



Trainer Manual

## Income-Generating Services for BMO

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**Responsible**

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New Delhi, May 2013

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# LIST OF ACRONYMS

AMC	Asset management Companies
APM	Association of Plastic Manufacturers
BMO	Business Membership Organisation
COO	Certificate of Origin
EU	European Union
FISME	Federation of Indian Micro, Small and Medium Enterprises
FMPCCI	Federation of Madhya Pradesh Chambers of Commerce & Industry
FSIA	Faridabad Small Industries Association
GIDC	Gujarat Industrial Development Corporation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IIA	Indian Industries Association
KYC	Know your customer
MoU	Memorandum of Understanding
MSME	Micro, Small, and Medium Enterprises
NCCI	Narayangarh Chamber of Commerce and Industry
NIA	Naroda Industries Association
NTP	National Training Programme
Rs	Indian Rupees
SICAN	South Indian Chambers' & Associations Network
TANSTIA	Tamilnadu Small and Tiny Industries Association



# Introduction to the Manual

# Introduction to the Manual

## Background

This trainer manual was developed by sequa gGmbH within the project 'Capacity Development of Business Membership Organisations in India' which is part of the MSME Umbrella Programme implemented jointly by GIZ (German Society for International Cooperation), office of DC MSME & SIDBI in India.

The term “Business Membership Organisations” (BMOs) refers to various organisations where companies or individual entrepreneurs and sometimes other business organisations are members. BMOs advocate the interests of their members and respond to their needs by delivering required services and information. A general distinction is to be made between business associations and chambers. Worldwide there are different types of associations:

- Trade or industry associations  
(in many cases referring to one industrial sector or cluster)
- Small Scale enterprises' associations
- Business Women's organisations
- Industrial estate associations
- Employers' associations
- Apex bodies / Federations  
(formed by other BMOs at lower administrative levels)

Beside the associations most of the countries have chambers of commerce and industry representing the business communities in a district or region (and sometimes of sectors, too). India and other countries follow the tradition of British economic policy where chambers can be established under private law while in several European countries like Germany, Austria, Italy, France and Spain chambers have a public law status with obligatory membership of companies. These countries do also have chambers for various sectors and professions like skilled crafts, agriculture as well as for lawyers, doctors, architects and other occupations.

### *Objective, scope and target groups*

The objective of this manual is to support and guide trainers in providing training on income generating services of BMOs for honorary members and staff of associations and chambers dealing with service delivery of such business organisations. The training material can basically be used for all BMOs but the main target group in India are leading representatives of BMOs and here especially of MSME industrial associations on district level.

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This training forms part of the National Training Programme 1 (NTP 1) in India and consists of 5 modules with various subjects to be dealt with in a 5-days training. Income-generating services', addressing a number of different aspects during training, is taking one-and-a-half day. The other areas are BMO management, access to public support schemes, business responsibility and business policy advocacy. NTP 1 will be followed by National Training Programme 2 with introduction of new topics and deepening contents of the already introduced ones.

This training manual was developed to improve the availability and quality of didactic material on improving the effectiveness of BMOs in different countries. The manual is meant to be used as a guide and source book to implement training programs providing theoretical and practical knowledge how to develop and implement new services in BMOs. It provides practical assistance and valuable inputs for implementing training workshops and seminars. And it conveys theoretical and practical knowledge on how to develop and implement new services in BMOs in order to create additional income.

Not every recommendation will be applicable to every BMO. National or organisational differences, especially with regard to the specific stage of a BMO's development, will always have some bearing on the concrete form in which a service is provided and the process by which it is introduced. Similarly, the proposals made for solving the problems most commonly encountered when introducing the respective services cannot, so to speak, make a clean sweep of every single problem. However, they have been tried and proven in practice, as have all other recommendations made in this manual.

### *How to use this manual*

This one-and-a-half day training consists of 7 training sessions. All of them do have the same structure:

1. Training schedule for the whole module
2. Overview for each session
3. Trainers instructions for each session
4. Materials (Background Readings, charts, handouts) for each session

### *Training schedule for the whole module*

The training schedule gives an overview on the number of sessions of the training module, their sequence, main topics to be dealt with, the duration of the sessions and the proposed time. If a training is scheduled for half a day, it can be run in the morning or the evening, depending on local preferences. The training schedule helps the trainer to better imagine the course of the module and the areas covered.

### *Session overview*

The 1-page summary sheet gives information on the time needed for that particular session, a brief overview on the basic content of the session and the methods to be applied, defines the learning objectives for the participants and finally enumerates the materials required to run the session.

### *Trainer instructions*

These instructions are the screenplay of each session and give the trainer detailed information on each step of moderating and organising the course. This information is complemented by a time frame for each step and the written material to be used, whether being background reading, charts or handouts.

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## Written Materials

There are 3 types of written materials:

### Background Readings:

This is background material collected or written for the trainers in order to facilitate their preparation before the workshop. It gives theoretical and practical information on the most important topics covered by the different sessions.

**Charts** are to be presented with a projector in order to visualise the most important points during each session.

**Handouts** contain relevant materials for the participants. They can include additional information for participants not presented during the course.

It is recommended to prepare a documentation of all sessions containing photos of the charts used and notes of the discussions the trainer has written on the flipchart to retain main learning points. This documentation shall be handed over to participants at the end of the training.

### Rationale and Introduction

The need to attract professional and quality staff to join the BMO is a reason for engaging in Income generating activities. To compete for good staff in the labour market, BMO often needs to pay a small premium for such staff to compensate for the limited career prospect and multi-tasking often demanded of secretariat staff.

There is also a limit to raising membership fees to pay for more and better quality services. The core activities of BMO such as advocacy is often “public” in nature i.e. once the advocacy is successful, the benefits are given by the authorities to both members and non-members. Consequently, there is no incentive for non-members to join the BMO.

Over time, members also expect the BMO to provide a wider range of services but they are not prepared to pay higher membership fee. However, they are prepared to pay for specific services where they can internalise the benefits for the workers such as training and seminars.

One income generating activity is to leverage on the good name or goodwill of the BMO. With a captive market offered by its membership, some companies are prepared to pay the BMO for using its name and network for a fee.

A financially strong BMO is also in a good position to attract new members over competing BMO. Without the dependence on funding from the government, it is able to speak out on public policy issues forcefully since it is not beholden to the authorities. The authorities also tend to give more respect to financially strong BMO, as they can tap on the BMOx for some social projects.

Like all business organisations, BMO also need to prepare for contingencies and implement business continuity planning and risk management strategies. When a BMO depends primarily on membership fees, its viability may be threatened if there is an economic downturn and members decide to skip on

membership subscription, resign from the BMO or go bankrupt. Likewise, governments may reduce the financial support given to a BMO established under public law during a recession. Income-generating activities can help to ensure that BMO continues to have a stream of income during difficult periods.

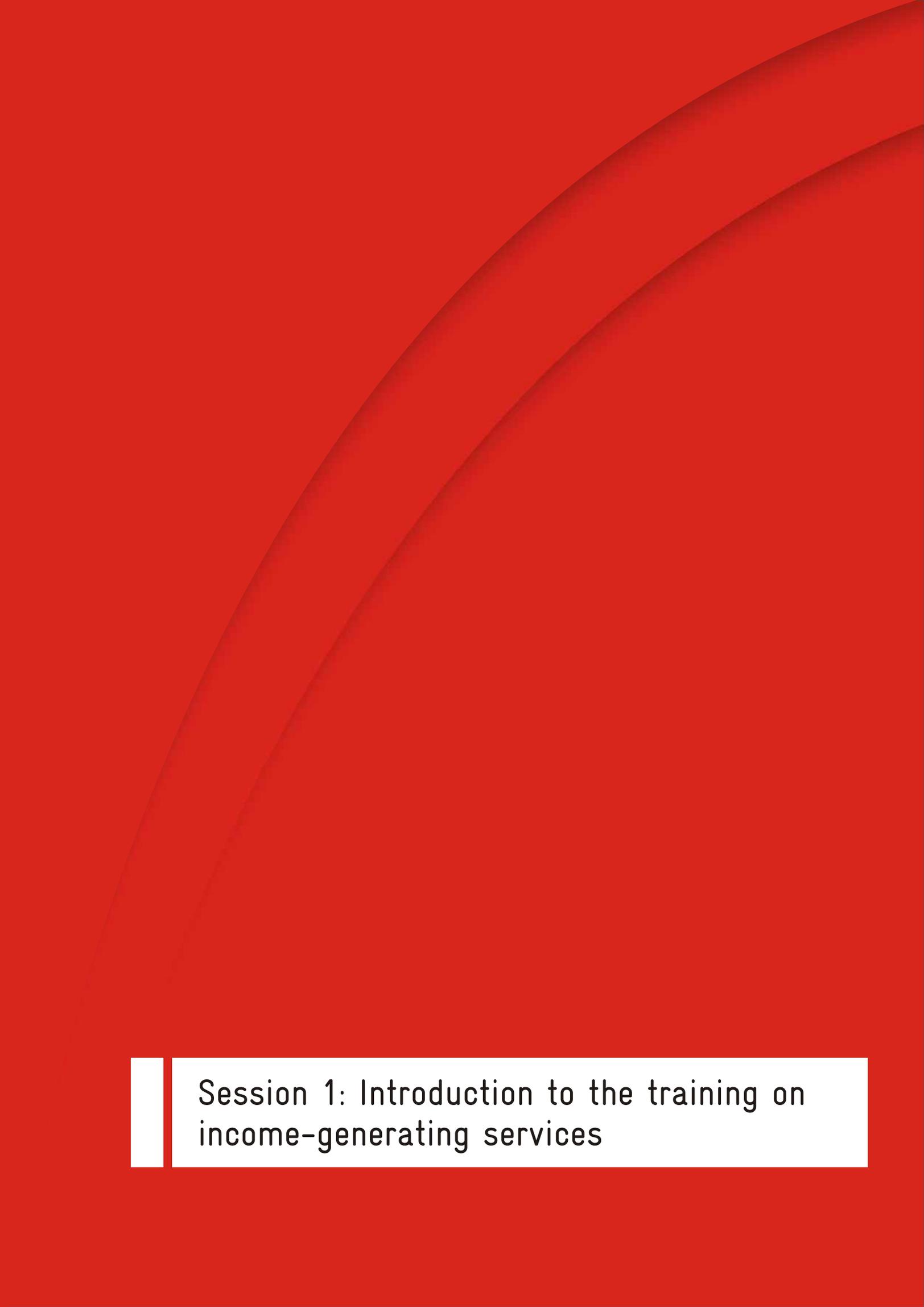
*Source: GIZ / sequa: Handbook for Developing and Managing Thai Business Membership Organisations. November 2011*

### Training Schedule: Income Generating Services

DAY 1			
Session	Topics	Duration	Proposed Time*
Session 1 : Introduction	Presenting main training areas and programme, link to special training	25 min.	1.45PM – 2.10 PM
Session 2: Situational analysis	<ol style="list-style-type: none"> <li>1. Group exercise on BMO services rendered</li> <li>2. Case study with financial calculations</li> <li>3. Stock-taking grid for introducing new services</li> </ol>	65 min.	2.10 PM – 3.15 PM
	Coffee / Tea break	15 min.	3.15 PM – 3.30PM
Session 3: Analysis of potential	<ol style="list-style-type: none"> <li>1. Demand-side analysis</li> <li>2. Analysis of competitors and own resources</li> <li>3. How to select new services</li> <li>4. Action plan for introducing new services</li> </ol>	90 min.	3.30PM – 5.00 PM

## Training Schedule: Income Generating Services

DAY 2			
Session	Topics	Duration	Proposed Time*
Session 4: Expanding information services	<ol style="list-style-type: none"> <li>1. Shifting from free to fee-based services</li> <li>2. General rules and examples of information services other BMOs render</li> <li>3. Main elements of marketing plan</li> </ol>	90 min	9.30 –11.00 AM
	Coffee / Tea break	15 min.	11.00 – 11.15 AM
Session 5: Membership directory	<ol style="list-style-type: none"> <li>1. Role play on selling a membership directory</li> <li>2. Recommendations on how to improve membership directory (group work)</li> <li>3. Transfer to own BMO</li> </ol>	105 min	11.15AM –1.00 PM
	Lunch break	60 min.	1.00 PM – 2.00 PM
Session 6: Positioning as training provider	<ol style="list-style-type: none"> <li>1. Main reasons for offering training</li> <li>2. Survey on training needs</li> <li>3. How to choose the right training topics</li> <li>4. Structuring tool for training topics</li> <li>5. Six guiding principles for positioning</li> <li>6. Co-operation with external training centre or setting up own centre/unit</li> </ol>	90 min	2.00 PM – 3.30 PM
	Coffee / Tea break	15 min.	3.30 PM– 3.45 PM
Session 7: Fairs and exhibitions as BMO service	<ol style="list-style-type: none"> <li>1. Reasons for participating in a fair/ exhibition</li> <li>2. How to successfully participate in a fair/exhibition</li> <li>3. Main steps for a BMO to set up a fair/exhibition</li> </ol>	75 min	3.45 PM – 5.00 PM

The background is a solid red color with two large, curved, overlapping shapes that create a sense of depth and movement. These shapes are lighter red than the background, creating a layered effect. The text is positioned in the lower-left quadrant of the page.

## Session 1: Introduction to the training on income-generating services

# Session 1: Introduction to the training on income-generating services

## **A**      **Session Overview**

**Time:**      *25min.*              *(1.45 PM–2.10 PM)*

**Overview:** The introduction starts with a brief explanation of the 6 stepping stones of service development providing the participants with a model that will guide them through the whole training on service development in BMOs. In the course of the training, participants will learn about the main phases of introducing new income-generating services, related instruments and exercises. Then, the trainer gives an overview on the 5 main reasons for developing income generating services.

### **Learning Objectives:**

- Participants are familiarised with the model underlying the training programme on service development (6 stepping stones)
- Participants have an understanding of the main reasons for developing income creating services in a BMO.

### **Materials required:**

- Background Readings 1.1 – 1.2
- Charts 1.1 – 1.4
- Handout 1.1 - .2
- Large, brown paper
- Flipcharts
- Pinboards / Softboards
- Cardboard cards of different colour
- Marker pens
- Projector

It is recommended to prepare a documentation of all sessions containing photos of the charts used and notes of the discussions the trainer has written on the flipchart to retain main learning points. This documentation shall be handed over to participants at the end of the training.

## B Trainer instructions

### Session 1: Introduction to the Training on Income-generating Services (25 min)

Time	Steps	Materials
10 min.	<p><b>1. Introduction to training module and presentation of programme</b></p> <ul style="list-style-type: none"> <li>• Give a brief introduction on importance of developing income-generating services, making use of Background Reading 1.1. Ask participants on their BMO's main sources of income. Most likely, services will constitute only a minor part.</li> <li>• Present the model of 6 stepping stones in service development (chart 1.1.) and explain that in NTP 1 and NTP 2 the general topics related to introduction of new services are covered as well as development of individual services. Explain that specific training modules on 6 different service areas could be attended in special trainings separately. Briefly demonstrate chart 1.2 and chart 1.3 with a diagram of the various trainings.</li> <li>• After that, present the workshop programme of this training within National Training Programme 1, having duration of one and a half day.</li> </ul>	<p>Background Reading 1.1 Chart 1.1</p> <p>Chart 1.2 and 1.3</p>
15 min.	<p><b>2. Significance of income-generating services</b></p> <ul style="list-style-type: none"> <li>• Ask participants why services, which create income for a BMO, are important. As a summary, present the 5 most important reasons for developing income-generating services (chart 1.4). In Background reading 1.2 you'll find corresponding information.</li> <li>• Main learning points should be: <ul style="list-style-type: none"> <li>➤ Services can constitute a considerable source of income for BMO.</li> <li>➤ Good and professional services retain members and attract new ones.</li> <li>➤ Fee-based services raise autonomy and contribute to BMO's financial sustainability.</li> <li>➤ They allow cross-subsidisation for other services</li> <li>➤ Introduction of new services can further motivate BMO's staff.</li> </ul> </li> </ul> <p>At the end of the session, distribute handout 1.1.</p>	<p>Chart 1.4 Background Reading 1.2</p> <p>Handout 1.1</p>

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## **Materials for session 1: Introduction**

### **Background Readings**

- 1.1 Shift from free to fee-based services
- 1.2 Five good reasons for developing income-generating services in BMOs  
(2 pages text)

### **Charts**

- 1.1 Seven stepping stones of service development
- 1.2 Structure of modular training
- 1.3 Duration of Training Modules on Individual Services
- 1.4 5 good reasons for developing income-generating services

### **Handout**

- 1.1 5 good reasons for developing income-generating services

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## C Background Reading

### Background Readings 1.1: Shift from Free to Fee-based Services

#### There ain't no such thing as a free lunch or how to shift from free to fee-based services

This famous sentence is attributed to the Nobel laureate and economist Milton Friedman. It says that there is nothing for free. Everything we consume, even services provided by BMOs, has to be produced by someone and that someone usually cannot do that gratuitously.

#### The learning is:

- Every product/ services are produced/developed by someone
- He/she/they are spending time, energy and money to develop a product/service
- Cost of factors of products development needs to be accounted for

Thus, one has to pay for these.

Many BMOs are aware of this situation, but are afraid to shift from free to fee-based services. This training has been designed to guide the process of introducing income-generating services from the very beginning, facilitating a series of useful tools, analysis and supporting materials.

### Background Readings 1.2: Five Good Reasons for Developing Income-Generating Services (1)

In general, the following sources of funds may be available to BMOs:

- Membership dues
- Service fees
- Subsidies
- International cooperation programmes.

Especially for smaller BMOs the potential to raise income from membership dues is rather small. Subsidies as a source of income are, for one, subject to influence by political change that might occur. For another, they pose a threat to the autonomy of BMOs, so a careful balance of positive and negative aspects is recommended. Finally, international cooperation programmes, although they might offer interesting financial support and project financing, do not guarantee a reliable, long-term source of funding. Hence, there are good reasons for converting services into the main BMO's source of income.

In general, 5 good reasons for developing income-generating services can be identified:

1. **Services as source of income:** BMO tend to underestimate the range of services they can offer to members and non-members, missing the chance to raise their income and the sustainability of their organization. Although some basic services should be rendered free of charge such as newsletters or certain information as compensation for the membership fees, there are many simple to sophisticated services a BMO can charge for. And members will feel better supported if they have access to various demand-oriented services at “their” BMO and appreciate the customer orientation.

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On the other hand, experience has shown that particularly during the start-up phase, BMOs tend to take on too many activities at one time. In particular, the provision of various types of services “competes“ with the objective of advocacy for a region's or sector's entrepreneurs – especially MSMEs – vis-à-vis political decision-makers. In order to adequately satisfy the members' demand, BMO should carefully chose the appropriate “mix” of services in combination with other important activities they undertake for their members.

