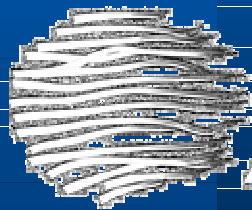


Models for Advanced Technical Assistance, Client Retention and Business Growth

Jason Friedman

Manager for Training & Education



ASSOCIATION FOR ENTERPRISE OPPORTUNITY

Agenda



- Challenges of Providing Individual Business Consulting
- Key Issues in Program Design and Management
- Emerging Models for “Best Practices” in Business Consulting

Challenges of Providing Individual Business Consulting

- Time Intensive & Expensive
- Industry-specific knowledge
- Opportunity costs
- How much is enough?
- Clients don't always independently seek the help that could move their businesses from marginality to profitability.
- Tracking and evaluation

Fundamental Challenge

- To assure that the business skill needs of its clients are addressed & nurtured while at the same focusing on cost-effectiveness & outcomes.
- Program managers want to meet the needs of clients & the organization & deliver services effectively & efficiently.
- But consulting is inherently a “messy” process.

Key Issues in Program Design and Management

- How does an organization offer the broadest range of service, assure for the highest quality of information & counsel, & satisfy client demand & within a limited set of resources;
- How can programs best use their scarcest & most valuable resource – their business consultants' time – to greatest advantage;
- How can programs offer specialized knowledge regarding a wide range of industries.

Emerging Model for “Best Practices” in Business Consulting

- Effective BC places the initiative on clients to access it, but is offered within a structure that keeps clients connected to the program & constantly reminded of available services.
- Effective TA providers use a range of techniques to remind clients of available assistance & help them access those most appropriate to their business needs.
- Specialize in certain areas of high demand.

Strategies for Providing TA

- First Step: Evaluating Client Progress and Skill Development
- Structured Performance-Based Consulting
- Leveraging Business Professionals in the Community
- Staff Specialization
- On-Line Training and TA
- Creating a Membership Program

First Step: Evaluating Client Progress and Skill Development

- The Institute for Social and Economic Development in Iowa wanted to get a better handle on what their clients learned during the training and how prepared they are to start their business
- Handouts:
 - **Client Progress and Skill Set**
 - **Follow up survey**

First Step: Evaluating Client Progress and Skill Development

- The Women's Rural Entrepreneurial Network in Bethlehem, New Hampshire developed the GROW Participant Review Form to assess client the client's progress in starting their business.
- Review Handout

Structured Performance-Based Consulting



Structured Performance-Based Consulting

- Introduce & enforce performance-based incentives into the consulting relationship especially for training-led programs.
- Reinforces the notion of accountability & tends to ensure that only the most committed will seek their continuing support.
- Moves from totally client-driven to a “guided choice” model that offers a menu of services tailored to a specific plan; goals & objectives.
- More programs are now charging a subsidized fee for individual technical assistance.

Structured Performance-Based Consulting

- Goal Setting Process: Strong advantages for both the client & program. For the program, it can document client progress & program's contribution to it. Record intermediate as well as final measures of success for both program improvement & donor accountability.
- The business consultant centered model provides enough structure to keep the client engaged while at the same time keeping them in the drivers' seat.

Case Study: Neighborhood Development Center

- **NDC in Minneapolis, MN developed the Business Opening Phase (BOP) training. BOP is a trainer driven initiative that provides alumni with up to six hours of guidance & direction to achieve business outcomes. Students are charged \$50 for the service.**
- **The focus is on operational issues to bridge the gap between end of training & actual opening of the business. BOP is a checklist/work plan provided to clients – more than 70 items organized by category like business structure, site selection & layout, financing, etc.**
- **Trainers (contractors) are paid \$40/hr for services**

Women's Rural Entrepreneurial Network (WREN)

- The philosophy of the entire organization is based on the association or membership concept.
- WREN brings together women working in the North County of NH seeking to secure their economic livelihoods & build a stronger local economy through increasing their economic interactions with each other.

