



Citizen-Centered Approaches
to State and Market



Economic Tools Mapping

IFC SMALL AND MEDIUM ENTERPRISE TOOLKIT (SME)

Market Building Initiative: A Program with the Aspen Institute

Institute for State Effectiveness

600 New Hampshire Ave NW
Suite 900
Washington DC 20037

+1 (202) 298-5959
info@effectivestates.org

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Overview

Launched by the IFC in 2001, the Small and Medium Enterprise Toolkit was part of an effort by the IFC's SME department to consolidate useful information for these businesses globally in a free, web-based format. The impetus for this initiative was moving to a more cost-effective method than individual consultation with these companies and to reach a larger number of companies on the whole. The toolkit is meant to allow SMEs, the true engines of growth for developing economies, to access business development and management tools that were formerly reserved for only Fortune 100 companies. SMEs, particularly those in developing countries, tend to be hindered in growth and sustainability terms by their lack of business management tools in areas like finance and accounting, resource management and supply chain, legal, operations, and marketing. IFC EVP and CEO Lars Thunell discussed the importance of the project to IFC's development objectives, saying: "Small businesses are the growth engines of the world's economies; yet their success rate is not as good as it could be simply because of a lack of access to good business management practices." Tools like business plan generators, website builders, financing calculators, business forms, and conferencing and blog capabilities are part of the language-customized suite of options for SME operators.

Structure

The Toolkits possess 4 major components: the web and CD-ROM interface, the actual business content, content management allowing for local customization, and a business training curriculum for development service providers.¹ There are over 30 regional and sector sites in languages like Bengali, Hindi, Macedonian, Mongolian, Ukrainian, Urdu, and many more. Approximately 25 local and regional partnerships promote, build, and localize content.² Toolkits include information sorted into major topics: accounting and finance, business planning, human resource management, legal and insurance, marketing and sales, operations and technology.³ Additionally, specialized resources for SMEs that are women-owned or family-owned, as well as those preparing for export markets, are also available.⁴

The 2.0 version of the software, a product of IBM's researchers and financing, was launched in 2007 and is more open-sourced and collaborative.⁵ It features a live chat, online forums, business directories, and survey capabilities offered as a reflection of the idea that SME collaboration can produce peer learning and better strategies. Exporter information is also a key part of the version 2 upgrades with data for SME exporters on the 65 most exported to countries.⁶

In regions where internet penetration is low, the SME toolkit is distributed on CD-ROM through partner organizations in the local language, with content customized to that country's legal regulations, financing

¹ IFC Advisory Services, SME Toolkit Training and Workshops, http://www.ifc.org/ifcext/sme.nsf/content/SMEToolkit_Training_Workshops

² Ibid.

³ IFC SME Toolkit, <http://www.smetoolkit.org/smetoolkit/en>

⁴ Ibid.

⁵ IBM Press Release, IBM and IFC to Launch Small business Toolkit, <http://www-03.ibm.com/press/us/en/pressrelease/21940.wss>

⁶ Chris Richards, IFC SME Toolkit Program: Using Technology to Reach and Support Businesses, Presented at the 2007 Financial Education Summit, http://www.financialeducationsummit.org/2007/presentations/Chris_Richards.pdf

sources, and business directories. These partners are SME service providers, banks, NGOs, and the in-country IFC presence itself. Training workshops are 2-5 day courses on general business management including accounting and finance, human resources, marketing and sales, business planning, and website development. Over 90% of workshop participant rate the toolkit workshops as “good” or “excellent” as a learning resource.⁷ To date, over 2,200 SMEs have been given supporting technical assistance globally.⁸

Rules

There are no rules on what SMEs may access toolkit materials, as all are open-source and web-accessible. In terms of who may form partnerships to localize content and translate materials, the range of acceptable local partners are very broad- current partners include IFC facilities (IFC Mekong Project Development Facility), private companies (small IT firms and commercial banks), non-governmental organizations (FUNDES and Lagos Business School), and government agencies (the Ministry of Industry in Madagascar).⁹ Preferred partners are those local organizations already affiliated with or receiving funds from World Bank Group.¹⁰

Financing

The Toolkit version 1.0 was launched in 2001 with roughly \$2 million in committed funds not including an estimated \$800,000 in staff time over a 4 year operational period.¹¹ About 42% of those funds were used for technology development, 17% for partner implementation, 16% for business management training, 15% to content, 3% to general technical support, and 6% to other activities.¹² IBM, the major partner in the initiative, particularly its redesigned version 2.0, dedicated more than \$1.6 million in technological advancements to transform the toolkit and rebuild it in a more open-source platform.¹³

Operations and Outcomes

End users of the SME toolkit include 45% for-profit businesses, of which another 45% are firms with 10 or less employees. A reported 60% of users overall are aiming to improve rather than create a business. Usership has sharply increased with 2.5 million additional visits each year and over 80% of users report that the content is useful.¹⁴ Over the course of Toolkit operation, IFC has found that there has been an increase in the Global and Africa sites over time, business planning is the most popular topic, and users

⁷ IFC Advisory Services, SME Toolkit Training and Workshops, http://www.ifc.org/ifcext/sme.nsf/content/SMEToolkit_Training_Workshops

⁸ Ibid.

