

**付属資料 5.**  
**MSMEs ジュニアコンサルタント向け教材**



**Educational material  
and technical guidance  
on correspondence training course  
for fostering junior consultants  
in the framework of MSME consultant system**



**May 2020**

**Project on Business Development Service (BDS) Enhancement  
for Enterprises Growth**

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## Module 1. Orientation on the correspondence training course

### 1.1 Background

#### 1.1.1 What are MSME consultants?

The MSMEs Consultants' system is being developed through the Project on Business Development Service (BDS) Enhancement for Enterprises Growth (The BDS Project), implemented by Federal Small and Medium Manufacturing Industry Promotion Authority (FeSMMIPA), Federal Urban Job Creation and Food Security Agency (FeUJCFSA), Addis Ababa City Administration (Bureau of Industry development and Bureau of Job Creation and Enterprise Development) and Japan International Cooperation Agency (JICA).

MSMEs Consultants are expected to provide hands-on service to provide the following supports.

- Business diagnosis through enterprise site observations and interviews.
- Elaboration of consulting report, with advice to optimize the overall business management.
- Elaboration and implementation of growth strategy and business/action plan.
- Support for financial services access, if necessary.
- Follow-up with regular visits, to monitor action plan implementation with necessary advice.

It should be emphasized that MSMEs Consultants are not “specialists” but “professional advisers with a holistic vision of business management and operation”.

FeSMMIPA and FeUJCFSA, with various BDS providers (BDSPs), including financial institutions and local government, are developing **BDSPs Network** so that Ethiopian MSMEs can receive appropriate BDS.

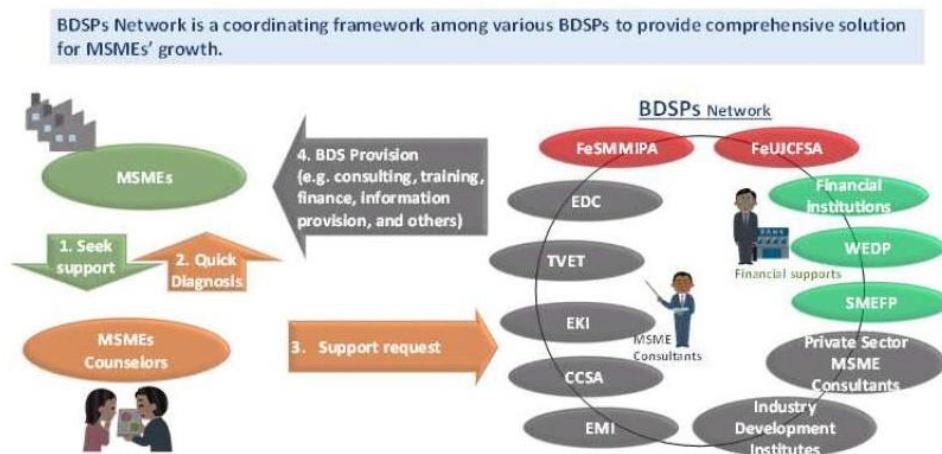


Figure 1. Concept of BDSPs network

In BDSPs network, MSMEs Consultants are expected to provide customized advices to each MSME, corresponding to request from MSMEs Counselors, who are officials in woreda/sub-city,

and facilitate appropriate BDS to each MSME.

Sometimes MSMEs consultants will seek collaboration with BDSPs for required specific support, including financial support, to realize the goals in action plan.

### 1.1.2 System for fostering and registering MSME consultants

Two levels of MSME consultants (Junior Consultants and Senior Consultants) are set with different expected capabilities.

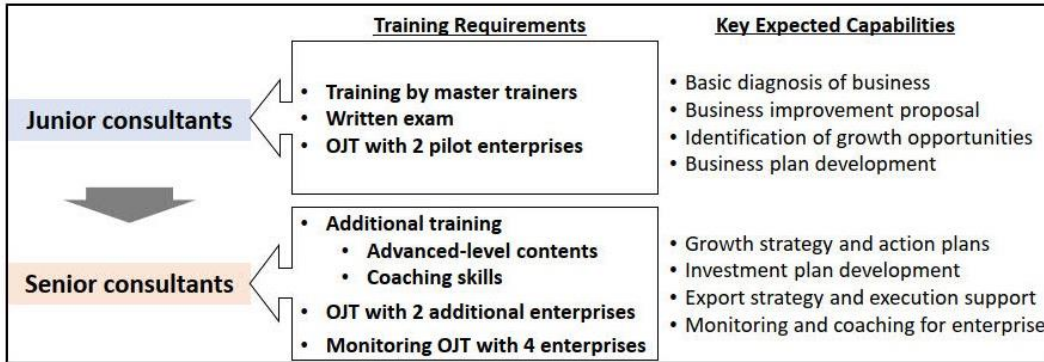


Figure 1-2. Distinction between MSMEs Junior and Senior Consultants

### 1.1.3 Planned system for fostering and accreditation of MSMEs Consultants

The following figure shows MSME consultant fostering and accreditation procedure.

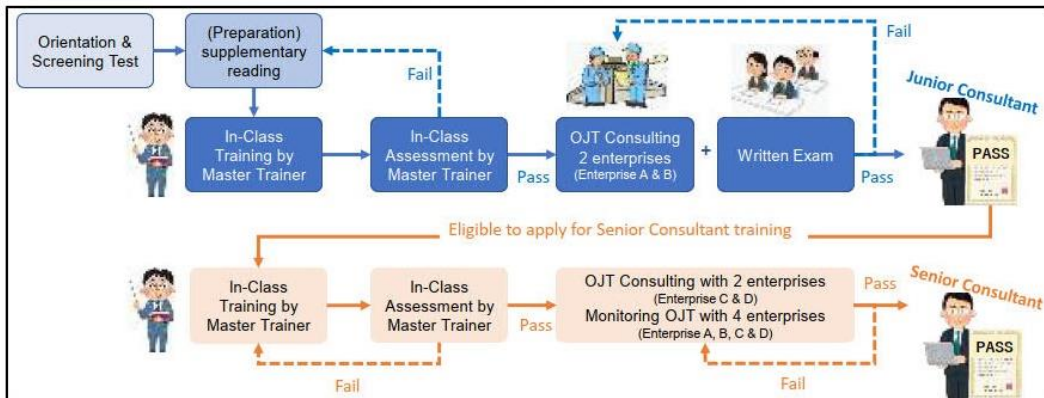


Figure 1-3. MSMEs Consultants fostering and accreditation procedure

Proposed steps for training and accreditation are as follows:

#### (1) Step 1. Orientation and screening

All candidates for MSMEs Junior Consultant fostering training course must attend an orientation session. There, a screening test is required to identify eligible participants.

#### (2) Step 2. MSMEs Junior Consultants Training course

All participants must participate in training course to foster MSMEs Junior Consultants.

**(3) Step 3. Accreditation for Junior Consultants**

To be certified as a MSMEs Junior Consultants, trainees must satisfy the following criteria.

- Pass assessment of class-room training (or this correspondence course)
- Pass assessment of OJT consultation
- Written examination

**(4) Step 4. MSMEs Senior Consultants Training course**

Those who are certified as MSMEs Junior Consultant can take a training course to be MSMEs Senior Consultant.

**(5) Step 5. Accreditation for Senior consultants**

To be certified as a Senior consultant, additional conditions should be completed.

**1.2 Objective of this correspondence course**

Taking into consideration actual emergency situation affected by COVID-19, it is difficult to develop classroom training for fostering junior consultants. In this sense, this correspondence course shall be started.

**1.3 Training method**

The following steps should be carried out to realize this correspondence course.

- (1) Training materials (case studies) are provided to junior consultant candidates through master trainer candidates by the Project experts, through internet (PC and/or smartphone).
- (2) Junior consultant candidates (i) make answers for questions of the case studies and (ii) present them to master trainer candidates by PC or smartphone.
- (3) The Project experts show master trainers how to provide junior consultant candidates with technical lessons in the letters such as e-mail and/or short message.
- (4) Master trainers make feedback to junior consultants.



**Figure 1-4. Image of the correspondence training**

**1.4 Participants**

Junior consultant candidates who are recommended to participate in this correspondence course include:

- Junior consultant candidates proposed by TVET master trainer candidates
- Partners of EDC master trainer candidates

### **1.5 Training contents**

Training contents include case studies by theme (business diagnosis, management accounting, operation, marketing, Business continuity plan) and integral case studies. (12 case studies in total = 2 x 5 themes + 2 integral case studies)

Business continuity plan (BCP) is newly added topic, taking into account the importance in current emergency situation.

The contents are presented in the Module 2, which starts in the next page.

The participants can refer to the Module 3 to analyze case studies presented in the Module 2.

### **1.6 Remarks**

The followings are being analyzed.

- (1) The participants who will have completed well this correspondence course will receive the certificate of participation.
- (2) this certificate and successfully completed OJT at MSME and written examination, the candidates will be certified as junior consultants, according to the criteria mentioned in the section 1.1.3.



## Module 2. Case studies

Junior consultant candidates make answers for questions of the following 12 case studies and submit them to the master trainer. Master trainer will provide technical feedbacks.

The participants can browse the Module 3 to analyze these 12 case studies. It is recommendable that the participant analyze 2 case studies per day.

### 2.1 Case studies on business diagnosis (First day training)

#### Case study 1

A bakery produces highly wide variety of breads, sweets, pizzas, drinks, and so on. The bakery produces the products as stock, and sells them when the consumers place orders at the store. The bakery often discards overproduced products, and sometimes the store does not have enough stock of products that the consumers want to buy. The owner wants to increase the variety of the products more, so as to attend different demands of the consumers.



- Question 1-1. Is it recommendable to increase the variety of products? Please mention your observations about it and the reasons.
- Question 1-2. What kind of recommendations should be provided to business owner to prevent overstock and stock shortage?

#### Case study 2

A food processing company has inventories estimated at 20,000 Birr and monthly sales amount is 4,000 Birr. Most of the inventories are raw material, and sometimes the company discard raw materials whose expiration date is past. Working capital shortage often happens in the company.



- Question 2-1. How many months are the inventory turnover period?
- Question 2-2. What kind of recommendations should be provided to business owner to prevent working capital shortage?

## 2.2 Case studies on management accounting (Second day training)

### Case study 3

A medium sized plastic processing company has modern molding machines. The cost structure of the company is noted below, when the monthly sales amount is 550,000 Birr.

- Total raw material costs per month: 130,000 Birr.
  - Production workers' labor costs per month (variable costs): 120,000 Birr.
  - Equipment purchase expenditure/ life period months: 250,000 Birr.
  - Monthly costs for renting operational space (fixed costs): 20,000 Birr.
  - Other costs related to production / per month (fixed costs): 30,000 Birr
  - Company's administration costs (per month) (fixed costs): 45,000 Birr.
  - Company's financial costs (per month) (fixed costs): 5,000 Birr.
- Question 3-1: How much are the company's monthly profits (or loss) in the case mentioned above?
  - Question 3-2: How much are the company's Break-even point (BEP) sales amount?
  - Question 3-3: What kind of recommendations can be provided to improve the business's profits?

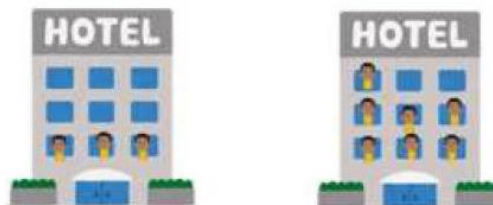


### Case study 4

A hotel has 9 rooms. Total fixed cost per day is 700 Birr, and variable cost per day/room (guest) is 100 ETB.

When 3 guests stay and each pays 300 Birr, the hotel will have a loss of 100 Birr ( $300 \times 3 - 700 - 100 \times 3 = -100$  Birr). In this case, total cost per guest/day is 333 Birr.

- Question 4-1: Is it possible to allow 200 Birr, cheaper rate than abovementioned unit cost, for additional 4 guests, besides 3 guest who already stayed ( $300 \text{ Birr} \times 3 \text{ guests} + 200 \text{ Birr} \times 4 \text{ guests}$ )?



## 2.3 Case studies on business operation (Third day training)

### Case study 5

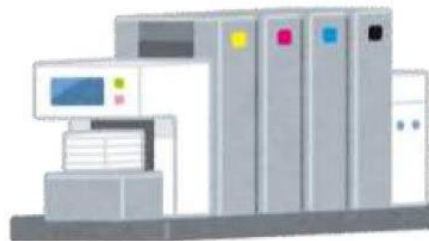
A medium sized printing company, which has several offset printing machines, has the following operation process; (i) receiving orders from clients, (ii) designing, (iii) trial printing, (iv) printing, (v) bookbinding, and (vi) delivery.

The company spends a lot of time to confirm with customers the design to be printed, because they often change the manuscript even after placing the order.

Though the company receives enough order volume from the clients, the printing machine operating rate is not so high, because trial printing and the clients' final confirmation take a lot of time, before consecutive printing.

Bookbinding is the most labor-intensive operational process and it is implemented manually by workers. Sometimes the workers makes mistakes due to lack of attention.

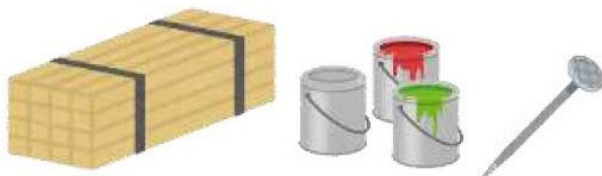
- Question 5-1. What is the most important to increase the company's profits in a short term?
- Question 5-2. What kind of recommendations can be provided to improve the productivity in each process?



### Case study 6

A small sized wood processing company uses different types of raw materials such as sawn timber, paint, nails, varnish, and so on. The company wants to improve the purchase and inventory management.

- Question 6-1. Which raw materials are recommendable to apply "periodic ordering method"?
- Question 6-2. Which raw materials are recommendable to apply "fixed volume ordering method"?



## 2.4 Case studies on marketing (Forth day training)

### Case study 7

A leather processing company exports their products such as handmade bags to Europe. The products are made of sheep skin, which is highly appreciated by high-end European consumer market. The company has well defined brand strategy so that the consumers recognize well the company's products in a way that the company's products are differentiated from the competitors'.







The products are presented by the company's web site, and sometimes are taken up by international newspapers thanks to the European clients who import the company's products.



- Question 7-1. Which pricing methods is appropriate for the company, among the followings?
  - (i) Cost-plus pricing—simply calculating the costs and adding a mark-up.
  - (ii) Competitive pricing—setting a price based on what the competition charges.
  - (iii) Value-based pricing—setting a price based on how much the customer believes what the company sells is worth.
- Question 7-2. Please explain the company's actual marketing mix (4Ps), and how to improve it.

### Case study 8

Important tips for presenting the products in a trade fair and shop are presented below.

(1)	(2)	(3)	(4)	(5)	(6)
					
<b>TIP 1.</b> Presenting the products in symmetrical manner can cause positive impression on the quality.	<b>TIP 2.</b> The combination of red, yellow and green colors may cause the observers' want to eat.	<b>TIP 3.</b> The dark color is appropriate as background color to present valuable products such as watch, jewelry, etc.	<b>TIP 4.</b> Blue is appropriate as background color to present fresh products.	<b>TIP 5.</b> The back wall must be able to draw attention of the visitors in the exhibition.	<b>TIP 6.</b> It is not needed to put explanation which does not make sense.

- Question 8-1. Regarding the case (1), if the exhibition is “not” symmetrical, what impression can be generated?
- Question 8-2. What is wrong in the presentation (6)?

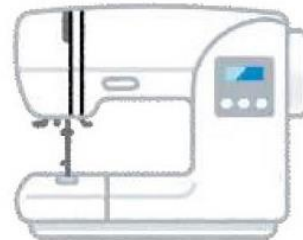
## 2.5 Case studies on BCP (Business continuity plan) (Fifth day training)

Business continuity plan (BCP) is elaborated to develop systems of prevention and recovery to deal with potential and actual threats to a company. In addition to prevention, the goal is to enable ongoing operations before and during execution of disaster recovery. In this sense, it is recommendable that different enterprises prepare BCP so that they can survive in emergency situation caused by disaster and infectious disease such as COVID-19.

### Case study 9.

A medium sized garment factory, which produces mainly clothes for women and hospital uniforms, wants to elaborate BCP (business continuity plan) even in the emergency situation caused by COVID-19.

- Question 9-1. What is the company's priority business (products) to be continued even in the emergency situation?
- Question 9-2. What kinds of resources may be bottlenecked to maintain the priority business to be continued?



### Case study 10.

A medium sized food processing company, which operates at a block, wants to elaborate BCP (business continuity plan) even in the emergency situation caused by COVID-19.

- Question 10-1. What kinds of measures should be taken to prevent infection of the workers?
- Question 10-2. What kinds of social responsibility should be undertaken by the company?



## 2.6 Case studies on overall topics (sixth- and seventh- day training)

### Case Study 11.

A wood processing company, which produces furniture, is operating under the following conditions.

- The company produces the products after receiving orders from the clients, who are mostly final consumers living near the company's workshop. The variety of products is high, because different consumers place various types of orders, according to their preferences.
- The company is operating at a rental space of shade. The working space is so limited that the company cannot have enough space to keep raw sawn timber. Therefore, in many cases, the company should cut raw timber before receiving the orders.
- In the working place, there are a lot of wastes of materials.
- The company buys raw materials by cash and sometimes sells their products on credit.
- The company's cost structure is mentioned below.
  - ✓ Actual monthly sales amount: 500,000 ETB
  - ✓ Monthly rental costs for operational space (shade): 10,000 ETB
  - ✓ Equipment purchase cost / life period months: 50,000 ETB
  - ✓ Monthly raw material cost: 300,000 ETB
  - ✓ Other monthly fixed cost, including costs for hiring permanent workers: 40,000 ETB
  - ✓ Other monthly variable costs, including costs for hiring temporal workers : 100,000 ETB

MSME counsellor recommends that the business owner should receive technical advices of certified MSME consultant.

- **Questions 11-1.** Who is MSME counsellor? What kind of roles should be played by them?
- **Question 11-2.** How much monthly sales amount is required to cover 20,000 ETB as targeted monthly profits, taking into account the company's Break-even Point (BEP) under the cost structure mentioned above?
- **Question 11-3.** Is it possible that the company achieve the targeted profits without increasing the sales amount? If you think yes, please mention possible measures to increase the profits. If your think no, please mention the reasons.
- **Question 11-4.** Supposing that the company suffers from cash shortage sometimes, what kinds of recommendations can you provide to improve the company's liquidity?

### Case Study 12.

A small sized garment factory operates in the following manners.

- The company produces the products after receiving orders from the clients, who are mostly retailers operating in commercial zones of Addis Ababa city. Variety of the products is high, because different customers require their customized products. This causes complication in the company's operation.
- While some workers have enough productive skills, the others do not, due to the difference of years of experience. High level of products in process are observed in the workshop.
- The productive capacity of sewing machines is used insufficiently.
- The supply of raw materials is not stable, because of the country's restriction of foreign currency exchange. Ordering raw material is realized according to their clients' orders. (The company does not have safety inventory.)
- Today many micro competitors participate in this business category, and this causes intensive competition in the sector. The competitors' sales product price is likely to be lower than the company's, while the company's product quality is likely to be higher than the competitors' in terms of seams (stitching). As the company has skilled workers, the company can produce jackets which cannot be produced by their new competitors.
- The company has difficulty in terms of the liquidity, because of (i) clients' payment delay, (ii) limited access to finance for working capital, (iii) inventory, etc.
- The company's current cost structure are presented below.
  - ✓ Actual monthly sales amount: 300,000 ETB
  - ✓ Monthly rental costs for operational space (shade): 10,000 ETB
  - ✓ Equipment purchase cost / life period months: 50,000 ETB
  - ✓ Monthly raw material cost: 150,000 ETB
  - ✓ Other monthly fixed cost, including costs for hiring permanent workers: 20,000 ETB
  - ✓ Other monthly variable costs, including costs for hiring time workers : 50,000 ETB
- **Question 12-1.** How much monthly working capital is required currently?
- **Question 12-2.** If the production and sales level in the future is 1.2 times higher than the actual level, how much monthly working capital is required?
- **Question 12-3.** Supposing that the company suffers from cash shortage sometimes, what kinds of recommendations can you provide to improve the company's liquidity?
- **Question 12-4.** What kind of information should be analyzed to elaborate the marketing strategy to compete well with the competitors?
- **Question 12-5.** Is it recommendable to apply some BDS for the company's growth? If yes, what kind of service should be provided in the framework of BDS network?

### Module 3. Knowledge required for junior consultants

This module presents basic knowledge required for junior consultants. The participants in the correspondence training course can refer to this module to analyze case studies presented in the previous module

#### 3.1 Role of MSMEs consultants

The Government of Ethiopia emphasizes the importance of enhancing MSMEs growth, as one of crucial goals in related national policies and strategies. To achieve the goal, BDS are principal motor to accelerate the MSMEs growth. Among various types of BDS, consulting service is essential to guide each MSME to a right direction for growth.

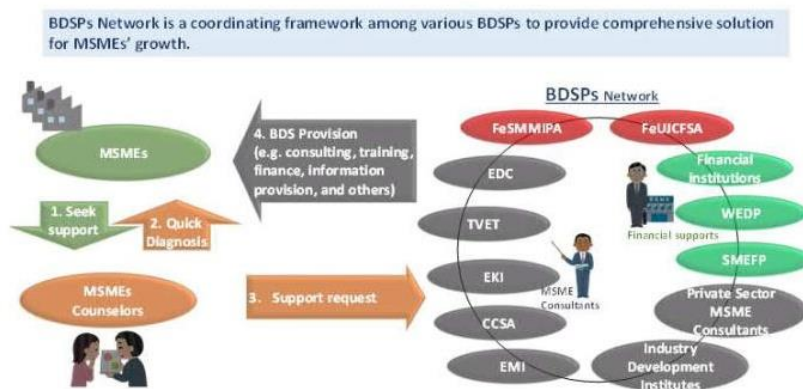
Thus, MSMEs' Consultants should be served to achieve the goals defined in policies and strategies.

MSMEs Consultants are expected to provide hands-on service to provide the following supports;

- Detailed business diagnosis through enterprise site observations and interviews.
- Elaboration of consulting report, with advice to optimize the overall business management.
- Elaboration and implementation of growth strategy and business/action plan.
- Support for financial services access, if necessary.
- Follow-up with regular visits, to monitor action plan implementation with necessary advice<sup>1</sup>.

It should be emphasized that MSMEs Consultants are **NOT “specialists”** but **“professional advisers with a holistic vision of business management and operation”**.

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**Figure 3-1-1. Concept of BDSPs network**

In BDSPs network, MSMEs Consultants are expected to provide customized advices to each

<sup>1</sup> MSMEs Consultants should visit their clients two to three month after the first consulting for monitoring and follow-up.



MSME, corresponding to request from MSMEs Counselors, who are officials in woreda/sub-city, facilitate appropriate BDS to each MSME.

Sometimes MSMEs consultants will seek collaboration with BDSPs for required specific support, including financial support, to realize the goals in action plan.

### 3.2. Business diagnosis and outlining strategy for growth

#### 3.2.1 Overview

The processes on business diagnosis and outlining growth strategy are presented below.

For planning a company’s growth strategy, critical success factors (CSF) should be identified by applying SWOT analysis, N7 (New seven tools for quality management), and/or the other tools, after analyzing both internal and external factors.

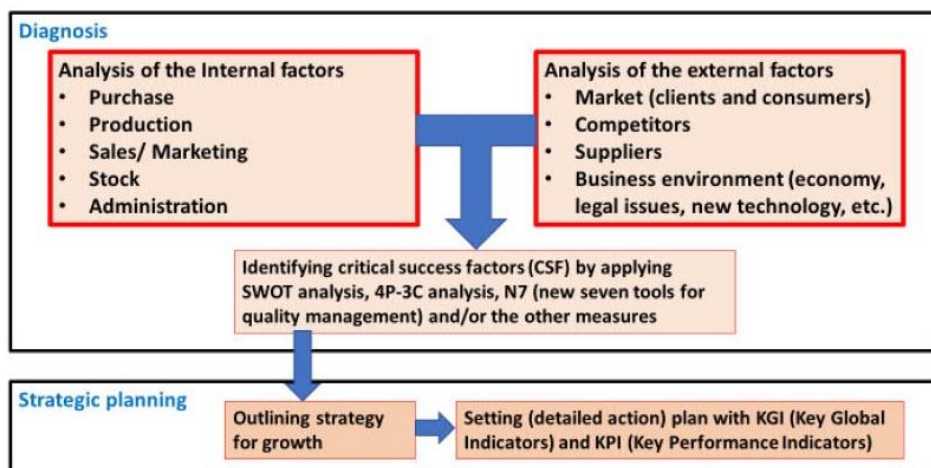


Figure 3-2-1. Processes on business diagnosis and outlining strategy for growth

Internal factors to be analyzed include general management, purchase, production, sales/marketing, etc., as listed below.

Table 3-2-1 List of questions to facilitate gathering internal information

General management	Business owner/ organizational administration	<ul style="list-style-type: none"> <li>● What was the owner's motive for opening the business?</li> <li>● Has the role of each member of the Board of Directors been well identified?</li> <li>● Is the flow of information among different sections and workers fluent?</li> <li>● Does the company have system for evaluating and motivating the workers?</li> <li>● Are the scope of responsibility and authority of each employee well identified?</li> </ul>
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		<ul style="list-style-type: none"> <li>● Does the company use information technology for (i) external communication (website, e-mail, purchase and sales system), and (ii) internal management (accounting, inventory registering, etc.)?</li> </ul>
	Accounting and finance system	<ul style="list-style-type: none"> <li>● Can the company record the daily accounts and prepare the financial statements by itself?</li> <li>● Does the company prepare and update the Cash Flow budget on a monthly basis?</li> <li>● What are the conditions of the sale to customers and the purchase of suppliers?</li> </ul>
	Financial conditions	<ul style="list-style-type: none"> <li>● Are the company's liquidity, profitability and efficiency sufficient in terms of the accounting indicators?</li> <li>● Does the company have the financial account and the other financial services?</li> </ul>
Sales/ Marketing	Sales Planning	<ul style="list-style-type: none"> <li>● Does the company have the sales plan which defines targeted sales amount per client (and product), according to the marketing strategy which defines (i) targeted markets and (ii) main products to be promoted.</li> <li>● Does the company have enough fixed customers (regular customers)? If not, does the company have ideas on how to increase them?</li> </ul>
	Market research	<ul style="list-style-type: none"> <li>● Does the company understand (i) market demand and (ii) competitors well?</li> <li>● Does the company periodically analyze past sales?</li> <li>● Does the company have the customer database, and it is used for future sales planning and promotion?</li> </ul>
	Product plan	<ul style="list-style-type: none"> <li>● Is the variety of products suitable for the operation of the company?</li> <li>● Does the company have a plan to develop new products?</li> </ul>
	Promotion/ sales activities	<ul style="list-style-type: none"> <li>● Does the company have the advertising measures such as brochure, website, etc.?</li> <li>● Does the company have the promotion measures?</li> <li>● Does the company classify clients well between regular customers and unfamiliar customers? If yes, does the company apply sales terms especially for regular customers?</li> <li>● How many employees are in charge of sales activities?</li> </ul>
Operation	Workshop	<ul style="list-style-type: none"> <li>● Is the workshop located in the right place in terms of water supply, electricity, access to raw materials, etc.?</li> <li>● Is productive equipment located appropriately at the workshop, taking into account the flow of production processes?</li> </ul>
	Production plan / management	<ul style="list-style-type: none"> <li>● How does the company forecast the sales amount, when the company produces for stock?</li> <li>● Is the production plan elaborated in a consistent manner with the sales plan?</li> <li>● Does the company have the basic data to prepare the production plan, such as the standard of working time, the operation rate, the production capacity, etc.?</li> <li>● Does the production plan include the procedure and the work agenda?</li> </ul>

		<ul style="list-style-type: none"> <li>● Have sometimes taken place differences between programmed production volume and actual one?</li> <li>● Are instructions for workers granted based on the production plan?</li> <li>● Do the workers record daily the results of their work, such as produced volume, used materials and worked hours, etc.?</li> <li>● Does the company have standards on (i) designed product quality, (ii) productive working processes, and (iii) use of materials, tools and instruments?</li> <li>● Does the manager know which production process can be bottleneck?</li> <li>● Does the company clean the equipment every day for productive maintenance?</li> </ul>
	Purchase management	<ul style="list-style-type: none"> <li>● Raw materials are purchased based on the production plan (or purchase plan based on production plan)?</li> <li>● Is purchase volume adjusted, depending on production and inventory level?</li> <li>● Does the company have stable raw material suppliers?</li> </ul>
	Inventory management	<ul style="list-style-type: none"> <li>● Is the appropriate volume of inventory defined well?</li> <li>● Does the inventory affect negatively the cash flow?</li> <li>● Are the exits and entries of raw materials and finished products recorded?</li> <li>● Is the difference between the registered inventory and the actual inventory periodically checked?</li> <li>● Are finished products kept separately from raw materials?</li> <li>● Are all items of inventory kept in fixed place?</li> <li>● Do products in process cause inconveniences for production activities in the workshop?</li> </ul>
	Quality management	<ul style="list-style-type: none"> <li>● Does the workshop member analyze (i) working processes which causes frequently the defects, (ii) possible causes which would generate such defects, and (iii) measures to solve them?</li> <li>● Does the company have an internal system to refuse the reception of defect materials?</li> <li>● Does the company have internal product quality testing system, before delivering them to customers?</li> <li>● Are customer complaints recorded and analyzed?</li> </ul>



While there are various points to be checked for analysis of internal factors as listed above, we can identify prioritized points to be analyzed, by considering the company's industrial operational style and operational value chain. The knowledge of financial analysis is helpful for such analysis.

### 3.2.2 Industrial operational style

As presented in the Figure 3-2-1, analysis of internal factors is one of the important steps in the business diagnosis. The knowledge of industrial operational styles can help such analysis.

There are two (2) types of industrial operation styles; (i) production from orders (make-to-order: MTO) and (ii) production as stock (make-to-stock: MTS). Some industrial companies produce the products according to the customers' orders, and the others produce their goods before receiving the orders according to the sales estimation. It is important to know the features of each of these operational styles, as presented in the following table, to identify the measures to be taken in the company's operational value chain.

**Table 3-2-2. Industrial operation styles**

	(1) Production from orders (make-to-order)	(2) Production as stock (make-to-stock)
Image	 <p>The company produces after receiving the orders from the clients.</p>	 <p>The company produces their goods as stock. Stocked products are sold, when the company receives the order.</p>
Advantages	The company need not hold finished products stocks. This contributes to efficient use of the company's cash.	The company can produce products based on their own plan. This may increase efficiency because it saves cost and time spent on production.
Disadvantages	The company must change their operation based on the clients' orders (cannot standardize operation). This may complicate management and procurement of raw materials.	The company can have excess inventory or stock shortage when their sales forecast does not match with their clients' demand. This may generate loss of sales opportunities or cash shortages.
Important issues for success	<ul style="list-style-type: none"> <li>● Production process management (meeting deadlines)</li> <li>● Procurement / raw material inventory management</li> </ul>	<ul style="list-style-type: none"> <li>● Sales forecast and sales planning</li> <li>● Finished products inventory management (to balance production, sales, and inventory)</li> </ul>

The following issues are important as well for business diagnosis.

- **Variety of products:** While high variety of products can attend to different clients' needs, this may complicate the operation. While low variety of products can simplify the operation, this causes difficulty to attend to clients with different needs.
- **Proportion of regular clients:** A company which has a lot of regular clients can simplify the

operation, because the company can be familiar with their needs.

**Case study: A enterprise, which is applying MTS, wants to increase the variety of products, to attend to clients with different needs. May the company have some operational problem?**

The company may have difficulty on liquidity, because high variety of products can cause difficulties on sales forecast and inventory management for each product. Generally, it is recommended that the company with MTS identify the products to be prioritized.

### 3.2.3 Financial analysis

Financial analysis is one of the important parts of internal factor analysis of the company to be diagnosed. Main financial indicators to be checked are presented below. If the reader does not know basic accounting terms, such as asset and liability, it is highly recommended to learn them through basic accounting textbook, before starting to read this section.

**Table 3-2-3. Main financial (accounting) indicators for business diagnosis**

Indicators related to liquidity	Current ratio (total current assets/ short term liabilities)	The company needs enough current assets to be able to return short term liabilities. It is desirable that the ratio be 200% or more.
	Quick ratio (total current asset – inventory)/ short term liabilities	This indicator is similar to current ratio. Sometimes inventory cannot be sold quickly. This is why it subtracts inventory. It is desirable that the ratio be 100% or more.
	Cash turnover period (cash / sales per month)	The company needs enough cash to be able to maintain the operation. This indicator should not be too low for the company's liquidity in a short term.
Indicators related to profitability	Profit margin ratio (profits/ sales)	This ratio presents the extent to which the sales contributes to profit generation.
	Return on total assets (Net profit/ total assets)	This ratio measures whether the company is using the assets wisely to yield profit.
Indicators related to capital structure	Capital adequacy ratio (equity / total assets)	The company needs enough own property. If this ratio is low, the company's solvency is low also.
	Times interest earned ratio (Operating profit / financial cost)	The company should have enough profits to be able to pay for financial costs. If this ratio is decreasing, the company may be facing bankruptcy.
Indicators related to efficiency	Inventory turnover period (inventory/ sales per month)	Although the company needs enough inventory volume to maintain the operation, it should avoid excess inventory
	Cash turnover period (cash / sales per month)	This ratio can be used for analyzing both liquidity and efficiency. If this period is too long, the business efficiency is low. On the other hand, if this period is too short, the company may have difficulties in the liquidity.

### 3.2.4 Operational value chain

The company's operational value chain should be studied, as a part of analysis of internal factor of the company to be diagnosed.



**Figure 3-2-2. Operational value chain**

As described above, the company generates the economic value by changing raw materials in sales through production. When the flow is good, the company can make enough profits. The main points for increasing the company's profits are noted below.

- Economic resources such as working capital and inventory should be used efficiently.
- Different operational activities such as purchase, production, stock and sales must be balanced.
- The operational output volume should be appropriate, considering its input
- The company's output must be consistent with the market demand.

Important tips for business operational value chain are presented in the following table.

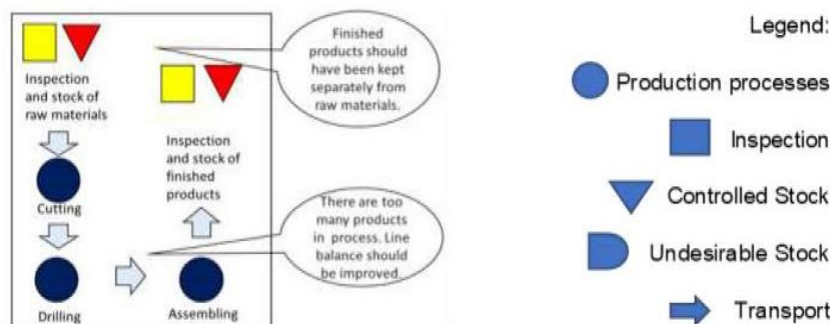
**Table 3-2-4. Important points for each industry category**

Garment industry	<ul style="list-style-type: none"> <li>● The operational workflow in garment industry is more likely to be complicated than the others.</li> <li>● Line balancing is sometimes difficult due to ability difference among the workers.</li> </ul>
Wood processing industry	<ul style="list-style-type: none"> <li>● Profitability of wood processing industry depends on the efficiency in the use of raw materials.</li> <li>● Productivity is related to the efficiency of use of space because lumber materials are bulky.</li> <li>● Many wood processing companies start production only after receiving orders. Therefore, purchase and control of raw material, above all, imported sawn timber, is important.</li> </ul>
Metal processing industry	<ul style="list-style-type: none"> <li>● Raw material inventory management is one of the most important operational issues for many enterprises of this sector, taking into account that some materials are imported.</li> <li>● Medium sized metal processing companies which has a lot of equipment is needed to improve machine operating rate.</li> </ul>
Food processing industry	<ul style="list-style-type: none"> <li>● Sales management and finished product inventory management are important when a company follows the make-to-stock model before receiving orders.</li> </ul>

While industrial engineering (IE) has several analytical methods and tools, it may “not” be needed to apply all of such methods for consulting MSMEs.

Taking into account that many MSMEs operate in a limited space, “productive process and flow analysis” is one of recommendable analytical tools for consulting MSMEs. This analysis, whose example is presented below, can be carried out by developing the following steps.

- Elaborate a chart of work processes.
- Add some observations on the problems observed in the work processes.



**Figure 3-2-3 Example of the chart**

Applying this tool can be helpful for analyzing how to improve the company’s operational value chain.

### 3.2.5 Outlining company’s growth strategy

Generally speaking, a company’s growth strategy can be elaborated by applying SWOT (Strength, Weakness, Opportunity and Threat) analysis, after finishing analysis of internal and external factors. SWOT analysis can be carried out in the following manner.

- (i) Identify the company’s strengths and weaknesses as a result of internal factor analysis.
- (ii) Identify the opportunities and threats for the business as a result of external factor analysis.
- (iii) Identify the company’s critical success factors (CSFs), by considering results of the processes (i) and (ii).

It is recommended to consider the followings to identify CSFs as cross SWOT analysis.

- How to take advantage of opportunities by using the company’s strengths
- How to mitigate the threats by using the company’s strengths
- How to avoid opportunity loss, by using the company’s strengths
- How to prevent from crisis which can be caused by the combination of opportunities and strengths.

After identifying the company’s CSFs, the business goals and actions to be undertaken can be planned. Break-even point (BEP) analysis, which will be presented in the next section, can be also applied to set up targeted sales amount.

Possible actions to be undertaken in a short term for business improvement and growth are noted below. Business owners and MSME consultants should select actions appropriate for the business, taking into account its CSFs.

**Table 3-2-5 Possible actions to be undertaken in a short term in business growth strategy**

Objective	Activities	Possible actions to be taken
Avoid working capital shortage	Optimize inventory volume	<ul style="list-style-type: none"> <li>● Define minimum stock volume to be kept for important items</li> <li>● Register exits and entries of necessary stock appropriately</li> <li>● Sell unnecessary scraps and materials to get cash</li> <li>● Line balancing to reduce the products in process</li> </ul>
	Manage working capital	<ul style="list-style-type: none"> <li>● Elaborate cashflow budget</li> </ul>
Increase the profits	Decrease the costs	<ul style="list-style-type: none"> <li>● Use raw materials efficiently</li> <li>● Reduce defects</li> <li>● Increase operating ratio</li> <li>● Simplify the operational processes</li> </ul>
	Increase the productivity	<ul style="list-style-type: none"> <li>● Elaborate production plan and monitor it</li> <li>● Organize well and keep clean the workplace, when the limited space causes work inefficiency.</li> <li>● Place orders of raw materials in an appropriate timing</li> </ul>
	Increase the sales	<ul style="list-style-type: none"> <li>● Reinforce management on regular clients</li> <li>● Analyze the measures to increase the unit price</li> <li>● Increase the sales by applying promotion and advertisement</li> <li>● Analyze the possibility to develop new market and/or product</li> </ul>

### 3.2.6 Business continuity plan (BCP)

Business continuity plan (BCP) is elaborated to develop systems of prevention and recovery to deal with potential and actual threats to a company. In addition to prevention, the goal is to enable ongoing operations before and during execution of disaster recovery. In this sense, it is recommendable that different enterprises prepare BCP so that they can survive in emergency situation caused by disaster and infectious disease such as COVID-19.




Steps to elaborate BCP to cope with threats caused by infectious disease are noted below.

- (1) Define prioritized business activities to be continued even in emergency situation
- (2) Identify necessary resources to continue (maintain) prioritized business activities
- (3) Plan how to secure resources needed for business continuity

In relation to the step (1) mentioned above, when emergency happens, it is difficult to maintain all business activities which a company implement in a normal situation. In this sense, the company should select prioritized business activities by applying the following criteria.

- (a) Business activities that are consistent with the company’s social responsibility (for example, production of foods, hospital uniform, etc., which can contribute to people’s life in the emergency situation)
- (b) Business activities needed for the company’s continuity (survival) even in emergency situation (for example, production and sales of highly profitable products)





A company’s BCP can be outlined by applying the following format.

Business continuity plan (BCP)			
<b>Business to be continued even in the emergency situation</b>			<b>Points to be checked</b> (1) Is selected business important for the company’s social responsibility in emergency situation? (e.g. Hospital uniform production, food production, etc.) (2) Is selected business important for the company’s continuity (survival) even in emergency situation?
			
	<b>Needed resources</b>	<b>How to secure the resources</b>	<b>Economic costs needed to secure them</b>
<b>HR (workers)</b>			
<b>Equipment</b>			
<b>Raw materials</b>			
<b>Information</b>			
<b>Infrastructure</b>			
<b>Others</b>			
<b>Monthly Fixed costs to be paid even in the emergency situation</b>			
<b>Total costs needed for business continuity</b>			

**Figure 3-2-4. Format to outline a company’s BCP**

Workers’ infection risk should be reduced for implementing BCP, by applying the followings.

**Table 3-2-6 Measures to reduce the workers’ infection risk**

Commuting to work	If possible, means for commuting should be changed in a way that the workers can reduce the infectious risk.	
	Operational hours can be changed so that the workers need not commute at rush hours.	
Working space	It is highly recommended that the distance between the workers should be more than 2 meters.	
	Equipment, doors, and switches should be kept clean, to prevent virus invasion.	
	Air ventilation at the workshop is important to reduce the workers’ infectious risk.	
Working style	Meeting in a closed space should be avoided.	
	Using telephone and internet is recommended, instead of face-to-face selling activities.	
	Telework is recommended in the emergency situation.	
Workers’ behaviour	Workers should put on mask.	
	Workers should wash the hands, when they come to working place.	
	To prevent the spread of illness to others, follow proper coughing etiquette.	

### 3.3 Management accounting

#### 3.3.1 Overview

Management accounting has several areas such as (i) profit planning, (ii) cost management, and (iii) investment planning. While junior consultants should manage at least (i) and (ii), senior consultants should have enough knowledge on (iii) as well. In this sense, this section presents mainly (i) and (ii).

It is recommendable that MSMEs apply management accounting so that they can analyze well how to increase their profits. The following table presents the difference between “management accounting” and “financial accounting”.

**Table 3-3-1. Management accounting VS financial accounting**

	Management accounting	Financial accounting
Objective	To facilitate business decision making	To prepare financial statements
Structure	No formal structure	Highly structured
Time span	Future oriented	Records and reports past events

This textbook does not present financial accounting. As the knowledge of financial accounting is helpful to understand management accounting, it is recommendable to learn financial accounting through basic accounting textbook, if the readers are not familiar with the topic.

#### 3.3.2 Profit planning

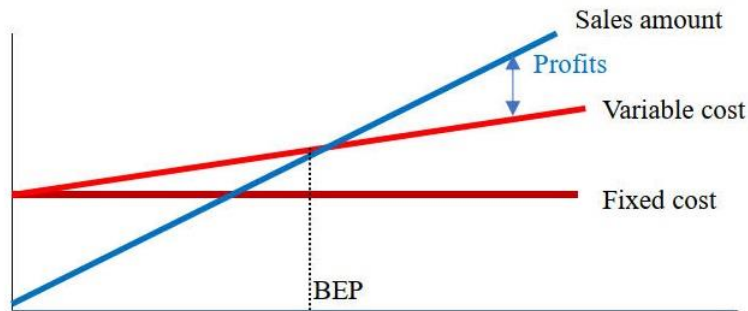
Main costs needed for manufacturing companies include (i) machine purchase costs, (ii) raw material costs, and (iii) labor costs. In this sense, it is important to identify which cost is the most representative in the company’s cost structure, so as to increase the profits by reducing costs in the following ways.

- A company, which is highly equipped, can increase the profits, by improving machine operating rate and having enough sales amount.
- A company whose raw material cost is high can increase the profits by reducing raw material wastes and/or using cheaper raw material.
- A company whose labor cost is high can increase the profits by improving work efficiency of workers and having enough sales amount.

Many medium sized metal and plastic processing companies are highly equipped, therefore, how to increase the machine operating ratio is one of the most important issues for them to increase

the profits. On the other hand, as many wood processing companies spend a lot of expenditures for raw materials such as sawn timber, they should analyze how to decrease raw material loss (waste) to increase their profits.

Break-even point (BEP) analysis is helpful for a company's profit planning. BEP represents the sales amount that is required to cover total costs, consisting of both fixed and variable costs to the company. Total profit at the BEP is zero. Once they surpass the break-even price, the company can start making a profit, as presented in the following figure.



**Figure 3-3-1 Image of break-even point (BEP)**

Regarding the figure, variable costs are costs that change as the quantity of the good or service that a business produces, while fixed costs are business expenses that are not dependent on the level of goods or services produced by the business. Raw material cost is one of the examples of variables costs, while rental costs for working place is one of fixed costs.

BEP sales amount can be calculated as “fixed costs/ contribution margin ratio”, when contribution margin is “sales amount – variable costs”.

Taking into this formula, targeted sales amount can be calculated as follows.

**Targeted sales amount = (fixed costs + target profits)/ contribution margin ratio**

**Case study: A enterprise, whose cost structure is noted below, sells 100,000 ETB monthly.**

- **Total fixed costs: 20,000 ETB**
- **Total variable costs: 50,000 ETB**

**How much should the company sell to achieve BEP?**

BEP sales amount can be calculated as  $20,000 \text{ ETB} / 0.5 = 40,000 \text{ ETB}$ , since the contribution margin ratio in this case is 50%,  $(100,000 \text{ ETB} - 50,000 \text{ ETB}) / 100,000 \text{ ETB}$ .

### 3.3.3 Cost management

Cost calculation has the following objectives.

- (1) Identify targeted cost with a view to increase of profits
- (2) Utilize cost information for setting appropriate sales price
- (3) Compare estimated costs and actually spent costs at the end of financial year for planning the improvement in the coming year.

While many textbooks mentions the importance of the objective (3), the points (1) and (2) are highly important to improve the company’s profits in a short term.

There are several methods for cost calculation. If a company wants to calculate accurately the costs on each of different products, the company can apply activity-based costing (ABC) in which a lot of cost drivers exist. This can cause time-consuming.

“Relevancy” and “timeliness” are more important than “accuracy” in many cases of business decision making. Therefore, it is recommended that MSMEs apply simplified method for cost estimation, in following ways.

- (a) Production costs can be allocated to each item, according to the equipment usage time, in the case of industries highly equipped.
- (b) Production costs can be allocated to each item, according to the raw material usage volume, in the case of industries which require high costs of raw materials.
- (c) Production costs can be allocated to each item, according to the workers’ working hours, in the case of industries which require high labor cost.

