

Self-Help Manual for Business Membership Organisations
Training Services

This self-help manual was developed by:



Alexanderstr. 10, D-53111 Bonn
Tel: +49 (0) 228 98238 – 0
E-Mail: info@sequa.de
Internet: www.sequa.de

Authors: Elke Demtschück, Consultant
Case studies: R. Vijayalakshmi, Additional Director, TFSC
Review: Jürgen Henkel, Project Director, sequag GmbH
M. R. Deshpande, sequag GmbH, Liaison Office India

Overall Coordination: Elke Demtschück, Consultant

On behalf of :

MSME Umbrella Programme
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
B-5/1, Safdarjung Enclave, New Delhi 110 029, India
T : +91 11 4949 5353 | F : +91 11 49495391 | Email : amit.kumar@giz.de

Responsible

Amit Kumar
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1. Background

1. Background

1 Background

This self-help manual has been developed by sequa gGmbH within the project 'Capacity Development of Business Membership Organisations in India' that is part of the MSME Umbrella Programme implemented jointly by GIZ ((Deutsche Gesellschaft für Internationale Zusammenarbeit), 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.

BMO exist to **provide their members with benefits and services**, which add value to their businesses and practices. They are able to do this in economic way by pooling collaborative expertise, knowledge and resources focused on a particular industry or sector. BMOs represent a platform where even competing members come together in collaboration to gain the advantages of:

- *Economies of scale*, for example when a law is proposed, rather than all the companies in membership having to contact lawyers and lobbyists independently, the association representing the common interest can do it once on behalf of all members, collating the information, suggestions and opinions, accessing more resource than any single member on their own could provide.
- *Sectoral /Regional/Industrial viewpoint* – BMOs are perceived as voices of the group or cluster they represent. They have the platform to speak on their behalf without favouring the viewpoint of any one member. BMOs provide Government and other authorities a considered macro perspective and not limited to commercial short-term bias and interest of any individual member. This influencing position of BMO's with governments then acts as a powerful asset with members as well. As the membership grows so does the BMO's authority, and with increased authority and influence BMO membership recruitment becomes easier.
- *Act as Trust Centres* – Due to the responsible and trustworthy position with their members, Government / Regulatory Authorities and other Organisations, BMO's being in a position to collect relevant information and provide services to the concerned, can act as Trust Centres.

Objective, scope and target groups

The objective of this manual is to help and guide representatives in management positions being Presidents, office bearers, committee members and administrative staff in their endeavours to add new services to their existing portfolio or to expand the existing scope. The self-help material can be used by all Indian BMOs and **Industrial Associations at District level.**

In in this Self Help series five different manuals have been produced and made available covering the five service areas of BMOs namely 1. Management of membership base in BMOs, 2. Information services, 3. Training services, 4. Consulting services, 5. Services related to Trade Fairs and Exhibitions.

Not every recommendation will be applicable to every BMO. Regional 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 management is provided and the process by which new services are introduced. Similarly, the proposals made for solving the problems most commonly encountered in dealing with new services, will not lead to a clean sweep of every single problem. However, they have been tried and tested, proven in practice, as is the case with all other recommendations made in this manual.

2. Rationale

2. Rationale

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. Training can have a direct impact on the success of the members' businesses. Training programmes can respond to various training needs of the individual enterprises, such as how to manage a business, market goods, or use new production techniques.

Training is a **popular service provided by many BMOs** as they have a competitive advantage over other providers due to their sound knowledge of business related areas and the possible mix with other services. The content of training a BMO offers can vary from basic management techniques to productivity improvement and advanced strategic planning. Small enterprises owners and managers are usually particularly interested in these courses as they search for ways to grow their businesses.

Training services are **well accepted in the market, are easy to promote and structure**. Consequently, they have relatively low costs, with the exception of the trainer's fees. For these reasons, they are considered **excellent revenue generating activities**. 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 services offered by the organisation.

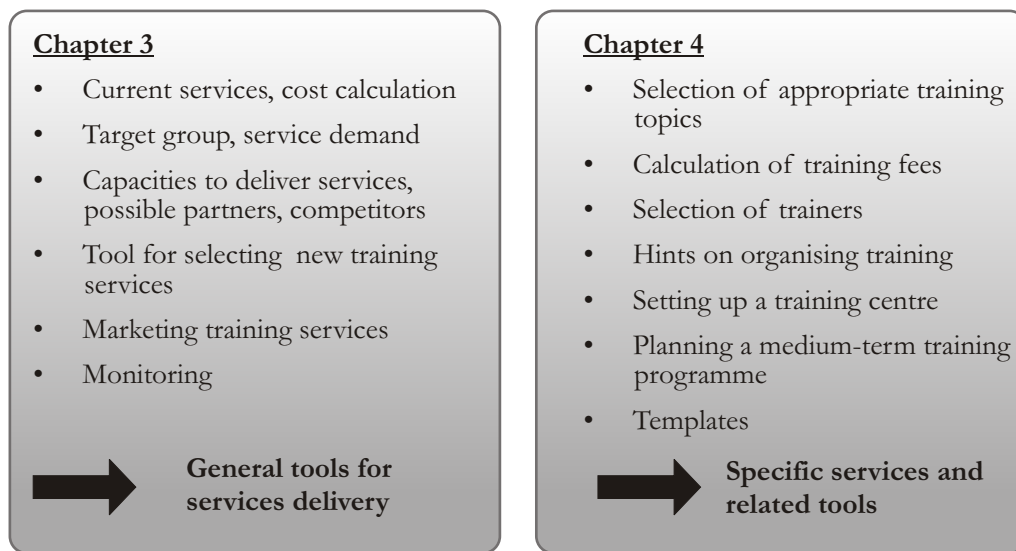
The BMO can arrange for its members to attend training courses run by specialist training institutions, but it may be useful for the BMO to organise its own training programme. This can be more cost effective, more attuned to the needs of the membership or it may reinforce the credibility of the business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

This manual has been elaborated to assist smaller BMOs in India to initiate or further develop their training services on an income-generating base. It is a fact that especially the smaller BMOs tend to restrict their source of funds to low membership dues, some small service fees, subsidies and sometimes engaging in international cooperation programmes, although these sources do not have a self-sustaining potential. Moreover, BMOs believe or rather assume that members would not pay if additional services are offered at a cost. But in many cases they are willing to, if the service is beneficial, helping to raise competitiveness, to become more productive or efficient.

The term “income-generating services” applies to introduction of new chargeable services, expansion of existing ones to better fit customers' need and to change from free to fee-based services.

How this manual is structured? Chapter 3 deals with the whole process of service development and delivery from analysing the current situation to monitoring outcome and success in more general terms. In chapter 4 specific tools for selecting the right training topics, calculating competitive fees for training without making a loss, criteria for selecting an external trainer, some hints on organising training and planning a medium-term training programme are presented.

Figure 1: Structure of this Manual



3. Service Delivery Step by Step

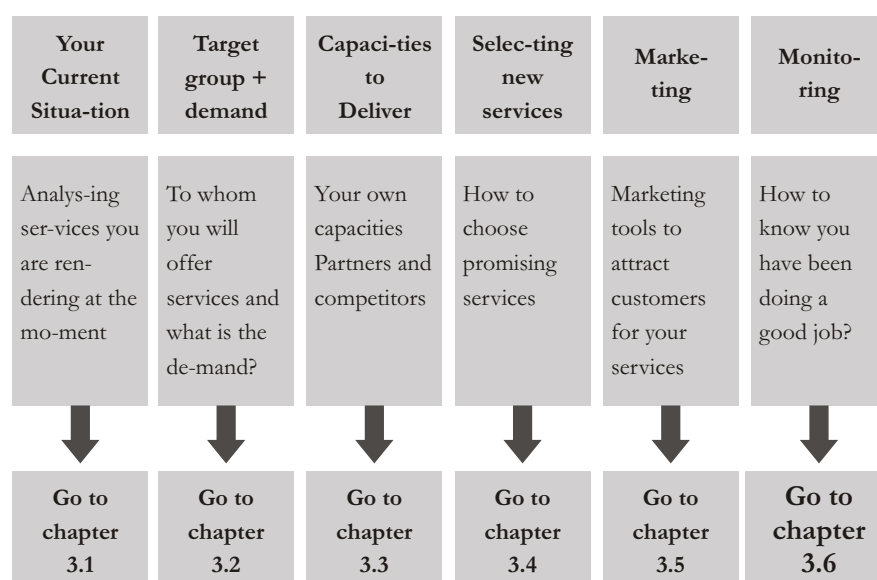
3. Service Delivery Step by Step

This chapter has been designed to guide BMOs through the process of introducing income-generating services from the very beginning, facilitating a series of useful tools, analysis and supporting materials.