- 2. Services and interest representation:** The benefit ascribed to the membership is closely related to the services a BMO renders. The number and quality of services a BMO offers, is an important reason to maintain membership, and they motivate non-members to join the BMO. The better the services, the greater the number of enterprises that will wish to become members.

Concerning representation of membership interests and advocacy, BMOs must represent a certain minimum number of enterprises to be able to provide credible advocacy vis-à-vis political institutions.

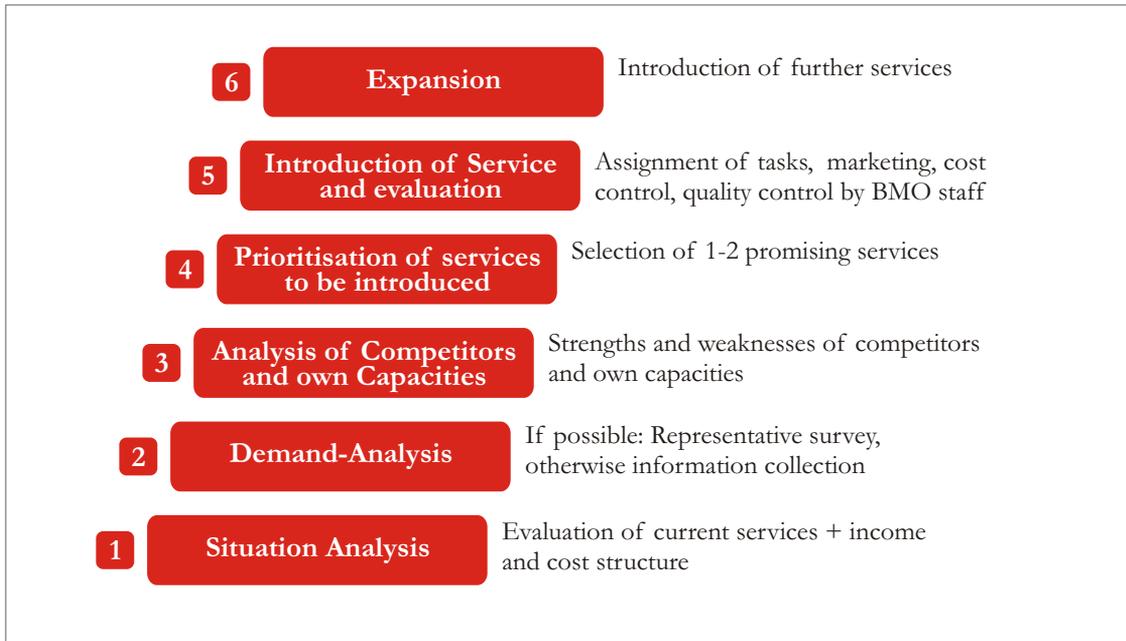
- 3. Autonomy from government:** In many countries, BMOs act as mediator between the private, entrepreneurial sector of the economy on one hand and political institutions on the other. To be able to fulfil this position in a neutral manner and effectively represent the interests of the private sector vis-à-vis political decision-makers, BMOs must be financially independent. The less they depend on governmental subsidies, the greater their freedom of action.
- 4. Possibilities of cross-subsidisation:** if sufficient income is earned from services, then other activities aimed at attracting and serving members, e.g. advocacy or social welfare activities, need not always be calculated for full recovery of expenditures. Certainly this should always be the goal, but the greater the surplus (= income - costs) that can be earned through services, the easier it is to risk a deficit when conducting another activity, e.g. with cost recovery of only 50 or 70%. Moreover, an effective way to attract new members is to differentiate the fees or rates charged for a service by whether the customer is a member or not. This principle can be applied to all services offered by a BMO. Non-members should pay between 50 and 100% more than members, so as to gain a clear incentive toward membership.
- 5. Motivating staff:** The development of services can also have positive effects on day-to-day operation. Managing a newly introduced service is a concrete, hands-on task that can raise the motivation level of committed staff. It makes the job more interesting and diversified. Research has shown a veritable surge in motivation when a staff member is charged with the overall management of a service. In putting this realisation into practice, BMOs may consider negotiating variable income components with the respective staff members, e.g. a sum dependent on the volume of income earned through a particular service.

*(Adapted and expanded from: Schumacher, Torsten: Income from Services, A Practice-Oriented Manual for the Development of Income-Generating Services of Chambers and Associations, Bonn, November 1999)*

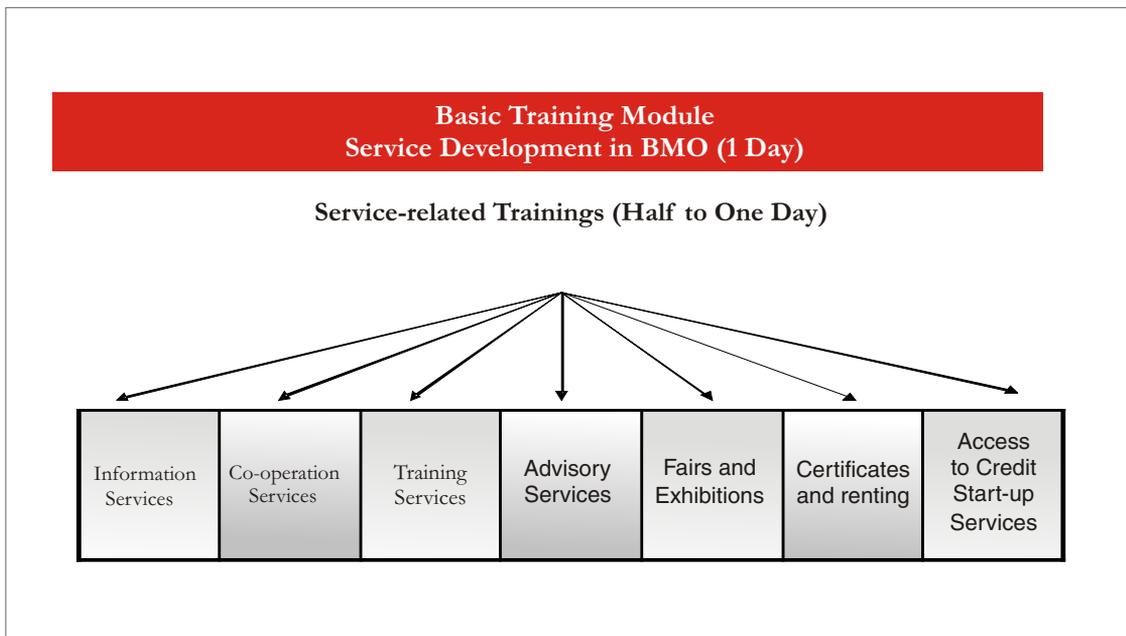
## D Charts

### Session 1: Introduction to the Training on Income-generating Services

**Chart 1.1: Six Stepping Stones of Service Development**



**Chart 1.2: Structure of Modular Training**



**Chart 1.3: Duration of Training Modules on Individual Services**

	<b>Training modules on individual services</b>	<b>Duration</b>
	1. Information services	5 hours
	2. Co-operation services	1 day
	3. Training	1 day
	4. Advisory services	1 day
	5. Fairs and exhibitions	5 hours
	6. Other BMO services	4 hours

**Chart 1.4: Five Good Reasons for Developing Income-generating Services**



## **E Participant Handouts**

**Handout 1.1:** Five Good Reasons for Developing Income-generating Services

## Session 2: Situational Analysis

# Session 2: Situational Analysis

## Session Overview

**Time:** 65 min (2.10PM–3.15PM)

**Overview:** The session start with a group discussion on the services, participants' BMOs rendered last year and the reasons. The introduction of any new services should be based on an analysis of the current situation which is the main subject of this session. In the following case study participants learn about the break-even analysis as a useful tool for determining fees. Assessing the financial sustainability of existing services is a precondition before deciding on new services. As a last sequence, the trainer introduces the table for situational analysis as stock-taking tool and discusses with participants typical errors when conducting a situational analysis.

### Learning Objectives

- Working on a case study, participants gain experience in main elements of break-even analysis.
- Participants are enabled to interpret results of a status quo analysis and to decide whether to continue a particular service or not.
- Participants are familiarised with the stock-taking grid.

### Materials required:

- Background Readings 2.1 - 2.2
- Charts 2.1-2.7
- Handouts.2.1-2.2
- Flipchart
- Projector
- Pinboards / Softboards

## Trainer Instructions

### Session 2: Situational Analysis

Time	STEPS	Materials
20 min.	<p><b>1. Group exercise on BMO services rendered</b></p> <ul style="list-style-type: none"> <li>• Open the session by telling that situational analysis will be the main subject of this session.</li> <li>• Then present the task for a small group discussion: What services did you offer last year and for what reason you offered these particular services. Form 2-4 groups and give 10 minutes for the discussion. Afterwards invite the groups to briefly present their findings and write down key words on flipchart.</li> <li>• Explain briefly that analysis of current situation – as done in the group discussion - is the first step to expanding services. Then show chart 2.1 with the 3 advantages of situational analysis. Use background reading 2.1 for your preparation</li> </ul>	<p>Flipchart Chart 2.1</p> <p>Background Reading 2.1</p>
25 min.	<p><b>Case study on situational analysis</b></p> <ul style="list-style-type: none"> <li>• Present case study on delivery of training programme in chart 2.2 and distribute it as handout 2.1. In background reading 2.2 you'll find further information on that case study.</li> <li>• Ask participants: Should this service be continued and if yes, under which conditions? Summarise main statements as key word on flipchart.</li> <li>• Explain concept of <b>break-even analysis</b> as a useful tool for determining fees and go through the illustration and main elements of break-even analysis with the group (chart 2.3). Make sure participants understand calculations. Afterwards show the graph in chart 2.4 as an illustration and summarise the main characteristics of break-even analysis.</li> <li>• Ask participants what can be done to make this service at least cost-covering. Write key words on flipchart and sum up discussion showing chart 2.5.</li> <li>• Finally, wrap up <b>lessons learned</b> of discussion on this case study. The lessons learned should be: <ul style="list-style-type: none"> <li>➤ The service is not cost-covering.</li> <li>➤ BMOs are not a consulting firm, cross-subsidization from membership fees or national / international donors is allowed but needs a clear decision.</li> <li>➤ There is scope to increase the participant's fees. Quality training courses can be a profitable business.</li> </ul> </li> </ul>	<p>Chart 2.2 Handout 2.1</p> <p>Background reading 2.2</p> <p>Chart 2.3 Chart 2.4</p> <p>Chart 2.5</p>

Time	STEPS	Materials
20 min.	<p><b>3 Stock taking grid of situational analysis</b></p> <ul style="list-style-type: none"> <li>Refer to explanations given in Background Reading 2.1 on status quo analysis and introduce the table of situational analysis (chart 2.6), which should be filled out for all services offered so far. Distribute handout 2.2 and invite participants to fill in the table with the information they have on hand. Encourage them to complete the table after the training.</li> <li>Make once again clear that this diagram has a double function: <ul style="list-style-type: none"> <li>➤ First, it serves as an important input to any discussion on the introduction of new services</li> <li>➤ Secondly, it is a valuable monitoring tool.</li> </ul> </li> <li>Explain also typical errors that might occur when applying this instrument as explained in background reading 2.1: short time frame for analysis, lack of communication, lack of follow-up.</li> </ul>	<p>Background reading 2.1 Chart 2.6 Handout.2.2</p> <p>Chart 2.7</p>

## Materials for Session 2: Situational Analysis

### Background Readings

- 2.1 Importance of situational analysis
- 2.2 Explanations on case study

### Charts:

- 2.1 Importance of situational analysis
- 2.2 Case study on delivery of training
- 2.3 Break-even analysis for training seminar
- 2.4 Break-even illustration
- 2.5 Lessons from case study on training
- 2.6 Table for situational analysis
- 2.7 Stock-taking grid

### Handouts

- 2.1 Case study on delivery of training
- 2.2 Situational analysis

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## C Background reading

### Background Reading 2.1: Importance of Situational Analysis

Before individual measures are taken to introduce new services or further develop existing ones, the BMO should always conduct a careful review of its current activities. **Such stock-taking has three main advantages:**

1. It clarifies whether a service is generating income or losses
2. It provides an overview on the relationship between free services and those for which charges are raised
3. Only a situational analysis can clarify the relative position of the BMO. This makes it easier to determine fields of activity for the further development of services, and easier to decide upon concrete measures.

The recommended **stock-taking** grid introduced after having presented the case study (compare chart 2.6) has a double function in this respect: first, it serves as an important input to any discussion on the introduction of new services. Secondly, however, one should continue to complement and update the form – in this way, it becomes an important control instrument for BMO management.

The following **typical errors** occur when conducting a situational analysis:

- **Short time frame for analysis:**

A too short time frame is dedicated to the status quo analysis given an unrepresentative view of the income/cost structure. At least one or two calendar years should be considered when doing this analysis.

- **Lack of communication between salaried and voluntary officers:**

There are two typical situations: First, the results of status quo analysis are not shared with honorary staff officers of BMO inhibiting decision-making and action taking. Second: elected officers decide on services without asking professional staff for detailed and reliable information on the current situation. Therefore, the status quo analysis should first of all be prepared as a draft by salaried staff. Then, the results should be presented to the honorary officers. The process of finding a consensus on the status quo analysis among salaried and voluntary officers is of eminent importance for the further process of service introduction.

- **Lack of follow-up to situational analysis:**

A very common mistake is that the results disappear in a drawer, being no longer used. Contrarily, the analysis should be used as a regular monitoring instrument, providing information on the financial contributions of the various services of the overall BMO's income. With information at hand, the BMO management can make more sound decisions which services to keep and which to leave. Naturally, expenditure planning and liquidity calculations have to be conducted as well. However, they are not subject of this manual.

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## Background Reading 2.2: Explanations on Case Study

1. The **case study on delivering of training** (compare chart 2.2) exemplifies:
  - The different cost items to be analysed
  - The importance of making a difference between variable and fixed costs
  - The cost of the service is not covered by the income generated by the service. It is a very common case among BMOs that part of their services are not cost-covering.
  
2. The **break-even analysis** for the case study on delivery of training is introduced in order to show how to determine a cost-covering price for a particular service. The break-even point is the price at which total revenue is equal to total cost. If you have more participants than in the example given (compare chart 2.3 and illustration in chart 2.4.) then the BMO starts to make a surplus. If you have less participants than assumed in the case study, the BMO will make losses. Your message in this part of the session should be:
  - The fees raised for the training are not cost-covering according to the break-even analysis and should be more than doubled;
  - Certain services do not have to recover their full costs as they can be cross-subsidised by membership fees or other sources. However, BMOs should always be aware of the gap they subsidise.

## D Charts

### Session 2: Situational Analysis

Chart 2.1: Importance of Situational Analysis

<p>Status quo analysis is stock-taking of service portfolio and has three main advantages:</p> <ul style="list-style-type: none"> <li>• It clarifies whether a service is generating income or losses.</li> <li>• It provides an overview on the number of free services and those for which fees are raised.</li> <li>• Only a status quo analysis clarifies the relative position of the BMO. This makes it easier to determine fields for further development of services.</li> </ul>	
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Chart 2.2: Case Study on Delivery of Training

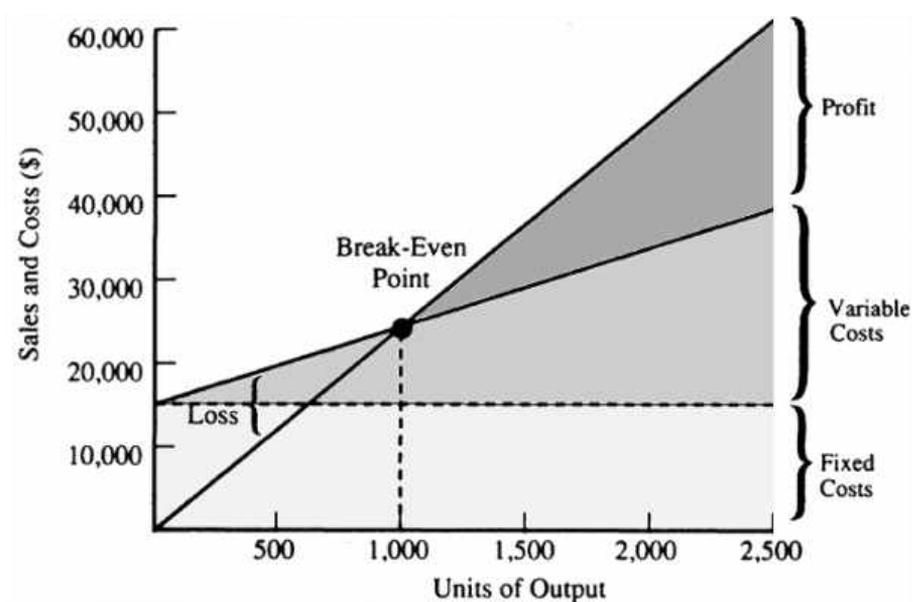
<p>The Manufacturer Association offered last year ten 2-day training events on marketing and sales promotion, basic book-keeping and how to make a business plan. All ten courses had a good participation with an average of 20 participants per seminar (200 participants per year).</p>	
<b>The cost per seminar is:</b>	<b>Income</b>
<p><i>Variable cost:</i></p> <ul style="list-style-type: none"> <li>➤ meals and refreshments: 300 INR per participant = 6,000 INR</li> <li>➤ folders and photocopies: 60 INR per participant = 1,800 INR</li> </ul> <p><i>fixed cost:</i></p> <ul style="list-style-type: none"> <li>➤ actual or imputed rental of conference room: 3,000 INR</li> <li>➤ honorarium of lecturer; 2 days à 6,000 INR = 12,000 INR</li> <li>➤ actual or imputed rental of equipment (PC, beamer, etc.): 1,200 INR</li> <li>➤ staff cost for organizing seminar, 3 person days à 2,000 INR = 6,000 INR</li> <li>➤ marketing expenses (usually 15 % of total cost): 4,500 INR</li> </ul> <p>Total cost per course: 34,500 INR  <b>Total cost per year: 3,45,000 INR</b></p>	<ul style="list-style-type: none"> <li>➤ Course fee per participant: 900 INR</li> </ul> <p><b>Total income per year: 1,80,000 INR</b></p>

**Chart 2.3: Break-even Analysis for Training Seminar**

Course fee per participant	= $\frac{\text{fixed cost per seminar}}{\text{n}^\circ \text{ of participants}}$	+ variable cost per participant
	= $\frac{26,700 \text{ INR}}{20} = 1,335 \text{ INR}$	+ 390 INR
Fixed and variable costs		= 1,725 INR
+ Profit margin (10 %)		= 172 INR
Price per participant needed for cost covering plus profit margin		= 1,897 INR

**Chart 2.4: Example of Break-even Analysis**

- The point at which cost or expenses and revenue are equal
- There is no net loss or gain, and one has "broken even"
- Helps to provide a dynamic view of the relationships between sales, costs and profits



**Chart 2.5: Lessons from Case Study on Training**

Currently, the service is not cost-covering

Possible solutions:

- Increase participation fee
- Increase number of participants
- Reduce costs e.g. organise event with less staff, look for a cheaper conference room, negotiate honorarium



**Chart 2.6: Table for Situational Analysis**

No	Service / Activity	Year xxx			Year yyy		
		Income	Costs	Surplus/ Deficit	Income	Costs	Surplus/ Deficit
1	<b>Information Services</b>						
	• Service 1						
	• Service 2						
2	<b>Co-operation services</b>						
	• Service / Event 1						
	• Service / Event 2						
3	<b>Advice and consultancy</b>						
	• Service 1						
	• Service 2						
4	<b>Training</b>						
	• Seminar 1						
	• Seminar 2						
5	<b>Fairs and Exhibitions</b>						
	• Event 1						
	• Event 2						
6	<b>Office facilities and infrastructureservices</b>						
	• Rental of premises						
	• Internet / PC access						
	• Others						
7	<b>Access to credit and business start-up</b>						
	• Service 1						
	• Service 2						

*Note: If you do not render all of these services, leave the corresponding part in blank*

### Chart 2.7: Stock-taking Grid

#### **Stock Taking Grid services double function:**

- 1. It serves as an important input to any discussion on the introduction of new services**
- 2. It is a valuable monitoring tool**

#### **Points to be Kept in Mind:**

- **Time frame**
- **Communication-vertical**
- **Continuity-It can serve as a good monitoring tool**

### **E Participant Handouts**

2.1: Chart 2.2

2.2: Chart 2.6

## Session 3: Analysis of Potential

# Session 3: Analysis of Potential

## Session Overview

**Time:** 90 min (3.30PM–5.00PM)

**Overview:** In this session, the many other factors to be taken into consideration before deciding to enter a new service market are dealt with. The most important in this context is the demand-side analysis, followed by the analysis of competitors and of the BMO's own capacities for introducing new services. Then the criteria for selecting new services are presented, and a decision-making grid introduced that helps the BMOs to make a sound decision on whether or not to introduce new services. In the final part of this session, participants elaborate a first draft of an action plan to introduce new services in their BMO.

