a system management organization and resources will be reinforced to ensure smooth management of the formal system. The councils established within the Preparation Unit will continue their duties.</p> <p>(Role of the System Management Unit)</p> <ul style="list-style-type: none"> - Formulation of a long-term system management plan and action plans - Effective operation and management of the SME consultant system - Improvement of the system's public recognition and training of consultants in number required - Building of local infrastructure for deployment of the system - Preparation for outsourcing of consultant training and registration processes to the private sector or other

Phased development process	Description
	<p>organizations.</p> <p>(Organization of the council on the SME consultant system) Chairman: Director of ChileCalidad Member: MINECON's vice minister in charge of economy Member: CORFO Member: SERCOTEC Member: INN Member: UC (representing universities) Member: CONUPIA (representing SMEs) Member: ASEXMA (representing manufacturing industries and AOIs) Member: CCS (representing the commerce and service sector and AOIs) Secretariat: ChileCalidad (four full-time staff members)</p>

(3) Council on the SME consultant system

1) Role

The council will, as an outside organization, give advice and make proposals concerning the SME consultant system and its management on the basis of public opinions and comments, in particular, the system's public interest, transparency, fairness, and sustainability. Also, it will give advice, to the System Management Unit, concerning outside organizations that are expected to have synergy with the SME consultant system, such as the government-private joint committee to be established under the SME Law, while confirming their role. In addition, various advisory teams will be organized under the leadership of ChileCalidad, mainly consisting of members of the pilot project implementation team.

2) Policy for selection of the council's members

In consideration of the role of the council, its members will be selected from the following organizations that are involved in SME development. Note that the potential members shown here are intended for a council on promotion of the proposed SME consultant system, and government-private joint committee to be established by the MINECON can be used for the purpose.

(Selection criteria for the council members)

- a. Experts in fields relating to SME development
- b. Representative of the private sector
- c. Representative of a financial institution that primarily serves SMEs
- d. The chamber of commerce

- e. The government-private joint committee to be established under the SME Law
- f. Organizations forming the Productivity Promotion Network, which do not participate in the organization to promote the SME consultant system
- g. Representative of private consultants

(4) Organization in charge of training program implementation

1) Role

The training program is designed to train consultants who possess standard competence required for the SME consultant as defined for the proposed system. The MINECON will, after reconfirmation of the competence requirements for the SME consultant and their expected roles, select training organizations through public tender procedures by showing training requirements and guidelines to candidate organizations, and supervise actual training. The organizations so selected are required to train SME consultants according to the term of reference (TOR) shown by ChileCalidad. In particular, they are required to conduct training courses, including field exercise, in terms of content and duration that is specified by the organization in charge of promotion of the SME consultant system.

As the program's mission is to provide appropriate training for professional SME consultants, the training organization must have expertise and experience in similar education and training, including a sufficient backup system to maintain good communication with faculty, instructors, and participants. In addition, consideration should be given to potential participants in rural regions so as to ensure nationwide deployment of the training program in the future.

2) Selection criteria

Table 4.2-9 Shows general selection criteria for the training organization.

Criteria	Description
1. Track record in relevant education and training	<ul style="list-style-type: none"> - 5 years or longer experience in human resource development relating to SMEs and training projects (including practical training) - Capable of conducting the training program that combines lecture and practical training courses - Capable of conducting lecture courses that reflect the actual conditions of SMEs - Capable of conducting practical training courses that include the teaching of tools useful for field diagnosis - Having a division in charge of SME development, with a separate office, necessary office equipment, and full-time staff
2. Training facilities	Capable of providing sufficient facilities and equipment required to implement the training program
3. Qualification of teaching staff	<ul style="list-style-type: none"> - Capable of retaining teaching staff who have three years or longer experience in teaching lecture and exercise required for the program and who have experience in practical training, i.e., three or more years. - Selection criteria for instructors are established in detailed design of the training program in 4.3
4. Securing of teaching staff	<ul style="list-style-type: none"> - Capable of securing a sufficient number of teaching staff (professors and instructors) according to the number of participants, with assurance that they are dedicated to the training program in the form of an employment or service agreement - Capable of assigning one or more instructors to each group of eight participants or less for practical training

Source: Prepared by JICA Study Team

The training organization, as appointed by the SME Consultant System Management Unit, will establish the training program according to a training guideline and a model curriculum set forth by the council on the training program, will obtain the approval of the Management Unit, and will recruit and select participants.

(5) Organizations in charge of test administration and organization

1) Role

Participants who have completed the training program will take a certification test to check if they have competence required for the SME consultant and those who have passed the certification test will be registered as SME consultant. The SME consultant system will

require an organization responsible for administration of the certification test and an organization responsible for registration of SME consultants. These organizations will be appointed separately or the same organization may perform both functions.

2) Selection policy for the registration organization

As the SME consultant system is established and operated under the government leadership, organizations in charge of test administration and registration should preferably be selected from non-profit organizations such as public organizations. Furthermore, these organizations are expected to have good experience in test administration and registration for SME-related qualifications, such as Nch2909, and in particular, the function to determine success or failure in the certification test should preferably be assigned to a government organization that is widely reorganized in society. As SME consultants and their candidates are required to have knowledge on Nch2909 and ISO9001, the registration organization should ideally be an organization engaged in certification under such quality standards. Moreover, the registration organization should handle new registration of SME consultants and its renewal, from the standpoint of continuity of service.

Table 4.2-10 Selection Criteria for Test Administration and Registration Organizations

Criteria	Description
1. Experience in test administration or registration	An organization familiar with administration of similar tests and registration on the basis of test results by taking into consideration characteristics and service of the SME consultant e.g. SME consultants serve the best interest of SMEs and that service provided by the SME consultant should contribute to the improvement of SME management.
2. Recognition in society	As SME consultants are trained under government involvement, an organization that provides test administration or registration service should be widely recognized in society.
3. Non-profit organization	As SME consultants are trained under government involvement, an organization that provides test administration or registration service should be a non-profit organization.

Source: Prepared by JICA Study Team

For the first two years after the startup of the SME consultant system, the council on the training program will prepare test problems and the organization in charge of test administration will administer the test under contract. Test results will be determined by the same council and a certification will be issued by the MINECON to successful candidates. Finally, the registration organization will register certificate holders upon request.

4.2.1.5 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 4.2-11).

Table 4.2-11 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"> - Clear definition of the role of participating organizations - Promotion of collaboration with participating organizations - Cooperation with existing outside systems and institutions - Incorporation into the new system 	<ul style="list-style-type: none"> - Ongoing SME development programs - SME Law and other related laws
	2. Management from the viewpoint of SMEs	<ul style="list-style-type: none"> - Conformity with needs of SMEs - Manufacturing, retail, and service industries - Desirable form of sustainable support - Collaboration with financial institutions and other similar organizations 	<ul style="list-style-type: none"> - Formulation of SME support programs on the basis of actual needs - Development of support programs that meet the needs - Sustainable support (including financial support)
	3. Consideration to the standpoint of SME consultants	<ul style="list-style-type: none"> - Development of programs to which the SME consultant can be qualified - Operation method to facilitate participation in the system - Subject-based curriculum - Phased qualification system - Introduction of subject-based qualification - Effect use of IT in each process 	<ul style="list-style-type: none"> - Ongoing public support programs - Participation under the SME Law scheme - Assistant SME consultant (shindanshi) - Subject-based qualification valid for three years - Use of e-learning

Source: Prepared by JICA Study Team

1) System management using existing resources

To build a sustainable SME consultant system, it is imperative to create and maintain an organization that enables participating organizations to work together toward the accomplishment of common goals, while ensuring effective communication and collaboration among related organizations. Then, the system should be managed by using existing organizations, their functions, human resources, and mechanisms in an optimum combination.

Existing resources include CORFO, SERCOTEC, INN, and ASEXMA, which form the pilot project implementation management team, 24 participants in the training program (those sent by public organizations and private consultants), and 6 companies that received diagnosis service as part of the practical training course. Also, in the system building and management process, efforts should be made to collaborate with new organizations and mechanisms that will be formed by universities or the national skill certification system.

2) System management focusing on the needs of the private sector (SMEs and SME Consultants)

In designing the SME consultant training, qualification, and registration system, a variety of business processes should be included, such as the recruitment of applicants for the training program, evaluation procedures, training courses, development of a training curriculum and teaching materials, and the development of certification requirements. For smooth system management, these processes need to be operated in substance and steps that meet the needs of SMEs and SME consultants. At the same time, to ensure that SME development programs produce expected results, the use of consultants having a sufficient level of competence and the environment that allows their effective use are essential. To ensure the maximum effect from the SME consultant system, the system management policy should give priority to meeting the needs of the private sector.

(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 4.2-12 Implementation Steps for Training Courses and Design Criteria

Implementation step	Design criteria
Recruitment of participants	<ul style="list-style-type: none"> - 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. - 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.
Eligibility	<p>An applicant for the training program must meet the following requirements:</p> <ol style="list-style-type: none"> ① A degree or diploma from a four-year university and work experience of three years or longer; ② Professional experience in three or more cases of CORFO/SERCOTEC programs; ③ INN-registered consultant (Nch2909, SEMC or ISO9001) <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"> - At first, each candidate is required to submit a set of documents, including an application, a curriculum vitae, and job description. - 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

Implementation step	Design criteria
	<p>each candidate's work experience and area of specialty, together with the level of understanding concerning SMEs and their current state.</p> <ul style="list-style-type: none"> - 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.
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"> - 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. - 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. - 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.
Implementation and grading of the certification test	<ul style="list-style-type: none"> - 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. - 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.

Source: Prepared by JICA Study Team

(4) Selection of instructors and policy for development of teaching materials

Instructors should include not only experts in management theory but those who are familiar with actual conditions of SMEs. At the same time, teaching materials should deal with both theory and practice of SME management.

Textbooks, syllabuses and other teaching materials used for the lecture courses will be prepared by designated instructors on the basis of those prepared for the pilot project, with the addition and updating of knowledge and tools required for corporate diagnosis. To provide sufficient time for editing of teaching materials, instructors should be selected as early as possible. At the same time, consideration should be given to allow participants to learn knowledge and tools that are useful for actual consulting activities. Although instructors and teaching materials used for the pilot project can be useful for the formal training program, careful reviewing and updating will be required to maximize program quality. Key points in selection of instructors and development of teaching materials are summarized below.

Table 4.2-13 Policy for Selection of Instructors and Development of Teaching Materials

Item	Description
Selection criteria	<p>(Policy)</p> <p>As SME consultants are required to perform diagnosis and give advice on the basis of field observation, instructors should have expertise and experience backed up by knowledge on the business environment and conditions facing SMEs, which can be applied to day-to-day consulting activities. In particular, care should be taken to selection of instructors in the fields of finance, accounting and operation management.</p> <p>(Selection criteria)</p> <p>The committee on the SME consultant system will make selection by establishing criteria that are outlined below. (The following information is based on “Selection Manual for Practical Training Instructors,” SME Agency.)</p> <ul style="list-style-type: none"> - SME consultants or management consultants who conduct consulting business for five or more years (including those who work for a company as management consultant for the duration of five or more years) - Other persons who have in-depth knowledge on SME management in general and knowledge and skills relating to a specific field (or knowledge and experience relating to SMEs), together with experience in teaching SME management methods or techniques in the form of exercise or practical training
Preparation of teaching materials	<p>(Policy)</p> <p>To make SME consultants ready to perform their expected role,</p>

Item	Description
	<p>textbooks should cover the business environment and conditions of SMEs and give consideration to applicability and usability in field consulting activities. On the other hand, they should not be overly voluminous by allocating pages according to priority, while ensuring the level and extent of teaching that is required for SME consultants.</p> <p>(Method for preparation) Textbooks should be designed to allow participants to pass the certification test when they master their content.</p> <ul style="list-style-type: none"> - The Preparation Team will prepare textbooks on the basis of those prepared by Japanese experts by making necessary editing and updating to reflect lessons learned from the pilot project and by taking into account local conditions peculiar to the country. They will be further refined and updated according to future development of the training program.

Source: Prepared by JICA Study Team

(5) Course duration and hours

The training program will be held for six months, with 360 course hours in total. 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).

(6) Practical training for corporate diagnosis

1) Course design principle

The practical training course for corporate diagnosis is designed to develop competence and communications skills required for consulting activities at SMEs, including the ability to deliver concrete results to the client company, by applying knowledge and know-how learned in the lecture course. In particular, SME consultants are expected to have the following skills relating to coaching and counseling.

- Listening skill
- Skill to hold discussion according to agenda
- Skill to summarize an expressed opinion or idea
- Skill to discover other party's personal skills
- Skill to spur other party's autosuggestion
- Skill to motivate other party

According to the surveys conducted after the pilot project, both participants and client companies rated the course highly by stating that it would be indispensable in the training program. The evaluation results are discussed in detail in 3.2.

2) A guideline for diagnosis and support activities

The practical training course will be designed by taking into account the issues relating to existing consultants and the role of SME consultants, as learned from the lecture course, together with a general guideline for diagnosis and support activities shown below.

Table 4.2-14 General Guideline for Diagnosis and Support Activities by SME Consultants

Category	Description
1. Preliminary confirmation of diagnosis needs	<ul style="list-style-type: none"> - SME consultants are in a position to deliver satisfaction to client companies To do so; they must accurately understand client needs in relation to diagnosis service. - 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. - Such preliminary confirmation is the prerequisite to final proposals, customer satisfaction, and the implementation of the proposals. - 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.
2. Quantitative and qualitative analysis	<ul style="list-style-type: none"> - 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) - Analysis of activities to seek new business opportunities, such as environmental preservation and social responsibility
3. Analysis of business environment factors	<ul style="list-style-type: none"> - 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 - Social factors (environmental and social impacts on individual companies in the context of social responsibility and global perspectives) - 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
4. Analysis of management	<ul style="list-style-type: none"> - Comprehensive analysis of the client's management resources by addressing questions, such as whether plans for development and/or utilization of

Category	Description
resources	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.
5. Identification of management issues	<ul style="list-style-type: none"> - SME consultants are expected to serve as a consultant capable of providing customer-oriented support, rather than the traditional, proposal-oriented consultant. - 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.
6. Proposals	<ul style="list-style-type: none"> - Participatory diagnosis should be designed to develop proposals under agreement with the client company. - 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.
7. Preparation of business plans in consideration of variable factors	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.
8. Proposals and reports with overall consistency	<ul style="list-style-type: none"> - 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.
9. Feasible proposals	<ul style="list-style-type: none"> - 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. - 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	<ul style="list-style-type: none"> - 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 on the basis of "Principles of Corporate Diagnosis: Standpoint from Management System Analysis," SME Diagnosis Association

(7) Certification test

1) General policy

The certification test will be conducted to recognize persons who meet qualification requirements (knowledge and skills) for SME consultants to provide corporate diagnosis, guidance and advisory services for SMEs and MEs in Chile. In particular, the certification test is required to confirm the following points. Those who have passed the certification test are registered with an organization designated by the MINECON. Thus, the registration is considered to be made under the qualification system recognized by the MINECON.

- a) Knowledge and skills required for diagnosis and advice from broad perspectives, namely in the areas of SME management and policy, consulting skills, finance and account, legal management, corporate management theory, and operation management
- b) The ability to apply learned knowledge to practice as an integral part of SME consultant's service

2) Test design

In consideration of registration requirements, the certification test will consist of written examination to check possession of expertise knowledge relating to corporate management and required for SME consultants (SME management and policy, consulting skills, finance and account, legal management, corporate management theory, and operation management), and practical skill examination to verify the ability to apply expert knowledge to practice, including the thought process. Those who have passed the two examinations are certified as a qualified SME consultant. Thus, the certification test for registration as SME consultant should include the written examination to check knowledge and the practical skill examination to verify the ability to apply knowledge to field consulting activity, including the thought process.

3) Test method

Basic policy for selecting a test implementation method is summarized as follows.

- a. As the SME consultant system is expected to be deployed nationwide, it should be designed to provide ease of access to local consultants who are interested in the system.
- b. The certification system should accept applicants who have studied individually as well as those who have completed the training program.

(8) Registration

While the Chilean counterpart intends to assign the registration task to ChileValora, which was established in July 2010, the organization's specific responsibility has still to be defined at the time of preparing this report. Thus the following sections describe registration requirements and rules (including rejection) on the basis of "The Rule for Registration and Testing of SME Shindanshi," SME Agency

1) Purpose of registration

Registration of SME consultants will be carried out to certify persons who meet qualification requirements (knowledge and practical skills) for SME consultants capable of performing corporate diagnosis and giving guidance and advice to MEs and SMEs in Chile, thereby to ensure opportunity for small enterprises to benefit from such service.

2) Registration requirements

As SME consultants are required to have specific knowledge and practical skills, their registration is made only after having passed both the written examination (to check knowledge) and the practical skill examination (to check the ability to perform adequate diagnosis and guidance service). Pass/failure decisions on the results of the certification test will be made by the Certification Test Decision Group (tentatively named), which will be established within ChileCalidad. (In practice, the test administration organization will be responsible for grading and pass/failure decision on test results, which will then be approved by MINECON.)

A person who wants SME consultant registration must meet the following two requirements.

- a. To pass the certification test
- b. Not to fall into any of the reasons to reject registration

3) Renewal requirements

A person who wants to renew their registration must meet the following two requirements.

- a. To participate in an annual renewal training program or pass the renewal test.
- b. Not to fall into any of the reasons to reject renewal.

4) Test design

SME consultants are expected to deliver visible results to their client companies. To ensure that they have the ability to achieve the goal, the training program will teach

knowledge (lecture) and practical skills to provide the following four types of service (practical training).

- a. Advice and support that emphasizes ease of execution and sustainable growth
- b. Reappraisal of management resources and promotion of their effective use
- c. Orientation from departmental diagnosis to diagnosis and support for corporate management systems
- d. Support for use of public SME support programs and execution of proposals in the direction to take advantage of the client's characteristics

Then, the certification test will be conducted to certify persons who meet qualification requirements (knowledge and practical skills) for SME consultants capable of performing corporate diagnosis and giving guidance and advice to MEs and SMEs in Chile. In particular, it will check the following two elements.

- a. Knowledge and skill required for diagnosis and advice from broad perspectives, namely in the areas of SME management and policy, consulting skills, finance and account, legal management, corporate management theory, and operation management
- b. The ability to apply learned knowledge to practice as an integral part of SME consultant's work

5) Test method

In consideration of registration requirements, the certification test intends to ascertain competence as SME consultant in two components; a test to check expertise knowledge relating to corporate management and required for SME consultants (SME management and policy, consulting skills, finance and account, legal management, corporate management theory, and operation management); and a test to verify the ability to apply expert knowledge to practice, including the thought process. Those who have passed the two examinations are certified as a qualified SME consultant. Thus, the certification test for registration will be composed of the written examination to check knowledge and the practical skill examination to verify the ability to apply knowledge to field consulting activity, including the thought process.

6) Reasons for refusal of registration

Any person who falls into any of the following subparagraphs is rejected for registration as SME consultant.

- a. In the event he is a minor;
- b. In the event he has gone bankrupt and has not been reinstated;
- c. In the event he has been subject to imprisonment and three years have not passed after he had served his term or had been relieved of imprisonment;

- d. In the event he has divulged or misappropriated confidential information that came to his knowledge in the course of performing SME consultant's service and three years have not passed after the date when he was deemed to have committed such act; or
- e. In the event he has committed an act of discrediting SME consultants and three years have not passed after the date when he was deemed to have committed such act.

(9) Certification requirements and pass/failure decision criteria

1) Written examination to check knowledge

To pass the written examination (multiple choice and essay questions), an applicant must obtain the following scores for the six subjects (SME management and policy, consulting skills, finance and accounting, legal management, management theory, and operation management):

- 40% or more of full marks for each subject; and
- 60% or more of the total full marks for all the subjects

Note that the middle point system will not be used for the test in order to reduce burdens of instructors who make test problems and to secure transparency of the grading process.

Also note that the passing level of 40% is proposed in consideration of the following three factors.

- ① In light of the fact that SME consultants are expected to serve as the generalist, the study team believes that they should score 60% or higher for all the subjects. On the other hand, only two persons passed the final test for the finance and accounting course at the time of the pilot project (the middle point system was not used). In consideration of these factors, so far as difficulty of test problems for the finance and accounting course is to be maintained at the current level and the middle point system is not used, the study team feels that the 40% score should be reasonable and appropriate as judged from the current competence levels of consultants in the country.
- ② Even if consideration is given varying strengths and weaknesses of participants in each subject, the changes in levels of proficiency, and varying levels of difficulty of the test from year to year, the study team believes that a participant who scores less than 40% for any subject should not be considered as the generalist capable of providing diagnosis and advisory services from broad perspectives.
- ③ As the SME consultant system is expected to attract experts in other fields, such as IT engineers and lawyers, it is planned to exempt them from the certification test for respective subjects. In this conjunction, it is desirable not to ask a high score (60% or

higher) for the financial and accounting course, which may discourage experts from seeking opportunity to serve as the SME consultant.