It starts with an analysis of the services you are currently rendering, followed by tools on how to determine whether the services you are providing to your members are yielding well or not in chapter 3.1. In section 3.2 some hints are given on how to determine your target group when you wish to introduce or expand your training services, and how to know the members' needs and expectations concerning BMO services. Subchapter 3.3 deals with a self-assessment of your capacities to perform new services, the identification of possible partner and competitors to better determine which services could be most promising for you in the current environment. A tool how to choose adequate services is presented in 3.4. Advice and proposals on how to market new services you will find in section 3.5. Monitoring process and results of service delivery will help you to constantly improve quality of your services.

Don't worry it won't take too much time to go through all these steps.

Figure 2: Overview on Chapter 3 Service Delivery Step by Step



Chapter 3 will help you to answer the following to questions:

- Are your services cost effective?
- Are the new services you have in mind for training required by your customers?
- Are they competitive and relevant in the current day context?
- With whom could you partner to make the training as effective as possible?
- Is there a duplication with other parallel sources providing training as well?
- Are you adequately equipped to deliver these services –both in terms of capacity and competence? What are the most appropriate channels to market the prospective training?



There is a growing awareness in BMOs that if training is linked internally with other services such as information and consulting as well as with external resources effectiveness of training is strengthened. An analysis of information needs of members might help to identify potential training requirements, and training may be followed by consulting. Cooperation in training with external resources includes collaboration not only with Government Agencies and member enterprises, but also with local/foreign training centres, universities and consulting companies.

3.1. Analysing Current Situation of the BMO

Before you take any measure to introduce new training services or further develop existing ones, you should first have a careful look at your current activities.

Such **stocktaking has three main advantages:**

1. It helps you to know whether the current scope of your services is generating income or losses.
2. It provides an overview on the number of free services and those for which fees are raised.
3. In consequence, the analysis of the current situation makes it easier to determine fields for further development of training services and to decide upon concrete measures.

It is recommended to use the **stocktaking grid** (table 1, next page) for analysing the situation your BMO is facing now. The stocktaking grid has a double function in this respect: first, it serves as an important **input to any discussion on the introduction of new services**. Secondly, it becomes an important **control instrument** for BMO management and the effectiveness of the different services you are rendering, if you regularly update the form.

Table 1 on next page helps you to **summarise the range of services and their financial contributions** providing a complete picture at a glance. Please note that there might be cases of services that are not cost covering, but are considered as important to offer to the members. Then they could be cross-subsidised by other services which are earning profit. But the entirety of your services should produce a surplus and not a loss.

Some **typical errors** to be avoided when conducting a stock-taking exercise are these:

- **Short period for analysis:**

A too short time frame is sometimes dedicated to the analysis, leading to 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 different hierarchical levels:**

There are two typical situations: In the first, the results of the analysis, conducted by office bearers, are not shared with the Secretariat. Decision-making and action taking turns difficult. Second: elected officers decide on services without asking professional staff for detailed and reliable information on the current situation and might take wrong decisions. Therefore, please make sure all relevant persons are involved in the process to assure all necessary information and details are at hand.

- **Lack of follow-up to 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.

Table 1: Stocktaking grid:

No	Service/Activity	Year xxx			Year yyy		
		Income	Costs	Surplus/ Deficit	Income	Costs	Surplus/ Deficit
1	Information Services						
	• Service 1						
	• Service 2						
2	Co-operation services						
	• Service / Event 1						
	• Service / Event 2						
3	Advice and consultancy						
	• Service 1						
	• Service 2						
4	Training						
	• Seminar 1						
	• Seminar 2						
5	Fairs and Exhibitions						
	• Event 1						
	• Event 2						

No	Service/Activity	Year xxx			Year yyy		
		Income	Costs	Surplus/ Deficit	Income	Costs	Surplus/ Deficit
6	Office facilities and infrastructure services						
	• Secretarial services						
	• Rental of premises						
	• Internet / PC access						
	• Others						
7	Access to credit and business start-up						
	• Service 1						
	• Service 2						

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

This analysis is used to clarify the current status of the existing BMO training services. Such stocktaking is recommended because it can reveal deficiencies that have to be overcome before a BMO expands its scope of training.

If you are **already organising training programmes, seminars and workshops, you should ask these questions:**

- Does the present training programme focus adequately on typical problems encountered by the member enterprises and business community in general?
- Is the BMO's training programme guided by an underlying concept and strategy?
- Are enterprises or participants unwilling to pay for training because they equate training with loss of productivity and consider it as not useful enough?

Next step of the situational analysis is to determine the **cost-side of your services**. Assessing the financial sustainability of the **existing services** is a precondition before deciding on other services such as training workshops that the BMO's can consider for income generation and increasing membership base.

How to know whether you are making profit or loss with a service?

It is a fact that many BMOs do not consider all cost items of the services they are rendering to their members, just because they are not aware of all of them. In consequence, some **BMOs do involuntarily make a loss as they calculate fees that are not cost-covering**. Before you determine fees for any new training service you want to introduce, you should first carefully review all costs related to that particular service. If not, you might offer your service at a loss. The following case study visualises such a situation.



Table 2: Case Study on Delivery of Training

<ul style="list-style-type: none"> 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). 	
The cost per seminar is:	Income:
<p><u>Variable costs*</u>:</p> <ul style="list-style-type: none"> meals and refreshments = 300 INR per participant x 20 = 6,000 INR folders and photocopies: 90 INR per participant x 20 = 1800 INR 	<ul style="list-style-type: none"> Course fee per participant: 900 INR
<p><i>Fixed costs**:</i></p> <ul style="list-style-type: none"> actual or imputed rental of conference room: 3,000 INR honorarium of lecturer; 2 days x 6,000 INR = 12,000 INR actual or imputed rental of equipment (PC, projector, etc.): 1,200 INR staff cost for organizing seminar, 3 person days x 2,000 INR = 6,000 INR marketing expenses (usually 15 % of total cost): = 4500 	
Total cost per course: = 34,500	Total income per year: = 18,000 INR
Total cost per year (for 10 courses): = 34,5000	Total income per year (for 10 courses): = 1,80,000

Variable costs: normally the part of the costs that varies with production output. In the case of the training, typical variable costs are training materials and meals or refreshments. The more participants attend training, the higher the variable costs. Compared to fixed cost, they tend to be much lower.

** Fixed costs: comprise costs such as rent, equipment, honorarium for trainers, advertising, insurance and office supplies, which tend to remain the same regardless of number of participants. , If you train 5 or 35 persons, the fixed costs keep the same. Fixed costs normally represent the bulk of all costs.

Fixed costs and variable costs comprise total cost.

Currently, the service is not cost-covering; the costs are almost as twice as high as the income. How much would you need to charge to achieve cost-coverage? The following table 3 shows how to calculate:

Table 3: Break-even Calculation

Course cost per participant	= <u>fixed cost per seminar</u> n° of participants	+ variable cost per participant
	= $\frac{26,700 \text{ INR}}{20} = 1,335 \text{ INR}$	$7,800 \text{ INR}/20 = 390 \text{ INR}$
Fixed and variable costs	=	1,725 INR
+ Profit margin (10 %)	=	172 INR
Fee per participant needed for cost covering plus profit margin	=	1,897 INR

Please note that raising the number of participants is not an option in this case, as you would make a loss even so, if you don't raise the course fee per participant.

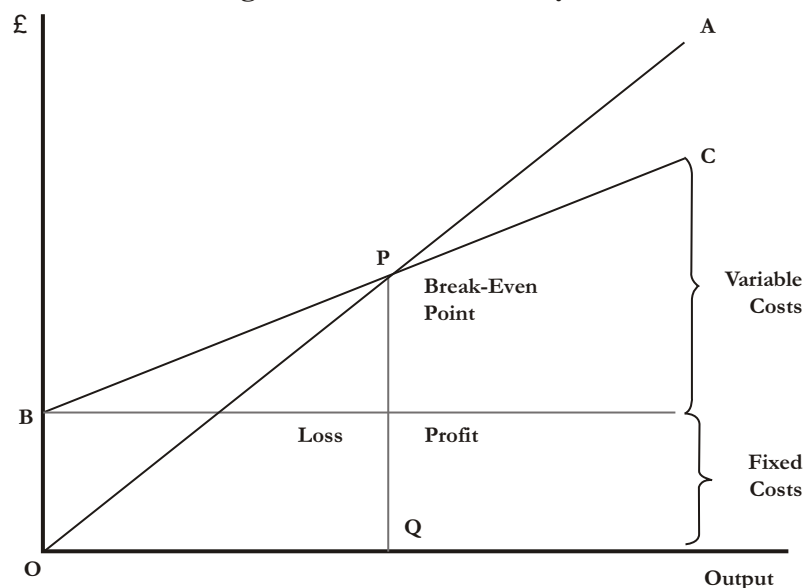
For 35 participants, for example, the calculation would be:

Table 5: Cost calculation for 35 participants

1.	Fixed costs keep the same: 26,700 INR	
2.	Variable costs = 390×35 : 13,650 INR	
3.	Total costs = 40,350 INR	Total income $35 \times 900 = 31,500 \text{ INR}$

The relation between fixed and variable costs is visualised in figure 3.