### Learning Objectives:

- Participants identify important factors they have to analyse and evaluate before starting to offer a new service.
- Participants build knowledge on main elements of demand-side analysis.
- Participants are familiarised with analysis of competitors and analysis of BMO's capacities.
- Participants have an understanding on how to select new services based on the decision-making grid.
- Participants prepare a first draft of an action plan to introduce new services

### Materials required:

- Background Readings 3.1–3.3
- Charts: 3.1 - 3.5/
- Handouts: 3.1–3.3
- Flipchart
- Projector
- Pinboards / Softboards

## B Trainer Instructions

### Trainer instructions for session 3: Analysis of potential (90 min)

TIME	STEPS	MATERIALS
10 min	<p><b>1. Other steps to be considered before starting a new service</b></p> <ul style="list-style-type: none"> <li>Ask participants the following question: Besides situational analysis, what are other important steps before starting a new service? Write key words on flip chart and cluster them</li> <li>Then show the overview on factors determining whether to enter a market (chart3.1) and moderate a brief discussion on that issues</li> </ul>	<p>Flipchart</p> <p>Chart3.1</p>
15 min	<p><b>2. Demand-side analysis</b></p> <ul style="list-style-type: none"> <li>Explain that demand-side analysis is the most crucial factor to be analysed as it shows whether there will be sufficient demand of member companies for a new service. Further information is enclosed in Background Reading3.1.</li> <li>Give an overview on instruments for demand-side analysis making use of chart 3.2 with 2 slides. Distribute handouts 3.1 and3.2 as examples of questionnaires. During your presentation, ask participants for their own experience regarding these factors.</li> </ul>	<p>Background Reading3.1</p> <p>Chart.3.2 (slides 1,2)</p> <p>Handouts 3.1 and3.2</p>
20 min	<p><b>3. Analysis of competitors and BMO's resources</b></p> <ul style="list-style-type: none"> <li>Then go through the analysis of competitors and the assessment of own capacities (chart 3.2, slide 3), 2 other important steps to determine whether entering a new service market is promising or not. Use backgroundreading3.2 for your preparation.</li> <li>Ask how the assessment can be done and where BMOs can get support from (might be colleagues within or outside BMO, other entrepreneurs, government agencies consultant, industry associations). Prepare a list on flipchart to consolidate ideas.</li> </ul>	<p>Chart 3.2 (slide 3)</p> <p>Background Reading3.2.</p> <p>Flipchart</p>
45min	<p><b>4. Selection of new services and action plan</b></p> <ul style="list-style-type: none"> <li>Finally, present <b>decision-making criteria</b> for the selection of services, and explain structure and main elements (charts 3.3 and 3.4) Use background reading3.3 for your preparation. Distribute the decision-making grid as handout (3.3) and ask participants how they can use this tool in their own BMOs.</li> <li>Based on the selection criteria discussed so far, invite participants to start preparing a first draft of an action planfor introducing new services. Distribute chart 3.5 as handout 3.4. Give 20 minutes for the task. After that, invite2-3 volunteers to present their results and discuss these with the group for feedback.</li> </ul>	<p>Chart 3.3</p> <p>Chart3.4</p> <p>Background Reading3.3</p> <p>Handout 3.3</p> <p>Chart 3.5 and as Handout3.4.</p>

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## Materials for Session 3: Analysis of Potential

### Background Readings

- 3.1 Demand-side analysis (2 pages)
- 3.2. Analysis of potential
- 3.3 Decision-making grid

### Charts

- 3.1 Overview on factors determining whether to enter a service market
- 3.2 Factors determining whether to enter a service market (2 slides)
- 3.3 Criteria for selecting new services
- 3.4 Decision-making grid for introducing new services
- 3.5 Action plan for introducing new services

### Handouts

- 3.1 Guideline for interviews / questionnaire for members (3 pages)
- 3.2 Questionnaire for new members (2 pages)
- 3.3 Decision-making grid for introducing new services

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## C Background Readings

### Background Readings 3.1: Demand-side Analysis (1)

In principle, the following instruments can be applied for conducting a demand-side analysis:

#### 1. Visit to enterprises:

The most intensive form of demand-side analysis has the advantage that the needs of the member enterprise can be evaluated in a more first-hand manner. Sending own staff to visit member enterprises will increase the visibility of the BMO and will be appreciated very much by the members. However, this instrument is very costly as much time has to be invested and travel cost might be considerable. A guideline for conducting interviews with the enterprises visited is included in the handouts for participants.

#### 2. Questionnaire for members:

A very frequently used instrument is to send a standardized questionnaire to all members. Do not expect a very high rate of return: usually it oscillates around 10%, a return rate of more than 30% is rare.

The questionnaire should be easy to read and to complete. Therefore it should not be longer than 2 pages.

For evaluation purposes, it has to include a way of categorizing members by business sector, region, size of enterprise and other factors that might be of interest for the BMO. A good knowledge on the members' characteristics and their needs is a pre-requisite for offering them meaningful services.

About half of the questionnaire should be reserved for their further service expectations. That can be an expansion of existing services as well as the delivery of new services.

Naturally, some adjustments will need to be made depending on the respective organisation and country. However, if the basic structure and contents of the questionnaire are used consistently, one of the common weaknesses of BMOs – insufficient information on member enterprises – can be avoided right from the outset.

#### 3. Questionnaires for new members:

Demand-side analysis should begin as soon as a new member joins. Each enterprise registering as new member should also receive a questionnaire on his expectations regarding service delivery. A model questionnaire is included in participants' handouts.

A well-drafted questionnaire permits the BMO to already gain important information at this early stage of membership. At the same time, the questionnaire should be easy to read and to complete. Therefore it should not be longer than 2 pages.

About half of the questionnaire should be reserved for their further service expectations. That can be an expansion of existing services as well as the delivery of new services.

### **Background Readings3.1: Demand-side Analysis (2)**

Naturally, some adjustments will need to be made depending on the respective organisation and country. However, if the basic structure and contents of the questionnaire are used consistently, one of the common weaknesses of BMO – insufficient information on member enterprises – can be avoided right from the outset.

#### **4. Feedback from service and event users:**

Usually, services should be regularly evaluated by the users, e.g. participants of a training course should be asked to name other topics of interest in their evaluation sheets. Every other event organized by a BMO such as business lunches, exhibitions etc., can be used to poll the needs of members. When doing so, the following factors should be taken into consideration:

- The survey should always be made in writing, because only this allows a valid evaluation.
- The form used should not be modified for a period of at least one year. This permits a documentation of changes in the opinion of members on particular services.
- The questionnaire must be designed so that it can be completed in 5-10 minutes. Otherwise, respondents may not be willing to answer to all questions.

#### **5. Feedback from working groups / committees:**

Many BMOs are running working groups or advisory committees on certain topics. These groups or committees usually comprise of member companies that are experts in the topic. Consequently, these groups are a good source of information on the service needs of member enterprises.

#### **6. Feedback from yearly members' survey**

A regularly survey on members' satisfaction can also be used to ask them for further service needs, to identify a growing demand and to get a feeling for new service areas to be developed. You might use the survey as well to ask members the fees they are willing to pay for a specific new service.

### **Background Readings3.2: Analysis of a BMO's own Capacities**

After having analysed demand side and competitors, the BMO has to look at its own capacities answering the following questions:

- Are there unused capacities in the organisation available?
- Must additional staff be hired to be able to introduce a new service?
- Are the qualifications needed to introduce the new service available in-house?
- Are there any cooperation possibilities with external partners (universities, government agencies, consultants) to complement existing capacities in terms of required knowledge and or experience?

Job descriptions are a useful support for analysing a possible gap between existing duties, responsibilities and requirements. These are discussed in the next session.

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### **Background Readings3.3: Decision-making grid**

A comparison of the status-quo analysis with the results of the demand-side analysis now permits a decision on how to expand the existing range of services. However, be sure to stay focused! Many BMOs lose direction by trying to introduce too many new activities/services at one time. One should concentrate on 2-3 services, basing the decision on the following criteria:

- Income potential (short-term, long-term)
- Usefulness to members
- Resources required (capital, know-how, personnel)
- Degree of competition
- Interrelationship with other services
- Coherence with mandate of the BMO, the annual plans and the declared objectives of the board.

## D Charts

### Session 3: Analysis of Potential

Chart 3.1: Overview on Factors Determining whether to Enter a Service Market

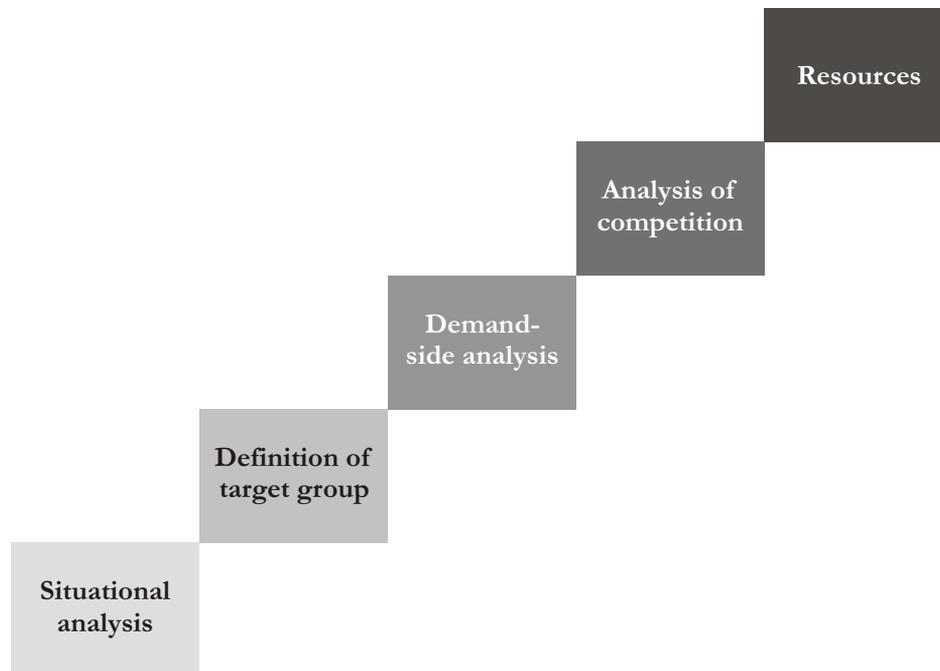


Chart 3.2: Factors Determining whether to Enter a Service Market (1)

**Situational analysis**

**Definition of target group**

- Members/non-members
- Subgroups of members, e.g. branches
- Regional distribution
- Size of enterprises etc.

**Demand-side analysis (1)**

- Visit to enterprises of members: BMO staff conducts interviews on members' expectations concerning current and future services. In a second phase non-members might be visited as well.
- Questionnaire for members: written surveys (online or by letter) might be a time-saving alternative. But beware: return flow of questionnaires often is low (10% - 30%).

*(An example is given in handout 3.2)*

A black and white photograph of a diverse group of approximately 15-20 people of various ages and ethnicities standing together in a group, representing a target group or community.

### Chart 3.2: Factors Determining whether to Enter a Service Market (2)

#### Demand-side analysis (2)

- Questionnaires for new members when registering: hand out questionnaire to each new member when registering asking to specify what services are of particular interest (*An example is given in handout 3.3*)
- **Feedback from service users** e.g. ask participants of training course in final evaluation to name topics of further interest.
- **Feedback from working groups / committees:** these groups or committees on specific topics are a good source of information on concrete training needs and advice services.
- **Yearly members' survey:** by asking for further service ideas, the survey can provide new insights on emerging needs and possible adaptations of current services.



### Chart 3.2: Factors Determining whether to Enter a Service Market (3)

#### Analysis of competitors

- Existence of other suppliers of the respective business service (private providers, government agencies, other BMOs)
- Published prices of competitors
- Estimation of size of market

#### Assessment of own capacities to start new services

- Does the BMO have the financial resources to support the service? If not, is external funding available?
- Does the secretariat have the expertise to develop the service using existing manpower resources? If not, are there external expertise available?
- Once established, does the secretariat have the manpower to man the service? Is there a need to recruit more staff? Can the BMO afford additional staff?
- Can the service be outsourced to a third party?
- Is there a need for specialised equipment for the service?



**Chart 3.3: Criteria for Selecting New Services**

- Be focused and do not introduce more than 2-3 services at one time
- Your decision should be based on the following criteria:
- Demand of members
- Resources required
- Degree of competition
- Income potential
- Coherence with mandate of BMO, the annual plan and the declared objectives of the board





**Chart 3.4: Decision-making Grid for Introducing New Services**

Decision-Making Factors	Weight- ing	Service A Points 1-10	Service B Points 1-10	Service C Points 1-10	Service D Points 1-10
Service can be fully introduced with available staff resources	5				
Service has short-term (1-6 months) income-generating potential	20				
Service has long-term (12 months or more) income-generating potential	15				
Synergy effects with existing income-generating potential	10				
Low-intensity competition in market for new service	15				
Service is highly useful to members	20				
No need to build up additional know-how	5				
No additional capital expenditures necessary	10				
<b>Total</b>	<b>100</b>				

**Chart 3.5: Action Plan for Introducing New Services**

<b>ACTION PLAN For Developing New Services</b>					
<b>Strategic Action</b>	<b>Action Steps</b>	<b>Together with</b>	<b>Responsible</b>	<b>Time Frame</b>	<b>Preliminary Budget Items</b>
Service 1					
Service 2					
Service 3					

## E Participant Handouts

### Handout 3.1: Guideline for interviews / Questionnaire for members (1)

Name of BMO			
I. Basic Enterprise Data			
1. Name:.....	4. Legal form: .....		
2. Address:.....	5. Year established: .....		
3. Phone/Fax:.....	6. Today's date: .....		
II. Contact Persons			
Name	Position	Phone	Languages
1. ....			
2. ....			
3. ....			
III. Range of Activities			
<input type="checkbox"/> Manufacturer of:	<input type="checkbox"/> Trade in:	<input type="checkbox"/> Services:	
1. ....	1. ....	1. ....	
2. ....	2. ....	2. ....	
3. ....	3. ....	3. ....	
IV. Size of Enterprise			
<input type="checkbox"/> 1 -2 employees			<input type="checkbox"/> 10-19 employees
<input type="checkbox"/> 3 -4 employees			<input type="checkbox"/> > 20 employees
<input type="checkbox"/> 5 -9 employees			
V. Foreign Trade			
Exports:	Export volume in <year>: ..... Rs.		
Country	Percentage	Products	
1. ....			
2. ....			
3. ....			
Imports:	Import volume in <year>: ..... Rs.		
Country	Percentage	Products	
1. ....			
2. ....			

## Handout 3.1: Guideline for interviews / Questionnaire for members (2)

### VI. Your Expectations of <Name of Chamber/Association>

Please indicate how important each of our organization's activities is to you by ticking the respective boxes below (the higher the number, the more important the activity is to you, i.e. 1 = unimportant, 10 = very important).

#### A. Political Advocacy

1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Provision of Services

1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### B. Services

#### Which issues are of particular interest to you?

Legal advice

1	10
<input type="checkbox"/>	.....
	.....

Fairs/exhibitions

1	10
<input type="checkbox"/>	.....
	.....

Training

1	10
<input type="checkbox"/>	.....
	.....

Cooperation with other enterprises

1	10
<input type="checkbox"/>	.....
	.....

International contacts

1	10
<input type="checkbox"/>	.....
	.....

Technical advice

1	10
<input type="checkbox"/>	.....
	.....

Administrative advice

1	10
<input type="checkbox"/>	.....
	.....

Other topics (please specify)

1	10
<input type="checkbox"/>	.....
	.....

#### C. Further Comments

.....

.....

.....

Name: ..... Signature: .....