2) Practical skill examination

To check the ability to conduct field consulting activities by applying learned knowledge, instructors will evaluate participants in terms of attitude and behavior in the lecture course (group study) and the practical training course by using an evaluation table in a prescribed form. Note that evaluation will be made by means of interview after the end of the practical training course.

(Pass/failure decision criteria)

- The passing mark will be the average score of 3 or higher for all items.
- However, low score (1 point) for any item is considered as failure of the practical skill examination.
- The middle point system, generally adopted in Chile, is not used for the grading in the examination, because SME consultants are expected to provide sophisticated diagnosis and advisory service and are thus not permitted to have incomplete and halfway knowledge.

(10) Renewal of registration

1) Basic policy for setting renewal requirements

SME consultants are required to maintain knowledge required to perform proper diagnosis and advisory services for SMEs that face the changing business environment, for the purpose of meeting the needs of client companies from broad perspectives. Thus, the SME consultant system requires periodical renewal of registration for the following reasons.

- a. To prevent obsolescence of relevant knowledge due to the changes in the business environment surrounding SMEs; and
- b. To ensure that SME consultants maintain practical skills at levels sufficient to perform proper diagnosis and advisory services.

From the above standpoints, the renewal process should focus on practical skills relating to diagnosis and advice, together with the updating of knowledge on laws, programs, management theories and techniques that have been enacted, launched or adopted after the time of initial registration or previous renewal.

2) Renewal requirements

Based on the above policy, it is appropriate to set renewal requirements in relation to updated knowledge and practical skills, which SME consultants are required to meet in order

to have their registration renewed. The renewal period is two years in consideration of the rapid pace of change in the business environment facing SMEs.

A person who wants to renew their registration must meet the following two requirements.

- a. To participate in an annual renewal training program or has passed the renewal test.
- b. Not to fall into any of the reasons to reject renewal.

(11) Advertisement and promotion

1) Policy for advertisement and promotion

Advertisement and promotion activities for the SME consultant system will be carried out to encourage cooperation with the SME consultants community and improvement of their service quality, to promote the SME consultant system, and thereby contributing to development of SMEs and healthy growth of the national economy. In particular, efforts will be made to improve public recognition of SME consultants by promoting government programs using them in cooperation of related organizations.

At the same time, the SME Consultant Association (tentatively named) will be established to organize and represent the interest of consultants. The association will provide a place for mutual learning by its members, while functioning as an organization that provides information on SMEs (such as their needs) and proposes policies to government. Also, it is expected to develop in to an organization that supplies instructors for the practical training course (mentors).

2) Advertisement and promotion activities

- a. The MINECON and other government offices will conduct activities to increase public recognition of SME consultants by publishing successful cases using them on the Web site or by pamphlets.
- b. The SME Consultant System Management Unit will encourage the establishment of the consultant association to create information exchange and mutual learning opportunities for individual consultants. The association will disseminate information on the role and activities of SME consultants.
- c. ChileCalidad will, in collaboration with other ministries and agencies, provide information on the SME consultant system – including the role and activities of consultants – for state governments to promote their use in regional development programs.

Table 4.2-15 General Outline of Management of the SME Consultant System

Items	Contents	Related Documents
1. Recruitment of participants	<ul style="list-style-type: none"> - Invitation announced at Web sites of MINECON and other SME support organizations - Application requirements - Frequency of recruitment and number of participants 	<ul style="list-style-type: none"> - Pamphlet outlining the SME consultant system - Recruitment procedures - A form of application for the training program
2. Selection of participants	<ul style="list-style-type: none"> - Selection of private consultants - Recommendation by related ministries and public organizations - Screening based on documentation and oral examination - Application fee 	<ul style="list-style-type: none"> - Selection procedures - Evaluation tables for screening and oral examination - List of grouped participants
3. Training curriculum	<ul style="list-style-type: none"> - Required level of competence - Training content emphasizing field applicability - Curriculum for the lecture course - Curriculum for the practical training course - Course design fitting the phased qualification system - Course design for the subject-based pass/fail decision system - Training fee (including teaching materials) 	<ul style="list-style-type: none"> - Model curriculums - Two-staged program (lecture and practical training) - Implementation manuals for the practical training course for corporate diagnosis
4. Instructors and teaching materials	<ul style="list-style-type: none"> - Instructors who are familiar with actual conditions of SMEs - Teaching materials covering practical knowledge and skills - Continuous improvement of teaching materials and training content 	<ul style="list-style-type: none"> - Instructor selection procedures - Trainer selection procedures - Training policies for instructors and trainers - Preliminary survey sheet for model diagnosis - Model diagnosis report - Teaching materials and syllabuses
5. Implementation method and schedule for the training program	<ul style="list-style-type: none"> - Ease of participation - e-learning (home study) - Implementation method for collective training 	<ul style="list-style-type: none"> - Registration regulations for the training program - Selection manuals for companies to be visited for the practical training course - Training schedule
6. Certification test	<ul style="list-style-type: none"> - Examination checking knowledge - Evaluation of practical skills (ability to apply knowledge) - Phased qualification - Subject-based pass/fail decision (valid for three years) - Application fee 	<ul style="list-style-type: none"> - Regulations for registration and test - Test problems (multiple choice, case study, and essay) - Certificate of qualification - Subject-based certificate of qualification

Items	Contents	Related Documents
7. Registration /certification requirements and pass/fail decision criteria	<ul style="list-style-type: none"> - Competence as generalist - All-round capabilities analogous to family doctor 	<ul style="list-style-type: none"> - Evaluation table for participant's level of achievement
8. Registration	<ul style="list-style-type: none"> - Possible qualification in relation to public support programs - Registration fee 	<ul style="list-style-type: none"> - Code of ethics for SME consultants - Performance guidelines for SME consultants
9. Renewal of registration	<ul style="list-style-type: none"> - Acquisition of new knowledge - Confirmation of professional experience in corporate diagnosis - Organization handling renewal procedures (same as the one in charge of registration) - Renewal training - Renewal fee 	<ul style="list-style-type: none"> - Renewal procedures
10. Advertisement and promotion	<ul style="list-style-type: none"> - Promotion of public recognition - Establishment of the SME Consultant Association 	<ul style="list-style-type: none"> - PR pamphlet for companies - Publication of successful cases (mass media and Web publication, etc.) - Prospectus for the SME Consultant Association

Source: Prepared by JICA Study Team

4.2.2 Institutional Setup and System for Operation of the SME Consultant System

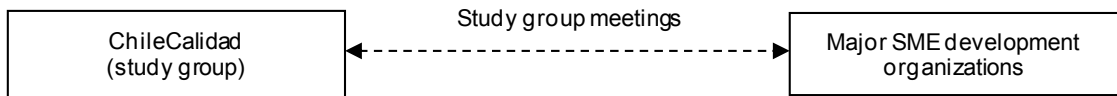
The building of the SME consultant system should be led by ChileCalidad as discussed below. In particular, its leadership is required in the initial stage of system development. This chapter discusses the expected role and activity of ChileCalidad in relation to institutional setup and system for the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

4.2.2.1 Institutional Setup Stages

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

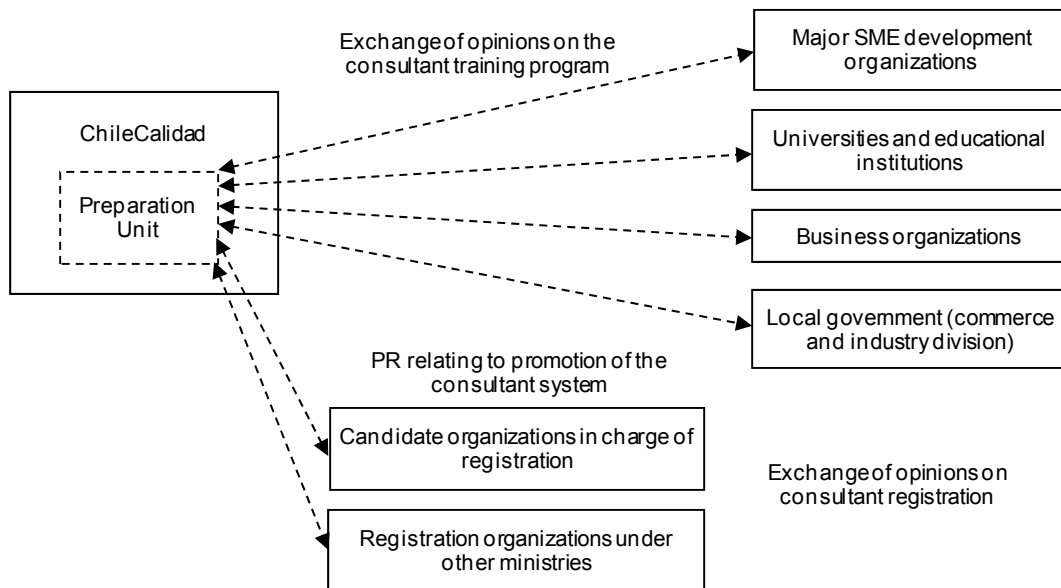
(1) Internal study group stage

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.



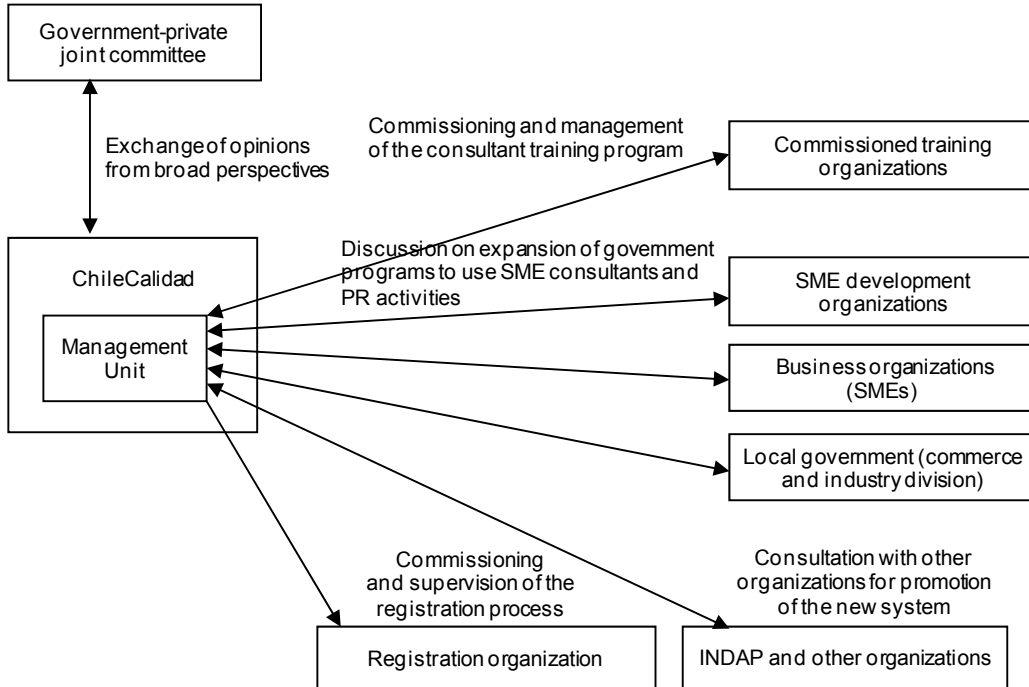
(2) Preparation stage for institutional setup

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.



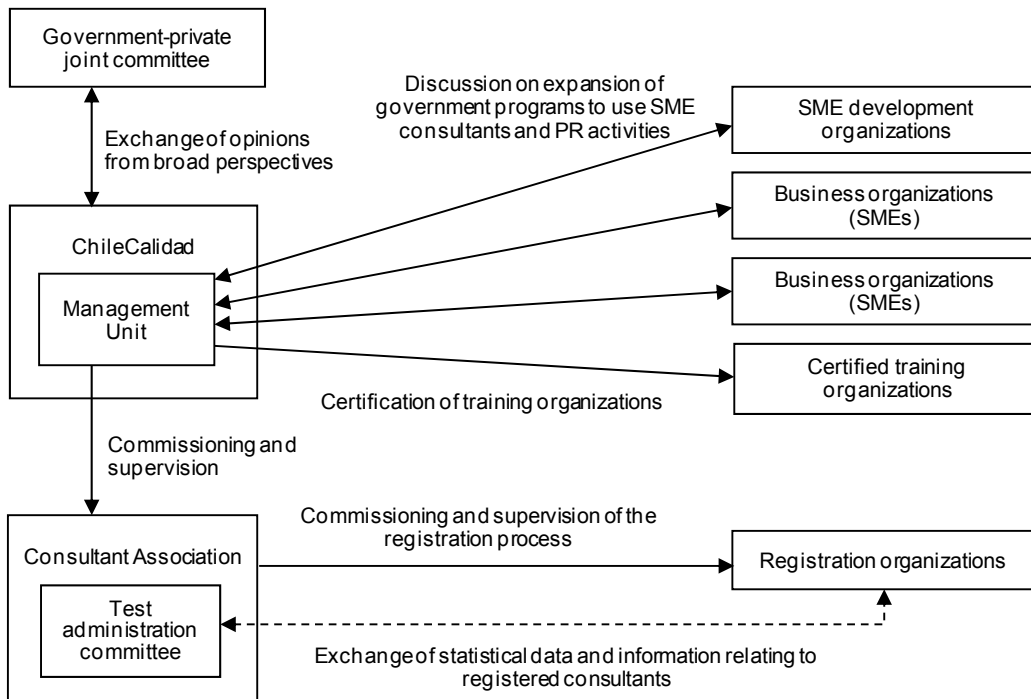
(3) First stage of institutional buildup

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 4.2-16 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"> - To define and share functions and services to be performed by ChileCalidad for the building of the new system. - To develop a clear image under participation of Director General, deputy director, and potential core members of the preparation process. <p>Organized in cooperation of outside organizations</p> <ul style="list-style-type: none"> - To identify problems and issues to be addressed through free exchange of opinions with related organizations. - To build human networks with related persons in the Productivity Promotion Network for close communication.
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"> - To develop institutional setup and action plans on the basis of medium-term goals. - To develop detailed standards relating to training and registration of SME consultants. - To start promotional activity for the SME consultant system. <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"> - To promote exchange of opinions with universities and educational institutions. - To exchange opinions with business organizations including SME members. - Also, the exchange of information with candidate registration organizations and local governments having the commerce and industry division.
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"> - To select training organizations through the bidding process. - To provide guidance for training organizations

4.2 SME Consultant System: Planning Framework and Design Criteria

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"> - To estimate and request the program budget. <p><u>Discussion on the activity base for trained consultants</u></p> <ul style="list-style-type: none"> - To promote their hiring in existing programs (e.g., to perform corporate diagnosis straddling over multiple programs prior to program implementation). - Consultation with SME development organizations and local governments, including the launching of new programs such as the SME consultation desk <p><u>Promotion of public recognition</u></p> <ul style="list-style-type: none"> - To hold meetings with related organizations and start up and maintain collaboration with other organizations on a one-to-one basis. <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"> - To discuss on desirable ways of using SME consultants in rural regions, and to make approach to related organizations. - To hold training courses in three cities and conduct a unified competence evaluation test. - To shift focus from classroom study to e-learning in the training courses. <p><u>Nationwide deployment</u></p> <ul style="list-style-type: none"> - To discuss on desirable ways of using SME consultants in rural regions, and to make approach to related organizations. - To hold training courses in three cities and conduct a unified competence evaluation test. - To shift focus from classroom study to e-learning in the training courses. <p><u>Discussion on collaboration of the national competence certification system</u></p> <ul style="list-style-type: none"> - To discuss standard competence and the test method. <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"> - Legislation to require the use of SME consultants in government-assisted SME development programs, assuming that their service quality is widely accepted.

Stage	Leading agency	Support organizations (increased in phase)	Key points
			<ul style="list-style-type: none"> - Establishment of the Consultant Association and promotion of membership A nationwide organization to represent registered consultants will be established and managed under government supervision. - 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.
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"> - 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. <p><u>Accreditation of private consultant training organizations</u></p> <ul style="list-style-type: none"> - To monitor effectiveness of training activities as part of lifetime education - To give consideration to an optimum balance between e-learning and traditional classroom education. <p><u>Supervision of the Consultant Association</u></p> <ul style="list-style-type: none"> - Exchange of opinions on SME development programs and invitation to seminars and events relating to SME development <p><u>Periodical meeting with related organizations</u></p> <ul style="list-style-type: none"> - The government-private joint committee to discuss the SME consultant system from broad perspectives. - To hold periodical meetings with ChileCalidad, SME development organizations, educational organizations, the Consultant Association, and business organizations.

Source: Prepared by JICA Study Team

4.2.2.2 Details of Activities in Each Stage

In this section, the organizational setup and detailed activities in each stage are discussed.

(1) Internal study group stage (preliminary stage)

1) Study group members

To relate the output of the study group directly to the startup and activity of the subsequent Preparation Unit, the study group members will include staff who will be assigned to the Preparation Unit. Basically, the study group will consist of two staff members (to be assigned to the Preparation Unit) as well as Director General and Vice Director.

Two candidate members for the Preparation Unit will be appointed for the following reasons:

- i) To avoid the risk of having no team member assigned to the Preparation Unit; and
- ii) To promote profound understanding of the SME consultant system in terms of image and problems through discussion by two members who will be directly engaged in the system buildup.

On the other hand, Director General and Vice Director will attend at the meeting from time to time and take leadership in developing an overall image of the new system so as to allow prompt decision making in the preparation stage as various issues emerge.

Furthermore, the study group can add 1-2 members to spur more productive discussion, with care not to end up with inefficiency or confusion.

2) Qualification requirements for membership

One or more members must knowledge and experience in the following areas.

- Startup of an organization
- SME-related government service and activity
- The formulation of medium- and long-term plans
- Problems and issues relating to SME consulting service, and general nature and behavioral patterns of SME consultants

3) Purpose

The primary purpose of the study group is to share problems and issues relating to the development of the SME consultant system suitable for the country. By holding meeting on a periodical basis and by deepening mutual understanding to address questions raised and to agree on the ways to deal with anticipated problems, subsequent activities can be smoothly carried out.

4) Duration and frequency of the study group's activity

The study group will meet twice per week (Tuesday and Friday) for the duration of three months. (Its detailed schedule will be decided by ChileCalidad.)

Two members will be assigned to the study team on a full-time basis. They will be responsible for preparation of materials for study group's meeting, the recording of opinions and data expressed or found in each meeting, follow-up research and study on questions raised in the meeting, including inquiry and interview with related organizations. They are also expected to set a general direction for the handling of major problems and issues anticipated to surface in the preparation stage.

5) Major items discussed in the study group

a) Review of proposals by the JICA study team

The new system is expected to face a large number of questions, and proposals made to address the questions can lead to additional questions and requests for clarification from the MINECON. Thus, it is important to review the proposals extensively by full-time staff, which will pave the way for subsequent activities.

b) Confirmation of the SME consultant's agreeable image

The study group will hear opinions from related parties and develop a clear image of SME consultant on behalf of the MINECON. Image building and sharing should take two forms, i.e., an agreeable image of the generalist-type SME consultant and a desirable image of the SME consultant to meet actual conditions in the country. Note that the desirable image to be confirmed is related to SME consultants who are hired for government support programs in the present form, rather than an idealistic image in a distant future. As many SMEs in the country have little experience in hiring consultants and do not realize the need for corporate diagnosis, let alone its benefits, the potential needs of SMEs for consulting service are far from clear.

(2) Preparation stage (Preparation Unit)

1) Members

The Preparation Unit will have four full-time members, namely the two study group members and additional two members. Four members are expected to handle the four major tasks (shown later) separately. The Preparation Unit will compile a budget proposal for FY2011 (the first year of the SME consultant system).

The four tasks will be separately carried out because each of them will require the exchange of opinions with outside organizations and related parties to form a complete work process.

2) Qualification requirements for new members

The additional two members must meet the following requirements.

- Experience in development of standards, regulations and manuals
- The ability to advertise the SME consultant system to other organizations and to lead constructive discussion

3) Duration of activity

The Preparation Unit will conduct activities for six months until the SME consultant system is fully implemented.

4) Purpose

In preparation for the formal start of the SME consultant system, the Preparation Unit will carry out the following tasks efficiently within a relatively short period.

i) Development of a medium-term (three years) system buildup plan

To build up the SME consultant system within three years (the term of the new administration), a system buildup plan for promotion of public recognition and reputation as consultant with high quality and competence will be developed.

The key points relating to the development of the medium-term plan are as follows.