In the case (b), an example of the calculation is presented below.



Figure 3-3-2 Cost estimation example for each product (furniture production company)

In the case of the Figure 3-3-2, desirable sales price can be set as “total costs + desirable profits”. The minimum acceptable sales price, when the company wants to present special offer, should generate a contribution by covering variable costs. In the case of the Figure, the minimum price to sell the bed can be 22,286 ETB (15,429 + 6,857 ETB). However, this minimum sales price is not always applicable. If the company sells all of the products at such minimum acceptable price, the company will suffer from economic loss.

On the other hand, cost calculation is useful for profit planning and targeted cost setting. For example, the profits in the case of industries highly equipped are dependent on machine usage rate.

Supposing that a plastic processing company increases molding machine working hours per month from 120 hours to 360 hours. Even in the increase of machine operating ratio, fixed costs cannot be changed. Variable costs can be increased approximately 2 or 3 times more, when machine operating rate is increased 3 times more. In such case, an increase of machine operating hours can cause drastic decrease of costs per unit, as presented in the following Figure. This kind of simulation can be helpful for profit planning and production and sales target setting. It is important to set the sales price according to ordered volume, because costs per unit can be decreased by continuous production in the company highly equipped.

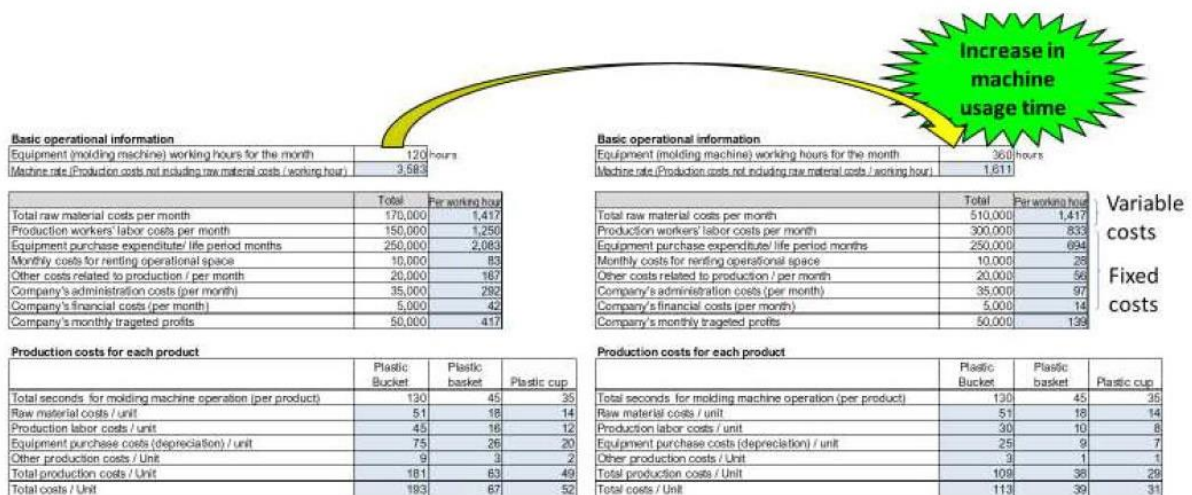


Figure 3-3-3 Cost estimation example for each product (furniture production company)

As mentioned before, minimum acceptable sales price should ensure positive contribution margin. However, this minimum level price cannot be applied when the company's operating ratio in terms of equipment and workers is already high.

### 3.4 Operation management

This section refers to production plan and management, quality management, current asset management, sales management and human resource (HR) management.

MSME consultants should provide realistic advices for the company's growth. For example, product diversification is sometimes recommended from viewpoint of marketing strategy, however, this can cause operational difficulties reducing the company's profits. In this sense, advices provided by MSME consultants must harmonize different business functions such as general management, marketing and operation.

#### 3.4.1 Production and quality management

The management on production, quality and cost are related each other as presented below.

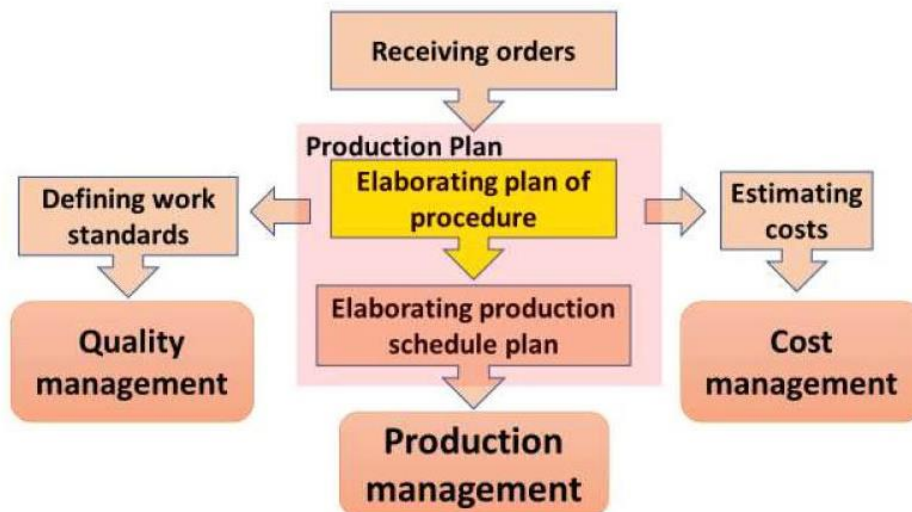


Figure 3-4-1. Relation of production, quality, and cost management

Production planning and management are important, above all, in companies which produce their products after receiving orders from the customers. Production planning and management can be developed in following manners.

- (1) Elaborate the plan of procedure for each order or main product to be produced according to the company's sales estimate.
- (2) Elaborate the production schedule plan
- (3) Monitor the schedule mentioned above

Some formats to develop these steps are illustrated below. The procedure plan refers to basic information to produce each item, identifying necessary resources. Therefore, this plan can be used as reference for estimating costs and defining work standards.


Plan of production procedure				
Product	Customer	Raw material needed	Note	
Chair 	African furniture sales, PLC.	XXX	Date when receiving the order: Sep 22 Date to be delivered: Oct. 10 Order volume: 12	
Processes	Equipment and tool to be used	Standard required time and workers	Standard raw material to be used	How to do
1 Cutting parts	Sawing machine	20 minutes x 2 persons	Necessary parts to be cut Pine sawn timber KD (18mm×250mm×500mm) x 2pcs Pine sawn timber KD (35mm×35mm×500mm) x 4pcs Pine sawn timber KD (35mm×35mm×200mm) x 6pcs  (Note; Raw sawn timber has 4m of the length.)	XXX
2 Drilling	Drill	30 minutes x 1 person		Drill a hole 12cm from the edge
3 Painting parts	Brush	10 minute x 1 person	Brown paint: 0.3 L	XXX
4 Assembling	Hammer	40 minutes x 1 person	adhesive: nail (32mm) x 6 nail (51mm) x 12 pcs	XXX
5 Finishing	Brush	20 minutes x 1 person	varnish 0.3 L	XXX

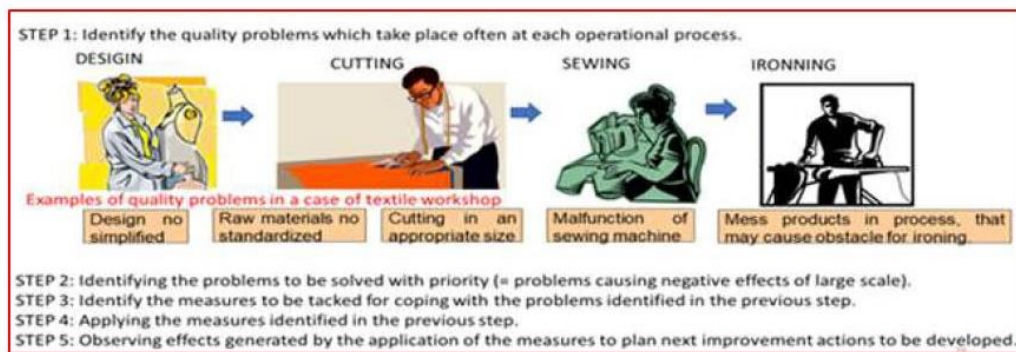
Figure 3-4-2 Format of plan of productive procedure

Table 3-4-1 Format for production schedule planning and monitoring

Production planning and monitoring sheet for MSMEs																																							
Product	Customer	Productive work processes	Person in charge	Starting date	Finishing date	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct	16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct	22-Oct	23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	30-Oct	31-Oct	1-Nov	2-Nov	3-Nov	4-Nov	5-Nov	6-Nov	7-Nov	8-Nov	9-Nov				
3 beds	African furniture Sales, Plc.	Purchase of raw materials necessary to the production	Helen	Planned	11-Oct	17-Oct																																	
				Realized																																			
		Cutting raw sawn timber	Daniel	Planned	18-Oct	18-Oct																																	
				Realized																																			
		Drilling and assembling	Hassen	Planned	21-Oct	24-Oct																																	
				Realized																																			
		Delivery to the customer	Javiel	Planned	25-Oct	25-Oct																																	
		Realized																																					
2 capboards	Daniel construction	Purchase of raw materials necessary to the production	Helen	Planned	12-Oct	12-Oct																																	
				Realized																																			
		Cutting raw sawn timber	Daniel	Planned	14-Oct	14-Oct																																	
				Realized																																			
		Drilling and assembling	Hassen	Planned	15-Oct	18-Oct																																	
				Realized																																			
		Delivery to the customer	Javiel	Planned	22-Oct	22-Oct																																	
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Production scheduling and monitoring are important, when the company's operation depends on orders from the clients, since the delay for shipment can cause customers' unsatisfaction.

Actions and steps needed for MSMEs' quality management are summarized in the following figure. In short, it is important to identify quality problems which take place often and set measures to cope with them. That is basic point for quality management.



**Figure 3-4-3 Basic steps for quality management**

Some formats to facilitate defects (quality problems) identification and application of necessary measures are presented below.

<b>Date and time</b>	Am10:00 Oct.2	<b>Date</b>	Am10:20 Oct.2	<b>Date</b>	Am9:30 Oct.4	<b>Date</b>	Am11:20 Oct.4
<b>Working process</b>	Receiving raw material	<b>Working process</b>	sewing sleeve	<b>Working process</b>	sewing sleeve	<b>Working process</b>	ironing
<b>Defect items</b>	<b>Check</b>	<b>Defect items</b>	<b>Check</b>	<b>Defect items</b>	<b>Check</b>	<b>Defect items</b>	<b>Check</b>
Cloth rip	<input type="checkbox"/>	Cloth rip	<input type="checkbox"/>	Cloth rip	<input checked="" type="checkbox"/>	Cloth rip	<input type="checkbox"/>
Seam fray	<input type="checkbox"/>	Seam fray	<input checked="" type="checkbox"/>	Seam fray	<input type="checkbox"/>	Seam fray	<input type="checkbox"/>
Incorrect size	<input checked="" type="checkbox"/>	Incorrect size	<input type="checkbox"/>	Incorrect size	<input type="checkbox"/>	Incorrect size	<input type="checkbox"/>
Incorrect color	<input type="checkbox"/>	Incorrect color	<input type="checkbox"/>	Incorrect color	<input type="checkbox"/>	Incorrect color	<input type="checkbox"/>
Unwanted objects sticking	<input type="checkbox"/>	Unwanted objects sticking	<input type="checkbox"/>	Unwanted objects sticking	<input type="checkbox"/>	Unwanted objects sticking	<input type="checkbox"/>
Other	<input type="checkbox"/>	Other	<input type="checkbox"/>	Other	<input type="checkbox"/>	Other	<input checked="" type="checkbox"/>
<b>Defects which happens:</b> The width of raw material should be 90CM, but actually it was 85CM.		<b>Defects which happens:</b> The needle did not pierce the cloth.		<b>Defects which happens:</b> The cloth to be processed had a rip.		<b>Defects which happens:</b> The cloth is burned.	
<b>Possible causes:</b> This may be caused by the supplier's misunderstanding on our order.		<b>Possible causes:</b> This may be caused by the lack of maintenance of sewing machine.		<b>Possible causes:</b> This may be caused by a defect of the raw cloth.		<b>Possible causes:</b> This may be caused by a defect of the raw cloth.	

**Figure 3-4-4 Defect identification sheet**

**Table 3-4-2 QC process chart format for MSMEs**

	Supervisor	Priority Issues to be managed		How to manage			
		Issue	Standard	How to measure	Frequency for monitoring	Person in charge	Actions to be taken when the quality standard does not meet
Inspection of raw materials	Daniel	Raw cloth size	±3cm	Using a measuring tape	whenever receiving raw cloth	Helen	Negotiate with the supplier to discount the price due to incorrect size. Ask the supplier to replace an correct item.
		Raw cloth colour	As ordered	Visual check		Helen	
Cutting							
Sewing							
Finishing							
Inspection of finished products							

The "QC process chart" is a table that describes the control characteristics and control methods at each stage of the process, from the purchase of raw materials to the shipment as a finished



product.

The "QC process chart" has the following purposes.

- identify the problems inherent in the current process.
- define how to manage such quality problems
- explain the quality system of the company to the customer.
- ensure that quality assurance activities are carried out.
- prevent the occurrence of defects.

The chart is used as (i) a basic document for creating work standards, (ii) an educational material for workers, (iii) a list for checking the implementation status of quality control, and (iv) basic document to investigate the cause when a defect occurs. In this sense, elaborating and using the chart can be one of the basic activities of MSMEs' quality management.

### 3.4.2 Current asset management

Sometimes a company can have liquidity problem (shortage of working capital), and this may be caused by inefficient economic resource management. In this sense, this section presents how to manage (i) inventory and (ii) working capital.

#### (1) Inventory management

Raw material inventory management is important for the companies which produce the products after receiving orders, while product inventory management is important for the company produces their products as stock, before receiving orders.

Although the lack of the inventory causes the opportunity loss, while its excess causes the shortage of working capital. Therefore, the following issues are important in this topic.

- (a) How to use efficiently warehouse space
- (b) Registering entering and leaving a warehouse
- (c) Balancing inventory volume with production and sales
- (d) Defining minimum stock level to be kept in the company

The following format facilitate to realize the issues (b), (c) and (d) mentioned above.

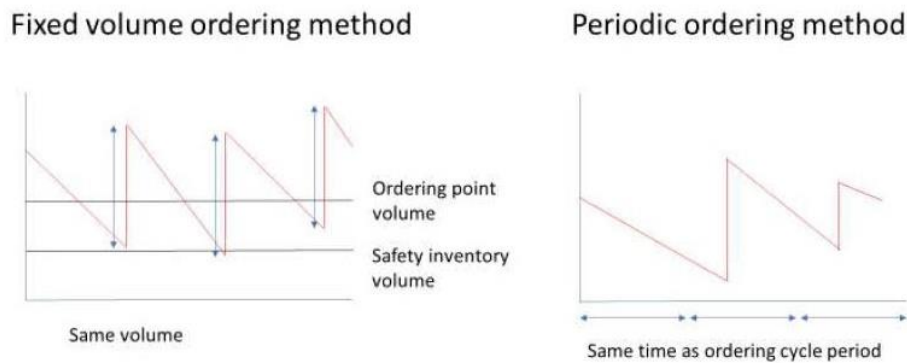
**Table 3-4-3 Inventory management format**

Registering entries and exits of inventory					Inventory management sheet					
Date	Item	Entries	Exits	Remarks	Important Items	Minimum volume to be kept	Beginning balance	Entries	Exits	Actual stock
11-Aug	Sawn Australian pine 4000x200x20 KD (pcs.)		5	Use for production	Sawn Australian pine 4000x200x20 KD (pcs.)	15	30	0	15	15
13-Aug	Sawn Australian pine 4000x150x20 KD (pcs.)	20		Purchase from Helen timber	Sawn Australian pine 4000x150x20 KD (pcs.)	15	10	20	22	8
17-Aug	Sawn Australian pine 4000x150x20 KD (pcs.)		5	Use for production	Ethiopian Hardwood 2000x200x20 (pcs.)	5	12	10	15	7
22-Aug	Ethiopian Hardwood 2000x200x20 (pcs.)	10		Purchase from Helen timber	Brown colour paints (10L Cans)	1	6	9	5	1
24-Aug	Ethiopian Hardwood 2000x200x20 (pcs.)		5	Use for production	Varnish (10L Cans)	1	5	3	0	8
31-Aug	Brown colour paints (10L Cans)		5	Use for production						
1-Sep	Varnish (10L Cans)	3		Purchase from Daniel Supply. Pic.						
11-Sep	Sawn Australian pine 4000x200x20 KD (pcs.)		5	Use for production						
13-Sep	Sawn Australian pine 4000x150x20 KD (pcs.)		8	Use for production						
14-Sep	Sawn Australian pine 4000x200x20 KD (pcs.)		5	Use for production						
16-Sep	Sawn Australian pine 4000x150x20 KD (pcs.)		9	Use for production						
1-Oct	Ethiopian Hardwood 2000x200x20 (pcs.)		10	Use for production						

Regarding the point (a), 5S can be helpful for improving space usage. This will be mentioned in the other section.

Regarding the point (d), raw material purchase management is important as well. There are two (2) types of purchase management as presented below.

- **Fixed volume ordering method:** It is the inventory control system, wherein the minimum inventory levels and ordered volume are fixed. Each time inventory level reaches the minimum level, the company place an order of fixed volume. This method simplifies the operation, and it is appropriate for items that are “not” highly important.
- **Periodic ordering method:** It is an inventory control method where orders are periodically placed, but the order quantity is different every time. This method is appropriate for purchasing important items.



**Figure 3-4-5. Image of two methods for purchase and inventory management**

Regarding the figure presented above, it is important to point out the followings.

- Safety inventory volume can be changed by (i) acceptable probability of stock shortage, (ii) consumption volume variation, and (iii) lead time from ordering to receiving.
- Safety inventory volume can be a basis for calculating (i) order point volume in fixed volume ordering method, and (ii) volume to be ordered in case of periodic ordering method.
- Ordering point volume can be calculated for fixed volume ordering method can be calculated as “average consumption volume x lead time + safety volume”.
- Volume to be ordered in periodic ordering method can be calculated as “(cycle time + lead time) x expected consumption volume + safety inventory – current inventory volume”.

## (2) Working capital management

For avoiding the cash shortage, it is recommendable to elaborate the cashflow budget by utilizing the following format.

**Table 3-4-4. Cashflow budget format for MSMEs**

	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Initial cash balance		12,500	23,479	17,598	27,985	19,292	40,218	36,406	36,399	18,593	33,933	23,239	22,760
Estimated sales amount	27,000	22,970	22,040	24,250	31,760	35,140	19,780	10,370	24,690	30,190	12,070	13,000	24,140
<b>Cash Inflow</b>													
Sales by cash	70%	16,079	15,428	16,975	22,232	24,598	13,846	7,259	17,283	21,133	8,449	9,100	16,898
Sales by credits	30%	8,100	6,891	6,612	7,275	9,528	10,542	5,934	3,111	7,407	9,057	3,621	3,900
<b>Total</b>		24,179	22,319	23,587	29,507	34,126	24,388	13,193	20,394	28,540	17,506	12,721	20,798
<b>Cash Outflow</b>													
Operational space rental		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Remuneration for workers		7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Raw material purchase		0	15,000	0	25,000	0	15,000	0	25,000	0	15,000	0	15,000
Others		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total</b>		13,200	28,200	13,200	38,200	13,200	28,200	13,200	38,200	13,200	28,200	13,200	28,200
<b>Net cashflow</b>		10,979	-5,881	10,387	-8,693	20,926	-3,812	-7	-17,806	15,340	-10,694	-479	-7,402
<b>Balance at the end of month</b>		12,500	23,479	17,598	27,985	19,292	40,218	36,406	36,399	18,593	33,933	23,239	22,760

A cash flow budget is an estimate of all cash receipts and all cash expenditures that are expected to occur during a certain time period. A cash flow budget is a useful management tool because it:

- forces the company to think through business operating plans for the year
- tests if the company will produce enough income to meet all cash needs
- projects how much operating credit the company will need and when loans can be repaid
- can present credit needs to the lender

As working capital demand can be reduced by improving operational efficiency, it is recommended that a company analyze how to improve its operation before considering the possibility to apply the loan. If the company needs the loan really, it is recommended to use manual about financial products elaborated by the BDS Project.



**Image of the Manual**

**(3) Important tips for avoiding cash shortage**

Cash shortage can be caused by (i) high level of inventory and (ii) inefficient usage of operational resources.



**Products in process**



**Imported sawn timber**

Regarding (i), inventory can include products in process. Sometimes the excess of product in process can take place at (a) bottleneck productive processes, (b) joining point of multiple processes, (c) insufficient maintenance of equipment, and (d) quality defects. In this sense, quality management mentioned in a previous section is important for avoiding cash shortage as well. The picture presents an example of excess of products in process caused by bottleneck process. The management on (b) mentioned above is quite important for many textile industries.

Regarding (ii), it is important to use efficiently raw materials to improve both liquidity and profitability. For example, taking into account that imported sawn timber is likely to have 4 meters of length, it is recommended that a wood processing company discard unnecessary stuff to have enough space to keep raw timber without cutting before receiving orders. If the company does not have enough space, they should cut the timber before receiving orders, and this may cause inefficient use of raw materials. It can cause both cash shortage and the decreases in profits.

### 3.4.3 Sales management

In relation to sales management, the following issues are important, taking into account the reality of local MSMEs operating in metropolitan area of Ethiopia.

#### (1) Management of regular clients

The stability of a company's operation heavily depends on the regular clients. Therefore, a company can have a list of main regular customers. It is recommendable to make phone call when some important regular customers have not placed ordered in these months.

Such client management can be carried out by applying the following format related to RFM analysis which refers to recency, frequency and monetary amount of the purchases.

**Table 3-4-5 Main regular customers management sheet example**

Sales Record			Client information				RFM analysis			
Date	Customer	Sales amount	Important Customers	Contact person	TEL	E-mail	Address	Recency	Frequency	Monetary
09-Jul-19	Office furniture sales, Inc.	6000	Habte company	Daniel G	222-333	aster@gmail.com	xxx	5	2	6,000
12-Jul-19	Habte company	2000	Daniel construction	Hassen. G	333-444	ar@gmail.com	xxx	9	4	13,500
24-Jul-19	Office furniture sales, Inc.	6000	Beatiful furniture sales, PLC	Helen D.	444-555	EXter@gmail.com	xxx	32	2	6,000
09-Aug-19	Daniel construction	4000	Office furniture sales, Inc.	Daniel S.	555-666	op@gmail.com	xxx	64	3	19,000
10-Aug-19	Office furniture sales, Inc.	7000	African furniture sales	Helen P.	666-777	Qr@gmail.com	xxx	22	2	5,500
30-Aug-19	Daniel construction	2000								
02-Sep-19	African furniture sales	3000								
02-Sep-19	Beatiful furniture sales, PLC	3000								
11-Sep-19	Beatiful furniture sales, PLC	3000								
21-Sep-19	African furniture sales	2500								
24-Sep-19	Daniel construction	4500								
04-Oct-19	Daniel construction	3000								
06-Oct-19	Habte company	4000								

## (2) Sales forecast

Sales forecast is important when a company (i) produces as stock and/or (ii) analyses the possibility for investment. This can be carried out by (a) applying regression analysis, (b) using past sales information, and so on. An example of sales forecast based on Holt's Winter Method by using past sales information is presented in right side.

**Table 3-4-6 Sales forecast format example**

		0.1 0.3 0.3			
	Month	Sales amount	Smoothed sales amount	Trend	Seasonality
Past	4th quarter 2016	25,000	25,000	-	-
	1st quarter 2017	22,000	22,000	-3,000	-
	2nd quarter 2017	23,500	19,450	-1,650	-
	3rd quarter 2017	31,500	19,170	1,245	-
	4th quarter 2018	34,000	21,774	1,622	1.56
	1st quarter 2018	29,800	24,036	-125	1.24
	2nd quarter 2018	22,000	23,719	-2,427	0.93
	3rd quarter 2018	29,000	22,063	401	1.31
	4th quarter 2018	37,000	23,917	2,681	1.56
	1st quarter 2019	26,000	26,538	-1,424	1.16
	2nd quarter 2019	29,000	25,503	-97	0.99
	3rd quarter 2019	33,000	26,166	1,132	1.30
Forecast	4th quarter 2020	42,508			
	1st quarter 2020	33,031			
	2nd quarter 2020	29,279			
	3rd quarter 2020	39,857			

It is important to point out that these sales forecast methods cannot work well in emergency situations such as the occurrence of infectious disease, worldwide economic depression, etc.

### 3.4.4 Human resource (HR) management

Important points for HR management are noted below.

- HR hiring should be planned according to the business plan based on the company's growth strategy.
- Labor control (control on attendance and leave) should be conducted. Wages must be paid, according to the conditions mutually confirmed.
- Performance appraisal must be carried out, according to criteria set up objectively.
- Possibility of workers' promotion should be analyzed, according to performance appraisal and labor control results.
- Training of workers should be planned, according to evaluated performance of the company's workers and skill matrix. Skill matrix is useful to foster multi skilled workers, who can improve the company's operational efficiency.

**Table 3-4-7 Example of skill matrix of workers**

		Daniel	Heren	Manuel	Sau	Bet
Technical ability in sewing	Understanding the basic structure and functions of the assigned sewing machine	⊗	⊗	○	⊗	⊗
	Daily maintenance of the sewing machine	⊗	○			○
	Using sewing machine properly, adjusting the thread tension	⊗	○			⊗
	Managing the procedures of sewing the assigned parts	⊗	○			⊗
	Sewing assigned parts faithfully according to the working standard	⊗	○			⊗
	Working in a coordinated manner with the coworkers to keep well line balance	⊗				○
Technical ability in pressing and ironing	understanding basic structure of the iron	⊗	○	○	○	○
	Taking care of the iron to maintain the good condition	⊗		○		○
	Ironing (pressing) the assigned parts appropriately as per the work instructions	⊗		○		○
Basic ability for quality checking	Checking visually to see if the intended quality of the assigned parts is achieved	⊗	○	○	○	○
	Able to extract defective products	⊗	○	○	○	
Advanced ability to work in different processes	Checking whether the characteristics of raw materials being used has intended quality	⊗			○	
	using different types of sewing machine	○			○	
	Checking dimensions of various parts, including sleeve length and shoulder width	⊗			○	
	Checking whether needles are mixed in the product	⊗			○	
	Checking some details such as inappropriate attaching buttons, dirt and stains of the cloth	⊗			○	

### 3.4.5 Continuous improvement (Kaizen)

Kaizen can be defined as applying lessons learned from an organization's previous administration for coping with priority issues in a continuous manner. Kaizen can be applied not only in industrial operations but also in any administrative activities.

MSMEs consultants can apply Kaizen as a basis to promote business growth and innovation as well. It is important to mention that Kaizen has the following 4 principles (ECRS: Eliminate, Combine, Rearrange and Simplify), and they can be applied for marketing strategy planning besides the operational improvement as noted below.

**Table 3-4-8 ECRS**

Kaizen's 4 principles	Explanations	Applying for operation management	Applying marketing strategy
(1) Eliminate	Eliminating unnecessary work processes, tools, materials, etc.	Unnecesary things have been eliminated from the operational space? Doesn't the workplace have too much products in process? Doesn't the company have some unnecessary efforts such as management system which is not appropriate for the company's reality?	Is it possible to eliminate some unnecessary functions from the product and service? Does the company's sales promotion focus on customers who are more likely to buy, eliminating ones who are unlikely to buy?
(2) Combine	Implementing several tasks simultaneously Integrating different tasks or functions into one	Is it possible to implement different work processes at the same time to improve the productive efficiency? Is it possible to use same raw material for different products to reduce the costs? The workers have been trained so as to implement different tasks for the operational efficiency?	Is it possible to sell different products as an package? Do two or three different products can be combined into one? (Example; Smartphone)
(3) Rearrange	Changing flow of work processes, tools, materials, methodologies, and so on.	If the workflow is changes, the efficiency will be improved? (Example; painting after assembling or assembling after painting the parts) Is it possible to use raw material which is cheaper than one actually using?	Is it possible to use the product for another objective? Is it possible to target new market?
(4) Simplify	Reducing complicated work processes and issues	Has the company defined thr work standards to simplify the operational tasks? If the company has an investment plan, can this simply the oprational tasks?	Is it possible to export the products in a simplified way by setting a sole agent? Is it possible to develop a new product which can simplify the clienets' complicates tasks?

5S is often applied as a first step of Kaizen activities. 5S consist of;

- Seiri (sort) = eliminate unnecessary things
- Seiton (order) = put all necessary items in the optimal place
- Seisou (clean) = clean and inspect the workplace and machinery on a regular basis
- Seiketsu (keep) = maintain 3S mentioned above
- Shitsuke (accustoms) = sustain the developed processes by self-discipline of the workers

The first 2S are the most important among these 5S. The following picture refers to application of 2S.



2S have been applied.

5S can:

- improve the efficiency in the use of space and have enough space to keep important raw material items (or finished products).
- improve the work efficiency to save time spent looking for necessary materials.
- avoid the purchase of materials which the company already have.
- facilitate the identification of operational problems. (This can promote Kaizen.)

Introduction methods and procedures of 5S can vary depending on each company's conditions.

Possible processes to introduce 5S are:

- Eliminate unnecessary things using "red sheet"
- Define a place for each important item. Show it with labels
- Develop the other 3S gradually and apply the monitoring sheet

Regarding process (a) mentioned above, an example of "red sheet" is presented below. This kind of the sheet should be put on items to be eliminated, then, the company must analyze how to prevent from the occurrence of unnecessary items in the future.

Red Sheet "Unnecessary items"	
Item	
Category	<input type="checkbox"/> Finished products <input type="checkbox"/> Products in process <input type="checkbox"/> Raw materials <input type="checkbox"/> Scrap <input type="checkbox"/> Production tools <input type="checkbox"/> Other (Specify: )
Why?	<input type="checkbox"/> Excess production <input type="checkbox"/> Quality defects <input type="checkbox"/> Order cancelled by the client <input type="checkbox"/> Other (Specify: )
How can we eliminate?	<input type="checkbox"/> Discard <input type="checkbox"/> Sell <input type="checkbox"/> Other (Specify: )

It is important to know what kind of unnecessary items exist in large quantities to define the items that must be managed well in the future.

It is important to know why unnecessary items have been generated to avoid them in the future.

Figure 3-4-6 Example of red sheet

Regarding process (c) mentioned above, an example of "monitoring sheet" is presented below. This kind of the sheet can be adjusted according to the advances of 5S and the company's actual situation.

**Table 3-4-9 Monitoring sheet for 5S activities**

Issues to be monitored		1st week	2nd week	3rd week	4th week
Sort (Seiri)	Unnecessary stuffs have been eliminated from the workshop?				
	The company does not have too much products in process?				
	Tools which are not used often are kept separately from main productive (operational) areas?				
Order (Seiton)	Are the materials and tools placed properly in fixed positions with labels?				
	All inventories are kept in a way that their volume is visible?				
Clean (Seisou)	Are raw materials and final products placed separately?				
	The production machinery is cleaned periodically?				
Keep (Seiketsu)	The workshop is cleaned every day?				
	Are the 3S (Sort, Order, and Clean) mentioned above are being achieved always?				
Accustom (Shitsuke)	When having unnecessary stuffs to be discarded, does the company analyse why it has them?				
	Does the company have standard on how to produce each main product?				
	Do workers take care of machines and productive tools?				
	Do es the company check the quality of the raw materials, when it receives them?				

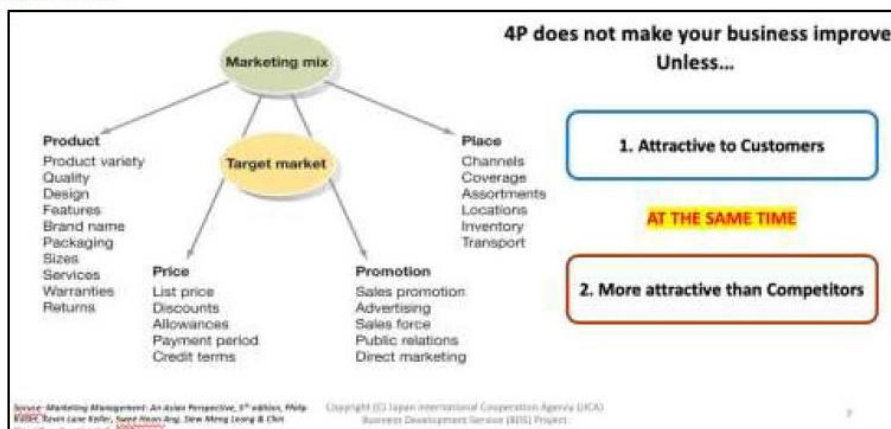
By applying this kind of sheet, the company can improve their operation, above all, purchase, production and inventory management, in a continuous manner.

### 3.5 Marketing

This section covers the topics of practical marketing to support MSMEs to grow their businesses. Upon developing marketing strategy, cross-checking with previous contents becomes critical; therefore, the following points are reinforced:

- (1) Once the internal management becomes solid, an enterprise can consider market expansion. It is not advisable for MSMEs to rush for a market expansion, if financials and production processes are not reasonably managed.
- (2) Marketing activities are closely interlinked with financial analysis and production areas. A cross-check of financial impact and production capacity & capabilities is always required, along with marketing strategy proposals.

4Ps (Product, Price, Promotion and Place) are applicable to manufacturing industries. All successful businesses design 4Ps to attract customers and to stay competitive against competitors at the same time.



**Figure 3-5-1 Image of explanation of 4Ps**



### **3.5.1 Product decisions**

Marketing mix refers to an appropriate combination of 4Ps. Product is the most basic element among 4Ps. A product's quality is essential for success. There are number of ways to define que quality, which can consist of (i) performance, (ii) features, (iii) reliability, (iv) conformance, (v) durability, (vi) serviceability, (vii) aesthetics and (viii) perceived quality such as brand name. Branding is a way to differentiate the goods or service of one seller from another.

3C (our Company, Client, Competitors) analysis can be applied so that the followings are incorporated in product design, with a view to development of attractive and competitive products.

- consumers' perceptions and ratings of product features,
- consumers' preferences and choice in relation to alternatives including competitors' products

### **3.5.2 Pricing decisions**

Managers face with pricing decisions. The steps for pricing are noted below.

- (1) Set strategic pricing objectives: Possible objectives include (i) maximize sales amount, (ii) maintain or reinforce product differentiation image, (iii) maximize current profit through a harvest strategy, (iv) survive in a short term by selling the product in affordable price, etc.
- (2) Estimate demand and price elasticity of demand
- (3) Determine costs and their relationships to volume, as presented in the section 3.3.
- (4) Examine competitors' prices and costs
- (5) Select a method for calculating price: Possible alternatives include (i) cost oriented, (ii) competition oriented and (iii) customer-oriented pricing.
- (6) Set a price level.

### **3.5.3 Distribution channel decisions**

Place, as one of marketing 4Ps, refers to distribution channel in many cases. Among various types of channel institutions are (i) merchant wholesalers, (ii) agent middlemen, (iii) retailers, etc. Firms can organize one or more of these types of institutions into a channel for a specific product in a variety of ways. Distribution channel should be designed in a way that the firm can reach targeted segments of consumers efficiently.

### **3.5.4 Promotion decisions**

Many companies follow decisions processes noted below, regarding the promotion.

- (1) Analyze the situation and set the promotional objectives
- (2) Design message to clients and consumers
- (3) Select promotional mix, which consists of advertising, personal selling, sales promotion and

publicity.

In relation to the process (2), it is important to clarify a unique selling point of the company.

Taking into consideration that many MSMEs have participated in trade fairs and/or have the own showroom, production exhibition techniques are important as a part of promotional activities.

Some important tips about it is presented below.



**Figure 3-5-2 Important tips for product exhibition**

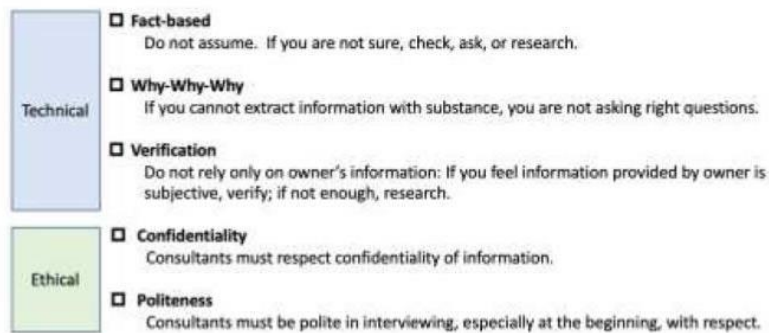
### 3.6 Basic abilities for MSME consultants

“Certified consultants” can provide technical advices for (i) outlining business growth strategy, (ii) implementing the strategy and (iii) financial and investment planning, as public consultancy service. Therefore, professional abilities required for MSMEs consultants include; (i) technical knowledge on business administration and basic industrial engendering required for MSMEs consulting, (ii) knowledge on MSME promotion programs, and (iii) basic abilities required for business consultant such as reporting and consulting.

MSMEs consultants are required to fulfill the following professional ethics.

- The consultants should identify issues to be tackled for the business growth by (i) analyzing several management functions in an integral manner and (ii) making consensus with the business owner.
- The suggestions made by the consultants should (i) be technically and economically feasible and (ii) take into consideration possible changes in future business environment.
- The consultants should support the implementation of the business plan elaborated with their technical advices.
- Ethically, confidentiality must be respected for each business, and respectful approach with professional politeness is essential.

The other important issues are presented below.



**Figure 3-6-1 Points of desired attitude & values for Ethiopian MSME consultants**

### 3.6.1 Communication skills in consulting

MSME enterprise owners appreciate when consultants really understand their situations and show commitment to care about them. Therefore, it is important to show “willingness to understand personally” through; qualitative assessment and observations, explanation of the reasons, and follow up to help time management, etc.



**Figure 3-6-2 Image of showing “willingness to understand”**

Business consulting accompanies interview session with each enterprise owner. There are tips to remember in three steps: conducting an interview, listening, and discussing. These tips shall support MSME consultants to communicate with enterprise owners smoothly and to extract necessary information by establishing a rapport.



**Figure 3-6-3 Tips for communication with enterprise owners**

### 3.6.2 Communication skills in reporting

Reporting of each consulting session is essential for three reasons: 1) recording proposals each consultant is responsible for, 2) reminding both consultants and each enterprise owner of action plans and due dates, and 3) monitoring progress.

Report on business diagnosis and consulting has the following contents.

<b>Business diagnosis and consulting report</b>			
			<u>Consultant name:</u> _____
<b>1. Basic information on the company</b>			
<b>Business name</b>			
<b>Business category</b>			
<b>Direction</b>			
<b>E mail/ Phone number</b>			
<b>General information of the Business</b>			
<b>2. Diagnosis (date: Feb. 28, 2020)</b>			
<b>External situation</b>	● ● ●		
<b>Purchase</b>	● ● ●		
<b>Production</b>	● ● ●		
<b>Sales/ marketing</b>	● ● ●		
<b>Administration / financial resources</b>	● ● ●		
<b>Overall</b>	● ● ●		
Additional observations			
<b>Date:</b>			
<b>Date:</b>			
<b>3. Recommendation on the strategy for growth</b>			
<b>Proposed date</b>	<b>Outline of the strategy for growth</b>	<b>KGI</b>	<b>Progress (Date: )</b>

**Figure 3-6-4. Report format**

Important point to fulfill this format are presented below.

(1) Diagnosis part

- Diagnosis results in different business functions such as purchase, production and sales should be reported in a consistent way.
- Overall diagnosis results should be related to the results in different business functions

(2) Recommendation part

- Proposed strategy, CSF (Critical Success Factors), actions to be taken should be set in a consistent manner.
- Indicators such as KGI (Key Goal Indicator) and KPI (Key Performance Indicator) should be set appropriately in a consistent manner with the strategy and actions to be taken.
- Recommended strategy and actions must be feasible economically and technically.
- The progress should be monitored successfully.

**3.6.3 Conclusions**

This educational material presents several techniques and methods related to business diagnosis and consulting required for junior consultants.

Senior consultants are required to have the other professional knowledge such as equipment investment planning and export marketing. These advanced topics will be presented in the other material.

(END)



付属資料 6.  
**BDS 広報関連資料**





(1) 広報戦略文書

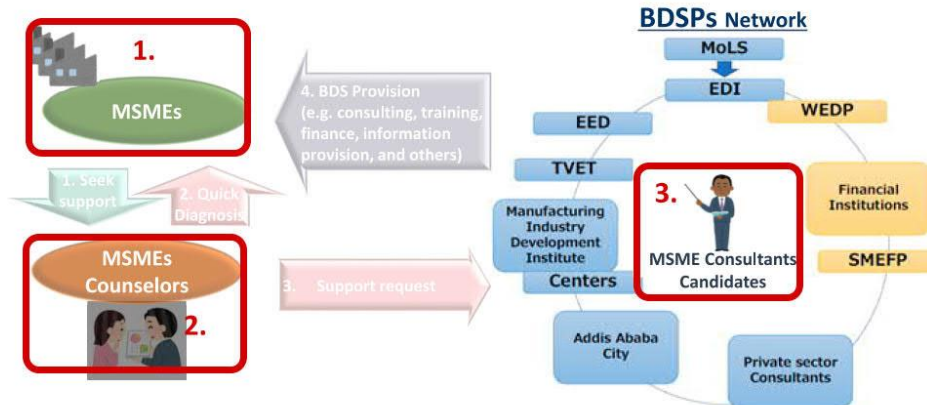


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  - 1) Targeting MSMEs
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  - 3) Targeting Consultant candidates
5. SUGGESTED OPERATIONAL PRINCIPLES

# 1. PRINCIPLES OF PR STRATEGY

Consulting services provided through BDSPs Network are new to the market; therefore, **publicity to raise awareness among three key audiences (MSMEs, Counselors, and Consultants)** is required.

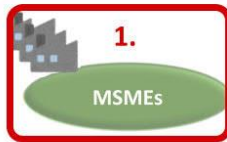


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  - 2) Targeting Counselors
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5. SUGGESTED OPERATIONAL PRINCIPLES
6. NEXT STEPS

## 2. OBJECTIVES OF PR ACTIVITIES

With these three key audiences (MSMEs, Consultants, and Counselors), **what must be achieved through communication are different for each audience; therefore, distinct strategy for each will be developed.**



MSMEs need to...

1. Become aware that there are customized BDS available now.
2. Understand values and benefits of BDS.
3. Become motivated to engage BDS.

→ Leads to more demand



MSMEs Counselors need to...

1. Understand values and benefits of Consultants' BDS.
2. Become motivated to connect MSMEs with consultants.

→ Leads to active utilization of BDS



MSMEs Consultant candidates need to...

1. Become aware that there is a certificate & training program available now.
2. Understand values and benefits of the program.
3. Become motivated to participate in the program.

→ Leads to high quality supply

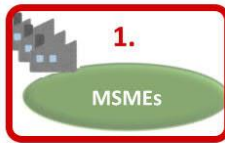
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### 3. STRATEGY: 1) ATTRACTING MSMEs



In order to drive demand for consulting services, BDSP network system and available consulting services must be promoted to MSMEs.



MSMEs need to...

1. Become aware that there are customized BDS available now.
2. Understand values and benefits of BDS.
3. Become motivated to engage BDS.



#### What to communicate to MSMEs

1. How BDSP network system works, and how customized consulting services are provided for each MSMEs.
2. How BDS consulting services deliver values to MSMEs and enterprise owners can benefit from them.
3. What enterprise owners need to do to engage BDS consulting services.



#### How to communicate to MSMEs

Expose information when MSMEs owners are collecting business information with full attention about business.

→ Leads to more demand

### 3. STRATEGY: 1) ATTRACTING MSMEs



Contents of PR messages must be i) designed to address what MSMEs owners need to know, and ii) communicated through media they pay attention to.

#### What to communicate to MSMEs

1. How BDSP network system works, and how customized consulting services are provided for each MSMEs.
2. How BDS consulting services deliver values to MSMEs and enterprise owners can benefit from them.
3. What enterprise owners need to do to engage BDS consulting services.

#### Suggested contents\*

- ✓ Visualization of BDSP network system
- ✓ Services provided
- ✓ Consultants' success stories
- ✓ MSMEs owners' testimonials
- ✓ Process
- ✓ Contacts (Counselor, Consultants, Directory)



#### How to communicate to MSMEs

Expose information when MSMEs owners are collecting business information with full attention about business.



#### Select media to deliver information (Details in Section 4)

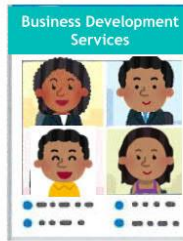
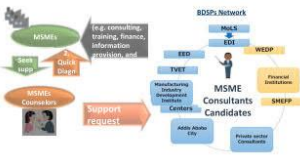
Example: Woreda office, newspapers & website, where MSME owners look for potential business opportunities, as this is the time owners' mind is focusing on business growth.

### 3. STRATEGY: 1) ATTRACTING MSMEs



Contents of PR messages must be i) designed to address what MSMEs owners need to know, and ii) communicated through media they pay attention to.

- Illustration -



#### Suggested contents

- ✓ Visualization of BDSP network system
- ✓ Services provided
- ✓ Consultants' success stories
- ✓ MSMEs owners' testimonials
- ✓ Process
- ✓ Contacts (Counselor, Consultants, Directory)



Select media to deliver information (Details in Section 4)

Example: Woreda office, newspapers & website, where MSME owners look for potential business opportunities, as this is the time owners' mind is focusing on business growth.

### 3. STRATEGY: 2) ATTRACTING COUNSELORS



In order to trigger MSME's utilization of BDS, Counselors plays a critical role to promote Consultants, as an initial touchpoint to MSMEs.



- MSMEs Counselors need to...
1. Understand values and benefits of Consultants' BDS.
  2. Become motivated to connect MSMEs with consultants.



#### What to communicate to Counselors

1. How BDS consulting services deliver values to MSMEs and enterprise owners can benefit from them.
2. Importance of getting acquainted with BDSPs network organizations and consultants



#### How to communicate to Counselors

- Expose information when:
1. Counselors' mind is fixated on learning about BDSP network and consultants.
  2. Counselors are conducting business diagnosis with MSMEs.

→ Leads to active utilization of BDS

### 3. STRATEGY: 2) ATTRACTING COUNSELORS

MSMEs  
Counselors



Contents of PR messages must be i) designed to facilitate Counselors' "bridging role", and ii) delivered at the right timing for them to learn and utilize.