## Handout 3.2: Questionnaire for New Members (1)

Name of Chamber or Association Questionnaire for New Members									
<b>I. Basic Enterprise Data</b>									
1. Name:.....	4. Legal form: .....								
2. Address:.....	5. Year established: .....								
3. Phone/Fax:.....	6. Today's date: .....								
<b>II. Contact Persons</b>									
Name	Position	Phone	Languages						
1. ....									
2. ....									
3. ....									
<b>III. Range of Activities</b>									
<input type="checkbox"/> Manufacturer of:	<input type="checkbox"/> Trade in:	<input type="checkbox"/> Services:							
1. ....	1. ....	1. ....							
2. ....	2. ....	2. ....							
3. ....	3. ....	3. ....							
<b>IV. Size of Enterprise</b>									
<input type="checkbox"/> 1-2 employees			<input type="checkbox"/> 10-19 employees						
<input type="checkbox"/> 3-4 employees			<input type="checkbox"/> > 20 employees						
<input type="checkbox"/> 5-9 employees									
<b>V. Foreign Trade</b>									
<b>Exports:</b>	Export volume in <year>: ..... INR								
Country	Percentage	Products							
1. ....									
2. ....									
3. ....									
<b>Imports:</b>	Import volume in <year>: ..... INR								
Country	Percentage	Products							
1. ....									
2. ....									
3. ....									
<b>VI. Your Expectations of &lt;Name of Chamber/Association&gt;</b>									
Please indicate how important each of our organization's activities is to you by ticking the respective boxes below (the higher the number, the more important the activity is to you, i.e. 1 = unimportant, 10 = very important).									
<b>A. Political Advocacy</b>									
1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Handout 3.2: Questionnaire for New Members (2)

VII. Your Expectations of <Name of Chamber/Association>									
Provision of Services									
1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B. Services</b>		<b>Which issues are of particular interest to you?</b>							
Legal advice									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Fairs/exhibitions									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Training									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Cooperation with other enterprises									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
International contacts									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Technical advice									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Administrative advice									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
Other topics (please specify)									
1									10
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>									
.....									
.....									
C. Further Comments									
.....									
.....									
.....									
Name: .....									
Signature: .....									

### Handout 3.3: Decision-making Grid for Introducing New Services

Decision-Making Factors	Weighting	Service A	Service B	Service C	Service D
		Points 1-10	Points 1-10	Points 1-10	Points 1-10
Service can be fully introduced with available staff resources	5				
Service has short-term (1-6 months) income-generating potential	20				
Service has long-term (12 months or more) income-generating potential	15				
Synergy effects with existing income-generating potential	10				
Low-intensity competition in market for new service	15				
Service is highly useful to members	20				
No need to build up additional know-how	5				
No additional capital expenditures necessary	10				
<b>Total</b>	<b>100</b>				

### Handout 3.4: Action Plan for Introducing New Services

ACTION PLAN For Developing New Services					
Strategic Action	Action Steps	Together with	Responsible	Time Frame	Preliminary Budget Items
Service 1					
Service 2					
Service 3					

## Session 4: Expanding Information Services

# Session 4: Expanding Information Services

## Session Overview

**Time:** 90 min (9.30 AM–11.00 AM)

**Overview:** Before starting with various sessions on developing specific services the mental shift from free to fee-based services a BMO has to manage is dealt with. Subsequently, how to convert information services into income-generating ones is discussed. There is a wide range of information services a BMO could render, but it might be difficult to convert them into income-generating ones. Some examples from India give new insights. If new information or other services are to be introduced, the BMO will need a marketing strategy. Main elements of a marketing plan are introduced and participants prepare a first draft of a marketing plan for introducing a new service.

### Learning Objectives:

- Participants reflect on the mental barriers impeding to transfer free into fee-based services.
- Participants are familiarised with 4 different levels of information services, their characteristics and main steps.
- Participants know the main elements of a marketing plan and develop their own marketing plan for introducing a particular new service.

### Materials required:

- Background Readings 4.1–4.2
- Charts 4.1–4.4
- Handout 4.1–4.3
- Flipcharts
- Pinboards / Softboards
- Projector

## B Trainer Instructions

### Trainer Instructions for Session 4: Expanding Information Services (90 min)

TIME	STEPS	MATERIALS
20 min	<p><b>1. Shifting from free to fee-based services</b></p> <p>To change from free to fee-based services is always a big issue for a BMO and requires a mental shift. To facilitate this process, the following exercise might help. Prepare a list with the 5 statements from chart 4.1. Then create a spacious square on the floor in which participants have to position themselves according to whether they agree to the statements you are going to read or not. Then read the first statement and invite participants to stand up and position themselves within in the training room depending on whether they agree completely (far right side), partly agree (right side), are undecided (middle position), partly not agree (left side) or totally not agree (far left side). Briefly ask for individual reasons and compare the differences. Repeat the procedure for the other 4 statements as well. You might use chart 4.1. as a summary.</p>	Chart 4.1 as summary
30 min	<p><b>2. General rules and examples of information services</b></p> <ul style="list-style-type: none"> <li>• Ask participants about the information services they currently render (one list) and then the services they would like to introduce (second list). Invite participants to compare both lists: what are the most common services? Which new services seem to be most attractive?</li> <li>• Independent of the regular information services a BMO renders, there are some overall guiding questions that should be answered in any case of information service. Present these general rules in chart 4.2 and discuss them briefly with participants. Use background reading 4.1 for your preparation and distribute handout 4.1.</li> <li>• There is a wide range of information services as shown in chart 4.3 and handout 4.2 with 4 different levels. Distribute the handout and invite participants to go through them. Answer questions on these services. Explain that there are many options for information services, but it might be difficult to convert them into income-generating ones. Make clear that the internal requirements in terms of qualified staff and time for rendering these services differ considerably from level to level. Ask participants for their opinion on how to convert information services into fee-based services and for related experience in their BMO.</li> <li>• Indian BMOs offer many different information services. Two examples are given in handout 4.3.</li> <li>• Finally, introduce the critical success factors for sustainable information services (chart 4.4) and distribute it as handout 4.4.</li> </ul>	<p>Flipchart</p> <p>Chart 4.2 Background Reading 4.1 Handout 4.1 Chart 4.3 Handout 4.2</p> <p>Handout 4.3</p> <p>Chart 4.4 Handout 4.4</p>

TIME	STEPS	MATERIALS
40 min	<p><b>3. Marketing plan</b></p> <ul style="list-style-type: none"> <li>• If new information or other services are to be introduced, the BMO will need a marketing strategy. Ask participants how they presently market services of their BMO. Collect answers on flipchart.</li> <li>• Present basic sections of a marketing plan (chart 4.5) and then give details on the corresponding parts using explanations given in the 2 slides of chart 4.6. Distribute handout 4.5 and 4.6 with the same information (main elements of a marketing plan and related explanations).</li> <li>• Compare participants' contributions with your explanations on content of marketing plan. Most probably the lesson learnt will be that participants tend to focus on advertising and promotion measures neglecting the other steps being definition of marketing objective, product, target group and pricing strategy.</li> <li>• Having discussed marketing plan, participants are now asked to prepare a first draft of a marketing plan for a new information service they would like to introduce in their BMO. Give around 10 minutes for that task and then ask to share the ideas on how to market a new information service.</li> </ul>	<p>Flipchart</p> <p>Chart 4.5 Chart 4.6 Handout 4.5 and 4.6</p>

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## Materials for Session 4: Expanding Information Services

### Background Readings

- 4.1 General recommendations for information services

### Charts

- 4.1 Changing from free to fee-based services (2 slides)
- 4.2 Guiding questions when rendering information services
- 4.3 Different levels of information services (4slides)
- 4.4 Critical success factors
- 4.5 Main elements of a marketing plan
- 4.6 Explanations on main elements of a marketing plan (4 slides)

### Handouts

- 4.1 General recommendations for information services
- 4.2 Different levels of information services (2 pages)
- 4.3 Some information services rendered by Indian BMOs (2 pages)
- 4.4 Critical success factors
- 4.5 Main elements of a marketing plan
- 4.6 Explanations on main elements of a marketing plan (2 pages)

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## C Background Readings

### Background Readings 4.1: General Recommendations for Information Services

With the growing availability of Internet connection, much business-related information has become easily accessible to MSME. On the other hand, MSME repeatedly complain of information overkill when they surf the Internet. It takes time and research experience to encounter the desired information without having to screen a great deal of information before finding the one you really need. Providing meaningful information to its members is a challenging task for any BMO as information needs of their members differ.

#### Some general recommendations for information services:

The information must be current and arranged in a format that is **easily understood and accessible to the users**. **Local business information** is particularly useful for foreign investors intending to invest in the country or **foreign businessmen** interested in developing business contacts with potential local partners. The availability of such information would also be a good selling point to encourage potential investors to join the Chamber or Trade Association as members.

Local businessmen will need good economic and business **information of other countries and specific products**. Market information by country and region, trend of product demand, prices and foreign trade regulations will be an asset for **potential exporters**. In addition, a good collection of technology and standards information can also help to improve the productive capability of the local companies.

The **business enquiry service** can be a potential income-generating activity in the long run. In some countries, companies subscribe to such a service for an annual fee. In return, these companies will be the first to receive regular mails / faxes on business enquiries or information on government tenders. The BMO will also ensure that only the relevant ones are transmitted to the subscribers.

## D Charts

### Session 4: Expanding Information Services

#### Chart 4.1: Changing from Free to Fee-based Services (1)

What are the concerns?	What are the solutions?
<ul style="list-style-type: none"><li>• There is not enough demand.</li></ul>	<ul style="list-style-type: none"><li>• Check whether definition of target groups, demand analysis and assessment of competitors were properly done. If there is still no demand, withdraw the service.</li></ul>
<ul style="list-style-type: none"><li>• During an introductory phase a service has to be offered for free, fees will be introduced later.</li></ul>	<ul style="list-style-type: none"><li>• This is feasible if used as a promotion tool. However, you should define right from the start how long the service will be introduced for free and by what date you will introduce what fees.</li></ul>
<ul style="list-style-type: none"><li>• Members expect services for free in return for their membership fees and are not willing to pay an additional service fee.</li></ul>	<ul style="list-style-type: none"><li>• Establish a clear-cut policy what services are free of charge for members and what services have to be paid for.</li><li>• For fee-based services make a difference between members and non-members, thus creating an incentive to become a member.</li></ul>

#### Chart 4.1: Changing from Free to Fee-based Services (2)

What are the concerns?	What are the solutions?
<ul style="list-style-type: none"><li>• Other similar organizations are offering the same service also for free.</li></ul>	<ul style="list-style-type: none"><li>• Do not enter the market or make clear what is the difference of your product.</li></ul>
<ul style="list-style-type: none"><li>• The service has always been offered for free, members will not be willing to pay.</li></ul>	<ul style="list-style-type: none"><li>• Give reasons for your new policy (e.g. better quality, reduced revenues from other sources like public subsidies, trying to avoid windfall gains).</li><li>• Be aware that a reduction of clients due to introduction of fees is not necessarily a problem. The core issue is to have enough demand to cover the cost of your service.</li></ul>

#### Chart 4.2: Guiding Questions when Rendering Information Services

##### Guiding Questions when Rendering Information Services

In answering business enquiries, the following questions should be asked:

- Who is requesting the information and how to contact him?
- What information is required specifically and how detailed it has to be?
- For what purpose does the user need the information?
- How is the information to be presented to the customer?
- When is the response required?



**Chart 4.3: Different Levels of Information Services (1)**

Level	Characteristics	Steps or Services
Level I – Trade Information and Business Opportunities	Weekly or fortnightly publication of a trade information service circular.	<ul style="list-style-type: none"> <li>• Maintain a list of trade and business enquiries from local companies</li> <li>• Maintain a list of trade and business enquiries from foreign companies</li> <li>• Circulate the list to interested parties either in the form of e-mail, fax, telephone call, a circular or newsletter.</li> </ul>

**Chart 4.3: Different Levels of Information Services (2)**

Level	Characteristics	Steps or Services
Level II – Business Contact and Partner Identification	Level II services are more focused and provide specific information to the inquirer. The chamber can charge for some of these services.	<ul style="list-style-type: none"> <li>• <b>List of Potential Contacts by Product Categories or Countries</b> - provide a simple list of member companies to enquirers. This could also take the form of a mailing list.</li> <li>• <b>Market Contacts Service</b> - helps the client to identify key market contacts specific to the client's needs and verify the contact details and provide a brief description of each contact. To provide good market contacts, the staff of the Business Information Centre (BIC) may have to spend about 15 to 25 hours of research time.</li> <li>• <b>The Right Connections Service</b> - provides the client with details of potential partners and market representatives; and an assessment of their interests in the client's business and recommendations for action. The time taken to research for the service is 40 to 50 hours.</li> <li>• <b>The Right Arrangements Service</b> - provides the client with details of potential partners and arranges for business meetings. The chamber may also provide translation and interpretation services during the meeting.</li> </ul>

**Chart 4.3: Different Levels of Information Services (3)**

Level	Characteristics	Steps or Services
Level III – Market Research Services	<p>These services normally require a market survey. And there will be a need to prepare detailed reports.</p> <p>As market research is time-consuming, the chamber would have to charge the client for such services.</p>	<ul style="list-style-type: none"> <li>• <b>Market Selection</b> - under this service, the business matching service will provide the client with information on market demand and possible market entry barriers affecting the product.</li> <li>• <b>Market Knowledge</b> - this is the most detailed and comprehensive type of market research. The research helps the client to understand the operations of the target market, the expected competition, prices of similar products, promotion and distribution. The research may require assistance from professional consultancy firms.</li> </ul> <p>Once the chambers or trade associations have developed the necessary capability for market-based services, they may consider a strategic collaboration with private and foreign organisations to offer the services.</p>

**Chart 4.3: Different Levels of Information Services (4)**

Level	Characteristics	Steps or Services
Level IV – Joint Ventures and Business Collaboration	<p>This form of business matching is usually not within the scope or capability of the BMOs as it involves months of detailed negotiations and a large amount of legal work.</p> <p>Such matching is best left to the professional consultancy firms. However, the chamber and trade associations may request for a referral fee.</p>	

**Chart 4.4: Critical Success Factors**

Critical Success Factors	
	<p>Critical success factors for introducing sustainable <b>information services</b></p> <ul style="list-style-type: none"> <li>• Strong support for the services by BMO leaders and Secretary General</li> <li>• Information services represent an added value to the members / customers meeting their demands</li> <li>• Staff in charge regularly examines relevance of information provided and check time of delivery</li> <li>• Information services are continuously upgraded</li> <li>• Information services are effectively promoted and published</li> <li>• Strong linkages with other information services</li> <li>• Pro-active and professional staff is committed to the service</li> <li>• Strong income orientation to make the service at least self-financing</li> <li>• Good networking with other information providers to minimise any duplication in services.</li> </ul>

## Chart 4.5: Main Elements of a Marketing Plan

### Main Elements of a Marketing Plan

The marketing plan should have at least the following sections:

**a) Marketing objective:**

What is the planned number of users of the service and the planned income?

**b) Product and unique selling proposition:**

What is your service? How does it differ from competitive services, and how will your service benefit the client?

**c) Target group:**

Who are your clients? Be as precise as possible

**d) Pricing strategy:**

What will you charge to clients for your service?

**e) Advertising and promotion plan:**

How will you promote awareness for your service?



## Chart 4.6: Explanations on Main Elements of a Marketing Plan (1)

### Explanations on Main Elements of a Marketing Plan (1)

**a) Marketing objective:**

The objectives should

- Be clear
- Be measurable and
- Have a stated time frame for achievement.

**Examples for marketing objectives of BMOs are:**

- N° of clients / service users in first year (give figure)
- Revenues from service fees in first year (give figure)
- 65 % of evaluations by clients are positive
- Cost recovery of service is 60 % in first year.

**b) Product and unique selling proposition:**

- Precise definition of product / service
- Difference to similar services of other organisations.



## Chart 4.6: Explanations on Main Elements of a Marketing Plan (2)

### Explanations on Main Elements of a Marketing Plan (2)

#### c) *Target groups:*

Basically, a BMO can identify 3 different target groups:

- Member companies:
  - Branches
  - Size of enterprise
  - Region in case you are a national BMO and want to take a decentralized approach in service delivery
  - Target markets of enterprises (exporters, domestic suppliers)
  - Members that have taken advantage of services offered and members that have not yet taken advantage of the services at all.
- Non-member companies:
  - Subdivided by branches, size of enterprise, etc.
- Individual employees:
  - Subdivided by position and qualification, branches, size of enterprise, etc.

## Chart 4.6: Explanations on Main Elements of a Marketing Plan (3)

### Explanations on Main Elements of a Marketing Plan (3)

#### d) *Pricing strategy:*

##### 1. *Analyse your cost*

- Own staff cost
- Cost of external staff like consultants, lecturers etc.
- Infrastructure cost including cost of own premises and equipment
- Communication cost(phone, fax. etc.)
- Marketing cost (mailings, press conferences, press releases etc.).

##### 2. *Calculate break-even*

- According to the formula already introduced.



## Chart 4.6: Explanations on Main Elements of a Marketing Plan (4)

### Explanations on Main Elements of a Marketing Plan (4)

#### 3. *Decide on your price*

- As non-profit organization you charge a cost-covering fee without earning any profit.
- You add a reasonable profit (10-15 %) to the cost-covering price. This will help you to build reserves.
- You charge a non-cost covering fee and decide to cross-subsidize your service from other sources of income like membership fees. In this case you must make sure that you can count on such other sources of income.
- You offer the service for free. Be aware that "there ain't no such thing as a free lunch". Therefore, you must make sure that you have other sources of income in order to cover the cost of the service.



## E Participant Handouts

### Handout 4.1: General Recommendations for Information Services

With the growing availability of Internet connection, much business-related information has become easily accessible to MSME. On the other hand, MSME repeatedly complain of information overkill when they surf the Internet. It takes time and research experience to encounter the desired information without having to screen a great deal of information before finding the one you really need. Providing meaningful information to its members is a challenging / ambitious task / business for any BMO as information needs of their members differ.

#### Some general recommendations for information services:

The information must be **current** and arranged in a format that is easily **understood and accessible to the users**. **Local business information** is particularly useful for foreign investors intending to invest in the country or **foreign businessmen** interested in developing business contacts with potential local partners. The availability of such information would also be a good selling point to encourage potential investors to join the Chamber or Trade association as members.

Local businessmen will need good economic and business **information of other countries and specific products**. Market information by country and region, trend of product demand, prices and foreign trade regulations will be an asset for **potential exporters**. In addition, a good collection of technology and standards information can also help to improve the productive capability of the local companies.

The **business enquiry service** can be a potential income-generating activity in the long run. In some countries, companies subscribe to such a service for an annual fee. In return, these companies will be the first to receive regular mails / faxes on business enquiries or information on government tenders. The BMO will also ensure that only the relevant ones are transmitted to the subscribers.

### Handout 4.2: Different Levels of Information Services (1)

#### Business Matching Service

In developing a trade enquiry and business matching service, there are four levels of service that can be provided by the BMO. Level I service is the simplest to provide, while Level IV is the most sophisticated. The selection of which service to provide will depend on the stage of development of the BMO.

