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## **Practical Skills for Microentrepreneurs: *ACCION's Experiences with its ABCs of Business Training Program***

*By Eliana Restrepo Chebair*

How can microentrepreneurs acquire the skills they need to compete in an uncertain business environment? In 1995, ACCION International developed a program to help microentrepreneurs improve their business skills and their ability to manage credit. ACCION ABCs of Business<sup>1</sup> is a training program for microentrepreneurs that fosters an interactive learning environment and employs adult learning techniques to teach management skills. Approximately 470,000 participants in 14 Latin American countries have been trained through this program since 1999.

This *InSight* describes ABCs of Business and the premises upon which it was developed. It details lessons ACCION has learned about adult education and how these lessons were incorporated into the interactive training style the program applies. A companion *InSight* about the franchise model of ABCs of Business will be published in 2006.

### **Targeting a Diverse Audience**

Expert facilitators teach ABCs of Business to groups of adult microentrepreneurs, in classes of an average of 12 to 18 people. More than 1,000 facilitators at 44 institutions have been trained in the use of ACCION ABCs model and its educational theories. The participating institutions have included microfinance institutions, NGOs, banks, universities, chambers of commerce, credit unions and private businesses. The population of trainees is heterogeneous: including individuals with micro, small and medium sized enterprises from the formal and informal sectors. Youth, women, indigenous, and peasant populations have all received training. Sixty-four percent of the people trained have been women, and ABCs of Business has even helped Colombian former guerrillas and paramilitaries learn skills that help them re-integrate into civilian life (see Box on page 3).

### **What ABCs of Business Teaches Microentrepreneurs**

The objective of ABCs of Business is to provide microentrepreneurs with the means to develop their managerial abilities through educational methods that eliminate the barriers to learning that entrepreneurs often face. These general topics covered by ABCs of Business are presented through specific educational modules (see Table 1 on the following page for more information), each one with a duration of between 4 to 5 hours on average.

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<sup>1</sup> This program has until recently been known only by its original Spanish name, *Dialogo de Gestiones* (Discussion among Managers).

Trainees can choose a single module, or participate in a series of modules.

In addition to providing information about business management, ABCs of Business develops four key abilities that help entrepreneurs turn information into action:

*Seeing:* Entrepreneurs gather information to identify problems. They consider what experiences and knowledge they have to resolve these problems.

*Analyzing:* Entrepreneurs are taught to find solutions to their problems by analyzing their causes and consequences.

*Transformation:* Entrepreneurs establish a plan of action using the training to resolve problems or to improve the conditions for their microenterprises or their personal situations.

*Evaluation:* Entrepreneurs examine which business solutions have succeeded and why, and what practices should be changed.

ABCs of Business promotes the use of these four abilities so that they become a management (and personal) habit that allows entrepreneurs to make decisions by recognizing their situation and evaluating their strengths, weaknesses and opportunities.

<b>Table 1: ABCs of Business Major Topics</b>	
<b>Subject Area</b>	<b>Number of Modules</b>
Developing Businesses	3
Rediscovering the Environment	3
Optimizing Management	29
Improving Production Techniques	5
Using Information Technology	3
Managing Solidarity Groups	3
Looking for Job Opportunities	4
Improving the Home	3

**Initial Investigations: Effectiveness of Training Programs and Problems of Microentrepreneurs Program**

Before designing ABCs of Business, ACCION staff performed a field evaluation of entrepreneurs who had participated in business development training conducted by other institutions. The objective of the evaluation was to find out how much of what was taught was actually put into action by the trainees. This evaluation yielded three major conclusions:

1. Many training programs assumed that the themes taught through business skills training programs from university settings or from large enterprises would function equally well for microenterprises. These traditional programs used academic content that was not adapted to the needs of microentrepreneurs.
2. Many training programs used instructional techniques that placed entrepreneurs in the role of passive receptors of new knowledge while facilitators played the active role. Facilitators imparted knowledge without being questioned. These sessions did not emphasize the understanding of new knowledge received or the importance of building upon what one already knows.
3. The majority of trainees had learned and applied very little from their lecture-based training. Lenders mandated some of this training as a prerequisite to accessing credit, and the entrepreneurs participated in these trainings as an obligation required by some microfinance institutions, rather than a solution to their needs. Furthermore, many of the entrepreneurs demonstrated that they had not completely understood the training.