Figure 3: Break Even Analysis



BMOs can cross-subsidise training programmes with higher income potential with one or more trainings that do not cover costs, but are still considered a worthwhile undertaking.

Other ways to reduce training fees are:

- Reducing costs
- Achieving government support for training programmes
- Attracting corporates to sponsor training.

The Federation of Indian Micro and Small & Medium Enterprises (FISME) has published a compendium on various support schemes for small and medium enterprises and the role a BMO can play to access these funds. Have a look at:

http://www.fisme.org.in/document/Book_Compendium_of_MSME_Support_Schemes.pdf

How to determine an adequate price for the training you want to organise, high enough to cover the costs and low enough so that enterprises are willing to purchase the training? Besides the costs, you should also take into consideration your **competitors' prices** to avoid establishing an unrealistic fee for any activity you might implement. **What competitors charge or the price for comparable services will influence your customer's willingness to pay for the service.**

Another important factor is the **price image of your target group**. Do they consider low prices as standing for low quality? Are expensive services perceived as not having been created for SMEs? And what about free services? Could they be perceived as insignificant, optional, unessential, etc.? Such deliberations might help you to set service fees that cover your costs and are competitive in the service market you are in or want to serve.

After having completed this analysis of all services you are currently offering, you are now in a better position to realistically decide on the effort you can make to expand your training related services or to introduce them to your members and entrepreneurs around.

3.2. Defining Target Group and Service Demand

First of all, think about the criteria you want to use when identifying your target group. Here are some examples:

- Would you like to offer training only to smaller enterprises or to the whole range of your membership and beyond?
- Should it be training in general areas of interest or do you wish to specialise on certain areas? This might be interesting if you as a BMO have much experience in or in cases where there is an unsatisfied demand.
- Are there subgroups of members, e.g. branches for whom a particular training service is better suited than for others? And if yes, could you design a tailor-made service for these specific groups of enterprises or will your services be more generic?
- Do you want to render your services predominantly to members or do you wish to attract non-members with your services as well? Non-members will require additional information e.g. about your organisation.

- What do you consider as area of services? The place where your BMO is located and known? Places nearby as well? A whole region?

Your BMO might have some idea of the types of services needed by your members but it must not assume too much. Needs change, new providers fill gaps and the enterprise structure evolves. You can gauge current needs through established information channels, such as membership surveys, discussion at member meetings, etc. It is important to discuss these issues specifically with **SME members, as their needs may be different from those of larger enterprises.**

In some cases, **some trial and error** may be needed: some initial training or other services may be offered and then reviewed for the take-up response. This allows you to test the needs of members without making a substantial financial commitment.

Positioning

It is important to define your target audience or market segment you want to attract. Senior managers, for example, will expect training programmes for them to be more expensive, imparted by well-known trainers and to take place at superior location, as they wish to make a difference to other participants. Reaching out to senior managers requires a more individualised promotional effort. In general, and because of psychological reasons, low prices and poor facilities are equated with low training quality.

A training needs analysis is an examination of business and workplace problems and the demands of potential clients – individual participants as well as enterprises as a whole. It aims at determining whether and in what way training can help to solve these problems and satisfy the demands requiring such a training. It helps to define on how to bridge the existing gaps between available knowledge and skills and the required ones to raise workplace efficiency. You'll find a template in chapter 4.5.

From a commercial perspective, proper training needs analysis enables the BMO to run programmes demanded by their members and other enterprises. This will ensure that courses are well subscribed and commercially viable.

A BMO in Calcutta has started training in a small way in 2005 and was providing Managerial and Technical training to its members on topics like Total Productivity Maintenance, Inventory Management etc.,

Though the topics are of interest to the members, it fetched poor response among the participants, as they could not find time to spend for the whole day or two days on training, leaving their business. So, the BMO analysed the feedback of its members wherein they found, only timing was the issue for the participants.

Hence, the BMO shifted the timing of the programmes to the evening between 5 to 7.30 for two days, instead of one full day. This has enabled the members to concentrate on their business during the day time and also attend training programmes, without any problem. From one programme to the other the number of participants increased and so also the revenue.

Lessons Learnt:

Even if the topic is of interest to the members, if the timing does not suit, then the programmes would not reach the core group

Other instruments that can be applied for conducting an analysis of service demand:

1. Visit to enterprises:

The most intensive form of analysis of demand has the advantage that you can evaluate the needs of your member enterprises in a first-hand manner. Sending own staff to visit member enterprises will increase your visibility and will be appreciated very much by your members. However, this instrument is very costly as much time has to be invested and travel cost might be considerable.

2. Feedback from service and event users:

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 organised 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:

- Always conduct the survey in writing.
- Don't modify the form for a period of at least one year. This permits a documentation of changes in the opinion of members on the information services.
- Design the questionnaire in such a way that it can be completed in 5-10 minutes. Otherwise, respondents may not be willing to answer to all questions.



You will find a template in chapter 4.6.

3. 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.

4. Feedback from yearly members' survey

A regular yearly 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.

3.3. Determining Your Capacities for Delivering Training

Now you might know the demand of your current and potential services. But what about your capacities to prepare and conduct training? There are 4 basic roles you as a BMO can assume:

Referral point

Your BMO can act as a referral point, which connects members to existing service providers, both private and public. Your BMO can play this role in either an organised or a relatively ad hoc manner. Some BMOs

produce business directories, which details of include training service providers. A more focused approach could be to develop a directory of training service companies. Care must be taken, however, to provide broad representation of the business services community to ensure that unfair competition is not created. A publication can pay for itself if enterprises pay to be listed and users purchase the publication.

Co-operation with external training centre

The main advantage of co-operating with an external training centre is the access to broader knowledge and training expertise so a wider range of training topics can be offered, training materials are updated by the training institute, and lecturers with experience in particular areas are available. A professional organisation of training events with premises and equipment is another advantage. BMO staff can concentrate and specialise on other member-related services and areas. The main disadvantages are lack of in-house knowledge creating dependence on external knowledge, training cannot be used to attract more members, and training events cannot be used as entry points to other services.

Contractor (or partner)

The BMO can contract a firm or other organisation or an individual trainer to deliver a service. This is common for training courses. The BMO decides what type of training to promote, finds a trainer to deliver courses and then uses its status and membership to draw participants. The trainer is paid a flat fee and the BMO incurs the financial risk. This is the most common arrangement. It is possible, however, for the BMO to allow a provider to offer and deliver a service to members, i.e. in the context of a BMO forum and require the provider to set the price and bear the financial risk. The BMO may offer some assistance in terms of advertising the event. This arrangement lies somewhere between “referral point” and “contractor”. BMOs should also be aware that their membership lists are very valuable to outside providers for the marketing of their services. Access to the lists can be sold to these services providers.

Direct provider

The staff of the BMO can provide training services themselves. Some BMOs have their own training units / departments with permanent staff. The training unit will often strive to become financially sustainable and, if successful, act as a profit centre, contributing funds to the BMO's other operations. Possible disadvantages of this solution are: 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.

The following assessment in table 4 gives you a clearer picture on your own resources.

Table 4: Assessment of your own capacities for service delivery

Criteria / Indicator	Capacity		
Tick where appropriate	High	Medium	Low
Human resources			
Unused capacities within BMO			
Need of hiring additional staff to introduce a new service			
Service experience of that staff			
Experience with organising training			
Financial resources			
Overall financial situation (secured for the immediate future =high, currently breaking even=medium,running at a loss = low)			
Income from services			
Revenue streams generated from sponsor			
Other:			
Service production facilities			
In-house equipment for rendering training services (fully equipped + in house training venue = high, fully equipped with no in house venue = medium, only some/no in-house equipment = low)			
Co-operation possibilities with external partners (e.g. universities, government agencies, consultants to complement existing capacities)government agencies and schemes, different sponsors)			

The assessment helps you to answer questions like:

- Do you 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, is external expertise available?
- Once established, does the secretariat have the manpower to manage 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?

Choosing partners

You might need partners for professional service delivery. That might be public or private training institutes, private service providers, research institutes, that could provide you with specific knowledge or expertise you don't have. Although co-operation might be useful and recommendable, **you have to be careful when choosing a partner**. Is he really an expert on the services or aspects you require? Does his

expertise really provide additional assets? Does he work with the target group you are addressing? Does he deliver on time? Is he reliable? Does he have a good reputation? What about the fees he is charging? Do you feel they are justified?

In addition, be careful with your commitment and the conditions of the partnership. In chapter 4 some more specific information is given.

In some cases you might wish to attract sponsors for your services. **Funding and sponsoring** might come from:

- Government subsidy schemes
- Donor funding
- Sponsoring by member enterprises
- Sponsoring by large companies

Part of the sponsoring might be contributed in kind, being it gifts or coupons. This is quite common and allows the sponsors to distribute products to a broader range of people that might become customers in future.