There are certain requirements for providing effective business matching services:

- Qualified persons with some working experience and ability to conduct desk research and interviews with clients and companies, and conversant with foreign languages.
- A good membership database.
- A good business library with product catalogues and company annual reports.

## Handout 4.2: Different Levels of Information Services (1)

Level	Characteristics	Steps or Services
<b>Level I – Trade Information and Business Opportunities</b>	Weekly or fortnightly publication of a trade information service circular.	<ul style="list-style-type: none"> <li>• Maintain a list of trade and business enquiries from local companies</li> <li>• Maintain a list of trade and business enquiries from foreign companies</li> <li>• Circulate the list to interested parties either in the form of e-mail, fax, telephone call, a circular or newsletter.</li> </ul>
<b>Level II – Business Contact and Partner Identification</b>	Level II services are more focused and provide specific information to the inquirer. The chamber can charge for some of these services.	<ul style="list-style-type: none"> <li>• <b>List of Potential Contacts by Product Categories or Countries</b> - provide a simple list of member companies to enquirers. This could also take the form of a mailing list.</li> <li>• <b>Market Contacts Service</b> - helps the client to identify key market contacts specific to the client's needs and verify the contact details and provide a brief description of each contact. To provide good market contacts, the staff of the Business Information Centre (BIC) may have to spend about 15 to 25 hours of research time.</li> <li>• <b>The Right Connections Service</b> - provides the client with details of potential partners and market representatives; and an assessment of their interests in the client's business and recommendations for action. The time taken to research for the service is 40 to 50 hours.</li> <li>• <b>The Right Arrangements Service</b> - provides the client with details of potential partners and arranges for business meetings. The chamber may also provide translation and interpretation services during the meeting.</li> </ul>

## Handout 4.2: Different Levels of Information Services (2)

Level	Characteristics	Steps or Services
<b>Level III – Market Research Services</b>	<p>These services normally require a market survey. And there will be a need to prepare detailed reports.</p> <p>As market research is time-consuming, the chamber would have to charge the client for such services.</p>	<ul style="list-style-type: none"> <li>• <b>Market Selection</b> - under this service, the business matching service will provide the client with information on market demand and possible market entry barriers affecting the product.</li> <li>• <b>Market Knowledge</b> - this is the most detailed and comprehensive type of market research. The research helps the client to understand the operations of the target market, the expected competition, prices of similar products, promotion and distribution. The research may require assistance from professional consultancy firms.</li> </ul> <p>Once the chambers or trade associations have developed the necessary capability for market-based services, they may consider a strategic collaboration with private and foreign organisations to offer the services.</p>
<b>Level IV – Joint Ventures and Business Collaboration</b>	<p>This form of business matching is usually not within the scope or capability of the BMOs as it involves months of detailed negotiations and a large amount of legal work.</p> <p>Such matching is best left to the professional consultancy firms. However, the chamber and trade associations may request for a referral fee.</p>	

Source: Adapted from ZDH / Sequa: *Developing and Operating an Information Service for Chambers and Trade Associations*. p. 39-41

## Handout 4.3: Some Information Services Rendered by Indian BMOs

### Case 1: Creation and maintenance of Portal in India

The Tirupur Exporters Association (TEA) in India has created a separate Cell to establish and maintain a Portal ([www.tea-india.org](http://www.tea-india.org)). An expert in web development, hosting and maintaining is heading the Cell, supported by 4 staff for telemarketing and updating the Portal. The comprehensive Portal gives latest information about:

- The Association and its members
- Services offered by the Association
- Knitwear products manufactured and exported by the cluster
- Suppliers of machinery, raw materials and other utilities
- BDS providers
- Changes in policies and procedures as well as simple tools such as currency converters

The Portal provides links to members so that foreign buyers wanting to outsource knitwear can have direct access to the manufacturers after registering with the Portal. The members are given individual passwords to access their pages and look for enquiries received.

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The banner advertisement opportunities in the Portal are a major source of income through advertisements. This income, besides meeting the expenses of the Portal has also been generating surplus for the Association.

*Source: GIZ/sequa/SIDBI: Workshop on 'BMOs will lead'. 11-12th November 2011. Reading Material Module 3, p. 7)*

## **Handout 4.3: Some Information Services Rendered by Indian BMOs**

### **Case 2: TANSTIA Service Centre**

Information is basic to any activity be it decision making or operation, preparation of DPR, finding export market, pricing of products - anything for that matter. Information exists in plenty but not ready at hand for entrepreneurs or even within reasonable access.

It is remote, scattered, requiring running from pillar to post, involving cost in terms of time and money and in the bargain, getting the required information becomes a vexatious process. Loss of opportunities, blunting of competitive edge, conceding of valuable opportunities to competitors for whom availability of information is the only edge on which they capitalize these are all woeful consequences of non availability of timely information.

Considering the need of the hour, the TANSTIA Service Centre focuses on information services and is hooked on to various databases relevant to SMEs all over the world. The aim of the Centre is to value add information relevant for SMEs and make it accessible to them at affordable cost and at the appropriate point of time.

Following are the sample of the information available at the Centre:

- a) Trade leads (Buying, selling and others) on a weekly basis
- b) Patents, copyright and International Standards
- c) Addresses of producer/exporter/importer world over, updated yearly
- d) Market research report of various products
- e) Import, export statistics from major Indian ports
- f) Green information- Environmental laws, agricultural trade leads
- g) International events calendar like trade fairs, major conferences and seminars.
- h) Tamil Nadu State Government Orders pertaining to small industries.
- i) Sectoral analysis
- j) Trade statistics

The Centre's Information strength emerges from

- A number of Online databases the Centre is hooked up to, across the globe
- Networking with other organizations
- A good collection of CD ROMs on Business Information
- Centre's own databases built up with Project Profiles, Publications and Study Reports

## Handout 4.4: Critical Success Factors

### Critical success factors for introducing sustainable information services

- Strong support for the services by BMO leaders and Secretary General
- Information services represent an added value to the members / customers meeting their demands
- Staff in charge regularly examines relevance of information provided and check time of delivery
- Information services are continuously upgraded
- Information services are effectively promoted and published
- Strong linkages with other information services
- Pro-active and professional staff is committed to the service
- Strong income orientation to make the service at least self-financing
- Good networking with other information providers to minimise any duplication in services.

## Handout 4.5: Main Elements of a Marketing Plan

The marketing plan should have at least the following sections:

*a) Marketing objective:*

What is the planned number of users of the service and the planned income?

*b) Product and unique selling proposition:*

What is your service? How does it differ from competitive services, and how will your service benefit the client?

*c) Target group:*

Who are your clients? Be as precise as possible

*d) Pricing strategy:*

What will you charge to clients for your service?

*e) Advertising and promotion plan:*

How will you promote awareness for your service?

## Handout 4.6.: Explanations on Main Elements of a Marketing Plan (1)

*a) Marketing objective:*

**The objectives should**

- Be clear
- Be measurable and
- Have a stated time frame for achievement.

**Examples for marketing objectives of BMOs are:**

- N° of clients / service users in first year (give figure)
- Revenues from service fees in first year (give figure)

- 65 % of evaluations by clients are positive
- Cost recovery of service is 60 % in first year.

***b) Product and unique selling proposition:***

- Precise definition of product / service
- Difference to similar services of other organisations.

***c) Target groups:***

Basically, a BMO can identify 3 different target groups:

- **Member companies:**
  - Branches
  - Size of enterprise
  - Region in case you are a national BMO and want to take a decentralized approach in service delivery
  - Target markets of enterprises (exporters, domestic suppliers)
  - Members that have taken advantage of services offered and members that have not yet taken advantage of the services at all.
- **Non-member companies:**
  - Subdivided by branches, size of enterprise, etc.
- **Individual employees:**
  - Subdivided by position and qualification, branches, size of enterprise, etc.

## **Handout 4.6: Explanations on Main Elements of a Marketing Plan (2)**

***d) Pricing strategy:***

***1. Analyse your cost***

- Own staff cost
- Cost of external staff like consultants, lecturers etc.
- Infrastructure cost including cost of own premises and equipment
- Communication cost (phone, fax. etc.)
- Marketing cost (mailings, press conferences, press releases etc.).

***2. Calculate break-even***

- According to the formula already introduced.

***3. Decide on your price***

- As non-profit organization you charge a cost-covering fee without earning any profit.
- You add a reasonable profit (10-15 %) to the cost-covering price. This will help you to build reserves.

- 
- You charge a non-cost covering fee and decide to cross-subsidize your service from other sources of income like membership fees. In this case you must make sure that you can count on such other sources of income.
  - You offer the service for free. Be aware that "there ain't no such thing as a free lunch". Therefore, you must make sure that you have other sources of income in order to cover the cost of the service.

## Session 5: Membership Directory

# Session 5: Membership Directory

## Session Overview

**Time:** 105 min.. (11.15 AM – 1.00PM)

**Overview:** After a brief initial discussion on the importance of a membership directory, a role play is conducted to demonstrate usefulness of asking prospective buyers for their feedback. Main marketing channels and possible problems and solutions are discussed thereafter. Participants then work out recommendations for improvements on existing directories and receive important recommendations for upgrading their own ones. A short example shows how a new edition of a membership directory can be combined with a campaign for another purpose. The trainer gives some additional hints and participants reflect on application of the learning in their organisations.

### Learning Objectives:

- Participants experience information-seeking efforts in a seller-buyer situation.
- Participants identify main marketing channels for membership directories.
- Participants work out improvements for existing membership directories in various aspects, identifying elements of an attractive directory.
- Participants reflect on how to apply improvements to their BMOs membership directories.

### Materials required:

- Background Reading 5.1
- Charts 5.1 – 5.5
- Handout 5.1
- Flipcharts
- Pinboards / Softboards
- Projector
- **Several copies of membership directories to be analysed during the session (from participants or from trainer)**

## B Trainer Instructions

### Trainer Instructions for session 5: Membership Directory (105 min)

TIME	STEPS	MATERIALS
10 min	<p><b>1. Membership directory – importance for BMOs</b></p> <ul style="list-style-type: none"> <li>Start the session with some introductory questions: do participants' BMOs publish a Membership Directory and since when? If so, have there been updates? Which of the BMOs are selling the directory and which don't do so? How important do they consider the directory as source of information for their members and to foster business between them? Is it a means for a BMO to relate to members as well?</li> </ul>	
35 min	<p><b>2. Role play on selling a membership directory</b></p> <ul style="list-style-type: none"> <li>Ask for 2 volunteers. One will act as seller, the other as buyer. Hand over a membership directory to the seller and allow a short preparation outside the training room (5-10 min). In the meantime you discuss with the plenary criteria for a good directory. Then the seller comes in and tries to convince the buyer to acquire the directory at a price the seller has fixed. The rest of participants will act as observers. After a couple of minutes, stop the role play and ask both seller and proposed buyer for their strategy, arguments and experience. Then invite the rest of the group to give their feedback.</li> <li>Emphasize the importance of using prospective and real customers (members and non-members) as source of information on customers' needs, preferences and suggestions. Ask participants what they can do to get feedback on how to improve their directories from their customers.</li> <li>Ask participants what they consider to be convenient marketing channels for a membership directory and for what reasons.</li> <li>Then highlight the difference between free distribution and sales and present the recommended steps in chart 5.1.</li> <li>To anticipate problems participants might encounter briefly present typical problems and suggested solutions as summarised in chart 5.2.</li> </ul>	<p>Chart 5.1</p> <p>Chart 5.2</p>
60min	<p><b>2. Recommendations on how to improve a directory (group work)</b></p> <ul style="list-style-type: none"> <li>Ask participants to form groups of 3-5 persons. Distribute a copy of the membership directory they have brought or the ones you have brought with and ask participants to work out improvements (distribution, new topics to be integrated, layout etc). Ask them to note their main suggestions on a flipchart or on cardboard cards for their presentation. They have 15 min. time for group work.</li> <li>Invite 2-3 volunteers to present the group's main findings and ask the others for further comments. Emphasize the importance of getting feedback from users and clients when improving or introducing services.</li> </ul>	<p>Background Reading 5.1</p> <p>Copies of membership directories</p> <p>Flipchart or cardboard cards</p> <p>Marker pens</p> <p>Flipchart</p>

TIME	STEPS	MATERIALS
10 min	<ul style="list-style-type: none"> <li>A good example for converting a free into a fee-based service is the new membership directory by Udaipur Chamber of Commerce and Industry (UCCI). They have combined the edition of a complete new version of their membership directory (therefore it is called metamorphosis) with a campaign to expand the office building. Through sponsorship, adverts and the selling of the new directory they have collected a considerable amount of money and have extended the building. Show chart 5.3 with a summary.</li> <li>Finally present the example of an enterprise information sheet (5.4) that could be used to collect standardised information for the directory. This basic information can be expanded depending on the purpose of the directory. Introduce the checklist in chart 5.5 that might help participants for future updating of their directories. Distribute the checklist as handout (5.1).</li> <li>Close the session with a reflection: what can be taken back home? How will participants use the learning in their BMO? Get some statements from them.</li> </ul>	<p>Chart 5.3</p> <p>Chart 5.4</p> <p>Chart 5.5</p> <p>Handout 5.1</p>

## Materials for Session 5: Membership Directory

### Background Readings

5.1 Membership directory

### Charts

5.1 Marketing membership directory

5.2 Typical problems and suggested solutions publishing a membership directory

5.3 Membership Directory as source of income

5.4 Example of an enterprise information sheet

5.5 Checklist Membership Directory

### Handout

5.1 Checklist membership directory

## C Background Readings

### Background Readings5.1: Membership Directory

**Concept:** The basic idea of a membership directory is to provide member enterprises with an opportunity to showcase themselves and their range of products/services. The directory thus also serves as an instrument for mediating business contacts at national and international level. Again the relationship between publications and the marketing of other services becomes evident.

**Content:** The main section of the membership directory naturally consists of the self-portrayal of the BMO's member enterprises. Aside from this, there are a great many options for design and presentation of information. The following structure has proven worthwhile in practice:

- Preface by the President of the BMO
- Report by the Director on the work of the chamber/association, with practical examples
- Letter of greeting from the Economics Minister or another high-level ministerial official
- “Annual calendar“ of the most important events
- Self-presentation of member enterprises on a full or half page each

**Delivery:** Many BMO have been publishing membership directories in hard copies. But the demand for printed directories has been going down due to practical difficulties and delays in procuring a hard copy in person or through post/courier. For the BMO it hasn't been economical because of high cost of printing, dispatching, inventory and unsold copies. The best option is to make the directory available online for a price with easy payment and downloading options.

**Example:** The decisive factor for the success of this publication, aside from secure funding, is how the member enterprises are showcased – with regard both to the layout and the information presented. The following diagram offers a recommendation to this end.

<b>Name of Enterprise:</b>		
Address:	Phone/Fax:	E-Mail:
Year established:	No. of employees:	Legal form:
Contact person(s) name/phone:		
Description of activities:		
Imports (country/products) from:		
Exports country/products) to:		
Description of desired co-operation:		

## D Charts

### Session 5: Membership Directory

#### Chart 5.1: Marketing Membership Directory

##### Marketing Membership Directory

Regarding the marketing of the membership directory, one must generally differentiate between sale and free distribution. The following steps are recommended:

1. Free distribution to all member enterprises
2. Selection of important multipliers (embassies and consulates, foreign chambers of commerce, international development programs, national chambers/associations, ministries) and free dissemination to these organizations
3. Articles in relevant economic journals and own BMO publications (if applicable)
4. Reports in local radio and television programs
5. Direct mailers to selected (usually larger) enterprises.



#### Chart 5.2: Typical Problems and Suggested Solutions Publishing a Membership Directory

Problem	Suggested Solution
<b>Marketing:</b> Insufficient use is made of the membership directories' potential as a co-operation tool	Showcase your member enterprises in a way that the information can also be used for facilitating co-operations among enterprises.
<b>Marketing:</b> Funding problems.	Membership directories should be cost-covering, with focus on advertisement as the most important source of income.
<b>Marketing:</b> Marketing potential not sufficiently used.	Once the directory is printed it should be sent for free to all member enterprises, to selected important multipliers (embassies, foreign chambers of commerce, ministries, local media, etc.) Additionally it should be sent to selected (usually larger) enterprises who might have an interest to look for cooperating partners in the directory.
<b>Monitoring and evaluation:</b> No quality control for information supplied by member companies.	Verify all information given by member enterprises as wrong or incomplete information affects seriously usefulness and BMO's reputation as serious partner
<b>Continuation / Expansion:</b> No follow-up edition.	Prepare new edition every one to two years to maintain up-to-dateness.

### Chart 5.3: Membership Directory as Source of Income

#### New Membership Directory of Udaipur Chamber of Commerce & Industry

- New edition with a complete new design, called metamorphosis
- Was combined with a campaign to raise funds for the enlargement of the Chamber's building
- Strong commitment by office bearers and especially former President
- Revenues of 12,5 Million Rupees through sponsorship, adverts and selling directory to non-members



### Chart 5.4: Example of an Enterprise Information Sheet

#### New Membership Directory

Address:	Phone/Fax:	E-Mail:
Year established:	Imports: Products / Countries	Exports: Products / Countries
No. of employees:	1.	1.
Legal form:	2.	2.
Contact person:	3.	3.
Phone:	4.	4.
Description of activities:	Looking for:	

### Chart 5.5: Checklist Membership Directory

#### Checklist Membership Directory

- Define basics: content, layout, number of copies
- Calculate costs and income
- Solicit advertisers
- Draft questionnaire and mail to all members (incl. cover letter)
- Follow up by telephone
- Discuss layout with graphics company
- Select printing company
- Select representative from the ministerial sector and possibly pre-formulate
- Preface by President
- Introduction section by Director
- Control quality of information supplied by member enterprises and phone where incomplete/unclear
- Market according to scheme recommended above
- If successful: follow-up edition after 8-12 months

## E Participant Handouts

Chart 5.5

### Checklist Membership Directory

- Define basics: content, layout, number of copies
- Calculate costs and income
- Solicit advertisers
- Draft questionnaire and mail to all members (incl. cover letter)
- Follow up by telephone
- Discuss layout with graphics company
- Select printing company
- Select representative from the ministerial sector and possibly pre-formulate
- Preface by President
- Introduction section by Director
- Control quality of information supplied by member enterprises and phone where incomplete/unclear
- Market according to scheme recommended above
- If successful: follow-up edition after 8-12 months

## Session 6: Positioning as Training Provider

# Session 6: Positioning as Training Provider

## Session Overview

**Time:** 90 minutes (2.00 PM – 3.30PM)  
15 minutes (3.30 PM – 3.45 PM) *Tea / Coffee Break*

**Overview:** In this session, a whole range of topics is covered, starting with introduction of a survey form for training needs, as it is important to address the demand, selection of appropriate topics for training supported by a structuring tool, discussion of 6 guiding principles to position a BMO as training provider. They are meant to assist the sustainable positioning of a BMO as training provider. At the end of the session advantages and disadvantages of co-operating with an external centre are discussed.