Women's Rural Entrepreneurial Network (WREN)

Individuals seeking assistance from WREN join the network for \$25 annually & then access a wide range of services,

- Short courses on business & technology topics
- Marketing assistance through its retail shop & support of “affinity” groups (industry-based groups that market together),
- Full service tech center offering office equipment for hire;
- 1:1 TA & coaching.

Women's Rural Entrepreneurial Network (WREN)

- Clients commit to a one-year program of assistance that begins with an initial assessment & a six-month mapping session – goals & develops action steps with the help of the consultant.
- Clients get 1:1 TA that helps them guide the selection of other services & assures that individual business issues are addressed.
- Quarterly reviews to evaluate progress, etc

Strategies for Developing Partnerships and Leveraging Expertise in the Community



Mixing Volunteer and Paid Professionals

MDOs need to involve business professionals and consultants in the design of their programs and services to:

- (1) “keep it real”;
- (2) provide expertise not available in-house;
and
- (3) get clients used to working with other business people.

Contractors for Post-Loan BC: Colorado MicroBusiness Development

- Colorado MBD developed a TA tool called the MicroBusiness Assessment.
- The MBA applies a standard template and customizes it for an individual client based on the status of the business. It incorporates cost management techniques and impact tracking.
- It helps clients build their business skills while giving the agency feedback on key resource and skill-building needs.

Colorado MBD's MBA Program

- MBD uses independent contractors to conduct an assessment of the client's business as requirement of receiving a loan.
- The assessment is reviewed by a peer group of contractors and staff.
- Includes a goal and action plan
- Consultants receive \$125-\$250 based on the level of the business.
- Fee is cost-shared by MBD and the client (taken out of the loan).

Business Network of Professionals: Colorado MicroBusiness Development Corp.

- Community Partners Program: Colorado MBD has developed a tight network of business professionals that provide reduced rate services to MBD clients.
- CP pay a \$50.00 fee to join the network and are required to attend networking events.
- Partners help design events; recruit speakers.

Partnerships with Universities

- Start Up, in Palo Alto, CA, has a partnership with the Stanford Graduate School of Business.
- Entrepreneurs compete to work with a team of Stanford GSB students. Each team assists one entrepreneur with their business issues.
- Teams of students from the University of Texas' McCombs School of Business and St. Edwards University graduate programs assist clients from BiG Austin on self-contained projects, such as market studies.

Partnerships with Universities

- New York Association for New Americans (NYANA) has a partnership with the Fashion Institute of Technology (FIT), New York City's preeminent school of design and fashion-related business management.
- NYANA uses FIT instructors to conduct workshops on marketing for Business Center clients who are seamstresses, clothing and jewelry designers, and retailers of accessories, including women's hats, gloves and scarves.

Partnerships with Law Firms

- Center for Women and Entrepreneurship in Boston convinced a local law firm to contribute a majority of its pro bono resources to them.
- The firm provides a full-time lawyer on staff available to help clients at no charge.
- The legal counselor-in-residence is available for 1:1 legal consulting sessions on a wide range of general business issues, contract drafting & negotiation, protection of intellectual property, commercial leases & employment issues.

Partnerships with Women's Bar Association

- The Capital District Revolving Loan Fund and the Legal Project of the Women's Bar Association offer a Free Legal Clinic for small businesses and microenterprises.
- Volunteer attorneys with expertise in business-related issues are available for a free consultation.

Partnerships with Legal Aid Society

- Your Local Legal Aid Society can provide free workshops to your clients.
- Example: “How To Negotiate And Live With A Commercial Lease”
- Covers understanding the terms of the lease, Negotiating the lease, Finding hidden charges in the lease, What to do if you are sued in Housing Court.