Training location

BMO training / training organised by a BMO may be held at different places. Advantages and disadvantages are summarised in table 5:

Table 5: Advantages and Disadvantages of Different Training Locations

Location	Advantages	Disadvantages
In your BMO premises by in house or external trainers	<ul style="list-style-type: none"> + Is usually cheaper to conduct + Suitable for management and some technical training 	<ul style="list-style-type: none"> - Not suitable if specialized equipment is required - Training rooms have to be properly designed and equipped, a board room should not be used for training
External facilities (hotels, convention facilities, training centres)	<ul style="list-style-type: none"> + Fully-equipped facilities are normally offered + Catering for meals and refreshment can be provided 	<ul style="list-style-type: none"> - Higher costs for the BMO, and higher training fees - Better suited for management than for technical training
At business enterprises	<ul style="list-style-type: none"> + Theory can immediately be applied in practice + Trainers can act as coach for quality issue, as managers and supervisors might not possess coaching skills + Useful for acquiring advanced manual and clerical skills and to learn about company procedures and products 	<ul style="list-style-type: none"> - There might be interruptions to training due to some urgencies at workplace, especially if managers are involved - Training rooms might be less suitable

Competitor analysis

The competitor analysis focuses on the strengths and weakness of your BMO compared to other service providers (other BMOs, institutes, private firms etc.) in the market. To conduct a competitor analysis, use the institutional assessment form that you have completed earlier for your own BMO, and screen the strengths and weaknesses of those service providers offering the same or similar services. Fill in one assessment form for each competitor. The object here is not detailed and expensive market research, but rather the simple evaluation of easily obtainable information.

If you lack the information to qualify a particular question on the form:

- Conduct some market survey about your competitors, for instance on the internet,
- Talk to friends in the business community,
- Study the website and promotional materials of your competitors,
- Inquire about their price list, and
- Make a snap survey in your target market about the awareness of your potential customers about other services and competitors

3.4. Criteria for Selecting Appropriate Trainings

A comparison of the analysis of current situation with the results of the demand of your customers and taking into consideration your competition, now permits a decision on how to expand the existing range of services with training. However, be sure to stay focused! Many BMOs lose direction by trying to introduce too many new services at one time. Instead, one should **concentrate on 2-3 training services**, basing the decision on the following criteria:

- Are the new training services going to raise income for your BMO?
- Do your members demand that service or will they likely in near future?
- What resources are required (capital, know-how, personnel)?
- Are new training services interrelated to the ones you are already offering, for instance consulting and information services and can synergy effects be achieved?
- Does the secretariat have the expertise to develop the training-related services using existing manpower resources? If not, is external expertise available? Can the BMO afford additional staff?

You might then prepare an action plan for developing the 2-3 most promising training services you have identified.

Table 6: Action Plan for Developing New Training Services

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

Possibly you have rendered training services free of charge or at low rates in the past. There are 3 main **arguments against cut-off rates for training:**

- Low rates mean that only a small portion of the organisational costs are recovered. As a consequence, the training service will at some point have to be discontinued, unless high proceeds are earned from other services.
- Practical training programmes in particular have a concrete “hands-on“ utility for participants; this justifies an appropriate fee.
- Often, people conclude that low fees must mean poor content (“If it's cheap, it can't be good”).

Changing from free-to fee-based services might provoke some concerns in your BMO. Here are some key points for discussion:

Table 7: Changing from Free to Fee-based Services

What are the concerns?	What are the solutions?
<ul style="list-style-type: none"> • There is not enough demand for conducting training at our place / in our region 	<ul style="list-style-type: none"> • Check whether definition of target groups, demand analysis and assessment of competitors were properly done. If there is still no demand, withdraw the service.
<ul style="list-style-type: none"> • During an introductory phase of training services, they have to be offered for free, fees will be introduced later. 	<ul style="list-style-type: none"> • 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.
<ul style="list-style-type: none"> • Members expect services for free in return for their membership fees and are not willing to pay an additional service fee. 	<ul style="list-style-type: none"> • Establish a clear-cut policy what services are free of charge for members and what services have to be paid for. • For fee-based services make a difference between members and non-members, thus creating an incentive to become a member.
<ul style="list-style-type: none"> • Other similar organisations are offering the same service also for free. 	<ul style="list-style-type: none"> • Do not enter the market or make clear what the difference of your service is.
<ul style="list-style-type: none"> • Training-related services have always been offered for free, members will not be willing to pay. 	<ul style="list-style-type: none"> • Give reasons for your new policy (e.g. better quality due to rising experience, reduced revenues from other sources like public subsidies, trying to avoid windfall gains). • 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.

Once a decision has been taken to expand services it is important to have a system of **permanent search on new service topics**. There is no need to introduce new instruments.

- You can use previously discussed steps of service development also for systematically identifying new service topics:
- Participants' evaluation: As explained before, you should regularly ask your clients to evaluate the usefulness and impact of services offered. You should use this evaluation always to ask clients for proposals regarding new services.

3.5. How to Market Training Services

BMOs have to keep in mind that they want to sell their training programmes and not simply deliver them. Marketing thus is an important factor and could be based on the 4 P's of marketing.

Product

Good marketing of training requires well-designed product i.e. programmes that really meet the demands of potential clients. Training descriptions have to be attractive to the target audience and clearly state what the participant and the company will be able to do better after training. As part of the marketing, BMO staff must also be well versed with the details of the training and its benefits. Many sales are lost when the staff is unable to provide sufficient information to the potential customer.

Price

When setting a price, you have to be aware of the customer perceived value for the training. The 'reference value' (where the consumer refers to the prices of competing training services) and the 'differential value' (the consumer's view of this training's attributes versus the attributes of other trainings) must be taken into account. Thus, the target audience will affect the pricing of the trainings and promotion strategy.

Place

The choice of the training venue influences your marketing; if the training takes place at the BMOs premises, you could take advantage of informing participants about other service areas as well, some board members might attend some training sessions to establish relationship with the trainees etc. If training takes place at a hotel or an expensive venue to attract managers, your marketing should be more exclusive.

Promotion

Among other factors, the choice depends on the potential audience (e.g. members or non-members), the outreach of the promotion tool, and the price. Most BMOs use a promotional mix. The effectiveness of promotional measures can be checked by including questions on this issue in the evaluation process.

Always bear in mind you are selling benefits, not a mere training!
Effective training benefits for attending companies are:



- Minimising learning costs;
- Improving individual, team and corporate performance in terms of higher output, better quality, fewer errors and accidents, faster speed and overall productivity;
- Improving the operational flexibility of an employee by extending his range of skill-through multi-skilling;
- Attracting high-quality staff by developing their competencies and enhancing their skills, thus enabling them to obtain more job satisfaction, to gain higher rewards and to progress within the organisation;
- Increasing the commitment of staff by encouraging them to identify themselves with the mission and objectives of the organisation, thereby increasing job satisfaction and reducing labour turnover;
- Helping to manage change by equipping people with the knowledge and skills they need to adjust to new situations; and providing higher levels of service to customers.
- Training should be a structured activity, which must add value to the organisation and provide a fair return on money invested in training.

As you are a membership-based organisation, consider starting from the already established ways to reach out to your members. For instance those could include the following:

- ✓ Include a banner or description on your website/ information board
- ✓ Add a box to a Newsletter, that is regularly being circulated
- ✓ Present the new service on the occasion of annual/monthly gatherings of your organisation
- ✓ Organise a knowledge sharing seminar for enterprises who might be interested in your new service.

There are different ways of marketing. The personal selling seems to be the most effective, but also expensive one, as it requires a lot of time. That said direct marketing reaches a broader number of customers with less cost.

Personal Selling

- Face-to-face promotion and selling of BMOs services
- Most direct, most personal and most commonly used sales technique
- Can promote the association while simultaneously educating clients, responding to their questions, demonstrating care and obtaining information that can be fed into future marketing activities
- Sales staff need common approaches, transparent and fair incentive schemes, training and support materials.



Direct marketing

- Directly links a BMO via email, SMS or telephone with potential customers
- Flexible, low-cost and creative strategy that is less visible to competitors
- Has most impact when applied by BMOs with databases that allow market segmentation and analysis
- Potential clients must be given an easy opportunity to respond and purchase the training
- Usually more effective when it is preceded by an advertising campaign so that potential customers recognise the BMO.