#### What to communicated to Counselors

1. How BDS consulting services deliver values to MSMEs and enterprise owners can benefit from them.

2. Importance of getting acquainted with BDSPs network organizations and consultants

#### Suggested contents\*

✓ Consultants' success stories  
✓ MSMEs owners' testimonials

✓ BDSPs directory  
✓ Counselor training on how to use consultants' database to connect consultants with MSMEs  
✓ Face-to-face or online networking with BDSP network organizations

#### How to communicated to Counselors

Expose information when:

1. Counselors' mind is fixated on learning about BDSP network and consultants.
2. Counselors are conducting business diagnosis with MSMEs.

#### Select media to deliver information (Details in Section 4)

Example: Training & consultation at worda office, when Counselors are focusing on connecting MSMEs with appropriate BDSPs.

### 3. STRATEGY: 2) ATTRACTING COUNSELORS

MSMEs  
Counselors



In order to trigger MSME's utilization of BDS, Counselors plays a critical role to promote Consultants, as an initial touchpoint to MSMEs.

- Illustration -



#### Suggested contents

✓ Consultants' success stories  
✓ MSMEs owners' testimonials

✓ BDSPs directory  
✓ Counselor training on how to use consultants' database to connect consultants with MSMEs  
✓ Face-to-face or online networking with BDSP network organizations



#### Select media to deliver information (Details in Section 4)

Example: Training & consultation at worda office, when Counselors are focusing on connecting MSMEs with appropriate BDSPs.

### 3. STRATEGY: 3) ATTRACTING CONSULTANT CANDIDATES



In order to secure quality consultants consistently, BDSP network system and MSME Consultant certificate training must be promoted to private consultants.



MSMEs Consultant candidates need to...

1. Become aware that there is a certificate & training program available now.
2. Understand values and benefits of the program.
3. Become motivated to participate in the program.

→ Leads to high quality supply

#### What to communicate to MSMEs

1. How MSME Consultant certificate program works.
2. How BDS consulting services deliver values to MSMEs and enterprise owners are willing to engage consultants. (= More opportunities for MSME Consultants)
3. Invitation to a training program

#### How to communicate to MSMEs

Expose information when private consultants are collecting business information with full attention about business.

### 3. STRATEGY: 3) ATTRACTING CONSULTANT CANDIDATES



In order to trigger MSME's utilization of BDS, Counselors plays a critical role to promote Consultants, as an initial touchpoint to MSMEs.

#### What to communicate to MSMEs

1. How MSME Consultant certificate program works.
2. How BDS consulting services deliver values to MSMEs and enterprise owners are willing to engage consultants. (= More opportunities for MSME Consultants)
3. Invitation to a training program

#### How to communicate to MSMEs

Expose information when private consultants are collecting business information with full attention about business.

#### Suggested contents\*

- ✓ Meaning of MSME Consultant certificate
- ✓ Credibility of certificate/training provider
- ✓ Training contents & certified consultants' testimonials (value & uniqueness)
- ✓ BDSPs network system (Counselors' referral)
- ✓ Consultants' success stories
- ✓ MSMEs owners' testimonials
- ✓ Next training schedule & requirements

#### Select media to deliver information (Details in Section 4)

Example: Publications & online media, in which private consultants are focusing on future consulting jobs and training opportunities.

### 3. STRATEGY: 3) ATTRACTING CONSULTANT CANDIDATES



In order to trigger MSME's utilization of BDS, Counselors plays a critical role to promote Consultants, as an initial touchpoint to MSMEs.

- Illustration -

The diagram illustrates the process of attracting consultant candidates. It starts with MSMEs (Micro, Small, and Medium Enterprises) who provide support requests. These requests are processed through a BDSPs Network (Business Development Service Providers Network) which includes entities like MGS, ESE, WEOP, TVEF, and SHELPA. This network leads to the identification of MSME Consultants Candidates. A screenshot of a WhatsApp message from FSMMPA (209 subscribers) shows an invitation for the 2nd batch of training for fostering MSMEs consultants. The message details the project's purpose and the training content, which includes learning on business diagnosis, management accounting, industrial operation and marketing, and exercises like case studies and virtual enterprises.

#### Suggested contents

- ✓ Meaning of MSME Consultant certificate
- ✓ Credibility of certificate/training provider
- ✓ Training contents & certified consultants' testimonials (value & uniqueness)\*
- ✓ BDSPs network system (Counselors' referral)
- ✓ Consultants' success stories
- ✓ MSMEs owners' testimonials
- ✓ Next training schedule & requirements

#### Select media to deliver information (Details in Section 4)

Example: Publications & online media, in which private consultants are focusing on future consulting jobs and training opportunities.

\* Reference in the next slide: Survey results from 1st batch certified Jr Consultants

#### Contents Reference: Certified Junior Consultants' Feedback Summary

Overall Summary	
Training Contents	<ul style="list-style-type: none"> <li>✓ The <b>tools were appreciated</b> by participants.</li> <li>✓ <b>All topics</b> covered in the training are recognized to be <b>applicable across different manufacturing sectors</b>.</li> </ul>
Participants' Capabilities	<ul style="list-style-type: none"> <li>○ Participants can <b>connect business topics with industry-specific characteristics</b>.</li> <li>○ Participants can <b>discuss specific ideas</b>.</li> <li>○ Some discussions remain theoretical: Actual consulting activities for <b>application opportunities will be desirable</b>.</li> <li>○ Participants can now <b>connect multiple related topics to propose improvement solutions</b> (e.g. cost analysis of sourcing and pricing, operational style and cost management, etc.)</li> <li>○ Pricing strategy, product strategy, branding, and export are described in application ideas; however, <b>awareness of marketing areas may be limited</b>, as they don't recognize them in the topic selection.</li> </ul>
Needs Match	<ul style="list-style-type: none"> <li>▪ Their <b>learning topics seems to match basic improvement needs of MSME clients in Ethiopia</b>: Topics often mentioned were predominantly laid on operational style, cost management, profit planning, and production and quality management.</li> <li>▪ For the scale of MSMEs clients' businesses, <b>primary needs for marketing topics can be limited to pricing and distribution management, in order to optimize business with existing capacity</b> first.</li> <li>▪ <b>Business diagnosis and growth strategy outline are hot topics</b>, presumably because these contents help consultants' required outputs.</li> </ul>

➡ Overall, 1) all topics are deemed applicable to our target sectors, 2) participants' knowledge has been enhanced, and 3) training contents and consultants'/MSMEs' needs seem to match. Application opportunities with actual consulting tasks would be desirable to solidify application skills.



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### 4. MEDIA SELECTIONS: 1) Targeting MSMEs



There are various communication channels, and each has pros and cons: Priorities will be determined based on cost, reach, ease of execution, and roles.



<b>Cost</b>	<ul style="list-style-type: none"> <li>○ Low</li> </ul>	<ul style="list-style-type: none"> <li>○ Medium (Design &amp; Printing)</li> </ul>	<ul style="list-style-type: none"> <li>○ High (Production &amp; Space)</li> </ul>
<b>Reach</b>	<ul style="list-style-type: none"> <li>○ Wide &amp; Specific</li> <li>○ Possible shares               <ul style="list-style-type: none"> <li>• Cascading effect (more reach)</li> <li>• WOM effect (trust among peers)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Limited &amp; Specific</li> </ul>	<ul style="list-style-type: none"> <li>○ Wide but random (TV &amp; radio)</li> <li>○ Wide and specific (newspaper page and selected magazines)</li> </ul>
<b>Ease of execution</b>	<ul style="list-style-type: none"> <li>○ Easy</li> <li>○ A slight complication for short video production (Youtube)</li> <li>○ Complication for independent website</li> </ul>	<ul style="list-style-type: none"> <li>○ Relatively easy</li> </ul>	<ul style="list-style-type: none"> <li>○ Complicated production</li> </ul>
<b>Role as a medium</b>	<ul style="list-style-type: none"> <li>○ Raise awareness</li> <li>○ Induce Interest with stories and details</li> <li>○ Immediate action online (link, contact)</li> </ul>	<ul style="list-style-type: none"> <li>○ Raise awareness (Poster)</li> <li>○ Induce Interest with stories and details</li> <li>○ Immediate action offline (at the venue)</li> </ul>	<ul style="list-style-type: none"> <li>○ Raise awareness</li> <li>○ Induce Interest with stories and details (depending on length and contents)</li> </ul>

#### 4. MEDIA SELECTIONS: 1) Targeting MSMEs



Based on the information from EDI, EED, AA city, MIDI, TVET and other BDSPs, it is suggested to start with low cost and efficient media to appeal to MSMEs.

	Internal Media - Digital Social media / Video / Website / E-mail	Internal Media - Physical Brochure / Leaflet / Poster	External Media Newspaper / Website / Magazine / Radio / TV
<b>Situation</b>	<ul style="list-style-type: none"> <li>FB*: All organizations are active</li> <li>Website: Conditions are inconsistent. Some organizations do not update.</li> <li>Emails: Overall OK, as long as contact database is available.</li> </ul>	<ul style="list-style-type: none"> <li>Organization pamphlets and leaflets: Preferred across all organizations.</li> <li>Poster: EDI deems it inappropriate; otherwise, good.</li> <li>Possible to reach audience without internet.</li> </ul>	<ul style="list-style-type: none"> <li>EDI has free slots with radio, TV, Addis Zemen newspaper and magazine</li> <li>TVET has a free TV slot during TVET Week</li> </ul>
<b>Suggested actions</b>	<ul style="list-style-type: none"> <li>FB is required.</li> <li>E-mail can be an option for organizations with contact database.</li> <li>Consider contents marketing with short videos for FB (and YouTube).</li> </ul>	<ul style="list-style-type: none"> <li>Develop leaflet for 2 reasons:                             <ul style="list-style-type: none"> <li>- Insert in organizational pamphlet without editing them.</li> <li>- Distribute at offices &amp; events.</li> </ul> </li> <li>Develop poster for face-to-face touchpoints such as EDI, Industry Development Institutes, and TVET for an eye-catch.</li> </ul>	<ul style="list-style-type: none"> <li>Focus on print media and website.</li> <li>Consider documentary TV program; if production complexity, costs, and approval at Ministry level are cleared.</li> <li>Radio can be considered for illiterate segment, if the size of the illiterate segment is significant.</li> </ul>

\* Response was better with FB than Telegram for recruitment of 2<sup>nd</sup> batch consultants.

#### 4. MEDIA SELECTIONS: 1) Targeting MSMEs



By matching BDSPs' available media channels and MSME owners' opportunity search\*, the following media are suggested to achieve an appropriate exposure.

MSMEs owners' journey to seek business improvement opportunities

**Woreda/Subcity office**

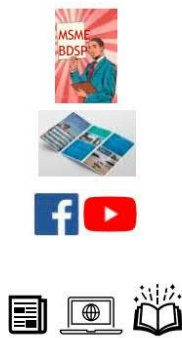
- Counselors' advice
- Shade request

**BDSPs including TVET and Industry Dev't Institutes**

- Training
- Advisor services
- Industry Extension services

**External mass media**

- Search for tender
- Trade fair information
- Potential customers



#### Media & suggested usage

##### Poster

- To catch attention to raise awareness among MSME owners

##### Leaflet

- To encourage MSME owners to learn about BDSPs network and services on their own

##### Facebook

- To share news & success stories to raise interest
- To provide detailed information about BDS and BDSPs to enhance MSME owners' understanding
- To invite MSME owners to contact Counselors to take actions

##### Magazine & Website

- To provide information about BDS to raise awareness and interest for MSME owners to contact Counselors.
  - "Addis Zemen" (+ Facebook)
  - Tendermart.com
  - www.2merkato.com
  - Public Procurement & Property Administration Agency

\* Based on discussion with MSME owners and private consultants

## 4. MEDIA SELECTIONS: 2) Targeting Counselors

MSMEs  
Counselors



Considering Counselors' workflow and needs, the following media are suggested.

Counselors' involvement in MSME owners' business advice

### Counselor Training

- In-class training
- Online sessions



### Woreda/Subcity office

- MSME counseling
- Shade provision & administrative support



### Media & suggested usage

#### Training materials & BDSPs Directory\*

- To orient Counselors how to connect MSME owners with appropriate Consultant / BDSPs

#### Online Networking session with BDSPs

- To enhance tangible understanding of BDSPs
- To facilitate relationship building among Counselors, BDSPs and private consultants

#### Poster

- To remind Counselors of their new regular service

#### Leaflet

- To encourage Counselors to use as a conversation starter to introduce BDS to MSME owners
- To facilitate Counselors to explain BDSPs and services

#### Facebook

- To share news to enhance tangible understanding of their positive effects (counseling to consulting) on MSMEs.

\* These contents are already developed and have been in place.

## 4. MEDIA SELECTIONS: 3) Targeting Consultant candidates



Based on media habit and interest of private consultants, the following actions are suggested in a sequence.

Private consultants' journey to seek job and training opportunities

### Search through media

- Traditional media
- Online media



**Newspaper (incl. website):**  
Weekly newspaper "Reporter"  
Newspaper "Capital Ethiopia"  
Weekly business newspaper "Fortune"

**Magazine:**  
"Addis Zemen" (+ Facebook)

**Website:**  
Ethiojobs.com.et  
ezegatte.com.et

**Social media:**  
LinkedIn (Professional)

### Search through network

- WOM



### Media & suggested usage

#### Media:

##### 1. Newspaper + Social Media

- To raise awareness and enhance understanding about MSMEs Consultant certificate program and BDSPs Network.
- To encourage to register on social media groups

##### 2. Social Media

- To share news and success stories to enhance interest and tangible understanding of MSMEs Consultants on MSMEs.
- To share testimonials of certified MSMEs Consultants to motivate to apply for MSMEs Consultant training program.
- To provide information of MSMEs Consultant training.

#### WOM:

- Ask certified consultants for their referrals of their consultant friends who might be interested in MSMEs Consultant training and certificate.

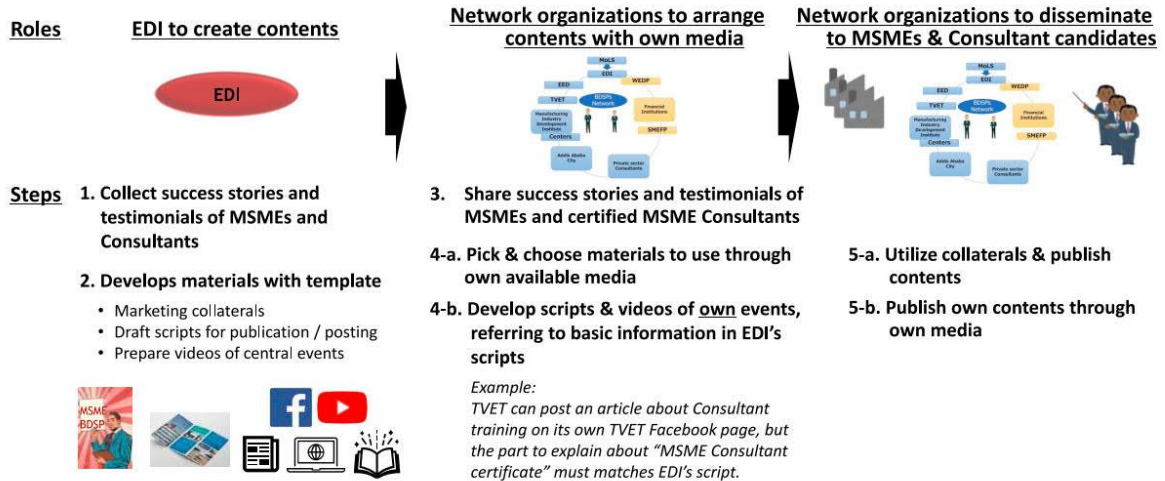
\* Based on focus group discussion with private consultants

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## 5. SUGGESTED OPERATIONAL PRINCIPLES – MSMEs & Consultants

In order to secure consistency and accuracy of information to publish, EDI will draft the contents and share with other organizations.



(2) リーフレット



ከጥ.አ.መ.አ አማካሪ ስልጠና የተማርኩት የማምከር መሳሪያዎች እና ዕውቀት በጣም ረቶተዋል (QDT) ። የጥ.አ.መ.አ. ችግሮች በሚገባ መተንተን፡ መለየትና መፍታት ችያለሁ!

የኢንተርፕራይዝ አማካሪ ከምሰራቅ ቴ.ሙ.ማ



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የኢንተርፕራይዝ አመካሪ ከብረታ ቢረት.አ.ል.አ



ኢንተርፕራይዝ ልማት ኢንስቲትዩት  
Entrepreneurship Development Institute (EDI)-Ethiopia

የኢንተርፕራይዝ ባለቤት ከሆኑና የቢዝነስ ማሰባሻያ ድጋፍ ከፈለጉ በአቅራቢያዎ ያለውን የወረዳ ጽ/ቤትን ወይም የአንድ ማክከል አገልግሎት ሰጪ ተቋምን ይጎብኙ ።

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በዚህ የገገይ ልማት አገልግሎት ተሳታፊው በአማካሪነትና በካውንሰላንት ስልጣን የምስክር ወረቀት የማግኘት ፍላጎት ካሎት ኢንተርፕራይዝ ልማት ኢንስቲትዩትን በሚከተለው አድራሻ ያግኙ።

ስልክ: +251-115-571-209  
+251-115-571-150  
ኢሜል: bds@edi-ethiopia.org  
info@edi-ethiopia.org  
ድረ ገጽ: <https://www.edi-ethiopia.org>  
የቲዩብ: ስኬታማ ኢንተርፕራይዝን ለመወልወል፡  
<https://www.youtube.com/c/EDI-ETHIOPIA/videos>  
የምዝገባ ሮርም: ለካውንሰላር  
<https://forms.gle/Jp5ZRZIH7CzA7UQD8>  
ለኮንሰልታንት  
<https://forms.gle/MrB36phoQSpQo6G58>  
የሚሰጡ ስልጠናዎች፡-  
ካውንሰላር ፣ የምስክር ካውንሰላር ማበጸገያ ስልጠና/ ጀምሮ የአማካሪዎች ስልጠና ፣ ሲቪርና ማስተር ደረጃ ስልጠና ።

**የገ. ል.አ አማካሪዎች አገዛ ሰጪ ተቋማት**  
የገ. ል.አ አማካሪዎች በ.ገ. ል.አ (BDS) ሰጪ ተቋማት ውስጥ ሆነው የተለያዩ ድጋፎችን ለ ኢንተርፕራይዘች በማድረግ የኢንተርፕራይዝን ችግር የሚፈቱና ኢንተርፕራይዘ ስልጠናዎችን የገገይ አስተዳደር እንዲሻሻል የሚያግዙ ባለሙያዎች ናቸው።


የገ. ል.አ አማካሪዎች ከሚተገብሯቸው ስራዎች መካከል፡-

- \* የገገይዎን የአድገት ስትራቴጂ ይነድፋሉ።
- \* የገገይዎን የማስፋፋይ አዋጭነት ጥናት ይደርጋሉ።
- \* የበለጠ ትርፋማና ውጤታማ እንዲሆኑ ምክሮችን ይሰጥዎታል።

ኢ. ል. አ. የገገይ ማምከር ችሎታዎን ለማሳደግ ተግባራዊ የኢንተርፕራይዝ የገገይ አማካሪ ስልጠናዎችን ይሰጣል፡-ብቃታቸው የተረጋገጡ አማካሪዎችም በገ. ል. አ አቅራቢ ተቋማት አማካኝነት ለኢንተርፕራይዝ ደንበኞች ይላካሉ።

**ለቀጣይ ለካውንሰላርና ገ. ል. አ አማካሪ ስልጠና ኢ. ል. አን ያገኛሉ ወይም የሚገኙት/የገገይ የገ. ል. አ አቅራቢዎች ኔትወርክን ይቀላቀሉ።**

**የገገይ ልማት አገልግሎት በሰለጠኑ የኢንተርፕራይዝ አማካሪዎች!**



በአሁኑ ወቅት አማካሪው ባላቸው የአቃ ቆጠራ አስተዳደር ስርዓት መሰረት ፋይናንስን በተሻለ ሁኔታ ማስተዳደር ችያለሁ። ከአሁን በኋላ ከመጠን ያለፈ የአቃ ክምችት አይኖርም!

ቀጣይ አቅጣጫ እንሰጥላቸው ማስፋፋት ነው!

አዲስ ሀይሌ ጋርመንት ጨርቃጨርቅ ዘርፍ ቦሌ ክ/ከ

- \* ኢንተርፕራይዘን ለማሻሻል የቻሉትን ሁሉ እያደረጉ ነገር ግን ገገይዎ እየተሻሻለ አይደለም?
- \* የደንበኞችዎ ቁጥር አለመጨመር እያሳሰሩት ነው?
- \* በኢንቨስትመንት ዕቅድዎ መሰረት ተጨማሪ የፋይናንስ አቅርቦት ለማግኘት ያስባሉ?

የገ. ል. አ አማካሪዎችን ከላይ ካሉት ተግዳሮቶች ለገገይዎ በሚያመጡ መልኩ መፍትሄዎች በማቅረብ ለረዳዎት ይችላሉ!

ስለ ገገይ ልማት አገልግሎት አሰጣጥ ለማወቅ በአቅራቢያዎ ወይም የወረዳ ጽ/ቤት ወይም የአንድ ማክከል አገልግሎት ሰጪዎች ጋር በመሄድ ካውንሰላርዎን ወይም ድጋፍ ሰጪዎችን ያነጋግሩ።

**ካውንሰላርች**


ካውንሰላርች በወረዳ እና ክ/ከ ያሉ ለገገይዎ ፈጣን ምርመራን (Quick Diagnostic Tool) በማድረግ የኢንተርፕራይዘን ችግር የሚለየ ባለሙያዎች ናቸው። በወረዳ የሚገኙ ካውንሰላርች ከሚተገብራቸው ስራዎች መካከል፡-

- ▶ በገገይዎ ሁኔታ ላይ በመመስረት የኢንተርፕራይዘን ችግር መለየት፡
- ▶ የመፍትሔ ሀሳቦችን ማቅረብ ።

**የገ. ል. አ. ድጋፍ ሰጪ አካላት ቅንጅት**

የገገይ ልማት አገልግሎት (BDS)፡-ማለት ገገይዎን ለማሻሻል የሚደረግ የተለያዩ የማምከር አገልግሎት የሚሰጡበት ድጋፍ መዋቅር ሲሆን አገልግሎቶችም በተለያዩ ድርጅቶች ይሰጣሉ። አገልግሎቶቹም የሚከተሉትን ያካትታል፡- ማምከር፣የቴክኒክ ስልጠና፣የፋይናንስ አቅርቦት ወይም ሌሎች አስፈላጊ መረጃዎች እንደ ድጋፍ ፍላጎቶችዎ ለቀርቦ ይችላሉ።

**የገ. ል. አ አሰጣጥ ቅደም ተከተል ሂደት**



1. ኢንተርፕራይዘች ድጋፍ ለመፈለግ ወረዳውን ይጎብኙ።

2. እርዳታን መረጣጠም

2. ረገድ ምርመራ

2. ካውንሰላር የመጀመሪያዎን የገገይ ምርመራ ያቀርባል

ወረዳ ያሉ ካውንሰላርች

3. የድጋፍ ጥያቄ

ኢ. ል. አ

ኢ. ል. አ

ቴ. ሙ. ማ

የሚ. ቴ. አ. አ

ማ. ል. አ

አ. ል. ከ

ሰ. ክ. ሚ

የኢ. ል. ገ

የፋይናንስ ተቋማት

የገ. ል. አ ተቋማት

የገ. ል. አ

3. በገገይዎ የመጀመሪያ ምርመራ ውጤት ላይ በመመርኮዝ ካውንሰላርች የገገይዎን የተወሰኑ ፍላጎቶች ለማሟላት ተገቢውን ድጋፍ እንዲያገኙ ገ. ል. አ ጋር ትስስር ይፈጥሩ ለዛም አገልግሎትን ከገ. ል. አ ሰጪ ተቋማት ያገኛሉ።

በማምከር አገልግሎት ይዘት እና ተፈጻሚነት ተይንዌያለሁ ። በሁለት ሳምንት ውስጥ ብቻ ሶስት አዲስ ደንበኞች አግኝቻለሁ።



ATW ኢንጂነሪንግ እና ብረት ብረት ዘርፍ ፣ ቦሌ ክ/ከ

እኛ እንደ ካውንሰላር በመሰረታዊ የገገይ ትንተና ላይ ስልጠና ተሰጥቶልኝ ። አሁን የጥ. አ. መ. አን ገገይዎች በተሻለ እንዲላኩ በተጨማሪም የበለጠ ድጋፍ ለመስጠት በራስ መተማመን አለኝ።



ልይታ ክ/ከ አማካሪ

እንደ ካውንሰላር የድርጅት የገገይ ምርመራ ውጤት (QDT Result) ለአማካሪው እንዲቀርብ አደረኩ። በመቀጠል አማካሪው ተገቢውን የኢንቨስትሜንት አስተዳደር ስርዓት እንዲተገብር እንዲመቻች ተደረገ።



አቃቂ ክ/ከ አማካሪ

(3) ポスター

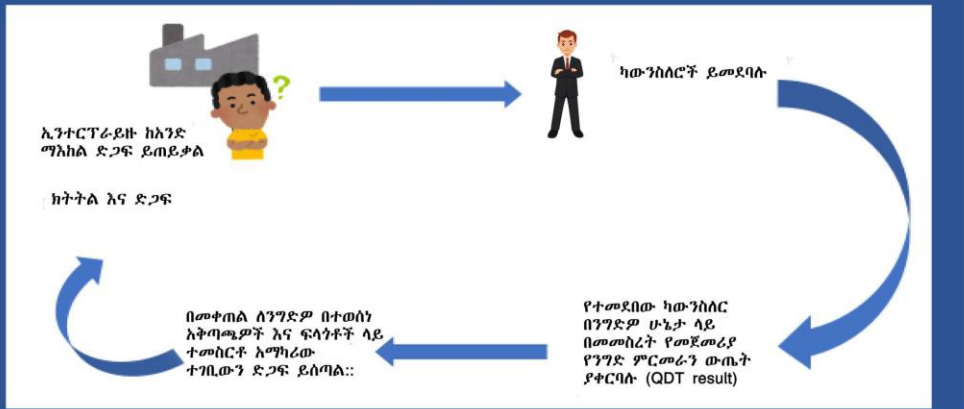


አዲስ ሀይሌ ጋርመንት፣ቦሌ ክ/ክ

በአሁኑ ወቅት አማካሪው ባሳየኝ የእቃ ቆጠራ አስተዳደር ስርዓት መሰረት ፋይናንስን በተሻለ ሁኔታ ማስተዳደር ችያለሁ።አሁን በኃላ ከመጠን ያለፈ የእቃ ክምችት አይኖርም! ቀጣዩ እትዬ የማስፋፊያ ኢንቨስትመንት ላይ ነው!

ንግድዎን ለማሻሻል እና ለማሳደግ የሚረዱ የምክር አገልግሎት ይፈልጋሉ? ምን ዓይነት የንግድ ድጋፍ እንደሚያስፈልግዎት ያውቃሉ?  
ዛሬውኑ ስለ ንግድ ልማት አገልግሎት ከ ጥ.አ.መ ኢንተርፕራይዝ አማካሪዎች ይጠይቁ!  
የተመሰከረላቸው የጥ.አ.መ.አ. ካውንስለሮች ለንግድዎ ግላዊ የሆነ እርዳታ እንደሚከተለው ይሰጥዎታል!

የምክር አገልግሎት ሂደት



አገልግሎቱን ለማግኘት በአቅራቢዎ ወደሚገኝ ወረዳ/የአንድ ማእከል ተቋም ይሂዱና አገልግቱን በነጻ ያግኙ!

በማማከሩ አገልግሎት ይዘትና ተፈጻሚነት ተደንቋልው። በሁለት ሳምንታት ውስጥ ብቻ ሶስት አዳዲስ ደንበኞችን አግኝቻለው።



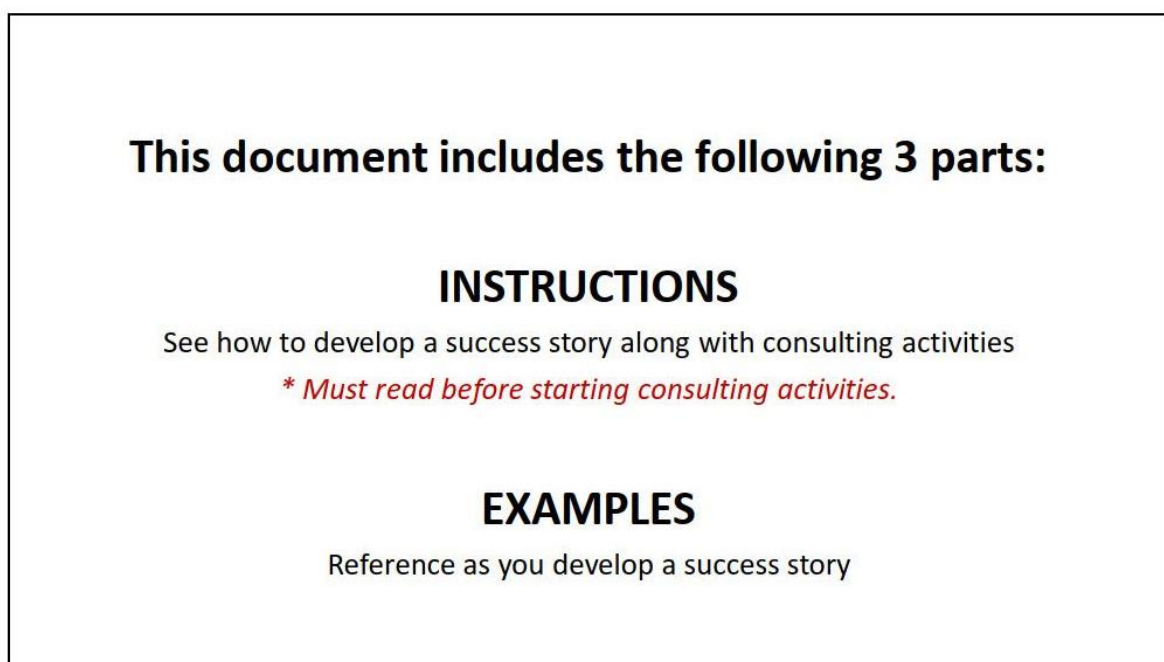
ATW ኢንጂነሪንግ፣ቦሌ ክ/ክ

 ኢንተርፕራይዝ ልማት ኢንስቲትዩት  
Entrepreneurship Development  
Institute (EDI)-Ethiopia  
ስልክ: +25111557 1163  
          +251115571150  
ኢሜል: bds@edi-ethiopia.org  
ድረ ገጽ: info@edi-ethiopia.org  
የቲቪ-ስኬታማ ኢንተርፕራይዞችን ለመመልከት:  
<https://www.youtube.com/c/EDIETHIOPIA/videos>

(4) 成功事例集作成ガイドと実例



1



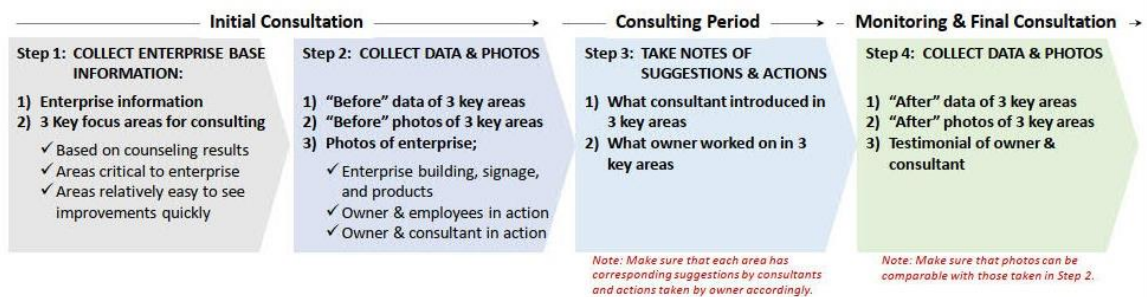
2

# INSTRUCTIONS

Read & follow during consulting activities.

3

## Recommended Process



4

**Certified MSME Junior Consultants' Success Stories**  
Yelfashewa Garment

**Step 1**

**PROBLEMS IDENTIFIED**

1. Working capital shortage due to unavailability of the existing goods stock of the customer.
2. Not knowing the balance of raw materials.
3. Low productivity with high wastage due to inefficient working.
4. High inventory against low sales. The enterprise owner from the new customers are very limited, especially for the market of potential customers is not really available.
5. Capital expenditure due to incomplete fitting.
6. The manager faces difficulty in setting management plan.

**NECESSARY TASKS IDENTIFIED BY CONSULTANT**

1. Established an inventory recording system to know stock of raw materials in stock.
2. Inventory management sheet created. To follow up with customer inventory.
3. New customer acquisition plan developed. Introduced a new marketing system to find a market design with a target customer enterprise.
4. Apply visiting work sheet to find high enough to show up with. Research customer's action to show how enough to be in the competitive edge.

**ACTIONS TAKEN BY ENTERPRISE**

1. Informal registration or license, permit of the inventory management sheet.
2. New customer acquisition. Advertising & starting through an introduction to a medium and general enterprise in the same area.
3. Applying visiting work sheet, enterprise advised to start new plan.
4. Inventory recording computerize price reduction.

**Step 2 & 4**

Customer management sheet

Inventory recording system



## HOW TO COMPLETE TEMPLATE PAGE 1

Consultant		Enterprise	
Consultant	Consultant's profile	Name	MSME's profile Size = Micro, Small, or Medium
Organization		Sector / Size	
Certified		Location	



**Short history and description about the enterprise**

- Background
- BDSPs support history



**Results:**

- State **only facts**
- Include **figures** as long as it does not breach confidentiality
- Include **improved results of the key areas the assigned consultant worked on**
  - o Direct results from "Actions Taken by Enterprise" in next slide.  
Example: Owner implemented "regular customer management sheet"  
→ Resulted in 10% increase of sales from regular customers.
  - o **Spillover effects**, if any.  
Example: 10% increase of sales from regular customers  
→ Resulted in 5% revenue improvement and one new hire.



**Main products or product categories**

- Include only main products.

**Product** - Always include the products discussed in the story

### Consultant's Voice

- **SPECIFIC EXAMPLES** on how consultant felt satisfaction in client's improvement.
- **SPECIFIC CHANGES** which consultant recognizes as improvements: Figures, working environment, owner's attitude, customers' reactions, etc.



### Owner's Voice

- **SPECIFIC EXAMPLES** of how the owner and/or the business improved as a result of consultation. (I started doing... / My business used to be ... but now ..., etc.)
- **INTEREST IN CONTINUOUS ENGAGEMENT**

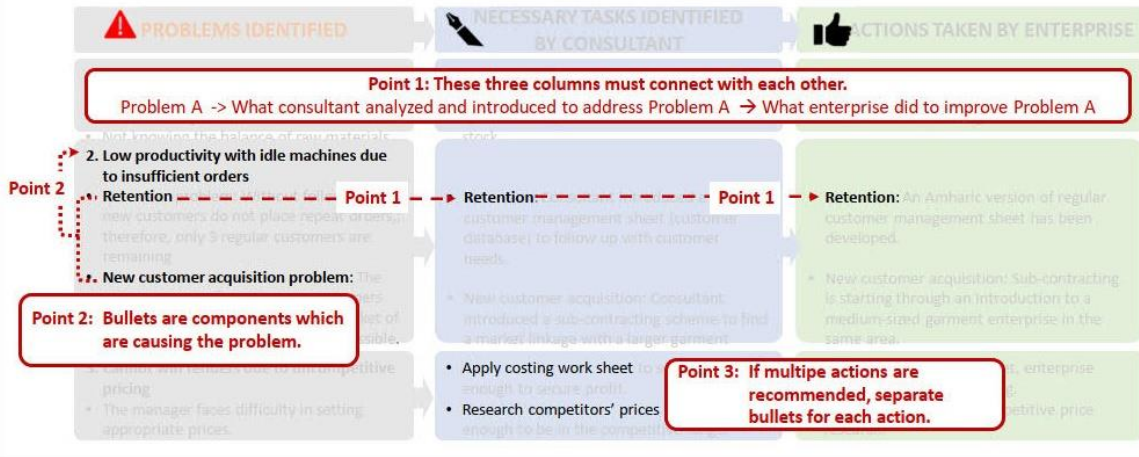
5

## HOW TO COMPLETE TEMPLATE PAGE 2



Situation

**Summary of initial diagnosis by Counselor:** In order to show before-after effect, always describe "before" conditions of the areas discussed below (3 key areas which consultant worked with the owner and improved), or an overall challenge the owner was facing due to the problems described in this page. **This part MUST relate to the problems discussed in this page.**



6

## HOW TO COMPLETE TEMPLATE PAGE 3

1. Show BEFORE / AFTER comparisons
2. To show improvement
3. Of the areas mentioned in Page 2
4. With a caption for each photo for the readers to understand what they are

**For example:**

If inventory is improved, BEFORE (overloaded stock room) vs AFTER (organized stock room with less stock)

If customer acquisition is improved, BEFORE (idle production line) vs AFTER (fully utilized production line)

7

## EXAMPLES

8

## Certified MSME Junior Consultants' Success Stories Yelfashewa Garment

Consultant		Enterprise	
Consultant	Mr. Ademasie Mamuve	Name	Yelfashewa Garment
Organization	TVET Misrak	Sector / Size	Garment / Small
Certified	Junior Consultant, March 2021	Location	Bole



Established in 2019. Owned and managed by an experienced female entrepreneur Ms. Yelfashewa Sime.



### Results:

- ✓ Now clearly understand available balance of stock.
- ✓ Overall sales increased by 30%:
- ✓ 10% increase from a large supermarket chain, who has been a regular customer but used to order only small quantity.
- ✓ Revenues from new customers increased from 8,000 ETB to 20,000 ETB through new customer acquisition.
- ✓ Appropriate pricing reflecting costs and competitors' prices.



- Product
- Kitchen gloves
  - safety clothes
  - various uniform clothes.

### Consultant's Voice

*"The consulting tools and the knowledge learned from the MSME Consultant training helped me a lot. I could critically identify and diagnose the MSMEs problems!"*



### Owner's Voice

*"I really appreciate the consulting support, because it helped me to record my business transactions and to increase my sales to new customers."*

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## Certified MSME Junior Consultants' Success Stories Yelfashewa Garment



### Situation

Yelfashewa Garment was serving 50% regular and 50% new customers. Only two companies take the lion share of the enterprises sales and among the regular customers. With its 2 temporary and 4 permanent staff members, the enterprise was still struggling with the impact of the COVID 19.

⚠️ PROBLEMS IDENTIFIED	✍️ NECESSARY TASKS IDENTIFIED BY CONSULTANT	👍 ACTIONS TAKEN BY ENTERPRISE
<b>1. Working capital shortage due to overstocking</b> <ul style="list-style-type: none"> <li>• Not recording entry/exit of raw materials</li> <li>• Not knowing the balance of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Consultant introduced Inventory recording system to keep track of raw materials in stock.</li> </ul>	<ul style="list-style-type: none"> <li>• Yelfashewa implemented an Amharic version of the inventory management sheet.</li> </ul>
<b>2. Low productivity with idle machines due to insufficient orders</b> <ul style="list-style-type: none"> <li>• Retention problem: Without follow-ups, new customers do not place repeat orders,; therefore, only 3 regular customers are remaining</li> <li>• New customer acquisition problem: The enterprise sales from the new customers are very limited; proximity to the market of potential customers is not easily accessible.</li> </ul>	<ul style="list-style-type: none"> <li>• Retention: Consultant introduced a regular customer management sheet (customer database) to follow up with customer needs.</li> <li>• New customer acquisition: Consultant introduced a sub-contracting scheme to find a market linkage with a larger garment enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>• Retention: An Amharic version of regular customer management sheet has been developed.</li> <li>• New customer acquisition: Sub-contracting is starting through an introduction to a medium-sized garment enterprise in the same area.</li> </ul>
<b>3. Cannot win tenders due to uncompetitive pricing</b> <ul style="list-style-type: none"> <li>• The manager faces difficulty in setting appropriate prices.</li> </ul>	<ul style="list-style-type: none"> <li>• Apply costing work sheet to set prices high enough to secure profit.</li> <li>• Research competitors' prices to stay low enough to be in the competitive range.</li> </ul>	<ul style="list-style-type: none"> <li>• Applying costing work sheet, enterprise practiced to set new pricing.</li> <li>• Enterprise conducted competitive price research.</li> </ul>

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## Certified MSME Junior Consultants' Success Stories Yelfashewa Garment





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## Certified MSME Junior Consultants' Success Stories ATW Engineering

Consultant		Enterprise	
Consultant	Mr Shimeles Berehe	Name	ATW Engineering
Organization	MIDI	Sector / Size	Metal / Medium
Certified	Junior Consultant, March 2021	Location	Bole

 A medium-sized metal sector enterprise which is owned and managed by a young entrepreneur Mr. Aysheshum. Currently receiving a support from MIDI.

-  Product
- Textile machines
  - Leather machines
  - Agricultural machines
  - Construction machines & system
  - Chemical & factory infrastructure

-  Results:
- ✓ Sales from new customers increased from 10% to 20%, while the total sales has been also constantly increasing.
  - ✓ More new customers are visiting his workshop, as they see a roadside billboard and a company signage.
  - ✓ Inventory management system has been well organized, and it led to improve working capital conditions by resolving overstocking.
  - ✓ Feasibility of business expansion has been confirmed and ATW is now planning to apply for loans.

### Consultant's Voice

*"I could have a tangible feel that the consulting session was actually helpful for the enterprise owner."*



### Owner's Voice

*"The consulting service helped me to reach new customers. It also helped me to properly handle my working capital with the aid of the inventory management sheet."*

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## Certified MSME Junior Consultants' Success Stories ATW Engineering



**Situation** Operating in a highly competitive metal market with tight procurement conditions, ATW Engineering was facing squeezed working capital due to the lack of inventory management. In addition, while productivity needed to be improved to reduce costs, sales increase was extremely challenging without any basic sales & marketing management.

<b>PROBLEMS IDENTIFIED</b>	<b>NECESSARY TASKS IDENTIFIED BY CONSULTANT</b>	<b>ACTIONS TAKEN BY ENTERPRISE</b>
<p><b>1. Limited sales to new customers</b></p> <ul style="list-style-type: none"> <li>The enterprise did not have any sales and marketing exposure. Only regular customers could distinguish the enterprise from residentials and locate the enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>Consultant suggested that ATW Put an enterprise signage up on the roadside around the enterprise compound.</li> </ul>	<ul style="list-style-type: none"> <li>Now ATW has a new company signage to lure the traffic of new customers into the enterprise.</li> </ul>
<p><b>2. Working capital shortage</b></p> <ul style="list-style-type: none"> <li>Due to lack of inventory recording, the enterprise was overstocking.</li> </ul>	<ul style="list-style-type: none"> <li>Consultant introduced the inventory management sheet to cope up with the working capital shortage.</li> </ul>	<ul style="list-style-type: none"> <li>ATW fully adopted the inventory management sheet to handle its inventory.</li> </ul>
<p><b>3. High production cost from machinery rent</b></p> <ul style="list-style-type: none"> <li>Production cost remained high due to the payment for the rented machinery; however, a new investment to purchase new machinery to address this issue seemed uncertain and risky.</li> </ul>	<ul style="list-style-type: none"> <li>Consultant suggested the investment appraisal tool to analyze the feasibility and profitability of the new machinery purchase.</li> </ul>	<ul style="list-style-type: none"> <li>The ATW management confirmed the feasibility of the expansion plan, after applying the investment appraisal tool with the consultants' guidance.</li> </ul>

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## Certified MSME Junior Consultants' Success Stories ATW Engineering



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## Yidnekachew Sisay, Wubet & Binyam Partnership

Consultant		Enterprise	
Consultant	Kumneger Mequanint	Name	Yidnekachew Sisay, Wubet & Binyam Partnership
Organization	JICA Project on BDS Enhancement for Enterprise Growth	Sector	Wood processing and metal machine parts
Certified	Senior Consultant	Location	Nifas Silk Lafto



Established nine years ago in 18 February 2013 by an entrepreneur. The company is licensed under a sector of structural metal products manufacturing.



### Results:

- ✓ The working capital has improved through better control of inventory products
- ✓ Now the owner controls the manufacturing process
- ✓ A new big customer was acquired
- ✓ The total Sales have increased by 50%
- ✓ The business model has been shifted to B2B
- ✓ As a result of the new customer the sales has been increased by ETB 200,000
- ✓ New marketing approach such as product catalog and digital marketing tool was developed



Product

- Pallet production, wooden block
- Metal machine parts (Circular-saw, Wood cutter machine part, Trimming)

### Consultant's Voice

*"The consulting has helped me to understand the practical situations of MSME in Ethiopia"*



### Owner's Voice

*"The consulting helped to track the transactions and to control my company. The sales from new customer is increased"*

1

## Yidnekachew Sisay, Wubet & Binyam Partnership



Situation

As a result of the QDT, it was revealed that the enterprise use 100% MTO (Make To Order) production style and has a working capital shortage due to insufficient business data recording system. This also resulted in lack of production planning and control. There is no valid marketing system at the company and it is difficult for the new customers to identify the location of the enterprise.



### PROBLEMS IDENTIFIED

- 1. Working Capital Shortage**  
The enterprise do not record inventory in and exits. There is a working capital shortage due to high inventory holding cash.
- 2. Limited Sales to new customers**  
• The enterprise did not have any marketing activities. Customers only know about the enterprise from recommendations of previous customers.
- 3. Difficulty on purchase/production control and planning**  
• The enterprise did not know what and when to produce its products.



### NECESSARY TASKS IDENTIFIED BY CONSULTANT

- The consultant recommend the inventory management sheet to record the inventory entries and exists.
- The consultant recommend to identify main products and use a product catalogue. A signage is also recommended by the consultant
- The consultant recommend to know the production per day of each product and also to prepare a production plan/schedule.



### ACTIONS TAKEN BY ENTERPRISE

- The enterprise has implemented the inventory management sheet for finished products.
- The product catalogue has been prepared and agreed with the owner  
• The new telegram account has been created.
- The enterprise has started to record its production per day.

★ After the counselling session using the QDT (Quick Diagnosis Tool) application by a counselor in woreda in Addis Ababa city, the above issues have been identified. Thus, the enterprise was introduced to a consultant who took the above actions.