### Learning Objectives:

- Participants discuss a survey format for training needs and reflect on adaptations in their own BMOs.
- Participants get an understanding on criteria for proper selection of training topics in the BMO .
- Participants experience the utilisation of a structuring tool for training topics .
- Participants draw conclusions on successful trainings related to their own organisation .
- Participants get an overview on criteria for co operating with external training centres and steps of setting up an internal one .

### Materials required:

- Background Readings 6.1 - 6.3
- Charts 6.1 – 6.6
- Handouts 6.1 - 6.5
- Flipcharts
- Pinboards / Softboards
- Projector

## B Trainer Instructions

### Trainer Instructions for session 6: Positioning as training provider (90 min)

TIME	STEPS	MATERIALS
10 min	<p><b>1. Main reasons for offering training in a BMO</b></p> <ul style="list-style-type: none"> <li>Start the session with asking participants to first give you reasons why a BMO should offer trainings and after that reasons why it shouldn't. Write key words on a flipchart. Then summarise, using chart 6.1. In backgroundreading 6.1 you'll find some further information.</li> </ul>	Flipchart Chart 6.1 Background Reading 6.1
15 min	<p><b>2. Survey on training needs</b></p> <ul style="list-style-type: none"> <li>To be in a position to really meet members' and other customers' training demands, and to select appropriate topics for training, a BMO should regularly conduct a survey on training needs.</li> <li>Distribute handout 6.1 with a template questionnaire. Go through the various parts with the group and answer questions. Tell participants that the list of training topics enclosed is quite general and can be shortened according to characteristics of the BMO.</li> <li>Ask participants whether they need any adaptations or expansion of the questionnaire to be applicable in their own organisation. If so, discuss these points.</li> </ul>	Handout 6.1
10 min	<p><b>3. How to choose the right training topics</b></p> <ul style="list-style-type: none"> <li>As there is much competition in the training market, a BMO should focus its training services on areas and topics related to its scope of action independently whether it offers training by its own or via a training centre. Choosing the right topics for training seminars is the first concern for a BMO.</li> <li>Go through the 3 main selection criteria in chart 6.2 making use of explanations in backgroundreading 6.2 as well. Discuss the points with participants and ask for their questions and comments. Distribute handout 6.2 as summary.</li> </ul>	Chart 6.2 Background Reading 6.2 Handout 6.2
20 min	<p><b>4. Structuring tool for training topics</b></p> <ul style="list-style-type: none"> <li><b>Structuring training topics</b> helps to identify the substantial ones. Chart 6.3 illustrates a useful tool of doing so, using as criteria general knowledge versus enterprise specific knowledge, and learning versus doing. As example, various training courses are arranged within the 4 quadrants. Explain these positions and the general usefulness of the tool. Use chart 6.4 for explaining the criteria.</li> <li>Expand discussion with some trainings, the participating BMOs offer and position cards with the name of the training within the figure. As main <b>learning from this tool</b> can be derived: The competitive advantage for a BMO lies in implementation-oriented topics with enterprise-specific contents.</li> </ul>	Chart 6.3  Chart 6.4

TIME	STEPS	MATERIALS
	<ul style="list-style-type: none"> <li>In addition and as a second tool, describe that <b>BMO are best in the field of practice-oriented seminar topics</b> aiming, so to speak, to convert general knowledge into concrete steps and implementation guidance. These can therefore be described as practical or transfer seminars. Show the diagram in chart 6.4 and briefly explain the categories.</li> </ul>	Chart 6.5
15 min	<p><b>5. Six guiding principles for positioning BMO as training provider</b></p> <ul style="list-style-type: none"> <li>The illustration in chart 6.5 summarises aspects of <b>topic selection</b> and thereby the <b>substantive positioning of the BMO in the field of training</b>. Explain that these are also the main success factors for an effective training provider. Then distribute handout 6.3 as summary of the 6 guiding principles.</li> <li>Invite participants to <b>reflect on the learning</b> in groups of 2-3 persons. What have they missed to take into account up to now? What do they think to apply in future? Ask them to share with the others in their groups. Finally ask for 1-2 statements to the whole group.</li> </ul>	Chart 6.6 Handout 6.3
20 min	<p><b>6. Delivering training: co-operation with external training centre or establishment of a training centre / unit</b></p> <ul style="list-style-type: none"> <li>Deciding on how to organise training is not an easy task. Main alternatives are co-operation with an external training centre or establishment of a BMO's own training centre / unit. To facilitate the decision, in background reading 6.3 and handout 6.5 at first advantages and disadvantages of co-operating with an external training centre are listed. Distribute handout 6.4 and go through the items with participants, being prepared for answering their questions. As this training deals with income-generating services, it focuses on the delivery of training.</li> <li>Ask participants for their own experience with external training centres or institutes. What do they consider as being benefits and favourable conditions for co-operation?</li> <li>Afterwards, show the different steps of setting up a training centre / unit at the BMO in chart 6.6 and answer possible questions. Make clear that you are giving just an overview as setting up a training centre / unit is a complex task that would have to be dealt with separately. Distribute handout 6.5.</li> </ul>	Background reading 6.3 Handout 6.4  Chart 6.7 Handout 6.5
15 min	<b>Tea / Coffee Break</b>	

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## **Materials for Session 6: Positioning as training provider**

### **Background Readings**

- 6.1 Training services in BMOs
- 6.2 Main criteria for choosing training topics
- 6.3 Co-operation with external training centre

### **Charts**

- 6.1 Main reasons for offering training in a BMO
- 6.2 Main criteria for choosing training topics
- 6.3 Structuring tool for training topics
- 6.4 Structuring criteria
- 6.5 Categories of BMO training
- 6.6 Six guiding principles for positioning BMO as training provider
- 6.7 Setting up a training centre / unit

### **Handouts**

- 6.1 Survey on training needs (3 pages)
- 6.2 Setting up a training centre / unit
- 6.3 Main criteria for choosing training topics
- 6.4 Six guiding principles for positioning BMO as training provider
- 6.5 Co-operation with external training centre

## C Background Readings

### Background Reading 6.1: Training Services in BMOs

Training services deal with the transfer of specific knowledge by way of courses, training programs, workshops and lectures directed at business persons and employees. More and more, professional training is highlighted as one of the competitive advantages that companies and professionals may hold; its importance can be seen through the large number of events held, principally in large cities.

Trainings may be more effective when a cycle of lectures or series of sequential courses are held, fostering the frequent development of professional knowledge. They may be directed at BMO members or not, as they are a powerful instrument for increasing both the number of BMO members and the revenues of the BMO in the short term.

These services are well accepted in the market, are easy to promote and structure. Consequently, they have relatively low costs, with the exception of the instructor's fees. For these reasons, they are considered excellent revenue recuperation resources as they generate cash for more immediate projects. They also reinforce the image of the BMO as being participative and committed to the development of its members and the community as a whole. As they attract a large number of participants, they also serve to promote the products and services offered by the organisation.

For MSMEs, as for other enterprises, the qualification of employees is one of the most important competitive factors. Unfortunately, there is often a lack of awareness of the fact that on-going training is not a “necessary evil”, but rather contributes significantly to the success of an enterprise. BMO can do a great deal to raise awareness in this area. As a rule, they have a competitive advantage over other providers of this type of service.

The BMO can arrange for its members to attend training courses run by specialist training institutions, but in some cases it may be useful for the BMO to organise its own training programme. This can be more cost effective, more attuned to the needs of the membership or it may reinforce the credibility of the business membership organisation. In training workshops, members have a chance to meet one another, and share experiences.

Trainings may be directed at BMO members or not, as they are a powerful instrument for increasing both the number of BMO's members and the revenues of the BMO in the short term.

### Background Reading 6.2: Main Criteria for Choosing Training Topics

- **Focus on practical, day-to-day entrepreneurial problems:** Although the topics addressed by training services may vary according to the specific situation of an organisation in a particular country, it is still possible to discern some common trends. The first and most important of these is the recommendation to focus on the concrete, practical problems that entrepreneurs encounter in day-to-day business. Therefore: no general management theory, but subjects such as “What is a letter of credit?” or “How do I fill out customs form XYZ?”.
- **Orientation on demand:** The type of training seminars offered must of course be oriented on the needs of the members. The analysis of existing demand can basically be conducted via the procedure introduced in the Module 4 regarding advisory services.

- **Competitive environment:** The object here is not detailed and expensive market research, but rather the simple evaluation of easily obtainable information. In most countries, a look at the advertising pages of the relevant newspapers will already be enough to gain a good overview of the training market. Such small-scale evaluations, conducted e.g. once per month, already permit an analysis of the most important characteristics of the competitive environment. Among them are matters such as:
  - Development of the number of providers
  - Market leadership
  - Price levels and price development
  - Integration of external or foreign lecturers
  - Concentration trends among seminar providers
  - Main topics, structured by providers
  - Substantive topics: general vs. enterprise-specific knowledge, learning-oriented vs. implementation-oriented seminar topics.

### **Background Reading 6.3: Co-operation with External Training Centre**

Offering training services involves some **risks for a BMO:**

- High competition in the training market as there are many training providers
- Difficulties in building-up internally the required know-how for providing training due to small number of staff or special focus of the BMO
- Permanent training staff as cost element
- Investment in premises, equipment etc. needed

#### **Advantages of co-operating with an external training centre**

- Access to broader knowledge and training expertise so a wider range of training topics can be offered
- Professional organisation of training events
- Availability of training materials with updates and expansions
- Introduction of new areas / fields of training
- Lecturers with experience in particular areas
- Premises and equipment
- BMO staff can concentrate and specialise on other member-related services and areas

#### **Disadvantages of co-operating with an external training centre**

- Lack of in-house knowledge creating
- Dependence on external knowledge
- Training cannot be used to attract more members
- Training events cannot be used as entry points to other services

## D Charts

### Session 6: Positioning as Training Provider

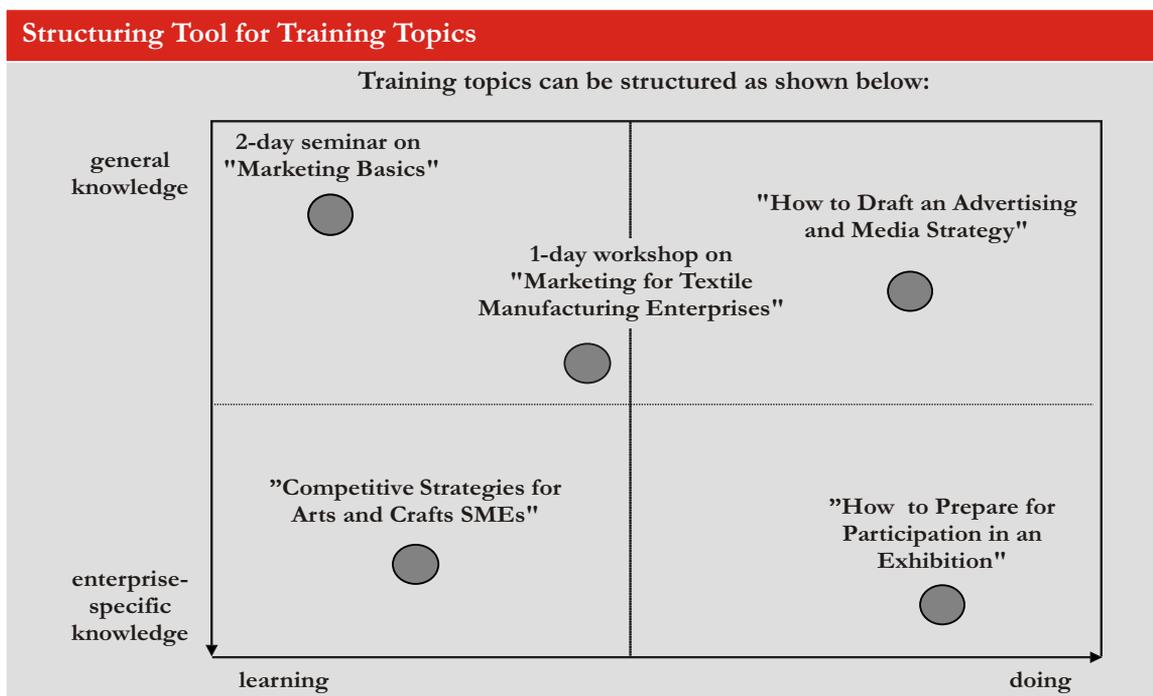
#### Chart 6.1: Main Reasons for Offering Training in a BMO

- Training services are well accepted in the market.
- They are easy to promote and structure.
- They have relatively low costs, with the exception of the instructor's fees.
- They are considered excellent revenue recuperation resources as they generate cash for more immediate projects.
- They also reinforce the image of the BMO as being participative and committed to the development of its members and the community as a whole.
- As they attract a large number of participants, they also serve to promote the products and services offered by the organisation.
- Training contributes significantly to the success of an enterprise enhancing skills and knowledge of staff.
- BMO have a competitive advantage over other providers of this type of service due to their sound knowledge of business related areas and the possible mix with other services.

#### Chart 6.2: Main Criteria for Choosing Training Topics

- **Focus on practical, day-to-day entrepreneurial problems:** training should focus on the concrete and business related topics that might vary according to the specific business environment.  
Therefore: no general management theory, but subjects such as “What is a letter of credit?” or “How do I fill out customs form XYZ?”
- **Orientation on demand:** The type of training seminars offered must of course be oriented on the needs of the members by means of a survey on training needs.
- **Different to training offers of competitors:** use simple evaluation of easily obtainable information, looking at the advertising pages of the relevant newspapers to gain information on:
  - Market leadership
  - Price levels and price development
  - Integration of external or foreign lecturers
  - Concentration trends among seminar providers
  - Main topics, structured by providers
  - Development of the number of other training providers
  - Substantive topics: general vs. enterprise-specific knowledge, learning-oriented vs. implementation-oriented seminar topics.

**Chart 6.3: Structuring Tool for Training Topics**



**Chart 6.4: Structuring Criteria**

**Structuring Criteria**

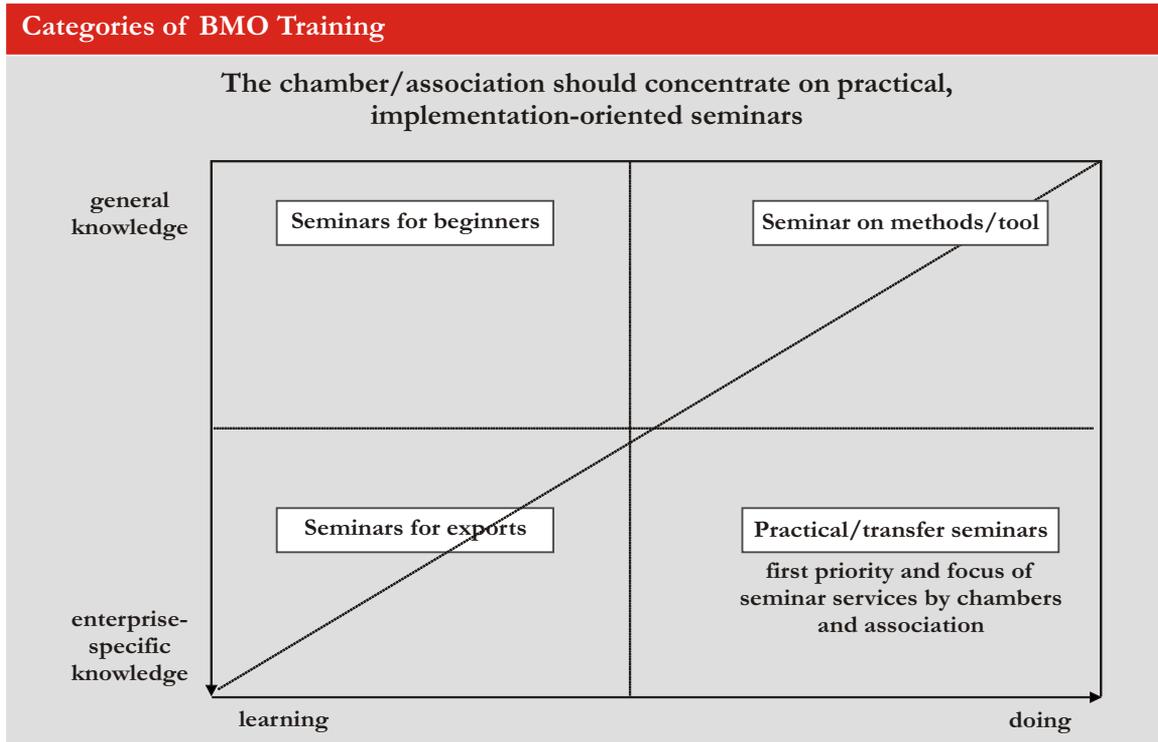
The main structuring criteria are:

- Focus on learning (gaining new knowledge) or
- Doing (application of knowledge for a certain business-related purpose)
- Acquiring enterprise-specific knowledge or
- Acquiring general knowledge

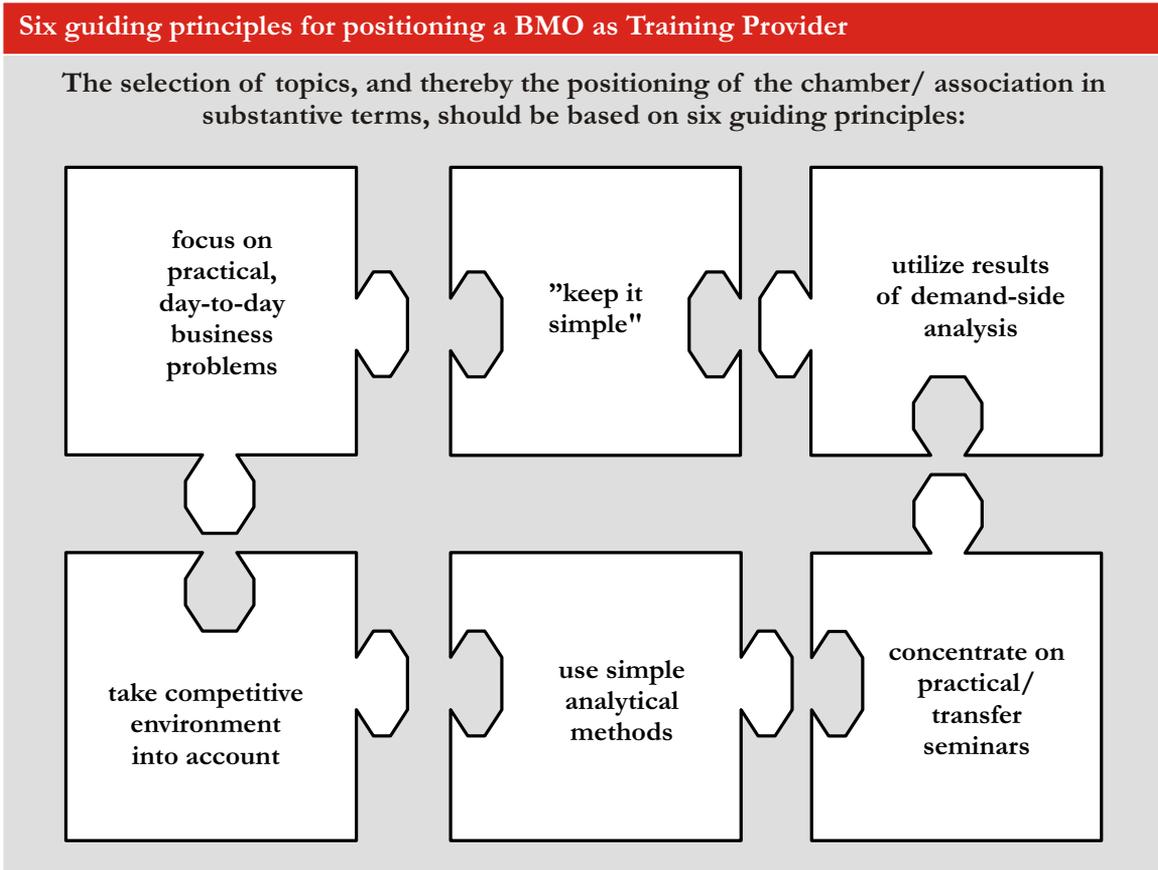
Most training address learning-oriented, general knowledge-type topics (upper left quadrant). Implementation-oriented topics with enterprise-specific content (lower right quadrant) are most often neglected.

