

# SME BUSINESS TRAINING AND COACHING LOOP

## SME LOOP

### INTRODUCTION

Small and medium sized enterprises (SMEs) play a crucial role in the economic and social development of most countries, but conditions for their development are often unfavorable and support is very rare. Limited entrepreneurial knowledge and skills often hinder SMEs to develop their full potential. Although various approaches for entrepreneur training are existent, the outcomes are often not satisfactory. The reasons for this are manifold: but the failure to adapt the training content and level closely to the needs and capacities of the participants and the missing of further, long-term support besides the training, are two important factors.

Responding to this general need of SME support, but considering the lessons learnt from other approaches, the SME Business Training and Coaching Loop (SME Loop) offers a combination of assets that lead to fast visible results for the benefit of the entrepreneur, its employees and the society the enterprise is acting in:

- Individual assessment of the enterprise and the entrepreneur to specifically refine the content to the needs and potentials of the enterprises.
- Systemised alternation between training, coaching and peer-to-peer learning to bring the entrepreneurs into active utilisation of knowledge and experience.
- Individual business coaching as the centerpiece of the Loop, leading to a higher uptake of the lessons learnt.
- Financial literacy and access to finance closely incorporated into the entire Loop.
- A set of exercises and templates to flexibly adapt the SME Loop to the context and realities in each country.

3 impact studies (May 2017 - August 2018) among 1600 businesses having completed the SME Loop was focusing on permanent jobs (> 225 days with 5 working hours per day) created and turnover increase. Results showed, 1159 permanent jobs were created by 527 businesses (2.2 jobs per business), including 48% for women and 82% for young people. An average turnover increase of 112% during the SME Loop cycle could be evidenced (from 1830€ to 3888€)<sup>1</sup>. More than 1675 businesses have developed their business plan as part of a final assignment and have presented them to local financial institutions.

### PRACTICAL INSIGHT

#### SEIDOU OUMOU

SOYA PROCESSING (MILK, YOGHURT, CHEESE)



January - July 2016



Kandi | Benin

*“All members of our association share their knowledge. If someone is out of soybeans in stock, then one advises and lends each other something. There are for example many who do not know how to make the soy-yoghurt. I can show them how to do it, they can learn from me.”*