## Yidnekachew Sisay, Wubet & Binyam Partnership



Inventory volume, which was not consistent of the company's operation level, before implementation of the inventory management system



Appropriate inventory level after implementation of the inventory management system

Introduction of production schedule



Introduction of telegram account as a marketing tool



A product catalog was developed

## Certified MSME Senior Consultants' OJT Enterprises Antsokiya Furniture

Consultant		Enterprise	
Consultant	Mr. Shume Mengesha	Name	Antsokiya Furniture
Organization	EDC	Sector	Wood Work
		Location	Bole Sub City
		Size	Small

### Progress & Results of Consulting Activities

Items	Completed with positive impact	In progress	To be started
Formal business recordings and financial report			X
Working capital management		X	
Inventory control (raw materials and finished goods)			X
Sales & marketing strategy development to increase regular clients		X	
Investment planning			X

### Owner's Impression

Question	Answer
In general, are you satisfied to receive a consultant?	Yes
What is the most effective consultation item to strengthen your business?	Sales & marketing strategy development to increase regular clients
Would you like to receive another consultation, even if you are asked to pay some portion of consultation fee?	Yes

## Certified MSME Senior Consultants' OJT Enterprises Antsokiya Furniture

*After consultation  
Product display in  
new marketing space*



*After Consultation  
More active production  
with increased sales*



### Sr Consultants' advice:

Increase in sales with more new customer acquisition, in order to run in full capacity.

### Owner's progress:

This enterprise followed the advice, started production planning, and successfully increased sales (almost quadruple) and the number of customers. As a result, they hired 2 new employees.

### Owner's attitude after consulting activities:

Appreciate tools which are practical in his business and showing interest in further improvements.

- Appreciated tools and advice, as they were relevant and helpful to the owner, who has woodwork skills but does not have business management knowledge.
- Showing interest in inventory management system for further improvement.
- On a follow-up visit, product display and allocation of a salesperson were suggested to further strengthen sales & marketing.

## Certified MSME Senior Consultants' OJT Enterprises Tewdros Kebede Leather Tanning & Finishing

Consultant		Enterprise	
Consultant	Mr. Israel Gesese & Ms. Sihene Tesfaye	Name	Tewdros Kebede Leather Tanning & Finishing
Organization	FeSMMIPA & EDC	Sector	Leather
		Location	Akaki Kality Sub City
		Size	Small

### Progress & Results of Consulting Activities

Items	Completed with positive impact	In progress	To be started
Formal business recordings and financial report			X
Working capital management		X	
Inventory control (raw materials and finished goods)		X	
Sales & marketing strategy development to increase regular clients			X
Investment planning		X	

### Owner's Impression

Question	Answer
In general, are you satisfied to receive a consultant?	Yes
What is the most effective consultation item to strengthen your business?	Investment planning
Would you like to receive another consultation, even if you are asked to pay some portion of consultation fee?	Yes



## Certified MSME Senior Consultants' OJT Enterprises Tewdros Kebede Leather Tanning & Finishing



*After Consultation  
Main leather products  
sorted by color in the  
inventory room*



*After Consultation  
Additional working  
space with a new  
machinery for  
expansion*

### **Sr. Consultant's advice:**

Working space expansion for inventory controlling & cost reduction of inventory.

### **Owner's progress:**

This enterprise was purchasing partially processed leather from different suppliers located very far; however, he now considers the consultants' advice and does his own processing (vertical integration). He now purchases only raw materials, processes them, and is going to sell partially processed products for other enterprise. New market expansion started.

### **Owner's attitude after consulting activities:**

Appreciate tools which are practical in his business and showing interest in further improvements.

- Appreciated the investment plan evaluation tool, which helped him to find profitability in advance.
- Interested in using the regular customer management sheet and proactively suggested to add a column of credit history for his own management purpose.
- Showing interest in inventory management system for further improvement.

## Certified MSME Senior Consultants' OJT Enterprises Addishaile Garment

Consultant		Enterprise	
Consultant	Mr. Melaku Alemayehu	Name	Addishaile Garment
Organization	EDC	Sector	Textile
		Location	Bole Sub City
		Size	Small

### **Progress & Results of Consulting Activities**

Items	Completed with positive impact	In progress	To be started
Formal business recordings and financial report		X	
Working capital management		X	
Inventory control (raw materials and finished goods)		X	
Quality anagement, such as KAIZEN practice			X
Sales & marketing strategy development to increase regular clients		X	
Investment planning		X	

### **Owner's Impression**

Question	Answer
In general, are you satisfied to receive a consultant?	Yes
What is the most effective consultation item to strengthen your business?	Inventory control (raw materials and finished goods)
Would you like to receive another consultation, even if you are asked to pay some portion of consultation fee?	Yes

## Certified MSME Senior Consultants' OJT Enterprises Addishaile Garment

Garment production



Started using the inventory recording system for better management of their stock and working capital.

### **Sr. Consultant's advice:**

Application of the inventory management sheet for better cash liquidity which had been caused by lack of record keeping.

### **Owner's progress:**

This enterprise had a tendency of overstocking, which caused lack of working capital; however, she adopted the inventory management sheet advised by the consultant and now tracking inventory better.

### **Owner's attitude after consulting activities:**

Appreciate the tool which helped her manage finance better and showing interest in further improvements.

- She finds it feasible to purchase two new machines for business expansion. (embroidery and digital textile printing)
- Interested in the investment plan evaluation tool, which would help her determine purchase of new machines and prepare a business plan to submit to Addis Capital

## 付属資料 7.

簡易診断ツール ユーザーズガイド

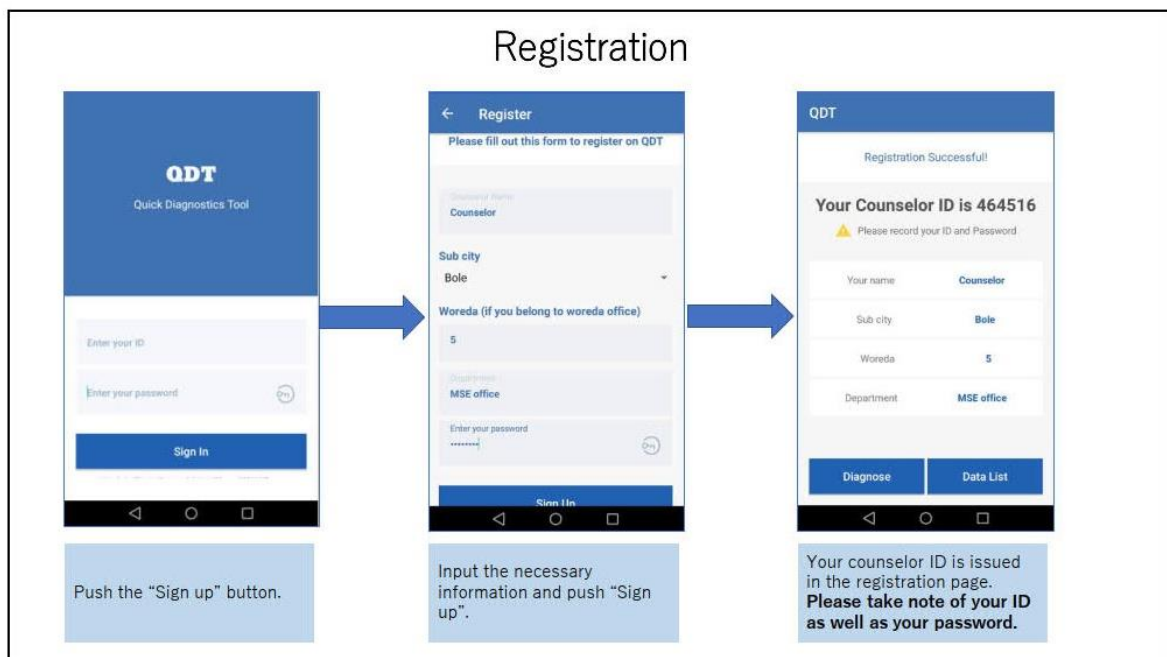


# User Guide for Quick Diagnosis Tool

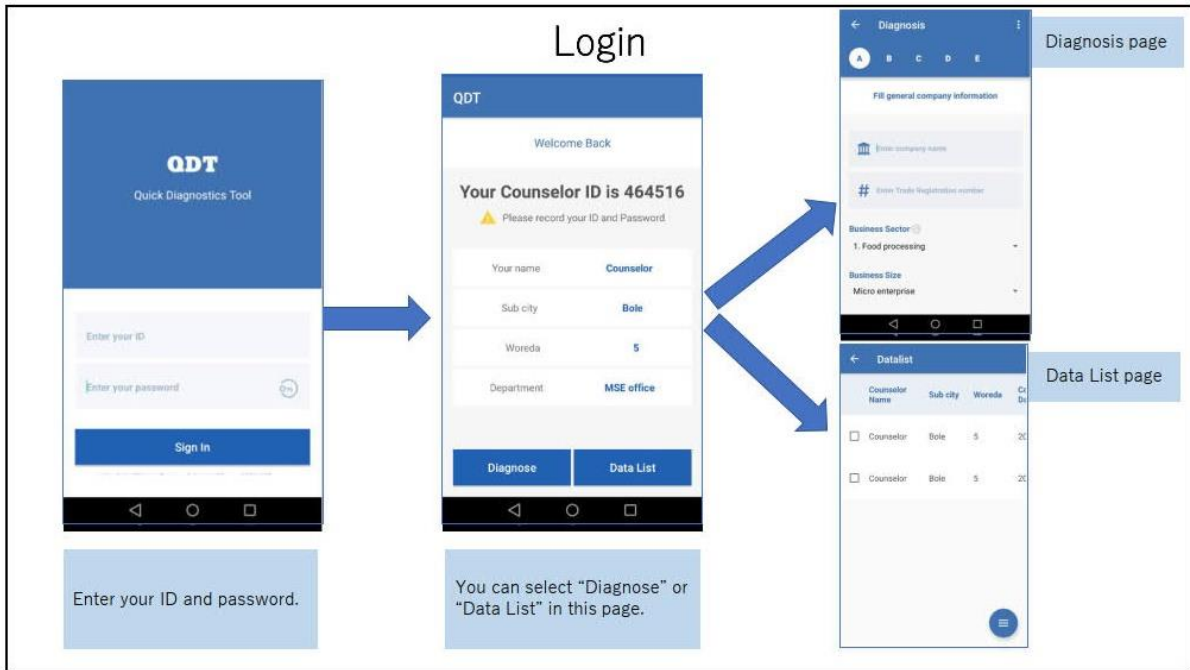
THE PROJECT ON  
BUSINESS DEVELOPMENT SERVICE (BDS)  
ENHANCEMENT FOR ENTREPRISES GROWTH

April 2022

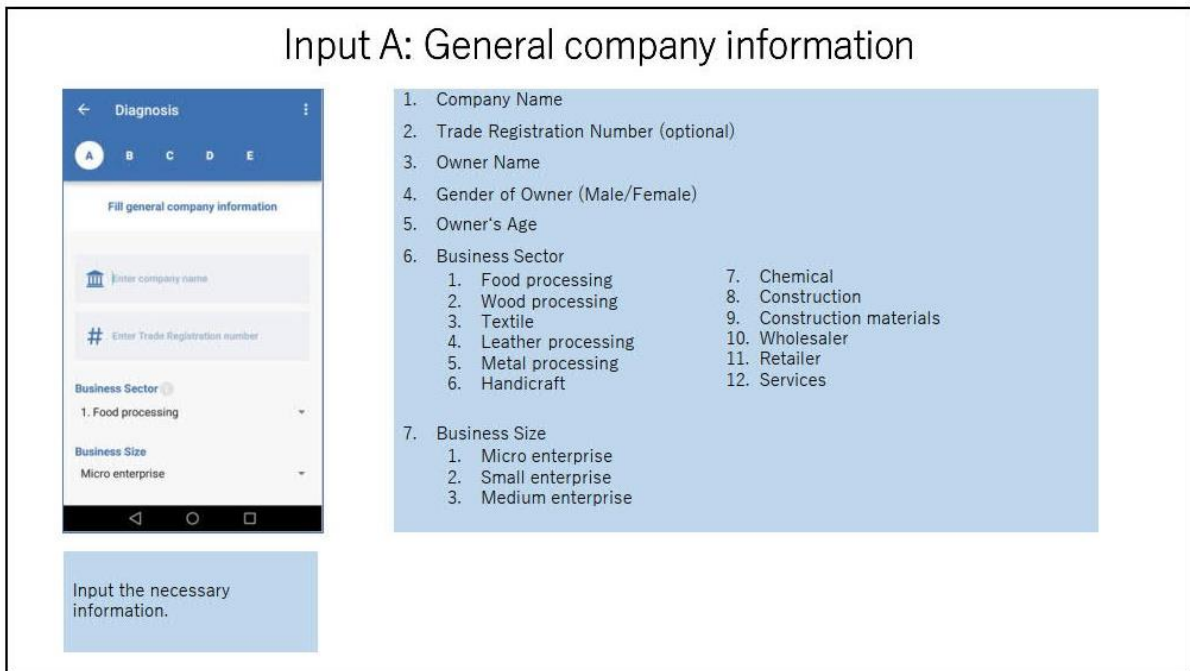
1



2



3



4

## Input B: Information on business operation

Input the necessary information.

### <Industry company>

1. % of the production from order
2. % of the production as stock  
*(automatically calculated)*

### <Commercial company>

1. % of the sales of main products
2. % of the sales of non-main products  
*(automatically calculated)*

### <Common for Industry and Commercial company>

3. % of the sales for regular customers
4. % of the sales for unfamiliar customers *(automatically calculated)*
5. Variety of products
  1. Low
  2. Moderate
  3. High
6. Accounting system
  1. Not recording
  2. Input on notebook
  3. Input from computer

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## Input C: CEO's observations on difficulties in business management

Select "Yes" or "No"

### <Industry company>

#### {Sales/Marketing}

1. Decrease in company's sales
2. Too many competitors in the market
3. Unstable demand of the market/ market demand changes
4. Decrease in sales (unit) price
5. Difficulty in sales activities/ planning

#### {Production/Operation}

1. Low productivity
2. Lack of modern technology and/or equipment
3. Increase in operational costs
4. Difficulty in production control/ planning
5. Difficulty in purchase of raw materials
6. Difficulty in inventory control

#### {Resource management/Financial management}

1. Decrease in business profits
2. Lack of business operation space (factory and office)
3. Lack of working capital
4. Lack of capital for investment

6

## Input C: CEO's observations on difficulties in business management

Diagnosis

A B C D E

CEO's observations on difficulties in business management

Industry

Sales/ Marketing

Decrease in company's sales  
 Yes  No

Too many competitors in the market  
 Yes  No

Unstable demand of the market/ market

Select "Yes" or "No"

<Commercial company>

### {Strategy/ Marketing environment}

1. Decrease in company's sales
2. Too many competitors in the market
3. Lack of products and services differentiated from competitors'
4. Lack of facilities that attract customers, near the shop
5. Difficulty in developing new products and services

### {Operation}

1. Lack of clients who come to the shop / office
2. Lack of equipment and/or shop located at an appropriate place
3. Increase in operational costs
4. Difficulty in sales operation control/ planning
5. Difficulty in purchase of articles
6. Difficulty in inventory control

### {Resource management/Financial management}

1. Decrease in business profits
2. Lack of business operation space (factory and office)
3. Lack of working capital
4. Lack of capital for investment

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## Input D: Implementing practices

Diagnosis

A B C D E

Implementing Practices

Industry

Create a growth strategy  
 Yes  No

Schedule production per order/product  
 Yes  No

Estimate production cost per each order/ product

Select "Yes" or "No"

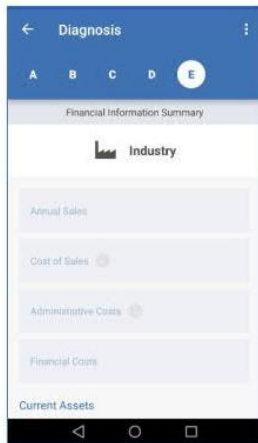
<Only for Industry company>

1. Create a growth strategy
2. Schedule production per order/product
3. Estimate production cost per each order/product
4. Register stock entries and exits
5. Apply 5S
6. Identify causes of defects in products and work process
7. Elaborate and update regular client list and communicate with them
8. Make effective advertisement or organize exhibition
9. Give promotional incentives for clients
10. Develop new product
11. Explore new market
12. Explore new raw material suppliers

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## Input E: Summary of financial information



1. Annual sales
  2. Cost of sales (production)
  3. Administrative expenses
  4. Financial costs
- 
1. Current Asset
    1. Cash
    2. Inventory
    3. Trade receivables
  2. Fixed Asset
- 
1. Liabilities
    1. Short term
    2. Long term

**Cost of sales** should include; raw material costs, salary for production workers, cost for renting equipment, fuel and lubricants for the use at the factory, cost for repairing equipment and so on.

**Administrative expenses** should include; salary and benefits for business owner, salary for administrative staff who are not in charge of production, advertising cost, cost for business trip, cost for communication (Internet, CEL, etc.), purchase of stationery, and so on.

**Cash** include cash at hand and bank account balance..

**Inventory** includes finished goods, goods in process and raw materials.

**Fixed assets** include equipment for production and office use, property and land.

**Short term liabilities** include loan to be returned within 12 months, lease obligation and trade payables.

Input the necessary information.

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## Result



Result consists of three pages.



Diagram  
Recommended Action



Financial Indicators  
Problems observed in financial statement  
Possible operational situation or problem  
Mind Factor Analysis



Comments based on diagnostic result

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# Result (Diagram)


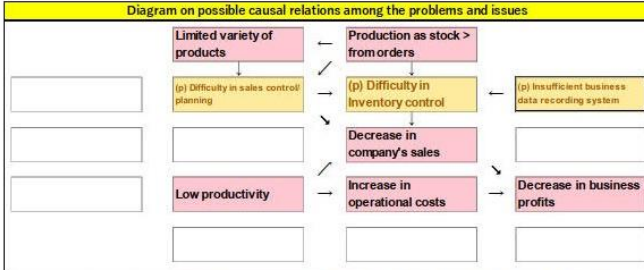


Diagram  
Recommended Action

Diagram on possible causal relations among the problems and issues



Legends) Difficulty Problems noticed by business owner and/or observed in financial statements

(p) Difficulty Problems which are not noticed by business owner but possibly happen

Recommended actions	Recommended BDSP
Estimate production cost per each order/product	TIDI, LIDI
Elaborate and update regular client list and communicate with them	EDC, TVET
Develop new product	EDC
Accounting	TVET

**Diagram**


- Diagram part shows the possible causes of the problems. The relation between two boxes which are connected with arrow is "Cause" and "Result"
- The red box shows the problems which are noticed by the business owner.
- The yellow box shows the problems which are not noticed by the company but may be taking place.

**Recommended actions & BDSP**

- Under the Diagram, the chart shows the recommended actions and BDSP which could give the further support.
- This part is only for the industry company.

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# Result (Financial Indicators 1)



Financial Indicators  
Problems observed in financial statement  
Possible operational situation or problem  
Mind Factor Analysis

Financial Indicators			
Liquidity Indicators	Current ratio	Current assets - Total liabilities	Emerg.
	Quick ratio	Current assets excl. inventory - Total liabilities	Emerg.
Cash turnover period	Cash turnover period		3.00 months
	Gross profit margin	(Sales - Cost of sales) / Sales	30.0%
Profitability Indicators	Operating income margin	(Sales - Cost of sales - Administrative expenses) / Sales	20.0%
	Net profit margin	(Sales - Cost of sales - Administrative expenses - Total assets)	10.0%
Capital structure indicators	ROI (Return on total assets)	(Sales - Cost of sales - Administrative expenses) / Total assets	20.0%
	Capital adequacy ratio	Shareholder / Total assets	37.5%
Efficiency Indicators	Times interest earned	(Sales - Cost of sales - Administrative expenses) / Interest on	2.00 times
	Inventory turnover period	Inventory sales per month	0.50 months

**Problems observed in financial statements**

The company may have liquidity problems (risks for shortage of working capital).

**Possible operational situation or problem**

Management on sales and product inventory is important. It can be suggested to increase regular clients, depending on the business situation.

**Mind factor analysis results**

For retailers and service businesses, it is important that the shop be located (i) near the other shops where the market can be shared with the company, and/or (ii) at commercial area that attracts many consumers.

**Financial Indicators**

- It shows the results of the key financial indicators based on the calculation of the financial information.

**Problems observed in financial statements**

- Financial analysis results are presented here in letters.

**Possible operational situation or problem**

- Operational style analysis results are presented here.

**Mind factor analysis results**

- Analysis results based on the company owner's perception are shown here. Factor analysis, statistical method often used for psychological analysis and market survey, is applied in this tool.

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## Result (Comment)

Comments based on diagnostic result

**Comments**

- The counselors input the necessary information such as
  - The results of the discussion with owners after the diagnosis
  - The advice that the counselor gave to the company
  - The next plan/step which the company and counselor agreed etc

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## Functions of Result page

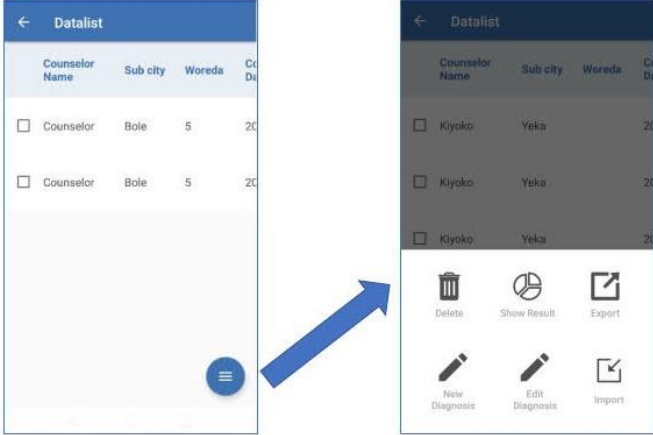
- **Warning:**  
Move to the warning level setting page.
- **BDSP setting:**  
Move to the BDSP setting page.
- **Save:**  
The current result is saved in the Data List page.
- **Date List:**  
Move to the Data List page.
- **New Diagnosis:**  
Open a new diagnosis page.

Data List page show the data saved before.

Result page has the five function, **Warning, BDSP setting, Save, Data List, New Diagnosis.**

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## Data List



Data List page show the data saved before.

Data List page has the four function, **Delete, Show Result, Export, New Diagnosis, Edit Diagnosis, and Import.**

- **Delete:** Selected data can be deleted.
- **New Diagnosis:** Open a new diagnosis page.
- **Show Diagnosis:** The result page of a selected data is shown.
- **Edit Diagnosis:** The input page of a selected data can be edited again.
- **Export:** Selected data is exported to external file as EXCEL file.
- **Import:** External EXCEL file data is imported into QDT.

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## Export

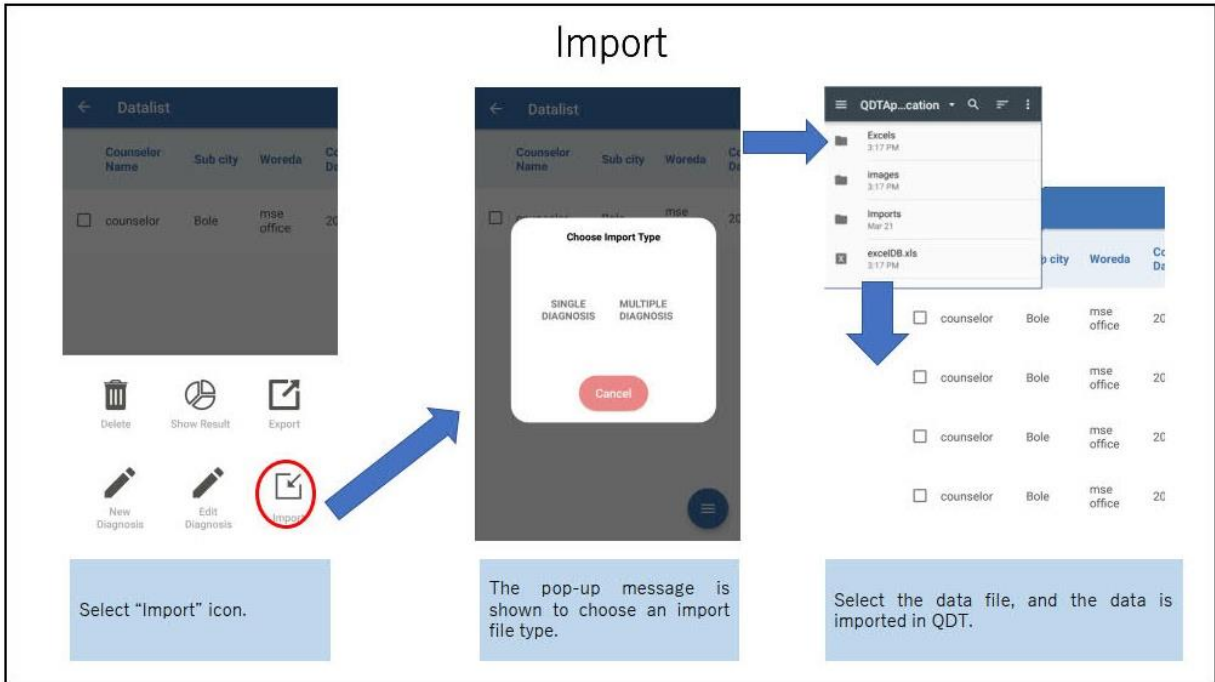


Select the data that you want to export. Push the bottom-right button and select "Export".

The confirmation message is popped up. Select "Yes" to proceed export.

Once the data is exported, the pup-up message is shown. You can find the exported file as Excel file named "excelDB.xls".

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**付属資料 8.**  
**BDS 技術ガイドライン**





# Guideline for BDS Provision Model



# Table of contents

1. Objective of this guideline.....	3
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## 1. Objective of this guideline

This Guideline describes the objective, framework and function of **BDS provision model** so that Ethiopian related institutions continue to provide comprehensive Business Development Services (BDS), including financial services, in an integral manner, according to the demands of Micro, Small and Medium Enterprises (MSMEs).

The BDSPs Network is being developed through the Project on Business Development Services (BDS) Enhancement for Enterprises Growth (**The BDS Project**), conducted by Ethiopian Government and Japan International Cooperation Agency (**JICA**).

Readers such as public officials in charge of BDS provision policies, as well as public officials and officers of BDSPs are expected to be capable of operating the BDSPs Network in a sustainable manner.

## 2. Basic Concept of BDS Provision Model

**BDS Provision model** is defined as comprehensive support system to promote MSMEs' growth in a coordinated manner among several BDSPs. The Model's main objectives and contents are presented below.

**Table 1. Objectives and contents of BDS Provision Model**

Objective	Facilitate economic growth and create jobs, through strengthening firms' capability
Contents	(1) <b>Establishment of BDSPs network:</b> The network contributes to provision of integrated support by multiple BDS providers (including financial institutions, industrial extension service providers, technology transferring organizations, MSMEs consultants, etc.) to overcome MSMEs' challenge. (2) <b>Reinforcement of counseling function at woreda/sub-city:</b> Counselors realize diagnosis of MSMEs' operation, and facilitate appropriate BDS for growth according to each of the MSME's needs. (3) <b>Development of consulting services for MSMEs:</b> Consultants provide professionalized advice for MSMEs' growth.
Services being provided by the Model	Services being provided by the Model include; Management improvement consulting & training, Technical consulting & training, Technology transfer, Marketing & selling support, Financial access support, Information provision, business matching, and so on.

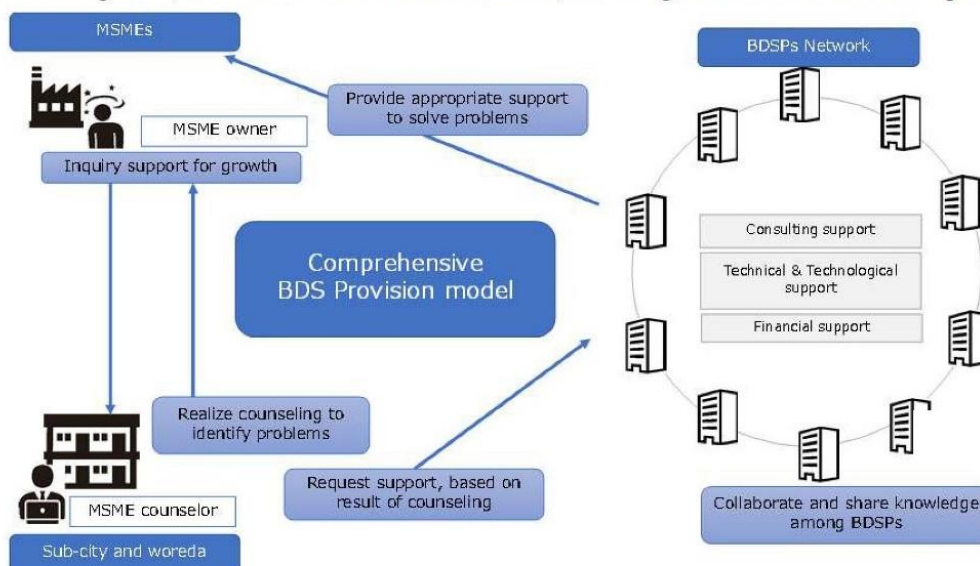
The Model's main contents can be illustrated as below.

As mentioned above, BDS Provision Model consists of (i) BDSPs network and (ii) MSMEs counselor & consultant system. Each of these 2 contents is presented in next chapters.

### 3. BDSPs Network within BDS Provision model

#### 3.1 Concept of BDSPs Network

**BDSPs network** is an essential component of **BDS Provision model** and is defined as a coordinating platform among various BDSPs, including **financial institutions**, to provide comprehensive solution for MSMEs' growth, in an effective and efficient manner, according to the needs of each enterprise.



**Figure 1. Concept of BDSPs Network within BDS Provision model**

BDSPs Network has the following characteristics:

- ✓ BDSPs collaborate with MSMEs Counselors to deliver BDS to MSMEs in each region.
- ✓ MSMEs Counselors are officials who work in MSE office at woredas/sub-cities, and certified to be capable of providing basic business advice to MSMEs and facilitating appropriate BDS, in collaboration with BDSPs, through basic business diagnosis (which can be realized by application of Quick Diagnosis Tool) and frequent communication with owners.
- ✓ MSMEs Consultants, one of the important elements of BDS, are certified public and private consultants for MSMEs. Their major roles are to reinforce business management of enterprise and support develop business/investment plan for growth/or business continuity.
- ✓ BDSPs Network Meeting is a motor to provide dynamism to BDS Provision for MSMEs through discussion and knowledge sharing for better provision of BDS.

#### 3.2 BDSPs Network members

Institutions listed in Table 1 will participate in BDSPs Network. The participants can be amended flexibly, if it is needed.

**Table 2. BDSPs Network Member List**

Ministry of Labor and Skill (MoLS)
Entrepreneurship Development Institute (EDI)
Ethiopian Enterprise Development (EED)
Addis Ababa City Administration
Leather and Leather Products Industry Research and Development Center
Manufacturing Technology and Engineering Industry Research & Development Center
Textile and Garment Industry Research and Development Center
Food and Beverage Industry Research and Development Center
Federal TVET Agency
Addis Ababa TVET Agency
Akaki Polytechnique College
Misrak Polytechnique College
Nefas Polytechnique College
Ethiopia Management Institute (EMI)
Kaizen Excellence Center (KEC)
Commercial Bank of Ethiopia (CBE)
Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSA)
Addis Capital

### 3.3 BDSPs Network Meeting

BDSPs Network meeting can be held, when it is needed. The general objectives of the meeting are:

- Realize discussion among participants for the improvement of BDS provision.
- Share information among each BDSP to deepen mutual understanding.
- Share good practices and lessons learned on BDS provision for mutual learning.
- Listen to the experiences / opinions / suggestions of MSMEs owners, MSMEs Counselors and MSMEs Consultants to reflect to the activities of BDSPs Network.
- Discuss to develop common action plan among BDSPs.

Two different levels of BDSPs Network Meeting can be held depending on the objective of the meeting: top-level meeting and technical-level meeting. The top-level meeting can be used to primarily reflect on the overall achievements of the BDS and develop future actions. The technical-level meeting can be used to share on-the-ground experiences and make proposals to the top-level meeting participants. The table below shows an outline of BDSPs Network meeting system.

**Table 3. Summary of BDSPs Network meeting system**

	Top-level meeting	Technical-level meeting
Chairs	✓ Viceminister of MoLS	✓ Director of MoLS
Participants	<ul style="list-style-type: none"> <li>✓ Director General/Head of the institution of BDSPs</li> <li>✓ Other stakeholders, including MSMEs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Focal person appointed by Director General in each BDSP</li> <li>✓ Other stakeholders, including MSMEs</li> </ul>
Principle roles	<ul style="list-style-type: none"> <li>✓ Receive report from technical level and authorize/request to amend the action plan/recommendation.</li> <li>✓ Request to the technical level meeting to analyze and discuss specific topics which will serve for the improvement of BDS provision.</li> <li>✓ Receive report on action plan / recommendation from technical-level meeting and authorize or request to amend it.</li> <li>✓ Consult or request support to other stakeholders, such as Prime Minister Office, Commissions, Ministries and other institutes to reinforce BDS provision.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Make discussion and report to top-level meeting with action plan and recommendation</li> <li>✓ Share and discuss good practices and lessons learned between institutions.</li> <li>✓ Discuss and develop a common action plan to improve BDS provision (contents and/or delivery system).</li> <li>✓ Listen to the opinions of MSME's owners, MSMEs Counselors &amp; Consultants and other external stakeholders for better BDS provision.</li> <li>✓ Elaborate report with action plan / recommendation for top-level meetings.</li> </ul>

The following table shows some ideas of topics to be discussed in the meeting. The topics which are required to be discussed urgently and are relevant to MSME development policies will be discussed with high priority.

The discussions should lead to practical action plan with specification of the persons in charge, timeline and deadlines, expected output or KPI, budget if necessary and others.

**Table 4. Ideas of topics to be discussed in the BDSPs Network Meeting**

<ul style="list-style-type: none"> <li>● MSMEs development policies <ul style="list-style-type: none"> <li>➤ MSMEs development policies and BDSPs network</li> </ul> </li> <li>● MSMEs Counselor program</li> </ul>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- Progress report of Counselor program
- How to connect effectively and efficiently between Counselors and BDSPs
- MSMEs Consultant program
  - Progress report of Consultant program
  - How to promote and use consultants for MSME's business reinforcement
  - How to reinforce the linkage between MSMEs Counselor and Consultant programs
- BDS provision for specific groups
  - How to strengthen BDS provision for women's business

#### 4. MSMEs counseling and consulting system

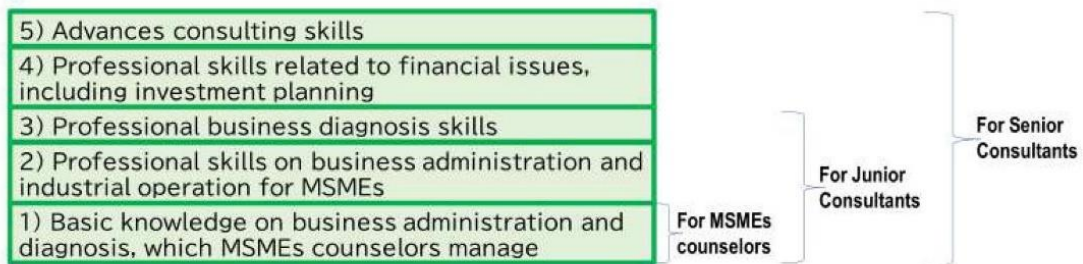
##### 4.1 Overall structure of MSMEs counseling and consulting systems

MSMEs counseling and consulting systems represent the main components of BDS Model. In this sense, MSMEs counselors and consultants are important actors in the BDSPs network. Their main roles are presented below.

	Who	Roles
Detect problems	<b>MSME Counselors</b> ● Woreda & Sub-city staff	1. Accept inquiries from MSMEs 2. Realize <b>Basic Diagnosis</b> of business issues 3. <b>Facilitate</b> appropriate BDS (BDSPs & MSME Consultants)
Solve problems	● BDSPs staff who participate in training and be certified  ● Private business consultants who participate in training and be certified	As one of BDS, <b>provide professional support for strengthening MSMEs management</b>

Figure 2. Basic concept and roles of MSMEs counselors and consultants

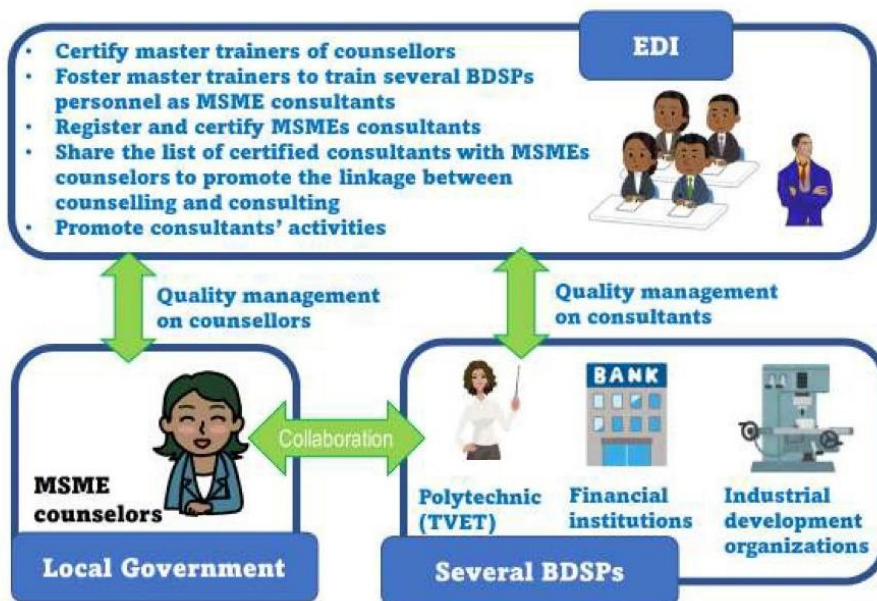
Thus, MSMEs counselors detect MSMEs' problems to be tackled, and then, MSMEs consultants provide technical support to solve such problems. In this sense, MSMEs counselors are required to have basic business administration knowledge to identify problems to be tackled, while MSMEs consultants are required to have more advanced knowledge and skills, as described below.



**Figure 3. Knowledge and skills required for MSMEs counselors and consultants**

As presented above, MSMEs consultants consist of 2 levels: junior and senior consultants.

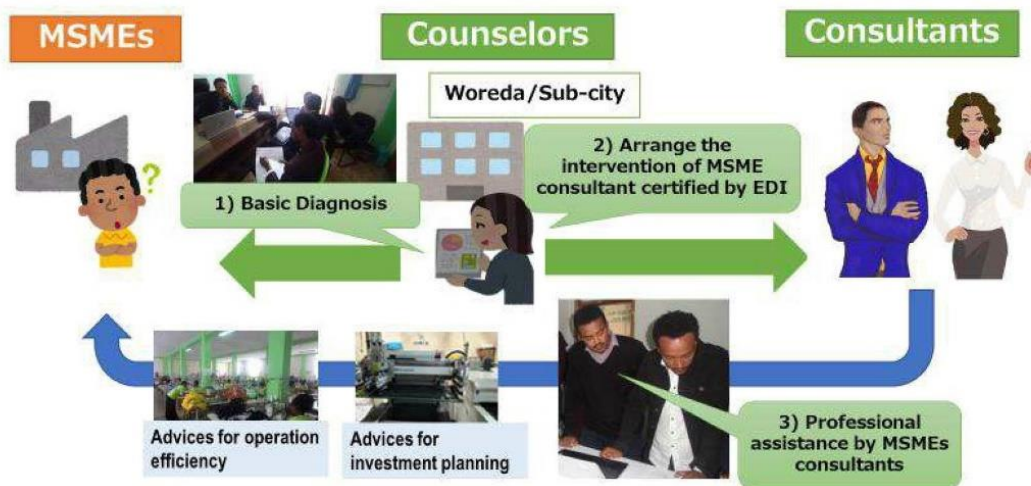
Under the supervision of MoLS, EDI plays an important role in MSMEs counseling and consulting system in the sense that EDI (i) manage the quality of counselor master trainers, (ii) foster, certify and register MSME consultants, and (iii) promote and supervise MSMEs consultants' activities, as described below.



**Figure 4. Roles in MSMEs counseling and consulting system**

Thanks to local government officers' initiative with the collaboration of EDI, several good practices have been developed in terms of linkage between MSMEs counselors and consultants. Such practices should be developed in a continuous manner.





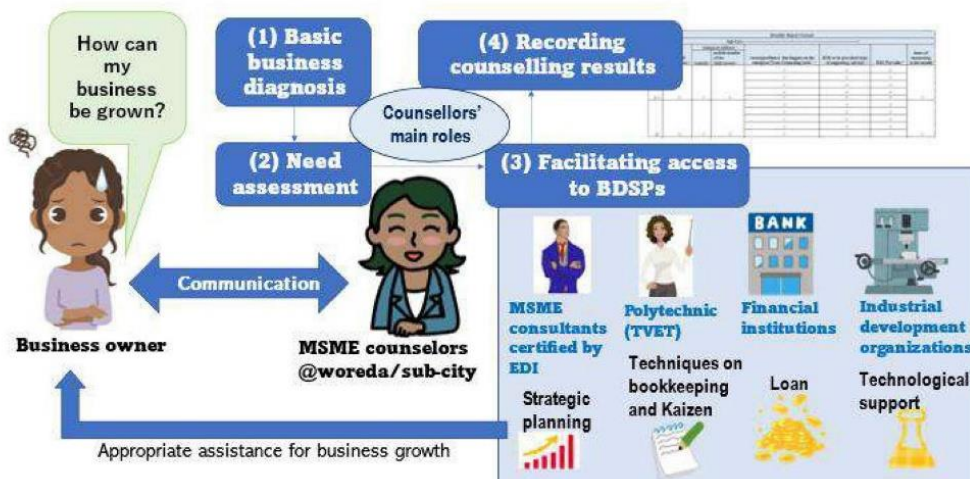
**Figure 5. Linkage between MSMEs counselors and consultants, being reinforced by EDI and local government**

The linkage is realized in the following manner.

- First, MSMEs counselors receive request for assistance from local MSMEs.
- Then, MSMEs counselors realize basic diagnosis for need assessment.
- EDI can introduce appropriate MSMEs consultants, considering need assessment realized by MSMEs counselors.

#### 4.2 MSMEs counseling system

As already mentioned, counseling being realized by MSMEs counselors, who are local government officials, is the most fundamental part of BDS provision model, in the sense that MSMEs counselors facilitate MSMEs' access to appropriate BDS, as described below.



**Figure 6. MSMEs counselors' main tasks and roles**

MSMEs counselors should realize basic business diagnosis for identifying appropriate BDS to be provided to counselled enterprises, as described below. Consulting service is one of such BDS.

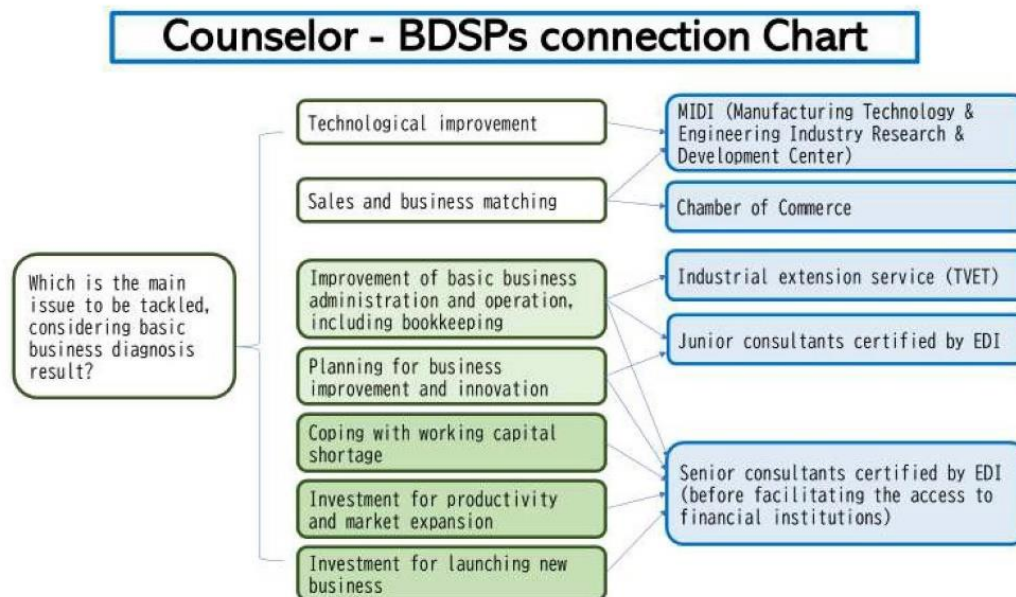


Figure 7. Connection between MSMEs counselors and BDS

The details of MSMEs counseling system are explained in the following two Guidelines.

- Guideline for MSMEs counselor system, presenting how to manage counselor system
- Technical Guideline for MSMEs counselors, presenting how to implement counseling

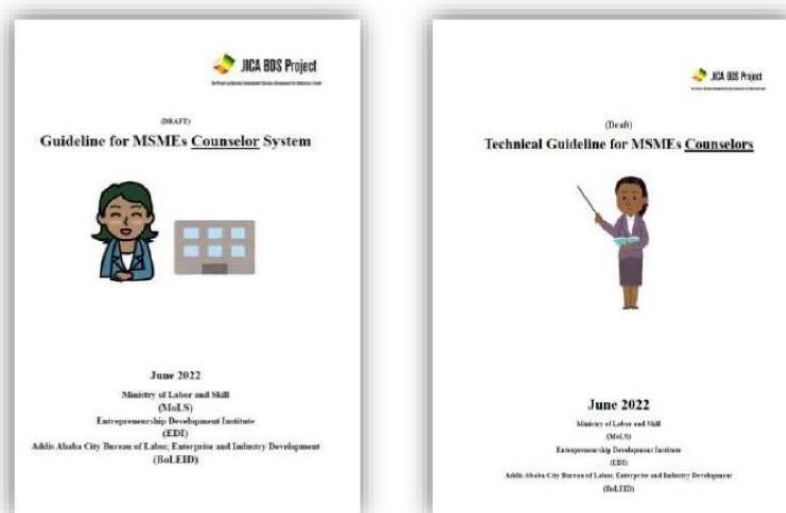


Figure 8. Image of Guidelines related to MSMEs counseling system

As presented in these Guidelines, EDI and local government manage several contents of MSME consulting system.

### 1.3 MSMEs consulting system

As already mentioned, MSMEs consultants provide technical and professional advice for MSMEs growth, according to need assessment realized by MSMEs counselors.

Main tasks and roles expected for MSMEs consultants are presented below.



Figure 9. Main roles being played by MSMEs consultants

It is important to point out that EDI manage several contents of the system, as described below.