Specialized Staffing:

Focus on Sectors and Skills

Neighborhood Development Corporation

- Characteristics: Mix of staff & contractors to satisfy the twin demand of their clients for breadth & depth in technical expertise.
- Two tier structure of consultants:
 - 5 staff consultants supplemented by 6 contract consultants provide enhanced expertise in specific areas – marketing, foods, merchandising.
 - Network of accountants, lawyers & others. Accesses reduced rate accounting services through a partnership with a service organization called Accountability Minnesota. Fee split 50-50 by business & NDC.

Coastal Enterprise Inc: Specialized Staffing

- One Telecommunications Specialist covers 8 locations.
- Two staff have geographic responsibilities & respond to a range of client needs.
 - CPA: focuses on financial management & accounting, computerized accounting systems on QuickBooks.
 - Marketing
- One specialist on Cross Cultural & Adult Learning Skills (& refugees & immigrants)

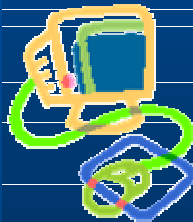
CEI: Maximizing Resources

- Rationing access by client performance
- Combines specialized workshops with 1:1. CEI doesn't require core training program for its clients but does organize special seminars & workshops (E-Commerce) based on client demand & then provides 1:1 follow up.
- Networks: open & by invite only

Women's Rural Entrepreneurial Network (WREN)

- Staffing
 - 2 general business consultants
 - 1 Marketing specialist;
 - 1 Retail specialist;
 - 1 Technology specialist who provides 1:1 & group training on computer issues & e-commerce.
- Maximizes efficiency of resources by focusing 1:1 on strategic issues & by pushing clients to work shops & other group-based activities as much as possible.

Using Technology



Women's Initiative

- **Group Tele-Conferencing:** WI offers the Breakthrough Results Tele-Network (BRTN), a free 4-week telephone support network to help graduates “break through” to the next level in their business.
- Offered every other month on a 1 hr. conference call. Participants set weekly goals, report on challenges, find solutions, & share successes.
- First month had 7 clients – from very established to newer businesses

Tele-Conference Seminars: Center for Women and Entrepreneurship

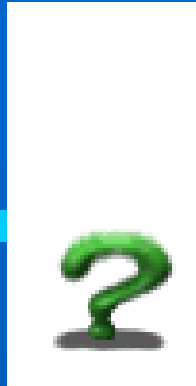
- Breaking Through Barriers Program: Structured 6-week workshop for business owners - \$150
- Seminars on:
 - **Setting the Stage for Success**
 - **Understanding What's Working & What's Not**
 - **Re-exploring Life Vision & Goals**
 - **Clarifying Business Vision & Goals**
 - **Overcoming Fears & Identifying Opportunities**
 - **Sharing Insights & Strategies for Success**

Coastal Enterprises

- CEI uses an on-line chat program for networking meetings and TA
- Excellent in rural areas where clients are spread out across the region.
- Also uses MSN Messenger for instant communication w/clients.
- 25 clients in the past four months.

Knowledge Gap: There's Something Missing!

- What does the *for profit* sector tell us about how to encourage client participation post training?
- We help people start businesses – so why not look there for answers?



Quick! What is your most valuable business asset?



Your Existing Customers!



Theory: Start Calling Them and Seeing Them as Repeat Customers!!

- Perhaps too many MDOs put too much focus on the training as the “end.” But the success of your program is based on your return customers.
- Eighty percent of business usually comes from the same twenty percent of return customers who buy again and again.
- Are you maximizing your customers?

Repeat Customers!!

The hardest, most expensive sale we ever make to a customer is the first one. In that first, critical, transaction we earn or lose the trust of the customer. Once we have the trust of the customer, we open the door to many more sales and to referrals, which most of us agree are the very best new customers to get.

Repeat Customers!!

- Focus four-fifths of your time and effort getting to know and serve the one-fifth of your clients that come back and who ultimately will give you the most profit.
- Big picture: Turns the “scale” issue on its head! Where should we put our resources?