Use of other communication channels

Depending on budget and other resources available, it is advisable to stick to more narrowly targeted media, such as specialized magazines, dedicated events, editorials, and success stories. It is then important to keep in mind the advantages and drawbacks of each communication channel with regards to fairs you want to promote. The following table provides an overview:

Table 8: Pros and Cons of Different Communication Channels

Communication Channel	Pros	Cons
Announcements on your BMOs website	<ul style="list-style-type: none">• Flexible, for instance, last minute announcements might be placed• Not expensive• Easy to produce• Good for you positioning	<ul style="list-style-type: none">• Depending on how often your members visit your website, might be not very effective• Maybe not all of your members are used to check the internet for information
Monthly newsletter	<ul style="list-style-type: none">• Direct access to target group• Official tone• Excellent positioning	<ul style="list-style-type: none">• Has only effects if the newsletter is interesting enough to be read by your members?
Social media	<ul style="list-style-type: none">• If carefully chosen, you might reach a huge number of customers at the same time	<ul style="list-style-type: none">• Due to information overkill, your message might not reach due attention
Print ads in the general press	<ul style="list-style-type: none">• Must be in local not national press• More tangible, older target group• Can reach larger than intended audience• Inexpensive to produce• Easy to switch out• Different rates and sizes	<ul style="list-style-type: none">• Not a targeted approach, informing the general public isn't the goal of the campaign• Limited readership• Poor printed image quality• No control over placement

Communication Channel	Pros	Cons
Print ads in specialized press	<ul style="list-style-type: none"> • Most direct access to target group • Ads are relevant longer because people do not discard the magazines in the same way • Positioned in a proper context, placed next to relevant content • Easier to synchronise with dedicated events (trade fairs, association gatherings etc.) 	<ul style="list-style-type: none"> • Also visible for the competition • Trickier to control the timing, because of frequency
Advertorials	<ul style="list-style-type: none"> • Cheap, • More in-depth, • More context • More personal • Timely and easily coordinated with other initiatives 	<ul style="list-style-type: none"> • Could be considered opinionated, less reliable and less accessible • Harder to retain the message (for the audience)
Radio advertising	<ul style="list-style-type: none"> • Cheaper, could be a nice supplement to a broader media advertising campaign, but generally not effective by itself • Interactive, when in a program with people calling 	<ul style="list-style-type: none"> • May have difficult intended target reach • Does not last, exposure to message is only during its immediate delivery
Radio advertising	<ul style="list-style-type: none"> • Cheaper, could be a nice supplement to a broader media advertising campaign, but generally not effective by itself • Interactive, when in a program with people calling 	<ul style="list-style-type: none"> • May have difficult intended target reach • Does not last, exposure to message is only during its immediate delivery
Television ads	<ul style="list-style-type: none"> • Illustrative • If local, could be reach wider audience, who in turn could pressure SME owners to find out about it 	<ul style="list-style-type: none"> • Expensive • Too centralized • Have a shorter life span
Powerpoints + posters + brochures+ pamphlets	<ul style="list-style-type: none"> • Easier to produce globally and pass on • Ready to be used shall an occasion present itself 	<ul style="list-style-type: none"> • Tend to be more descriptive and less catchy • More appropriate for Middle management than CEO level

Communication Channel	Pros	Cons
Information sessions + client referrals (socialization)	<ul style="list-style-type: none"> • More effective • Closer to target • Familiar and trusted • Influential • Allows two way discussion • Adds credibility to stories 	<ul style="list-style-type: none"> • Difficult to organize, • May lose control over message

Some other recommendations for marketing effectively the new training service are:

Minimise interference

Interference refers to the “noise” made by promotional messages sent by your direct competitors in the market place, and any other training provider seeking the attention of your potential customers. If the noise level is high (read: if your customers receive many interfering promotional messages), their attention is likely to be distracted. As a result, they might not comprehend the contents of your own message, or, they might not be induced to respond to it.

To maintain the noise level at sustainable levels, carefully choose communication channels (“frequencies”) that are not already overloaded with messages from other providers. Also make sure that your message can not be easily confused with messages sent by other provider. To avoid confusion, clearly distinguish your offer from the competition.

Tone and style of your messages

The overall tone of the campaign should match the target group: businessmen and SME owners. A preferred tone would be personal, business oriented, ideally from a peer of the target group.

Personal stories (interviews with CEOs of successfully rendered services) advertorials, speeches, experience sharing activities, advertisements in specialised press and industry newsletters are all options.

Small-scale entrepreneurs are usually not receptive to long and complicated messages. In most cases, their prime interest in listening to your message is to find out whether and how they can access training at affordable rates, in the shortest period of time, yet rendering maximum training impact. They might simply not wish to know about for instance the institutional set-up of the programme and how you measure training impact. Therefore, your message has to be short and clear.

Be patient

If you have opted for direct marketing, and after you have made initial contact with your clients, do not expect them to comeback to you themselves. They simply might be too busy to respond, being undecided about the benefit of the training or between various similar ones, or they might have simply misplaced your information letter/flyer. Don't take a chance. Take the initiative and contact your potential clients after you have first contacted them.

Do not expect your customers to readily accept your offer. Your service requires the client to make a serious investment, both in terms of money and time. You will have to persuade them that the initial investment will pay off shortly, and that you will be around to assist in the implementation process. Even if you convince your potential clients at first instances, expect some more effort to convey the message to their superiors!

3.6. Monitoring

BMOs usually spend little time on monitoring and evaluation when developing services. A systematic evaluation is often neglected during day-to-day-operation, even though this is highly significant for

- The quality of the future range of services and
- Income generation.

Evaluation comprises first of all the process of obtaining feedback of the service users – in the case of training workshops - on the usefulness and the impact of a particular service, in order to determine the value of the service.

BMOs use evaluation to obtain feedback on the impact of their training. It tells them to what extent they have achieved the objectives of their training programmes. Evaluation should also reveal what improvements need to be made to make future training programmes more effective. In addition, the evaluation process can be used to ask course participants and enterprises about other useful training topics, thereby gaining input on training needs analysis.



- Participants evaluate the training that has just been conducted according to various criteria. In this way the BMO obtains **valuable ideas for further improving its training services**.
- Simultaneously, it offers an opportunity for another “bit of“ **demand-side analysis**, namely to ask the participants about other useful contents and topics.

You might conduct interviews with trainees at the end of a training programme or later on at the workplace. It might also be rewarding to interview the trainee's superiors about changes having occurred after the training as a result to new skills and knowledge acquired.

You might ask the trainer to conduct a group discussion at the end of a training programme for evaluation purpose. Such discussions have the advantage of generating a wide spectrum of answers, but their individual weight is difficult to ascertain.

At the end of training, the trainer should submit an evaluation report to the BMO. This report, although brief and concise, should include a description of the methods used for evaluation, conclusions and recommendations for follow-up-measures and future trainings.

Questionnaires are the most common technique used by BMOs to collect feedback from clients. In order to save time and resources it is recommendable to use standardised questionnaires that

- Ask the participants to answer a series of yes or no questions, e.g. did you find the training informative, would you recommend the training to others?
- Ask clients at the end an open-ended question such as what do you suggest to improve other prospective trainings or what other type of training should you introduce?

A template is enclosed in chapter 4.6.

4. How to Successfully Run Training

4. How to Successfully Run Training

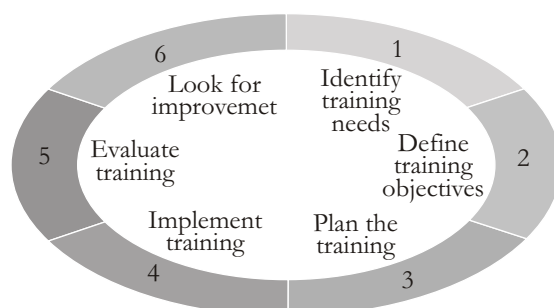
The focus of this chapter is the development of training with external trainer, as this is the most common form of training in Indian BMOs.

When you plan to introduce new training services, these are the main question to be asked:

- What learning should be achieved with the new training (knowledge, skills, attitudes)?
- What will be the content of the training course / programme?
- What will be the duration of the training?
- Where will the training take place and who is going to provide catering?
- Is specific equipment required to conduct the training?
- Who will provide the training?
- How will the evaluation be conducted?
- How to make sure a constant improvement of training is taking place?

The training cycle consists of 6 steps that are shown in figure 2. After having identified the training needs of your target group (1) as explained in chapter 3.2, you need to define training topics and what should be achieved by the training (2). What should participants learn? What should they be able to do differently after the training? Will it be applicable at their workplace? Then you have to plan the training (3), defining duration, identifying training venue and caterer, contracting trainer. During training (4), you as organiser will have to make sure that training is conducted smoothly, and that everything is at place. At the end of the training an evaluation should be conducted (5) for immediate feedback and procedures established for continuously improve training.

Figure 4: Six Steps of Organising Training



4.1. Selecting the Right Training Topics

Most BMOs conduct short-term trainings. Some training areas are:

Management training: modern management techniques and their application to specific business tasks e.g. production planning, marketing and sales, exports, personnel management, leadership styles, organising meetings, various management techniques, organisational tasks and problems and the like.

Entrepreneur training: mostly directed towards new and potential entrepreneurs, educating them how to prepare a business plan, how to plan and monitor cash flow, how to apply for bank loans etc..

Language training: although there are normally many competitors in the market, there might be some attractive niches such as business correspondence. But before deciding to include language training in the training offer, you should conduct a thorough market research, as equipment is expensive. Often, co-operation with an external training institute is a better option.

Productivity and quality training: might be directed to both management and staff, including topics such as productivity improvements, quality management, ISO 9000 and other industrial norms, industrial health and safety.