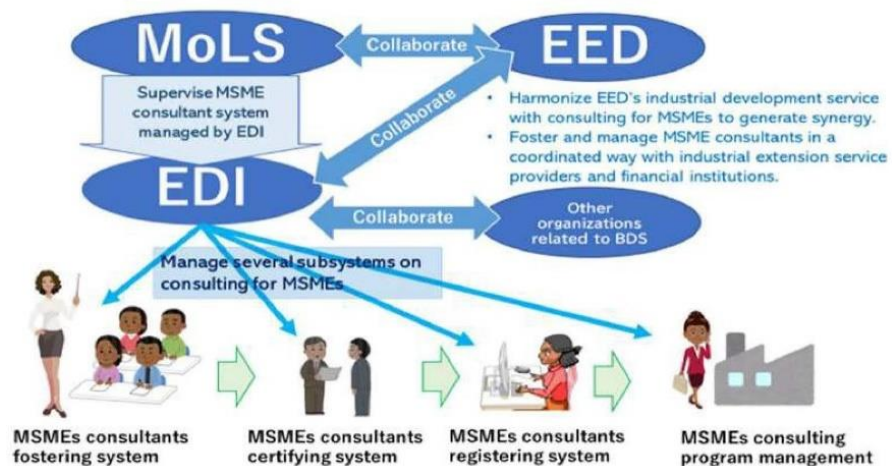


Figure 10. MSMEs consultant system at a glance

The details of MSMEs consulting system are explained in the following two Guidelines.

- Guideline for MSMEs consultants system, presenting how to manage the system
- Technical Guideline for Master Trainers, presenting how to foster and supervise MSMEs consultants



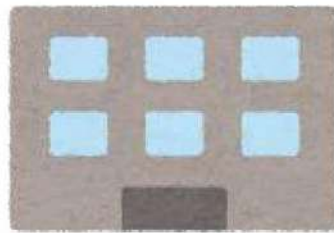
**Figure 11. Image of Guidelines related to MSMEs consulting system**

(END)

(2) カウンセラー制度ガイドライン



## Guideline for MSMEs Counselor System



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## 0. Objectives of the Guideline

This Guideline has the following five objectives.

- (1) Definition of MSMEs counselors.
- (2) Role of MSMEs counselors among BDS provision model.
- (3) Standard procedure of counseling.
- (4) MSMEs counselor fostering model.
- (5) Role of stakeholders.

The details of the technics of counseling shall be described in the **technical guideline** for MSMEs counselors.

## 1. Definition of MSMEs Counselors

MSMEs Counselors are those who work at local government (Sub-cities/Woredas/One Stop Service Center) and the other related organizations such as EDI (WEDP), so as to facilitate business development services (BDS) suitable for each MSMEs.

The Ethiopian government has set up a one-stop service center (OSSC) throughout the country. Currently, there are more than 2,000 OSSC across the country to promote business and enterprise development. These one-stop service centers provide services such as information provision, facilitation for skills training, business planning support, consulting services, and connecting enterprises with microfinance institutions to access financial resources.

The main task of MSMEs Counselor are followings:

- (1) Receive inquiries from MSMEs at Sub-cities and Woredas or at the enterprise.
- (2) Diagnose MSMEs' business condition by applying the "Quick Diagnosis Tool (QDT)" and/or qualitative observation of the business, having conversation with MSMEs' owners to identify the problems to be tackled.
- (3) Provide some basic advice to improve the business operation, and/or Facilitate appropriate BDS, including consultation, for each enterprise.
- (4) Record the counseling results in the database sheet.

MSMEs counselors should be fostered through training course to have the following basic knowledge and be certified.

- Basic knowledge on technical and financial services of different BDSPs
- Basic knowledge of MSMEs operation and administration
- Basic knowledge on how to cope with unstable sales and to manage productivity and inventory
- Basic knowledge on financial analysis

## 2. Role of MSMEs counselors among BDS provision model

**Business development service (BDS)** is one of the key support frameworks for the development of micro, small and medium enterprises. BDS is a multidisciplinary support program to improve the efficiency of enterprises, including training, consulting services, market linkages, support for financial access, and business linkages.

The Ethiopian government has made significant efforts to expand access to services through the establishment of Entrepreneurship Development Centers (current Entrepreneurship Development Institute, EDI).

BDS is provided by **BDSPs (Business Development Service Providers)** such as EDI (including WEDP), TVET, EED, Manufacturing Industry Development Institute and Centers and the institute, financial institutions, private entities, individual business consultants, etc.

MSMEs counselor plays an important role in the BDS provision model (following figure), to facilitate appropriate BDS to each enterprise, among many services provided by various BDSPs, as one of function of Sub-cities and Woredas

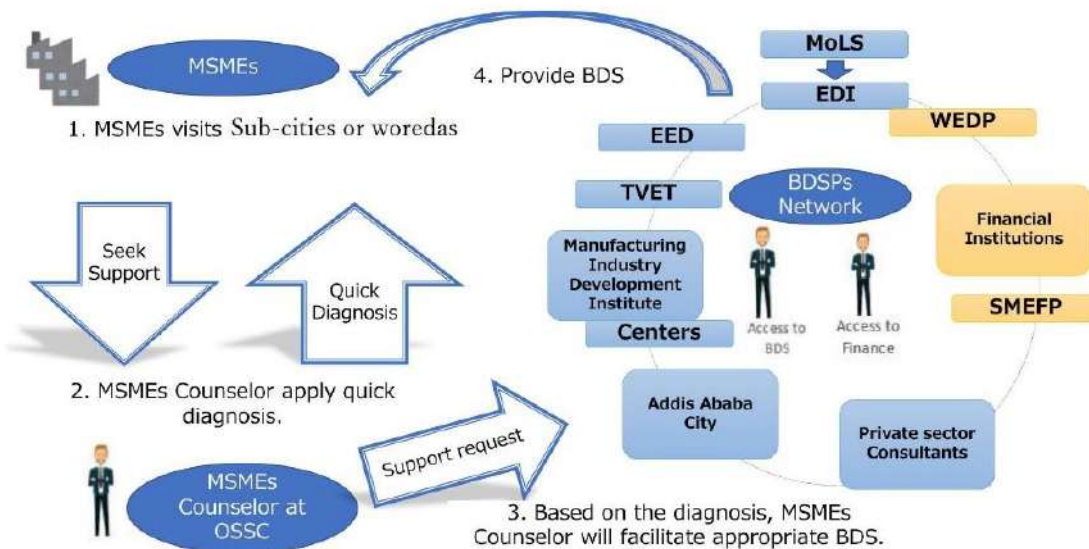


Figure 1. BDS provision model



BDS will be useful to accelerate the growth of MSEs located at public operating space, such as Block and Shade. The MSEs must be ensured to be able to continue their business even outside the public space. Therefore, local government can enhance BDS provision to facilitate “graduation” of MSMEs from public space, through counselor activities.

### 3. Standard procedure of counseling

#### 1.1. Acceptance enquiries from MSMEs

MSMEs counselor should receive enquiries from MSMEs at the Sub-cities and Woredas or at the enterprises’ premise when s/he realizes field activities.

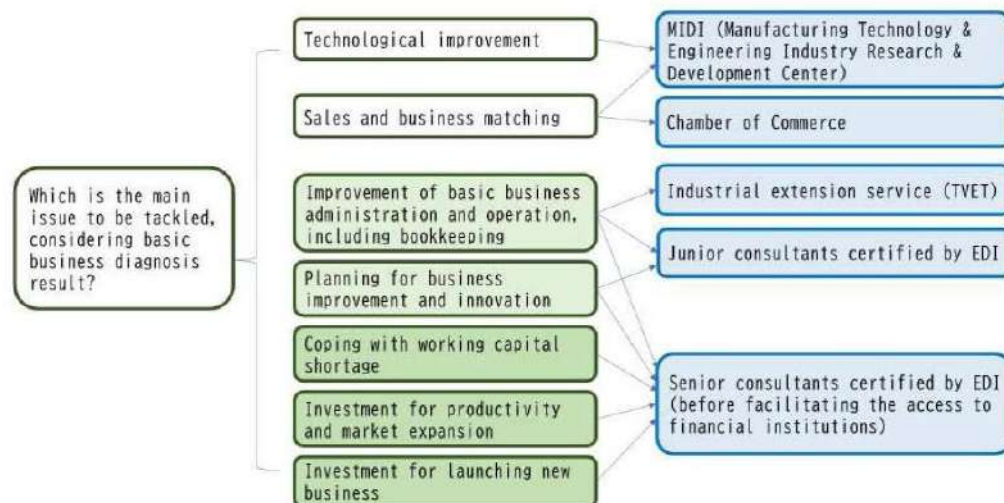
#### 1.2. Basic business diagnosis

MSMEs counselor should realize basic business diagnosis, by applying the “Quick Diagnosis Tool (QDT)”, which can function on a mobile tablet or on a smartphone, interviewing with MSME owners, or the other methods related to the training contents for counseling.

Refer to Technical Guideline about how to realize basic business diagnosis.

#### 1.3. Analyze the result and elaborate action plan

One of the important tasks of MSME counselors is to refer the MSMEs to other BDSPs to ask for support based on the result of the diagnosis. MSME counselors should elaborate an action plan with the business owner, by identifying (i) problems to be tackled and (ii) BDS to be provided, considering the results of the basic business diagnosis and the following chart.



**Figure 2. Counseling – BDSPs connection chart**

**1.4. Record to the data base**

It is important for woreda/sub-city as well as counselors to know how positive changes have been made at each MSME as a result of BDS. The following format should be applied as the data base.

**Table 1. Monthly Report Format**

Monthly Report Format							
Sub-City							
R.No	Name of enterprises	enterprise address		issues/problems that happen on the enterprise From Counseling tools	BDS to be provided (type of supporting /advise)	BDS Provider	times of monitoring in the month
		woreda	mobile number of the interviewee				
1							
2							

**4. MSMEs counselors’ activities as the local government’s service**

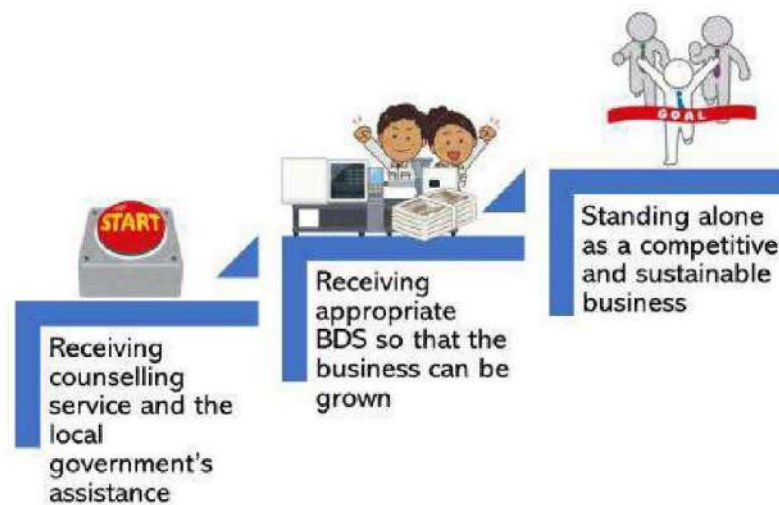
Most of MSMEs counselors work as local government officers, facilitating MSMEs’ access to BDSPs. In this sense, MSMEs counseling is an important component of the local government’s service, as described below.



**Figure 3. MSMEs counseling as a part of the local government’s service**

“Counseling” can contribute to improving efficiency and effectiveness of local government’s assistance for MSMEs in the following ways.

- As mentioned earlier, counseling can facilitate “graduation” of MSMEs from public assistance, by arranging a provision of appropriate BDS for MSME’s growth, as presented in the following figure.
- MSMEs counselors can contribute to generating synergy effects among several local government’s assistance programs and activities, including arrangement with industrial extension service, organizing trade fairs, lending operational space for MSMEs, etc.



**Figure 4. Stages of MSMEs with a view to their graduation from the assistance**

As presented in the picture, as a result of counseling, an enterprise was able to rent their office space at a commercial building after growing the business at a shade owned by the local government.

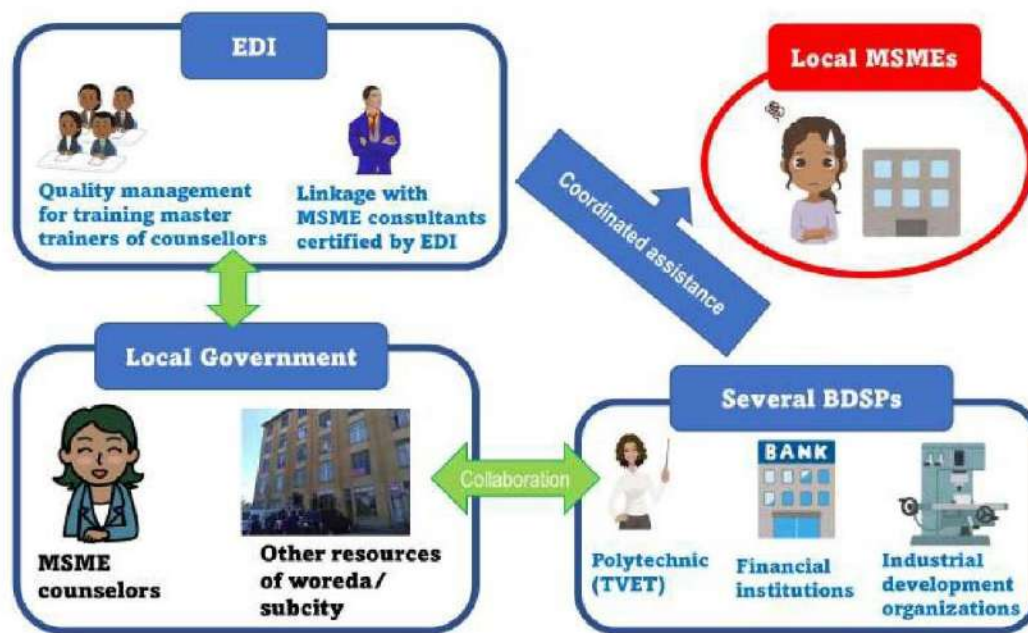
This successful case implies important impact generated by “counseling”.



A medium enterprise renting a space for the head office at a commercial building as a result of graduating from their main operation at the shade

## 5. Implementation structure for “counseling”

Counseling service should be provided, as presented in the following figure, under the collaboration among several organizations.



**Figure 5. Implementation structure for counseling**

Regarding the figure presented above, each organization plays important roles, as noted below.

- 1) EDI manages the quality of the training for master trainers so that MSMEs counselors can have enough knowledge and skills. Furthermore, EDI can facilitate the linkage between MSMEs counselors and consultants. Thus, EDI can contribute to the overall quality of MSME counselling and consulting system.
- 2) MSMEs counselors should facilitate MSMEs' access to several BDSPs such as industrial extension service provider, financial institutions and industrial development organizations. In this sense, the local government should collaborate with these BDSPs.

Regarding point 1) mentioned above, MSMEs consultants' professional service should be one of the important BDS to be provided to MSMEs under the counselors' arrangement. Professional service to be provided by MSMEs consultants is shown in the following figure.

It is important to point out that MSMEs consultants can:

- (a) Provide technical advice for business growth and expansion,
- (b) Introduce new operational systems to promote MSMEs' efficiency improvement,
- (c) Develop market analysis, and
- (d) Facilitate appropriate investment for business modernization

MSMEs consultants consist of 2 levels: junior and senior consultants. Senior consultants can manage all of topics mentioned above, while junior consultants can manage only (a), (b) and (c).



Figure 6. Image of professional service to be provided by MSMEs consultants

EDI can share the list of certified consultants with MSMEs counselors, when it is needed.

## 6. How to foster MSMEs counselors

MSMEs counselor fostering system can be overviewed as illustrated in the figure presented below.

MoLS, as federal governmental entity, is expected to supervise and coordinate the MSMEs counselors' system. Under the Ministry's supervision, EDI certifies master trainers of MSMEs counselor, and organizes the training for them. Master trainers should be local government's officers and/or the other relevant organizations' staff.

The implementing body, which are the local governments, are responsible for selecting master trainer candidates, as well as selecting MSMEs counselor candidates.

The local governments can organize the training for MSMEs counselor candidates, if they have master trainers certified by EDI.

The following are the roles of each actor within the system.



Figure 7. Overview of the system

**Table 2. Roles of each institute for fostering MSMEs counselors and operating counseling system**

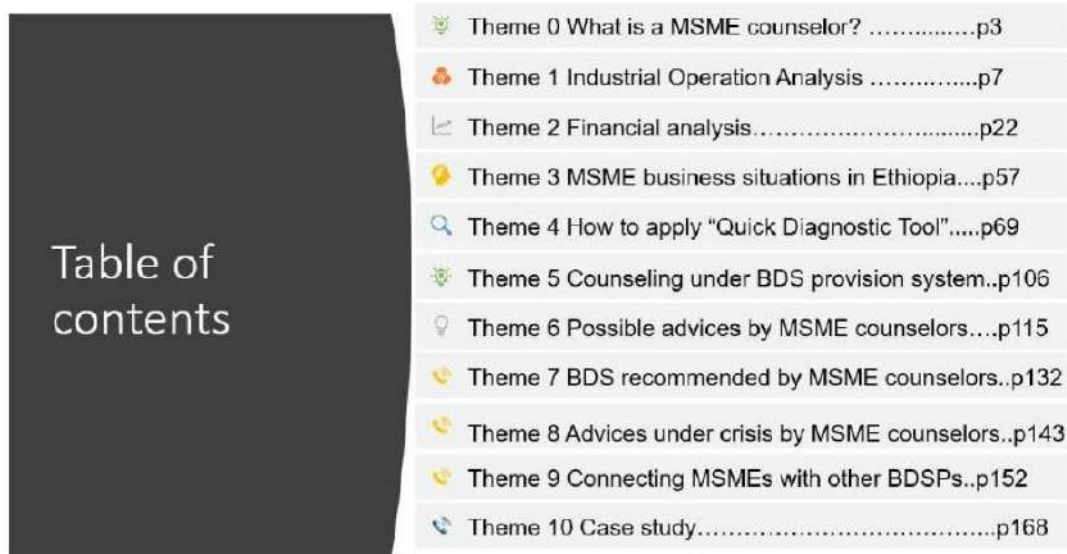
Actors	Roles
Coordinating and Certifying Body (MoLS and EDI)	<ol style="list-style-type: none"> <li><b>1. Develop, standardize and review counselor fostering system</b> <ul style="list-style-type: none"> <li>✓ Develop training curriculum and materials and distribute to local governments</li> <li>✓ Establish criteria to certify counselors</li> <li>✓ Review counselor fostering system and improve as necessary, based on the performance of certified counselors</li> </ul> </li> <li><b>2. Authorize and certify master trainers</b> <ul style="list-style-type: none"> <li>✓ Establish criteria to authorize or certify master trainers</li> <li>✓ As necessary, foster "Federal-level master trainers" in each region</li> </ul> </li> <li><b>3. Establish counselor certification criteria and issue/renew certificates</b> <ul style="list-style-type: none"> <li>✓ Determine certification criteria based on the assessment of the training results and inform to local government</li> <li>✓ Issue certificate based on the assessment result by local governments</li> </ul> </li> <li><b>4. Promote the use of counselors among MSMEs along with local bureau and local government</b> <ul style="list-style-type: none"> <li>✓ Promote the use of counselor and share good practices among MSMEs in collaboration with local governments</li> </ul> </li> <li><b>5. Involve BDSPs to improve the quality of counseling</b> <ul style="list-style-type: none"> <li>✓ Strengthen involvement of BDSPs at national level so that MSMEs counselors can connect the MSMEs and BDSPs effectively</li> <li>✓ <b>Promote linkage between MSMEs counselors and consultants</b></li> </ul> </li> </ol>
Implementing Body (Local Government)	<ol style="list-style-type: none"> <li><b>1. Select and train master trainers</b> <ul style="list-style-type: none"> <li>✓ Select appropriate master trainers among city administration, sub-city, woreda or other institutes, according to the criteria defined by EDI.</li> <li>✓ Implement Training of Trainers (ToT) for master trainers</li> </ul> </li> <li><b>2. Select potential counselors</b> <ul style="list-style-type: none"> <li>✓ Select potential counselor candidates among staff of city administration, sub-city and woreda</li> </ul> </li> <li><b>3. Plan and implement training and assess candidates for certification along with master trainers</b> <ul style="list-style-type: none"> <li>✓ Plan and implement training with master trainers and provide training venue, materials and per diem</li> <li>✓ Select pilot MSMEs for OJT training which can be showcased as models of the counseling system</li> <li>✓ Realize assessment of candidates for certification along with master trainers</li> </ul> </li> <li><b>4. Request certificate to certifying body</b> <ul style="list-style-type: none"> <li>✓ Issue request for certification for eligible candidates</li> </ul> </li> <li><b>5. Supervise and advise city's, sub-city's, woreda's counselling service</b> <ul style="list-style-type: none"> <li>✓ Supervise the performance of counselors and provide advice as necessary</li> </ul> </li> <li><b>6. Promote counselor system at local level</b> <ul style="list-style-type: none"> <li>✓ Promote counseling service programs among MSMEs in each region in collaboration with sub-city and woreda</li> </ul> </li> <li><b>7. Report to coordinating body</b> <ul style="list-style-type: none"> <li>✓ Elaborate reports so that EDI/MoLS can evaluate the effectiveness and challenges of the counselors' program</li> </ul> </li> </ol>
Master Trainer	<ol style="list-style-type: none"> <li><b>1. Train and evaluate counselors</b> <ul style="list-style-type: none"> <li>✓ Provide training to counselors and assess their performances</li> </ul> </li> <li><b>2. Report to implementing body</b> <ul style="list-style-type: none"> <li>✓ Elaborate and submit periodic results of training and assessment of candidates to implementing body</li> </ul> </li> </ol>

## 7. Training contents for MSMEs counselor candidates

This chapter presents (1) educational material, (2) how to organize a training course for fostering MSMEs counselors.

### (1) Educational material to foster MSMEs counselors

The educational material developed by the **Project on BDS Enhancement for Enterprise Growth** shall be applied to foster MSMEs counselors. The material includes different themes, as presented in the table of contents.



The image shows a table of contents for educational material. On the left, a dark grey box contains the text 'Table of contents' in white. To the right, a list of ten themes is presented, each with a small icon and a page number. The themes are: Theme 0 (What is a MSME counselor? p3), Theme 1 (Industrial Operation Analysis p7), Theme 2 (Financial analysis p22), Theme 3 (MSME business situations in Ethiopia p57), Theme 4 (How to apply 'Quick Diagnostic Tool' p69), Theme 5 (Counseling under BDS provision system p106), Theme 6 (Possible advices by MSME counselors p115), Theme 7 (BDS recommended by MSME counselors p132), Theme 8 (Advices under crisis by MSME counselors p143), Theme 9 (Connecting MSMEs with other BDSPs p152), and Theme 10 (Case study p168).

Theme 0	What is a MSME counselor? .....	p3
Theme 1	Industrial Operation Analysis .....	p7
Theme 2	Financial analysis.....	p22
Theme 3	MSME business situations in Ethiopia....	p57
Theme 4	How to apply "Quick Diagnostic Tool".....	p69
Theme 5	Counseling under BDS provision system..	p106
Theme 6	Possible advices by MSME counselors....	p115
Theme 7	BDS recommended by MSME counselors..	p132
Theme 8	Advices under crisis by MSME counselors..	p143
Theme 9	Connecting MSMEs with other BDSPs..	p152
Theme 10	Case study.....	p168

Figure 8. Image of the contents of the educational material

A on-line video training both in Amharic and English are available through the following links.

<p><a href="#">MSMEs Counselor Training Videos in Amharic</a></p> <p><a href="#">MSMEs Counselor Training Videos in English</a></p> <p><a href="#">MSMEs Counselor Guideline Website</a></p>
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As mentioned earlier, one of the important roles of MSMEs counselors is diagnosing local MSMEs. This can be implemented by applying the "QDT" whose details are mentioned in theme 4 of the educational material.

The tool can develop the following analysis:

- Important points related to business operation style
- Company's business situation identified by accounting indicators
- Factor analysis based on business owners' considerations about their administration

- Possible causal relations among the company’s problems

The diagnosis results can be used for conversation counseling to identify (i) priority issues to be tackled and (ii) measures to be applied for business growth, including introducing other BDSPs’ services.

The first three (3) themes of the material (industrial operation style, financial analysis and MSME situation) refer to background knowledge which is required for applying the tool appropriately, while themes 6 and 7 are related to advice that can be provided by the MSMEs counselors to MSMEs by utilizing the diagnostic result.

**(2) How to organize a training course for fostering MSMEs counselors**

The outline of the training program to be developed can be summarized as noted below.

- **Program title:** Training on counselling for MSMEs
- **Course trainer:** Master trainers and video materials, depending on the situation
- **Eligible participants:**
  - Those who are nominated by institutions such as MoLS, EDI, and other government institutions
  - Those who are in charge of assisting local MSMEs as Sub-city or Woreda officers
- **Duration of the training:** As for a physical training, a full set of five (5) half-days as presented in the Table 3 may be adequate. The participants must attend every training day to keep up with the training content (for example, the participants shall not miss more than 1 day of the training). For an on-line video training, the candidates can equally spend five (5) half-days studying the material (provided that they have good internet connection and a computer to study them). For both physical and on-line training, a subsequent one (1) full-day of On the Job Training (OJT) should be carried out to assess the trainee’s skills on MSME counselling. The activities can be customized (shortened) depending on who the target audiences may be.
- **Tips to an effective physical training:** The training material is designed with a number of questions, exercises and pair-works. Master trainers should effectively use words such as “What” “Why” to engage the audiences. Master trainers may use not only examples from the training material, but others from their own experiences to make the points.

**Table 3. Schedule of the physical training for fostering MSMEs counselors**

Days	Training content
1 <sup>st</sup> day (half)	<ul style="list-style-type: none"> <li>● Theme 0 What is a MSME counselor?</li> <li>● Theme 1 Industrial Operation Analysis</li> <li>● Theme 2 Financial Analysis (1)</li> </ul>



2 <sup>nd</sup> day (half)	<ul style="list-style-type: none"> <li>● Theme 2 Financial Analysis (2)</li> <li>● Theme 3 MSME Business Situation</li> </ul>
3 <sup>rd</sup> day (half)	<ul style="list-style-type: none"> <li>● Theme 4 How to apply the “Quick Diagnostic Tool”</li> </ul>
4 <sup>th</sup> day (half)	<ul style="list-style-type: none"> <li>● Theme 5 Counseling as a part of BDS provision system</li> <li>● Theme 6 Possible advices provided by MSME counselors</li> </ul>
5 <sup>th</sup> day (half)	<ul style="list-style-type: none"> <li>● Theme 7 BDS which can be recommended by MSME counselors</li> <li>● Theme 8 Advices under crisis by MSME Counselors</li> <li>● Theme 9 Connecting MSMEs with other BDSPs</li> <li>● Examination test</li> </ul>
6 <sup>th</sup> day (full)	<ul style="list-style-type: none"> <li>● Counseling at the MSMEs (group work)</li> <li>● Sharing learnings with other MSME counselors and BDS providers</li> <li>● It is recommended to invite BDS providers to ask suggestions for trainees how to facilitate BDS providers.</li> <li>● Evaluation of counselling skill</li> </ul>

## 8. How to certify MSMEs counselors

The certification shall be issued not only by the attendance rate to the training, but by the assessment of capability of each trainee. As the requirements for the certification, the trainee shall:

- (1) attend the classroom training at least over 80% or complete viewing and going through the exercises in video training,
- (2) get the score at least over 60% at the examination at the end of the classroom training or at the re-test examination,
- (3) conduct the counseling during the OJT training properly,
- (4) conduct the counseling for three enterprises at least during the monitoring period.

### (1) Attendance of classroom training

The classroom training shall be conducted as five (5) half-days. In order to meet the requirement, the trainee must attend at least four days out of five days.

If attendance to a classroom training is deemed difficult for the trainee, they must complete viewing and going through the exercises in video training. In the case of a video training, the examination may be slightly more challenging, as explained below.

### (2) Examination

The following exam test should be conducted at the end of the classroom training course. It is required

to answer at least 6 questions from the following 10 correctly. Those that did not pass these requirements can re-take the exam on another occasion to become certified.

**Table 4. Examination test for certifying MSMEs counselors**

<p><b><u>Section 1. Questions related to operational styles (4 questions)</u></b></p> <p>The production styles can be classified into the following two:</p> <p>(A) Production from orders (production directly depends on the orders of the customers, MTO)</p> <p>(B) Production as stock (Production depends on sales prospects, MTS)</p> <p>On the other hand, planning and production management include;</p> <ul style="list-style-type: none"><li>➤ Demand forecast (sales forecast),</li><li>➤ Delivery time management,</li><li>➤ Raw material inventory management,</li><li>➤ Product inventory management, etc.</li></ul> <p>Some of these components mentioned above are more important for MTO than for MTS, while the others are more important for MTS than for MTO.</p> <ul style="list-style-type: none"><li>● <b>Question 1. Demand (sales) forecast is more important for which production style?</b> (1) MTO, (2) MTS</li><li>● <b>Question 2. Delivery time management is more important which production style?</b> (1) MTO, (2) MTS</li><li>● <b>Question 3. Raw material inventory management is more important for which production style?</b> (1) MTO, (2) MTS</li><li>● <b>Question 4. Product inventory management is more important for which production style?</b> (1) MTO, (2) MTS</li></ul> <p><b><u>Section 2. Financial and accounting analysis (4 questions)</u></b></p> <ul style="list-style-type: none"><li>● <b>Question 5. Can “cash turnover period” be used both for liquidity and efficiency analysis?</b> (1) Yes, (2) No</li><li>● <b>Question 6. When a company has inventory estimated at 20,000 Birr and annual sales amount is 60,000 Birr, inventory turnover period should be:</b> (5) 1 month, (2) 2 months, (3) 3 months, (4) 4 months</li><li>● <b>Question 7. Suppose that a company mentioned in question 6 is agro-processing medium enterprise that produces fresh fruit juice; how do you evaluate the company’s inventory level?</b></li></ul>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- (1) Too much (the company should have less.)
- (2) Appropriate
- (3) Not sufficient (the company should have more.)
- **Question 8. An industrial company has the following three types the costs; (a) cost of sales (production costs), (b) administrative costs (operating expenses), and (c) financial costs. The cost to print the company products' brochure should be classified as:**
  - (1) a part of cost of sales
  - (2) a part of administrative costs
  - (3) a part of financial cost

**Section 3. Counselling (5 questions)**

- **Question 9. Can Ethiopian Textile Industry Development Institution (TIDI) provide training on production as well as marketing?**
  - (1) Yes, (2) No
- (1) **Question 10. Conversation counselling is important. Which sentence is NOT correct among the followings? The result of the “Quick diagnostic tool” is not always correct.**
- (2) **BDS support to a company should be consistent with its growth strategy.**
- (3) **The enterprise's issues to be tackled should be identified through conversation counselling.**
- (4) **Kaizen can be applied only for industrial operation improvement. It should not be recommended for retailers, restaurants, and hotels.**

In case trainees were unable to participate in the classroom training and studied the materials on-line through videos, they may be subject to an open-ended-question-type examination, which the master trainers will judge the level of understanding of the trainee.

**(3) OJT training**

It is required to fulfil the 7 check points during the one (1) full-day of OJT training.

**Table 5. Check points of OJT counselling training**

<b><u>Section 4. Assessment of OJT counselling training</u></b>	
<b>Check-lists</b>	
1.	Is the trainee able to make the diagnosis using the quick diagnostic tool appropriately? Yes <input type="checkbox"/> No <input type="checkbox"/>
2.	Is the trainee using the result of the quick diagnostic tool to discuss with the business

owner (conversation counselling) appropriately? Yes  No

3. Is the trainee making appropriate advice to the business owner based on the discussions?  
Yes  No

4. Is the trainee referring the business owner to appropriate MSME consultants (other BDS providers) based on the discussions? Yes  No

5. Is the trainee making record of the result of the visit in the quick diagnostic tool and the counselling sheet appropriately? Yes  No

6. Is the trainee sharing the result of the visit with the other MSME counselors and BDS providers so that appropriate measures will be made? Yes  No

7. Is the trainee saving the result of the visit appropriately so that the other MSME counselors can monitor and follow-up on the business owners? Yes  No

#### (4) Monitoring after the training

After the classroom and OJT training, the trainees are monitored twice, firstly about one month later after the training and secondly about two months later after the training. At the second monitoring, the trainees are judged if he/she is certified as a MSME counselor.

The master trainer checks the activities of the trainees by using the following monitoring sheet. The monitoring sheet consists of two parts, one is the questionnaire to the trainee and supervisor and the other is the questionnaire to the enterprises which receive their support.

**Table 6. Monitoring for certification**

Monitoring Timing	<ol style="list-style-type: none"> <li>1. One month later after the OJT training</li> <li>2. Two months later after the OJT training (At this time, the trainee is judged if he/she is certified as a MSMEs Counselor)</li> </ol>
Hearing Object persons	<ol style="list-style-type: none"> <li>1. Trainee</li> <li>2. Supervisor of trainee</li> <li>3. Enterprises</li> </ol>

**Table 7. Contents of the Monitoring Sheet (Draft)**

**1. Basic information**

- Date, Timing (First/Second)
- Sub city/woreda
- Interviewer, Head Name, Supervisor Name, Counselor Name

**2. Questionnaire to Counselor**

(1) Have you followed up the enterprises including pilot enterprises after the training? If yes how many enterprises did you follow up?

If yes,

(1-1) Company name

(1-2) How many times did you contact the enterprise?

(1-3) How many times did you visit the enterprise physically?

(1-4) What kinds of advice/support did you give the enterprise?

(1-5) What is the result/progress after you gave the advice?

(1-6) Did you make/update the counseling sheet? If yes, please attach the copy of the counselling sheet.

If no,

(1-7) Why you did not follow up the enterprise?

(2) Have you used the QDT for the pilot enterprise again?

If yes, did you find any difference between the first result and second one? If yes, what kind of difference did you find?

(3) Have you used the QDT for the enterprise except for the pilot enterprise?

If yes,(3-1) How many enterprises did you apply the QDT?

(3-2) How was the discussion with the owner? (positive or negative?)

(3-3) What kinds of advice/support did you give the enterprise?

(3-4) Did you fill out the counseling sheet for new enterprise based on the result of the QDT?

If no,

(3-4) Why you did not apply the QDT for new enterprise?

(4) Any comments from the counselor

### **3. Questionnaire to Supervisor**

(5) How did the counselors report their activities to the supervisor?

(6) How often did the supervisor receive the report from the counselor?

(7) What kinds of feedback/advice did the supervisor give to the counselor?

(8) Was the result of the counseling shared to the other sub staff?

If yes,

(8-1) How was the result shared to the other staff?

(8-2) How often was the result shared to the other staff?

(9) Any comments from the Head of Sub city/Woreda.

### **4. Questionnaire to Enterprise**

(1) Did the counselor(s) contact your company within one month?

If yes,

(1-1) How many times did the counselor(s) contact your company?

(1-2) Counselor Name

(2) Did the counselor(s) visit your company within one month?

If yes,

(2-1) How many times did the counselor(s) visit your company?

(2-2) Counselor Name

(3) What kinds of advice did you receive from the counselor(s)?

(4) What kinds of support did you receive from the counselor(s)?

(5) Are you satisfied the advice/support by counselor(s)?

If yes, what is the reason why you are satisfied?

If no, what is the reason why you are not satisfied?

(6) Any comments from the enterprise.

**(5) Certification**

The certified counselor will be given a certification as proof to be able to deliver appropriate counselling to the MSMEs. To determine candidates that will be certified, the master trainers should monitor the progress of the counselling activities of the trainees. The monitoring of the progress can be made every 1 to 2 months for about 4-6 months to evaluate whether the trainees are able to carry out the counseling activities smoothly. The following check list can be used to evaluate the performance of the candidates.

**Table 8. Contents of the Evaluation Sheet**

1. Did the trainee complete the classroom and OJT training (pass the written exam and meet the OJT evaluation criteria)?  
Yes  No
2. Did the trainee give diagnosis to at least three MSMEs by applying the Quick Diagnosis Tool (QDT) after the training?  
Yes  No
3. Did the trainee make the counselling sheets based on the result of the diagnosis by also taking into account discussions with MSME owners?  
Yes  No
4. Did the trainee give proper advice/support to MSMEs?
  - a) Does the advice contribute to the issue(s) identified by QDT? Yes  No
  - b) Is the advice specific and actionable? Yes  No

c) Does the advice align with the owner's direction?	Yes <input type="checkbox"/> No <input type="checkbox"/>
d) Is the advice feasible with the enterprise's resources?	Yes <input type="checkbox"/> No <input type="checkbox"/>
5. Did the trainee refer the business owner to appropriate MSME consultants (other BDS providers) based on the diagnosis result?	Yes <input type="checkbox"/> No <input type="checkbox"/>
6. Did the trainee follow up on the MSMEs by assessing their satisfaction/improvement in their businesses after he/she referred the MSME to MSME consultants or BDS providers?	Yes <input type="checkbox"/> No <input type="checkbox"/>
7. Did the trainee report the result of MSME visit through the counselling sheet to the supervisor regularly?	Yes <input type="checkbox"/> No <input type="checkbox"/>
8. Were the MSME owners satisfied with the support given by the trainee?	Yes <input type="checkbox"/> No <input type="checkbox"/>

The certificate has a duration of **five (tentatively)** years. Once the certificate has expired, the counselor must re-take the written as well as the OJT test for renewal.

A certified MSMEs counselor are also candidates of master trainers, with the approval of the implementing body.

## 9. Role of master trainers

Master trainers play an important role to foster MSMEs counselors.

Master trainers should have:

- (1) Sufficient knowledge and experiences in MSMEs support and be a model for MSMEs counselors that realize quick diagnosis, counselling, and introduce MSMEs to appropriate BDS.
- (2) Capability to implement training for candidates of MSMEs counselors after attending the ToT.

Master trainers shall be selected from governmental institutions which are engaged in MSMEs development at federal (MoLS and EDI) and local level(city or local administration). EDI will certify/authorize competent master trainers through proper certification.

Master trainers must meet the following requirements to be certified as master trainers:

- (1) Recommendation by the organization which he/she belongs to,
- (2) Attend the ToT as candidates of master trainers,
- (3) Experiences in conducting the training to MSME counselors.

**(END)**

(3) カウンセラー技術ガイドライン



## Technical Guideline for MSMEs Counselors





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## 0. Objectives of the Guideline

This Guideline presents how MSMEs counselors can work technically in Business Development Services (BDS) system.

## 1. Definition of MSMEs Counselors

MSMEs Counselors are those who work at Sub-cities/Woredas and facilitate business development services (BDS) suitable for each MSMEs.

The main task of MSMEs Counselor are followings:

- (1) Receive inquiries from MSMEs at the sub-cities, woredas, or at the enterprise.
- (2) Diagnose MSMEs' business condition by applying the "Quick Diagnosis Tool (QDT)" and/or qualitative observation of the business, having conversation with MSMEs' owners to identify the problems to be tackled.
- (3) Provide some basic advice to improve the business operation, and/or Facilitate appropriate BDS, including consultation, for each enterprise.
- (4) Record the counseling results in the database sheet.

MSMEs counselors should be fostered through training course to have the following basic knowledge and be certified.

- Basic knowledge on technical and financial services of different BDSPs
- Basic knowledge of MSMEs operation and administration
- Basic knowledge on how to cope with unstable sales and to manage productivity and inventory
- Basic knowledge on financial analysis

## 2. Role of MSMEs counselors among BDS provision model

**Business development service (BDS)** is one of the key support frameworks for the development of micro, small and medium enterprises. BDS is a multidisciplinary support program to improve the efficiency of enterprises, including training, consulting services, market linkages, support for financial access, and business linkages.

The Ethiopian government has made significant efforts to expand access to services through the establishment of Entrepreneurship Development Centers (current **Entrepreneurship Development Institute, EDI**).

BDS is provided by **BDSPs (Business Development Service Providers)** such as EDI (including WEDP), TVET, EED, Manufacturing Industry Development Institute and Centers and the institute, financial institutions, private entities, individual business consultants, etc.

MSMEs counselor plays an important role in the BDS provision model (following figure), to facilitate

appropriate BDS to each enterprise, among many services provided by various BDSPs, as one of function of sub-cities and woredas.

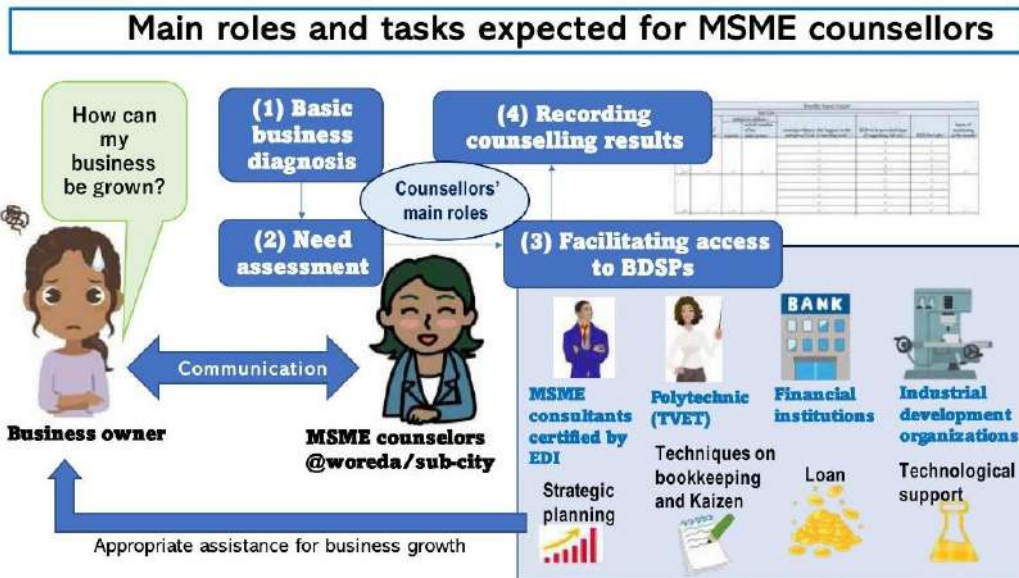


Figure 1. Main roles expected for MSMEs counselors in BDSP network

### 3. Standard procedure of counseling

#### 3.1 Acceptance enquiries from MSMEs

MSMEs counselor should receive enquiries from MSMEs at Sub-cities and Woredas or at the enterprises' premise when s/he realize field activities.

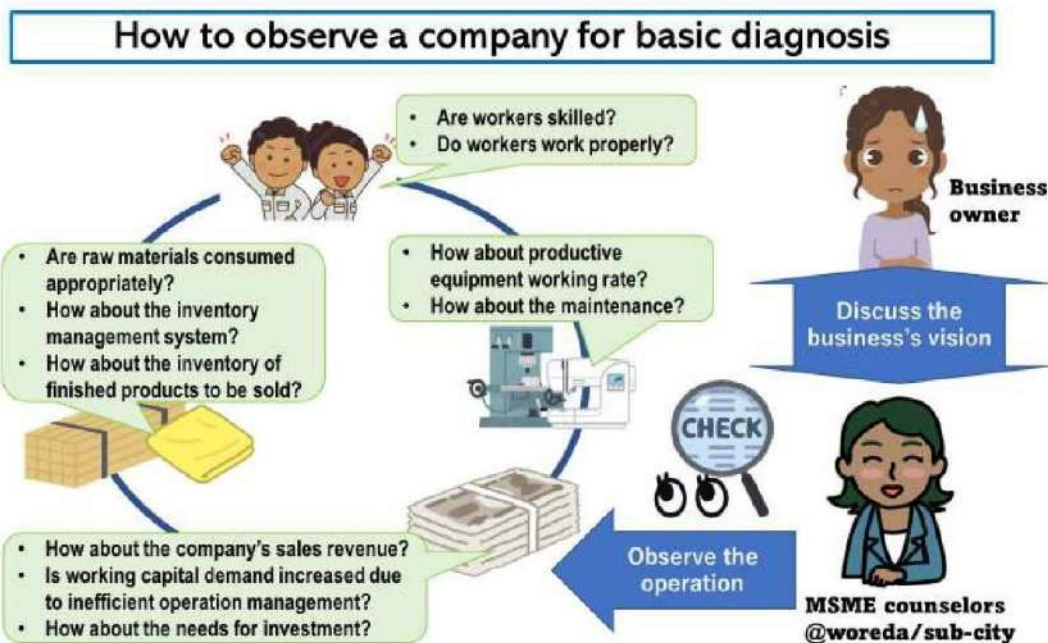
#### 3.2 Basic Diagnosis on the enterprise

Diagnose MSMEs' business condition by (i) observing the business and/or (ii) applying the "Quick Diagnosis Tool (QDT)".

The conversation with MSMEs' owners is essential to identify the problems to be tackled.

For the basic diagnosis, it is recommended that MSME counselors observe the following points, considering the company's sales and production volume. (see the figure 2)

- (a) **Equipment:** MSMEs counselors should observe if the machine utilization rate is appropriate or not, above all, in MSMEs whose production heavily depends on productive equipment.
  - (b) **Workers:** MSMEs counselors should observe if the workers work well or not, above all, in labor intensive industries.
  - (c) **Materials:** MSMEs counselors should observe (i) raw material yield and (ii) inventory control.
- MSMEs counselors can utilize the knowledge gained through the training for observing these points.



**Figure 2. Important points to be observed for basic business diagnosis**

As another option to realize basic business diagnosis, MSMEs counselor can apply the “Quick Diagnosis Tool (QDT)”, which can be used on a mobile tablet or on their smartphones, through interviews with MSME owners. How to apply QDT is presented below.

### (1) Input the data

First, the company name, the business sector and business size, etc. should be registered.

### A. General Information of the Company

**Company Information**

- Company name
- Owner's name
- Owner's age
- Owner's gender

**Location**

- Sub city,
- Woreda

This part is automatically input based on counselor information.

