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SME Training and Coaching Loop

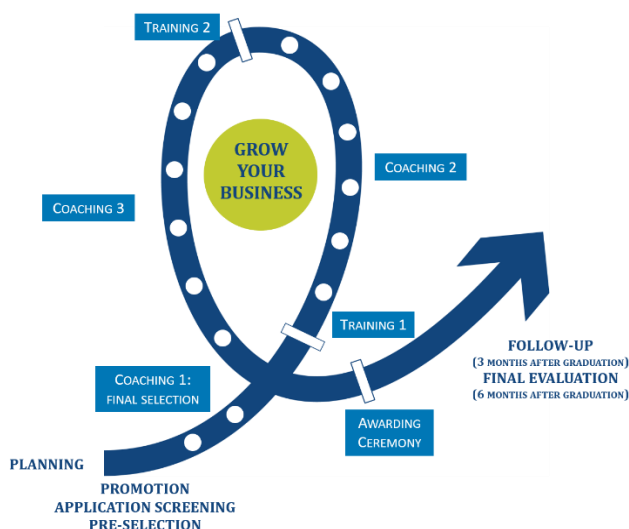
Technical Brief

1. Introduction

The objective of the GIZ Pro-Poor Growth and Promotion of Employment in Nigeria Programme – SEDIN is to improve the employment and income situation of MSMEs. This is achieved by improving access to finance and business services, strengthening entrepreneurial and managerial skills, and addressing key barriers in the business and investment climate. The programme works on all government levels in Ogun, Niger, Plateau, Edo, Abia, Kano, Kaduna, Oyo and Lagos States.

The SME Business Training and Coaching Loop (SME Loop) was developed in Sierra Leone by GIZ in 2014 and further enhanced in Benin. It aims to provide solutions to issues regarding inadequate business knowledge and management skills; lack of guidance and practical steps that have the capacity to bring about change and development in the target states; and insufficient financial resources to grow businesses.

The concept, which is being piloted by several GIZ Programmes throughout Africa, was introduced by the SEDIN Programme in Nigeria, as part of its approach to strengthen managerial and entrepreneurial skills of Micro, Small and Medium-scale Enterprises (MSMEs) in Ogun, Niger and Plateau States. Since 2017, a total of 561 MSMEs have participated in and graduated from two SME Loops. Each Loop lasted for six months across the three states.



2. Concept and Methodologies

The SME Loop differs from traditional entrepreneurial training approaches. Integral to this new approach is the systematic alternation of coaching, training and peer to peer learning that provides the basis for the dynamic application of knowledge and experience.

A needs-assessment is carried out directly at each enterprise, resulting in an individualised plan on how to specifically assist the entrepreneurs. The use of trainers and coaches who are aware of the context they work in, allows for adaptation of the content to the peculiar needs of the participants. Employing mutually reinforcing methodologies, which allow for knowledge transfer, produces lasting results. Site visits to the Loop participants' premises by the coaches, where the entrepreneurs are given individualised attention, creates more value and prompts knowledge as well as practice exchange. The trainings focus on an adult

experiential learning methodology, which is built upon two central attributes: 1. The trainer acts as a facilitator of learning rather than a presenter; and 2. He allows the learners to be more engaged in the process than the content. The coaching is based on a model with the acronym, GROWTH, standing for six stages: Goals, Reality, Options, Will, Tactics and Habits.

A successful coach-coachee relationship must be built on mutual trust with great emphasis on confidentiality. The coaching sessions provide a platform for in-depth examination of the existing entrepreneurial situation and the application of knowledge. It is the most challenging aspect of the Loop but the distinctive bottom line that differentiates the SME Loop from other capacity building approaches for entrepreneurs.

The SME Loop's demand- and needs-driven approach makes it more suitable to address unattended capacity needs. The hand-holding aspect of the Loop guarantees the effectiveness of the concept, providing individual solutions to problems. Taking place at the participants' business premises, the coaching sessions are convenient and appropriate for deeper engagement and learning.

3. Internal Organisation/Structure for SME Loop Implementation

For successful execution of the SME Loop, there was an internal structure designated to coordinate the effective implementation of the programme. Focal points situated in Abuja jointly coordinated the implementation

in the three intervention states. Working in tandem with the focal points, the state coordinators played a supervisory and intermediary role to the trainers/coaches. The Monitoring & Evaluation (M&E) Unit managed the M&E aspect of the SME Loop programme.

A Looper's Success Story

Zinnia Shea Products Banma Baba Suleiman, Niger State

With his participation in the SME Loop, he has been able to attract more investment, increase production, introduce new products and expand his distribution channels and location. Today, he has seven registered products in the market, and has other products developed but not registered. Moreover, he has a marketing and distribution reach of over 20 states and has increased his sales by over 1000%.