- Estimation of the number of consultants to be trained
The minimum required number of consultants to implement the government's SME development programs (on the current basis) in an efficient and effective manner will be estimated to form as the basis of formulating a three-year training plan.
- Discovery of public support programs suitable for SME consultants and development of new programs
In relation to the above, it is important to explore public support programs that can use SME consultants, while discussing with SME development organizations to create new programs. The results will then be reflected in the medium-term plan.
- Establishment of an outline of annual consultant training and the target number of consultants to be trained

As the training program consists of the lecture and practical training courses, the plan should give consideration to the securing of companies that receive the consulting team as well as the availability of competent trainers.

As judged from the pilot project experience, the training program's appropriate size is 40 persons at maximum and frequency should be twice per year (totaling 80 participants per year and 240 in three years).

ii) Development of a detailed plan and relevant standards for the consultant training system

The detailed plan should include confirmation of the SME consultant system development plan proposed by the study team, its necessary modification, content in detail, and relevant standards to be developed. Major items and key points in relation to their planning are summarized below.

- Development of selection criteria for training and qualification (testing) organizations
SME consultants are required to have the ability to implement SME development programs in an effective manner and to perform an all-round function like a family doctor. Thus, the SME consultant system requires training organizations capable of teaching broad knowledge and skills, the ability to evaluate actual conditions of SMEs by applying such knowledge and skills, and the ability to communicate with SME managers effectively, no to mention expertise in a specific field to implement a public support program. Also required are qualification (testing) organizations that should be capable of ascertaining actual levels of competence accurately. To ensure that the system is operated by competent organizations, there must be clear standards to evaluate and accredit their capabilities

Such standards should cover, among other things, the ability to meet the needs of individual participants in an agile and flexible manner, the ability to develop competence to create a unique idea, the ability to guide participants with different backgrounds in lecture and group discussion, and the ability to conduct proper field training in the form of corporate diagnosis.

- Preliminary design of the training program (number of participants to be training, training courses (subjects), content, duration, and participant selection criteria, etc.)

First of all, basic design concept is to develop a training program that serves the purpose of training "SME consultants that conform to a desirable image" as established from the viewpoint of providing an environment to ensure smooth implementation of SME policy. Naturally, courses and content (course design) should be determined to achieve the goal, including the ability to fulfill a family doctor-like, all-round function. On the other hand, selection criteria for program participants should include the willingness to be engaged in field consulting activities for SMEs after the completion of the training program, which will be as important as

educational background and experience in government's SME development programs. Finally, the preliminary design process should include extensive discussion with universities and other educational institutions as well as business organizations having SMEs as members.

- Development of selection criteria for instructors

The important requirements for instructors are in-depth understanding of and insight into actual conditions of SMEs in the country and the ability to introduce a variety of case studies, in addition to the ability to deliver academic lecture in a specific course module.

As for trainers of the practical training course, experience in corporate diagnosis and the ability to present professional knowledge and lessons learned from experience in a logical and persuasive manner should be combined with understanding of SMEs' conditions.

- Development of recruitment and selection manuals

A critical question is to determine whether or not participants should be recruited from residents in a specific area. As priority should be given to the establishment and wide acceptance of the training program by overcoming issues that emerge in the training process and by accumulating know-how on program management, the initial coverage should be limited to Santiago and its surrounding areas. Accordingly, use of SME consultants to be trained under the training program should be restricted to the same area. If participants from other regions are to be admitted, they should agree to play a central role in future deployment of the training program in respective regions, accompanied by consultation with local offices of SME development organizations and local governments.

- Development of practical training (corporate diagnosis) manuals

The Preparation Unit will be responsible for the reviewing of the manuals prepared by the JICA study team in relation to preliminary design of the training program. Then, training organizations will make final versions that reflect local conditions.

- Development of evaluation standards to measure the level of understanding

Competence elements to be learned by lecture need to be evaluated by test. On the other hand, those learned in the practical training course cannot be evaluated by a conventional test. Instead, they should be evaluated in the form of interview to ascertain each participant's aptitude as SME consultant.

- Development of test standards (time schedule, subjects, grading standard and method, objection and treatment of disqualified participants, etc.)

Each component of a specific subject may look like the basic level from an expert in the field. However, the test conducted in the training program is primarily designed to check to see if participants have acquired broad knowledge that is required to perform a family doctor-like function for SMEs. In this sense, test problems and evaluation standards should not emphasize expert knowledge, and instead, they should weigh the ability to create an innovative idea and give useful advice by applying knowledge effectively. At the same time, the test should check proficiency levels of subjects and components commonly applicable to consultants who implement existing SME development programs.

Finally, The pass/fail decision criteria (60%/40%) may be operated in a flexible way to provide incentive for potential participants in the training program, e.g., a participant who has obtained the total score of over 60 points but has obtained less than 40 points in a specific subject should be allowed to take a reexamination by satisfying simple conditions.

- Estimation of the program budget and request for allocation
The program cost will be estimated and a budget request will be made by the MINECON.

iii) Development of the registration system

The registration system will be operated by an organization selected by the MINECON, which will be responsible for management of a unified registration process, whereas the MINECON will authorize registration of each SME consultant.

The registration organization will be selected through the bidding procedures. The unified registration process aims to ensure effective and efficient use of consultants in government support programs to be implemented by SME consultants. Important elements of selection criteria for the registration organization are listed as follows.

- The ability to create, store and maintain accurate registration data
- The ability to process new registration, updating and revocation promptly according to formal rules
- The ability to check credibility of data and documents properly
- The ability to reflect service record of a consultant relating to a support program implemented by other organization in the registration database
- The ability to convey accurate registration data to consultants and affiliated organizations
- The ability to develop registration requirements and manuals (a registration requirement that cannot be met immediately should be made known before the start of the recruitment process)

- The ability to design the review process to check registration requirements (including a fair evaluation method for applicant information, including educational background and work record)
- The ability to develop requirements and manuals for renewal, restoration and revocation (including the publication and handling of problems that can occur between decision on revocation and actual revocation)

iv) Promotion of the SME consultant system

- Promotional activity to increase programs using SME consultants in cooperation of SME development organizations

In addition to continued discussion with SME development organizations to increase the number of programs using SME consultants, seminars on the SME consultant system and demonstrations on corporate diagnosis will be held to improve public recognition.

- Support for the establishment of the SME Consultant Association (mutual education among private consultants)

To improve overall quality of consultants, it is important to encourage mutual development efforts by consultants, which should complement the training program and the certification test. Thus, public support will be provided to encourage the establishment of the association that represents the interest of SME consultants as a whole.

v) Budgeting

Based on the above activities, a budget proposal for the full-fledged startup of the SME consultant system will be prepared by the Preparation Unit.

(3) SME Consultant System Management Unit

1) Transition from the Preparation Unit to the Management Unit

The SME Consultant System Management Unit will be composed of the same members as the Preparation Unit and will take over the same activities. The study team believes that the transition is necessary because the Preparation Unit will be basically involved in research and study, planning, and consultation and negotiation with related organizations prior to the launching of the SME consultant system, whereas the Management Unit will start its activities when the system starts up, albeit partially. This is the time when authority and

duty relating to management of the system come into effect^{*1}, indicating that the office's task changes substantially to justify the name change.

2) Members: 4 staff members

The four members of the Preparation Unit will move to the new office. Meanwhile, it is expected to have a clear chain of command and maintain proper management.

3) Duration of activity: 3 years

To complete the SME consultant system according to the term of the new administration, the last one year will be devoted to preparation for transfer or outsourcing of major tasks to the private sector, relating to the training and quality improvement of SME consultants.

4) Purpose

The office's major activities and their objectives are summarized below.

i) Start of the first consultant training program

Based on the recruitment and selection manuals to be developed as above, a term of reference (TOR) will be made with regard to the contract commissioning the recruitment of participants in the 2011 program and implementation of the training program.

Needless to say, its basic framework agrees with the basic policy. In the following table, major items to be confirmed and key points in relation to the commissioning of the first training program are summarized.

- Major preparation items

A general outline is presented below (details are presented separately)

Categories	Items to be confirmed in preparation for commissioning	Key points
Recruitment planning	Basic policy for the first training program, the number of applicants, recruitment method, and eligibility requirements for applicants	Consistency between SME policy after 2012 and the recruitment plan
Documents for confirmation	Curriculum vitae, service record relating to government programs, and supporting documents	Method for verifying the level of contribution to SME development programs and potential for consultants

^{*1} Upon the start of the system, major tasks will be related to the recruitment of participants and management of the training program, most of which will be outsourced. As a result, the Management Unit will primarily be responsible for the commissioning of training-related service to selected organizations and the monitoring and supervision of their work according to the conditions of the service contract.

Categories	Items to be confirmed in preparation for commissioning	Key points
Selection criteria	According to the selection manuals Adding submission of an essay “Working on SME Support”	Equal weight evaluation of educational background/work experience, record of service in SME development programs, and level of enthusiasm for SME support
Implementation of the recruitment process	Start of the recruitment process and the deadline for application, the recruitment method, dates of selection and announcement, additional recruitment when the number of applicants falls below the target, and additional promotion and advertisement	Recruitment using SME development related networks If the number of applicants does not achieve the target, the recruitment period will be extended with additional promotion (no change in requirements, which may be considered in the next program).
Budgeting	Outline of the training program to be commissioned and notification The total program cost and government subsidy rate	Subsidy to help the training program to remain at breakeven (also for PR benefits) Establishment of allowance for admission of applicants from rural regions in preparation for future expansion of the training program
Request for cooperation	SME development organizations (having the division in charge of industrial development), state governments, business organizations, and universities	The MINECON will take leadership with view to reinforcing the network to promote the establishment of the system.
Commissioning of training	Preparation for the bidding process (development of manuals) Key points in bidding - Reputation in society as educational institution (assumed to be universities) - Record of business education and evaluation - Record of practical training at companies and training method - Cooperation with business organizations with SME membership - 1-year contract period and twice per year - Perfection of localization of teaching materials and tools, and proposals relating to the program’s sustainability and necessary improvement	The bidding process is designed to improve quality of trained consultants as well as public recognition of the training program A major goal of building a general framework of the training program and methodology used At the end of the service contract (or the end of the third year), teaching materials and tools used for the training program and other know-how obtained will be made available to the general public without compensation, then to the training organization that has made application.

- Supervision of the training organization

After commissioning, the system Management Unit will conduct the following activities to supervise and direct the training organization.

Recruitment process

Confirmation of the actual state of application

After the deadline for application, attendance and input at the selection meeting

When the number of applicants falls far below the target, attendance at the meeting to discuss corrective measures

Training process

Confirmation of the progress of the training program and input

Request for implementation of interim evaluation on the training program by participants, and confirmation of the results and input of comment

Confirmation of the current state of securing companies that will receive the practical training team

Confirmation of the progress of participants and estimation of the passing rate in the final examination

Results of training

Confirmation of the results of the final examination and analysis of the results and issues

Questionnaire survey of participants and companies that received the practical training team and analysis of the results

Interview survey of training organizations and instructors (program in general, teaching materials and tools, practical training, participants, etc.)

Attendance at the meeting to evaluate the results of program implementation, and input of opinions

Notification of the MINECON's requests and possible improvements for the second training program

Preparation for bidding process for service contract relating to the subsequent year's training program

To start preparation for commissioning of the training program in the second year on the basis of improvements relating to implementation of the training program (as identified in the first year) and management know-how learned

See "Preparation Items" above for important points.

ii) Securing of the activity base for SME consultants

Discussion will be made with SME development organizations, mainly CORFO and SERCOTEC, to develop programs as the activity base for SME consultants.

Also, the MINECON and related organizations will work together to create programs that can make most use of SME consultants by conducting the following activities.

a) Activities commissioned to the Management Unit and SME development organizations

- To identify programs that benefit, among others, SMEs and to extract key factors for successful projects under respective programs.

- To focus on programs - among those selected above - that set eligibility in that "SME owners have sufficient management skills" or "SMEs have the sound management base," and to clarify the eligibility requirements for each program.

- To announce that consultants to be engaged in projects initiated under the above programs should preferably have completed the training program.

In addition to the efforts to promote program formation to initiate projects suitable for SME consultants, the establishment of a permanent consultation desk within each SME development organization appears to be desirable from the viewpoint of supporting sustainable growth of individual companies by providing consulting service to address day-to-day problems relating to SME management. Key points in the program formation efforts are summarized below.

- A permanent, free consultation service desk, basically targeting microenterprises and small enterprises, plus visiting service under certain conditions to serve SME owners who have no time to visit the service desk
- Free consultation service per company will be limited to four hours per day and five times per year.
- No tangible results (sales increase, job creation, etc.) are expected from consulting service. (After the end of consulting service (upon satisfaction of upper limits), questionnaire survey will be conducted for beneficiary companies.)
- SME consultants who work at the service desk will be hired by SME development organizations as part-time employee for one year (working on a few days per week), and they will receive compensation at an hourly or daily rate. The SME development organization will direct and evaluate each consultant.
- The consultation service will be provided under the rule that, if a company makes decorative response to the questionnaire survey, it will not be able to receive any support service in future.

b) Activities commissioned to the state government that has a division in charge of industrial development

As seen in a) above, a consultation service desk may be established by hiring SME consultants.

Key points in the consulting service are summarized as follows (basically same as those in a) above).

- SME consultants who work at the service desk will be hired by SME development organizations as part-time employee for one year (working on a few days per week), and they will receive compensation at an hourly or daily rate.
- The consulting service will be provided as part of government service and no limitation will be set in duration and frequency, whereas no visiting service will be rendered.
- Consultants will give advice on any management-related issue requested by a company, while no tangible benefits should be demanded.
(After the end of consulting service, questionnaire survey will be conducted for beneficiary companies, with the same purpose as a) above.)

iii) Promotion of the SME consultant system and the securing of a sufficient number of competent consultants

a) Improvement of public recognition

This constitutes direct promotion in comparison to seminars and demonstration on corporate diagnosis.

However, the most important factor for improving recognition is to provide SMEs with good guidance service relating to the improvement of the management base and to win customer satisfaction from client companies. In doing so, it is important for SME consultants to build multi-layered relationships among related parties who support improvement of service quality and sustainable development of the SME consultant system, rather than trying to reach the state that most SMEs recognize the system.

b) Securing of the number of competent consultants required for effective implementation of SME development programs

To produce competent consultants on a continuous basis, it is imperative to increase applicants for the training program. At the same time, it is important to increase the activity base for SME consultants and to advertise the results produced by consultants.

iv) Selection of the registration organization

The training organization will be selected through the bidding process. As the training program will be transferred to the private sector's management or the national competence certification system in and after the third year, the following conditions should be included in the TOR.

- Consideration should be given to the exchange of information with testing organizations as the registration work flow is developed.
- The building of a computer system that allows for collaboration with other organizations registering consultants and coordination between different systems

v) Development of infrastructure for the system's deployment in the rest of the country

At first, efforts should be made to establish the SME consultant system in Santiago and its surrounding areas (to an extent that close human relationships can be established) because the pilot project's experience can be effectively used. This way, expertise and experience in responding to issues and problems that emerge in the course of system management can be accumulated before the start of expansion into the rest of the country. At the same time, preparation should be made for early implementation of the system's nationwide deployment.

vi) Collaboration with other organizations relating to promotion of the SME consultant system

Some government ministries and organizations (and their programs) plan to train and use consultants for SME support, although their target is limited to a specific industry or an industry size. For instance, INNOVA Chile launched the Extensions Center program last year, under which feasibility study is conducted for 14 candidate projects, which include a project to train and use management consultants serving microenterprises and small enterprises.

As the project appears to require a set of knowledge and expertise similar to that under the SME consultant system, mutual recognition of the different systems should be seriously considered in consideration of convenience for SMEs to select consultants according to their needs, together with opportunity to expand the activity base for SME consultants.

4.2.2.3 System Management after Institutional Setup

The following table shows the latter stage of the institutional setup stage (after the completion of the preliminary system) as discussed in 4.2.2.1, in a rearranged form. This corresponds to the fourth year in the preparation stage for system building and the third year after the start of the first training program. Note that, in the introduction to the discussion on the organization to build up the SME consulting system (4.2.2.1), the organization is considered to exist during the period when various elements take shape and constitutes the former stages. In the process, where completed elements needs to be managed, elements not be completed in the latter two stages require further efforts to build them. Thus, "management" and "building" cannot be clearly separated in the context of the organizational setup.

Preliminary completion stage	ChileCalidad (System Management Unit)	CORFO SERCOTEC ASEXMA INN	<p><u>Nationwide deployment of the SME consultant system</u></p> <ul style="list-style-type: none"> - To discuss on desirable ways of using SME consultants in rural regions, and to make approach to related organizations. - To hold training courses in three cities and conduct a unified competence evaluation test. - To shift focus from classroom study to e-learning in the training courses. <p><u>Discussion on collaboration of the national competence certification system</u></p> <ul style="list-style-type: none"> - To discuss standard competence and the test method. <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</p>
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			<p>over 200 consultants have completed the program and have passed the certification test.</p> <ul style="list-style-type: none"> - Legislation to require the use of SME consultants in government-assisted SME development programs, assuming that their service quality is widely accepted. - Establishment of the Consultant Association and promotion of membership A nationwide organization to represent registered consultants will be established and managed under government supervision. - 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.
<p>Sustainable management and outsourcing stage</p>	<p>Same as above</p>	<p>Private educational organizations and the Consultant Association</p>	<p><u>Discussion on consistency with the national competence certification system</u></p> <ul style="list-style-type: none"> - 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. <p><u>Accreditation of private consultant training organizations</u></p> <ul style="list-style-type: none"> - To monitor effectiveness of training activities as part of lifetime education - To give consideration to an optimum balance between e-learning and traditional classroom education. <p><u>Supervision of the Consultant Association</u></p> <ul style="list-style-type: none"> - Exchange of opinions on SME development programs and invitation to seminars and events relating to SME development <p><u>Periodical meeting with related organizations</u></p> <ul style="list-style-type: none"> - The government-private joint committee to discuss the SME consultant system from broad

			<p>perspectives.</p> <ul style="list-style-type: none"> - To hold periodical meetings with ChileCalidad, SME development organizations, educational organizations, the Consultant Association, and business organizations.
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Source: Prepared by JICA Study Team

(1) Preliminary completion stage

1) Management Unit members

Once the training program is fully operated and registration of SME consultants begins while their activity base is secure, the SME consultant system is considered to have reached the primary completion stage and the Management Unit's tasks decrease. On the other hand, new tasks arise, such as the deployment in regions other than Santiago and preparation for related legislation. Thus, the Management Unit will keep three staff members.

2) Major activities

i) Transfer of system management

Once the SME consultant system becomes fully operational, its management will be transferred to the private sector or the national competence certification system. More specifically, the system's management tasks, which are carried out by ChileCalidad, will be transferred to the consultant association (by commissioning them in the form of service contract). Alternatively, the SME consultant system may be integrated into the national competence certification system, which is currently in the startup stage and is expected to become widely accepted.

ii) Preparation for legislation relating to the SME consultant system

Preparation for legislation relating to the SME consultant system should be started after SME consultants have established their reputation, in particular when over 200 SME consultants are registered. Reasons are as follows.

- If legislation to require use of SME consultants for government programs supporting development of SMEs is pushed forward while their population is still small, it may invite the criticism that the government gives undue privilege to SME consultants.
- Also, such legislation will limit choice of talent from a relatively small pool of SME consultants, creating a disadvantage for client companies.
- Less than 200 SME consultants are still a small community that cannot advertise its activity widely to SMEs and is far from a sustainable presence in the service sector. Good reputation for some consultants is not sufficient to justify legislation.

In preparation for legislation the following items should be considered.

- The rule will be established to require a trained consultant to be hired for government-supported SNE development program.

As a result, the SME consultant system will therefore assure efficient and effective implementation of SME development programs.

(2) System maintenance and transfer stage

- 1) Management Unit members: 3 (to be reduced to 2 after transfer of management tasks to the private sector has completed)

The Management Unit's tasks relating to the SME consultant system will be mainly accreditation of training organizations, together with supervision and direction. Thus, when activities scheduled to complete before or in the preliminary completion stage are more or less completed, the Management Unit will be reduced to two full-time members, who will be responsible for maintenance of expertise relating to supervision, as well as the above management tasks.

2) Purpose

- To develop the environment to ensure efficient and effective implementation of SME development programs
- To train competent SME consultants who are capable of supporting sustainable growth of SMEs
- To support healthy development of the consulting industry so as to provide SMEs with ease of access to consulting service

3) Major activities

- i) Supervision of accredited training organizations

The Management Unit will oversee SME consultant training organizations (and lifetime education organizations) to ensure that they perform their function and meet requirements for accreditation.

In particular, it should pay attention to a good balance between e-learning components that benefit participants who reside in areas outside the Santiago region and those with busy schedule, and traditional classroom education that is effective in promoting unity of participants.