A. General Information of the Company

Company Name	okm
Name	okm
Age	55
Gender	<input checked="" type="radio"/> Male <input type="radio"/> Female
Business Sector	12. Services
Business Size	Micro Enterprise
Subcity	okm

Next

### Business Sector

Choose from,

1. Food processing,
2. Wood processing,
3. Textile,
4. Leather processing,
5. Metal processing,
6. Handcraft,
7. Chemical,
8. Construction,
9. Construction materials,
10. Wholesaler,
11. Retailer,
12. Services

Note  
"9. Construction materials" does NOT include metal and wood processing

A. General Information of the Company

Company Name	<input type="text" value="okm"/>
Name	<input type="text" value="okm"/>
Age	<input type="text" value="35"/>
Gender	<input checked="" type="radio"/> Male <input type="radio"/> Female
Business Sector	<input type="text" value="12. Services"/>
Business Size	<input type="text" value="Micro Enterprise"/>
Subsidiary	<input type="text" value="None"/>

### Business Size

Choose from,

- Micro enterprise,
- Small enterprise,
- Medium Enterprise


**Figure 3. Image of the data input sheet on general information of the company**

Then, the data of business operation should be inputted. The counselor should keep in mind that there are two sheets: for manufacturing company and commercial company.

B. Information on business operation (for manufacturing company)

B. Information on business operation		A	B	C	D
	% of the production from orders <span style="float: right;">0%</span>	What is the ratio of the <b>production</b> you start after receiving orders (in other words, <b>production for Make-to-order</b> ) out of the whole production?			
	% of the sales for regular customers <span style="float: right;">0%</span>	What is the ratio of <b>sales</b> made from the <b>regular customers</b> out of total sales?			
	Variety of products <span style="float: right;">Low</span>	If the company produces relatively more types of products compared with the sector average, choose "high". If it is same as the average, choose "Moderate ". If it is lower than average, choose "Low".			
	Accounting system <span style="float: right;">Not recording</span>				
<a href="#" style="background-color: #4a7ebb; color: white; padding: 2px 5px;">Back</a>					
<p><b>Automatically calculated</b> The percentage of the production in the stock is automatically calculated based on the following equation. <math>1 - \text{"% of the production from orders"}</math></p>		<input type="text" value="100%"/> % of the production as stock			
<p><b>Automatically calculated</b> The percentage of the sales for unfamiliar customers is automatically calculated based on the following equation. <math>1 - \text{"% of the sales for regular customers"}</math></p>		<input type="text" value="100%"/> % of the sales for unfamiliar customers			
<p>How does the company record its accounting information, for example, costs and sales?</p> <p>Choose from,</p> <ul style="list-style-type: none"> <li>- Not recording,</li> <li>- Input on notebook,</li> <li>- Input from computer</li> </ul>		<input type="text" value="Low"/>			
		Accounting system		Not recording	
		<a href="#" style="background-color: #4a7ebb; color: white; padding: 2px 5px;">Next</a>			

## B. Information on business operation (for commercial company)

 % of the sales of main products  What is the ratio of sales from **main products** out of the whole production?

**Automatically calculated**  
The percentage of the sales of non-main products is automatically calculated based on the following equation.  
 $1 - \text{"\% of the sales of main products"}$

% of the sales of non-main products

For a commercial company, such as "Wholesaler", "Retailer", "Services", the first question is different from that of a manufacturing company.

Figure 4. Image of the data input sheet of information on business operation

Then, the following sheet should be filled out, selecting "yes" or "no" on the company's difficulties in sales/marketing, production/operation, resource management/financial management.

## C. Owner's observation on difficulties in business management

Interview the Owner. How does he/she perceive "Sales/Marketing", "Production/Operation" and "Resource management/Financial management"?

Category	Questions
Sales/ Marketing	Decrease in company's sales Too many competitors in the market Unstable demand of the market/ market demand changes Decrease in sales (unit) price Difficulty in sales activities/ planning
Production/ Operation	Low productivity Lack of modern technology and/or equipment Increase in operational costs Difficulty in production control/ planning Difficulty in purchase of raw materials Difficulty in inventory control
Resource management/ Financial management	Decrease in business profits Lack of business operation space (factory and office) Lack of working capital Lack of capital for investment

If the Owner perceives the company situation in the same way as stated in the list, choose "Yes". If no, choose "No".

Yes  No

Production/ Operation

(1) Low productivity  Yes  No

(2) Lack of modern technology and/or equipment  Yes  No

(3) Increase in operational costs  Yes  No

**Note**  
Operational costs include costs related to raw materials, employee hiring, space and equipment renting, etc.

Strategy/ Marketing environment

(1) Decrease in company's sales  Yes  No

(2) Too many competitors in the market  Yes  No

(3) Lack of products and services differentiated from competitors'  Yes  No

(4) Lack of facilities that attract customers, near the shop  Yes  No

**Note**  
In the case of diagnosing a commercial enterprise, "facilities that attract customers" can include, bus stops, other shops whose products are differentiated from the company's, and so on.

**Figure 5. Image of the data input sheet on difficulties in business management**

The counselor should enter the financial information of the company, as shown in the following figure, if such information is available.

Annual Sales [0] → Input annual Sales [ETB]

Cost of sales [0] → Input Costs of sales [ETB]  
 Cost of sales should include; raw material costs, salary for production workers, cost for renting equipment, fuel and lubricants for the use at the factory, cost for repairing equipment and so on.

Administrative costs [0] → Input Administrative expenses [ETB]  
 Administrative expenses should include; salary and benefits for business owner, salary for administrative staff who are not in charge of production, advertising cost, cost for business trip, cost for communication (Internet, CEL, etc.), purchase of stationery, and so on.

Financial costs [0] → Input annual Financial costs [ETB]  
 Financial costs should include; interests (of bank borrowings, finance lease etc.), bank charges and so on.

Input Fixed assets [ETB]  
 Fixed assets include equipment for production and office use, property and land.

**Figure 6. Image of the data input sheet on financial information**

For the analysis of **Restaurants**, it is recommended to conduct **two analyses** by choosing different business sectors, **1. Food processing** and **12. Services**. These two business sectors show different diagnosis questions in the C section in the input sheet.

Questions are different between 1. Food processing (1~10) and 12. Services (11~12)

Business Sector	1. Food processing	12. Services
Sales/Marketing	<ul style="list-style-type: none"> <li>Decrease in company's sales</li> <li>Too many competitors in the market</li> <li>Unstable demand of the market/ market demand changes</li> <li>Decrease in sales (unit) price</li> <li>Difficulty in sales activities/ planning</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in company's sales</li> <li>Too many competitors in the market</li> <li>Lack of products and services differentiated from competitors'</li> <li>Lack of facilities that attract customers, near the shop</li> <li>Difficulty in developing new products and services</li> <li>Lack of clients who come to the shop / office</li> <li>Lack of engagement and/or shop/buyside at an appropriate date</li> </ul>
Production/ Operation	<ul style="list-style-type: none"> <li>Low productivity</li> <li>Lack of modern technology and/or equipment</li> <li>Increase in operational costs</li> <li>Difficulty in production control/ planning</li> <li>Difficulty in purchase of raw materials</li> <li>Difficulty in inventory control</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operational costs</li> <li>Difficulty in sales operation control/ planning</li> <li>Difficulty in purchase of articles</li> <li>Difficulty in inventory control</li> </ul>
Resource management/ Financial management	<ul style="list-style-type: none"> <li>Decrease in business profits</li> <li>Lack of business operation space (factory and office)</li> <li>Lack of working capital</li> <li>Lack of capital for investment</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in business profits</li> <li>Lack of business operation space (factory and office)</li> <li>Lack of working capital</li> <li>Lack of capital for investment</li> </ul>

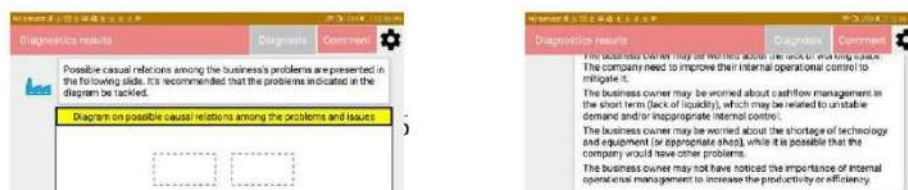
Different questions

**Figure 7. Analysis for restaurant business**

When information input is complete, to start diagnosing, click the “START” button.

**(2) See the result of the diagnosis**

Inputted information is analyzed automatically, and the result appears. There are four areas in the results: (a) Causal relations among problems, (b) Financial indication, (c) Operational situation and problems, and (d) Owner’s perception.

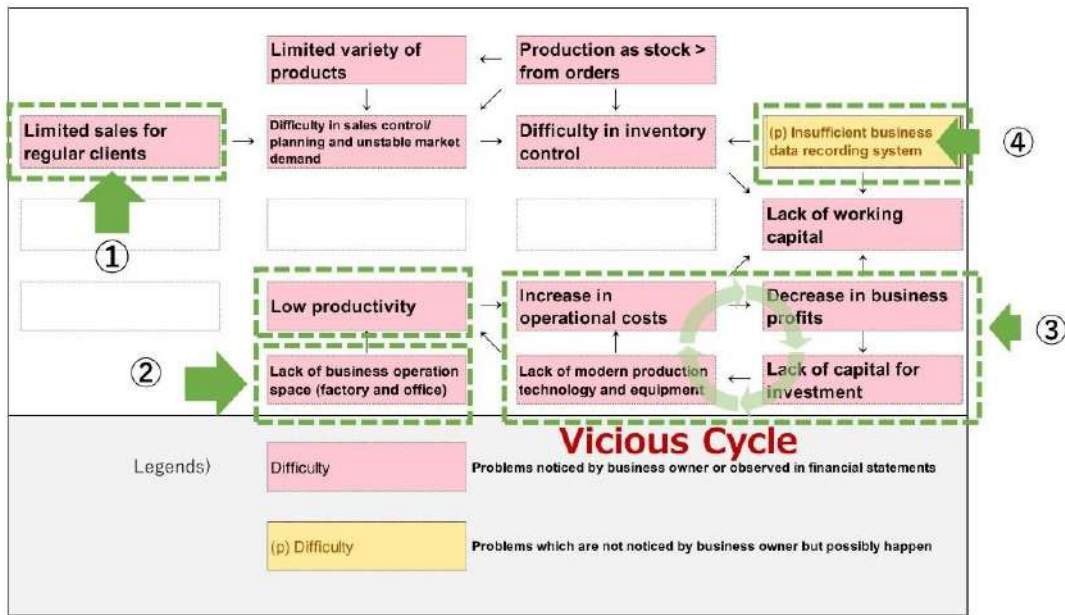


### **Figure 8. Image of the result of the diagnosis**

Regarding the point (a) mentioned above, without knowing the cause of the problem, it is difficult to solve the problem and strengthen the enterprise's management for more growth. The diagram shows possible causal relations among the company's problems.

- The **red box** shows the problems which are noticed by the business owner.
- The **yellow box** shows the problems which are not noticed by the company but may be taking place.
- The **arrow** shows the causal relations between problems.





**Figure 9. Example of the result of the causes and the problems**

This is an example of how to interpret the causes and the problems.

- ① “**Limited sales for regular clients**” may be triggering other operational problems. Therefore, it is recommended that the owner increase the number of regular clients.
- ② “**Lack of business operation space**” may generate other operational problems. Here, it is recommended that the owner expand spaces. If it is difficult to expand space immediately, check the next problem, “**Low productivity**”, which is caused by “**Lack of business operation space**”.
- ③ In this case, “**Low productivity**” may be triggering the vicious cycle. But there might be other causes which are not described in the diagram.
- ④ Although the owner may not be aware of it, “**Insufficient business data recording system**” may be generating other operational problems. It is recommended that the owner prepare a registering system.

Other results such as financial analysis, operational style, owner’s perception is shown automatically as Figure 10. The results shown here should be carefully examined, because they may not always reflect the real situation.

### Problems observed in financial statements

The company may have liquidity problems (risks for shortage of working capital).

### Possible operational situation or problem

Management on sales and product inventory is important. It can be suggested to increase regular clients, depending on the business situation.

### Mind factor analysis results

The business owner may be worried about the shortage of technology and equipment (or appropriate shop), while it is possible that the company would have other problems.

The business owner may be worried about competition in the market, and it is suggested that the company develop their sales activities and/or new products in a more organized way.

The business owner may not have noticed the importance of internal operational management to increase the productivity or efficiency.

Figure 10. Image of other results

Financial Indicators			
Liquidity indicators	Current ratio	Current assets/ Short term liabilities	Error
	Quick ratio	Current assets not including inventory/ Short time liabilities	Error
	Cash turnover period	Cash/ Sales per month	0.24 months
Profitability indicators	Gross profit margin	(Sales - Cost of sales)/ Sales	20.00 %
	Operating income margin	(Sales - Cost of sales - Administrative expenses)/ Sales	10.00 %
	Net profit margin	(Sales - all costs)/ Sales	10.00 %
	ROI (Return on total assets)	(Sales - Cost of sales - Administrative expenses)/ Total assets	7.58 %
Capital structure indicators	Capital adequacy ratio	Owned capital/ Total assets	100.00 %
	Times interest earned	(Sales - Cost of sales - Administrative expenses)/ financial costs	Error
Efficiency indicators	Inventory turnover period	Inventory/ sales per month	2.40 months

Figure 11. Result of the financial indicators

There is a **liquidity problem** shown in Figure 11 occurs because “**Cash turnover period**” is less an 1 month.

The diagnosis result may NOT always perfectly reflect the real situation of the company.

### 3.3 Analyze the result and elaborate action plan

MSMEs counselor should elaborate an action plan with the MSME owner. Possible format of action plan is presented below.

**Table 1. Format that can be applied for action plan**

Company name	Address	TEL	Problems to be tackled	BDS to be provided	BDS provider

MSMEs counselor should provide basic advice among the knowledge they acquired at the counselor training course.



**Counselors who provide MSMEs with advice, applying training contents**

As mentioned previously, one of the important tasks of MSME counselors is to refer the MSMEs to other BDSPs to ask for support based on the result of the diagnosis.

Based on basic diagnosis results and the enterprise owner's commitment level, MSMEs counselor shall find suitable BDSPs to support the enterprise (see following figure).

## Counselor -BDSPs connection Chart

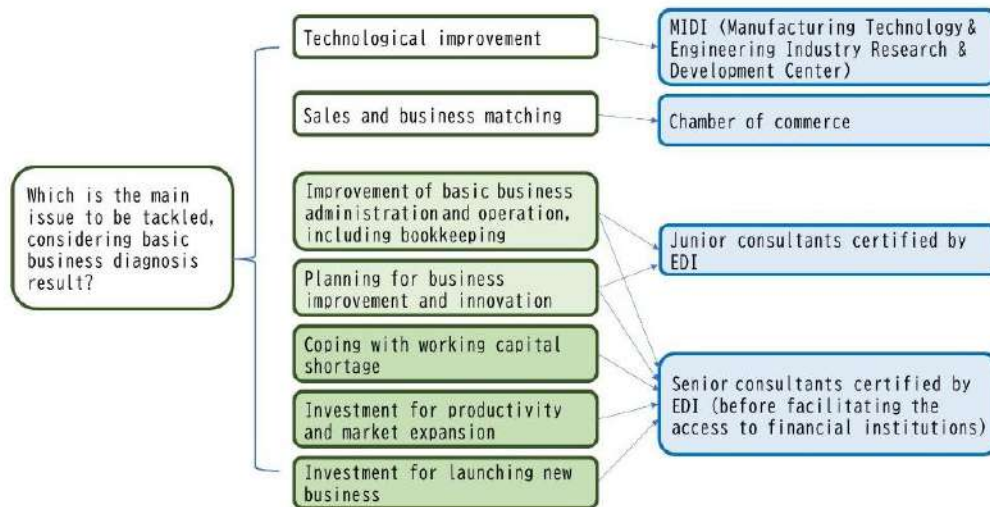


Figure 12. Counselor-BDSPs connection chart

Possible BDSPs can include:

### (1) MSMEs consultants certified and registered by EDI

MSMEs consultants are those who belong to BDSPs or work as an individual consultant, and certified, based on the evaluation of MSMEs consultants fostering training course, which is organized by Entrepreneurship Development Institute (EDI). Their main roles are presented in the following figure.



Figure 13. Main roles of MSMEs consultants

MSMEs consultants provide consulting service to MSMEs as one of BDS under the framework of BDSPs network. More specifically, MSMEs consultants provide holistic and professionalized management consulting, with profound business diagnosis, and follow-up support for MSMEs' growth.

When an enterprise needs to receive consulting service so as to (i) identify the company's critical success factors for the growth, (ii) develop business expansion plan, including investment and market expansion, and/or (iii) receive technical advice for the business improvement and innovation, MSMEs counselor will analyze the possibility to apply MSMEs consultants' support for the enterprise.

Some successful examples developed by certified MSMEs consultants can be observed by the following videos.

**Table 2. Success Story short video (Three cases)**

Antsokiya Furniture	ATW Engineering	Yilfashew Garment
<a href="https://www.youtube.com/watch?v=t9oEnFtGSf8">https://www.youtube.com/watch?v=t9oEnFtGSf8</a>	<a href="https://www.youtube.com/watch?v=cQAH0dj843Y">https://www.youtube.com/watch?v=cQAH0dj843Y</a>	<a href="https://www.youtube.com/watch?v=LX-isWxjlGc">https://www.youtube.com/watch?v=LX-isWxjlGc</a>
		

MSMEs consultants consist of two (2) levels; "Senior" and "Junior" consultants.

Junior consultants should provide MSMEs with;

- Professional business diagnosis service
- Technical advice for business improvement and innovation
- Advice for elaborating business plan

Senior consultants should provide MSMEs with the following services, on top of topics that can be managed by Junior consultants.

- Advice on investment planning and financial management
- Advice on detailed business plan and business operation system in a customized manner with each enterprise reality

Sometimes even when counselors facilitate MSMEs' access to financial service, the financial institutions may reject their loan application, due to insufficient quality of investment plan. In such cases, MSMEs (senior) consultants are available to facilitate the elaboration of an appropriate investment plan for new productive equipment.

## (2) Industrial extension service (TVET)

Industrial extension service is available in the following areas. Above all, techniques for bookkeeping are highly demanded for modernization of business operation.

**Table 3. Support areas of industrial extension service**

Title	Objective	Contents
Kaizen	Quality & Productivity improvement	5S, Quality management
Entrepreneurship	Business plan preparation	Business plan, Bookkeeping, Market assessment, Customer handling
Technical Skills	Skills improvement	Skill Gap identification, Training and assessment
Industry technology	New technology introduction	Technology Transfer to MSE

## (3) Financial institutions

There are several public and private financial institutions in Ethiopia.

MSME counselors should note the followings.

- Financial loan can facilitate the investment of production equipment, with a view to productivity improvement, while this can cause an increase in the company's needs for working capital, including, interest payment, increase in the purchase of raw materials, etc.
- A company's needs for working capital can be reduced, by improving the operational efficiency.

Considering the points mentioned above, MSME counselors can introduce MSME consultant to the company so that the consultant can facilitate an appropriate decision making.

## (4) MIDI (Manufacturing Technology & Engineering Industry Research & Development Center)

MIDI has the following support areas, and counselors can analyze the possibility to facilitate the access to their service.

- Marketing and enterprise matchmaking support, including:
  - Provide networking and coordination support to the manufacturing industry that has transitioned to a product to ensure a secure and reliable supply of inputs.
  - Support feasibility study for the priority investors and exporters to the industry.
  - Provide rating, testing and development support to produce a competitive international product.
  - Perform market research and identify opportunities to link with domestic manufacturers.
  - Conduct research, identification and decision-making support for the international competitiveness of export products.

- Establish annual export business plan, monitor performance and prepare reports.
  - Organize and disseminate international market information
- Training on production technology and use of facilities and equipment, including:
    - Provide consulting support in the manufacturing industry technology selection and negotiation process
    - Provide technical training capable of maintaining the quality and productivity of the international standard and moving all production equipment efficiently and effectively.
    - Provide support for benchmarking services to increase productivity to the International Productivity Index.
    - Provide maintenance and replacement support to make continuous product improvement through the development of technology for developing new products
    - Responding promptly to technical questions raised by exporters.

### 3.4 Record to the data base

It is important for woreda/sub-city as well as counselors to know how positive changes have been made at each MSME as a result of counseling and BDS. In this sense, it is recommendable that MSME counselors register MSMEs which have received counseling service. Possible format to be filled out is presented below.

It is recommended that the format be shared among the stakeholders.

**Table 4. Format for registering counseling activities**

Monthly Report (Registering system)						
Month:		Subcity:		Woreda:		
Company name	Address	TEL	Problems to be tackled	BDS to be provided	BDS provider	Monitoring

It is important to register MSMEs already counseled to facilitate evaluation of the progress and to plan the next activities to be developed.

**(END)**

(4) コンサルタント制度ガイドライン



## Guideline for MSMEs Consultants System





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## **1. Basic concept on MSMEs Consultant System**

### **1.1 Objective of the Guideline**

This Guideline shows (i) how to foster, certify and register MSMEs (Micro, Small and Medium Enterprises) consultants, and (ii) how they should work for MSMEs' business improvement and innovation, so that different actors can understand functions of MSMEs consultant system. This Guideline should be updated, when it is needed.

### **1.2 Background**

The Project on Business Development Service (BDS) Enhancement for Enterprise Growth has been implemented by Ethiopian Government, with technical assistance of Japan International Cooperation Agency (JICA), so that Ethiopian MSMEs can receive high quality BDS through BDS Providers (BDSPs) network, with a view to the achievement of the goals presented in the National Development Plan.

BDS can be defined as services to promote enterprises' performance improvement, business innovation and competitive reinforcement. Such services include; training, consultancy, technology development and transfer, business matching, access to working premises, market and financial services, assistance for procurement of equipment and raw materials, and so forth.

BDSPs are entities that supply BDS to enterprises. They include public and private organizations.

In the framework of the Project, Federal Small and Medium Industry Promotion Authority (FeSMMIPA), Federal Urban Job Creation and Food Security Agency (JOBFSA), and Entrepreneurship Development Centre (EDC) had developed and managed MSMEs consultant system until 2021, and the successor organizations contribute to the continuous development of the system.

### **1.3 Definition and Expected Role of MSMEs Consultants**

MSMEs consultants are those who belong to BDSPs or work as an individual consultant, and certified, based on the evaluation of MSMEs consultants fostering training course, which is organized by

Entrepreneurship Development Institute (EDI).

The certification has two (2) levels; Junior Consultant and Senior Consultant.

MSMEs consultants provide consulting service for MSMEs as one of BDS, in the framework of BDSPs network. More specifically, MSMEs consultants provide holistic and professionalized management consulting, with profound business diagnosis, and follow-up support for MSMEs' growth, based on request from MSMEs counsellors, who are woreda sub-city, or city office staffs certified after receiving training, as shown below.

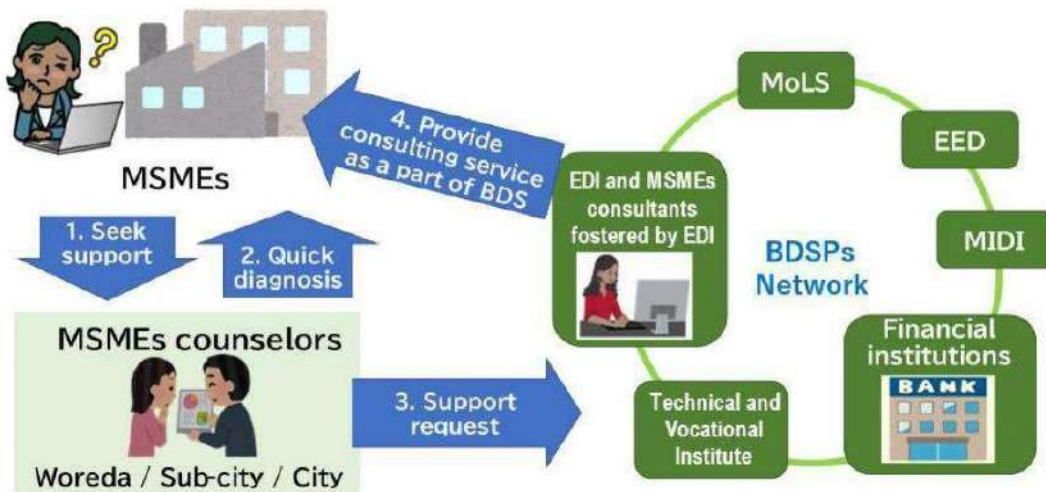


Figure 1. Service flow for consulting

In relation to the Figure 1, MSMEs counsellors identify (i) MSMEs' problems to be solved and (ii) their needs for BDS, often applying quick diagnosis tool (QDT). In other words, one of main roles expected for MSMEs counsellors is matching MSMEs with appropriate BDSPs.

When an enterprise needs to receive consulting service so as to (i) identify the company's critical success factors for the growth, (ii) develop business expansion plan, including investment and market expansion, and/or (iii) receive technical advice for the business improvement and innovation, MSMEs counsellor will analyse the possibility that MSMEs consultant provide the professional service to

the enterprise.

Some successful examples developed by certified MSMEs consultants can be observed by the following videos.

**Table 1. Success Story short video (Three cases)**

Antsokiya Furniture	ATW Engineering	Yilfashew Garment
<a href="https://www.youtube.com/watch?v=t9oEnFtGSf8">https://www.youtube.com/watch?v=t9oEnFtGSf8</a>	<a href="https://www.youtube.com/watch?v=eQAH0dj843Y">https://www.youtube.com/watch?v=eQAH0dj843Y</a>	<a href="https://www.youtube.com/watch?v=LX-isWxjlGc">https://www.youtube.com/watch?v=LX-isWxjlGc</a>
		

#### 1.4 Levels of MSMEs consultants

MSMEs consultants consist of two (2) levels; “Senior” and “Junior” consultants.

Junior consultants should provide MSMEs with;

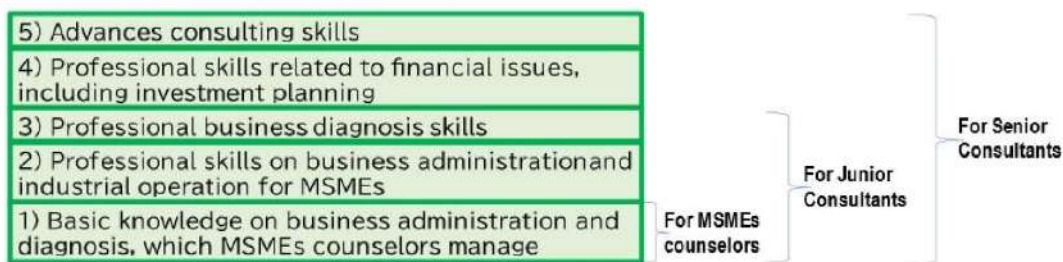
- Professional business diagnosis service
- Technical advice for business improvement and innovation
- Advice for elaborating business plan

Senior consultants should provide MSMEs with the following services, on top of topics that can be managed by Junior consultants.

- Advice on investment planning and financial management
- Advice on detailed business plan and business operation system in a customized manner with each enterprise reality

#### 1.5 Professional Abilities Required for MSMEs Consultants

Professional abilities are required for MSMEs consultants so that they can provide appropriate consulting services to enterprises. Such abilities include the contents presented below.



**Figure 2. Technical ability components required for MSMEs consultants**

The details of each of such components are noted as follows;

**1) Basic knowledge on business administration and diagnosis, which MSMEs counsellors manage**

MSMEs counsellors manage basic business administration and diagnosis knowledge, including;

- Operational styles, such as production as stock and production from orders
- Basic notion of financial statements and financial indicators
- Basic techniques for business diagnosis

MSMEs consultants, as well as MSMEs counsellors, should manage these topics, as their fundamental skill.

**2) Professional skills on business administration and industrial operation**

MSMEs consultants should manage the followings, on top of topics managed by MSMEs counsellors.

- Management accounting, including (i) costing, (ii) breakeven point analysis, and (iii) how to improve the benefits considering cost structure.
- Operation, including (i) production management, (ii) quality control, (iii) inventory management, (iv) sales management and (v) human resource management.
- Marketing, including (i) conventional marketing and (ii) digital marketing

**3) Professional business diagnosis skills**

While MSMEs counselors apply quick diagnosis tool (QDT) to identify

company's problems to be solved, MSMEs consultants should (i) analyze well whether QDT diagnosis results are correct or not, and (ii) provide technical advice to improve company's profitability. In this context, MSMEs consultants should have professional business diagnosis skills, including;

- Diagnosis on several business functions, such as production, sales, administration, and so on
- Business environment analysis
- Techniques to identify critical success factors
- Techniques to elaborate business growth strategy and business improvement plan
- Skill to elaborate business diagnosis and consulting report

#### **4) Professional skills related to financial issues**

MSMEs "senior" consultants should try to generate positive synergy effects between technical and financial assistance for MSMEs. In this sense, they are required to have the following professional skills.

- Consulting ability on equipment investment planning and appraisal
- Consulting ability to improve companies' financial liquidity

#### **5) Advanced consulting skills**

MSMEs "senior" consultants should manage the following topics, as their advanced skill.

- How to elaborate business operational plans, including production plan, purchase plan and sales plan, in a customized manner with each enterprise reality.
- How to develop company's business operation system, including production management, quality management, inventory management, customer management, etc.
- Consulting skills on new product development, market research, etc. for the business expansion.

### **1.6 Overview of MSMEs consultants system**

MSMEs consultants system includes several contents as presented below.

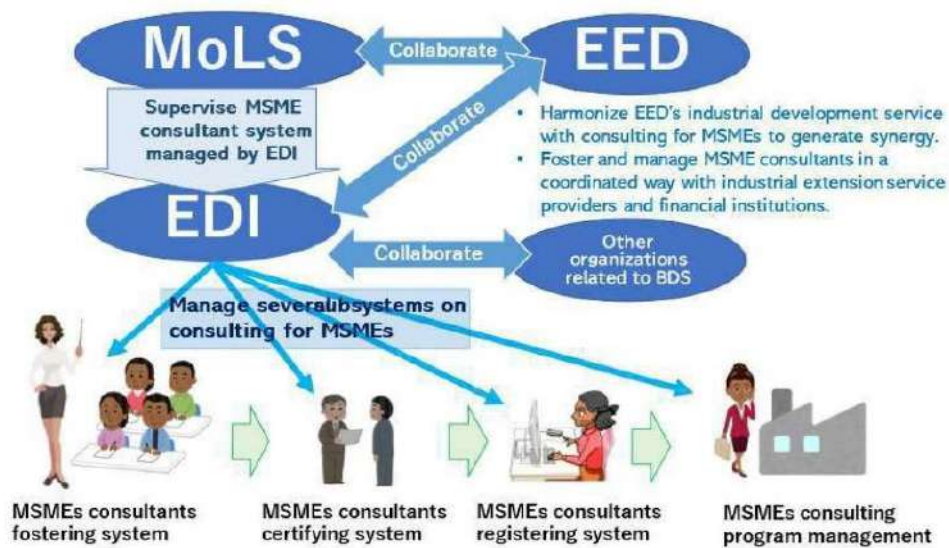


Figure 3. Overview of MSMEs consultants system

Main actors' roles are noted below.

- Consulting services for MSMEs should be provided in a harmonized manner with EED's industrial development program. EED can promote the use of MSMEs consultants, by (i) matching consultants with demand and (ii) the program advertisement
- Under MoLS's supervision, EDI (i) manages the training course for fostering MSMEs consultants, (ii) organizes the exam for those who have completed the course, (iii) certify those who pass the exam as MSMEs consultants, (iv) register them, (v) manage their activities as MSMEs consultants, and (vi) provide the list of certified consultants with MSMEs counsellors so that they can facilitate MSMEs' access to consulting service.
- Other organizations, which have master trainers certified by EDI, can foster MSMEs consultants, though they cannot organize the exam.
- EDI shall monitor MSMEs consultants' activities, by reviewing the template of consulting success stories, in a coordinated manner with the other organizations that have their own master trainers.
- Different organizations, which participate in BDSPs network, can collaborate with EDI to facilitate matching the consultants with MSMEs that need their service.

## 2. MSMEs consultants fostering, certifying and registering system

### 2.1 Overall structure of MSMEs consultants fostering system

EDI organizes (i) training courses to foster both junior and senior consultants, and (ii) exams to certify the consultants. Only those who are certified as junior consultant can participate in the training course for senior consultant candidates, as described in the following Figure.



Figure 4. Processes to become to be MSMEs consultant

EDI fosters and certifies master trainers who can (i) train junior and senior consultant candidates, (ii) supervise the exam, and (iii) support and monitor consulting activities being developed by junior and senior consultants. Master trainers must be certified senior consultants who have received the special training of trainers. In this sense, the other organizations, which have master trainers certified by EDI, can organize the training for fostering MSMEs consultants, but they cannot organize the exam for the certification. (Only EDI can organize the exam.)

Eligibility requirements for junior, senior consultants and master trainers are presented below.

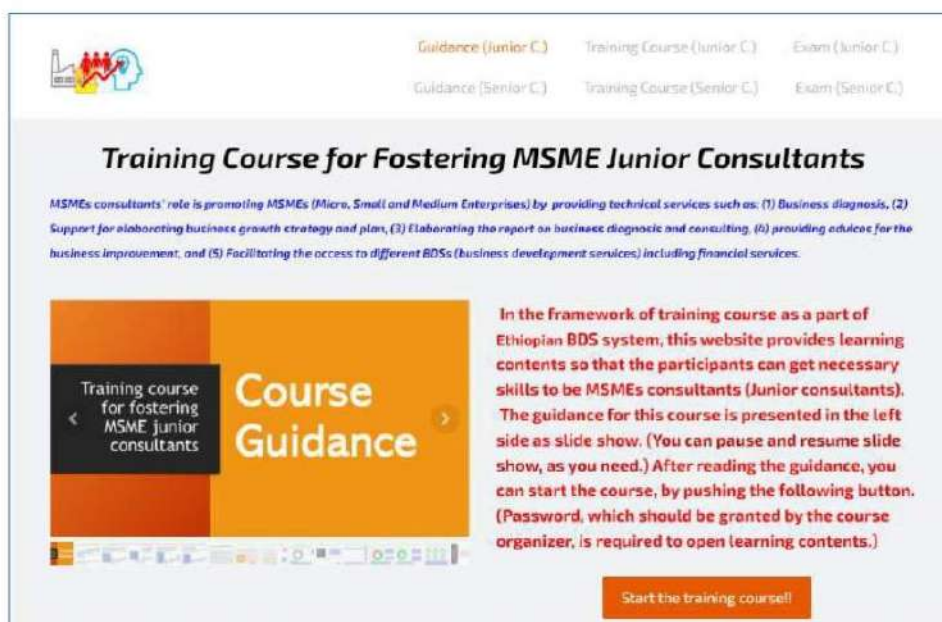
Table 2. Eligibility requirements

Junior consultants	<ul style="list-style-type: none"> <li>● Complete the training course for Junior Consultant Candidates</li> <li>● Pass the exam to be certified as Junior Consultant</li> </ul>
Senior consultants	<ul style="list-style-type: none"> <li>● Should be certified as Junior Consultant</li> <li>● Complete the training course for Senior Consultant Candidates</li> <li>● Pass the exam to be certified as Senior Consultant</li> </ul>
Master trainers	<ul style="list-style-type: none"> <li>● Should be certified as Senior Consultant</li> <li>● Complete special training of trainers</li> </ul>



## 2.2 Training for Fostering Junior Consultants

The training contents for fostering junior consultants are available in the following website.



Website for the training for junior consultant candidates (<https://ebdsc.jimdofree.com/>)

The training course consists of the following 15 units.

Table 3. Training contents for Junior Consultant Candidates

Chapter 1. Basic Knowledge	<ul style="list-style-type: none"> <li>● Unit 1. Basic notion of MSME consultants and their successful stories</li> <li>● Unit 2. Industrial operation that MSME counselor candidates learn</li> <li>● Unit 3. Financial analysis that MSME counselor candidates learn</li> <li>● Unit 4. Basic business diagnosis that MSME counselor candidates learn</li> </ul>
Chapter 2. Business administration and operation	<ul style="list-style-type: none"> <li>● Unit 5. Strategy planning</li> <li>● Unit 6. Management accounting</li> <li>● Unit 7. Industrial operation</li> <li>● Unit 8. Marketing</li> </ul>
Chapter 3. Virtual OJT (Case studies)	<ul style="list-style-type: none"> <li>● Unit 9. Wood processing company case</li> <li>● Unit 10. Metal processing company case</li> <li>● Unit 11. Food processing company case</li> <li>● Unit 12. Garment factory case</li> </ul>
Chapter 4. Advanced topics	<ul style="list-style-type: none"> <li>● Unit 13. Advanced case studies (1)</li> <li>● Unit 14. Advanced case studies (2)</li> <li>● Unit 15. How to elaborate business diagnosis and consulting report (and consulting success story template)</li> </ul>

The course includes 15 units in total, as mentioned above. Each unit has the worksheet which includes audiovisual educational materials, questions for facilitating the candidates' learnings, and/or others. Each worksheet should be developed for 30 minutes.

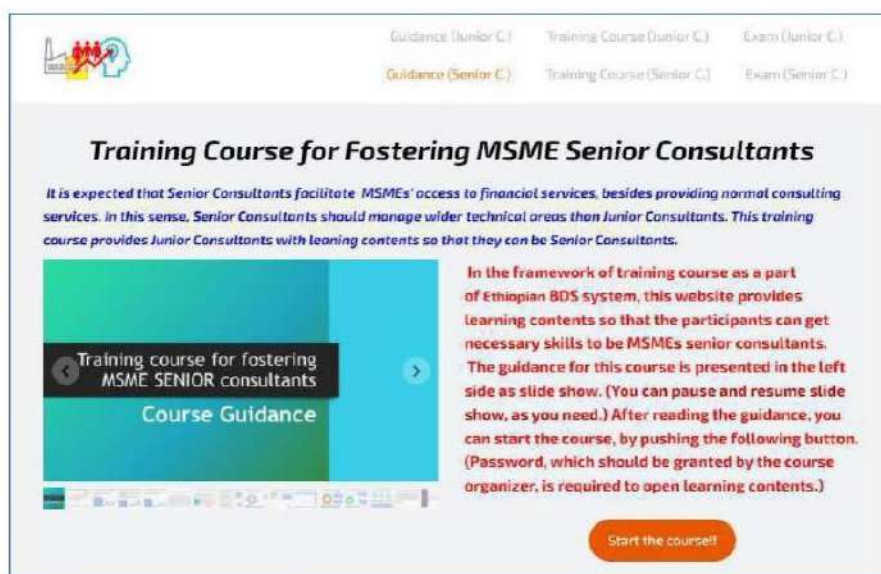
It is recommended that the candidates spend 2 or 3 hours for each unit, not only for developing the worksheet but also for reading the textbook, which can be downloaded by the course web site, and other reference documents.

In this sense, it is estimated that the candidates should spend 30 – 45 hours in total (15 units x 2 or 3 hours). It is recommended that the candidates develop 1 or 2 units per day, therefore 2 or 3 weeks are required to complete the course.

When the candidates will have answered all questions correctly in all the worksheets of the 15 units and submit 15 screen shots of the unit completion image to the course organizer, the candidates will be invited to take the exam to be certified as MSME junior consultants.

### 2.3 Training for Fostering Senior Consultants

The training contents for fostering senior consultants are available in the following website.



Website for the training for senior consultant candidates  
(<https://ebdsc.jimdofree.com/guidance-senior-c/>)

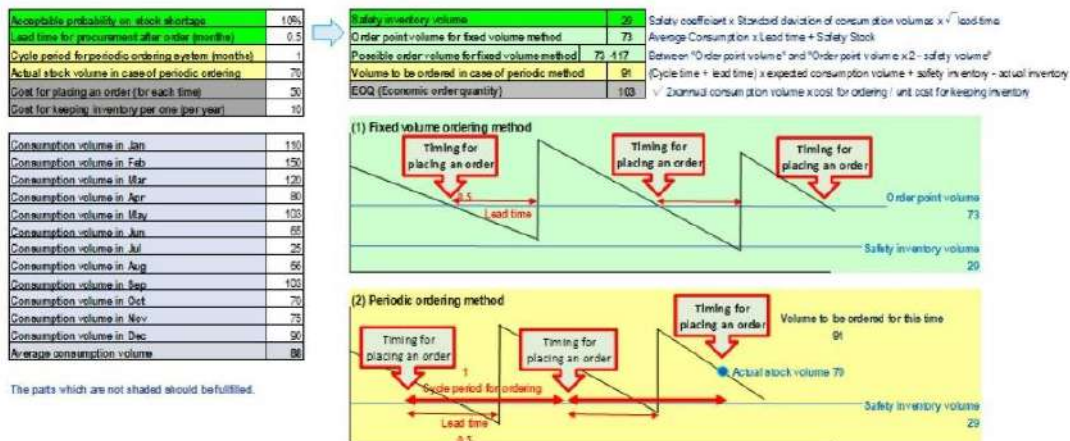
The training course consists of the following 9 units.

Table 4. Training contents for Senior Consultant Candidates

<b>Chapter 1. Basic Knowledge</b>	<ul style="list-style-type: none"> <li>● Unit 1: Review of educational contents for Junior Consultants</li> <li>● Unit 2: Working capital and current asset management</li> <li>● Unit 3: Investment planning</li> </ul>
<b>Chapter 2. How to use consulting tools</b>	<ul style="list-style-type: none"> <li>● Unit 4: How to apply consulting tool on operational improvement (1) (Production, Inventory and Purchase management)</li> <li>● Unit 5: How to apply consulting tool on operational improvement (2) (Statistical testing and Sales management)</li> <li>● Unit 6: How to apply consulting tool on investment planning and costing</li> <li>● Unit 7: How to apply QDT (Quick Diagnostic Tool) Excel version</li> </ul>
<b>Chapter 3. Practices</b>	<ul style="list-style-type: none"> <li>● Unit 8: Practices on elaborating business diagnosis and consulting report</li> <li>● Unit 9: OJT by visiting to a pilot enterprise</li> </ul>

As presented above, the Chapter 2 of the training course refers to how to apply “Consulting Tools”, which was developed by BDS Project to facilitate consulting activities. Wide business administration and industrial operational knowledge is required to manage these tools, therefore, how to apply them shall not be learned in the training for fostering junior consultants but senior consultants.

Some images of the tools are presented below.



Tool for Purchase Programming

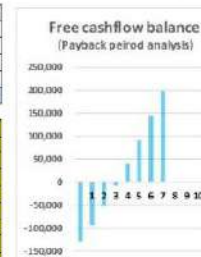
<b>Objective</b>	To increase the company's sales and production to introduce additional sewing machines
<b>Impact</b>	The company's actual sales is about 3 million ETB per year, and new equipment to be purchased will contribute to increase in the production and sales by 10%, though this requires additional 2 employees to be hired.
<b>Market</b>	The company's regular customers, who are clothes stores, are increasing their sales.
<b>Competitors</b>	The competitors are still using old silk equipment, and their production and sales volume are limited.

Items to be purchased	Amount
sewing machine Spur200 x 1	80,000
sewing machine Spur100 x 1	50,000
<b>Total</b>	<b>130,000</b>

Financial Source	Amount
Loan	100,000
Own Capital	30,000
<b>TOTAL</b>	<b>130,000</b>

Monthly rental cost for production space	800
Lifetime in years of equipment to be invested	7
Loan interest rate	25%
Tax Rate	30%
Hurdle rate	20%

Net Present Value (NPV)	31,478
Internal rate of return (IRR)	27.9%
Estimated allowable payback period	3.6
Averaged gross margin rate	26.6%
Averaged operating profit rate	16.6%
Averaged ordinary profit rate	9.4%
ROI (Return on Investment) per year	21.6%
Averaged BEP sales amount per year	189,818
Averaged contribution margin ratio	36.7%



Estimated Profit and Loss Account on the Investment Project	Today	Years															
		1	2	3	4	5	6	7	8	9	10						
<b>Expected Sales Amount</b>	-	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000						
<b>Cost of sales</b>																	
<b>Total</b>	-	229,171	229,171	229,171	229,171	229,171	229,171	229,171	229,171	229,171	229,171						
Raw material costs	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000						
Labor costs for production	-	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000						
Cost for production space	-	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600						
Depreciation on invested equipment	-	18,571	18,571	18,571	18,571	18,571	18,571	18,571	18,571	18,571	18,571						
Other expenses for production	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000						
<b>Gross margin</b>	-	79,829	79,829	79,829	79,829	79,829	79,829	79,829	79,829	79,829	79,829						
<b>Administrative expenses (related to the Project)</b>	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000						
<b>Operating profit</b>	-	49,829	49,829	49,829	49,829	49,829	49,829	49,829	49,829	49,829	49,829						
<b>Financial costs (interest payment)</b>	-	22,900	17,900	12,900	7,900	2,900	0	0	0	0	0						
<b>Other expenses</b>	-	500	500	500	500	500	500	500	500	500	500						
<b>Profit before tax</b>	-	26,329	31,829	36,829	41,829	46,829	49,829	49,829	49,829	49,829	49,829						
<b>Tax</b>	-	8,049	9,549	11,049	12,549	14,049	14,799	14,799	14,799	14,799	14,799						
<b>Net profit after tax</b>	-	18,280	22,280	25,780	29,280	32,780	34,530	34,530	34,530	34,530	34,530						

Estimated Cashflow Statement on the Investment Project											
	0	1	2	3	4	5	6	7	8	9	10
<b>Operating Cashflow</b>	0	37,351	40,851	44,351	47,851	51,351	53,101	53,101			
<b>Investing Cashflow</b>	-130,000										
<b>Free Cashflow</b>	-130,000	37,351	40,851	44,351	47,851	51,351	53,101	53,101			
<b>Free Cashflow Balance</b>	-130,000	-92,649	-51,797	-7,446	40,406	61,757	144,859	197,960			
<b>Financial Cash Flow</b>	100,000										
<b>Loan</b>	100,000										
<b>Repayment for loan principal</b>	0	-20,000	-20,000	-20,000	-20,000	-20,000					
<b>Debt balance</b>	100,000	80,000	60,000	40,000	20,000	0	0	0			
<b>Others</b>											
<b>TOTAL</b>	100,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	0	0	0	0
<b>Net Cashflow</b>	-30,000	17,351	20,851	24,351	27,851	31,351	33,101	33,101			
<b>Discounted free cash flow</b>	-130,000	31,126	28,369	25,655	23,076	20,637	17,784	14,826			
<b>Discounted Free Cashflow Balance</b>	-130,000	-99,874	-70,505	-44,838	-21,762	-1,125	15,559	31,478			

### Tool for Investment Appraisal

The course includes 8 units in total, except for OJT, as mentioned above. Each unit has the worksheet which includes audio-visual educational materials, questions for facilitating the candidates' learnings, etc. Each worksheet should be developed for 30 minutes.

It is recommended that the candidates spend 2 or 3 hours for each unit, not only for developing the worksheet but also for reading the textbook, which can be downloaded by the course web site, and other reference documents. In this sense, it is estimated that the candidates should spend 16 – 24 hours in total (8 units x 2 or 3 hours). It is recommended that the candidates develop 1 or 2 units per day, therefore 1 or 2 weeks are required to complete the course.