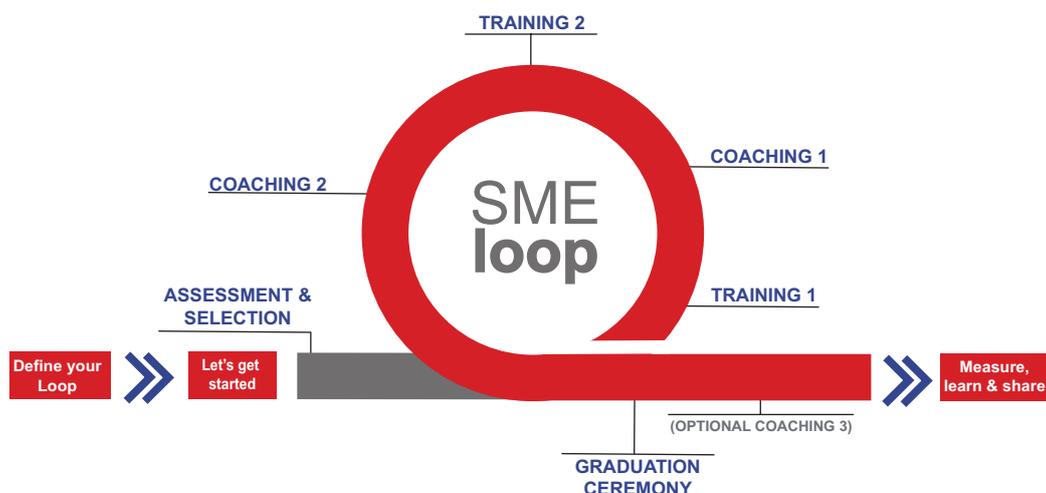
### HISTORY OF THE SME LOOP

The SME Loop was developed in 2014 in Sierra Leone after thoughtful reflections by two GIZ Advisors. Until February 2016, a total of 245 participants have been trained and coached or are undergoing the SME Loop. About 35% of the participants are currently female entrepreneurs. In 2015, the approach was transferred to Benin within the context of the Special Initiative One World, No Hunger and its programme “Green Innovation Centres for the Agriculture and Food Sector“. Here, the SME Loop is applied already at a larger scale aiming to reach 3100 SMEs in 59 communities until the beginning of 2023. So far, 2000 entrepreneurs (57% women and 36% young people) have been trained and coached or are currently undergoing the “SME Loop“, with 40 qualified coaches providing their service to the entrepreneurs.

### HANDBOOK AND TRAINING OF SME LOOP MASTER COACHES

Because of the success in Sierra Leone and Benin, and the wish to make the SME Loop available to programmes and institutions interested in promoting SME development, a handbook was developed in order to provide in a systematic manner a description of the SME Loop guiding through the most important steps for its utilisation. Following the same logic of wanting to make the SME Loop available for many other countries and programmes, in May 2017, 14 highly-qualified international consultants were trained to become SME Loop Master Coaches, in order to further promote the SME Loop. Please contact us if you are interested to implement the SME Loop also in your programme/project.

## THE SME LOOP APPROACH



### Assessment & Selection

The identified and pre-selected potential participants should be assessed on their entrepreneurial competencies, business and motivation on further improvement. Assessment and selection go on hand-in-hand and finally enable the implementers to define relevant training needs. As a result, a group of 20 – 25 participants with business assessments for the course implementation will be formed.

### Training 1 – Business Analysis (3 days)

The entrepreneurs acquire basic business management knowledge and entrepreneurial competencies. They learn to apply the theoretical framework by analysing their individual entrepreneurial efforts and business and receive training service for an internal and external business contextual analysis. Based on this, the participants explore the potentials for business improvements. In addition, they go through different sessions of experiential learning exercises: role-plays, group discussions, as well as self-reflection on themselves and their business. Participants organise their business and self-reflection outcomes in a SWOT analysis and identify various strategic options, connecting their goals and measures within a strategic planning process. The business analysis encourages the SMEs to proceed further and enables them to develop a precise idea of their business in the current context. The skills entrepreneurs acquire from Training 1 is the foundation for SME Loop continuation.

### Coaching 1 - Strategy Formulation (2 coaching sessions per month for 2 months)

In the beginning, coachee and coach agree on a work plan for the full coaching period, fixing goals of enterprise and self-development. During their sessions the coach supports the coachee according to his/her needs. Together they identify adequate strategies for business development in an adaptive process.

### Training 2 - Business Improvement Planning (3 days)

The core of this training consists in the preparation of the Business Improvement Plan (BIP) based on the already defined business improvement strategies. In addition, topics and goals for the following coaching sessions are prepared.

### Coaching 2 - Business Improvement and linkages development (3 coaching sessions per month for 3 months)

After finalising their BIPs, the entrepreneurs get in touch with other Business Development Services (BDS) and prepare a presentation to financial institutions for credit assessment and business finance. During this and the following stages the whole of business improvement accelerates. To conclude the BIP and the Loop cycle, a final assignment is optional/compulsory. This individual and personal assignment is agreed upon by trainer, coach and coachee according to his/her specific situation.

### Graduation Ceremony - Credit Assessment and Graduation (1 day)

This ceremony marks the official end of the Loop cycle. The graduates receive a certificate to value their achievements and successful course participation. The Graduation Ceremony may be combined with a pitching event where financial institutions evaluate the BIPs and assess the possibility of business financing applications. If possible, it is recommended to add optional coaching vouchers and future networking arrangements to the agenda.

### Coaching 3 (optional 3 coaching vouchers)

The vouchers allow the entrepreneurs to demand additional coaching sessions during the next three months.