Following this evaluation, ACCION staff performed a field investigation in Argentina, Colombia, Ecuador, Panama, Paraguay and Nicaragua.<sup>2</sup> This rigorous social study investigated the needs and learning styles of entrepreneurs. As a result of this evaluation, the staff designed an educational model applicable across Latin America while respecting the heterogeneity of cultures and the different levels of size and development of microenterprises.

Nevertheless, the field investigation unearthed characteristics common to poorly performing enterprises and other characteristics shared by most strong enterprises across countries. The study identified problem areas such as management of debt, investments, cash, raw materials, merchandise and equipment. Other common problems were related to the control of the business, organizing schedules, negotiation, communication styles, and sales strategies.

***Living the ABCs of Business: Using Training to Help Ex-Paramilitary and Guerrilla Entrepreneurs***

*by Angela Rios, Facilitator of ABCs of Business Program, ACCION Centro*

*Colombia's Ministry of the Interior and Justice requested that ACCION offer its ABCs of Business program as part of a rehabilitation program for 240 men returning to work after serving in paramilitary or guerrilla groups. To rebuild life is hard for these men, making a difficult transition to the work world. These men must adjust to the norms of the business world, a daunting task when many are not even accustomed to using their proper names in public. In addition, they must work in groups with their former enemies, as many of the classrooms have both paramilitary and guerrilla students. A classroom setting is a challenge for these men, who have spent many years outside of the classroom in an environment where their skills, opinions, and knowledge were often ignored.*

*Imagine the first meeting and the intimidation they felt. Many did not even show up. These men needed to become accustomed to the norms of the business world, a challenge when one considers that many of these men were not even accustomed to using their own names in public. At the end of the first session, some secretly admitted to me that they had never finished elementary school. Some confessed that they only knew how to sign their name. I assured them that our modules already took this into consideration. Over time, I felt the men beginning to open up. With each meeting, we were becoming friends, sharing the stories of our lives, and we were able to build a necessary atmosphere of free expression that made the exchange of knowledge and skills possible. The exchange of knowledge made possible by ABCs was exciting for them. With each word that we discussed and each new concept they grasped, they gained a new understanding of themselves and their abilities. "We aren't so stupid, 'Prof,'" many students told me.*

*During our final conversation, a new ingredient entered our classroom. The students began to think of the future. We had avoided the word future, because for these men, surrounded by despair, the future was too uncertain to contain hope. The initial steps are the most difficult and this is only the beginning. Some may not make it, but we have seen changes in others. Still one student expressed hope for the future. He said: "'Prof,' with what we have learned here, in the future we can start a business and be businessmen."*

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<sup>2</sup> This project received financial support from the Inter-American Development Bank through its multilateral investment fund (FOMIN).

## **How Adults Learn: Nine Premises Leading to the Development of ABCs of Business**

ACCION staff incorporated their findings from the evaluation of training programs and their field study on the needs and learning styles of entrepreneurs into the design of ABCs of Business.

This section reviews some fundamental concepts of adult learning drawn from the fields of psychology, sociology and anthropology that influenced the content and pedagogical method of the program.

*1) An interactive training style achieves more learning than a passive training style.*

Participatory workshops are more effective for microentrepreneurs than traditional lecture-based courses. Through interactive role-playing, problem-solving, games and discussions that incorporate the life experiences of the participants, ABCs of Business teaches basic skills in ways that are accessible and practical to microentrepreneurs. The interactive method has resulted in high levels of learning over short periods of time for low-income adults who have little or no formal education. The entrepreneurs learn to apply useful tools while simultaneously developing their abilities. For example, before learning to apply an inventory system or accounting procedures, the entrepreneurs debate their own ideas and knowledge on these issues.

*2) Entrepreneurs should identify the needs of their microenterprises and ways to satisfy them.*

ABCs of Business were influenced by Chilean economist Manfred Max Neef's work *Human Scale Development*. Neef postulates an important difference between a necessity and a satisfier. For example, a necessity for an entrepreneur would be "control of the business," and a satisfier would be "the system of accounts and records." Through this classification scheme, ABCs of Business categorizes the basic aspects of microenterprise management as needs and helps the microentrepreneur to develop the tools, solutions, and skills to satisfy them.

When an idea that fills a need is presented, such as a new design or new technology, the entrepreneur rapidly adopts the idea. For example, if a business manages a volume such that it must contract non-familiar employees, control strategies such as registration and inventory become indispensable in avoiding theft. It is important to note that the participants in training sessions will adopt the ideas that appear valid to them. Nothing is forced. ABCs of Business is not a class where one is graded for learning the teacher's words by heart; it is a seminar among managers.