Computer training: unlike the management trainings, the computer training requires experienced trainers, specialised equipment, and maintenance and other operational costs have to be considered as well. As the product life cycle of computer and software is less than 2 years, these costs have to be recovered within that time. Due to higher costs, you have to offer many trainings to achieve cost-recovery, but though you may offer computer training if it is highly demanded by your members jointly with Agency / Organisations offering such programme.

A combination of training and consulting might be another worthwhile area to be explored.

Training-led Consulting (TLC) and Consulting-Led Training (CLT)

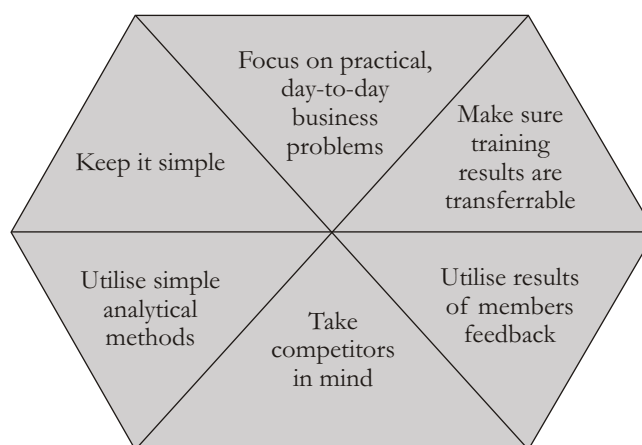
Training-led consultancy is a training system where classroom training is augmented by consultancy. It is basically a **hybrid of training and consultancy** and embraces 2 basic models:

- (1) Training drives consultancy and is less structured. Participants attend lectures in the morning, followed by consultancy advice in the afternoon in their enterprise with a view to practice and utilise the new skills.
- (2) Here consultancy drives the training. This model is more structured and has been successfully applied to ISO 9000 training. The individual consulting to enterprises is the focus, combined with training sequences. As classroom training in individual smaller enterprises is difficult to organise, trainees from various smaller enterprises are pooled together for a lecture component and share the expenditure for training.

Experience shows that marketing chances for BMOs are best in the field of practice-oriented seminar topics aiming, so to speak, to convert general knowledge into concrete steps and implementation guidance.

Overall, the selection of training topics should be based on the 6 principles shown in figure 5. This will allow a better positioning of your BMO as training provider, capitalising on your natural strengths as member-based organisation.

Figure 5: Six guiding principles for positioning a BMO as Training Provider



4.2. Calculating Fees for Training

It is not easy to combine your - sometimes conflicting – economic and mandatory interests in the training product with the best interests of your clients. **Your clients** can be safely presumed to want **quality training at the lowest price possible**. You, on your part, want to make an attractive profit but to avoid jeopardizing the major development objectives of the programme. What can you do?

Please start with **calculating the costs for all product inputs**. The template below provides you with a useful tool to work out total cost of your training product. Specified on the form are the various categories of costs incurred when offering training. Sit down and quantify your input costs for each and every category. If you find that a certain category of costs applicable to your specific environment is missing, please complement the form accordingly. Or, if you find that a certain category listed is not applicable to your environment, erase it on the form.

Table 9: Template for calculating seminar costs and fees

No	Cost Type	Specification	Units	Price/ Unit (INR)	Total (INR)
1	Labour costs (gross)	Staff member 1 Staff member 2 Staff member 3			
2	Training materials / Stationery	Photocopies Event folder Paper, pens Other			
3	Transport costs	Taxi or private car	km		
4	Communications costs	Phone, fax, e-mail, internet	km		

No	Cost Type	Specification	Units	Price/ Unit (INR)	Total (INR)
5	Rental of premises		Per day		
6	Hospitality	Food Beverages			
7	Technology	PC, Projector Flipchart Other			
8	Trainer/ Lecturers	Honorarium Hotel Transport	Per day		
9	Subtotal				
10	Overhead	10 %			
11	Total				

When you have budgeted all your costs you have to **add a profit margin**. Generally speaking, the profit margin is a function of:

- the total input costs of a given training product
- the price charged by the competitors for the same or similar training product
- the price the potential clients are willing and able to pay for the training product.

Within the limits of these market goalposts, the providers of the training product will legitimately aim at maximising their profit margin.

There are five issues to be considered for calculating training fees:

1. **Calculation must be made on full-cost basis.** Particularly the staff costs linked to this type of service are often neglected as “anyway costs“, and not included in the calculation, because the respective staff “is there anyway“. To make things perfectly clear: if the association cannot earn its staff costs by way of attractive services, the point will come at which staff is no longer “there anyway“!
2. **BMOs frequently charge too little for their programme.** Usually, this is because they are worried that higher fees would mean fewer participants.
3. **Labour costs are an important calculation factor.** They are calculated using a simple formula: gross annual salary/(230 working days x 8 hours) = labour costs/hour.
4. The **follow-up phase must be included in the calculation.** Apart from communication costs (telephone, letters), this primarily includes labour costs (approx. 15 to 20% of total projected labour costs).
5. In full-cost calculation, **overhead costs** that cannot be directly attributed (electricity etc.) must also be considered. At least 10% should be assessed for these costs.
6. **Depreciation of BMO equipment**, which reflects loss of the value of these items over time, is in most cases not considered.

Example: A computer valued at 40,000 INR is used for a total of 920 hours per year (an average of 4 hours per day on 230 working days). For the preparation, conduct and follow-up of one programme, the computer is used for a total of 40 hours. Assuming a depreciation period of 4 years, the computer loses 10,000 INR in value per year. For one the computer is used for 4.35% (40/920 hours) of the annual duration of use. Thus 4.35% of 10,000 INR = 435 INR must be assessed.

When **calculating fees** take into consideration:

- Many BMO charge different rates for members and non-members to offer an incentive for membership.
- BMOs can cross-subsidise trainings, meaning that training events with higher income potential or even other BMO activities generating higher income are used to subsidise one or more training programmes that cannot cover their entire costs but are considered a worthwhile undertaking.
- A training sponsor might cover part of the training costs. A sponsor can be a governmental agency, a financial organisation multi- or bilateral development cooperation agency, a private company, an NGO, or even an individual.

The Government of India offers a series of support schemes for training. Please have a look at: <http://www.dcsmse.gov.in/schemes/> and avail the benefit of the schemes.

Case Study: Training on Lean Manufacturing availing Government Scheme

The main objective of the Lean Manufacturing Competitiveness Scheme (LMCS) is to bring the manufacturing competitiveness in the MSME Sector. Lean Manufacturing involves applying Lean Techniques (e.g. Total Productive Maintenance (TPM), 5S, Visual control, Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Poka Yoke, TPM, etc.) to identify and eliminate waste and streamline a system. The focus is on making the entire process flow, not improving only a few operations. Worker empowerment is also emphasized throughout the effort.

In fact, Government of India is giving a sum of Rs. 25,000/- for organising an awareness programme on lean manufacturing to the BMO.

A BMO in South India availed this opportunity and conducted a series of programmes in almost all the Districts, through an expert on the subject. Many of the SMEs were very much interested to understand the concept of Lean manufacturing as it is only aligning the existing manufacturing set up to “lean“ which increases the productivity and bring in monetary results.

This training programme was conducted in almost all the Districts of Tamil Nadu and as a follow up of this, the SMEs can form a consortium and also implement the lean manufacturing concept in their factories and with the Government support scheme.

As a follow up of this training, this BMO has motivated the SMEs to form consortium and implemented this practice for two consortiums. This has fetched good amount of revenue to the BMO at the same time brought in visibility also.

Lessons Learnt:

- ✓ The BMO optimised the resources from the Government and also used it effectively to reach its members.
- ✓ Made subsequent follow up also after the training and again used a different scheme of the Government and hence could get more revenue.

Risks of sponsored training

Strong reliance on trainingsponsors bears risks. One risk is that training suppliers strongly relying on donor subsidies tend to be fixed on the needs and wants of donor agencies, and not on the needs and wants of their actual customers. The client thus becomes the training sponsor and not the actual beneficiary.

Customers might not complain because they received training for free or at very low cost but they often attribute low value to such training events. Such a set-up offers little prospects for long-term sustainability, unless the sponsor is available for a long period of time, which however is unlikely. Another risk is that the organisations exclusively or strongly relying on subsidies are highly vulnerable to sudden policy shifts and changing funding patterns of the donor agency.

The **place of training** has a clear cost implication. If you do not restrict yourself to your immediate local environment but want to focus on target segments in different locations you have to allocate time and money for travelling, food and accommodation. Also, you will have to travel more than once, to promote training, to carry out a training needs analysis, later to deliver training and again to provide follow-up and to assess customer satisfaction. Finally, you have to consider the opportunity costs; you are far away from your own office and cannot attend to other duties.

The main challenge, therefore, will be to organize your distribution system in a way that allows you to save on costs while, at the same time, maximises your physical outreach.