4. Training of Trainers and Coaches (ToTC)

To set the tone for the implementation of the SME Loop, two ToTCs were conducted in Nigeria. The first ToTC was conducted in 2017 with 21 trainers and coaches. The second, which included a refresher ToTC for old trainers and coaches, was facilitated by two Nigerian trainers and coaches. Overall, 41 trainers and coaches were trained.

5. Phases and Timeframe for Implementation of the SME Loop

The timeframe for executing an entire SME Loop, which comprises of seven phases, takes six months. The following gives brief insights into the phases of the SME Loop.

Phase 1: Planning, Promotion and Selection

This phase of approximately six weeks takes into consideration activities that concern the introduction and promotion of the concept of the SME Loop to prospective participants.

- Promotion for the Loop is carried out via the use of posters, flyers, social media and radio slots.
- In the first instance, handwritten application forms, filled by intending participants were submitted at designated points. However, owing to the concerns raised regarding the cumbersomeness of using that application process, an online application form was subsequently introduced. Generally, the online application form supersedes the earlier application means as it facilitates ease of screening and preselection of application with recourse to predefined benchmarks for the SME Loop. Notwithstanding, paper-based applications are still acceptable from predefined marginalised target groups.
- Trainers/coaches, together with the team lead, identify suitable MSMEs that have the motivation to scale up their business. Targeted MSMS were established businesses working in areas which include rice, potato and cassava value chains, construction, affordable housing and ICT.
- The preselected candidates are further screened for final selection after a familiarisation visit to the enterprise and initial group coaching sessions are carried out.

- The inclusion of marginalised groups such as widows, persons with disability and returnees is an integral part of the selection process based on the programme's requirements.
- Each trainer/coach is responsible for selecting on average seven out of nine to ten applicants who will finally go through the SME Loop.
- A detailed account of the SMEs current entrepreneurial and financial situation is created by the coaches in collaboration with the entrepreneurs.

Phase 2: First Training

The training phases of the Loop accommodate two sets of training events, which take three days per set with focus on business scale up for the participating MSMEs. The first training is facilitated by two to five trainers who eventually also serve as coaches to the trained MSMEs. Training needs are assessed to build a needs-driven curriculum, however, some of the trainers relied on the built-in topics already provided. Handouts are given to the participants after the completion of the trainings. The topics covered for the first training are as follows:

- Introduction to business model canvass (mandatory);
- What makes a successful entrepreneur?
- Record keeping and costing (mandatory);
- Setting and achieving goals;
- Introduction to enterprise analysis;
- Introduction to business planning;
- Financial planning and banking;
- Business formalisation.

A Looper's Success Story

AFE Supplies

Akawo Eyibo Sweety, Plateau State

AFE Supplies is a cosmetic manufacturing company that specialises in the production of petroleum jelly and hair butter. A new product, "Sweety's Hair Butter", was launched after the SME Loop. In addition, the company secured a grant, which has enabled it to purchase equipment and materials in order to upgrade its production processes from manual to semi-automated. The revenue of the company has increased by 36% between baseline and one year after the SME Loop.

Phase 3: First Coaching

This component serves to complement the training elements of the SME Loop. The coaching sessions are conducted for approximately nine weeks. In this time, four individual and two group coaching sessions are held. This enables the coachee to review what was learnt during the training and to discuss objectively on how to implement lessons learnt. This guarantees sustained changes that are required for improved entrepreneurial performances and business expansion purposes. Group and individual coaching sessions are carried out in the first and the second coaching phases. The group coaching aspect was done to serve different purposes such as providing space for exchange of ideas, peer to peer learning, trust-building and bonding, reduction of competition and the promotion of partnership among the coachees.

Phase 4: Second Training

After the first coaching phase, a second training is held for another three days. The following modules are delivered at the training:

- Market and marketing (mandatory);
- Good relations and communication (external and internal);
- Purchase, production and selling;
- Risk management;
- Access to finance with emphasis on the Nigerian context (mandatory);
- Visioning and planning;
- Financial planning for business.

Phase 5: Second Coaching

The final coaching component involves another nine weeks of interaction between the coach and the coachee. The coachee faces experiential realities of what was initially a hypothetical experience in class. This helps to reinforce the coachee's understanding and thereby promotes the achievement of results. Coachees set goals for themselves and agree to work towards their achievement together with their coach. These agreements are documented in coaching logbooks.