- ii) Supervision of the registration organization

The Management Unit will supervise the registration organization by checking to see if it carries out its tasks according to the TOR.

iii) Support and supervision of the Consultant Association

Based on the premise that healthy development of the Consultant Association is essential in sustainable development of the SME consultant system, the Management Unit will provide guidance and support for development of the association's self-driven leadership and initiative.

In future, the association may perform functions relating to administration of the certification test or registration under service contract with the MINECON, provided that it has developed to a reliable organization. Then, the Management Unit will oversee if the association carries out its tasks according to the TOR.

iv) Continued promotion of the SME consultant system

For further expansion of the activity base for SME consultants, promotional efforts will be continued, targeting SME development organizations, local governments having a division in charge of commerce and industry, and business organizations having SMEs as major members.

v) Promotion of coordination and harmonization with other consultant registration systems

This will serve the purpose of producing SME consultants who are capable of performing diagnosis and giving advice from broad perspectives, in addition to expert knowledge in a specific field, as proven in the pilot project.

4.3 Detailed Design of the Training Program

This chapter deals with detailed design of the training program as part of the MINECON's plan for the building of the SME consultant system (as discussed in 4.2), especially from recruitment of participants to registration of SME consultants. This constitutes the core element of the plan and serves as a major impetus for advancing toward the goal of competence development and standardization of SME consultants in the country. In the following sections, detailed design of the training program is presented according to its process flow, starting with recruitment of participants.

4.3.1 Recruitment, Selection, and Admission of Participants

4.3.1.1 Recruitment

(1) Basic policy

To ensure that the SME consultant system produces results as planned, human resource development is required on two fronts, i.e., the training of consultants who provide diagnosis and advisory service for SMEs according to their actual conditions, and the improvement of competence of government personnel who uses consultants for public support programs targeting SMEs. Accordingly, the training program will cover not only private consultants but staff members of SME development organizations. In addition, recruitment activities in the first three years will be basically made in and around Santiago, although the training program is designed to cover the entire country.

(2) Eligibility requirements for applicants

Invitation to participate in the training program will be made on the Web sites of ChileCalidad and organizations that will be commissioned to conduct the training program. It will start around three months before the start of the program and application should be submitted to each training organization. Note that the following eligibility requirements will be good for the first three years and will be modified in the fourth and later years.

(Eligibility requirements for applicants)

- a. A degree or diploma from a four-year university and work experience of three years or longer;
- b. Professional experience in three or more cases of CORFO/SERCOTEC programs;
- c. INN-registered consultant (Nch2909, SEMC or ISO9001); or
- d. Staff members of public organizations relating to SME development (including central and local governments) or financial institutions with three years of work experience

Based on the results of the pilot project, each training program will admit 40 participants. It will be held twice annually, totaling 80 participants. As the project envisages that the MINECON will be directly involved in program implementation for the first three years, the training program will accept 240 participants at maximum. Of total, the number of participants representing SME development organizations should be limited to 30% or less. Then, around 100 participants are expected to pass the certification test (passing rate of 40%) during the three-year period.

4.3.1.2 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 4.3-1 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

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

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

4.3.2.1 Selection Criteria for Training Organizations

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 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.

4.3.2.2 Method for Implementing the Training Program

(1) Policy

SME consultants must possess practical skills to provide advice and support that leads to sustainable growth, to facilitate effective use of management resources, to shift focus from

departmental diagnosis to companywide diagnosis and support, and to provide field guidance relating to effective use of SME-related programs, procurement of outside sources, and support for implementation of proposals. Accordingly, the training program will conduct lecture and practical training courses to teach knowledge and practical skills that enable SME consultants to provide diagnosis and advisory services shown 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

(2) Overall image of SME consultants to be trained

The training program aims to train consultants who can give advice that leads to strategic problem identification and solving on the basis of accurate understanding of actual SME management conditions, while giving consideration to the use of public support programs implemented by organizations in the Productivity Promotion Network. (See Table 4.3-2)

Table 4.3-2 Overall Image of SME Consultants

Expected attitudes	General description
1. Understanding of actual conditions based on facts	Ability to understand the current state of SMEs accurately and to think corporate management on the basis of characteristics peculiar to SMEs
2. Strategic thinking	Ability to conceive a desirable image and scenario to build competitive advantage in the next 5 – 10 years
3. Continuous drive for improvement	Ability to give advice toward the achievement of management objectives, while encouraging spontaneous actions of the management and employees
4. Sustainable consultation	Ability to provide service to support the achievement of the organization's objective and goal by creating value added for the client company on a long-term basis and by applying required skills

Source: Prepared by JICA Study Team

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 (see Table 4.2-5) is summarized in Table 4.3-3.

Table 4.3-3 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 matters relating to business activities, including communication with legal professionals by using legal knowledge required for the SME consultant	4. Legal management
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 4.3-4 summarizes the changes in the training curriculum configuration from the pilot project to the final proposal

Table 4.3-4 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.

(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.

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 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 know 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 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.

(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 4.3-5. 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 4.3-5 Course Modules and Lecture Items

Course	Major lecture items
1. SME in general and support programs	<ul style="list-style-type: none"> 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 ⑨ Support relating to incorporation, relocation and dissolution procedures ⑩ Support relating to FOCAL programs ⑪ Advice on technical support programs ⑫ Support relating to collaboration programs with large enterprises ⑬ Support relating to export promotion programs ⑭ Support relating to programs for the securing of management quality certification under international standards ⑮ Support relating to loan programs targeting SMEs ⑯ Support relating to the loan guarantee scheme ⑰ Support relating to accurate and simplified tax reporting process
2. Consulting skills	<ul style="list-style-type: none"> ① Logical thinking skill that forms the basis of management consultant’s thought process ② Thinking skill for problem identification and solving as the basis of consulting skills ③ Interviewing and presentation skills as an integral part of consultant’s communication skills 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)

Course	Major lecture items
	<ul style="list-style-type: none"> 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 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 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 ⑧ Professional skills required to provide management consulting service to assist the client in achieving self-driven growth ⑨ Skills required to propose and suggest direction of improvement that leads to the client's action, together with specific methodology for improvement ⑩ Advice relating to the effective use of professional service on the basis of minimum required knowledge on legal and other fields 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)
3. Financial analysis and strategy	<ul style="list-style-type: none"> ① Advice relating to bookkeeping and accounting required for management analysis using financial statements ② Advice relating to depreciation ③ Advice relating to proper tax management ④ Advice relating to preparation of the cash flow statement as well as financing ⑤ Advice relating to management analysis (liquidity, profitability, productivity, and growth potential) ⑥ Advice relating to cost calculation ⑦ Advice relating to CVP (break-even point) analysis ⑧ Advice relating to economics analysis of capital investment ⑨ Advice relating to financial and accounting theories such as capital cost, corporate valuation, and foreign exchange risk management ⑩ Skills required for information sharing and communication with a certified public accountant ⑪ Advice relating to cost reduction
4. Legal management	<ul style="list-style-type: none"> ① Advice relating to the civil code (credit, contract, property, and inheritance) ② Advice relating to the company law (incorporation, transfer of business, merger, division, etc.) ③ Advice relating to IPO ④ Advice relating to bankruptcy, dissolution, and liquidation ⑤ Advice relating to copyright and intellectual property laws ⑥ Advice relating to the labor law and the association law ⑦ Advice relating to the labor competence law ⑧ Advice relating to the consumer protection law and regulation

Course	Major lecture items
	⑨ Advice relating to the hygienic and environmental law ⑩ Advice relating to international commerce including contract
5. Management strategy	<u>A. Business environment and management strategy</u> ① Support for strategic decision making and development of management strategy ② Support for organizational building on the basis of management strategy ③ Support relating to business restructuring for the company's survival and growth ④ Support relating to development of diversification strategy ⑤ Support relating to management strategy for competitive advantage and avoidance of competition ⑥ Support for promotion of continuous innovation in response to environmental change ⑦ Support for promotion of network strategy under alliance with outside organizations ⑧ Advice relating to CSR (corporate social responsibility) ⑨ Advice relating to globalization (export, international deployment, etc.) <u>B. Organizational development</u> ① Advice relating to types of organizational structure ② Advice relating to reorganization adaptive to environmental conditions ③ Advice relating to organizational behavior focusing on individual and small groups within the organization, including motivation, group dynamics, and conflict ④ Advice relating to leadership theory ⑤ Advice relating to labor management, including recruitment, assignment and transfer ⑥ Advice relating to personnel evaluation ⑦ Advice relating to the compensation system ⑧ Advice relating to human resource development ⑨ Advice relating to labor laws and regulations ⑩ Advice relating to the working environment, safety and hygiene <u>C. Marketing</u> ① Advice relating to analysis of the market environment ② Advice relating to the establishment of marketing targets (sales, profit, market share) ③ Advice relating to market segmentation ④ Advice relating to e-marketing ⑤ Advice relating to market research ⑥ Advice relating to product strategy, such as product mix, branding, packaging, and product development ⑦ Advice relating to price strategy, such as price setting ⑧ Advice relating to channel and physical distribution strategy ⑨ Advice relating to promotion strategy, such as advertisement, publicity and sales promotion

Course	Major lecture items
	⑩ Advice relating to customer management ⑪ Advice relating to foreign market development ⑫ Advice relating to value chain management
6. Operation management	<u>A. Operation management for the manufacturing industry</u> ① Advice relating to factory layout ② Advice relating to production systems ③ Advice relating to product development, design and VA/VE ④ Advice relating to production technology including materials and machining ⑤ Advice relating to demand forecast, production planning, and production control ⑥ Advice relating to procurement and management of raw materials ⑦ Advice relating to inventory control and purchase management ⑧ Advice relating to IE, quality control, and equipment management ⑨ Advice relating to environmental protection laws and regulations, including waste disposal ⑩ Advice relating to value chain and production information system <u>B. Operation management for the commerce and service sector</u> ① Advice relating to development of store concept ② Advice relating to selection of store location and opening ③ Advice relating to sales methods (person-to-person, self-service, etc.) and outlets ④ Advice relating to store layout and design, including display ⑤ Advice relating to store lighting and color design ⑥ Advice relating to merchandizing, including product planning, purchase, pricing, and sales promotion ⑦ Advice relating to physical distribution and delivery management ⑧ Advice relating to sales and distribution information systems, such as POS, bar code, and EDI (electronic data interchange) ⑨ Advice relating to customer management and relations
7. New business development	① Support for discovery of business opportunity and development of business concept ② Support relating to assessment of business opportunity, such as alignment with management resources, market analysis, profitability, and competitiveness ③ Support relating business model building such as customer target and product/service portfolio ④ Support relating to the method for business plan development ⑤ Advice relating of assessment of business plans ⑥ Support relating to business scheduling and schedule management ⑦ Advice relating to business financing plans ⑧ Advice relating to business operation, including financing, human resources, and outsourcing ⑨ Advice relating to the use of public support programs ⑩ Advice relating to alliance with universities and research institutes

Course	Major lecture items
8. Management and information system	① Advice relating to the establishment of market information ② Advice relating to the establishment of materials and production management information ③ Advice relating to the establishment of sales management information ④ Advice relating to the establishment of customer management information ⑤ Advice relating to use of packaged software ⑥ Support relating to networking, such as LAN and the Internet ⑦ Support relating to methodology for streamlining of business management ⑧ Support relating to maintenance of management information ⑨ Advice relating to the establishment of a Web site

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

Note that the course module design is based on that for the training program under the current SME Shindanshi system in Japan (see Attachment ④). Major differences between course modules and items in Japan and Chile, and reasons for new additions to the Chilean system are summarized below (Table 4.3-6).

Table 4.3-6 Difference in Course Modules and Items between SME Consultant Training Programs in Chile and Japan

Course	Difference and reasoning
SMEs in general and support programs	① Statistical data on SMEs (such as the value of factory shipment and value added) and key management indices (capital ratio, equity capital to total assets, and cost table by industry type) are not collected or published in Chile and thus are not included in the proposed curriculum for the training program ② Economic conditions relating to Chile, including international trade, are included for the Chilean version, together with qualitative characteristics of SMEs ③ Information on the institutional finance system, such as the loan scheme to promote advancement (modernization) of SME management, is not included in the Chilean version.
Consulting skills	<ul style="list-style-type: none"> - Course items and content are more or less the same as those for the training curriculum in Japan. - The course will particularly emphasize practical skills that are required for SME consulting service and that consultants in Chile seem to lack.
Financial analysis and strategy	<ul style="list-style-type: none"> - The Chilean version will emphasize management analysis using financial statements. - Consolidated financial statements and the issuance of bonds are not included. - Assessment of business value (stock price and valuation for acquisition purpose) is not included because it is rarely used by SMEs in Chile.

Course	Difference and reasoning
Legal management	<ul style="list-style-type: none"> - The preparation of the textbook on legal management has been commissioned to certified lawyers in the country. As a result, course items relating to laws governing or affecting SME management are already included to reflect the actual situation, e.g., the special liquidation law is in the legislation process and the corporate reorganization law is in the drafting stage. Accordingly, the course coverage is expected to expand in the future according to dynamics of the legal environment. - Newly enacted laws are all included, including the SME Law, the Labor Competence Law, the Labor Law (particularly emphasized in the country), and the Hygiene and Environment Law.
Management strategy	<ul style="list-style-type: none"> - This course is roughly divided into three elements, i.e., management strategy, organizational theory, and marketing. They are similar to those adopted in Japan, but detailed content, including a particular emphasis to be made in Chile, should be designed carefully in consideration of broad scope of subjects to be covered.
Operation management	<ul style="list-style-type: none"> - While the Japanese version consists of production management and store facility management, the Chilean version uses the word “operation management for the manufacturing and commerce/service sectors.” While general content is more or less the same, the Chilean version does not include features peculiar to Japan, such as the laws relating to commercial agglomeration, large store development, and revitalization of city centers.
New business development	<ul style="list-style-type: none"> - General content of this course is more or less the same for the Chilean and Japanese versions.
Management and information system	<ul style="list-style-type: none"> - Programming, technical principles relating to information processing, and system development are not included. Emphasis will be placed on the teaching of knowledge required to enable SME consultants to mediate IT experts (such as system engineers) and SMEs. In Japan, the SME Shindanshi system covers a wide range of fields, including IT consultants as an independent category. In Chile, however, there are educational institutions and IT consultants covering information processing technology, so that the Chilean version emphasizes knowledge required to use information for management purposes, including management strategy.

Source: Prepared by JICA Study Team

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 4.3-5.)

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 4.3-7.

Table 4.3-7 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> <ul style="list-style-type: none"> - 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. - 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

Course	Design principles
	<p>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.</p> <ul style="list-style-type: none"> - 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.
Consulting skills	<p>(Policy) 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"> - 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. - 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.
Financial analysis and strategy	<p>(Policy) 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> <ul style="list-style-type: none"> - 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

Course	Design principles
	<p>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.</p> <ul style="list-style-type: none"> - 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.
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"> - 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. - 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. - Additional 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 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

Course	Design principles
	SME consultants in relation to support for regeneration of SMEs.
Management strategy	<p>(Policy)</p> <p>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"> - 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. - 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 - 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.
Operation management	<p>(Policy)</p> <p>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 distributed in classroom.</p> <p>(Content)</p> <ul style="list-style-type: none"> - It is proposed to compile a textbook focusing on the Japanese production

Course	Design principles
	<p>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.</p> <ul style="list-style-type: none"> - 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. - 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).
New business development	<p>(Policy) 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) 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 system	<p>(Policy) In all aspects of corporate management, effective use of information systems becomes critical. The course is designed to teach basic knowledge on use of 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>

Course	Design principles
	<p>(Content)</p> <p>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 4.3-8 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 4.3-8 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 4.3-9 General Guideline for Practical Training Course Design

Diagnosis and support stage	Description
1. Preliminary confirmation of diagnosis needs	<ul style="list-style-type: none"> - SME consultants are in a position to deliver satisfaction to client companies by accurately understanding their needs for diagnosis service. - 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. - Such preliminary confirmation is the prerequisite to final proposals, customer satisfaction, and the implementation of the proposals. - 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.

Diagnosis and support stage	Description
2. Quantitative and qualitative analysis	<ul style="list-style-type: none"> - 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) - Analysis of activities to seek new business opportunities, such as environmental preservation and social responsibility
3. Analysis of business environment factors	<ul style="list-style-type: none"> - 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 - Social factors (environmental and social impacts on individual companies in the context of social responsibility and global perspectives) - 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
4. Analysis of management resources	<ul style="list-style-type: none"> - 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.
5. Identification of management issues	<ul style="list-style-type: none"> - SME consultants are expected to serve as a consultant capable of providing customer-oriented support, rather than the traditional, proposal-oriented consultant. - 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.
6. Proposals	<ul style="list-style-type: none"> - Participatory diagnosis should be designed to develop proposals under agreement with the client company. - 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.
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"> - 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

Diagnosis and support stage	Description
	through discussion among members.
9. Feasible proposals	<ul style="list-style-type: none"> - 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. - 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	<ul style="list-style-type: none"> - 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 4.3-10 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	<p>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.</p> <p>90 hours (53 hours for a medium-sized enterprise (10 days) and 37 hours for a small enterprise (7 days))</p> <p>① Interview with the management (general diagnosis): 8 hours x 1 day x 2 companies = 16 hours</p> <p>② Detailed diagnosis: 8 hours x 1 day x 2 companies = 16 hours</p> <p>③ Report meeting: 3 hours x 1 day x 2 companies = 6 hours</p> <p>④ Group discussion and report compilation: 52 hours (33 hours for classroom discussion and 19 hours for home work)</p> <p>Remark: The above hours do not include "travel time."</p>

Source: Prepared by JICA Study Team

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.

(3) Course composition

Table 4.3-11 General Composition of the Practical Training Course

	Step	Major activities
Research and study	0. Preliminary study on the client company (such as instructors) No document will be distributed.	<p>① Selection of companies for diagnosis service</p> <p>② Interview with the management</p> <p>③ Collection of company information</p>
	1. Agreement on diagnosis policy (classroom)	<p>① Orientation relating to diagnosis techniques</p> <p>② Grouping of participants</p> <p>③ Preliminary analysis of company profiles</p> <p>④ Development of diagnosis policy</p> <p>- Assumption of issues</p>

	Step	Major activities
Diagnosis	2. Department-based, general diagnosis (field)	① Interview survey on management in general (five divisions) ② Collection of departmental information ③ Evaluation and grading
	3. Identification of strengths and weaknesses (classroom)	① Analysis of results of general diagnosis ② Preparation of a comprehensive radar chart ③ Development of a detailed diagnosis plan ④ Compilation of a draft report on each division
	4. Detailed diagnosis of a weak division (field)	① Agreement with the client company on diagnosis policy ② Collection and analysis of detailed information on the weak division - Detailed diagnosis will be performed by a small group (around four participants) to ascertain internal and external environmental factors relating to the identified weakness by taking into account the needs and issues facing the company ③ Grading
Report compilation	5. Final analysis and kaizen proposals (classroom)	① Compilation of a draft report on each division that reflects analysis of detailed information on the weak division ② Formulation of kaizen strategy and policy ③ Compilation of a corporate diagnosis report
	6. Compilation of the diagnosis report (classroom)	① Completion of the diagnosis report - Compilation of the report that meets needs and wants relating to diagnosis - Presentation of consistency between the entire company and divisions, problems and direction of solution ② Preparation of presentation materials
Advice	7. Report meeting (field and classroom)	① Presentation to the client company - Cooperation in the questionnaire survey and confirmation of customer satisfaction ② Presentation at the joint presentation meeting attended by all participants ③ Review meeting

Source: Prepared by JICA Study Team

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 4.3-1 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.

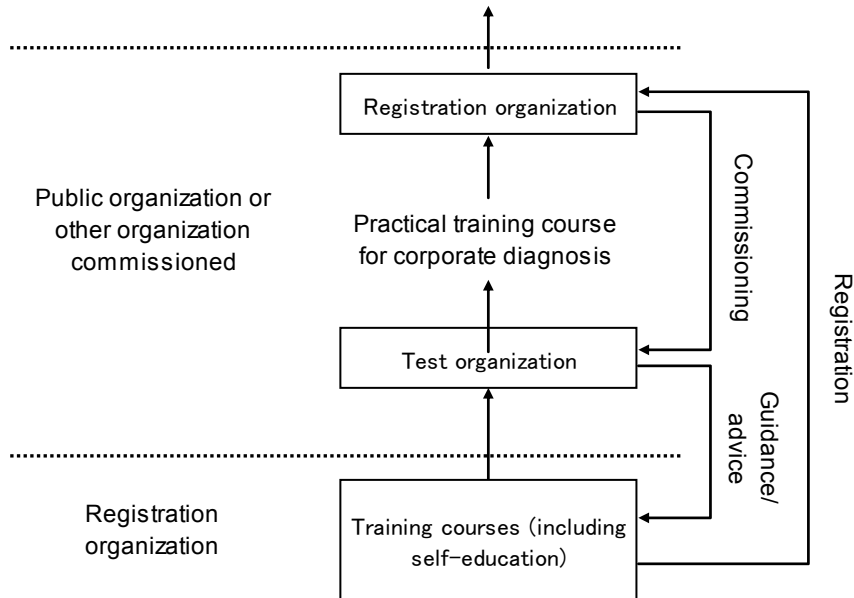


Figure 4.3-1 Certification and Registration Process

4.3.5.1 Certification Test

The certification test will be conducted to recognize persons who meet qualification requirements (knowledge and practical skills) for SME consultants, i.e. to confirm that they are capable of providing corporate diagnosis, guidance and advisory services for SMEs and MEs in Chile.