Case Study: Introducing Training Fees

During its initial years, a BMO in South India offered free training to bring in members to its training programmes. The Board of the BMO felt that the training services should be provided free of cost, by using some sponsor from the Government department or from the Bank. Though members attended the training programmes, they did not take the programmes very seriously. It was more used as a get together and just to spend time. They did not even stay for the full day of the programme. Majority of the members moved after lunch.

The BMO took a closer review and felt that the training programmes need to be given a relook and the Board members interacted with the participants and found that they are not serious.

To attract the core group, the training programmes were redefined on sector specific programmes and also charged a small training fee for the programmes.

In two years time, the BMO provided 23 training programmes and to 620 members and earned quite a good amount of revenue.

Lessons Learnt:

- ✓ The training programmes have to be designed to cater to specific needs of the members.
- ✓ Free training though attracted members, did not serve the purpose
- ✓ When the programmes are really useful, the members do not mind paying fee
- ✓ The participants became members of the BMO later to attend the training programmes regularly.

4.3. Selectinga Trainer



A training centre / unit usually does not employ full-time trainers. Consequently, the training centre must depend on **external trainers**. Most of them will be drawn from private consul-tancy-firms, free-lance trainers, enterprises and academic institutions. Therefore the training centre has to pay special attention to selection and contracting of external trainers as the quality of any training programme depends to a large extent on the **quality of the trainers**. Trainers have 3 important functions:

1. They act as instructor being an expert in his subject,
2. As facilitator he or she acts as bridge or connect between trainee and subject matter and
3. As curriculum builder he or she develops curriculum and training materials.

Some training centres use a standard document in making this assessment so that the staff is consistent in the way that it evaluates different trainers. It will also assist in making comparisons between trainers.

The trainers may be recruited from:

- Staff of the BMO with related knowledge and expertise
- Experienced entrepreneurs being BMO members
- Successful businessmen (national or international)
- Managers of large enterprises
- Staff of other associations
- Officials from government agencies
- Foreign specialists
- Independent trainers with a good rapport to the BMO members.

Or

Belong to a **training institution** the BMO is co-operating with or which has been contracted to provide the training. This is advisable if the training institution possesses specific expertise with business-related trainings, particular knowledge or other attractive characteristics.

In any case, the leaders of your BMO should regularly and review **monitor the training programme** to ensure that the quality of training and the responsiveness to their members remains consistent.

A BMO training centre should strive to have a **pool of experienced trainers** who are readily available for various training programmes. Details should be stored in a **database** that allows searches by subject matter.

You have to consider following aspects while selecting trainers:

- Relevant **experience** (track record) in training and preparing training materials
- Presentation **skills**, communication skills, leadership skills
- **Attitudes** such as willingness and ability to respond to the BMO's needs, initiative in suggesting improvements and involvement in training programmes
- **Personality**: being patient, confident, enthusiastic, willing to share knowledge
- **Commercial factors** such as expected honorarium, availability / lead time for conducting training, ability to attract and keep participants

You might weigh these criteria, if you consider some factors to be more important than others. You can also grade them from excellent to poor.

Before contracting trainers it is advisable to:

- Ask him / her for a mock presentation to a group of trainees or your BMO staff. This presentation might be evaluated with a view to trainings skills, knowledge etc.
- Ask him / her for samples of training materials that he / she has used or plans to use
- Ask him / her for references from organisations where he or she conducted training before and contact them for feedback

As trainers are one of the most important resources of a BMO, special attention should be paid to motivate them. Motivational tools include:

Honorarium: The honorarium should correspond to the complexity of the training and the level of participants. For senior level programmes it should be higher. It should not depend exclusively on the academic qualification of the trainer but on a mix of professional experience, relevant academic background, skills and attitudes.

Provide good administrative support. One of the nightmares of external trainers is lack of such a support. As most of them hold various jobs, good support is essential.

Provide feedback on the trainer's performance. Any positive or negative comment you receive on the trainer's performance, should be immediately passed to him or her. Occasional visits to the training sessions will enhance the BMOs awareness of trainer performance.

Keep trainers informed of forthcoming trainings and other training related activities.

Social gatherings. These can help build comradeship among the trainers and strengthen the training culture. You could also invite trainers to social events you are conducting in your BMO.

Innovative Solutions to Determine Trainers' Fees

Innovative solutions, which have been tried and proven in practice are:

- If one plans to hire an entrepreneur as a trainer, the honorarium (all or at least part of it) can be credited toward other services provided by the BMO.
- Entrepreneurs will often be willing to offer seminar lectures free of charge if they can promote their enterprise during the seminar – in a manner to be agreed upon in advance.
- Special arrangements with modest honoraria can usually be made with trainers from ministries or other leading national organizations. In some countries, public officials are in fact prohibited from receiving remuneration for such services.



4.4. Hints on Organising Training

Whether you contract an external trainer to conduct the training or whether your own staff is running the training, you will always have to organise the process from preparation upto evaluation. The following checklist might help you to do it efficiently.

Table 10: Checklist for Organising Trainings

TO DO	Done on	Comments
1. Organisation of course		
• Fix date of training course		
• Define minimum number of participants and deadline by which you want to have realized this number		
• Select and contract trainers		
• Marketing course, send out invitation letters and define registration process		
• Collect registrations		
• Produce participant folders		
• If training is conducted outside your premises: reconfirm training venue		
2. Preparation of training site		
• Prepare adequate seating arrangement (preferably semi-circle)		
• Reserve additional space/ rooms for work group exercises		

TO DO	Done on	Comments
<ul style="list-style-type: none"> • Make sure that training aids are available being <ul style="list-style-type: none"> - overhead projector 		
<ul style="list-style-type: none"> - Projector and PC 		
<ul style="list-style-type: none"> - 2 flipcharts 		
<ul style="list-style-type: none"> - 3 large pinboards, brown paper, coloured pinboard cards, marker pens, pins, tape, scissors, glue sticks 		
<ul style="list-style-type: none"> • Organize drinks and snacks for coffee breaks and meals for lunch 		
3. Implementation		
<ul style="list-style-type: none"> • Organize registration of participants 		
<ul style="list-style-type: none"> • Optional: welcome remark by official of organization hosting the training course 		
<ul style="list-style-type: none"> • Prepare certificates of participation to be handed out during closing session 		
4. Follow-up		
<ul style="list-style-type: none"> • Prepare final calculation on revenues/ expenses 		
<ul style="list-style-type: none"> • Prepare final evaluation of course based on participants' evaluations and discussion with the trainers 		
<ul style="list-style-type: none"> • Possibly: impact assessment on the changes introduced at participants' workplaces 		

Some other issues you might consider:

Identification, invitation and briefing of external resource persons

You might want to invite an **external resource person with additional expertise** on a particular subject. Presentations from external resource persons, overall practitioners with hands-on experience, are usually highly appreciated by participants and can add significant value to any topic. They might also help you to relieve the pressure on you as a main resource person during the workshop.

External resource persons rightfully expect a **financial compensation** for their effort, thus increasing the total costs of the workshop. It is your task to negotiate favorable terms with these external resource persons. To keep costs down, you might offer to help them out in turn at a later occasion.

You are expected to contact these resource persons **at an early stage of the preparation** process to inquire about their availability. Every resource person should receive a formal invitation that clearly states the training venue, the date and topic of the presentation and the payment terms, if any.

Call and ideally meet, the external resource person/s shortly before the workshop to **confirm** their **participation** and to **thoroughly brief them about what you expect them to deliver.**

Last minute checks

You may want to remind the workshop participants and the resource persons about one week ahead of the event, possibly by giving them a quick call and confirming their participation again. Also make sure that you check all other arrangements again just before the workshop, in particular the training venue, the transport arrangements and the availability of financial resources to meet all expenses.

Certificates and handling of dropouts

If you plan to hand over certificates to participants at the end of the training, you will have to establish a policy of minimum attendance requirements and publish the conditions before training starts to avoid disaccords with participants. An 80% attendance is a normal condition to qualify for getting the certificate, but you shouldn't be too strict.

Follow-up of training

About 4 to 6 weeks after the training the **participants should receive correspondence referring back to the training programme.** Example: a recent newspaper or journal article dealing with the topic addressed by the seminar.

This follow-up can be seen as an element of “**customer relationship management** “ as training participants - the customers - notice that the BMO cares about them and takes their concerns seriously. This increases the likelihood that they will participate in a training programme again in future.

4.5. Setting up or expanding own training unit / centre

If you plan to establish a training unit, make sure co-operation and networking with other BMO units is achieved. The training unit needs information and contacts of other units to link up with enterprises, relevant public agencies and other BMOs. Such contacts are important for training needs analysis and knowledge of new trends in training, and they are equally vital for marketing and promotion. Joint activities e.g. training linked with consulting and regular meetings on common issues enhance the spirit of co-operation.

In table 11 the various steps to set up your own training centre or unit are listed and might serve as a checklist.