Phase 6: Graduation

This half-day event marks the completion of the training and coaching phases of the SME Loop, however, does not end the personal relationship between the coach and the coachee. Graduating MSMEs are awarded with QR coded certificates. Another critical feature is a mini exhibition

that gives MSMEs the opportunity to display and sell their products.

Stakeholders, such as state administrations, development and microfinance banks, as well as business membership organisations are invited to witness the memorable occasion. The event features the delivery of experiences and successes by selected participants.

A graduation brochure is published, capturing a description of businesses, pictures of participants and success stories of the graduating set. In addition, the contact details of the trainers are also included in the booklet.

Held shortly before graduation, a B2B event is held. This is not part of the Loop itself. It aims to provide linkages to the financials sector and create market linkages to connect the SMEs to other businesses.

Phase 7: Follow-up and Final Evaluation

This final stage allows for tracking and providing the basis for corrections or amendments to the Loop in order to align the programme better with concerns and realities of entrepreneurs. The pilot Loop was reviewed, and the subsequent Loop took into account recommended changes which added value to the process.

From the beginning, there was baseline data collection that included an assessment of competencies. This was followed by the tracking of MSMEs to assess their development after the first and

second rounds of coaching sessions were conducted. Three months after graduation, a midterm follow-up is conducted. Subsequently, a final evaluation after six months determined success stories emanating from the SME Loop implementation.

6. Human Resources

The human resources required for the SME Loop comprise of a team lead who serves as a coordinator of the SME Loop programme; field level advisors who provide support to short term experts (the trainers/coaches); an M&E officer; trainers and coaches; trainer(s) of trainers and coaches; and the supervisor/mentor of the trainers and coaches.

Tasks and Responsibilities

From the coordinative basis, to the implementation, and the M&E of the SME Loop, there is a critical mix of human resources to channel efforts at successful delivery of results. Below are the designated workforce and their tasks and responsibilities.

Team Lead

- Coordination and management of the overall implementation of the SME Loop;
- Definition of the structure, target group and objectives of the SME Loop;
- Selection of trainers and coaches and assignment of respective participants;
- Pre-selection of SME Loop participants;

- Creation and management of relevant partnerships for the SME Loop;
- Overseeing the delivery and management of resources.

Field Level Advisors

- Co-selection of trainers and coaches;
- Refining structure and objective of the SME Loop;
- Supervising and monitoring of SME Loop implementation;
- Serving as key contact point and providing support for trainers and coaches;
- Troubleshooting;
- Providing advice and feedback throughout the implementation process;
- Maintaining close coordination with the M&E officer.

M&E Officer

- Assisting in defining and setting up of the SME Loop, including the application and selection process;
- Developing M&E tools;
- Training of trainers and coaches in the use of the M&E tools;
- Supervising data collection and compilation;
- Analysing data;
- Reviewing reports and managing overall M&E dashboard;
- Feeding results and lessons learnt into organization's database;

- Supporting field level advisors and coaches resolve M&E challenges/issues.

Trainer(s) of Trainers and Coaches

- Delivering training of trainers and coaches;
- Providing refresher trainings during the implementation of the SME Loop (optional).

Trainers

- Developing a full training curriculum;
- Selection of participants;
- Preparing and delivering trainings;
- Conducting Training Needs Assessments;
- Attending individual needs of trainees.

Coaches

- Conducting final selection of participants;
- Delivering group and individual coaching sessions;
- Supporting M&E efforts;
- Supporting trainers at training sessions as co-facilitators if applicable.

Supervisor/Mentor of Trainers and Coaches

- Providing support and mentoring to trainers and coaches throughout the implementation of the SME Loop;
- Coordinating regular feedback and peer-to-peer learning with trainers and coaches;
- Supporting M&E efforts;

- Providing advice and feedback to the implementing organisation.

A Looper's Success Story

Bennie Agro Processing Company Ltd
Jerry Isaac Mallo, Plateau State

After the SME Loop, the company has posted almost 2 Mio NGN income which is about one year after the start of the SME Loop. The company has employed five permanent staff and 15 part-time staff after the SME Loop. In 2018, Bennie Agro received the National MSME Award of the Year, awarded by the Federal Government of Nigeria.

7. Financial Resources

For the most recent Loop, i.e. the 2018/19 Loop, the cost per graduate for the six-month period is estimated at 554,467 NGN. The financial resources needed to conduct the SME Loop intervention activities are grouped into the following cost centres:

ToTC & Refresher Training

- Hiring of the master trainer(s) and coach(es)
- Venue, accommodation and catering of trainings for trainers and coaches

Travel Expenses

- For trainers and coaches

Training/Coaching for Entrepreneurs

- Costs of hiring the trainers and coaches
- Costs for venue of first and second training and graduation ceremony

- Costs for catering during first and second training

Costs for Material & Printing

- Cost for development of training materials (including trainer and coaching manuals, handouts, posters, etc.)
- Printing cash books etc. for entrepreneurs;
- Printing of materials for coaches and participants;
- Printing of implementation guide;
- Printing of handouts for participants;
- M&E tools (mainly Kobo collect toolbox free online tool);
- Excel-based finance tool;
- Posters;
- Pin-boards;
- Flipcharts;
- Projectors;
- Meta-plan cards.