When the candidates will have answered all questions correctly in all the worksheets of the 8 units and submit 8 screen shots of the

unit completion image to the course organizer, the candidates will be invited to participate in OJT.

OJT should be organized and developed with master trainers certified by EDI. Master trainer should provide technical advices on the practices of business diagnosis and consulting.

When the candidates complete the OJT, they will be invited for the exam to be certified as senior consultants.

## 2.4 Training of trainers

EDI can organize the trainings of trainers so that certified senior consultants can be master trainers, who should provide technical advice on the implementation of OJT. The training contents are related to how to organize and follow OJT.

## 2.5 MSMEs consultants certifying and registering system

EDI can (i) organize the examination for those who will have completed the training course for junior and senior consultant candidates, and (ii) issue the certification.

The exams for both junior and senior consultant candidates are available online, as presented below.



Exam site for junior level



Exam site for senior level

Junior consultant candidates must answer 17 questions or more correctly among 20, to pass the test. The candidates must complete to answer the questions for 30 minutes.

Senior consultant candidates must answer 18 questions or more correctly among 20, to pass the test. The candidates must complete to answer the questions for 40 minutes.

Participants must take the exam with supervisors assigned by EDI.

EDI registers certified consultants, making the database.

### 3 MSMEs Consultants Management System

EDI shall (i) use certified MSMEs consultants for EDI's BDS programs, (ii) promote the use of certified MSMEs consultants for the other organization's programs, in a coordinated manner with MoLS and EED, and (iii) facilitate the matching MSMEs with appropriate consultants, when requested by MSMEs counsellors and the other related actors, and (iv) monitor the consultants' activities.

The other organizations can (i) use MSMEs consultants as well, with a view to provision of BDS with improved quality, and (ii) monitor the consultants' activities by their organizations' master trainers certified by EDI.

It is expected that consulting service provided by MSMEs consultants include the following steps, though these steps can be changed flexibly, if needed. Master trainers can support technically MSMEs' consultants' activities, if needed.



**Figure 5. Steps of consulting by MSMEs consultant**

In relation to the step 3 mentioned above, MSMEs Consultants need to develop business diagnosis and consulting report and submit to beneficiary business owner and EDI (or other entities which use them for their program).

A format of the report is presented in the next page. The form can be downloaded through the website of the training for MSME consultants. The report consists of diagnosis part and recommendations part. The following points are important for elaborating the report.

- Diagnosis results in different business functions such as purchase, production and sales should be reported in a consistent way.
- Causal relations among the company's several problems should be analysed and mentioned at the report.
- Overall diagnosis results should be related to the results in different business functions. It is important to point out major issues to be tackled.
- Proposed strategy, CSF (Critical Success Factors), actions to be taken should be set in a consistent manner.
- Recommended strategy and actions must be feasible economically and technically.

Business diagnosis and consulting report (Format)

Consultant name: xxxx

1. Basic information on the company

Business name	
Business category	
Direction	
E mail/ Phone number	

2. Diagnosis (date: xxxx)

External situation	
Purchase	
Production	
Sales/ marketing	
Administration / financial resources	
Overall	

Additional observations


3. Recommendation on the strategy for growth

Proposed date	Outline of the strategy for growth	KGI	Progress

4. Actions to be taken and key performance indicators

CSF	KPI	Action	Due	Progress (Date:)	Progress (Date:xx)

In relation to the step 6 presented in the Figure 5, MSMEs consultants should fulfill “Success Stories Template” as well, when they finish consulting service successfully, and submit it to EDI or master trainers so that the Template can be used for (1) promotion of BDS provision, showing good practices to other MSMEs’ owners, and (2) evaluation of effectiveness, efficiency, relevancy to national policies on the consulting program for MSMEs. EDI shall be in charge of monitoring consultant activities, by reviewing the template.

In this template, MSMEs consultants should record the current situation with pictures, identifying 3 key focus areas, to be able to compare the change “before” and “after” the consultation. During the consulting process, MSMEs consultants should record actions taken by the owner, based on the suggestion of consultant, measuring the change of the enterprise’s situation. After consulting, Consultants need to record the results of “after consulting”.

The Template consists in 3 pages. 1<sup>st</sup> page is the most important page, summarizing the enterprise information, result of consulting, and voice of owner and consultant. 2<sup>nd</sup> page describes the process of consulting; problems identified, suggestion from consultant and actions taken by the owner. 3<sup>rd</sup> page shows the difference between before and after with pictures. Here shows an example of template fulfilled by certified MSMEs Consultant.

### Certified MSME Junior Consultants' Success Stories Yelfashewa Garment

Consultant		Enterprise	
Consultant	Mr. Ademaspie Mamuve	Name	Yelfashewa Garment
Organization	TVET Misrak	Sector / Size	Garment / Small
Certified	Junior Consultant, March 2021	Location	Bole

 Established in 2019. Owned and managed by an experienced female entrepreneur Ms. Yelfashewa Sime.

 Product

- Kitchen gloves
- safety clothes
- various uniform clothes.

 Results:

- ✓ Now clearly understand available balance of stock.
- ✓ Overall sales increased by 30%:
- ✓ 10% increase from a large supermarket chain, who has been a regular customer but used to order only small quantity.
- ✓ Revenues from new customers increased from 8,000 ETB to 20,000 ETB through new customer acquisition.
- ✓ Appropriate pricing reflecting costs and competitors' prices.

*Consultant's Voice*

*"The consulting tools and the knowledge learned from the MSME Consultant training helped me a lot. I could critically identify and diagnose the MSMEs problems!"*



*Owner's Voice*

*"I really appreciate the consulting support, because it helped me to record my business transactions and to increase my sales to new customers."*

**Example of fulfilled template (page 1)**



Certified MSME Junior Consultants' Success Stories Yelfashewa Garment		
<p><b>Situation</b> Yifashewa Garment was serving 50% regular and 50% new customers. Only two companies take the lion share of the enterprises sales and among the regular customers. With its 2 temporary and 4 permanent staff members, the enterprise was still struggling with the impact of the COVID 19.</p>		
PROBLEMS IDENTIFIED	NECESSARY TASKS IDENTIFIED BY CONSULTANT	ACTIONS TAKEN BY ENTERPRISE
<p><b>1. Working capital shortage due to overstocking</b></p> <ul style="list-style-type: none"> <li>Not recording entry/exit of raw materials</li> <li>Not knowing the balance of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>Consultant introduced Inventory recording system to keep track of raw materials in stock.</li> </ul>	<ul style="list-style-type: none"> <li>Yelfashewa implemented an Amharic version of the inventory management sheet.</li> </ul>
<p><b>2. Low productivity with idle machines due to insufficient orders</b></p> <ul style="list-style-type: none"> <li>Retention problem: Without follow-ups, new customers do not place repeat orders.; therefore, only 3 regular customers are remaining</li> <li>New customer acquisition problem: The enterprise sales from the new customers are very limited; proximity to the market of potential customers is not easily accessible.</li> </ul>	<ul style="list-style-type: none"> <li>Retention: Consultant introduced a regular customer management sheet (customer database) to follow up with customer needs.</li> <li>New customer acquisition: Consultant introduced a sub-contracting scheme to find a market linkage with a larger garment enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>Retention: An Amharic version of regular customer management sheet has been developed.</li> <li>New customer acquisition: Sub-contracting is starting through an introduction to a medium-sized garment enterprise in the same area.</li> </ul>
<p><b>3. Cannot win tenders due to uncompetitive pricing</b></p> <ul style="list-style-type: none"> <li>The manager faces difficulty in setting appropriate prices.</li> </ul>	<ul style="list-style-type: none"> <li>Apply costing work sheet to set prices high enough to secure profit.</li> <li>Research competitors' prices to stay low enough to be in the competitive range.</li> </ul>	<ul style="list-style-type: none"> <li>Applying costing work sheet, enterprise practiced to set new pricing.</li> <li>Enterprise conducted competitive price research.</li> </ul>

Example of fulfilled template (page 2)



Example of fulfilled template (page 3)

The template presented above can be useful for advertisement of the MSME consultant system itself.

#### 4. Conclusion

MSMEs consultants can provide MSMEs with technical advice appropriately, because their capacity is built by the training course

and they are certified by EDI.

MSMEs consultants can work in several scenes, such as;

- At EDI's programs related to business development,
- At the other organizations' programs for business development,
- In a coordination with MSMEs counsellors, who are woreda / sub-city / city officials,
- As consulting services provided by public sector,
- As consulting services provided by private sector, etc.

It is important to mention that consulting service already provided for MSMEs have generated positive impacts. In 2014, a survey was carried out, regarding 17 MSMEs, which have received consulting service and non-participant 14 MSMEs, to analyse impacts generated by the system so far.

The survey's main results include the followings;

- Most of the MSMEs, which have received consulting service, has improved their marketing activities and internal management.
- Applying analysis of covariance (ANCOVA), it can be estimated that consulting has effects to increase monthly sales per worker by 9,832 ETB, as presented below.

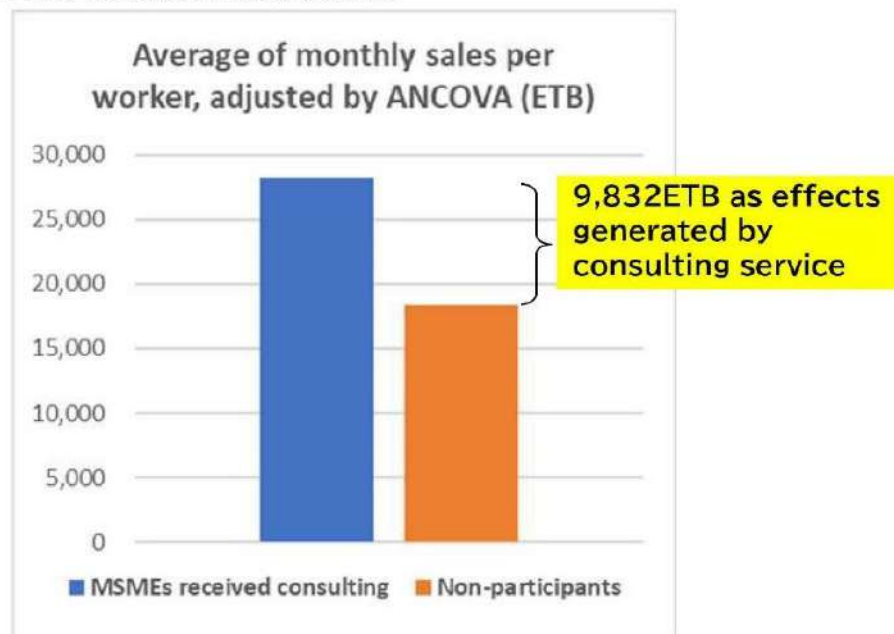


Figure 6. Comparison between 17 MSMEs which received consulting and 14 non-participant MSMEs

**Table 5. Average of monthly sales amount per workers (ETB)**

	Participants	Non-Participant	Effect size	P Value
Average 2 years ago ①	21,907			
Current average adjusted by ANCOVA ②	28,216	18,384		
Difference between before and after (②-①)	6,309	-3,523		
Impact (Difference between 2 groups)	9,832		0.43	0.02

As presented above, consulting service can promote business improvement and expansion. In this sense, it is expected that MSMEs consultant system contribute to development of MSME sector for the country's economic growth in a sustainable manner.

(END)

(5) コンサルタントマスタートレーナー技術ガイドライン



## Technical Guideline for Master Trainers (MSMEs Consultants Fostering System)



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## 1. Introduction

### 1.1 Objective of this Guideline

This Guideline shows how master trainers should work in MSMEs consultants fostering system. The Guideline should be updated, when it is needed.

### 1.2 Background

The MSMEs Consultants System has been developed through the Project on Business Development Service (BDS) Enhancement for Enterprises Growth, implemented by Ethiopian Government, with technical assistance of Japan International Cooperation Agency (JICA).

MSMEs consultants are those who belong to Business Development Service Providers (BDSPs) or work as an individual consultant, and certified, based on the evaluation of MSMEs consultants fostering training course, which is organized by Entrepreneurship Development Institute (EDI).

MSMEs consultants are expected to provide MSMEs with the following supports.

- Professional business diagnosis
- Technical assistance for business improvement and innovation
- Technical assistance for elaborating business strategy, business plan and investment plan
- Advice on setting up business operation system for improving the efficiency

Some successful examples developed by certified MSMEs consultants can be observed by the following videos.

**Table 1. Success Story short video (Three cases)**

<b>Antsokiya Furniture</b>	<b>ATW Engineering</b>	<b>Yilfashew Garment</b>
<a href="https://www.youtube.com/watch?v=t9oEnFtGSf8">https://www.youtube.com/watch?v=t9oEnFtGSf8</a>	<a href="https://www.youtube.com/watch?v=eQAH0dj843Y">https://www.youtube.com/watch?v=eQAH0dj843Y</a>	<a href="https://www.youtube.com/watch?v=LX-isWxjlGc">https://www.youtube.com/watch?v=LX-isWxjlGc</a>
		

### 1.3 MSMEs Consultants Fostering System

MSMEs consultants fostering is one of subsystems of MSME consultant program managed by EDI, under MoLS's supervision and EED's support. The overall program includes fostering, certifying, registering, and using MSMEs consultants, with a view to the quality improvement of BDS for MSMEs, as presented below.

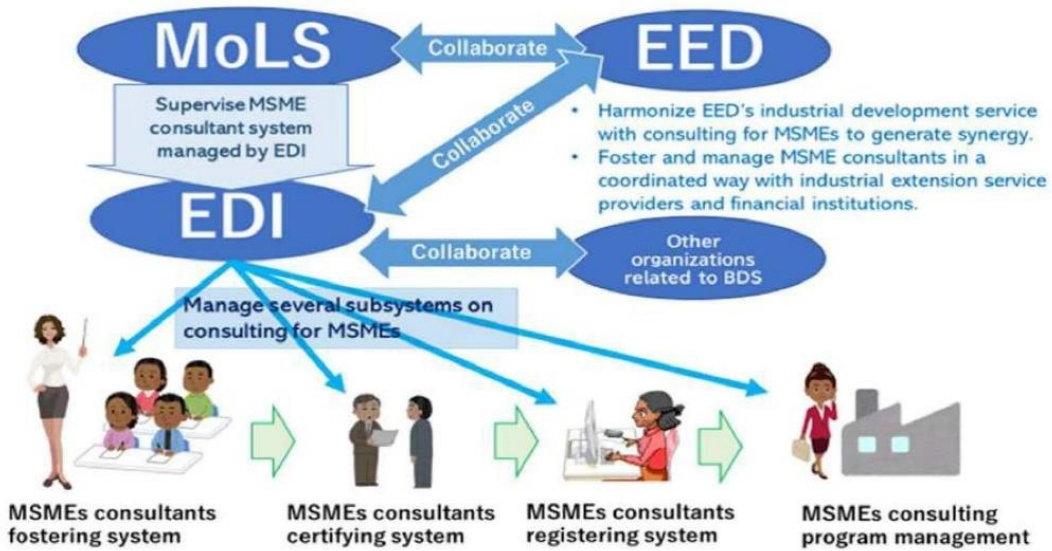


Figure 1. Overview of MSME consultant system

MSMEs consultants shall work as an important component of BDSPs network as presented below.

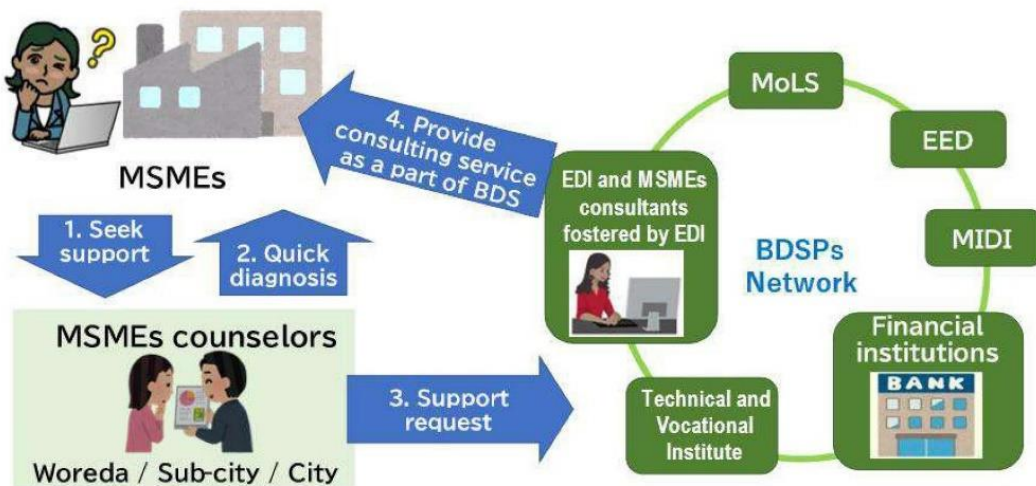


Figure 2. MSMEs consultants in BDSPs network

MSMEs consultants consist of two (2) levels; Senior and Junior Consultants. Both senior and junior consultants are professionals who can provide MSMEs with high-quality technical advice.

EDI organizes (i) training courses to foster both junior and senior consultants, and (ii) exams to certify the consultants. Only those who are certified as junior consultant can participate in the training course for senior consultant candidates, as described in the following Figure.



**Figure 3. Processes to become to be MSMEs consultant**

EDI fosters and certifies master trainers who can train junior and senior consultant candidates. Master trainers must be certified senior consultants who have received the special training of trainers.

#### **1.4 Roles of Master Trainers**

Master trainers are expected to;

- (i) Provide junior and senior consultant candidates (trainees) with technical advice on the training contents, if necessary
- (ii) Monitor the progress in learning of trainees
- (iii) Organize OJT (On-the-Job Training) for senior consultant candidates
- (iv) Supervise the exam so that the candidates take it appropriately
- (v) Monitor and facilitate MSMEs consultants' activities

Regarding the point (i) mentioned above, it is not obligatory for master trainers to provide junior consultant candidates with technical advice on the training contents. Because, the trainees are required to learn by themselves by using the training materials, which are available online. However, master trainers should be familiar with the training contents for fostering junior consultants, as technical leaders of MSMEs consultants. It is desirable that master trainers can answer questions correctly, when they are asked by trainees.



## 2. Training for Fostering Junior Consultants

As mentioned before, master trainers need not provide trainees of the course for fostering junior consultants with technical advice, because the candidates should learn by themselves.

However, it is important that master trainers are familiar with (i) training contents of the course for fostering junior consultants, and (ii) technical methods applied in the course.

### 2.1 Overview of the Training for Junior Consultant Candidates

The training contents for fostering junior consultants are available in the following website.



Figure 4. Website for the training for junior consultant candidates (<https://ebdsc.jimdofree.com/>)

The training course consists of the following 15 units.

Table 2. Training contents for Junior Consultant Candidates

Chapter 1. Basic Knowledge	<ul style="list-style-type: none"> <li>● Unit 1. Basic notion of MSME consultants and their successful stories</li> <li>● Unit 2. Industrial operation that MSME counselor candidates learn</li> <li>● Unit 3. Financial analysis that MSME counselor candidates learn</li> <li>● Unit 4. Basic business diagnosis that MSME counselor candidates learn</li> </ul>
Chapter 2. Business administration	<ul style="list-style-type: none"> <li>● Unit 5. Strategy planning</li> <li>● Unit 6. Management accounting</li> <li>● Unit 7. Industrial operation</li> </ul>

and operation	● Unit 8. Marketing
Chapter 3. Virtual OJT (Case studies)	● Unit 9. Wood processing company case ● Unit 10. Metal processing company case ● Unit 11. Food processing company case ● Unit 12. Garment factory case
Chapter 4. Advanced topics	● Unit 13. Advanced case studies (1) ● Unit 14. Advanced case studies (2) ● Unit 15. How to elaborate business diagnosis and consulting report (and consulting success story template)

The course includes 15 units in total, as mentioned above. Each unit has the worksheet which includes audio-visual educational materials, questions for facilitating the candidates' learnings, and/or others. Each worksheet should be developed for 30 minutes.

It is recommended that the candidates spend 2 or 3 hours for each unit, not only for developing the worksheet but also for reading the textbook, which can be downloaded by the course web site, and other reference documents.

In this sense, it is estimated that the candidates should spend 30 – 45 hours in total (15 units x 2 or 3 hours). It is recommended that the candidates develop 1 or 2 units per day, therefore 2 or 3 weeks are required to complete the course.

When the candidates will have answered all questions correctly in all the worksheets of the 15 units and submit 15 screen shots of the unit completion image to the course organizer (or master trainer), the candidates will be invited to take the exam to be certified as MSME junior consultants.

## 2.2 How to implement the training for junior consultant candidates

This section presents how to implement the training for fostering junior consultants. It is important that master trainers understand the processes presented in this section so that they can monitor progress of the participants' learning.

As presented below, first, the trainees should open the web site for the training. The password "bds" is needed to open it. The trainees should download the educational material (PDF) and read it. Then, the trainees can start training worksheets.

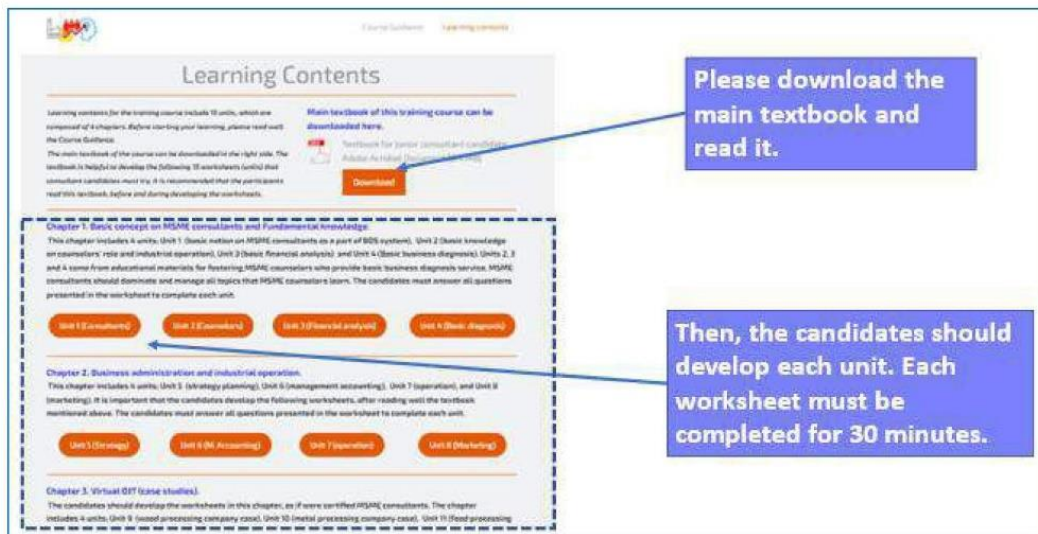


Figure 5. How to start the training course

The training course consists of 15 units, and the trainees can start each unit's worksheet, as presented below.

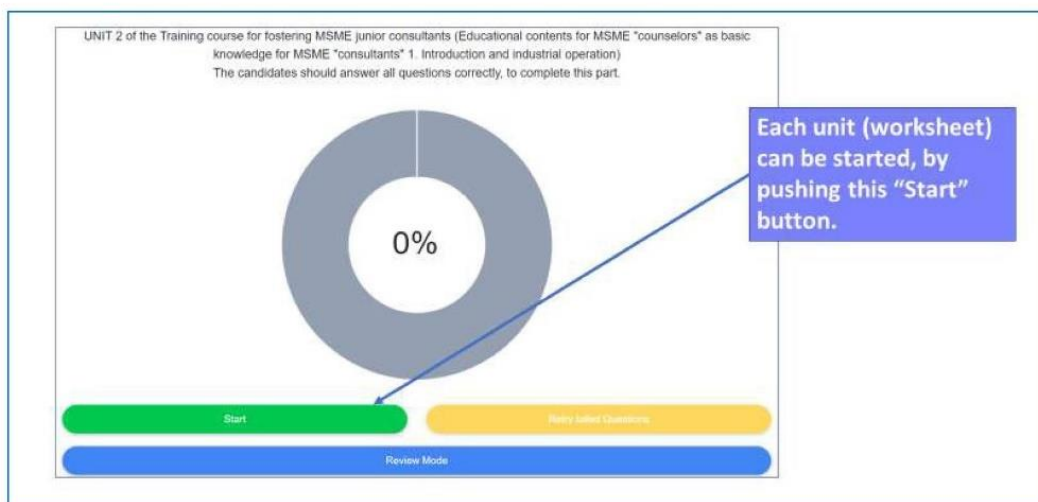
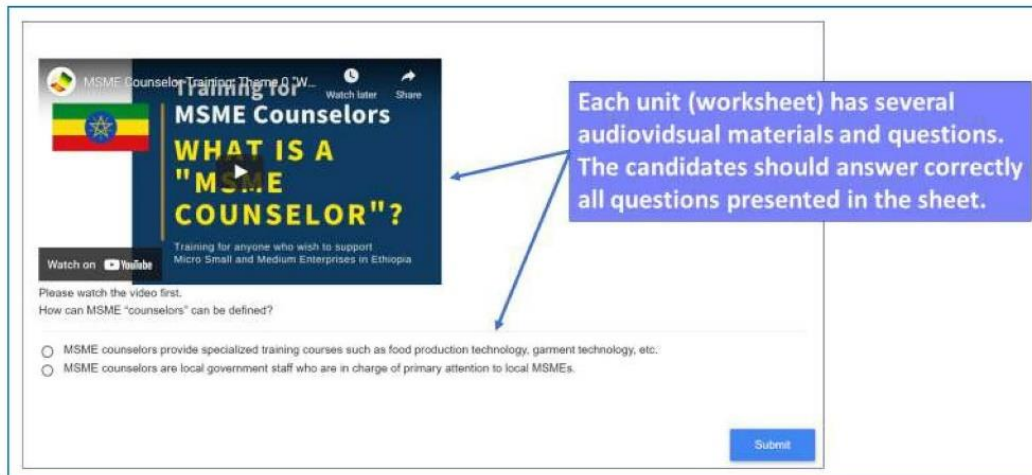


Figure 6. How to start each unit of the training

Each unit's worksheet includes audio-visual material and several questions. The trainees should answer all questions correctly.



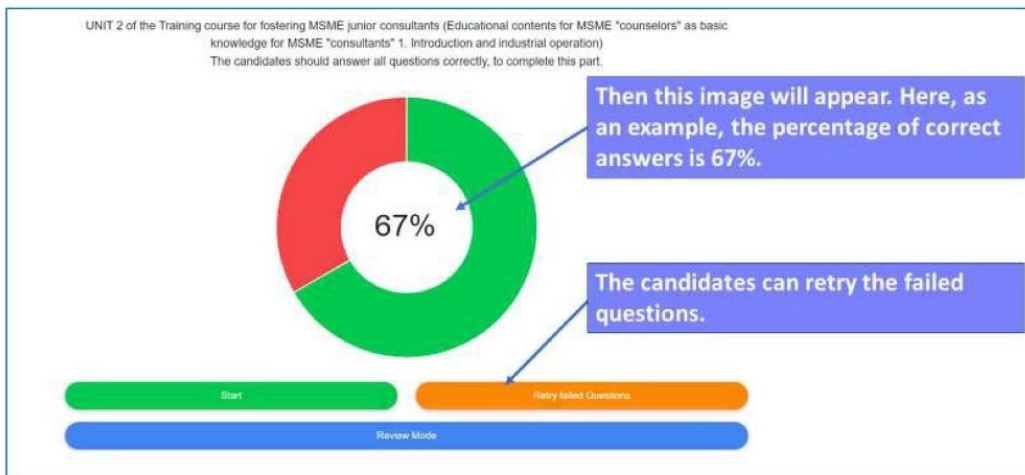
**Figure 7. How to develop each unit of the training**

When the trainees finish answering the questions, the following image will appear. This image shows which questions have been answered correctly.



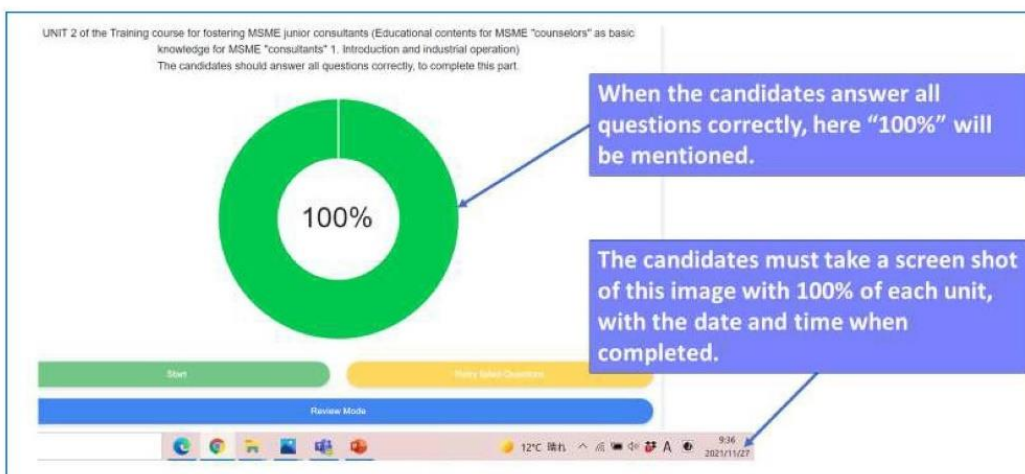
**Figure 8. How to monitor each unit of the training**

Then, the following image will appear. When the trainees have not achieved 100% (answering all questions correctly), they must retry the worksheet.



**Figure 9. How to evaluate learning results on each unit**

When the trainees have answered all questions correctly, the following image will appear. The trainees must take a screen shot of this image with "100%" with date and time when completed, as a proof of learning completion of each unit.



**Figure 10. How to monitor each unit of the training**

When the trainees have completed all 15 units successfully, they must submit (by e-mail) 15 screen shots with "100%" to course organizer (or master trainer), as the evidence of the learning completion. Then, they will be invited for the exam to be certified as junior consultant.

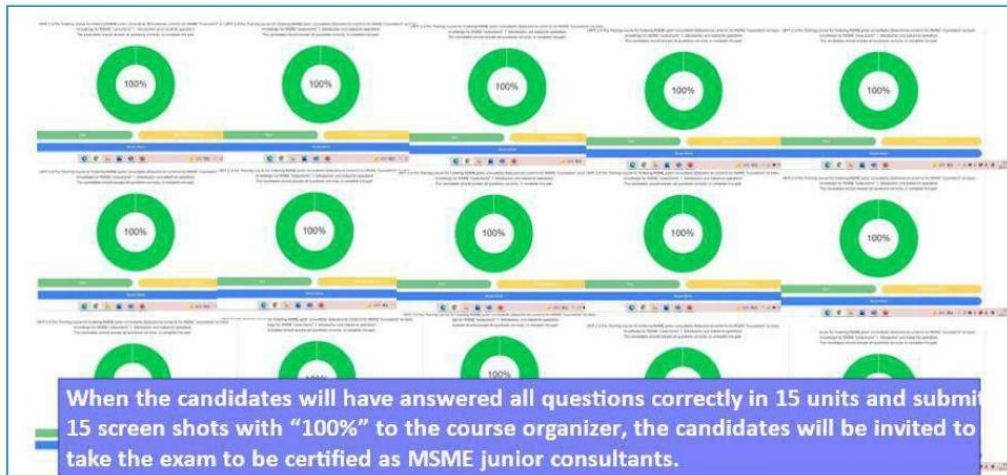


Figure 11. Image of the course completion

### 2.3 Case Studies for Junior Consultant Candidates

The chapter 3 of the training contents for fostering junior consultants consists of several case studies.

To manage the training contents perfectly, it is desirable that master trainers master the following case studies.

**In this section, important tips for master trainers are written in red color so that they can provide appropriate technical feedback to junior consultants candidates if needed.**

#### (1) Case study 1

A bakery produces highly wide variety of breads, sweets, pizzas, drinks, and so on. The bakery produces the products as stock, and sells them when the consumers place orders at the store. The bakery often discards overproduced products, and sometimes the store does not have enough stock of products that the consumers wants to buy. The owner wants to increase the variety of the products more, so as to attend different demands of the consumers.



- Question 1-1. Is it recommendable to increase the variety of products? Please mention your observations about it and the reasons.
- Question 1-2. What kind of recommendations should be provided to business owner to prevent overstock and stock shortage?

Regarding the question 1-1, it is important to point out that high variety of products can cause operational inefficiency.

The candidate should understand well the difference between “production from orders (MTO)” and “production as stock (MTS)”. When the operation depends on “MTS” such as in this case, the business should identify the products to be prioritized. If a MSME whose operation depends on MTS intends to produce and sell high variety of products, the risk on stock shortage and/or overstock will be increased. Therefore, the answer for the question 1-2 should be “identifying important items to be produced in a prioritized manner.”

## (2) Case study 2

A food processing company has inventories estimated at 20,000 Birr and monthly sales amount is 4,000 Birr. Most of the inventories are raw material, and sometimes the company discard raw materials whose expiration date is past. Working capital shortage often happens in the company.

- Question 2-1. How many months are the inventory turnover period?
- Question 2-2. What kind of recommendations should be provided to business owner to prevent working capital shortage?

Regarding the question 2-1, the inventory turnover period can be calculated as follows.

Inventory turnover period = Inventory / sales per month = 20,000 ETB / 4,000 ETB = 5 months

Regarding the question 2-2, it is important to point out that overstock can cause working capital shortage. Possible recommendations to prevent from working capital shortage include;

- a) Decrease inventory of raw material
  - Identify why the company has sometimes unnecessary raw materials to be discarded
  - Define and apply the measures to prevent from having unnecessary raw materials
  - Sell unnecessary raw materials, when the company have them, before coming expiration date
  - Register exits and entries of stock appropriately at the warehouse
- b) Decrease inventory of finished products
  - Improve sales estimate so that the company does not have too much inventory of finished products
  - Increase the frequency to prepare and review the production plan so that the company can produce the products flexibly according to the inventory volume
  - Register exits and entries of stock appropriately at the warehouse
- c) Reinforce cashflow management
  - Elaborate cashflow budget, estimating necessary working capital in the future

**(3) Case study 3**

A medium sized plastic processing company has modern molding machines. The cost structure of the company is noted below, when the monthly sales amount is 550,000 Birr.

- Total raw material costs per month: 130,000 Birr.
- Production workers' labor costs per month (variable costs): 120,000 Birr.
- Equipment purchase expenditure/ life period months: 250,000 Birr.
- Monthly costs for renting operational space (fixed costs): 20,000 Birr.
- Other costs related to production / per month (fixed costs): 30,000 Birr
- Company's administration costs (per month) (fixed costs): 45,000 Birr.



➤ Company's financial costs (per month) (fixed costs): 5,000 Birr.

- Question 3-1: How much are the company's monthly profits (or loss) in the case mentioned above?
- Question 3-2: How much are the company's Break-even point (BEP) sales amount?
- Question 3-3: What kind of recommendations can be provided to improve the business's profits?



Regarding the question 3-1, the company's monthly profits can be calculated as the difference between the sales and the total costs. In this case, the company's monthly loss is 50,000 ETB.

Regarding the question 3-2, BEP sales amount can be calculated as follows.

$$\begin{aligned} \text{BEP} &= \text{Fixed costs} / \text{contribution margin rate} \\ &= (250,000 + 20,000 + 30,000 + 45,000 + 5,000) / 54.5\% \\ &= 350,000 / 54.5\% = \text{about } 642 \text{ thousand ETB} \end{aligned}$$

It is important to point out the followings.

- "Equipment purchase expenditure/ life period months" can be considered as a part of fixed costs. This is important point, because equipment purchase cost should be taken into cost estimation for each product, so that the company can set appropriately the sales price.
- Contribution margin rate is defined as "(Sales amount - variable costs) / Sales amount. In this case, this can be calculated as:  $(550,000 - 130,000 - 120,000) / 550,000 = 54.5\%$

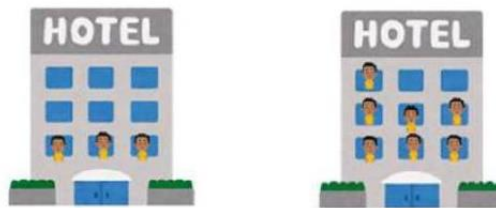
Regarding the question 3-3, a manufacturing company highly equipped can increase the profitability by improving the machine operating ratio, because the machine purchase costs represent the biggest portion of the total production costs.

(4) **Case study 4**

A hotel has 9 rooms. Total fixed cost per day is 700 Birr, and variable cost per day/room (guest) is 100 ETB.

When 3 guests stay and each pays 300 Birr, the hotel will have a loss of 100 Birr ( $300 \times 3 - 700 - 100 \times 3 = -100$  Birr). In this case, total cost per guest/day is 333 Birr.

- Question 4-1: Is it possible to allow 200 Birr, cheaper rate than abovementioned unit cost, for additional 4 guests, besides 3 guest who already stayed ( $300 \text{ Birr} \times 3 \text{ guests} + 200 \text{ Birr} \times 4 \text{ guests}$ )?



The answer for the question 4-1 should be “yes, it is acceptable”, because of the following reasons.

- 200 ETB of sales price per unit can generate 100 ETB of contribution margin, since variable costs per unit are 100 ETB.
- Moreover, the total profits of 300 ETB can be generated in this case, as noted below.

$$(300 \times 3 + 200 \times 4) - \text{fixed costs } 700 - \text{variable costs } 100 \times 7 \text{ guests} = 300 \text{ ETB}$$

(5) **Case study 5**

A medium sized printing company, which has several offset printing machines, has the following operation process; (i) receiving orders from clients, (ii) designing, (iii) trial printing, (iv) printing, (v) bookbinding, and (vi) delivery.

The company spends a lot of time to confirm with customers the design to be printed, because they often change the manuscript even after placing the order.

Though the company receives enough order volume from the clients, the printing machine operating rate is not so high, because trial printing and the clients’ final confirmation take a lot of time, before

consecutive printing.

Bookbinding is the most labor-intensive operational process, and it is implemented manually by workers. Sometimes the workers makes mistakes due to lack of attention.

- Question 5-1. What is the most important to increase the company's profits in a short term?
- Question 5-2. What kind of recommendations can be provided to improve the productivity in each process?

Regarding the question 5-1, it is important to increase machine operating rate for increasing profits in an industry highly equipped. In this case, trial printing forms a root cause for the company's inefficiency. Therefore, it is possible to assign a specified printing machine exclusively for trial printing so that the other machines can print in a consecutive manner.

Regarding the question 5-2, the following recommendations can be presented to the company in each of different processes.

- Improving the efficiency to confirm the clients' manuscript in the process of designing
- Improving machine operating rate in printing process
- Labor efficiency improvement in bookbinding process

#### (6) Case study 6

A small sized wood processing company uses different types of raw materials such as sawn timber, paint, nails, varnish, and so on. The company wants to improve the purchase and inventory management.

- Question 6-1. Which raw materials are recommendable to apply "periodic ordering method"?
- Question 6-2. Which raw materials are recommendable to apply "fixed volume ordering method"?



Fixed volume ordering method can simplify the operation, but it is not

appropriate for important items. Therefore, periodic ordering method should be applied for sawn timber, while fixed volume ordering method can be applied for paints, nails and varnish, taking into account that there are less difficulties in purchasing these items than sawn timber.

(7) **Case study 7**

A leather processing company exports their products such as handmade bags to Europe. The products are made of sheep skin, which is highly appreciated by high-end European consumer market. The company has well defined brand strategy so that the consumers recognize well the company's products in a way that the company's products are differentiated from the competitors'.

The products are presented by the company's web site, and sometimes are taken up by international newspapers thanks to the European clients who import the company's products.



- Question 7-1. Which pricing methods is appropriate for the company, among the followings?
  - (i) Cost-plus pricing—simply calculating the costs and adding a mark-up.
  - (ii) Competitive pricing—setting a price based on what the competition charges.
  - (iii) Value-based pricing—setting a price based on how much the customer believes what the company sells is worth.
- Question 7-2. Please explain the company's actual marketing mix (4Ps), and how to improve it.

Regarding the question 7-1, value-based pricing is appropriate to be applied, while the other pricing methods can be also applicable.

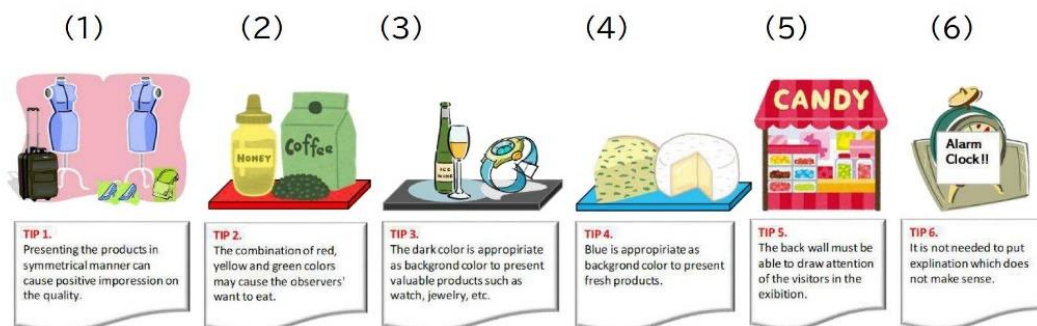
Regarding the question 7-2, the following points can be pointed out.

	Actual situation	Possible points to be improved
Product	● The handmade bag made of sheep skin	● Reinforce the company's brand, by

	<ul style="list-style-type: none"> <li>Product differentiated from the competitors' thanks its brand</li> </ul>	<ul style="list-style-type: none"> <li>using some promotion tool.</li> <li>Digital marketing tools, besides the company's web site, can be also applied for international market.</li> </ul>
Price	<ul style="list-style-type: none"> <li>Value based pricing is appropriate.</li> </ul>	
Place	<ul style="list-style-type: none"> <li>Export to international market by European importers</li> </ul>	
Promotion	<ul style="list-style-type: none"> <li>The company's web site being applied for the advertisement</li> <li>International newspaper as a measure of publicity</li> </ul>	

### (8) Case study 8

Important tips for presenting the products in a trade fair and shop are presented below.



- Question 8-1. Regarding the case (1), if the exhibition is “not” symmetrical, what impression can be generated?
- Question 8-2. What is wrong in the presentation (6)?

Regarding the question 8-1, non-symmetrical display method can be also applicable when the company wants to exhibit “casual products”, while it is not appropriate for presenting goods with high formality.

Regarding the question 8-2, the explanation “alarm clock” does not make sense, because everyone can recognize that it is alarm clock without any explanation, just by looking at it.

(9) **Case Study 9.**

A wood processing company, which produces furniture, is operating under the following conditions.

- The company produces the products after receiving orders from the clients, who are mostly final consumers living near the company's workshop. The variety of products is high, because different consumers place various types of orders, according to their preferences.
- The company is operating at a rental space of shade. The working space is so limited that the company cannot have enough space to keep raw sawn timber. Therefore, in many cases, the company should cut raw timber before receiving the orders.
- In the working place, there are a lot of wastes of materials.
- The company buys raw materials by cash and sometimes sells their products on credit.
- The company's cost structure is mentioned below.
  - ✓ Actual monthly sales amount: 500,000 ETB
  - ✓ Monthly rental costs for operational space (shade): 10,000 ETB
  - ✓ Equipment purchase cost / life period months: 50,000 ETB
  - ✓ Monthly raw material cost: 300,000 ETB
  - ✓ Other monthly fixed cost, including costs for hiring permanent workers: 40,000 ETB
  - ✓ Other monthly variable costs, including costs for hiring temporal workers : 100,000 ETB

MSME counsellor recommends that the business owner should receive technical advices of certified MSME consultant.

- **Questions 9-1.** Who is MSME counsellor? What kind of roles should be played by them?
- **Question 9-2.** How much monthly sales amount is required to cover 20,000 ETB as targeted monthly profits, taking into account the company's Break-even Point (BEP) under the cost structure mentioned above?
- **Question 9-3.** Is it possible that the company achieve the targeted profits without increasing the sales amount? If you think yes,

please mention possible measures to increase the profits. If you think no, please mention the reasons.

- **Question 9-4.** Supposing that the company suffers from cash shortage sometimes, what kinds of recommendations can you provide to improve the company's liquidity?

Regarding the question 9-1, MSME counselors are woreda / sub-city / city office staff who provide MSMEs with basic business diagnostic service. The counselors should; (i) accept inquiries from MSMEs, (ii) apply quick diagnosis of the business and (iii) facilitate the access to appropriate BDS.

Regarding the question 9-2, necessary sales amount to achieve 20,000 ETB as targeted monthly profit can be calculated as;  
Necessary sales amount = (Fixed costs + Targeted profit) / contribution margin ratio  
= (10,000 + 50,000 + 40,000 + 20,000) / 0.2 = 600,000 ETB,  
where the contribution margin rate is (500,000 - 300,000 - 100,000) / 500,000 = 0.2 (20%).

Regarding the question 9-3, if the contribution margin can be increased to 24% (0.24), the company can achieve the targeted profits, without increasing the sales amount, as calculated below.

(Fixed costs 100,000 ETB + Targeted profit 20,000 ETB) / 0.24 = Actual sales 500,000 ETB

If the monthly raw material cost is reduced from 300,000 ETB to 280,000 ETB, the contribution margin will be 24% (0.24), as calculated below.

(Sales 500,000 - Material cost 280,000 ETB - other variable costs 100,000) / 500,000 = 0.24

Therefore, if the company can reduce raw material cost from 300,000 ETB to 280,000 ETB, by reducing raw material waste (loss) and/or using cheaper materials, they can achieve the targeted profits without increasing the sales amount.

It is important to use the raw materials efficiently to increase the profits, because the raw material costs represent the highest portion of total production costs. In this sense, the company must not cut raw sawn timber before receiving the order so that the company can use the raw material in a more flexible manner. Therefore, the company should organize well the workshop space to improve the efficiency of space usage.

Regarding the question 9-4, the following recommendations can be presented for reducing working capital shortage risk.

- Sell unnecessary scraps and materials
- Reduce the time from receiving the order to delivery
- Try to increase the sales by cash and the purchase on credit

#### (10) Case Study 10.

A small sized garment factory operates in the following manners.

- The company produces the products after receiving orders from the clients, who are mostly retailers operating in commercial zones of Addis Ababa city. Variety of the products is high, because different customers require their customized products. This causes complication in the company's operation.
- While some workers have enough productive skills, the others do not, due to the difference of years of experience. High level of products in process are observed in the workshop.
- The productive capacity of sewing machines is used insufficiently.
- The supply of raw materials is not stable, because of the country's restriction of foreign currency exchange. Ordering raw material is realized according to their clients' orders. (The company does not have safety inventory.)
- Today many micro competitors participate in this business category, and this causes intensive competition in the sector. The competitors' sales product price is likely to be lower than the company's, while the company's product quality is likely to be higher than the competitors' in terms of seams (stitching). As the company has skilled workers, the company can produce jackets which cannot be produced by their new competitors.