Table 11: Setting up a Training Centre / Unit

1. Analysis of factors determining whether to enter the training market	<ul style="list-style-type: none"> • Analysis of current situation • Definition of target groups for training and their demand • Analysis of competitors in the training market • Assessment of own capabilities
2. Estimation of costs and potential income by training	<ol style="list-style-type: none"> 1. What are the complete cost items to be considered? 2. What are potential course and workshop fees for different trainings? Are there some attractive training topics and events you might charge higher fees for?

3. Gaining support from stake-holders	<ul style="list-style-type: none"> • Ensure the support by the BMO's Board to make the training centre / unit a priority. • Check possibilities to obtain subsidies from the Government when establishing a training centre or unit • Are there enterprises willing to co-finance the training centre if you train their staff? • In some cases, member enterprises have contributed equipment. • Training may attract donor support as well.
4. Planning workshop	<ul style="list-style-type: none"> • Issues to be discussed: • What is our current situation? (As in 3.1. if you already run training, you should analyse present training services as well) • Where do we want to go? (Mission, objectives for the training centre/unit) • How do we get there? Strategy for setting up and running the training centre • How do we know that we have achieved what we intended? (Evaluation methods, performance indicators)
5. Preparation of Business Plan for the training unit / centre	<ul style="list-style-type: none"> • Description of training products and services • Marketing plan (results of the needs assessment, competitor analysis and promotion strategy as shown in chapter 3) • Operational plan (Procedures for providing training, time lines, responsibilities, performance indicators etc.) • Financial plan (Projecting revenues and costs) • Management plan (Organisation of the unit or centre, staffing, job descriptions)

What are **responsibilities of a training unit / centre?**

- Developing training strategies to support the strategic objectives of the BMO
- Developing training policies for the BMO
- Identify training needs and skills gaps within BMOs membership and beyond
- Design and develop training programmes to provide skills identified
- Prepare plans and activity schedules budgets for the training unit / centre
- Organise, co-ordinate and conduct different trainings
- Monitor effectiveness of training
- Maintain records on training attendance, outcomes and evaluation

4.6. Achieving a New Quality as Service Provider

The successful planning and conduct of a training seminar, especially with the objective of full cost recovery, is without doubt among the more demanding services that a BMO can take on. But an entirely new quality can be attained if the BMO supplants individual programme by a **proactive, medium-term programme**.

Among the advantages of this approach are the following:

- There is **greater planning** and information available to members and other interested enterprises: they know ahead of time which topic will be addressed when and by whom.
- Practical experience shows that establishing a medium-term, usually semi-annual, training planning system leads to a **definite increase in status**. The BMO is seen as a professional institution that plans systematically, and as a well-established provider of practice-oriented training programme.

The following **rules of thumb** can be set down for planning training programs:

- At the outset, one should plan to hold at most 4 training programme per half year. The resulting cycle of 6 weeks per programme is quite demanding enough!
- Some BMOs prefer to schedule trainings on Saturday to avoid a loss of working day and also as business appointments are usually not made for this day.
- Do not plan any training during or shortly before a festival season as drop outs are bound to happen.
- Most training programme will last only one day.

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.

Table 12: Template Semi-annual Training Plan

Name of Organisation					
Trainings Offered During 1st Half of 20xx					
No.	Date	Topic	Lecturer / Trainer	Venue	Fee (Members/ Non-members)
1	30 Jan. 9am-5pm	Marketing for Wood-Working MSME	Dr. Singh Institute for Marketing	Industrial Association	1,000 INR 1,500 INR
2	03 March 10am-4pm	Purchasing in the wood-processing industry in Central India	Mr. Khan Association abc	Hotel abc	2,000 INR 2,500 INR

Name of Organisation					
Trainings Offered During 1st Half of 20xx					
No.	Date	Topic	Lecturer / Trainer	Venue	Fee (Members/ Non-members)
3	22 May 5pm-9pm	Price Calculations – Examples and typical errors	Ms. XY Enterprise zzz	Convention Centre fff	1,000 INR 1,500 INR
4	17 June 5pm- 8pm	Changes in Credit Schemes for MSME	Mrs. Bhat Bank 123	Bank 123	500 INR 750 INR

4.7. Templates

Here you will find the following templates:

1. Survey on training needs
2. Example direct mailing
3. Registration form for training
4. Cover letter training plan
5. Training evaluation form
6. Follow-up letter to participants

4.7.1 Survey on Training Needs

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 the 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?
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 BMO?
- Financial management and accounting
 - Sales and marketing
 - Taxation
 - Export and Import Operations
 - Operations management
 - Materials requirement planning
 - Store and inventory management
 - Entrepreneurship training
 - Productivity improvement
 - Good Housekeeping (5s)
 - Industrial health and safety
 - Quality management
 - How to manage a small company
 - How to prepare an effective credit proposal

- How to prepare a business plan
- Basic business laws
- 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?

ManagerialINR..... per day
 ExecutiveINR..... per day
 Technician.....INR..... per day
 ClericalINR..... per day
 WorkerINR.....per day

4.7.2. Example Direct Mailing

Training course on development and management of services in business membership organisations

Objective: Introduction of new services for member companies of your business association and generation of additional income for your organization

- Benefits:**
1. Overview on possible range of new services
 2. Practical know-how for planning and implementing new services
 3. Case studies for applying stepping stones of service delivery

Target group: Permanent staff members of business membership organisations

Content: Please briefly describe the content here

Method: *Give a short description such as* Lectures – discussions – work group exercises

Trainers: *Highlight trainer's experience and record here*

Date:

Location:

Fee:

4.7.3 Registration Form for Training

<Name of BMO>

<Address>

Place, Date

Registration for Training Programme

We hereby register for the training programme on (fill in title)

on(fill in date) and confirm nomination of following persons

1 2

3.....

The programme fees of INR are sent ----- by Chq no.
on Bank Branch

We are aware that a fees paid are non-refundable

.....

.....

Signature

Name of Enterprise

Name:

Adress

Contact no.:

e-mail id:

4.7.4. Covering Letter for Training Plan

<Name of Member Enterprise>

<Address>

Place, Date

Our Practice-Oriented Training Programmes during - First Half of 20xx -

Dear Member,

As you know, we are organising informative and practical trainings on a regular basis, which are aimed solving typical problems you may encounter in your business affairs.

Please find enclosed our training schedule for the coming 6 months which are delivered by competent experts. It tells you the topics covered, lecturers and date.

Please let us know the training programme of interest to you to which you would nominate your representative(s).

For further information and registration purpose, please contact

Mr / Ms Mob no. from our office

Yours faithfully,

<signature>

Name:

Mob No.:

e-mail id:

4.7.5. Template of Training Evaluation Form

BMO'a name
Training Evaluation

Title of Seminar:

Date:

Trainer:

Please indicate your level of satisfaction for each of the points below, awarding points from 1 to 10 (1 = I am very dissatisfied, 10 = I am very satisfied)

1. Content	Points (1-10)
1.1 Usefulness for/applicability to practical work	1 2 3 4 5 6 7 8 9 10
1.2 Completeness	1 2 3 4 5 6 7 8 9 10
2. Materials	
2.1 Scope	1 2 3 4 5 6 7 8 9 10
2.2 Quality	1 2 3 4 5 6 7 8 9 10
2.3 Clarity	1 2 3 4 5 6 7 8 9 10
3. Trainer/Lecturer	
3.1 How clearly was the seminar content conveyed?	1 2 3 4 5 6 7 8 9 10
3.2 Competence of the trainer on this topic?	1 2 3 4 5 6 7 8 9 10
3.3 Responsiveness to questions?	1 2 3 4 5 6 7 8 9 10
3.4 Overall impression of trainer	1 2 3 4 5 6 7 8 9 10
4. Organisation	
4.1 Invitation and registration	1 2 3 4 5 6 7 8 9 10
4.2 Duration and breaks	1 2 3 4 5 6 7 8 9 10
4.3 Hospitality	1 2 3 4 5 6 7 8 9 10
4.4 Overall impression of seminar organisation	1 2 3 4 5 6 7 8 9 10

For the three points for which you have given the lowest marks: What can we improve the next time?

a)

b)

c).....

Which seminar topics were particularly important to you?

.....

.....

Name

Enterprise

4.7.6 Follow-up Letter to Participants

The letter sent about 4 to 6 weeks after the training programme could look like this:

<Name of Member Enterprise>

<Address>

Place, Date

**Re: Your Participation in the <Title of Training >
on <Date of Training>**

Dear Member,

First of all, let us thank you for taking part in the above training. We hope that it addressed aspects of interest to you and has benefited you.

Enclosed please find a recent article that appeared in <name of newspaper/ journal>. It offers a good summary of the most recent developments in our training topic.

In addition, we are enclosing our semi-annual schedule of upcoming training events. Needless to say, we would be happy to be able to host you again as a training participant.

Yours faithfully,

<Signature>

Name

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
MSME Umbrella Programme
B-5/1, Safdarjung Enclave,
New Delhi 110 029, India
T : +91 11 4949 5353
F : +91 11 49495391
E : msme-india@giz.de
I : www.giz.de