A Looper's Success Story

Dove Poultry Farmers
Grace George, Ogun State

The cooperative has been able to negotiate and secure 3,000 capacity poultry pen houses at 1,500,000 NGN. The cooperative's income has increased by 58% between baseline and one year after the SME Loop.

8. Timelines for Activities

Activity	Timeline
Planning, promoting and selection	6 weeks
Training 1	3 days
Coaching 1	9 weeks
Training 2	3 days
Coaching 2	9 weeks
Graduation	1 day
Midterm evaluation	3 months after graduation
Final evaluation	6 months after graduation

9. Lessons Learnt

We will look at the lessons learnt under different themes as they evolved in the structure of the Loop.

Set-up of the SME Loop

- The simplification and streamlining of the architecture and process of data gathering facilitated the ease and richness of the data accessed;
- Unreliable baseline data estimates make an accurate impact analysis more difficult. Coaches need to be able to make proper estimates on how the business is performing prior to the Loop.
- The separation of start-up businesses from established businesses for the SME Loop is deemed essential because of differences in their business needs and challenges (achieved in the second SME Loop implementation).

Targeting, Sensitisation, Promotion and Selection

- A good selection of participants helps in achieving results while reducing problems/challenges;
- The targeted MSMEs must have potential for increased income and employment generation;
- Motivation and commitment of participants is key for successful participation throughout the Loop;
- Increased sensitization and awareness-raising efforts ensure entrepreneurs know what they get into;
- Running targeted/specialized, sector specific loops would make promotion and selection easier to a certain extent.

Qualification and Selection of Trainers and Coaches

- Bringing real entrepreneurs for personal entrepreneurial competency assessment and coaching class during the ToTC adds value;
- Regularly reviewing and updating training and coaching materials is essential for a better structure and overview, as well as for serving the needs of SMEs;
- It makes sense to have two pools of experts who can support the SME Loop implementation;
- A master coach or mentor to support each loop implementation ensures quality of the training and coaching delivery, as well as peer learning, experience sharing and capacity strengthening of trainers/coaches through the feedback sessions.

Trainings

- The adult training methodology worked very well;
- The introduction of mandatory topics was good;
- The introduction of Business Model Canvas was received very positively by the MSMEs

Coaching

- The one-on-one coaching approach was appreciated by the entrepreneurs because it makes them proactive about achieving their set goals;
- The participants had to adopt or create simple balance sheets for record books because the GIZ records were too technical for most of the participants;
- Both group and individual coaching sessions have their value and functions.

Networking and Linkages

- A good starting point for an e-learning platform is provided by the network among trainers/coaches and participants which is carried out through social media.

10. General Results

The general results captured below are from the SME Loop implementation for 2017/2018. The 2018/2019 evaluation has not yet been conducted as the graduation was carried out in June/July 2019. The table shows the summary of the results achieved from the first phase of the SME Loop implementation.

Category	Results
Revenue	11% ↗ on average
Expenditure	13% ↘ on average
Disposable income / profits:	
Agro-allied sector	2% ↘ on average
Construction sector	112% ↗ on average
Other sectors	206% ↗ on average

Impacts on employment rates vary largely among states and sectors. While there was an increase in employment by 2% and 14% in Plateau and Niger States respectively, a decrease in employment by 42% was observed in Ogun. Long-term impacts on employment must be further analyzed.

In the first Loop, 57% of participants achieved their self-set goals at the end of the Loop. 95% of the SMEs graduated while 5% of the SMEs dropped out before the completion of the Loop. One of the major reasons for drop-out was absence of monetary reward and wrong expectations, e.g. some participants erroneously expected to obtain a loan by GIZ at the end of the training.

The second Loop implemented by SEDIN started in October 2018. The graduation ceremonies took place in June/July 2019.

11. Conclusion

The SME Training and Coaching Loop concept has proven to be an inspired concept that helps MSMEs succeed. It equips the participants with the necessary capability and knowledge to apply what they have learnt. Owing to on-the-spot advice

from coaches during the coaching sessions, the MSMEs have become more pragmatic. If the concept becomes a well-known model, with the value-added component of coaching, it is likely to alter the approaches adopted by many capacity building initiatives.