*3) People learn by considering what new ideas offer in relation to what they already know.*

ABCs of Business were based on the idea that the participant constructs his own knowledge. This knowledge is not generated from the outside, but rather is an internal process that occurs as a result of negotiation between "new and old" learning. People do not remove what they already know. They use what they already know and mix it with new knowledge, transforming it. They restructure their knowledge. Therefore, the focus of the ACCION model is on "learning by restructuring."

The focus of this program enables us to recognize and take advantage of the organizational culture of microentrepreneurs and their vast knowledge acquired through informal sources such

as family, colleagues, other enterprises, and the market. It is this life experience that allows entrepreneurs to succeed in the workplace despite their low levels of formal education.

- 4) *Showing microentrepreneurs how to optimize their existing strategy leads them to adopt improvements more rapidly.*

According to the concept that people build on what they know, one of the best mechanisms for improving management is to improve an existing strategy. For example, client service is something that the entrepreneur, in general, is very much aware of. ABCs of Business uses this awareness to recommend that entrepreneurs bestow the highest attention to the client, demonstrating all options before letting a client leave.

One participant in the ABCs of Business noted, “I would not have been as conscientious of the way I serve clients until I saw myself on a video in a role play. There, I observed the way I speak, the way I dress, even the way I stand to receive the client. I then understood the need change my sales strategy. I took this course two times. Now, sometimes I wear an apron to wait on clients, because the client likes to be attended to by the owner.” Another client noted, “Because some clients want very cheap things, I used to argue with them. I would say, ‘If you want I could rent you the saw and you could build the bed.’ Now, instead of fighting, I explain why it costs what it costs.”

- 5) *Real learning involves destabilization.*

Establishing a relationship between what has “entered” and what is already known (“learning by restructuring”) involves a destabilization of the equilibrium that the person possesses. To learn is to transform prior knowledge--not to substitute it for new knowledge.

**Living the ABCs of Business: Safety in the Workplace**

*Images flash across the video screen: a welder working with hot metal without the benefit of safety goggles, a seamstress strains her eyes sewing in a room without adequate light, a man uses a loud piece of equipment without any protection for his ears, a juice seller washes her hands in a bowl, and proceeds to wash her fruit along with the used glasses of a customer in that same bowl.*

*The microentrepreneurs observe the scenes in the video where people are at risk of injury or illness, but apparently no damage has occurred. After observing the video, the class works together to analyze the problems, causes, and consequences of operating without security measures in their microenterprises.*

*This exercise generates cognitive disequilibrium. The microentrepreneurs see images similar to their own lives, where the possibility of an accident or a health risk exists. The microentrepreneurs begin to question themselves. Are they operating appropriately? Could an accident happen to them?*

*Still, many microentrepreneurs remain resistant to ideas of safety precautions. They work under conditions similar to the video every day and so far have avoided catastrophes. Many have little money to invest in buying even the most basic safety equipment.*

*To continue creating doubt in the mind of the entrepreneur regarding his action with respect to workplace safety, a second video is shown in which an entrepreneur has an accident on the job. The entrepreneur pays hospital costs and loses time attending to clients. The microentrepreneurs revisit their initial estimates of the costs of not using security measures.*

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The ABCs of Business incorporates the idea of “cognitive dissonance” as part of the learning process. Cognitive dissonance is simply the generation of doubt; it occurs when there is a mismatch with expectations. It is generated when training shows entrepreneurs that what is known can be improved. Equilibrium can only be restored once restructuring occurs.

If cognitive dissonance is not created, the entrepreneur is not destabilized and loses interest. As the saying goes: “In one ear and out the other.” The new approaches may be temporarily memorized (while conducting an accounting exercise, for example) and then forgotten. This happens as the entrepreneurs silently tell themselves: “this would be impossible to apply in my business.”

On occasion it requires a great deal of interaction of various kinds (verbal, through observations of the businesses of other entrepreneurs, new materials, etc.) to enter into the crisis that leads to the acceptance of new learning. Of course the changes depend more on the quality of the interactions than their number.

- 6) *A climate of cooperation generates more learning than a climate of confrontation.*

ABCs facilitators promote cognitive dissonance in a cooperative climate by creating a space for interchange and communication. However, this cooperative climate does not mean that all classroom discussions are avoided. If participants in the training session believe that all of their ideas are correct they will not learn and their time will be wasted.