- The company has difficulty in terms of the liquidity, because of (i) clients' payment delay, (ii) limited access to finance for working capital, (iii) inventory, etc.
- The company's current cost structure are presented below.
  - ✓ Actual monthly sales amount: 300,000 ETB
  - ✓ Monthly rental costs for operational space (shade): 10,000 ETB
  - ✓ Equipment purchase cost / life period months: 50,000 ETB
  - ✓ Monthly raw material cost: 150,000 ETB
  - ✓ Other monthly fixed cost, including costs for hiring permanent workers: 20,000 ETB
  - ✓ Other monthly variable costs, including costs for hiring time workers : 50,000 ETB
- **Question 10-1.** How much monthly working capital is required currently?
- **Question 10-2.** If the production and sales level in the future is 1.2 times higher than the actual level, how much monthly working capital is required?
- **Question 10-3.** Supposing that the company suffers from cash shortage sometimes, what kinds of recommendations can you provide to improve the company's liquidity?
- **Question 10-4.** What kind of information should be analyzed to elaborate the marketing strategy to compete well with the competitors?
- **Question 10-5.** Is it recommendable to apply some BDS for the company's growth? If yes, what kind of service should be provided in the framework of BDS network?

Regarding the question 10-1, monthly necessary working capital amount can be calculated as 230,000 ETB, in the following way.  
 $150,000$  (raw material costs)  $+50,000$  (other variable costs)  $+20,000$  (other fixed costs)  $+10,000$  (rental costs) = 230,000 ETB

Regarding the question 10-2, when the sales increases by 1.2 times, the variable costs will be increased by 1.2 times as well.  
 Therefore, the necessary working capital amount can be calculated as;

$$(150,000+50,000) \times 1.2 + 20,000 + 10,000 = 270,000\text{ETB.}$$

Regarding the question 10-3, a garment factory can have relatively complicated production processes, compared with the other industries. This may cause cash shortage risk, through (i) a lot of products in process, and (ii) long lead-time from receiving the order to deliver the product. In this sense, it is important to improve line balance by (a) capacity development of workers who are not so skilled, and (b) preventive maintenance of sewing machine.

Regarding the question 10-4, for planning marketing strategy, it is important to analyze the company's QCD (quality and cost and delivery situation), comparing its competitors.

Regarding the question 10-5, possible BDS to be applied for the company can include; advices for productivity improvement, introduction of preventive maintenance of the equipment, training of workers, etc.

### 3. Training for Fostering Senior Consultants

As mentioned before, master trainers should organize OJT for senior consultant candidates as a part of the training for them. It is important that master trainers are familiar with (i) training contents of the course for fostering junior consultants, and (ii) technical methods applied in the course, so as to organize appropriately OJT.

#### 3.1 Overview of the Training for Senior Consultant Candidates

The training contents for fostering senior consultants are available in the following website. The password “bdsp” is needed to open the educational contents.

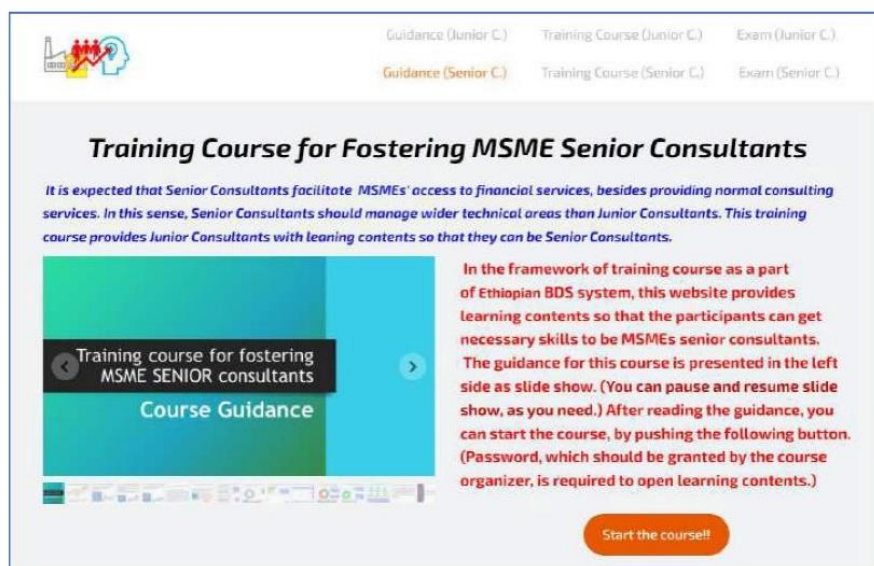


Figure 12 Website for the training for senior consultant candidates (<https://ebdsc.jimdofree.com/guidance-senior-c/>)

The training course consists of the following 9 units.

Table 3. Training contents for Senior Consultant Candidates

Chapter 1. Basic Knowledge	<ul style="list-style-type: none"> <li>● Unit 1: Review of educational contents for Junior Consultants</li> <li>● Unit 2: Working capital and current asset management</li> <li>● Unit 3: Investment planning</li> </ul>
Chapter 2. How to use consulting tools	<ul style="list-style-type: none"> <li>● Unit 4: How to apply consulting tool on operational improvement (1) (Production, Inventory and Purchase management)</li> <li>● Unit 5: How to apply consulting tool on operational improvement (2) (Statistical testing and Sales management)</li> </ul>

	<ul style="list-style-type: none"> <li>● Unit 6: How to apply consulting tool on investment planning and costing</li> <li>● Unit 7: How to apply QDT (Quick Diagnostic Tool) Excel version</li> </ul>
<b>Chapter 3. Practices</b>	<ul style="list-style-type: none"> <li>● Unit 8: Practices on elaborating business diagnosis and consulting report</li> <li>● Unit 9: OJT by visiting to a pilot enterprise</li> </ul>

As presented above, the Chapter 2 of the training course refers to how to apply “Consulting Tools”, which was developed by BDS Project to facilitate consulting activities. Wide business administration and industrial operational knowledge is required to manage these tools, therefore, how to apply them shall not be learned in the training for fostering junior consultants but senior consultants.

Some images of the tools are presented below.

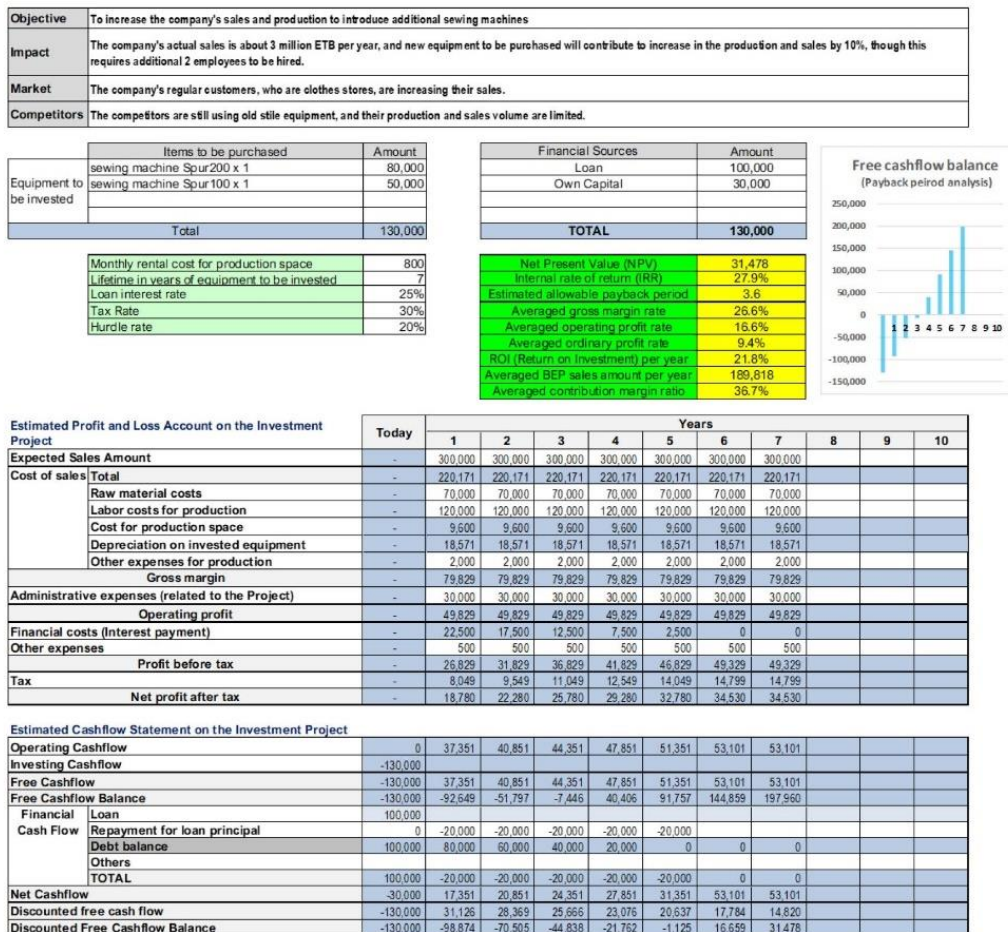


Figure 13. Tool for Investment Appraisal

The course includes 8 units in total, except for OJT, as mentioned above. Each unit has the worksheet which includes audio-visual educational materials, questions for facilitating the candidates' learnings, etc. Each worksheet should be developed for 30 minutes.

The learning processes for these 8 units are similar to those for the training course for fostering junior consultants, and therefore, this chapter does not repeat the explanation about them.

It is recommended that the candidates spend 2 or 3 hours for each unit, not only for developing the worksheet but also for reading the textbook, which can be downloaded by the course web site, and other reference documents. In this sense, it is estimated that the candidates should spend 16 – 24 hours in total (8 units x 2 or 3 hours). It is recommended that the candidates develop 1 or 2 units per day, therefore 1 or 2 weeks are required to complete the course.

When the candidates will have answered all questions correctly in all the worksheets of the 8 units and submit 8 screen shots of the unit completion image to the course organizer, the candidates will be invited to participate in OJT.

OJT should be organized and developed with master trainers certified by EDI. Master trainer should provide technical advices on the practices of business diagnosis and consulting.

When the candidates complete the OJT, they will be invited for the exam to be certified as senior consultants.

### **3.2 How to organize OJT**

This section presents how to organize OJT as a part of the training course for fostering senior consultants.

#### **3.2.1 General information**

Consulting OJT (On the Job Training) is important, since it allows that the candidates have practical experiences on business diagnosis and consulting.



Images of consulting OJT

Consulting OJT can be carried out by the following steps.

- **Step 1:** The candidates should review existing information on a pilot enterprise to be diagnosed and consulted through MSME counselor.
- **Step 2:** The candidates should observe the pilot enterprise's operation and make interviews with the owners and employees.
- **Step 3:** The candidates should elaborate a business diagnosis and consulting report, on the basis of the information obtained through the previous step. (Training course organizers or master trainers should revise the report elaborated by the candidates.)
- **Step 4:** The candidates should provide the business owner with technical advice for the business improvement, according to the report elaborated in the previous step.
- **Step 5:** The candidates should observe the positive changes which will take place at the pilot enterprise. (If possible, the candidates can fulfill the good practice format.)

How to develop each step is mentioned in the following sections.

### 3.2.2 Reviewing existing information of the enterprise (1<sup>st</sup> step)

In relation to the first step mentioned in the previous section, the candidates should analyze the existing information of an enterprise for consultation. Such information can include the followings.

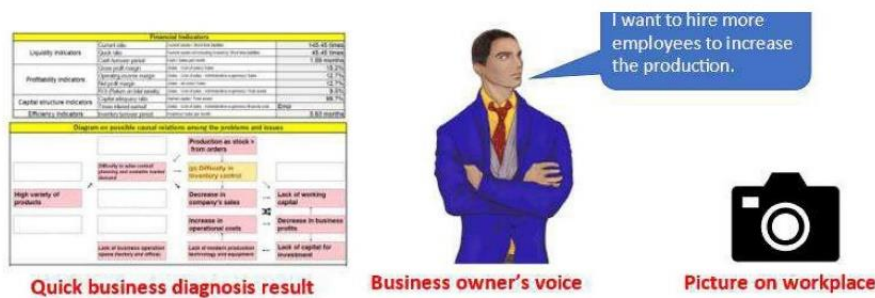


Figure 14. Information to be analyzed before “Consulting”

Before visiting to a pilot enterprise or at the first meeting with the company’s owner, it is important that the candidates ask the owner if the company wants to make an investment for productive equipment or not.

If no, the consultant can provide technical advice on how to improve and expand the business, according to the business diagnosis results.

If yes, the consultant should analyze whether the company needs the investment or not. If both the consultant and business owner consider that the investment is needed, the consultant should support the elaboration of the investment plan, by applying the consulting tool.

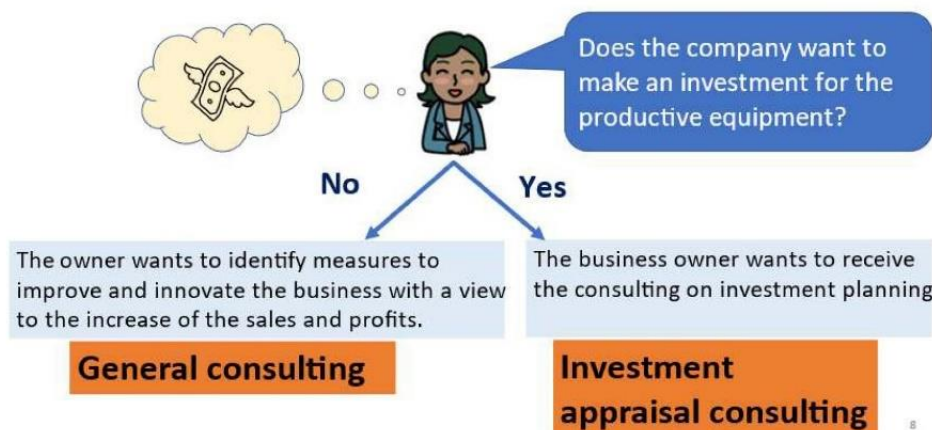


Figure 15. Types of consulting

### 3.2.3 Analysis of the enterprise by visiting (2<sup>nd</sup> step)

Both general consulting and investment appraisal consulting requires diagnosis of the business situation, and should provide technical advice on how to improve the business.

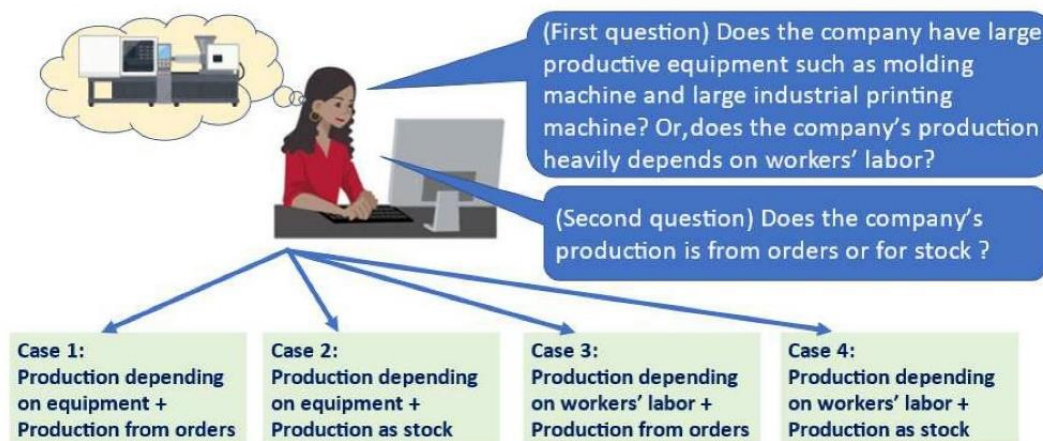
Investment appraisal consulting requires additional analysis which is presented below.

- (a) Is the investment really needed for the company's growth?
- (b) Even when the investment is needed, can the company's current operational situation allow the investment?
- (c) What benefits and risks can be generated by the investment?
- (d) Does the investment plan have technical and financial feasibility?

These issues should be analyzed through the interview with the company owner and workers, and observing the business operation.

On the other hand, general consulting can be carried out as noted below.

First, the consultant should ask the business owner regarding some basic questions (and should observe the company's operation), to identify the enterprise's business features.



**Figure 16. Important 2 questions (2 points to be observed) in general consulting**

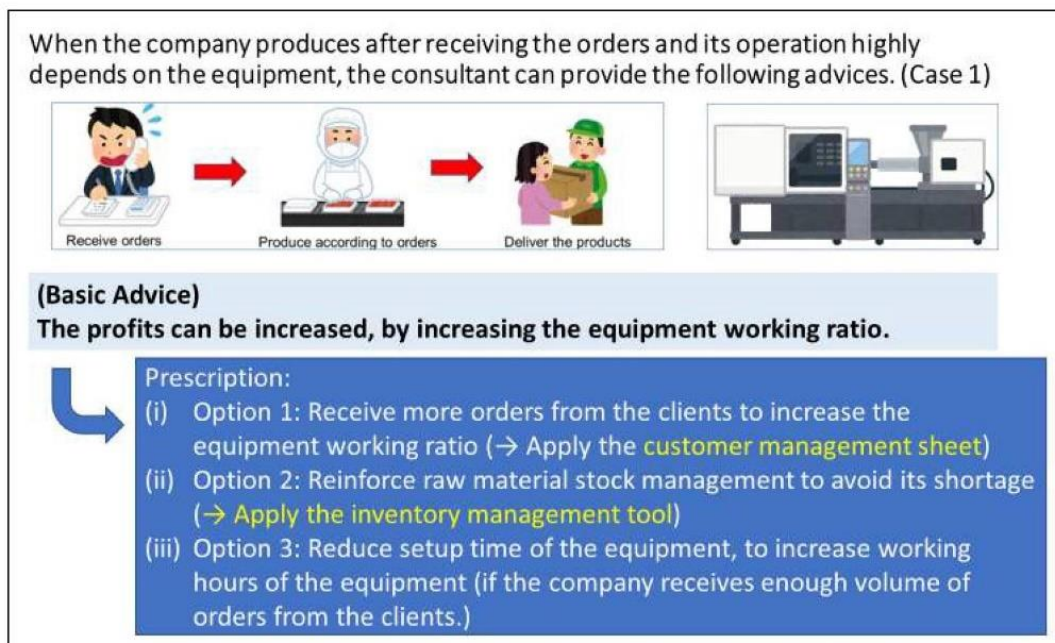
These 2 questions (or 2 points) can classify the enterprises into the following four (4) category.

**(1) Operation depending on the equipment / Production after receiving the orders**

If the company's production depends highly on equipment, and it



produces after receiving the clients' orders, the consultant can analyze the possibility to provide the following technical advice.

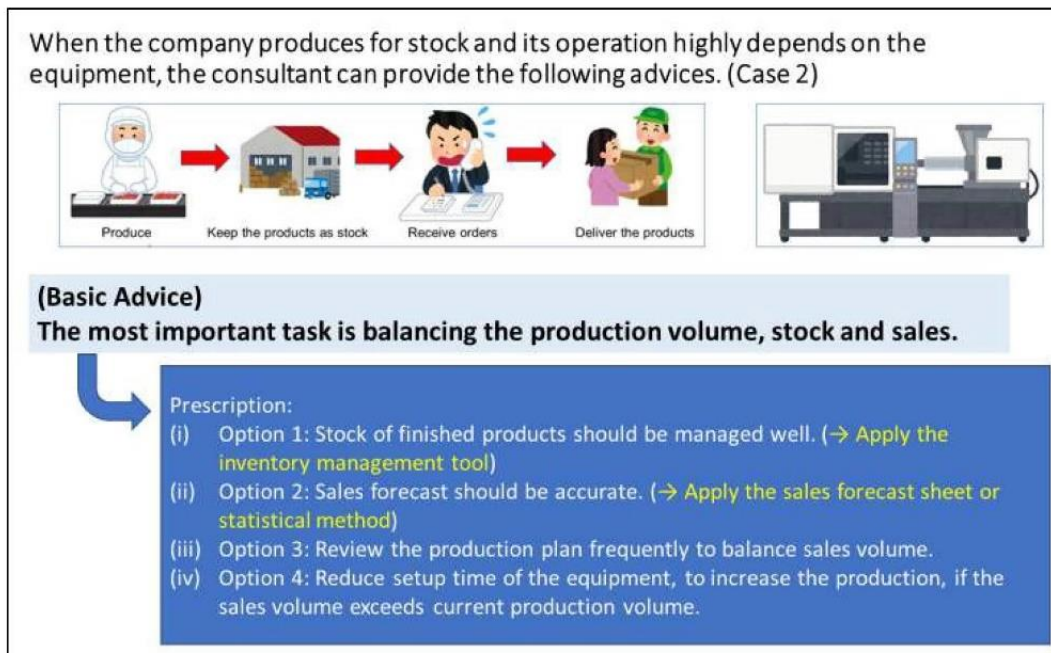


**Figure 17. Possible technical advice to be provided in consulting (Case 1)**

If the company's production highly depends on the productive equipment, "increasing equipment working ratio" can increase the company's profits. If the company does not receive enough orders from clients, it should make efforts to receive more orders to increase the equipment working ratio. If the company receives enough volume of orders currently, the company should reduce setup time of the equipment so that the equipment can work more.

## **(2) Operation depending on the equipment / Production as stock**

If the company's production depends highly on equipment, and it produces for stock, the consultant can analyze the possibility to provide the following technical advice.

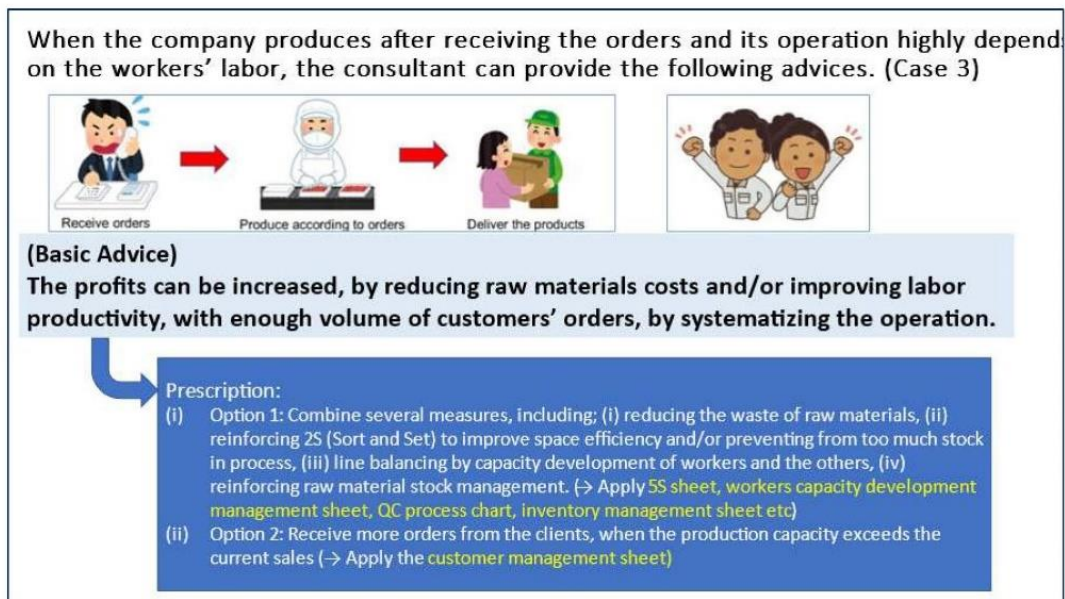


**Figure 18. Possible technical advice to be provided in consulting (Case 2)**

In this case, it is important to increase the equipment working ratio as well. However, the overproduction must be avoided to maintain the company's liquidity. Therefore, the production plan should be reviewed frequently to balance the production, sales and stock volume.

**(3) Operation depending on the labor works / Production after receiving the orders**

In this case, the following technical advice can be provided to the enterprise.



**Figure 19. Possible technical advice to be provided in consulting (Case 3)**

If a company for consultation is garment factory, possible advices to be provided can include:

- Reduce the waste of raw materials, by checking the quality when receiving.
- Reinforce line balancing by (i) identifying bottleneck process, (ii) capacity development of workers and/or (iii) maintaining sewing machines.

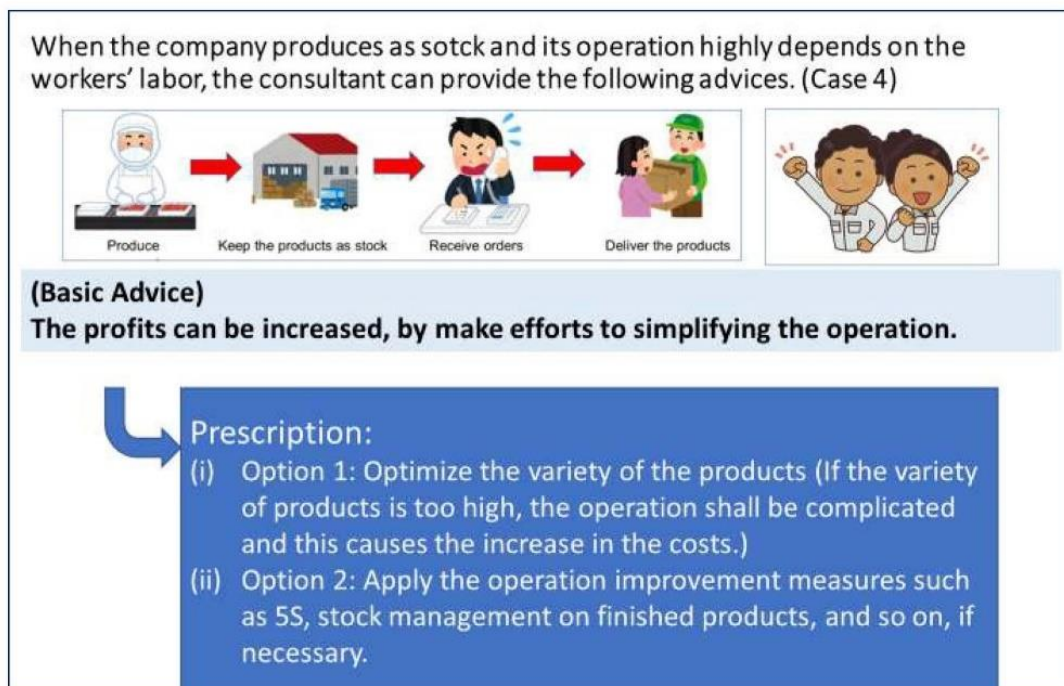
If a company for consultation is wood processing company, possible advices to be provided can include:

- Apply 2S (or 5S) to improve workspace efficiency.
- Reduce the waste of raw timber.

**(4) Operation depending on the labor works / Production as stock**

In this case, the consultant should analyze well whether the company's product variety is appropriate or not. If the company's product variety is so high, the operation shall be too complicated to affect negatively in terms of the liquidity and profitability.

In this case, the following advice can be provided.



**Figure 20. Possible technical advice to be provided in consulting (Case 4)**

As presented so far, when applying Consulting, the consultants should grasp the company's business situation characteristics and provide the technical advice.

Then, business diagnosis and consulting report should be elaborated and submitted to the business owner.

### **3.2.4 Elaboration of business diagnosis and consulting report (3<sup>rd</sup> step)**

As presented in the first page of this material, the consulting can be carried out by 5 steps, and this section shows how to implement the third, fourth and fifth steps.

As the third step, "business diagnosis and consulting report" should be elaborated, and submitted to the business owner, after the review of the master trainer (or the course organizer).

A format of the report is presented in the next page. The form can be downloaded through the website of the training for MSME consultants.

The report consists of diagnosis part and recommendations part.

Business diagnosis and consulting report (Format)

Consultant name: xxxx

1. Basic information on the company

Business name	
Business category	
Direction	
E mail/ Phone number	

2. Diagnosis (date: xxxx)

External situation	
Purchase	
Production	
Sales/ marketing	
Administration / financial resources	
Overall	

Additional observations


3. Recommendation on the strategy for growth

Proposed date	Outline of the strategy for growth	KGI	Progress

4. Actions to be taken and key performance indicators

CSF	KPI	Action	Due	Progress (Date:)	Progress (Date:xx)

The parts, which are shaded by blue color in the form, should not be fulfilled at the first visit to the enterprise but after the second visit.

In relation to the diagnosis part of the format (1 and 2), the candidates should elaborate in the following manner.

- Diagnosis results in different business functions such as purchase, production and sales should be reported in a consistent way.
- Causal relations among the company's several problems should be analyzed and mentioned at the report.
- Overall diagnosis results should be related to the results in different business functions. It is important to point out major issues to be tackled.

Two examples of fulfilled diagnosis part of the format (Part 2) are presented below.

**Table 4. Example of fulfilled diagnosis part of the report format (Case 1)**

<b>External situation</b>	<ul style="list-style-type: none"> <li>● The company is still affected by covid 19.</li> <li>● During covid 19, the company's shade cost has been covered by local government.</li> </ul>
<b>Purchase</b>	<ul style="list-style-type: none"> <li>● The company does not elaborate purchase plan.</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>● The company produces metal frames without customer orders.</li> <li>● The company does not elaborate production plan.</li> <li>● The company does not adopt quality management.</li> </ul>
<b>Sales/ marketing</b>	<ul style="list-style-type: none"> <li>● The company does not manage well their clients.</li> <li>● The company does not have sales plan.</li> </ul>
<b>Administration / financial resources</b>	<ul style="list-style-type: none"> <li>● The company registers costs and sales in its notebooks.</li> <li>● The company does not record exists and entries inventory.</li> </ul>
<b>Overall</b>	<ul style="list-style-type: none"> <li>● The company should improve their business</li> </ul>

	overall efficiency.
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This case 1 is “not” elaborated appropriately, since it shows only what the company does not do, such as not elaborating production plan, not having sales plan, etc.

Another example is presented below.

**Table 5. Example of fulfilled diagnosis part of the report format (Case 2)**

<b>External situation</b>	COVID-19 caused a decrease in the demand for the company’s products (metal frames), while the market demand has been recovering in these months.
<b>Purchase</b>	The company has suffered from difficulties in the stable purchase of raw materials, because the suppliers should import them. The company looks for other possible suppliers, with a view to stable purchase.
<b>Production</b>	The company’s production efficiency has not been so bad, taking into account the followings. <ul style="list-style-type: none"> <li>● 80% of the company’s production was dependent on its sales plan. This operation style (“production as stock”) can facilitate the production efficiency.</li> <li>● The lead-time from ordering the raw materials to completing the production is not so long, because the production processes are not so complicated.</li> </ul> The business owner thinks that the productivity is low, and he considers that the company should invest new equipment. However, his thinking can be incorrect, taking into account the points mentioned above.
<b>Sales/ marketing</b>	It can be considered that <b><u>the company has some difficulties on sales activities</u></b> , taking into

	<p>consideration the followings.</p> <ul style="list-style-type: none"> <li>● The company has only 2 regular customers, generating unstable sales</li> <li>● The company's operation style is "production as stock", and sometimes the company does not have enough stock to sell. (Sometimes the company has overstock as well.) It is important to point out that the company does not register exits and entries of the inventory.</li> </ul>
<p><b>Administration / financial resources</b></p>	<p><b>(1) Working capital shortage risk</b>  <u>The company's operation style can cause working capital shortage</u>, because of the following reasons.</p> <ul style="list-style-type: none"> <li>● The company's operation depends mostly on "production as stock", and the company does not have enough regular customers. Furthermore, the company does not register exits and entries of the inventory. Such operation of the company can generate the excess of the inventory.</li> <li>● Due to the limited number of regular customers, the company's cash inflow can be unstable.</li> <li>● Because the company does not elaborate the sales plan, sometimes it has problems in the balance between sales and production volume.</li> </ul> <p><b>(2) Costs and profits</b>  The <u>contribution margin ratio is very low</u> (10%). It is important to analyze how to reduce the variable costs. It can be recommended that the company look for cheaper raw materials.</p>
<p><b>Overall</b></p>	<p>The business owner wants to invest new equipment; however, this should be analyzed</p>



	<p>carefully considering the followings.</p> <ul style="list-style-type: none"> <li>● <b><u>The investment will generate new fixed costs,</u></b> such as payment of the interest rate and the depreciation. Considering the company's low contribution margin ratio, the <b><u>investment can cause the company's deficits.</u></b></li> <li>● Taking into account that the company's working capital shortage happens often, it can be recommended to take measures for preventing from overstock, before analyzing the investment.</li> </ul>
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This second case is better than the first case in the following senses.

- The second case points out clearly the causal relations among the problems. For instance, the report shows that the lack of the sales plan causes the problems in the balance between sales and production volume.
- The second case presents relations among several business functions such as sales, production, and administration.

In relation to the recommendation part (3 and 4), the candidates should elaborate in the following manner.

- Proposed strategy, CSF (Critical Success Factors), actions to be taken should be set in a consistent manner.
- Indicators such as KGI (Key Goal Indicator) and KPI (Key Performance Indicator) should be set appropriately in a consistent manner with the strategy and actions to be taken.
- Possible KGIs can be targeted sales amount, profit amount, etc.
- Possible KPIs can be (i) OEE (Overall Equipment Effectiveness = Equipment operating rate x Non defective rate), (ii) Wasting rate of raw materials, (iii) Production volume per day/ week/ month, (iv) Lead time from receiving orders to delivery for the customer, (v) Contribution margin ratio for each product, (vi) Number of new clients, (vii) % of sales for regular clients, (viii) number of products newly developed, etc.
- Recommended strategy and actions must be feasible economically

and technically.

An appropriate example of fulfilled part 4 of the report format is showed below.

**Table 6. Example of fulfilled recommendation part of the report**

<b>CSF</b>	<b>KPI</b>	<b>Actions to be undertaken</b>
Reducing risk of working capital shortage	<ul style="list-style-type: none"> <li>All items of finished products will be sold within 2 weeks after the production.</li> </ul>	<ul style="list-style-type: none"> <li>The company identifies the products (items) to be produced and sold in a prioritized manner.</li> <li>The company registers exits and entries of the inventory (of finished products).</li> </ul>
	<ul style="list-style-type: none"> <li>The company will increase the number of the regular customers. The number will be 5 by the end of the year.</li> </ul>	<ul style="list-style-type: none"> <li>The company gets in touch with several potential clients to ask their purchase.</li> <li>The company analyses the demand of such potential customers.</li> </ul>
	<ul style="list-style-type: none"> <li>Maintain and improve the productivity.</li> </ul>	<ul style="list-style-type: none"> <li>The company maintains short lead-time from ordering the raw materials to finishing the production. (In this sense, the company should keep the relation with raw material suppliers who can provide in a timely manner.)</li> </ul>
Improving profitability	<ul style="list-style-type: none"> <li>Contribution margin ratio will be 30%.</li> </ul>	<ul style="list-style-type: none"> <li>The company should reduce the raw material costs, by reducing the waste, looking for alternative materials that are cheaper, and so on.</li> <li>The company should use the labor cost efficiently.</li> </ul>

### 3.2.5 Giving the technical advice to business owner (4<sup>th</sup> step)

The consultant candidates should provide technical advice for the business improvement. Such advice can include;

- i) Strategy for the company's growth, such as possible new markets and products to be developed.
- ii) Possible investment plan (if necessary and it can be recommended for the business expansion)
- iii) Measures for the improvement of the company's profitability, including necessary actions for sales expansion and cost reduction.
- iv) Measures for the improvement of the company's financial liquidity, including working capital management and inventory control.

### **3.2.6 Observing the positive changes (5<sup>th</sup> step)**

After several weeks, the consultant should program the second meeting to monitor the progress. The progress and additional observations can be mentioned in the parts shaded by blue color in the format.

If the company has good progress, the consultant should fulfill another form, good practice format.

An example of fulfilled good practice format is presented below. As shown below, the following information should be organized in the format.

- Main changes observed thanks to the consulting
- Company's problems identified by the diagnosis, and actions undertaken to resolve them
- Voices of both consultant and business owner

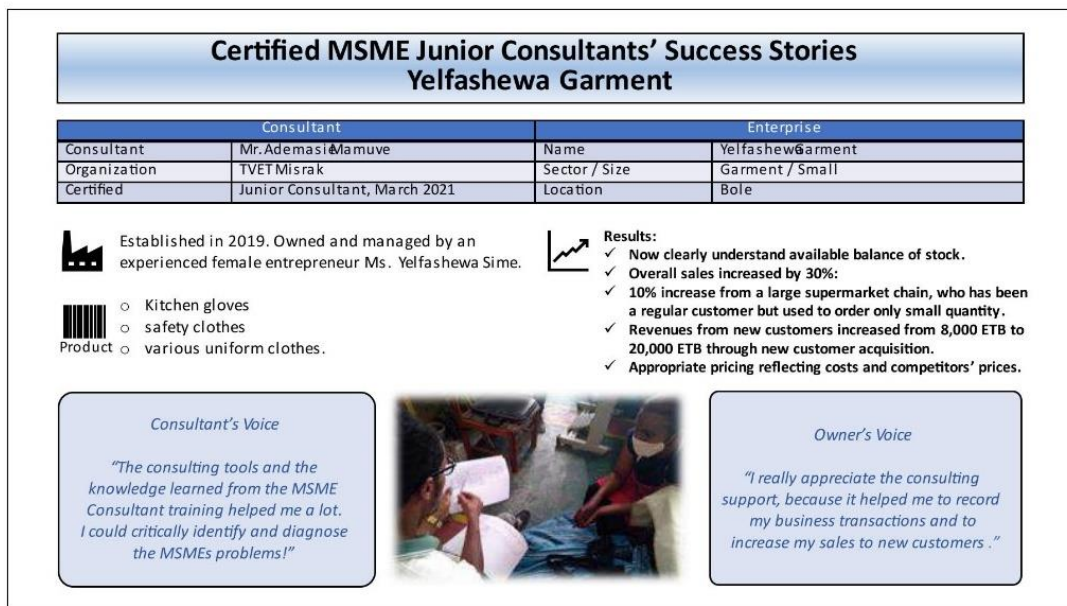


Figure 21. Good practice format case (Page 1)



Figure 22. Good practice format case (Page 2)

#### 4. Supervising the Exam

The exams to be certified as junior and senior consultants, for those who have completed the training course, are available in the following websites.

The password “examjunior” is required to open the exam site for junior consultant candidates.

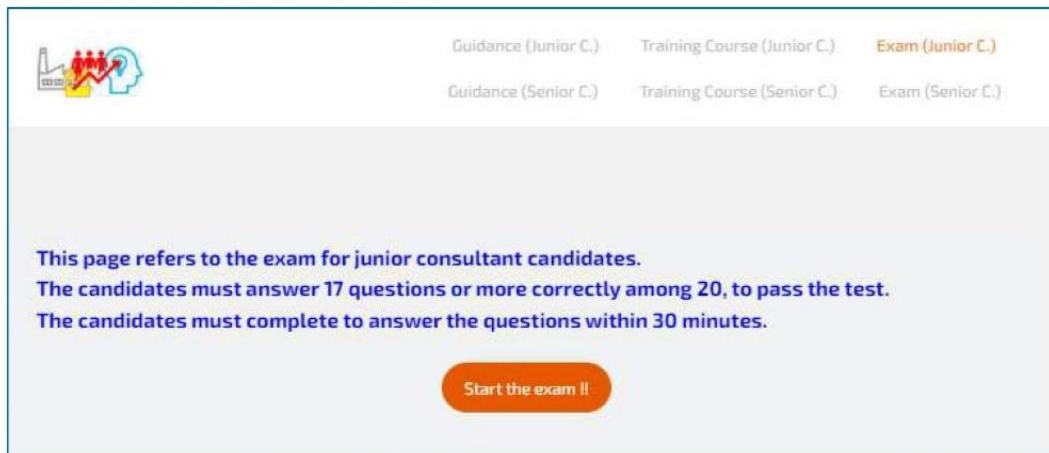


Figure 23. Exam site for junior consultant candidates  
(<https://ebdsc.jimdofree.com/exam-junior-c/>エラー! ハイパーリンクの参照に誤りがあります。)

The password “examfinal” is required to open the exam site for senior consultant candidates.

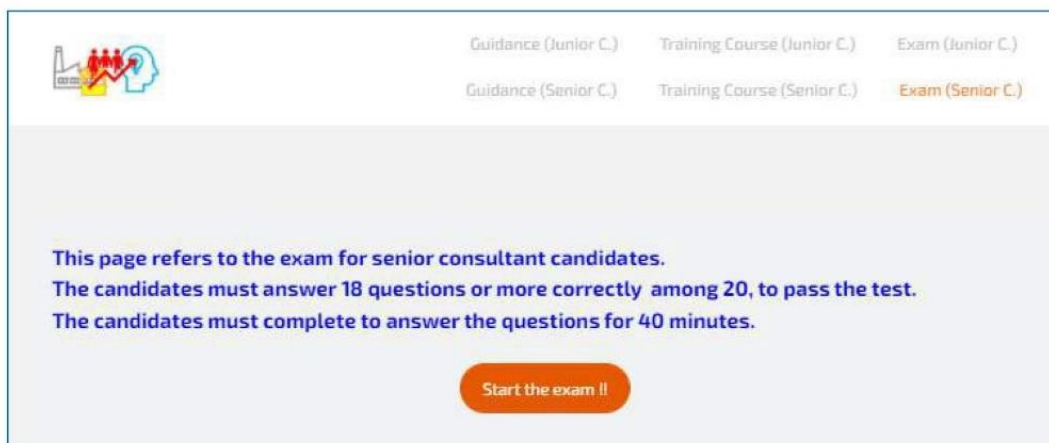
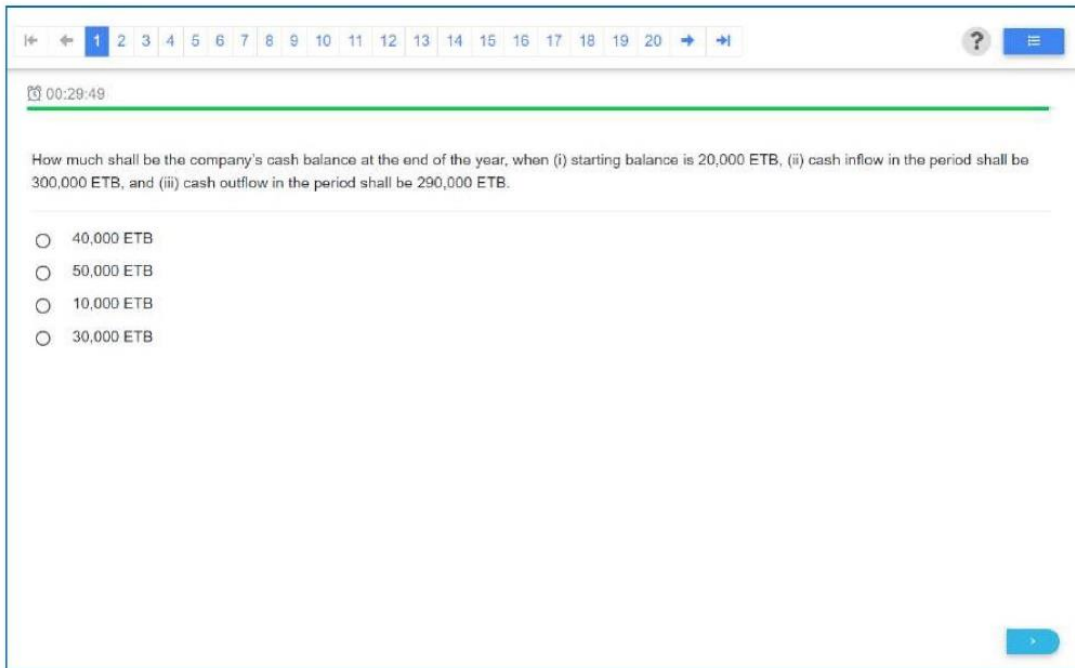


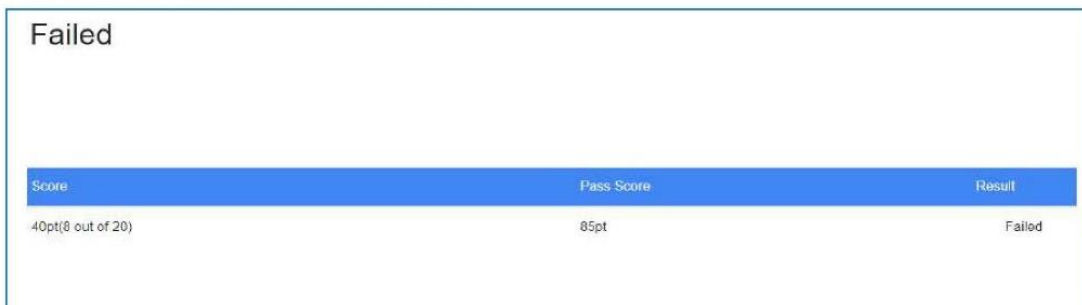
Figure 24. Exam site for senior consultant candidates  
(<https://ebdsc.jimdofree.com/exam-senior-c/>)

Junior consultant candidates should complete answering all questions for 30 minutes, and senior consultant candidates should do it so for 40 minutes. Therefore, the exam site presents the remaining time, as presented in the following image.



**Figure 25. Image of a question of the exam**

When the candidates complete answering all questions, the following image will appear. Master trainers or exam supervisors must (i) supervise the candidates so that they shall not cheat and not retry exam after completing, and (ii) inform EDI (course organizer) of each candidate's exam result.



**Figure 26. Image of the screen when completing answers**

## **5. Managing consultancy service quality**

Master trainers can monitor MSMEs consultants' activities, by reviewing their business diagnosis and consulting report and templates for their practice. Master trainers should advise so that MSMEs consultants:

- Implement business diagnosis efficiently,
- Identify well the company's main problems and priorities to be tackled, and
- Support effectively MSMEs for their business improvement and innovation.

In this sense, master trainers are expected to (a) verify the quality of the reports elaborated by consultants, (b) listen to MSMEs' observations on consulting service, etc., for quality management on the service.

## **6. Conclusions**

Master trainers are qualified and eligible for (i) providing consultant candidates with technical feedback on their learning, (ii) organizing OJT as a part of the training for fostering senior consultants, (iii) monitoring the progress of the learning of the trainees, (iv) supervising the exam, and (v) monitor and facilitate MSMEs consultants' activities.

Only those who (a) are certified as senior consultant, (b) have completed the training for master trainer, and (c) are certified by EDI on their ability can work as master trainer.

**(END)**