It will be conducted by an organization that is commissioned by the MINECON to administer the test. It will consist of the following two parts and will be held twice per year. Applicants who have passed the test can be registered as SME consultant by making application within three years after certification.

- ① Written examination (multiple choice and essay questions based on hypothetical cases)
- ② Oral examination (questions and answers with regard to the hypothetical cases in the written examination)

As the certification test is taken by applicants who want to be registered as SME consultant, they should be informed of registration requirements prior to the test. However, because registration can be made for the period of three years after passing the certification test, applicants are not required to satisfy registration requirements in order to apply for the certification test. While applicants are required to obtain passing marks for all the seven subjects in the written examination, they are considered to have passed the test for a specific subject(s) (while they have failed other subjects) in a given year and will then be exempted from taking the reexamination for the subject(s) they have passed in the next two years.

(1) Selection criteria for the test organization and its role

The test organization's primary role is to administer the certification test and make pass/fail decisions on each applicant. In doing so, it has to establish a test standard specifying the coverage of test problems, the number of problems, format and level of difficulty, and pass/fail decision, and to make test problems. Accordingly, the test organization should have a committee organized by experts in order to perform such tasks. Note that the committee members should not preferably be instructors of the training program.

The test organization should be an organization conducting activities relating to SME consultants should be able to conduct the test by using outside experts to make test problems, recruiting applicants, and administering the test.

Finally, the test organization should inform training organizations (which are formally registered) of any change in the test system (such as the coverage) in advance.

(2) Written examination

The written examination will consist of multiple choice questions to examine knowledge required for SME management, with regard to seven subjects (SME management and policy, finance and accounting, legal management, management theory, operation management, and new business development), and essay questions based on hypothetical cases to examine practical skills relating to corporate diagnosis and advisory service.

As discussed earlier, accountants will be exempted from the examination on finance and account and lawyers from the examination on legal management.

Table 4.3-12 shows the number of questions, allocation of marks, and duration by subject (course module). Pass/fail decisions will be made according to the following criteria.

- 1) An applicant must obtain 40% or more of full marks for each of the seven subjects and 60% or more of the total full marks.
- 2) When an applicant fails to obtain the above passing marks, he will be exempted, for three years (or in the subsequent two years), from taking the reexamination for a subject(s) for which he has obtained 60% or higher marks.

While the above criteria may seem to be set at relatively low levels, it reflects the fact that the written examination will include questions based on hypothetical cases or requiring analytical skills (including calculation), in addition to those covered by lectures or standard

textbooks, so as to check if applicants have advanced knowledge and practical skills that are required by SME consultants.

Table 4.3-12 General Specifications for the Written Examination, by Subject

Subject	Multiple choice		Essay		Total marks	Duration	
	No. of problems	Allocation of marks	No. of problems	Allocation of marks			
① SME management and policy	5	20	—	—	20	9:30-10:00	30
② Advising skill	—	—	—	—	—	—	—
③ Finance and accounting	10	40	1	20	60	10:15-11:15	60
④ Legal management	5	20	—	—	20	11:30-12:00	30
⑤ Management theory	10	40	1	20	60	12:15-13:15	60
⑥ Operation management	10	40	1	20	60	14:15-15:15	60
⑦ New business development	5	20	—	—	20	15:30-16:00	30
⑧ Management information system	5	20	—	—	20	16:15-16:45	30
⑨ Practical training for SME diagnosis	—	—	—	—	—	—	—
Total	50	200	3	60	260		300

Source: Prepared by JICA Study Team

(3) Oral examination

While Table 4.3-12 lists the nine subjects (course modules) to be covered in the lecture course, “② advising skill” and “⑨ practical training for SME diagnosis” will not be included in the written examination. For these subjects, the oral examination will be conducted shortly after the written examination, by asking questions relating to the hypothetical cases used in the written examination.

The oral examination will be conducted by three examiners. One examiner will explain as to how the test is administered and will serve as the supervisor to control the progress of the test. Other two examiners will ask questions alternately. Each applicant will be asked to make a response in two minutes for each question. Four questions will be asked on the basis of two hypothetical cases, which are selected from three cases used in the written examination. The oral examination will take around ten minutes per applicant. The passing marks are 60% or higher according to the evaluation table in Table 4.3-13 (i.e., a total of 12 out of 20 points or higher).

Note that this evaluation table will be used, with the following changes in wording, for the practical training course for corporate diagnosis, which will be held for persons who have passed the certification test.

- 1) “Appropriateness of advice and proposal on the given case” (1) “Appropriateness of advice and proposal made for the client company”
- 2) “Did the applicant listen attentively to the examiner’s question ...?” (2) “Did the applicant listen attentively to questions and opinions of the company’s manager and employees, the instructor, and/or other participants ...?”
- 3) “Adequacy of response (Did he answer the question properly?” (3) “Adequacy of (Did he give clear explanation?)

As the oral examination will ask questions using hypothetical cases that are used in the written examination, examiners will be selected from members of the committee under the test organization, who made test problems for the finance and account, management theory, and operation management courses, although other members may be selected when the members are unable to serve the function.

Table 4.3-13 Evaluation Table for the Written Examination

Evaluation item	Appropriateness as SME consultant				
	Excellent 5	Good 4	Fair 3	Poor 2	Very poor 1
(1) Appropriateness of advice and proposal on the given case (Understanding of problems, appropriateness of advice and proposal in terms of applicability)					
(2) Manner of speech and communication (Easy to understand? Logical? Did the applicant listen attentively to the examiner’s question and tried to establish good communication?)					
(3) Adequacy of response (Did he answer the question properly? Did he successfully demonstrate that he had expert knowledge on the subject?)					
(4) Confidence and reliability (Did him look and sound confident and reliable?)					

Source: Prepared by JICA Study Team

4.3.5.2 Registration

(1) Purpose

Registration of SME consultants is designed to recognize persons who meet qualification requirements (knowledge and practical skills) required to provide diagnosis, guidance and advice service for MEs and SMEs in Chile, covering all aspects of management, thereby to ensure opportunity for companies to receive adequate service.

(2) Need for the registration organization

As registration organizations are required to warrant that registered SME consultants have competence and other quality requirements for providing diagnosis, advisory and guidance service in all aspects of SME management, they should preferably be public organizations or private organizations having good credibility or reputation. Also, they should be able to perform various tasks relating to overall operation and management of the SME consultant system, such as the commissioning of testing service to the test organization, registration of training organizations, and the development of reform plans for the SME consultant system including use of SME consultants.

(3) Registration requirements

Applicants for registration as SME consultant must meet the following requirements, which are same as those for admission to the training program. Thus, an applicant can be registered only when he meets the requirements and has passed the test to check competence.

- 1) To have passed the certification test (provided that accounts are exempted from the test for the finance and accounting course and lawyers from the test for the legal management course);
- 2) Graduate of a four-year university
- 3) Work experience of four years or more
- 4) Certified consultant relating to Nch2909, SEMC or ISO standards (9001, 14001 and 22000)
- 5) Completion of the practical training course for corporate diagnosis after passing the certification test (seven days per company)
- 6) Nonexistence of a ground for rejection such as criminal record, arrears of taxes, and a dishonorable or dishonest act in business matters

(4) Registration procedures

Any person who intends to apply for registration as SME consultant must submit the above application and supporting documents that prove that he satisfies the registration requirements.

(5) Renewal requirements

Registration of SME consultants will be valid for three years and can be renewed upon application when the following requirements are met.

- 1) Participation in the renewal training program held annually or the passing of an examination based on a paper submitted
- 2) Sufficient work experience as SME consultant by conducting consulting activities that are converted to points under specific rules (e.g., one point for three or more hours per day of consulting service for SMEs, consultation at a service desk operated by a public organization, or speech or lecture at a seminar or workshop) in order to accumulate 18 or more points in three years. A written proof of evidence issued or signed by a client company will be required.
- 3) Nonexistence of a ground for rejection

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

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 in Chile, 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.

- 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 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 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"> - Appointment of the responsible organization within the ChileCalidad and startup of the internal study group organized by related parties - Analysis of JICA's proposals and modification as required - Confirmation of a typical image and standard competence of SME consultant required for the system - Arrangement of items required for the startup of the SME consultant system - Organization of the Preparation Office <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"> - Confirmation of the development plan for the SME consultant system - Development of details of the consultant training program as well as related standards - Detailed design of the qualification and registration systems - Preparation for the bidding process for program implementation organizations (to be commissioned) and its implementation - Start of promotion and advertisement activities for the SME consultant system <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"> - 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) - Efficient operation and management of the SME consultant system - Promotional activities for the system - Development of infrastructure to deploy the system in the rest of the country
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. Action Plan 2 Securing of the System Building and Operation Budget</p> <p>Viduals, who have participated in the pilot project, on the plan.</p>

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"> - Review of JICA's plan (budget) - Budget estimation on the basis of the final plan proposal made by the internal study group of ChileCalidad <p>(2) Step 2 To ascertain the budget to be secured by the MOE</p> <ul style="list-style-type: none"> - Detailed examination and confirmation of the estimated cost to be funded by the MOE's budget <p>(3) Step 3 To execute budgetary procedures within the MOE</p> <ul style="list-style-type: none"> - Preparation of budget proposals for FY2011 – 2013 - Application and negotiation for the FY2011 budget
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.

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 Unit)
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"> - Establishment of a special site within the MOE’s home page, in which information on the system will be published - Production of pamphlets to introduce the SME consultant system <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"> - Program development and design - Budgeting for holding seminars - Preparation and implementation of seminars (to be held in four locations including the areas outside Santiago in 2011)
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
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	Units 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"> - Preparation of bidding documents on the basis of JICA reports - Invitation to bidding, review, and selection according to specific procedures - Negotiation with the successful bidder and conclusion of service contract between the MOE and each implementation organization <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"> - Preparation of teaching materials, classroom facilities, and client companies for the training program - Preparation for the certification test and confirmation of the testing method <p>(3) Step 3 (January – March 2011) Recruitment, selection, and acceptance of participants in the first program</p> <ul style="list-style-type: none"> - Start of recruitment - Selection and implementation of group interview - Notification of results to applicants, and provision of detailed information on the training program <p>(4) Step 4 (January – March 2011) Implementation of the first training program</p> <ul style="list-style-type: none"> - Implementation of the lecture and practical training courses - Confirmation and supervision of progress of the training program <p>(5) Step 5 (January – March 2011) Implementation and of the first certification test and registration</p> <ul style="list-style-type: none"> - Implementation of written and oral examinations - Grading, pass/fail decision and confirmation, and approval by the supervising organization - Registration of persons who have passed the certification test
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	<p>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.</p> <p>(1) Step 1 To check the level on matching with CORFO's active programs</p> <ul style="list-style-type: none"> - Matching with FOCAL programs - Matching with Innova Chile programs - Discovery of suitable programs <p>(2) Step 2 To publicize suitable programs among CORFO programs</p> <ul style="list-style-type: none"> - Establishment of conditions for suitable programs and their publication on pamphlets or other media - Notification to AOIs and consultants, and use for CORFO programs <p>(3) Step 3 To develop or identify SME development programs that can use SME consultants and their competence</p> <ul style="list-style-type: none"> - 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"> - To identify fields or areas of SERCOTEC programs where SME consultants can be used, including Capital Seeds program - To develop ways to use SME consultants at SERCOTEC's regional offices. <p>(2) Step 2 To publicize suitable programs among SERCOTEC programs</p> <ul style="list-style-type: none"> - Publication of SERCOTEC programs that can require use of SME consultants <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"> - Development of new programs that can use SME consultants
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>

Action Plan 9 Project to Promote Integration with the Bankruptcy Adviser

Purpose and outline	<p>The Bankruptcy Adviser 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 Adviser 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.</p>
Implementation body	Ministry of Justice, the Bankruptcy Bureau, ChileCalidad
Activity outline	<p>To perform comparative analysis of the Bankruptcy Adviser and the SME consultant and to seek opportunity for integration</p> <p>(1) Step 1</p> <p>To perform comparative analysis of the Bankruptcy Adviser and the SME consultant</p> <ul style="list-style-type: none"> - To analyze qualification requirements for the two professions on the basis of discussion with their supervising organizations (as neither has not been formalized) <p>(2) Step 2</p> <p>Consultation with the Bankruptcy Bureau and the legal community</p> <ul style="list-style-type: none"> - To discuss possible amendments of related laws and their provisions with view to relating the SME consultant to the Bankruptcy Adviser in the context of the formal system for their certification and registration. - To check with related parties in the legal community as to possible amendments <p>(3) Step 3</p> <p>Integration of qualification requirements</p> <ul style="list-style-type: none"> - To seek opportunity for integration of the two professions (qualifications) on the basis of the above amendments
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 Adviser will complement functional elements that are not covered by the SME consultant system.

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, members of Consultant Association)
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"> - Organization of interested consultants into a founder group - Development of basic concept and activity rules of the Consultant Association <p>(2) Step 2 Organization and establishment of the Consultant Association</p> <ul style="list-style-type: none"> - Formal organization - Strengthening of collaboration with the MOE and SME development organizations <p>(3) Step 3 Start of activity</p> <ul style="list-style-type: none"> - Start of outside activities as a formal trade association - Discussion on possible participation in management of the SME consultant system
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.

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 5.2-1 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 5.2-1 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					▲														
Plan de acción 1 <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				▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Plan de acción 2 <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			▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Plan de acción 3 <u>Programa para la promoción del sistema de consultores de EMT</u> - Preparación de una materials de difusión para introducir el sistema de consultores - Celebrar un seminario para presentar y promover el sistema				▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Plan de acción 4 <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			▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Plan de acción 5 <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				▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲

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

- | | |
|--|--|
| (1) Start of promotional activity: | January 2011 – |
| 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) |

- 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.)

Appendix

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

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

Este glosario fue editado y ajustado por la Misión JICA en base a la publicación "Puntos de Vista sobre el Análisis del Sistema de Gestión-bases del Diagnóstico de Gestión", editado por la Asociación de Diagnosticadores PYME (Corp.) de Japon"

1. Descripción General de las Prácticas del Diagnóstico

(1) Objetivos

Las prácticas del diagnóstico se realizarán para dotar de la capacidad de aplicación práctica a través del entrenamiento en el sitio y la capacidad de mejorar la habilidad de comunicación y de presentación de los resultados concretos a las empresas, utilizando la sabiduría y los conocimientos adquiridos y verificados durante el curso en el aula. En cuanto a las técnicas necesarias para la enseñanza y los consejos que se esperan de los consultores de pequeñas y medianas empresas (PYMES) son las siguientes.

- Técnica para escuchar las conversaciones de la contraparte.
- Técnica para dialogar con respecto a los problemas
- Técnica para ordenar el contenido de la conversación
- Técnica para descubrir la capacidad humana de la contraparte
- Técnica de la autosugestión hacia la contraparte
- Técnica de la motivación que estimule la intención de la contraparte

Durante el entrenamiento de los cursos prácticos, se realizarán los diagnósticos teniendo en cuenta los problemas de los consultores existentes y las funciones que se esperan de los nuevos consultores de las PYMES y la forma del diagnóstico y apoyo que se indican a continuación, aprendidos durante el curso en el aula.

Cuadro __ Forma del diagnóstico y apoyo a los consultores de pequeñas y medianas empresas

Modo del diagnóstico y apoyo	Contenido
1. Verificación previa de las necesidades del diagnóstico	<ul style="list-style-type: none"> • Debido a que los consultores de las PYMES tienen la obligación de conquistar la satisfacción del cliente de las empresas diagnosticadas, es imprescindible la determinación precisa de las necesidades del diagnóstico de las empresas objeto. • Existen también los casos en los cuales los propios empresarios no pueden reconocer los problemas de la compañía ni cuáles son los factores principales. Por lo tanto, es necesario que los consultores verifiquen las demandas y las expectativas de las empresas a través de las audiencias y las informaciones, analizando objetivamente su racionalidad desde una perspectiva a largo plazo, solicitando las modificaciones que fueran necesarias y logrando la convicción a través de las suficientes explicaciones para alcanzar una coincidencia de criterios entre las empresas y los consultores. • Estas verificaciones previas son imprescindibles para formular las propuestas finales, lograr la satisfacción del cliente con respecto al informe y presentar las propuestas. • Los participantes del curso deberán respetar la ética y la obligación de mantener la reserva como consultores a través de la conservación del secreto, la contratación de las operaciones y las relaciones de confianza y la prohibición del abuso de la posición, etc.
2. Análisis cuantitativo y cualitativo	<ul style="list-style-type: none"> • Análisis de los índices relativos al crecimiento, rentabilidad, seguridad, fluidez y productividad a través de los cuadros financieros que es el método convencional del análisis de la gestión y de las cualidades como empresarios (liderazgo, capacidad de comunicación, toma de decisiones, humanidad, confiabilidad, etc.).

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	<ul style="list-style-type: none"> Las medidas de conservación del medio ambiente y las contribuciones a la sociedad serán también analizadas como actividades de las nuevas oportunidades de negocios.
3. Análisis de los factores del entorno de la gestión	<ul style="list-style-type: none"> Los factores económicos como factores principales (tendencias de los recursos de gestión como las personas, las cosas, el dinero, las informaciones, etc., que afectan el rendimiento económico, las tendencias de las restricciones, las tendencias en el área económica de la zona, etc.). Factores sociales (debe prestarse importancia no sólo a la eficiencia económica sino a las características sociales, analizando los efectos del entorno y de la sociedad sobre la compañía pensando ampliamente a escala global). Las causas como los factores humanos, etc. (desde la satisfacción de las necesidades básicas materiales hasta la satisfacción espiritual, la realización propia, individualización y diversificación) deben ser captados no sólo como amenazas y debilidades sino como nuevas oportunidades de negocios.
4. Análisis de los recursos de la gestión	<ul style="list-style-type: none"> Con respecto a los recursos de gestión de las empresas objeto, se requiere por ejemplo un punto de vista que analice integralmente si se han formulado o no el suministro de los recursos necesarios para la gestión conforme al plan operativo, el método de capacitación y el plan de utilización; si se han distribuido en forma equilibrada o no todos los recursos de gestión además de la posición geográfica y los recursos de gestión externos como los recursos humanos, informaciones, derechos de propiedad intelectual de la empresa, etc., según las necesidades de todos los sectores de la empresa y si existe un sistema de gestión que permita utilizar los recursos de gestión según los cambios del entorno operativo.
5. Extracción de los problemas de la gestión	<ul style="list-style-type: none"> Se espera un cambio de consenso entre los consultores de las PYMES, del consultor del tipo consejero convencional al consultor de apoyo que ponga énfasis en las intenciones del cliente. Se extraerán las debilidades como problemas de gestión así como la fortalezas. Al realizarse la extracción, se determinarán los problemas patentes o latentes. De esta manera, podrán determinarse claramente las metas de las propuestas para mejorar y reformar la gestión.
6. Propuestas	<ul style="list-style-type: none"> Las propuestas deberán basarse en el diagnóstico participativo como resultado del consenso logrado entre las empresas. En las propuestas, se prestará el apoyo recurriendo a la técnica de asesoramiento como las enseñanzas y los consejos que sirvan para estimular el interés de llevar a la práctica basada en la convicción de la empresa. Para ello, es imprescindible la comunicación con la empresa dentro del proceso del diagnóstico.
7. Elaboración del plan de negocios que considere los factores variables	<p>Existen aspectos que son posibles actualmente pero pueden ser imposibles debido a los futuros cambios del entorno externo e interno de la gestión y los casos inversos. Por lo tanto, se formularán las propuestas determinando los factores con una alta posibilidad de ocurrencia.</p>
8. Propuestas e informe que sea integralmente consistente	<p>El contenido de las propuestas no debe ser lo más apropiado en forma parcial, sino lo más apropiado dentro del conjunto de la empresa. Además, para resumir las propuestas del grupo de diagnóstico es necesario que se realice el ajuste para que no haya inconsistencias en el contenido de las propuestas entre los miembros.</p>
9. Propuestas realizables	<ul style="list-style-type: none"> En definitiva, los consultores son consejeros y asistentes, y la realización de las propuestas estarán confiadas a las empresas. Por lo tanto, las propuestas deben explicarse de manera comprensible para que las empresas puedan juzgar las posibilidades de realización. Es necesario que las propuestas sean realizables conforme a los recursos de gestión que tenga o pueda utilizar la empresa, y en el caso de que fuera necesario recurrir a los recursos externos, deberán indicarse claramente los medios para obtenerlos.
10. Apoyo para la realización de las propuestas	<ul style="list-style-type: none"> En la consultoría de diagnóstico y de apoyo del tipo participativo debe contarse con la participación de las empresas en el proceso del diagnóstico, y al mismo tiempo, se espera que en el proceso de la realización de las propuestas se preste el apoyo a las actividades principales de las empresas formando los acuerdos con la participación del consultor. Las funciones del consultor de las PYMES no concluyen con las propuestas, ya que se espera que se realice el contenido del diagnóstico y del apoyo para lograr los resultados. Para ello, es necesario que, según las necesidades, los consultores expliquen concretamente el método de complementación de los recursos de gestión como los programas de apoyo oficial que puedan utilizar las empresas, la asociación con diversas clases de expertos, etc.