This is where the typical training potential for BMO lies.

**Chart 6.5: Categories of BMO Training**



**Chart 6.6: Six guiding principles for positioning a BMO as Training Provider**



**Chart 6.7: Setting up a Training Centre / Unit (1)**

<p><b>1 Analysis of factors determining whether to enter a service market</b></p>	<ul style="list-style-type: none"> <li>• Status quo analysis</li> <li>• Definition of target groups for training</li> <li>• Demand-side analysis</li> <li>• Analysis of competitors in the training market</li> <li>• Assessment of own capabilities</li> </ul>
<p><b>2 Estimation of costs and potential income by training</b></p>	<ol style="list-style-type: none"> <li>1. What are the <b>complete cost items</b> to be considered?</li> <li>2. What are <b>potential course and workshop fees</b> for different trainings? Are there some attractive training topics and events you might charge higher fees for?</li> </ol>
<p><b>3 Gaining support from stake-holders</b></p>	<ul style="list-style-type: none"> <li>• Ensure the <b>Support by the BMO Board</b> to make the training centre / unit a priority.</li> <li>• Check possibilities to obtain <b>Subsidies from the Government</b> when establishing a training centre / unit or</li> <li>• Are there enterprises willing to co-finance the training centre if you train their staff?</li> <li>• In some cases, member enterprises have contributed equipment.</li> <li>• Training may attract donor support as well.</li> </ul>

**Chart 6.7: Setting up a Training Centre / Unit (1)**

<p><b>4 Planning workshop</b></p>	<p>Issues to be discussed:</p> <ul style="list-style-type: none"> <li>• <b>What is our current situation?</b> (SWOT analysis of the present training service)</li> <li>• <b>Where do we want to go?</b> (Mission, objectives for the training centre/unit)</li> <li>• <b>How do we get there?</b> Strategy for setting up and running the training centre</li> <li>• <b>How do we know that we have achieved what we pretended?</b> (Evaluation methods, performance indicators)</li> </ul>
<p><b>5 Preparation of Business Plan for the training centre</b></p>	<ul style="list-style-type: none"> <li>• Description of <b>Training products and services</b></li> <li>• <b>Marketing plan</b></li> <li>• <b>Operational plan</b> (Procedures for providing training, time lines, responsibilities, performance indicators etc.)</li> <li>• <b>Financial plan</b> (Projecting revenues and costs)</li> <li>• <b>Management plan</b> (Organisation of the unit or centre, staffing, job descriptions)</li> </ul>

## E Participant Handouts

### Handout 6.1: Survey on Training Needs (1)

*The objective of this survey is to understand the training needs of our members and how the training centre can help the members with their training requirements. All information will be treated with strict confidentiality.*

Name of company:

Name of respondent:

Designation of respondent:

Tel: .....Fax: .....E-Mail:.....

Main line of business/product/services: .....

.....

Number of employees:

1. Is there a training department in your company?  Yes  No  
If yes, who is to contact person for training?.....

2. Have any of your employees attended courses conducted by our organization?  
 Yes  No

If yes, please give your comments of our courses (e.g. relevance to the job, quality of trainers, effectiveness of the training).

If no, please give the reasons for not sending your employees to our courses.

.....

.....

.....

3. How did you learn about our training courses?

- |   |   |
|---|---|
| <input type="checkbox"/> Training brochures             | <input type="checkbox"/> Training directories               |
| <input type="checkbox"/> Newspaper advertisement        | <input type="checkbox"/> Telephone call from training staff |
| <input type="checkbox"/> Chamber/association newsletter | <input type="checkbox"/> Friends and associates             |
| <input type="checkbox"/> Faxes                          | <input type="checkbox"/> Others                             |

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### Handout 6.1: Survey on Training Needs (2)

4. Do you think that employees in your organization have any difficulties to attend training? Which? Do you have suggestions for minimizing these difficulties?
  
5. Which of the following courses would you consider sending your staff for training at the association?
  - Financial management and accounting
  - Supervisory development
  - Cross-cultural communications
  - Sales and marketing
  - Taxation
  - Letters of Credit
  - Export and Import Operations
  - Export marketing
  - Hospitality and hotel management
  - Operations management
  - Materials requirement planning
  - Distribution resource planning
  - Purchasing resource planning
  - Store and inventory management
  - Arbitration
  - Entrepreneurship training
  - Productivity improvement
  - Good housekeeping (5s)
  - Industrial health and safety
  - ISO 9000
  - Total quality management
  - How to manage a small company

### Handout 6.1: Survey on Training Needs (3)

How to prepare an effective credit proposal

How to prepare a business plan

Employment legislation

Law of contract

Basic business laws

Effective interviewing skills

How to motivate employees

Personnel selection

Human resource planning and recruitment

Others

6. How much is your company willing to pay per day for the following types of training?

Managerial                      INR \_\_\_\_\_ per day

Executive                        INR \_\_\_\_\_ per day

Technician                      INR \_\_\_\_\_ per day

Clerical                         INR \_\_\_\_\_ per day

Worker                         INR \_\_\_\_\_ per day

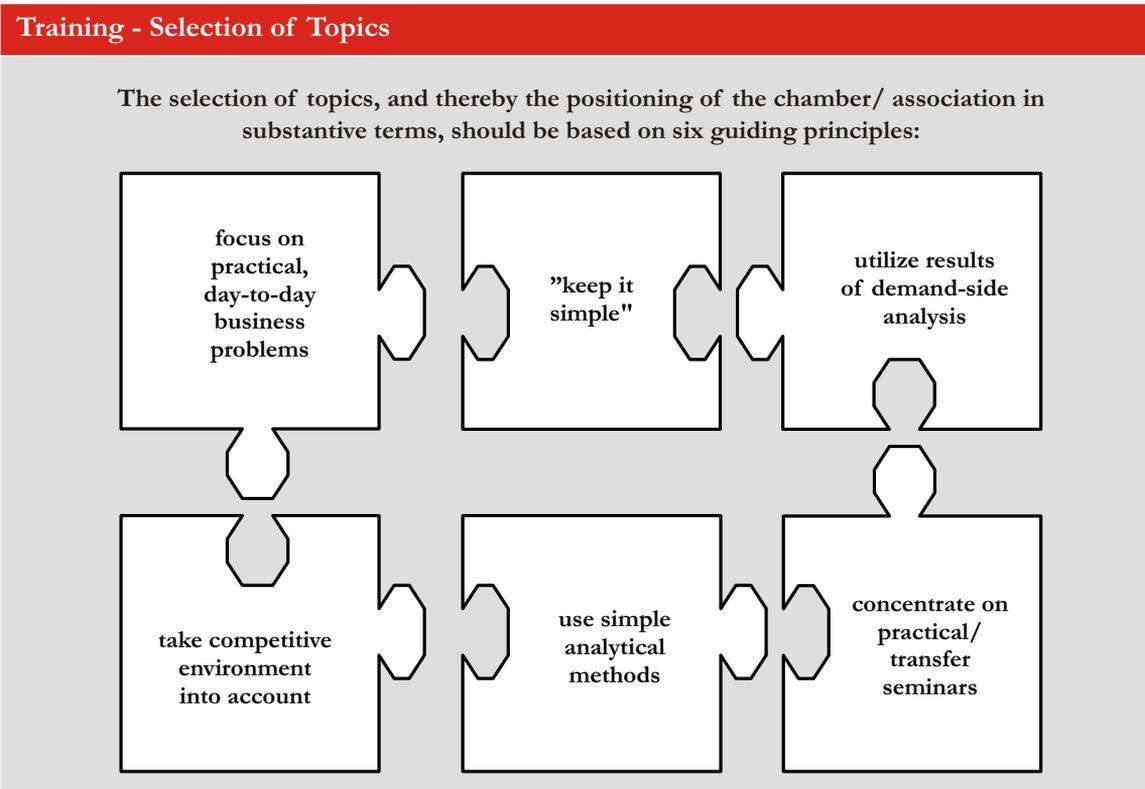
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## Handout 6.2: Main Criteria for Choosing Training Topics

- **Focus on practical, day-to-day entrepreneurial problems:** Although there are variations according to the specific situation of an organisation in a particular country, training should focus on the concrete and business related topics. No general management theory, but subjects such as “What is a letter of credit?” or “How do I fill out customs form XYZ?”
- **Orientation on demand:** The type of training seminars offered must of course be oriented on the needs of the members by means of a survey on training needs.
- **Competitive environment:** no detailed and expensive market research, but rather the simple evaluation of easily obtainable information. Look at the advertising pages of the relevant newspapers to gain information on:
  - Development of the number of other training providers
  - Market leadership
  - Price levels and price development
  - Integration of external or foreign lecturers
  - Concentration trends among seminar providers
  - Main topics, structured by providers
  - Substantive topics: general vs. enterprise-specific knowledge, learning-oriented vs. implementation-oriented seminar topics.

## Handout 6.3: Six guiding principles for positioning BMO as training provider

The following illustration summarises aspects of topic selection and thereby the substantive positioning of the BMO in the field of training:



## Handout 6.4: Co-operation with External Training Centre

Offering training services involves some **risks for a BMO**:

- High competition in the training market as there are many training providers
- Difficulties in building-up internally the required know-how for providing training due to small number of staff, or special focus of the BMO)
- Permanent training staff as cost element
- Investment in premises, equipment etc. needed

### Advantages of co-operating with an external training centre

- Access to broader knowledge and training expertise so a wider range of training topics can be offered
- Professional organisation of training events
- Availability of training materials with updates and expansions
- Introduction of new areas / fields of training
- Lecturers with experience in particular areas
- Premises and equipment
- BMO staff can concentrate and specialise on other member-related services and areas

### Disadvantages of co-operating with an external training centre

- Lack of in-house knowledge creating
- Dependence on external knowledge
- Training cannot be used to attract more members
- Training events cannot be used as entry point to other services

## Handout 6.5: Setting up a Training Centre / Unit

Setting up a Training Centre / Unit (1)	
1. Analysis of factors determining whether to enter a service market	<ul style="list-style-type: none"> <li>• Status quo analysis</li> <li>• Definition of target groups for training</li> <li>• Demand-side analysis</li> <li>• Analysis of competitors in the training market</li> <li>• Assessment of own capabilities</li> </ul>
2. Estimation of costs and potential income by training	<ul style="list-style-type: none"> <li>• What are the <b>complete cost items</b> to be considered?</li> <li>• What are <b>potential course and workshop fees</b> for different trainings? Are there some attractive training topics and events you might charge higher fees for?</li> </ul>
3. Gaining support from stake-holders	<ul style="list-style-type: none"> <li>• Ensure the <b>support by the BMO's Board</b> to make the training centre / unit a priority.</li> <li>• Check possibilities to obtain <b>subsidies from the Government</b> when establishing a training centre / unit or</li> <li>• Are there enterprises willing to co-finance the training centre if you train their staff?</li> <li>• In some cases, member enterprises have contributed equipment.</li> <li>• Training may attract donor support as well.</li> </ul>
4. Planning workshop	<p>Issues to be discussed:</p> <ul style="list-style-type: none"> <li>• <b>What is our current situation?</b> (SWOT analysis of the present training service)</li> <li>• <b>Where do we want to go?</b> (Mission, objectives for the training centre/unit)</li> <li>• <b>How do we get there?</b> Strategy for setting up and running the training centre</li> <li>• <b>How do we know that we have achieved what we pretended?</b> (Evaluation methods, performance indicators)</li> </ul>
5. Preparation of Business Plan for the training centre	<ul style="list-style-type: none"> <li>• Description of <b>Training Products and Services</b></li> <li>• <b>Marketing plan</b></li> <li>• <b>Operational plan</b> (Procedures for providing training, time lines, responsibilities, performance indicators etc.)</li> <li>• <b>Financial plan</b> (Projecting revenues and costs)</li> <li>• <b>Management plan</b> (Organisation of the unit or centre, staffing, job descriptions)</li> </ul>



The background is a solid red color with two large, curved, overlapping shapes that create a sense of depth and movement. These shapes are lighter red than the background, creating a layered effect. The curves start from the top right and sweep towards the bottom left.

## Session 7: Fairs and Exhibitions as BMO Service

# Session 7: Fairs and Exhibitions as BMO Service

## Session Overview

**Time:** 75 minutes (3.45 PM – 5.00 PM)

**Overview:** This session starts with a summary of good reasons, main opportunities and challenges for participating in a trade fair. As this is a demanding task, a list of the activities to be undertaken is introduced in order to sensitise BMOs for the various services they have to render when supporting their members in their preparations for participating in a fair or exhibition. Second main subject to be dealt with is how to set up such an event. The 4 main steps are discussed in detail to make BMOs aware on the manifold activities they have to think about when organising a fair or an exhibition.

### Learning Objectives:

- Participants learn good reasons for participating in a trade fair as well as related opportunities and challenges .
- Participants get an overview on the many aspects to be considered for participating in a trade fair and the importance of good preparation for a successful participation assisted by the BMO .
- Participants are sensitised to the sequences and main tasks while planning , preparing , implementing and finalising a fair or exhibition in their BMO .

### Materials required:

- Charts 7.1–7.4
- Handouts 7.1 – 7.2
- Flipcharts
- Pinboards / Softboards
- Projector

## B Trainer Instructions

### Trainer Instructions for session 7: Fairs and Exhibitions as BMO Service

TIME	STEPS	MATERIALS
5 min	<p><b>1. Fairs and exhibitions as growing service in BMOs</b></p> <ul style="list-style-type: none"> <li>Start the session pointing up that fairs and exhibitions are also becoming increasingly important for SMEs, although they generally have neither the financial nor the personnel or organisational resources to participate in a fair / exhibition on their own. Against this background, BMO can open up a further significant source of income.</li> <li>There are two main areas a BMO can assist their members in the field of trades and exhibitions: 1. Helping BMO members getting prepared for participating in a fair / exhibition and 2. Organising a fair / exhibition. Both areas will be dealt with in this session.</li> </ul>	
15 min	<p><b>2. Reasons for entrepreneurs to participate in a fair / exhibition</b></p> <ul style="list-style-type: none"> <li>Start the session with a comparison of connecting supply and demand in a situation without fairs / exhibitions and another with fairs / exhibitions as shown in chart 7.1.</li> <li>Another reason to participate in a fair / exhibition is the acceleration of international business contacts and selling opportunities abroad as impressively shown in chart 7.2.</li> <li>There are a series of opportunities and challenges to be analysed by an entrepreneur before deciding to participate in a fair or exhibition. Read them one after the other in chart 7.3 and discuss them briefly with participants.</li> </ul>	<p>Chart 7.1</p> <p>Chart 7.2</p> <p>Chart 7.3</p>
30 min	<p><b>3. How to participate successfully in a fair or exhibition and role of BMO</b></p> <ul style="list-style-type: none"> <li>Presence at a fair or exhibition may bring significant benefits to a company. Nevertheless, successful participation depends on the preparation which has been made. In handout 7.1 the many aspects to be taken into consideration when getting prepared for participating in a fair or exhibition are described. Review all items together with participants and be prepared for answering additional questions. This list can be used as a reminder for a BMO when assisting their members in getting prepared for a participation in a fair / exhibition and should be handed over to the enterprises for their own preparation.</li> <li>Participants will notice the complexity of participating in a fair / exhibition. Explain that this is the reason why a BMO should support them. Emphasize that BMO staff must be qualified to render fair-related services successfully.</li> </ul>	<p>Handout 7.1</p>

TIME	STEPS	MATERIALS
25 min	<p><b>4. Main steps for a BMO to set up a fair / exhibition</b></p> <ul style="list-style-type: none"> <li>As organisation of a trade fair may be converted into an income-generating activity, the main steps to set-up a trade fair are summarised in chart 7.4. and detailed in handout 7.2. Distribute the handout and review the steps together with participants. Invite them to ask questions on the various tasks described there. Make sure they are sensitised to the widespread duties the organisations of a trade fair encompasses and the importance of a meticulous preparation.</li> </ul>	<p>Chart 7.4 Handout 7.2</p>

## Materials for Session 7: Fairs and Exhibitions as BMO Service

### Charts

- 7.1 Connecting supply and demand in a fair / exhibition
- 7.2 Speeding up Internationalisation through fairs and exhibitions
- 7.3 Fairs and exhibitions: opportunities and challenges
- 7.4 Main steps for a BMO to set-up a fair or exhibition