Participants may pretend to accept new ideas in a confrontational environment. Entrepreneurs could also appear to accept new points of view to avoid the risk of having others think that they do not understand, do not want to collaborate, or are not paying attention. In credit-connected training, entrepreneurs may feel that any disagreement or negative outcome could put the desired credit at risk.

**Living the ABCs of Business : Safety in the Workplace**

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*The class breaks into small groups to perform a self-diagnosis of safety practices in their own workplaces. During this exercise, microentrepreneurs observe that they commit some of the same errors they have been analyzing. They create an action plan to resolve these issues in their workplaces.*

*Many microentrepreneurs already have established safety practices. In these cases, ABCs of Business provides an opportunity to build upon these practices and add additional or improved safety practices. Different types of safety activities are discussed: some of which are easy to implement, others that require more time. Materials provided by ABCs of Business provide instruction on safe workplace practices such as safe lighting and ventilation. The class is also taught how to isolate sound to control noise pollution and how to prepare a first-aid kit.*

*The training provided is specific to the situation. For example, ABCs facilitators discuss the content of the labor laws where the microentrepreneurs are working. If for example, breaks are mandated during the workday, the facilitator discusses how to space the breaks at certain hours to avoid the fatigue that causes accidents. At every step, the training links safety to image and product quality. For example, if a potential customer sees the juice seller’s practices as unhygienic, she may decide not to buy the juice.*

*Throughout the training, the facilitator strives to achieve a cooperative environment. Before beginning each class, the participants make a pact to promote a cooperative learning environment by respecting others, participating with concise concrete suggestions, and being open to new ideas and opinions. This environment is critical to the success of ABCs of Business training.*

Finally, unquestioning acceptance could create the appearance that the entrepreneur is applying everything that he was taught. However, some ABCs of Business field investigations have demonstrated a different outcome after visiting entrepreneurs several months later. In the case of many of these accepting participants, there was no actual learning, since there never was real destabilization.

7) *Concepts that are helpful to the microentrepreneur are valid to them.*

ABCs facilitators do not believe in speaking of “false” or “true” concepts. They prefer to use the “validity field,” the idea that concepts that work for the entrepreneur are valid to them. For example, an accounting model can be powerful, but if it is too complex and does not function for an entrepreneur, it is simply unnecessary. Entrepreneurs can also be taught to calculate their accounts. They can understand the methods. However, the goal of ABCs of Business is for entrepreneurs to want to keep accounts and to actually use them.



*This picture of a man using protective equipment illustrates the ABCs of Business course on workplace safety.*

Integrating ideas that are important to entrepreneurs with new ideas allows ABCs facilitators to help trainees make changes. It is not enough to win an argument with an entrepreneur to get him or her to change. Change does not occur exclusively as the result of a debate in a particular ABCs session, but also when a new idea is in sync with an entrepreneur’s culture, values and emotions.

8) *New knowledge must be accessible to the microentrepreneur.*

ABCs of Business was influenced by the concept of the Zone of Proximal Development developed by Russian scholar Lev Vigotsky. Proximity is a basic requirement to enable the facilitators to “hear” the participants. If the message is a very “far” proposition, that is, one that is inconceivable or unattainable, it cannot be heard. For example, if ABCs of Business advises a subsistence-level microentrepreneur to calculate accounts (as traditional training courses often do), that advice would be completely ignored. However, a microentrepreneur with two or three employees that keeps an inventory may find the same advice useful.

Using a visual analogy, when climbing a ladder one cannot jump at once to the fifth step. A jump of one or two steps, or perhaps even three, will work. From the third step one might be ready to

move to the fifth. The task that seemed initially impossible can eventually be achieved if the proposed jump is placed in the Zone of Proximal Development. For example, a facilitator could not arrive at the first ABCs of Business session, and tell participants to change their eating, religious or political beliefs substantially.

9) *When a new idea can be implemented in the short or medium-term, it is adopted more easily than ideas that are adopted long-term.*

The changes that emerge during ABCs of Business modules can be made in the short-run, while others require more time. Facilitators have observed that changes that need to be implemented over a long period of time are often difficult for the microentrepreneur to adopt. Some short-term ideas taught through ABCs of Business that are put into effect immediately include:

- Having sales to get rid of discontinued products or those that are difficult to sell
- Maintaining a sample book with the latest products offered

Knowledge is created and reinforced by action. ABCs of Business encourages the participants to formulate a plan of action to use what was learned during the module to improve their enterprise. This further motivates the trainees, as they acquire skills and knowledge that they feel are significant and appropriate for their businesses.