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(2) Horario de los cursos prácticos

Aunque el horario de los cursos prácticos será como se detalla a continuación, el programa estará sujeto al ajuste de las horas de las entrevistas con los empresarios y el diagnóstico de las plantas teniendo en consideración la conveniencia de las empresas objeto.

Cuadro __ Horario de los cursos prácticos

Renglones	Horario	Contenido
Objetivo		El curso práctico (prácticas del diagnóstico de PYMES) tiene como objeto adquirir la capacidad de aplicar prácticamente a través del entrenamiento en el sitio, los conocimientos adquiridos y fortalecidos durante el curso en el aula.
Horas totales	90 horas	<p>El total de horas del curso práctico será de 90 horas entre las dos compañías con una duración de 3 semanas. Pese a los detalles que se describen a continuación, las horas serán ajustadas teniendo en consideración la conveniencia de las empresas objeto del diagnóstico. Por ejemplo, para el curso práctico de los respectivos grupos se establecerá un horario apropiado de los sábados o en horarios nocturnos de los días de la semana, pero se asegurarán más de 90 horas de entrenamiento en el curso práctico. 90 horas en total (Para las empresas medianas serán de 53 horas en total con una duración de 10 días, y para las empresas pequeñas serán de 37 horas en total con una duración de 7 días).</p> <p>① Entrevistas con los empresarios (diagnóstico general): 1 día × 8 horas × 2 compañías = 16 horas. ② Diagnóstico detallado: 1 día × 8 horas × 2 compañías = 16 horas. ③ Sesión de presentación del informe: 1 día × 3 horas × 2 compañías = 6 horas. ④ Debate en grupo y elaboración del informe, etc.: Total 52 horas (33 horas de debate en las aulas +19 horas de tareas en el hogar, etc.)</p> <p>Observaciones: Para el cálculo de las horas citadas arriba, no se incluyen las “horas de desplazamiento”.</p>

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(3) Programa de los cursos prácticos

Programa de los cursos prácticos del diagnóstico de empresas

Etapa	Paso	Principales contenidos de las actividades
Estudio	0. Determinación previa de la descripción de la empresa (instructores, etc.) El paso 0 no se distribuye.	① Selección de las empresas objeto del diagnóstico. ② Entrevistas con los empresarios. ③ Recopilación de las informaciones de las empresas.
	1. Determinación de los lineamientos del diagnóstico (Aula)	① Orientación del método de diagnóstico. ② Distribución de los grupos de participantes del curso. ③ Análisis preliminar de las generalidades de la empresa. ④ Elaboración de los lineamientos del diagnóstico. • Determinación de la hipótesis de los problemas.
Diagnóstico	2. Diagnóstico general por sectores (Sitio)	① Estudio general por encuesta de la gestión (5 sectores). ② Recopilación de informaciones por sectores. ③ Calificación de la evaluación.
	3. Determinación de las debilidades y fortalezas (Aula)	① Análisis del resultado del diagnóstico general. ② Elaboración del diagrama de radar. ③ Formulación del plan del diagnóstico detallado. ④ Elaboración del informe (borrador) por sector.
	4. Diagnóstico detallado de los sectores débiles (Sitio)	① Acuerdo con las empresas con respecto a los lineamientos del diagnóstico. ② Recopilación y análisis de las informaciones detalladas de los sectores con debilidades. • Para el diagnóstico detallado, según las necesidades se organizarán los pequeños grupos de 4 personas respectivamente para el estudio del entorno de gestión interno y externo relacionado con las debilidades y se realizará la selección de las empresas objeto teniendo en consideración las necesidades y los problemas. ③ Evaluación
Elaboración del informe	5. Análisis final y plan de mejoras (Aula)	① Elaboración del informe (borrador) por sectores reflejando el análisis de la información detallada recopilada de los sectores débiles. ② Planificación de la estrategia y de los lineamientos de la mejora. ③ Elaboración del informe del diagnóstico de la empresa.
	6. Elaboración del informe del diagnóstico (Aula)	① Terminación del informe del diagnóstico de la empresa. • Elaboración del informe que responda a las necesidades y las demandas de la empresa. • Presentación de la integridad del conjunto y de los sectores, las problemáticas y las orientaciones. ② Preparación de las informaciones de la presentación.
Recomendaciones	7. Sesión de presentación del informe (Sitio y aula)	① Presentación a las empresas. • Colaboración para la encuesta, verificación de la satisfacción del cliente. ② Presentación durante la sesión de presentación de los participantes del curso. ③ Reunión de reflexión, etc.

Paso 0 Determinación Previa de la Descripción General de la Empresa

(Realizado por los instructores y por la comisión de ejecución del entrenamiento)

01 Selección de las empresas a diagnosticar

Los instructores y los encargados de los organismos ejecutores de las prácticas visitarán las empresas postuladas para el diagnóstico con el objeto de entrevistarse con los empresarios, etc., explicarles el objetivo de las prácticas y la reseña del programa, y verificarán si es posible obtener la cooperación de las empresas según las normas de selección que se detallan a continuación.

<Normas para la selección>

- ① Clase de la empresa objeto del diagnóstico.
- ② Escala de la empresa objeto del diagnóstico (Se seleccionarán dos compañías en total, una empresa mediana con un personal de alrededor de 50 empleados y una empresa pequeña de alrededor de 10 empleados teniendo en consideración el monto de ventas que es la referencia de las PYMES).
- ③ Debe lograrse la comprensión de los empresarios con respecto a la actitud de gestión y para las prácticas del diagnóstico.
- ④ Deben cumplir con la presentación del balance de tres ejercicios fiscales que componen las informaciones necesarias para las prácticas del diagnóstico, la aceptación para permitir a los participantes del curso el ingreso al sitio de la fabricación y realicen los estudios por encuesta, la presentación de las informaciones relacionadas y las condiciones de disponibilidad o no del espacio para realizar las tareas dentro de la empresa.
- ⑤ Se seleccionarán las empresas que se ajusten al objetivo de las prácticas del diagnóstico como el análisis de la ubicación geográfica.
- ⑥ Otros renglones de verificación.
 - Verificar si es posible o no tomar fotografías.
 - Verificar la obligatoriedad de conservar el secreto.
 - Se explicará el programa de las prácticas (días de visita a las empresas y de la sesión de presentación del informe, etc.), se obtendrá la aceptación de la empresa y se solicitará la cooperación para el estudio a cargo de los participantes del curso.
 - Realizar la verificación del espacio para las tareas de los participantes del curso.
 - Realización de la sesión de presentación del informe y la encuesta.
Colaboración para la realización de la sesión de presentación del informe con la participación de los empresarios, etc., y para el estudio por encuesta que servirán como datos de evaluación del nivel de aprendizaje de los participantes del curso.

02 Recopilación de las informaciones de la empresa y determinación de la descripción general (Estudio preliminar del diagnóstico de la empresa)

Los instructores realizarán el estudio preliminar del diagnóstico de las empresas seleccionadas sobre la base de las informaciones recopiladas para la “01 Selección de empresas a diagnosticar”. Su objetivo es la recopilación de las informaciones como la reseña de las empresas que sirvan para el “Paso 1. Determinación de los lineamientos del diagnóstico” que se realizará antes que los participantes del curso visiten la empresa.

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- ① Solicitud de presentación del estado financiero de tres ejercicios fiscales.
Se solicitará que los estados financieros sean presentados con la mayor anticipación posible. Se verificará la presencia de los contadores externos y de los encargados contables.
- ② Datos de la empresa
Como informaciones basadas en los “cuadros del estudio de la reseña de la empresa” y los “datos de la empresa”, se obtendrán los datos de los “renglones que se desean diagnosticar, la descripción de la historia de la compañía como la fecha de fundación, la composición de los accionistas (composición de los inversores, si es una compañía familiar), productos principales y destinos de la venta, cantidad de empleados (composición del personal entre los empleados estables y los contratados), materias primas, instalaciones principales, ventas mensuales, guía de la compañía y catálogo de la compañía y los productos”, etc.
- ③ Elaboración de los “cuadros del estudio de la reseña de la empresa” y los “datos de la empresa”.
Los renglones de anotación son los que se indican en las informaciones anexas “cuadros del estudio de la reseña de la empresa” y los “datos de la empresa”.
 - Se anotarán las informaciones de cierto alcance con respecto a las ventajas y las problemáticas que se estiman.
- ④ Otros
 - Se verificará el método de contacto entre las empresas y los encargados de la comunicación.
 - Según las necesidades, se solicitará la presentación de las informaciones financieras y contables con la presencia del contador.

03 Análisis previo de las características de la empresa

Según las características de las empresas, pueden existir muchos aspectos diferentes en cuanto a los lineamientos del diagnóstico. Como características de las empresas, se incluirán los siguientes renglones.

- ① Clase de actividad, estado de las operaciones: producción de bienes de capital, producción de bienes de consumo, comercio minorista, bares y restaurantes, etc.
- ② Escala empresarial: Empresa artesanal, comercio minorista, empresa mediana, empresa grande.
- ③ Esquema empresarial: Tipo de capital intensivo, tipo de labor intensiva.
- ④ Condiciones geográficas: Ubicación geográfica según la materia prima, ubicación geográfica según el mercado, ubicación geográfica según la distribución.
- ⑤ Forma de gestión: Gestión familiar, gestión no familiar.
- ⑥ Forma de operación: Fabricación y venta, subcontratación, procesamiento por contrato, comercio mayorista, comercio minorista.

04 Organización del grupo de participantes al curso

En las prácticas del diagnóstico se propone la ilustración recíproca a través del intercambio de opiniones entre los participantes del curso de diferentes áreas de especialidad. Desde este punto de vista, se intenta organizar los grupos de manera que haya equilibrio con respecto a la experiencia operativa de los respectivos miembros, las áreas de especialidad, las edades, el sexo, los organismos a los cuales pertenecen, etc. Además, para la organizar los grupos se han considerado los siguientes renglones.

- ① Después de las pruebas de evaluación de la capacidad, los participantes del curso se dividirán

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en grupos teniendo en consideración los antecedentes de los mismos, los resultados de las pruebas, los organismos de origen de los participantes del curso relacionados con la administración, etc.

- ② Existe la posibilidad del cambio de algunos miembros del grupo observando los aspectos del aprendizaje del grupo durante el curso en el aula.

Paso 1 Determinación de los Lineamientos del Diagnóstico (Aula)

11 Orientación y división de los grupos a cargo de los instructores (1 hora)

(1) Orientación

- ① Objetivos de las prácticas, el programa, el lugar de concentración, la presentación recíproca de los participantes del curso.
- ② Decisión por voto mutuo del jefe y subjefe de los respectivos grupos.
- ③ Los respectivos sectores que tendrá a su cargo cada uno de los miembros (gestión, fabricación, mercado y venta, recursos humanos, finanzas) decidirán el encargado principal de cada sector por votación mutua del grupo.
- ④ Para elaborar el informe que sea satisfactorio por el cliente, por norma, se encargará el participante del curso de las áreas especializadas en cada sector encargado.
- ⑤ Los participantes del curso que no asuman como encargado principal, cumplirán con la función de subencargados de los sectores donde deseen asumir los participantes del curso. De lo contrario, asumirán como subencargados del sector de las áreas importantes como grupo.
- ⑥ El encargado principal de cada sector será el responsable de la elaboración del diagnóstico y del informe correspondiente al área a su cargo.
- ⑦ Por separado, se decidirá por voto mutuo al responsable de la elaboración del informe (La función es la determinación del estado de preparación de la elaboración del informe, el reclamo, la revisión, etc.).

(2) Función del jefe del grupo de participantes del curso

- ① Realizará la comunicación y la coordinación entre las empresas.
- ② Realizará el ajuste de las opiniones entre los miembros.
- ③ Realizará la comunicación y la coordinación entre el instructor y el grupo de participantes del curso. Transmitirá a los miembros las indicaciones del instructor.
- ④ El jefe del grupo coordinará la integridad del informe escuchando las explicaciones de los encargados de los respectivos sectores y el mismo informe será verificado entre todos los miembros.

(3) En el sitio de las empresas se suponen las siguientes medidas de precaución (modales de saludo, vestimenta, etc.) y los elementos a llevar.

- ① Calzado de seguridad, sin corbata (en el caso de fábricas).
- ② Computadora personal (2 unidades por cada grupo), calculadora electrónica.
 - La computadora personal se utilizará para elaborar los datos del informe durante el desarrollo de los estudios.
- ③ Elementos de escritura, tablero de escritura (que se utilizarán para realizar las anotaciones de pie en el sitio).
- ④ Cinta métrica, cronómetro (para la medición por IE).
- ⑤ Cámara digital (para tomar las fotografías verificar si está autorizada por la empresa).

12 Explicación del método del diagnóstico (3 horas)

- ① Para el diagnóstico general por sectores se utilizará el diagrama de radar.
- ② Se adopta el método de diagnóstico tendiente a las mejoras haciendo valer las fortalezas y las oportunidades de la empresa, prestando atención a las áreas con debilidades.
- ③ Se verificarán los renglones de preguntas de los 5 sectores, cómo formular las preguntas, el método de evaluación, etc.

13 Diagnóstico preliminar de la empresa y elaboración de los lineamientos del diagnóstico (3 horas)

- ① Los instructores explicarán a los practicantes la reseña de la compañía según los “cuadros del estudio de la reseña de la empresa”, y al mismo tiempo, presentarán las informaciones obtenidas como los folletos y los estados financieros. Los participantes del curso respetarán la obligatoriedad de mantener el secreto que se describe en la declaración jurada del entrenamiento y participación del curso.
- ② Los participantes del curso discutirán entre todos y analizarán las características y las problemáticas de la empresa objeto del diagnóstico y determinarán los temas del diagnóstico (hipótesis).
- ③ Los participantes del curso discutirán entre todos y prepararán previamente los renglones que deben verificarse incluyendo los cuadros de evaluación del diagnóstico general (5 sectores) y los renglones de las preguntas de los 5 sectores con respecto al conjunto de las actividades de gestión de la empresa.
- ④ Los participantes del curso verificarán no sólo los renglones de preguntas del sector encargado sino los renglones de preguntas de los demás sectores.
 - El encargado principal será el que haga las preguntas de los respectivos sectores.
- ⑤ Se elaborará el plan de diagnóstico (programa, renglones de solicitud de presentación de datos a la empresa) discutiéndolo entre todos los participantes del curso.

Paso 2 Diagnóstico General por Sector (Sitio)

21 Estudio por encuesta de los miembros de la gestión (3 horas)

Se realizará el estudio por encuesta para elaborar el diagrama de radar general (5 sectores) tomando como referencia la “Ficha de preguntas para el diagnóstico general”.

- ① Se explicará a las empresas el programa y el método de las prácticas del diagnóstico (jefe).
- ② Se verificarán los renglones que se solicitarán a las empresas como el suministro de los datos adicionales (jefe).
- ③ Se realizará la encuesta de los renglones de preguntas preparadas (encargado de las preguntas por sector).
Respectivos sectores: 30 minutos × 5 sectores + 30 minutos = 3 horas.
- ④ Se formularán las preguntas y se tratará de recopilar las informaciones concretas siguiendo la metodología de “cómo, por qué, cuándo, quién”, etc.
- ⑤ En el sitio del diagnóstico, se espera que los consultores de las PYMES logren la satisfacción del cliente presentando el resultado que supere las expectativas de la empresa objeto del diagnóstico que es el cliente. Para ello, se verificarán previamente las necesidades del diagnóstico de gestión determinando lo que se está solicitando como diagnóstico y consejo y lo que esperan los empresarios.
- ⑥ Se analizará en forma objetiva y con una perspectiva a largo plazo la justificación de las necesidades del diagnóstico y consejo de la empresa, y según fuera necesario, se tratará de lograr la coincidencia de criterios entre la parte que diagnostica y la empresa, solicitando las correcciones a la empresa.

22 Recopilación de las informaciones por sectores (2 horas)

- ① Se realizará la encuesta entre los encargados de la empresa, etc., divididos por sectores, la recopilación de las informaciones, las visitas del sitio, las mediciones, etc. Previamente se obtendrá la conformidad de los miembros de la empresa y se prestará la debida atención para no perturbar las operaciones.
- ② Se tratará de recopilar en lo posible no sólo las informaciones para el diagnóstico general (5 sectores) sino el diagnóstico detallado de los sectores con debilidades.

23 Calificación de la evaluación y cómputo (3 horas)

- ① Todos los participantes del curso realizarán la calificación de evaluación de 5 escalas a juicio de cada uno con respecto a todos los 50 renglones de los 5 sectores de evaluación general. Con respecto al método de la calificación de evaluación, se tomará como referencia las normas de calificación de evaluación según el método UNICO.
- ② Se reunirán los cuadros de calificación de evaluación y se elaborará el cuadro de cómputos de todos.
- ③ Cada uno ordenará el esquema de análisis FODA (Fortalezas, Oportunidades, Debilidades y Amenazas). Se extraerán las debilidades y las problemáticas que afrontan las empresas, y al mismo tiempo las fortalezas. Al realizarse al extracción, se determinarán no sólo los problemas manifiestos sino aquellos latentes como el cambio ambiental que pueda ocurrir en el futuro.

Paso 3 Determinación de las Áreas con Debilidades (Aula)

31 Análisis del resultado del diagnóstico general – Terminación del diagrama de radar general (2 horas)

Terminación del diagrama de radar general (5 sectores) realizando el cómputo y el análisis de la calificación de evaluación de todos los participantes del curso.

- ① Se distribuirá a todos los miembros el cuadro general de cómputos de la calificación de evaluación del diagnóstico general elaborado por todos los participantes del curso.
- ② Se verificarán las calificaciones de los 50 renglones y con respecto a los renglones que acusen irregularidades en la calificación, se analizará su justificación entre todos (jefes e instructores).
- ③ Los participantes del curso que lo deseen, podrán corregir sus propias calificaciones como resultado del análisis.
- ④ Se promediarán las calificaciones por sector de todos los miembros y se terminará el diagrama de radar general (pentagonal).
- ⑤ Al realizar la evaluación, se prestará atención no sólo al promedio sino a la importancia y a la urgencia de los renglones individuales de los renglones esenciales, etc.

32 Planificación del diagnóstico detallado (4 horas)

- ① Se seleccionarán 2 sectores (sectores con debilidades) objeto del diagnóstico detallado, no sólo de aquellos sectores con un promedio de baja calificación sino teniendo en consideración la importancia de las preguntas individuales según los 5 sectores del diagrama de radar general, la encuesta entre los empresarios y los estudios de visita al sitio, etc.
- ② Con respecto a la selección de los sectores con debilidades, se analizarán los factores principales que estén causando las debilidades y se analizará la relación con los otros sectores.
- ③ Durante este entrenamiento, se seleccionará en lo posible las áreas de las debilidades relacionadas con el entorno de gestión interno y el entorno de gestión externo de la empresa.
 - Las empresas no son independientes del mercado y siempre realizan diversas actividades con relación al mercado. Por lo tanto, sería deseable que durante el estudio y el análisis se determinen los factores internos y externos de la gestión.
- ④ Los participantes del curso se redistribuirán en grupos de 2 sectores con debilidades.
- ⑤ Se elaborará el plan de diagnóstico y del estudio de los renglones importantes del diagnóstico detallado.
- ⑥ Con respecto al estudio del diagnóstico detallado, se recopilarán los datos e informaciones en el sitio con relación a los renglones importantes de los 2 sectores con debilidades. Se ideará el método de estudio para determinar los problemas principales de las áreas con debilidades y los métodos de estudio para determinar las causas fundamentales basadas en esos datos e informaciones.
 - Ejemplo del estudio detallado del entorno interno.
Control de proceso y análisis del control de las tareas, control de calidad, control de las compras de los materiales, control de las ventas, estudio de la intención del presidente y de los empleados, estrategia de gestión, proceso de la toma de decisiones, fijación de precios y reducción de los costos, logística, mejora continua, desarrollo de nuevos productos, control operativo, control de las finanzas y contabilidad, etc.