However, the SME Loop has its drawbacks because of the enormous costs involved in delivering learning outcomes. The manner in which resources were utilised cannot be effectively sustained. Using 42 consultants for the huge outlay does not enable the programme to reach a broad spectrum of supposed beneficiaries.

The SME Loop provides a triangle of interface among development partners, trainers/coaches and the target MSMEs. As essential as this is, such architecture cannot be replicated in the same manner because of the huge resources required to give life to the concept. Consequently, sustainability will be hard to achieve.

While there are noticeable results in terms of increase in income, there have not been many positive results vis-a-vis the resources deployed. Nonetheless, with increased income, opportunities for access to loans, networking and likely expansions in the future, the employment questions would probably be addressed going forward. The intrinsic value the SME Loop brings to the individual MSMEs cannot be quantified.

A Looper's Success Story

***Osunmayegun Women in Agriculture* Alhaja Rasikatu Olusegun Adenokin, Ogun State**

The cassava cultivating and processing company had pitched its business plan during a B2B event which led to the securing of a 1,500,000 NGN loan. The money received was invested in farming cassava and the procurement of processing machines. As a result, income has doubled between baseline and one year after the SME Loop. Annual income has risen to close to 3,000,000 NGN.

12. Recommendations

Sustainability & Institutionalization

- Partner with training institutions that adopt and implement the SME Loop concept;
- There should be an introduction of some payment by the participants and they should be made to sign a MoU to indicate their commitment to the process;
- The creation of regional and state-wide experience sharing platforms for the coaches and among MSMEs will help motivate commitment from MSMEs;
- GIZ should investigate the potential of making a business case of the SME Loop. Training institutions should be supported in setting up an SME Loop that provides return on investments.

Set-up of the Loop

- There should be specialised Loops because not all topics are required for all participants, so the contents need to be matched with professional needs;
- There should be flexibility in the allocation of time for coaching sessions considering those who need more attention and those who need less attention;
- Use a modular approach so that not everybody has to go through the entire 7 phases, but can individually select certain trainings and coaching sessions;
- The duration of the Loop could be based on MSMEs' needs and experience;
- B2B events would be more effective when organised towards the end of the SME Loop (e.g. Phase 7);
- The systematic inclusion of key stakeholders in the implementation of the SME Loops will underscore their support for the Loop.

Selection of Master Trainers / ToTC

- A master coach or mentor's support to each loop where feedback between coaches and the master coach will create opportunity for peer learning, experience sharing and strengthening of coaches' coaching skills will ensure quality of training and coaching delivery – this was achieved in the 2nd SME Loop;
- An extension of the ToTC from five to twelve days is recommended as ideal (achieved in the second SME Loop implementation);

- Refresher courses should be carried out for the coaches on the important and more technical modules. This will help their recollection and ensure they have the most updated information to work with;

Selection of Trainers & Coaches

- A larger pool of trainers and coaches to choose from would facilitate additional SME Loops and allow for a more targeted support of participants;
- Different skills set are needed for the trainers and coaches, therefore, having two sets of experts that can support the SME Loop implementation would be of great significance.

Selection of Participants

- Clear definition of target group;
- The selection process should be more targeted at growth oriented MSMEs to guarantee rapid results;
- Proactive approaches to targeting women would help make the process gender-sensitive;
- For the purpose of reducing logistical challenges and allocative efficiency during coaching processes, target MSMEs within close geographic space need to be clustered and assigned to a coach close to that area;
- Alignment of the application form with the selection criteria and inclusion of information on the Loop in the form will ease the difficulties in screening of participants;

- Increased sensitisation and awareness creation will help clarify expectations and allow for informed decisions by the participants;
- Running targeted/specialised Loops would make promotion and selection easier to a certain extent because clear criteria for participation can be communicated;
- A pre-coaching session would be ideal for all intended participants to intimate them on what to expect – this was achieved in the 2nd Loop.

Training Sessions

- A more robust training needs assessment should be conducted to provide more space for prioritising content for participants;

Coaching Sessions

- Introducing more flexibility in relation to coaching will be necessary: timing/frequency of sessions, number of sessions, allow coaching through other means than physical face to face meetings will be required;
- Proper sequencing of coaching sessions aids the formation of bonds and exchange of experiences. The first and last coaching sessions should be held as group sessions, whereas the individual sessions should be held in between.

Material

- Simpler financial records should be introduced as the GIZ records were too technical for most of the participants to understand and properly utilise.
- Handouts for participants should be kept separately for each training and cover all topics that are part of the Loop regardless of whether they are treated in the trainings or not.

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