### **Factors That Make it Difficult for Adults to Learn**

The factors supporting adult learning are incorporated in the design and instruction of ABCs of Business. Other lessons ACCION has learned about factors that inhibit learning were also fundamental to the creation of its instructional model. These factors are described briefly below:

*New ideas that contradict cultural norms will probably not be adopted.*

When something is taught to a microentrepreneur that clashes with a cultural norm, there exists a high probability that it will not be considered in the learning process. For example, cultural viewpoints are seen in the attitude of many microentrepreneurs towards risk. Many producers do not incorporate security strategies in their work. This can occur for reasons other than the lack of economic resources. Sometimes microentrepreneurs believe, “It can happen to someone else but not to me, because I have great abilities [or] because I am always alert.” Often religious beliefs play a role; for example, a microentrepreneur might believe that a patron saint will prevent anything bad from happening.

*Restrictions in the environment often inhibit the possibility of change.*

Frequently, training programs that transfer guidelines from the formal to the informal sector, or from large enterprises to microenterprises, believe that everything can be accomplished by simply willing it to happen, independent from the existing situation. However, for microentrepreneurs, this is not always true. For example, when a facilitator suggests that raw materials be purchased wholesale, microentrepreneurs may argue that they cannot do so because the capital is not available or because there is not enough space for storage. Similarly, a facilitator may advise an ABCs of Business participant against working on projects without partial payment up front, but this may be unavoidable because a “powerful” client generates a great deal of business and imposes conditions.

Other illustrative cases include:

- The microentrepreneur cannot set the price of some goods, because the government fixes the prices of supplies.
- The microentrepreneur cannot require cash payments up front for sales, because that would put him in a disadvantageous position relative to the competition.
- The microentrepreneur cannot immediately fire an undisciplined employee, because specialized labor is hard to find or because of labor laws requiring that employees be given notice.
- The microentrepreneur has a hard time creating an organized schedule of activities because a supplier delays orders purchased with credit.

*When an idea is not adopted, it may not be appropriate for the microentrepreneur.*

New ideas are not adopted when they are dysfunctional, that is, when these ideas result in inconvenience, or are inopportune, inapplicable, or unnecessary. Examples of this include the subsistence-level entrepreneur whose comment on the administration of inventory was: “Why would I make a written inventory list if I can see what I have by looking?” Even small business owners may complain when asked to register sales by saying: “If I start listing everything I sell, when am I going to attend to the client?”

In general, detailed systems of written registers are only functional for microenterprises that, due to their volume, and/or their level of accumulation, require a control system that exceeds a visual registration, or minimal writing (i.e. a merchant who keeps registers in a notebook, which is functional). Similarly, many entrepreneurs find it difficult to calculate indirect costs of materials, because prices change rapidly and the amount of the product they produce varies each month.

*Even when appropriate, a new idea may not be adopted because of the risk involved.*

In some cases, entrepreneurs do not adopt a new idea, even if they understand it, when there is a high risk involved. For example, exploring a new line of production implies risk. Failure could have grave consequences for the business and the family’s income. Similarly, starting mass production and not attending to the particular demands of each client could be positive, but could also incur high risks.

Even decisions that potentially imply risks can be worrisome to entrepreneurs. When contracting new personnel, entrepreneurs worry that employees will not provide the same quality of service as they provide, leading clients to leave them. They even worry about creating new designs, fearing that competitors may copy them and undermine the effort invested, saying “Why should I invest in new models if others will only copy me?”

*Microentrepreneurs sometimes dismiss “academic” ideas.*

Entrepreneurs sometimes dismiss new ideas, because they come from someone who is not a microentrepreneur. The entrepreneur may say that the idea comes from someone who is “book smart” but does not have experience, and it will be deemed irrelevant or impractical.

*Entrepreneurs sometimes undervalue their work as entrepreneurs.*

On occasion, someone becomes an entrepreneur by necessity rather than by desire, while looking for a different type of job, for example. The entrepreneur does not recognize himself or herself as an entrepreneur, and often underestimates the worth of his or her work. These entrepreneurs often prefer to make efforts to leave the entrepreneurial sector, such as applying for other jobs, rather than attending training to further their entrepreneurial skills.