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- Ejemplo del estudio detallado del entorno externo.
Audiencia con los empresarios (reconocimiento del entorno de gestión, reconocimiento del estado de gestión, futura orientación, etc.), estudio del área comercial y geográfica, competencia, clientes, estudio de la satisfacción del cliente, promoción de ventas y método de venta, visita al sitio y ubicación geográfica, entrevista con el presidente y los empleados, audiencia con los clientes (proveedores y compradores), etc.
- ⑧ Elaboración de los formularios del estudio por encuesta y cuestionarios, etc., apropiados basados en los métodos de estudio.
 - Al realizar los estudios de visita a los principales clientes, la entrevista con los empleados, la encuesta a los clientes que visitan el negocio, la visita a los principales proveedores, etc., se verificarán con las empresas las direcciones y el horario de las visitas.
- ⑨ Se explicará el plan del diagnóstico detallado a los directivos de la empresa. Se resumirá brevemente el “Resultado del diagnóstico general y los lineamientos del diagnóstico detallado” y se verificará con la empresa la aceptación y la colaboración para realizar el estudio.
- ⑩ En debate entre todos los participantes se acordará el esquema del análisis FODA tomando como referencia el diagrama de radar general.

33 Elaboración del borrador del informe por sectores con debilidades (2 horas)

- ① Se dividirá en 2 sectores con debilidades, se ordenarán las ventajas y las problemáticas por sector con debilidades y se elaborará como hipótesis los lineamientos del “Informe por sectores con debilidades”.

Paso 4 Diagnóstico Detallado de los Sectores Débiles (Sitio)

41 Acuerdo con los miembros empresarios con respecto a los lineamientos del diagnóstico detallado (1 hora)

Por tratarse de un informe intermedio para los directivos de las empresas, es sumamente importante realizar el diagnóstico detallado con la conformidad de ambas partes. Cuando la parte empresarial formulara los pedidos de modificación y agregado con respecto a la selección de los sectores del diagnóstico detallado, deberá accederse en lo posible a tales pedidos.

- ① El jefe del grupo explicará a los directivos de las empresas el resultado del diagnóstico general (5 sectores) de cada sector. Además, en esta etapa no deben presentarse las propuestas de mejora.
- ② Se explicarán las razones de la selección de los sectores del diagnóstico detallado (sectores con debilidades) y se obtendrá el acuerdo.
- ③ Se explicará el plan de diagnóstico detallado (incluyendo el método de estudio detallado) y se verificarán los renglones del pedido de colaboración.

42 Recopilación de informaciones detalladas de los sectores con debilidades (5 horas)

- ① Se dividirán por sectores, se realizarán los estudios según el plan de diagnóstico detallado y se recopilarán los datos y las informaciones en el sitio.

43 Calificación de la evaluación de los sectores con debilidades y cómputo (3 horas)

- ① Se realizará el análisis de los datos y las informaciones recopiladas a juicio de los encargados con respecto a los sectores a cargo de todos los participantes del curso.
- ② Se “visualizarán” los datos y las informaciones recopilados mediante gráficos y cuadros para que las empresas puedan comprender fácilmente.

Paso 5 Análisis Final y Planes de Mejora (Aula)

51 Análisis del resultado del diagnóstico detallado (3 horas)

Se realizará el análisis de los factores relacionados con las áreas con debilidades sobre la base del resultado del análisis de todos los encargados del sector y se analizará el resultado del análisis detallado coordinando la relación con los otros sectores.

- ① Se distribuirá el resultado del análisis del diagnóstico detallado a todos los encargados para compartir las informaciones.
- ② Se analizarán los datos e informaciones recopiladas por cada sector con debilidades y se determinarán los principales factores de las debilidades.
 - Para el análisis de los factores, etc., se utilizará en lo posible los métodos de análisis como las 7 herramientas del control de calidad, las nuevas 7 herramientas del control de calidad y los 5S aprendidos en el aula.

52 Planificación de la estrategia y los lineamientos de la mejora (3 horas)

- ① Durante el diagnóstico de la empresa se realizarán primeramente los estudios en el sitio sobre la base de los hechos en el estado actual, y una vez aclaradas las problemáticas y la relación de las causas y los factores según los datos y las informaciones recopilados, es importante el proceso de presentar las medidas para mejorar las mismas.
- ② Se determinarán las problemáticas fundamentales y los factores principales que están creando las debilidades de la empresa objeto utilizando los métodos de análisis aprendidos en el curso del aula.
- ③ Se formulará la estrategia para mejorar las problemáticas.
- ④ Al formular la estrategia, se determinarán concretamente los métodos del uso efectivo de los recursos de gestión de la empresa y del suministro de los recursos externos, etc.
- ⑤ Se formularán los lineamientos para la mejora mediante los conocimientos de la persona a cargo del diagnóstico, las planillas de verificaciones, la bibliografía de referencia, etc.
- ⑥ Pese a que para el análisis del estado actual es imprescindible el análisis basado en los hechos y los datos, las medidas para la mejora incluirán elementos futuros de nuevas ideas. Por lo tanto, en el caso de formular las medidas de mejora, será suficiente con el simple intercambio de los textos de los problemas y los textos de mejora.

53 Elaboración del informe del diagnóstico de la empresa (3 horas)

El jefe verificará los autores de la redacción del informe de todos participantes del curso tomando como referencia los “índices y las muestras del informe del diagnóstico”. Posteriormente, los participantes del curso resumirán el informe del diagnóstico de los sectores a cargo de cada uno.

- ① Se terminará el informe por sectores incluyendo el análisis FODA.
- ② Se resumirá el informe del resultado del análisis de las debilidades.

Paso 6 Elaboración del Informe del Diagnóstico (Aula)

61 Terminación del informe del diagnóstico (5 horas)

Se terminará el informe del diagnóstico de la empresa de cada encargado, tomando como referencia los “índices y las muestras del informe del diagnóstico” y la guía.

- ① Se resumirá la estrategia de mejora.
- ② Se resumirá el plan de mejora.
- ③ Se ideará la forma de “visualización” de los puntos de vista empresarial y la relación de cada sector utilizando el Cuadro de Mando Integral (BSC), etc.

62 Preparación de la sesión de presentación del informe (2 horas)

Se realizará la preparación de la reunión explicativa del último día a las empresas

- ① Se imprimirá y se encuadernará la cantidad necesaria del informe del diagnóstico que se presentará en la sesión de presentación del informe. En el caso de que el informe no se terminara a tiempo, el mismo se elaborará (resumen) y se presentará encuadernado en una fecha posterior.
- ② Se elaborará el orden del día de la sesión de presentación del informe y se decidirá la persona que estará a cargo de la explicación durante la sesión. Por norma se realizará la sesión en la sede de la empresa objeto del diagnóstico.
- ③ Se elaborará el informe utilizando una herramienta como el PowerPoint.
- ④ Se realizará el ensayo de la presentación.
- ⑤ Se verificará con la empresa la fecha, la hora y el lugar de la sesión de presentación del informe.

63 Elaboración del informe del diagnóstico de la empresa (2 horas)

Los participantes del curso se dividirán por sectores a cargo y resumirán el informe del diagnóstico.

- ① Se terminará el informe por cada sector incluyendo el análisis FODA.
- ② Se resumirá el resultado del análisis de las debilidades.

64 Lineamientos básicos de la elaboración del informe.

Como problemáticas existen los que eventualmente no constituyen problemas, los que son sumamente importantes cuya mejora inmediata requiere urgencia, etc. La diferencia entre los que requieren una mejora inmediata y los del plan de mejora que se realice en un plazo relativamente largo, se juzgará según el grado y la importancia de los elementos cronológicos y de los problemas.

- ① El informe del diagnóstico de la empresa será presentado a la empresa objeto del diagnóstico. Se señalarán las problemáticas con precisión y se indicarán claramente las orientaciones de las mejoras.
- ② Se evitará el señalamiento de los problemas generales, debido a que el señalamiento general tiende a que se convierta en un plan de mejora similar para cualquiera de las empresas.
- ③ Las propuestas para la mejora deben incluir los planes concretos que posibiliten la adopción de

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las acciones inmediatas por las empresas objeto.

- ④ Se ha previsto que en el proyecto piloto se verifique el estado de ejecución de los planes de mejora, etc., después de un mes de la presentación.
- ⑤ Después del diagnóstico general, deben presentarse los lineamientos precisos del plan para la mejora que permita facilitar el seguimiento por los expertos de cada sector.
- ⑥ Debido a que en muchos casos los problemas de gestión están relacionados mutuamente con otros sectores, es necesario que los planes de mejora de los respectivos sectores se coordinen de la misma forma con los planes de mejora de los otros sectores mutuamente relacionados.
- ⑦ En la primera página del informe del diagnóstico deberá registrarse el nombre del jefe y subjefe.

Paso 7 Sesión de Presentación del Informe (Sitio)

71 Presentación del informe del diagnóstico a las empresas (2 horas)

La presentación se realizará según el siguiente orden del día. Al señalar sólo las debilidades de la empresa, suele endurecerse la actitud de la empresa. Es importante que primeramente se comenten las fortalezas y las ventajas.

- ① Saludo y agradecimiento por la colaboración (jefe).
- ② Informe del resultado del diagnóstico general y por sectores (jefe y encargado de los respectivos sectores).
 - El encargado de cada sector informará sobre el sector a su cargo y se intercambiarán las preguntas y respuestas con la empresa.
 - Se presentará el plan para las mejoras (jefe y los respectivos encargados).
 - Se verificará la evaluación del contenido del informe de los encargados de los respectivos sectores de la empresa con la encuesta del diagnóstico.
- ③ Comentarios de los instructores (instructores)
- ④ Se escucharán las impresiones y las evaluaciones de la empresa con respecto al conjunto del diagnóstico y al contenido del informe de cada sector. (Directivos de la empresa)
- ⑤ Se realizará el estudio por encuesta para verificar el grado de satisfacción de la empresa con respecto al contenido del informe del diagnóstico de los encargados de cada sector, para verificar si el resultado responde a las necesidades y a las expectativas de la empresa. (Instructores)
- ⑦ Saludo y reiteración del agradecimiento por la colaboración (jefe).
- ⑧ Por norma, la sesión de presentación del informe a las empresas se realizará en la empresa.
- ⑨ El contenido del informe de los respectivos sectores y el resultado de la evaluación de la empresa a cargo de los participantes del curso, serán datos de referencia para juzgar la aprobación.

72 Reunión de reflexión del aprendizaje del diagnóstico de empresa (1 hora)

Después de concluir la sesión de presentación del informe, se realizará la reunión de reflexión del conjunto de aprendizaje del diagnóstico.

- ① Revisión del resultado del diagnóstico de empresa.
- ② Ejemplos de fracaso, ejemplos de éxito y puntos a mejorar.
- ③ Puntos a mejorar en el programa de aprendizaje.
- ④ Puntos a mejorar en el contenido del aprendizaje.
- ⑤ Todos los participantes del curso anotarán en el formulario de la encuesta que se prepara por separado, la evaluación del conjunto de las prácticas en las empresas.
- ⑥ Se elaborarán el informe de la presentación (aproximadamente 40 minutos por grupo, 20 minutos por compañía) durante la sesión de presentación conjunta de las prácticas de los participantes del curso que se realizará por separado.

73 Desconcentración

- ① La reunión de fin de curso se decidirá en debate entre todos los participantes del curso.
 - Se verificará si es posible realizar las propuestas durante el seguimiento de enero y febrero.

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

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Evaluation Sheet for SME Consultant Training Course by JICA-MINICON

I Participant

1. Class No: _____ Name: _____
2. Name of your company (institution): _____
3. Reason for participate the training course: (Please check, and so forth)
 - The program might be useful my career
 - The program has been developed in Japan
 - The program was recommended by my company (institution)
 - The program was supported by MINECON
 - The program was supported by CORFO, SERCOTEC and INN
 - For some reason or other

II Program evaluation in general

1. Duration of program course (Total 57 hours for knowledge &. theory course, and 90 hours for practice course)
 - Yes, it was adequate
 - No, it was not. It was (short, long), → go to item 2.
2. Please advice your opinion
Ideally _____hours for knowledge &. theory course, and
_____hours for practice course.
3. Was the starting time proper to you? (start at 18:30)
 - Yes, it was adequate
 - No, it was not. I wish to take classes in the
(start at morning, daytime, at weekend)
4. Length of class hour per day (3 to 4 hours per a day)
 - Suitable Too long Too short
5. Was the curriculum as a whole successfully developed? (Module 1 to 7)
 - Yes, it was adequate in general
 - It was needed some modification → go to item 6
6. Please advice your opinion

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III Evaluation for each module

1. Module 1 SME Policy & Measures (by Mr. Benigno Arriagada, and Mr. Nori IAI)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Nori IAI)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Benigno Arriagada)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus well developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 1	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 1

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2. Module 2 Consulting Skills (by Mr. Tomas Juan Bize, Mr. Masahiko HONKE)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Masahiko HONKE)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Tomas Juan Bize)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus well developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 2	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 2

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3. Module 3 Financial and Accounting (by Mr. Nelson Espinosa, Mr. Nori IAI)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Nori IAI)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Nelson Espinosa)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus successfully developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 3	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairy satisfied, 5 Excellent

Please advice your opinion on Module 3

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4. Module 4 Laws and regulations regarding SMEs (by Mr. Raul Figueroa, Mr. Nori IAI)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Nori IAI)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Raul Figueroa)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus well developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 4	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 4

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5. Module 5 Marketing (by Mr. Juan M. Ireta, Mr. Masahiko HONKE)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Masahiko HONKE)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Juan M. Ireta)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus well developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 5	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 5

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6. Module 6 Production management (by Mr. Orlando Ramirez, Mr. Yasuhiro IZUHO)

	Evaluation Items	Sub-Evaluation Items	Scores				
			1	2	3	4	5
1-1	Lecture by Japanese Teacher, (Mr. Yasuhiro IZUHO)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-2	Lecture by Chilean Teacher (Mr. Orlando Ramirez)	(1) Was the lecture something new and well made-up?	1	2	3	4	5
		(2) Was the lecture or instruction easy to understand (level of contents)?	1	2	3	4	5
1-3	Quality of teaching materials (a textbook and presentation materials)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information according to the curriculum?	1	2	3	4	5
		(4) Do they containing up-date information?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course hour properly allocated?	1	2	3	4	5
		(2) Was the curriculum and syllabus well developed?	1	2	3	4	5
1-5	Overall impression	(1) About your impression on Module 6	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 6

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7. Module 7 Practice Training (Mr. Yasuhiro IZUHO, Mr. Nori IAI, Mr. Masahiko HONKE)

	Evaluation Items	Sub-Evaluation Items	Scores				
1-1	Teaching capability of Trainer (Mr. IZUHO)	(1) Was the diagnosis methodology easy to understand?	1	2	3	4	5
		(2) Was the timing of guidance by trainer properly?	1	2	3	4	5
1-2	Teaching capability of Trainer (Mr. HONKE)	(1) Was the diagnosis methodology easy to understand?	1	2	3	4	5
		(2) Was the timing of guidance by trainer properly?	1	2	3	4	5
1-3	Teaching capability of Trainer (Mr. IAI)	(1) Was the diagnosis methodology easy to understand?	1	2	3	4	5
		(2) Was the timing of guidance by trainer properly?	1	2	3	4	5
1-3	Quality of teaching materials (a diagnosis manual, a reporting manual, etc.)	(1) Were they useful to your consulting business?	1	2	3	4	5
		(2) Are they easy to understand?	1	2	3	4	5
		(3) Do they contain necessary information?	1	2	3	4	5
		(4) Were they reflected local business situation?	1	2	3	4	5
1-4	Quality of curriculum	(1) Was the curriculum course properly allocated?	1	2	3	4	5
		(2) Was the logistic arrangement properly prepared?	1	2	3	4	5

Definition of scoring: 1 Poor, 2 Not satisfied, 3 Satisfied, 4 Fairly satisfied, 5 Excellent

Please advice your opinion on Module 7 (Practice training)

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

Evaluation Sheet for SME Consultant Training Course by JICA-MINICON

I Participant

3. Reason for participate the training course: (Please check, and so forth)

- 14 The program might be useful my career
- 7 The program has been developed in Japan
- 5 The program was recommended by my company (institution)
- 6 The program was supported by MINECON
- 5 The program was supported by CORFO, SERCOTEC and INN
- 0 For some reason or other

II Program evaluation in general

1. Duration of program course (Total 57 hours for knowledge &. theory course, and 90 hours for practice course)

- 5 Yes, it was adequate
- 18 No, it was not. It was Fue (12 short, 2 long), → go to item 2.

2. Please advice your opinion

Ideally _____ hours for knowledge &. theory course, and _____ hours for practice course.

300 240 150 140 120 100 150 80 100 80 57 50 40 81 300 90
 150 180 150 140 120 120 57 120 90 100 120 80 60 120 120 90
 450 420 300 280 240 220 207 200 190 180 177 130 100 201 420 180

3. Was the starting time proper to you? (start at 18:30)

- 16 Yes, it was adequate
- 7 No, it was not. I wish to take classes in the (start at 2 morning, 2 daytime, 5 at weekend)

4. Length of class hour per day (3 to 4 hours per a day)

- 18 Suitable
- 3 Too long
- 2 Too short

5. Was the curriculum as a whole successfully developed? (Module 1 to 7)

- 7 Yes, it was adequate in general
- 15 It was needed some modification → go to item 6

- 6 Improving of a shortage of training hours
- 7 Improving of content of textbook and curriculum
- 2 Others

IV Evaluation for each module

1. Did you look over through each syllabus of the course before starting class?

16 Yes 7 No

2. How many hour did you read textbooks in total at the out of the classroom?

- 7 1 to 4 hours
- 6 5 to 10 hours
- 6 11 to 20 hours
- 4 More than 21 hours

3. Did you get any other reference books or materials for studying by yourself?

12 No 12 Yes ()

4. How difference the level of curricula and examination between this program and Nch 2909? This program is

12 more difficult 3 Same level 1 more easier, 3 much more difficult

5. Do you think you could improve yourself through this training course?

18 Yes very much, 5 So-so 0 Nothing

V For further development and institutionalization of the program

1. How do you evaluate program operation as a whole? Did you satisfy?

- 7 Yes very much
- 11 good
- 4 acceptable
- 0 poor

2. What do we need to improve curricula?

- 12 More class room teaching session
- 11 More time for discussion (between a lecturer and us)
- 13 More case study
- 9 More long term (hours) of the course
- 10 Keep same duration but more skill practice training
- 5 Others

3. Do you think a practice (a company diagnosis) course is indispensable for this training program?

21 Yes 0 No 2 Other ()

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V For further development and institutionalization of the program

4. If does the program impose a fee (just as same curriculum as the pilot project including company diagnosis course), how much the fee affordable to you?