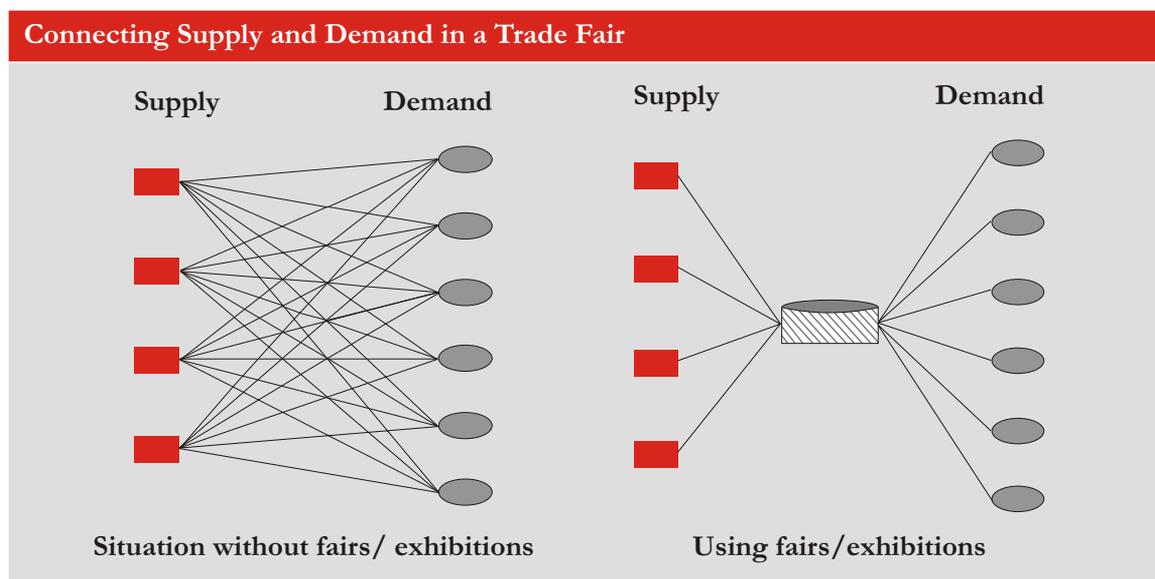
### Handout

- 7.1 Steps to successfully participate in a fair or exhibition (2 pages)
- 7.2 Steps for a BMO to set-up a fair or exhibition (3 pages)

## C Charts

### Session 7: Fairs and Exhibitions as BMO Service

#### Chart 7.1: Connecting Supply and Demand in a Trade Fair

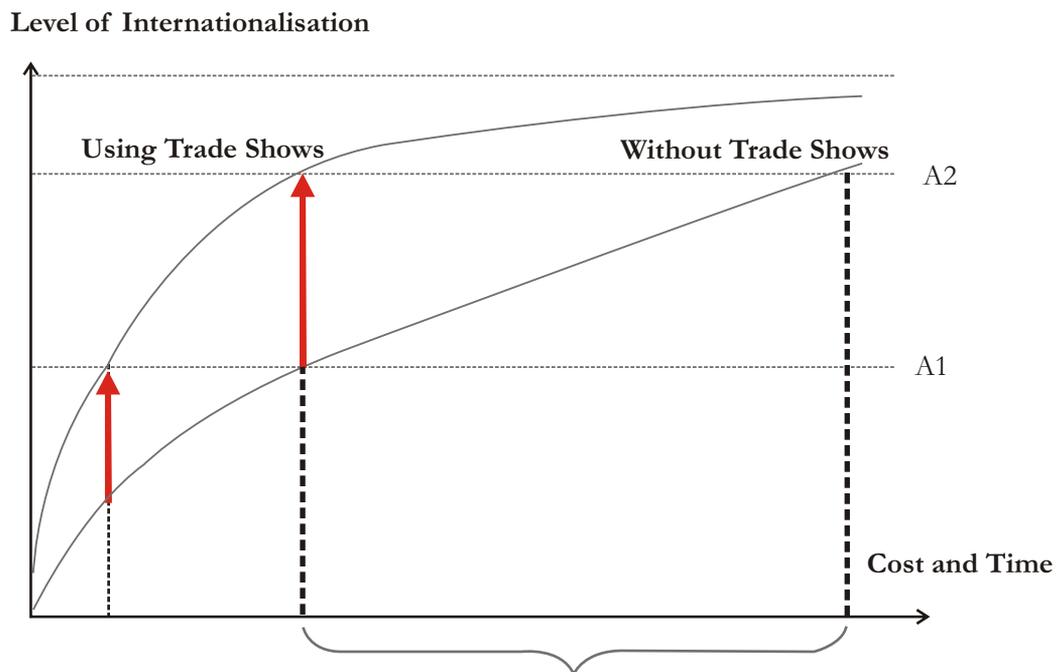


The figures above show the connection of supply and demand in a situation without Fairs/exhibition and with fairs / exhibitions.

## Chart 7.2: Speeding up Internationalisation through Fairs and Exhibitions

A fair/exhibition represents a one-stop-shop where industry buyers and sellers come together for a few days to show what they have, to see what is available and to do business.

The figure below illustrates the fact that fairs and exhibitions facilitate and speed up foreign market-entry strategies.



## Chart 7.3: Fairs and Exhibitions - Opportunities and Challenges

### Fairs and Exhibitions - Opportunities and Challenges

Fairs and exhibitions offer entrepreneurs both **opportunities and challenges**.

#### Opportunities for participants

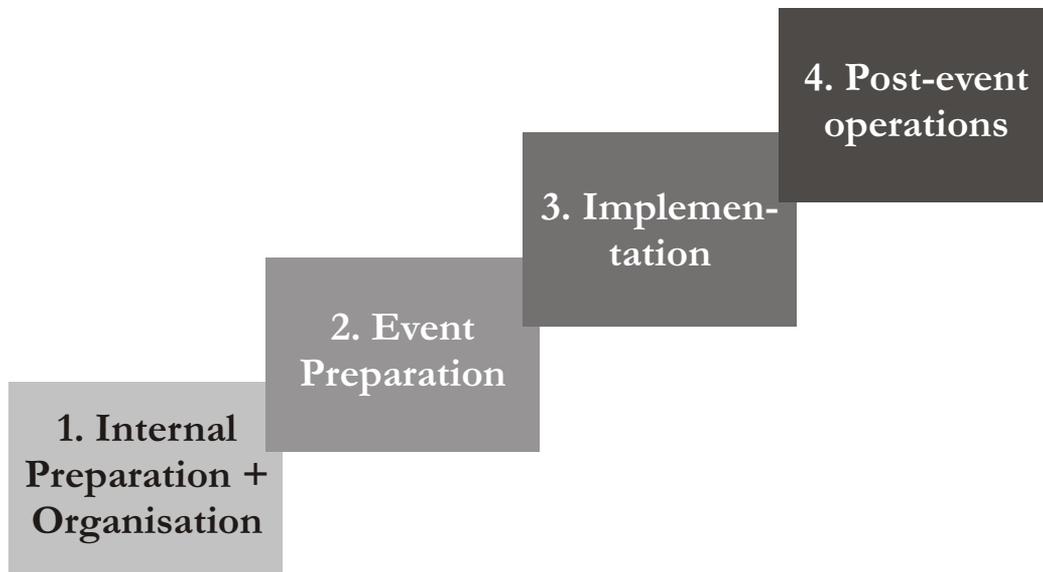
- Gaining a quick overview of the marketplace
- Fairs /exhibitions help to reduce uncertainty about an unknown market
- Building business contacts and an impression of potential business partners
- Being in the centre of public interest
- Fairs/exhibitions represent a powerful marketing instrument to promote even complex products and services

#### Challenges for participants

- Choosing the “right“ events and locations for participation
- Increasing geographic distance leads to an increase in logistic complexity
- The cost attached to event-specific brochures, staff, stand design etc.
- Defining clear objectives regarding the participation.

Chart 7.4: Main Steps for a BMO to Set-up a Fair or Exhibition

Steps for a BMO to Set-up a Fair or Exhibition



## D Participant Handouts

### Handout 7.1: Steps for Successfully Participate in a Fair or Exhibition (1)

<p><b>Analysis of the decision to participate</b></p>	<ul style="list-style-type: none"> <li>• Why is the company taking part in the fair/exhibition?</li> <li>• What does it want to communicate or show?</li> <li>• To whom?</li> <li>• What trade or visibility objectives are being sought?</li> </ul> <p>Presence in a fair must be an extension of the company itself. The image that is offered must correspond to the global strategy.</p>
<p><b>Drawing up of a specific participation plan</b></p>	<p>Professionalising and planning are the two words which are key to successful participation.</p> <p><b>Specify the type of participation.</b></p> <ul style="list-style-type: none"> <li>• If you want to achieve visibility and image: a prestige stand.</li> <li>• To present innovations and other products on sale: an exhibition and sale stand, larger or smaller depending on the quality and the quantity of products to be put on display.</li> <li>• To present information for general distribution: information stand.</li> </ul> <p><b>Selection of products to be displayed</b></p> <p>Take into consideration other factors such as the type of visitor that will come to the fair/exhibition, and who you want to attract to your stand. It is essential to attract professionals clearly highlighting new products and innovations.</p> <p>Completion of the registration dossier</p> <p>The surface area to be reserved will depend on the amount and types of products and services to be displayed; on the reception and meeting areas that you want, etc.</p> <ul style="list-style-type: none"> <li>• Check availability in the proper place, of installations of water, electricity, telephone, fax, etc.</li> <li>• Anticipate the necessary auxiliary personnel (hostesses, translators, etc).</li> <li>• Anticipate the cleaning service for the stand.</li> <li>• Study the appearance in the exhibitors' catalogue so visitors know that your company is participating in the fair.</li> <li>• Have enough invitations to give to current or potential customers.</li> <li>• Have place to sit down, keep documents or display products.</li> <li>• Have décor, signs, flowers or any other necessary elements.</li> </ul>

<p><b>Drawing up of the budget</b></p>	<ul style="list-style-type: none"> <li>• Promotion and advertising expenses</li> <li>• Structure expenses: for total or partial use of company personnel and equipment (travel, board and lodging, etc)</li> <li>• Fair/exhibition expenses (contracting services, auxiliary personnel, material, etc., from the fair organisation or the official exhibition centre suppliers)</li> <li>• Space, obligatory insurance and minimum services</li> <li>• Rental of modular stand if the company does not choose one of its own design</li> <li>• Furniture</li> <li>• Electricity services</li> <li>• Supply of water, drainage, compressed air</li> <li>• Telephones, fax, internet facilities</li> <li>• Equipment for the projection of audiovisuals, luminous panels, etc.</li> <li>• Gardening and other decorative element</li> <li>• Auxiliary personnel (hostesses, interpreters, security guards, etc.)</li> <li>• Assorted services (catering, cleaning, transport, etc.)</li> </ul>
<p><b>Promotion of the company on the occasion of its participation in the fair / exhibition</b></p>	<p>Successful participation in a fair / exhibition does not solely depend on the organisers, but also on the actions which are directly undertaken by the exhibitors, their originality, and their effectiveness in actions such as:</p> <ul style="list-style-type: none"> <li>• Direct marketing to professionals that you are interested in</li> <li>• Media advertising</li> <li>• Preparation of technical-commercial documentation</li> <li>• Rental of conference rooms in order to inform professionals, the mass media, and customers about new products and/or services, new technologies, expansion plans, etc.</li> <li>• Participation in the exhibitor catalogue and other fair publications</li> <li>• Information to be provided to the professional press including new items, unpublished information, etc</li> </ul>
<p><b>Post-fair / exhibition monitoring</b></p>	<p>And, of course, it is after the fair / exhibition that the work really starts which make all the effort involved should become real. Commercial monitoring of the contacts made during the fair / exhibition must be undertaken as the fair is usually only the starting point. The follow-up work is what will enable the company to fully benefit from participation at a fair or exhibition. The following must be done:</p> <ul style="list-style-type: none"> <li>• Statistical reports assessing the positive and negative aspects of participation as well as possible improvements in readiness for forthcoming fairs / exhibitions</li> <li>• Press dossiers</li> </ul> <p>Creation of visitor files, following up of contacts made such as sending letters / e-mails, targeted response to any stated information need</p>

## Handout 7.2: Steps for a BMO to Set-up a Fair or Exhibition (1)

<p><b>Internal preparation and organisation</b></p>	<p><b>1. Setting purpose, goals and targets of the fair / exhibition</b></p> <p>They have to be carefully selected to meet the aim for organising the event. Does a consumer fair or a specialised trade fair fit better? Or is an exhibition the better choice? Do you wish to raise funds for your BMO? Then a local consumer event might suffice. Or do you wish to help members promoting their products overseas? Then your aim would be to generate immediate sales enquiries for the members. In that case you might need sponsors or subsidise the cost of staging the event.</p>
	<p><b>2. Formation of a steering committee</b></p> <p>The next step is the appointment of a Chairman and good steering committee with representatives from corporations, prospective exhibitors, possible sponsors, government departments, institutions, sector specific chambers. This is a very challenging job, and once finished, the event can be considered as half done.</p> <p>Regular meetings are important to monitor the progress of the event and to take collective decision on the development of the same</p>
	<p><b>3. Need and demand analysis</b></p> <ul style="list-style-type: none"> <li>• Needs of the market should be known before topic of the event is chosen</li> <li>• Can be done with a simple questionnaire or via telephone</li> <li>• Once the theme of the fair / exhibition is identified, a questionnaire can be circulated requesting companies to share their views and suggestions for organising such events or by asking representatives of specific industries over the phone.</li> </ul>
	<p><b>4. Marketing analysis</b></p> <p>This is meant to demonstrate the event is viable, and the results are used to convince membership of the BMO, prospective exhibitors, trade representatives from other regions or from abroad, prospective endorsements and supporting / funding organisations.</p> <p>The marketing plan must cover:</p> <ul style="list-style-type: none"> <li>• Pricing, including participation incentives</li> <li>• Exhibitor procurement</li> <li>• Complementary / supporting events such as seminars, talks etc.</li> <li>• Visitor promotion</li> </ul>

### Steps for a BMO to Set-up a Fair or Exhibition (1)

#### Internal pre-paration and oganisa-tion

#### 5. Fair size and location analysis

If it is the first time organising such an event, a BMO should start with a local consumer event or a small-scale trade show.

Choosing a suitable venue is quite important for the success of the event, in the case of a consumer fair, the venue should be located in the city centre, or at a key public transportation interchange with a constant stream of potential visitors.

### Handout 7.2: Steps for a BMO to Set-up a Fair or Exhibition (2)

#### 6. Budget and pricing analysis

Proper budget planning is essential to ensure the event would not incur a deficit. One way to ensure sufficient funds is to approach relevant industry or government departments for funding. An attractive rebate scheme should be offered to members (first early bird discount, then member rebate). As well, BMO might request for special rental rates from venue owners and pass the lower cost to their participating members.

#### Event preparation

1. Give a **remarkable name** to the event to distinguish it from already established events.
2. **Plan the event long in advance.** The fair and exhibitions industry generally expects such an event to be planned some 18-24 months ahead. This is because the event must be announced 6-12 months before the annual budget planning time of commercial organisations, as well as trade promotion institutions. Take into consideration the respective calendars to avoid parallel events.
3. **In case of a trade fair: Approval from India Trade Promotion Organisation (ITPO).** ITPO approval is required to hold any trade fair in India. You might also look for their promotional tools such as Contact Promotion or Product Promotion Programmes, Market Surveys and the like.
4. **Determining products allowed to exhibit.** They should be legally allowed and fit into prescribed limits specified in an exhibition catalogue to be prepared by the BMO.
5. **Determining the programme** with an inaugural session, visits of VIPs during the fair dates, buyer-seller meetings, complementary activities such as workshops and conferences, best exhibitor awards etc.
6. **Setting the standards,** establishing criteria for participation: reputation of the applying company, relevance of the products and services, perceived quality, no infringement of copyrights of others and guidelines for both design and product display.
7. **Involve as many partners as possible** to raise multiplier effect and information spreading to a maximum target audience. Partners can be: other BMOs, central and state governments, leading companies in the sector, media, banks, insurance companies, catering services and travel partners.
8. Production and distribution of a **service manual** to every participating company containing in its first part information pertinent to the trade fair (schedules for shipment of exhibits,

## Steps for a BMO to Set-up a Fair or Exhibition (2)

<b>Event preparation</b>	<p>construction of display, submission of service orders, information on compulsory application) and in the second part forms for the exhibitor to apply for various services from the official contractors (stand construction and design, electrical services, furniture and equipment, hostesses). The advertisement options should be specified as well.</p> <p>Setting up an <b>exhibitors helpline</b> with predefined guidelines on how to deal with exhibitors e.g. contact reports, answering time.</p> <ol style="list-style-type: none"> <li>10. <b>Development of floor / hall plan</b> and distribution to prospective exhibitors to properly organise the fair.</li> <li>11. <b>Promotion of the event</b> with development of presentation materials, pricing for participation, promotional measures to different target groups, pre-event publicity with press conference, news adverts etc.</li> <li>12. Preparation of an <b>exhibition catalogue</b>, based on the information by the exhibitors in a predefined form well in advance.</li> <li>13 <b>Contracting of service providers</b> such as exhibit movers, security, cleaning, insurance business centre with translation services.</li> </ol>
<b>Implementation of the event</b>	<p><b>Pre-site</b></p> <p>Formation of a management team at least one month before the opening to process all applications for services and publicity, collect payments, liaise with contractors, approve designs and amenities, ensure that advertising and publicity take place on time, ensure tickets are printed etc.</p> <p><b>On-site</b></p> <ol style="list-style-type: none"> <li>1. inspect premises and ensure due construction of stands and amenities, electrical installations, safety regulations and security programme, make sure all operation staff are in place and operating, especially ticketing counter, registration counter, information desk and crowd control staff</li> <li>2. Make sure directory is ready for distribution / sale</li> <li>3. Monitor realisation of programme according to time schedule</li> </ol>
<b>Post event operations</b>	<ol style="list-style-type: none"> <li>1. Supervise stand teardown and cleaning of hall to hand it over in its original conditions, in case of damage: compensation to the owner</li> <li>2. Hold de-briefing with contractors and suppliers giving feedback on positive aspects and areas of improvement</li> <li>3. Analysis of visitors and exhibitor surveys, results could be used in a press release to announce success of the event</li> <li>4. Appreciation letters to all parties involved in the event</li> <li>5. Post-event publicity: press release or press conference</li> <li>6. Collection of all outstanding payments from exhibitors and to contractors and suppliers</li> <li>7. Evaluation with assessment of exhibitors, visitors and the financial results as well as planned and achieved results</li> <li>8. Result statement for record purposes / statutory requirements with all feedback from participants of the event</li> </ol>

Source: Own design based on SICAN (South Indian Chambers' & Associations Network): Organising successful trade fairs. P. 5-7





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