*Psychological defense mechanisms may prevent entrepreneurs from identifying problems.*

Sometimes when entrepreneurs appear to not recognize a problem, it may be because they do not see a viable solution. For example, entrepreneurs may use psychological defense mechanisms such as avoiding thinking of the wear and tear of the machinery when there is no possibility of replacing the machinery. Similarly, when increased competition leads entrepreneurs to extend their working day, they may tell their facilitators that the increased workload is the only way to survive or that they prefer not to think about such things because it complicates their lives.

### **A Teaching Style Tailored to the Entrepreneur**

ABCs of Business and its pedagogical method are based upon the factors discussed that aid and inhibit adult learning. The program use twelve steps to help entrepreneurs identify, analyze and resolve problems. Teaching aids such as videos, audios, case studies, representations, and visits to microenterprises complement this method. Each ABCs of Business training session is distinct, and there is a great deal of room for creativity. An effort is made to make training sessions fun so that entrepreneurs are motivated to continue.

### **A Cultural and Human Focus**

The focus of ABCs of Business is essentially cultural and based on the active exchange of experience. The program is not only dedicated to the resolution of administrative problems, but is also intended to integrate the attitudes, values, family relationships, community and context of the entrepreneur's country.

The gender perspective is a key part of ABCs of Business; both in its focus and in its curriculum. In each module of the curriculum, the family and its values are emphasized, as are equitable business practices such as valuing the role of the woman in the working world. The modules also include information related to the care and preservation of the environment through topics that address the use of waste, public space and contamination.



*Participants in an ABCs of Business training session play an educational game.*

This educational model recognizes the human dimension of microentrepreneurs and their families and considers their material needs (income, costs, and savings), their relationships (including heart, affections and emotions), and their identity as an entrepreneur so they can grow and develop as a citizen who contributes to his or her community and country.

## **The 12 Steps of ABCs of Business**

### *Step 1: Recognize the problems*

Problems that are part of daily working life are identified and described and categorized according to different areas where the ABCs of Business concentrates.

### *Step 2: Recognize the knowledge of the entrepreneurs*

Each participant expresses his or her point of view about the problem in question, taking into account their own strengths and weaknesses. This gives each entrepreneur the opportunity to show his or her knowledge and to share the knowledge of the other members of the group.

### *Step 3: Exchange knowledge between group members*

An open environment encourages healthy debate and dialogue among entrepreneurs in the group. Group members exchange knowledge and experiences that highlights both their similarities and their differences.

### *Step 4: Organize topics for discussion*

The topics to be addressed are organized systematically and the viewpoints for debate are introduced to the group.

### *Step 5: Learn about other points of view*

The facilitator presents the new idea from the ABCs of Business module to the entrepreneurs.

### *Step 6: Exchange of knowledge between group members and the facilitator*

In this step, group members and the facilitator discuss different viewpoints: individual knowledge from each entrepreneur, knowledge that arises in the debate between entrepreneurs, and the knowledge of the facilitator. This sets the scene for a discussion about the agreements, disagreements, or doubts created by differences in the viewpoints of the entrepreneur and the viewpoints presented in the module.

### *Step 7: Understand the ideas that have been discussed*

After the second exchange of information between the group and the facilitator, the different viewpoints are discussed and classified to clarify their causes and consequences and their strengths and weaknesses.

### *Step 8: Reformulate the problem*

The entrepreneurs reformulate the initial problem, either as individuals or as a group, according to the characteristics of the participants. They can decide to limit the scope of the problem, to select a specific aspect of the problem or simply to reframe how it was presented in the beginning of the session.

### *Step 9: Identify and evaluate solutions*

Participants identify diverse alternatives, and their viability and potential benefits are discussed. To enrich the discussion within the group, each participant's suggestions are presented to the other entrepreneurs and the facilitator.

*Step 10: Create an action plan*

Participants develop an action plan that answers the following questions: What will be done? Where? When? Why? For whom? With what material and financial resources? Some elements can be executed immediately, while others require longer periods of time. This action plan is incorporated into the monitoring and evaluation for the participants.

*Step 11: Intervention*

The facilitator works to motivate the entrepreneurs to put their action plans into practice.

*Step 12: Evaluation*

This step occurs 15 or 20 days after a session, when a facilitator returns to see what steps in the action plans have been implemented, what results were obtained and if the feedback returns a new understanding that complements the business.