UF150, UF100, UF71.4 UF57.1 UF47.6 UF40.5 UF35.7 UF28.6 (2) UF25.0 UF23.8 (2)
UF21.4 UF15.0 UF14.3, UF.12 UF10 (2) , UF7.1

5. Which institution or organization should be conducted this program in Chile?

INN 9, MINECON 8, CORFO 7, UC 1, SERCOTEC 2, JICA 1, Diploma course 1

6. Which institution or organization should be conducted this program in local area?

INN 5, CORFO 9, MINECON 4, SERCOTEC 4, UC 3, SEREMI 1, SENCE 1,

7. Which institution or organization is the most competent for certification process?

INN 11, MINECON 5, CORFO 4, SERCOTEC 3, JICA 2, Chile Calidad 1,

8. Which institution or organization is the most competent for registration process?

INN 14, MINECON 7, CORFO 5, SERCOTEC 2,

9. What is a key factor for institutionalization of SME Consultant System in Chile?

Program preparation 6, Cordination of support oraganization 2,
Others 6

10. Do you have any further request to the program, please specify

- Continuation of the program institutionaly, (3)
- More flexible time schedule or more longer course program, (4)
- Emphasizing of Japanese presence and mode (2)
- Change of local (Chilean) teachers

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

Course Modules and Items to be covered by Lecture in Japan

Course	Major items to be covered
1. SME in general	<p>(1) Role and positioning of SMEs in the national economy and industry</p> <ul style="list-style-type: none"> - SMEs in various statistics (the number of enterprises, industry share, the number of employees, industry share, sales, value added, etc.), and local industries, type of industry in SMEs. <p>(2) Characteristics and issues of SMEs and their management (ratio of profits to net worth, capital equipment ratio, wages.)</p> <p>Substances (mobility, flexibility, fragile, procurement of management resources, niche business)</p> <ul style="list-style-type: none"> - Characteristics of SME management in statistics - Recent trends in SME management (outsourcing, network, SOHO, etc.) <p>(3) Laws and programs relating to SMEs</p> <ol style="list-style-type: none"> ① SME related laws and regulations ② Structure and content of SME related programs ③ Implementation system for SME support projects ④ New business creation programs ⑤ Management of startup companies and SMEs and related programs ⑥ Financing program for improvement and Diagnosis service ⑦ Financing for equipment and Diagnosis service
2. Advising skills	<p>(1) Consulting theory</p> <ol style="list-style-type: none"> ① Consulting service and basic process <ul style="list-style-type: none"> - Outline of consulting service (consulting needs, role and activity of consultants) - Basic consulting process (problem identification, development of solutions, presentation, and promotion of innovation) ② Problem identification <ul style="list-style-type: none"> - Approach and research methods - Clarification and analysis of problems - Report preparation ③ Development of solutions <ul style="list-style-type: none"> - Conceptual design - Goal setting - Vision creation - Design of the accomplishment process - Method development ④ Presentation <ul style="list-style-type: none"> - Organization of presentation - Plan preparation method - Communication skills (discussion and persuasion) ⑤ Promotion of innovation <ul style="list-style-type: none"> - Dissemination of visions and goals - Project promotion capability - Innovation of organizational culture - Ability to resolve conflicts

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Course	Major items to be covered
	<ul style="list-style-type: none"> - Creation of results (2) Consulting skills <ul style="list-style-type: none"> ① Thinking method for counseling service, knowledge and techniques <ul style="list-style-type: none"> - Definition and basic theory of counseling (problem development counseling and developmental counseling, major counseling theories) - Need for counseling in management consulting service (communication with the client and application of counseling techniques, psychological characteristics of SME owners and support for growth) - Counseling techniques (micro-counseling) and their deployment ② Coaching knowledge and techniques, and communication skills <ul style="list-style-type: none"> - Definition of coaching and role of coach - Need for coaching in management consulting (mental support for goal achievement, and communication methods according to the type of client) - Coaching process and skills (classification of clients by type, listening techniques, observation of clients, advising method, relationship building, development/strategy plans, challenges) - Coaching method by type of client (entrepreneur, manager, executive officer)
3. Finance and accounting	<ul style="list-style-type: none"> (1) Accounting <ul style="list-style-type: none"> ① Fundamentals of bookkeeping and corporate accounting <ul style="list-style-type: none"> - Principles of bookkeeping - Accounting ledgers - Account closing process (trial balance, preparation of working sheet, closing entry, preparation of balance sheet and profit/loss statement) - Treatment of assets (management and appraisal of fixed assets, deferred assets, and management of drafts and checks) - Accounting of corporate financing (incorporation, increase or decrease in capital, corporate bond, etc.) - Merger and consolidated accounts ② Management analysis <ul style="list-style-type: none"> - Management ratio analysis (profitability, liquidity, turnover) - Breakeven point analysis - Profit increase/decrease analysis ③ Cost accounting <ul style="list-style-type: none"> - Cost classification and components - Type of cost accounting and analysis (actual cost (item/overall), standard cost accounting) ④ Financing and profit planning <ul style="list-style-type: none"> - Preparation of fund statement - Financing and cash planning - Capital investment and profit planning ⑤ Tax accounting <ul style="list-style-type: none"> - Types of taxes and basic matters relating to tax calculation

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Course	Major items to be covered
	<p>(2) Finance</p> <p>① Cash flow (CF) and cash flow management</p> <ul style="list-style-type: none"> - Type and Calculation of CF (Sales CF, Investment CF, Free CF, Increased Working Capitan CF,) - Financing (Indirect Financing and its cost, direct financing and its cost, capital cost, fund operation) - Cash flow management (Foreign exchange, international accounts, cash flow management) <p>② Discounted cash flow (DCF) and assessment of investment projects</p> <ul style="list-style-type: none"> - DCF method - Investment appraisal criteria (investment appraisal in accounting, internal rate of return (IRR) method, and net present value (NPV)) - Evaluation of corporate value <p>Stick price (per a share, Price Earnings Ratio, Capital Stock ratio, Leverage Effect, CAPM Theory)</p> <ul style="list-style-type: none"> - Evaluation on Acquisition (Profit return, Net asset, Market share comparison, DCF)
4. Legal management	<p>(1) Knowledge on business startup, incorporation, and bankruptcy</p> <p>① Business startup</p> <ul style="list-style-type: none"> - Startup of personal business (characteristics of personal business and preparation) - Startup of corporation (types of corporation, incorporation and registration, the establishment and registration of cooperative) <p>② Reporting and procedures</p> <ul style="list-style-type: none"> - Businesses requiring license, permit or reporting - Reporting of workmen's compensation insurance and social insurance - Tax reporting (report for startup/discontinuation of personal business, report for opening of a business establishment paying wages and salaries, application for authorization of income tax reporting status, inventory valuation method, and depreciation method) <p>③ Procedures for organizational change and Merger</p> <ul style="list-style-type: none"> - Business transfer and other procedures - Organizational change procedures (personal business --> corporation; limited partnership --> incorporation; cooperative --> corporation) <p>④ Bankruptcy and related procedures</p> <ul style="list-style-type: none"> - Procedures according to bankruptcy and other laws (dissolution or liquidation, Code of Civil Procedure or Commercial law, etc.) <p>(2) Knowledge on intellectual property</p> <p>① Types of industrial property rights and methods for obtaining them</p> <ul style="list-style-type: none"> - Patent - Copyright - Utility model right - Design right <p>② Nature and coverage of copyright</p>

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Course	Major items to be covered
	<ul style="list-style-type: none"> - Types of copyright and related rights and nature (Personal right, Copyright,) - Establishment of copyright and protection (establishment, protection period, and enforcement against infringement) ③ Contracts relating to intellectual property <ul style="list-style-type: none"> - Contracts relating to industrial property rights (transfer, licensing, etc.) - Contracts relating to copyright, Software and related rights (licensing of music, character, etc.) (3) Legal knowledge on commercial trade <ul style="list-style-type: none"> ① Basic knowledge on contract <ul style="list-style-type: none"> - Conditions for conclusion of contract (parties, purpose, intent, etc.) - Conditions for valid contract - Legal knowledge on commercial trade with foreign companies ② Types and nature of contract <ul style="list-style-type: none"> - Non-disclosure agreement - Joint research - Sales contract - Business alliance agreement (4) Legal knowledge relating to corporate activities <ul style="list-style-type: none"> ① Civil law (property, credit, inheritance) ② Company law (share, internal organization, accounting) ③ Securities law ④ Others (anti-trust law, unfair competition law, product liability law, consumer protection law, Trade secret, etc.) (5) Access to the capital market and procedures <ul style="list-style-type: none"> ① Basic knowledge on capital markets <ul style="list-style-type: none"> - Types of capital markets ② Reporting and notification formats, and related laws <ul style="list-style-type: none"> - Registration statement of securities transfer and disclose - Investors relation ③ Procedure for issuing a corporate bond ④ Procedure for stock on the market
5. Management theory	<ul style="list-style-type: none"> (1) Management strategy <ul style="list-style-type: none"> ① Management planning and business administration <ul style="list-style-type: none"> - Management cycle, periodical management plans, hierarchical structure of decision making process, management principles, decision making process, etc.) ② Corporate strategy <ul style="list-style-type: none"> - External environment analysis, internal environment analysis, determination of business domains, layer-based strategy (business strategy and functional strategy), strategic planning process, organization and strategy (department, company, holding company, etc.), and organizational culture and strategy ③ Growth strategy <ul style="list-style-type: none"> - Diversification (synergy, classification of diversification strategies,

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Course	Major items to be covered
	<p>M&A, PPM (SBU, product life cycle, learning curve, market share, etc.)</p> <p>④ Competitive strategy</p> <ul style="list-style-type: none"> - Analysis of industry's competitive structure, strategy to avoid competition, competitive advantage strategy (cost leadership, differentiation, concentration), strategy by competitive position (challenger, leader, follower, nicher), de-facto standard, core competence <p>(2) Organization theory</p> <p>① Type and structure of management organization</p> <ul style="list-style-type: none"> - Types of organization (functional organization, divisional organization, matrix organization) - Organizational principles (communication, integrated chain of command, division of labor, specialization, coordination, authority and responsibility) <p>② Operation of management organization</p> <ul style="list-style-type: none"> - Decision making system - Motivation (Maslow's hierarchy of human needs, Herzberg's theory of motivation, Ulm's expectation theory, motivation management, morale management) - Leadership (special quality theory, action theory, two dimension theory, and situation theory) - Organization and culture (management principles, organizational culture) - Invigoration of organization (level of integration, level of indifference, organizational development, small group activities, knowledge management) <p>③ Human resource management</p> <ul style="list-style-type: none"> - Labor related laws (labor standards law, unit law, labor safety and hygiene law, work insurance, social insurance, temporary worker law) - HR and labor information (significance and method of job analysis and performance evaluation) - Labor management (recruitment, assignment, transfer and promotion, qualification system) - Competence development (education and training, types of competence development (hierarchy and purpose), competence development methods (JT, off-JT, self-development), significance and method of organizational development) - Payroll management (wage system, basic pay categories, job evaluation method) <p>(3) Marketing</p> <p>① Marketing plan and market study</p> <ul style="list-style-type: none"> - Basic concept of marketing (definition of marketing, marketing concept and functions) - Setting of marketing targets (target sales, profit, share) - Establishment of target markets and market approach (market classification, comprehensive market approach, market segmentation)

Course	Major items to be covered
	<p>approach)</p> <ul style="list-style-type: none"> - Marketing mix (product lifecycle, marketing's purpose and strategy, development of marketing mix) - Significance and method of market study (purpose of market study, target areas, types, process) <p>② Consumer behavior</p> <ul style="list-style-type: none"> - Determinant factors for consumer behavior and process (basic elements, environmental factors, consumer behavior model) - Psychological factors (needs, motivation, attitude, learning, personality) - Social factors (family, organization, social hierarchy, culture) - Decision making (evaluation standard, brand selection rules) <p>③ Product planning</p> <ul style="list-style-type: none"> - Significance of products (definition & type: consumer goods (convenience goods, shopping goods, specialty goods), industrial goods (raw materials, primary and supplemental equipment, component parts, processed materials, industrial consumables, professional service) - Product mix (definition, width and depth of product lines) - Brand planning (advantages, types, brand name, multi-brand, brand position) - Packaging plan (significance, purpose, development) <p>④ Product development</p> <p>a. Technology strategy</p> <ul style="list-style-type: none"> - Assessment of marketability (market trend analysis, competitive analysis) - Technology assessment (technological advantage and maturity) - Development of technology strategy (understanding of technology's characteristics, valuation of own resources, utilization of outside resources (joint development and licensing)) - Patent strategy <p>b. R&D organization (organizational form, role of manager, HR management and competence development relating engineers)</p> <ul style="list-style-type: none"> - R&D plan and development process - Budget control and patent management <p>c. Merchandizing</p> <ul style="list-style-type: none"> - Product plan, specification, and design - Production technology and cost - Test marketing - Production planning - Commercialization (market development) plan <p>⑤ Price planning</p> <ul style="list-style-type: none"> - Purpose of price planning and factors (purpose of price, factors for price decision, price decision process) - Pricing policy (market exploration, price-oriented, sales promotion) - Price decision (cost-oriented, competition-oriented, retail price decision, price adjustment in the manufacturing industry)

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Course	Major items to be covered
	<p>⑥ Distribution channels and physical distribution</p> <ul style="list-style-type: none"> - Functions and types of distribution channels (channel's purpose and function, channel integration, channel types) - Distribution channel policy (types: open channel, selective channel, exclusive channel, and evaluation and management of distribution channels) - Physical distribution (order fulfillment, materials handling, storage, inventory control, transportation, supply chain management) <p>⑦ Promotion</p> <ul style="list-style-type: none"> - Promotion policy (promotion mix, push policy, pull policy, promotion strategy and product lifecycle) - Person-to-person sales (role, types of sales persons, sales steps, sales personnel management) - Advertisement (purpose; type; ads targeting consumers (sampling, premium, coupon, education, contest, stamp) ; ads targeting distributors (dealer contest, help desk, sales subsidy, incentive, premium, special shipment; ads targeting internal organizations (implementation program, related laws such as laws regulating free gift and labeling) - PR activities (content, need, media, method, publicity)
6. Operation management	<p>(1) Production management theory</p> <p>① Outline of production management</p> <ul style="list-style-type: none"> - Basic function of production management - Production styles and production management <p>② Factory location and layout</p> <ul style="list-style-type: none"> - Key points in factory sitting - Layout (equipment layout and line balancing) <p>③ IE</p> <ul style="list-style-type: none"> - Process analysis (flow process charge, flow diagram, material handling, plant layout) - Work study (time and motion study, establishment of standard time) <p>④ Production planning</p> <ul style="list-style-type: none"> - Demand forecast (introduction to operations research) - Linear programming method - Schedule control (Gantt chart, PERT) - Inventory management <p>⑤ Quality control</p> <ul style="list-style-type: none"> - QC techniques, TQC - ISO9000, Nch2909 <p>⑥ Rationalization of production</p> <ul style="list-style-type: none"> - Kaizen, 5S, VA, 5W1H <p>⑦ Production management in the service industry</p> <ul style="list-style-type: none"> - Process control in the service industry - Quality control in the service industry <p>(2) Materials and purchase management</p>

Appendix ④

Course	Major items to be covered
	<p>① Materials management</p> <p>② Purchase management</p> <ul style="list-style-type: none"> - ABC analysis, VA, MRP, order placement <p>③ Outsourcing management</p> <ul style="list-style-type: none"> - Purpose, selection criteria, guidance and management, evaluation criteria <p>(3) Basic knowledge on industrial technology</p> <p>① Materials</p> <ul style="list-style-type: none"> - Metallic, non-metallic and composite materials <p>② Production and processing technologies, machinery and equipment</p> <ul style="list-style-type: none"> - Processing technologies (cutting, grinding, plastics processing, special processing, heat treatment, chemical treatment, and other technologies) - Machine tools (ordinary machine tools, automation, robots, etc.) - Production technologies used for important products <p>③ New technologies</p> <ul style="list-style-type: none"> - IT - Biotechnology - Nanotechnology <p>(4) Waste management</p> <p>① Laws and regulations relating to environmental preservation</p> <p>② Waste disposal and management (basic technology, ISO14000)</p> <p>(5) Production management system</p> <ul style="list-style-type: none"> - Production activities (order processing, design, procurement, production, distribution, etc.) - Production information system (information systems handling demand forecast, order fulfillment, production planning, inventory control, schedule control, materials management, outsourcing management, quality control, cost management, schedule control, work management) <p>II Store facility management</p> <p>(1) Basic knowledge on store facilities</p> <p>① Legal knowledge on store facilities</p> <ul style="list-style-type: none"> - Related laws and regulations, such as city planning law, Law Concerning the Adjustment of Retail Business Operations in Large-Scale Retail, Law Concerning Re-vitalization of the Urban Area. - Related laws and regulations, such as building standard and fire protection laws <p>② Store location</p> <ul style="list-style-type: none"> - Urban functions and commercial concentration - Conditions for store location (geographical conditions, commercial zone) <p>③ Accumulation of Store facilities</p> <ul style="list-style-type: none"> - Equipment and fixture - Store layout - Product arrangement and display (lighting, color, shelf arrangement, display) <p>(2) Sales and distribution information system</p>

Appendix ④

Course	Major items to be covered
	<ul style="list-style-type: none"> - Sales and distribution activities (order fulfillment, procurement, distribution, etc.) - Sales and distribution system (information systems handling sales forecast, sales planning, product planning, purchase management, product management, sales management, inventory control, customer management, warehouse management, product display) - POS, Card system, EC, etc. (3) Shopping area and Joint store <ul style="list-style-type: none"> - Joint store functions and facilities (store configuration, composite facilities, facility management and operation, etc.)
7. New business development	<ul style="list-style-type: none"> (1) Role and activity of entrepreneurs <ul style="list-style-type: none"> - Characteristics of entrepreneurs - Role of entrepreneur in the national economy - Role of entrepreneur in corporate management - Activities of entrepreneurs (discovery of business opportunity, creation of business seeds, development of business concept, preparation of business plans, procurement of management resources, risk taking) (2) Discovery and evaluation of business opportunity <ul style="list-style-type: none"> - Factors for generating business opportunity - Evaluation of business opportunity (entrepreneur's motivation, consistency with management resources, market (structure) analysis, profitability, compositeness, feasibility, etc.) (3) Building of business model <ul style="list-style-type: none"> - Clear definition of customer target - Clear definition of products and services - Business configuration (4) Preparation and evaluation of business plans <ul style="list-style-type: none"> - Purpose - Content - Method for preparation and key points - Evaluation (evaluation points by evaluator) - Preparation of documents and presentation method - Progress control of business (scheduling, management and financial plan) - Growth management (increase of working capital and fundraising, necessary human resources, outsourcing, etc.)
8. Management information system	<ul style="list-style-type: none"> (1) Basic knowledge on information technology <ul style="list-style-type: none"> ① Basic technology relating to information processing <ul style="list-style-type: none"> - Hardware (computer's function, processing, use) - Software (types of software, operating system, Programming language, Language processor) - Algorithm and Data Structure ② Use of the Internet and related skills

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Course	Major items to be covered
	<ul style="list-style-type: none"> - Batch control - On-line transaction - Real time control - Distributed database - Client server system - Written in dialogue system - Multi-media system - Internet ③ Database and file <ul style="list-style-type: none"> - Concept of database (structure and type) - Database management system (inventory and customer management) - Concept of file - Organization of file ④ Communication network <ul style="list-style-type: none"> - Role of communication network - Basic technology relating to communication network - LAN (2) Strategic information system <ul style="list-style-type: none"> ① Management strategy and information system <ul style="list-style-type: none"> - Definition of strategic information (importance, components, requirements) - Type and content of information systems (Data support system, decision-making support system, information network strategy, BRP and information system) ② Development of strategic information system <ul style="list-style-type: none"> - System development plan and process (conceptual design and approach analysis) - Analysis of current systems - Overall system analysis (definition of objectives, conceptual model, organizational restraint, definition of data processing organization, preparation of system design proposal) ③ Evaluation of information systems <ul style="list-style-type: none"> - Quality evaluation - Value evaluation ④ Operation of information systems
<p>9. Practical training for SME diagnosis</p>	<ul style="list-style-type: none"> ① Corporate diagnosis and current state analysis applying knowledge learned from 1. to 9. above ② Problem analysis and factory analysis applying knowledge learned from 1. to 9. above ③ Preparation of diagnosis reports ④ Report meeting for SME managers and other related parties (diagnosis and advice) ⑤ Continuous support

Source: “The New SME Shindanshi System” June 2000, the Subcommittee on Soft Management Resources, Council on SME policy

Reference Books and Materials

Reference Books and Materials

[Japanese]

- The New SME Shindanshi System (2000) The Subcommittee on soft management resources, Council on SME Policy
- SME Shindanshi Training Course, Principles of Practice Training (2006) Tokyo SME University, Organization for Small & Medium Enterprise and Regional Innovation (SMRJ)
- Guide book for SME Shindanshi Training Course(2007) Tokyo SME University, Organization for Small & Medium Enterprise and Regional Innovation (SMRJ)
- Principles of Corporate Diagnosis and Perspectives and management System Analysis (2006) SME Consultant Association of Japan
- Guiding principle on SME diagnosis, the ability to coaching and counseling (2008) SME Consultant Association of Japan
- Supplementary Textbook for Business Practices of SME Shindanshi (2002)SME Consultant Association of Japan

[English or Spanish]

- Encuesta Nacional Industrial Annual 2006 (2007)Instituto Nacional de Estadisticas (National Statistics Institute)
- Pequeñas y Medianas Empresas 2006(2007)Instituto Nacional de Estadisticas (National Statistics Institute)
- Guia de instrumentos para el emprendimiento(2009)Gobierno de Chile, Ministerio de Economía
- Guia para Empresas y Emprendedores(2009) CORFO
- InvestChile (2009) CORFO
- InnovaChile (2010) CORFO
- Pymes en Movimiento (2009) CORFO
- Registro Nacional de Consultores (2008) CORFO
- Capital semilla (2009) SERCOTEC
- Products and Services Menu for SMEs (2009) Regional Offices of SERCOTEC
- Chilean Experiences in Public Policies Promoting for Micro, Small & Medium Business (2009) SERCOTEC
- Enterprise Observatory (2010) Ministerio de Economía
- Comercio (2009-2010) Camara de Comercio de Santiago