⁹ IFC Monitor, The Small and Medium Enterprise Toolkit, Results Measurement for Advisory Services, [http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/\\$FILE/SME+Toolkit.pdf](http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/$FILE/SME+Toolkit.pdf)

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ IBM Press Release, IBM and IFC to Launch Small business Toolkit, <http://www-03.ibm.com/press/us/en/pressrelease/21940.wss>

¹⁴ Chris Richards, IFC SME Toolkit Program: Using Technology to Reach and Support Businesses, Presented at the 2007 Financial Education Summit, http://www.financialeducationsummit.org/2007/presentations/Chris_Richards.pdf

tend to be white, well-educated males.¹⁵ Over time, programmatic objectives of the toolkit have expanded to include building capacity of local partners to deliver training, supporting partner marketing, enabling organizations to establish a web presence, establishing relationships between the IFC and companies in their investment portfolio, promoting the IFC brand, and offering assistance in countries where investment opportunities are limited.¹⁶

Box 1- SME Toolkit Beneficiary

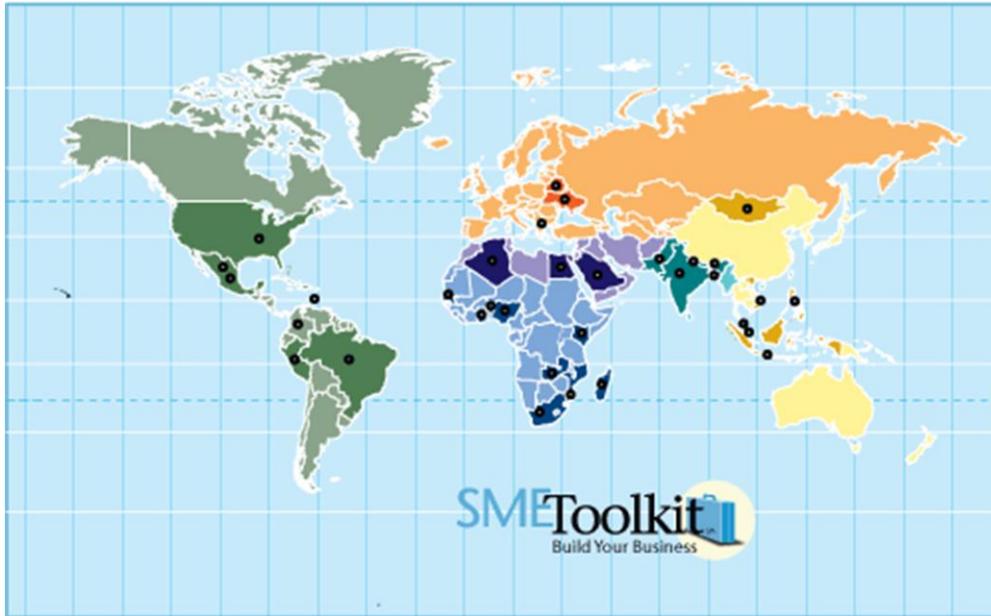
Hasina Jahan was the CEO of a small business producing coir mattresses in Bangladesh and experiencing a high rate of growth and trouble meeting high demand. In an experience-sharing session organized by the South Asia Enterprise Development Facility's Knowledge Center at the Dhaka Chamber of Commerce and Industry, Ms. Jahan explained that she had previously heard about a local bank that provides loans to SMEs without collateral. She provided certain financial documents and a business plan to a loan officer but after reviewing Ms. Jahan's documentation, the loan officer said he would be unable to give her the loan due to uncertainty that she would be able to repay it.

At this Knowledge Center session, Ms. Jahan heard about the SME Toolkit and its tool for preparing a standard business plan. Ms. Jahan promptly returned to the Knowledge Center, where an associate guided her through the process of utilizing the SME Toolkit to create a formal business plan that she was able to present to the loan officer. Ms. Jahan's new business plan enabled her to obtain the loan of US\$2,000 that she needed. The loan provided a major boost to her business and built a history of creditworthiness for continued loans that will be needed in the future.

See: <http://www.smetoolkit.org/smetoolkit/en/content/en/136/Success-Story-A-Business-Planning-Success>

¹⁵ IFC Monitor, The Small and Medium Enterprise Toolkit, Results Measurement for Advisory Services, [http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/\\$FILE/SME+Toolkit.pdf](http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/$FILE/SME+Toolkit.pdf)

¹⁶ Ibid.

Box 2- Toolkit Resource Coverage

See: <http://www.smetoolkit.org/smetoolkit/en/content/en/1950/About-Us>

Box 3- Local Partnership Model



See: http://www.financialeducationsummit.org/2007/presentations/Chris_Richards.pdf

Further Resources

- SME Toolkit Global: <http://www.smetoolkit.org/smetoolkit/en>
- IFC Monitor, Results Measurement for Advisory Services: [http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/\\$FILE/SME+Toolkit.pdf](http://www.ifc.org/ifcext/rmas.nsf/AttachmentsByTitle/SMEToolkitmonitor/$FILE/SME+Toolkit.pdf)
- IBM Corporate Citizenship: http://www.ibm.com/ibm/responsibility/downloads/initiatives/SME_Toolkit-global.pdf