**Continuous Feedback**

A system for the monitoring and evaluation of ABCs of Business is included as part of the materials provided for the institutions offering the training. This system contains instruments, surveys, registration forms for response and software that permits institutions to process results.

The objective of the evaluation system is to help organizations assess whether the training provided had an effect on the entrepreneurs and their microenterprises. It asks the entrepreneurs about their perception of how their practices and situation has changed since participating in ABCs of Business and how they feel about the program's methodology and facilitators. This system is a feedback tool for ABCs providers.

The first evaluation was implemented in October 2002 by ABCs of Business staff, with assistance from the institutions who use the ABCs of Business program. Four hundred and eight Colombian microentrepreneurs who received training through participating institutions were surveyed: half of them were female. Respondents had participated in various selections of a set of 23 different modules (more than half of the total curriculum offered at that time).

Clients were overwhelmingly positive about the training they had received through their ABCs of Business classes. Some of the principal results reported by the clients surveyed include:

- **Customer satisfaction:** 99.9 percent of respondents reported that the educational content of the modules was relevant for their enterprises and adaptable to their environment.
- **Practical Learning:** 68 percent indicated that the training they received would allow them to know more and do more with their microenterprises.
- **Improvements to the microenterprises:** 62 percent affirmed that their microenterprises had experienced positive changes in management of their businesses, acquisition of new loans, investments and fixed assets and/or increase in inventory, increase of income and/or sales, and increase of profit or savings.

- **Increase in income:** For the microentrepreneurs who reported an increase in income, 60 percent estimated an increase of up to 10 percent and 36 percent estimated an increase in income from 10 to 20 percent.
- **Changes in business practices:** 46 percent of respondents indicated that they had used the lessons from their training modules to modify their business practices. An additional 22 percent indicated that they intended to modify their business practices in the near term, but had not yet been able to do so for diverse reasons (such as the economy). These responses show us that for a majority of those receiving training, attitudes have changed.

Information about changes were communicated by the clients and verified in their place of business.

ACCION coordinates the application of the evaluation system with the host institutions, so that the institution can observe the impact of the training and make adjustments as needed.

### **Challenges**

In the coming years, ACCION will continue to expand ABCs of Business into new markets. The program will attempt to expand significantly in Brazil and Mexico, the largest markets in Latin America. It will also define new strategies in South America particularly in Argentina, Brazil, and Chile. Materials have been translated into three languages (Spanish, Portuguese and English), and staff members are in the process of adapting images, content and language used in current materials so that they can be used in Africa.

This report was written by Eliana Restrepo Chebair, Senior Director of Business Development Services and the ABCs of Business at ACCION International. She holds a master's degree in community psychology. For more information on ABCs of Business, please visit [www.dialogodegestion.com](http://www.dialogodegestion.com) or e-mail [erestrepo@accion.org](mailto:erestrepo@accion.org)

ACCION International's *InSight* series is designed to share the results of our work with the microfinance community as quickly and efficiently as possible. The series highlights practical applications, policy viewpoints and ongoing research of ACCION. To download other editions of *InSight* free-of-charge, please visit [www.accion.org/insight](http://www.accion.org/insight)

Other titles in ACCION's *InSight* series include:

*InSight 1: ACCION Poverty Assessment Framework*

*InSight 2: Economic Profile for 15 MicroKing Clients in Zimbabwe*

*InSight 3: Making Microfinance Transparent: ACCION Policy Paper on Transparency*

*InSight 4: Building the Homes of the Poor: Housing Improvement Lending at Mibanco*

*InSight 5: Poverty Outreach Findings: Mibanco, Peru*

*InSight 6: The Service Company Model: A New Strategy for Commercial Banks in Microfinance*

*InSight 7: Market Intelligence: Making Market Research Work for Microfinance*

*InSight 8: ACCION Poverty Outreach Findings: SOGESOL, Haiti*

*InSight 9: ACCION PortaCredit: Increasing MFI Efficiency with Technology*

*InSight 10: Leveraging the Impact of Remittances through Microfinance Products*

*InSight 11: ACCION's Experiences With Rural Finance in Latin America and Africa*

*InSight 12: Developing Housing Microfinance Products in Central America*

*InSight 13: ACCION Poverty Outreach Findings: BancoSol, Bolivia*

With the exception of *InSight* #2, all of the titles in the *InSight* series are available in English and Spanish. *InSights* #4 and #8 are also available in French.