Implications

- **Market Focus:** Place less emphasis & reliance on start-up training to FTA for graduates/existing businesses.
- **Case for Funding:** Educate your funders that this is a better use of resources since your goal is economic self-sufficiency.

Offer Discrete Services and Products to Get Repeat Customers

- A diverse, market-driven and performance-based program for repeat customers “aka” “Graduate Services” will increase the likelihood of business success and organizational success.
- And if you want your agency to be perceived as permanent, powerful and accountable to the people it serves, you need to charge fees for some of your services and get your clients used to paying other businesses for services.

You Talk Now! (So make it count!)

- What % of your business comes from repeat customers?
- Do you have specific goal for customer retention or cross-selling?
- Do you “cross-sell” other products or services when clients enroll in a class?
- How regularly do you communicate with clients outside the office? What do you tell them? Does your web site say “*Come back! See what we have for you?*”
- How do you get feedback from clients?

Do You Create the Perception of Value?

- Do your clients place a high value on FTA. Why don't they?
- Do you create an expectation that the “good stuff” is after training?
- Do your clients perceive you as a dynamic organization with strong links to the business community?

The Point, Please, Jason!



- The survivability of the MED industry will depend to a large extent on our ability to help existing businesses grow and focus less on start-ups.
- We need to develop this mind set both internally in how we design our products and services and externally in how we present ourselves to clients and funders.

Issue

As Aspen reports:

- Clients need repeated opportunities to hear & learn new information & skills.
- Clients don't always independently seek the help that could move their businesses from marginality to profitability.

Membership Programs

Women's Self-Employment Project

- Course graduates pay \$50 annually for The Money & Markets Networking Program.
- Provides a doorway to technical assistance and networking opportunities designed to impact the “bottom-line.” First year free for graduates.

Women's Self-Employment Project

A Membership in Money & Markets Includes:

- Subscription to the WSEP quarterly newsletter.
- Two free hours of business consultation per quarter to established businesses.
- Discounted marketing opportunities & festival registrations.
- Invitations to monthly business related workshops and seminars
- Access to WSEP's resource library, computers, and Internet.
- Invitations to Chicago's largest expos and events at a discounted price

Mountain Microenterprise Fund

- MMF's Membership Program is a package of benefits designed to help business owners stay informed, manage their finances, and connect with other business owners.
- Membership fees are \$10/month with some discounts for buying a year at a time or signing up for automatic bank draft. Currently it has about 150 graduates paying \$10/month at any one time.

Mountain Microenterprise Fund

Financial Benefits:

- Loans
- Vendor Discounts: Price breaks from MMF members, alumni, and other local merchants
- Eligibility for IDA's
- Insurance Discounts: discounts on health, life, and disability insurance.
- Office Support: Member Center offers computer, printer, and Internet access

Mountain Microenterprise Fund

Educational Benefits:

- One-to-One Consulting
- Continuing Education: Advanced workshops in bookkeeping, e-commerce, marketing.

Promotional Benefits:

- Co-op Advertising: Negotiates with newspapers, magazines, & guidebooks to place member ads; shares the cost to make it more affordable.
- Advocacy
- Referrals

SF Renaissance Entrepreneurship Center

Specifically markets “A Graduate Services Network” providing on-going support for graduates of the Training, Incubator, and Financing programs.

- Listing in the Renaissance Graduate Directory
- Access to New Markets, including procurement opportunities
- Networking Events
- Workshops
- Use of the Renaissance Computer Lab
- Complimentary one-year membership to the SF Chamber of Commerce.

Strategies for Generating Repeat Business

- Always plan what you are going to sell to your customers next.
- Offer the customer a great value.
- Constantly re-discover who your customer is - Ask your repeat customers.
- Use loyalty marketing programs (discounts, clubs)
- The power of extras.
- Develop a line of products to complement your existing products and services.
- Don't forget the after-the sale follow-ups.