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## **SBDC Performance Appraisal**

Parent Organization (PO): **Karbala Business Development Center (KBDC)**

Date PO Established:

Date SBDC Established: **October 2009**

SBDC Maturity Stage: **Three**

Assessment Date: **May 14, 2012 (1<sup>st</sup> Quarter Assessment, 2012)**

**BDS Advisor: Timothy M. Ham**

**Signature of BDS Advisor:**

Comments by BDS Director:

**Signature of BDS Director:**



## 2. **Purpose of Appraisal:**

The purpose of this Appraisal is to clearly evaluate the activities and achievements of the Small Business Development Centers (SBDCs) as it relates to promoting provincial economic growth and prosperity for all Iraqis.

In particular, this Appraisal is intended to evaluate the effectiveness of the SBDC's in order to judge the following:

- Expansion of the services by the SBDCs for the benefit of their communities.
- Improvements brought about in the SBDCs sustainability by access to multiple funding sources.
- Increasing the number of people able to take advantage of services of the SBDCs.

## 2. **Major Components of the Evaluation:**

### 2.1 **Revenue Generating Activities through a program of improved product offering and services delivery**

- 2.1.1 Training Programs: (How to Start Your Business (HSB), How to Improve Your Business (HIB), Marketing Computers, Languages; Youth Entrepreneur Access to Finance; Youth Employment Program, etc)
- 2.1.2 Business Consulting: (Legal Advice, Business Plans, Accounting Advice, Management Advice etc)
- 2.1.3 Community Activities: (Trade Shows, Rental of Halls, Economic Surveys etc)
- 2.1.4 Linkages with MFIs / Banks and Referrals for Loans
- 2.1.5 Summary of Impact Assessment Survey Participants Responses for that Quarter

#### Strengths:

- Iraqi Businessmen Union provides support in kind, thus reducing costs.
- KBDC offers a variety of training programs beside HSB and HIB, including accounting, English and Computer skills training.
- KBDC has been very active in trying to diversify its client base and revenue streams to support its operational overheads. Fee based activities and services are being offered and explored to generate income. Additionally, KBDC is marketing its services to various donor agencies and companies. KBDC has developed English training for the international firm Lafarge, and has started a new round of English training courses in the 1<sup>st</sup> Quarter for LaFarge. ..
- KBDC training courses attract a high percentage of youth and women.
- Through the IYI Youth Employment Program, KBDC has increased their liaison with area employers
- KBDC is developing linkages with Embassies, donors, other economic development organizations – local as well as foreign and commercial organizations.

#### Weaknesses:

- KBDC needs to improve its ability to meet the requirements of donor organizations for carefully thought out proposals including financial projections.. KBDC Executive Director has limited time to spend on the BDC which affects the BDC performance.

Increase the turnover between the SBDC Staff, which will affect the SBDC Performance in the future. Concerns/Issues:



- KBDC was receiving funding from PRT for the major part of its expenses. The IYI program will cease offering training classes in May 2012 and Tijara has ceased offering funding for training classes.. It is essential that KBDC develop additional “for fee” services and diversify its base of donors/funder seeking to carry out training programs or other services.
- KBDC lost their Accounting Software, so they will use the EXCEL sheet in order to prepare their financial statements.
- Tijara Field Coordinator has reviewed with KBDC options for surveying IBU members and other services that could be provided to firms and individuals in Karbala. KBDC has decided to focus on LaFarge and the Tijara Performance Grant. If other funders approach them, they will consider other programs, but do not appear to have much desire to develop and market additional services.

Recommendations:

**2.2 BDS assists KBDC in developing a Marketing program for the SBDC, Performance Grants and other proposals to prospective contractors and donors. SBDC Deliverables**

- 2.2.1 Business Plan for future sustainability
- 2.2.2 Self-Assessment.
- 2.2.3 Monthly and Quarterly Program Reports
- 2.2.4 Financial reports.
- 2.2.5 Updated work plan

Strengths:

- KBDC has provided a 2012 Business Plan, Strategic Plan and beginning year Work Plan significantly improved over last year. .
- KBDC provides Weekly and Monthly program reports.
- KBDC has submitted a Tijara Performance Grant for a Printing & Marketing Service Center, which was approved by Tijara Grants.

Weaknesses:

KBDC has just started their Tijara Performance Grant and will be followed up to assure timely reporting of milestones. Concerns/Issues:

- KBDC's Accountant has left for a higher paying job; a replacement has been found; and trained by the former Accountant; additional training is being considered for the current Accountant. Accountant reports they have lost the flash drive for Jamsheed accounting program. Replacement is available with a licensing fee. KBDC apparently wants to use Excel system for documentation.
- KBDC needs to look at services that can be provided to the Karbala business community and seek assistance in developing and marketing these and not simply look to USAID- *Tijara* and LaFarge..

Recommendations:

- 2.3 Follow-up frequently with KBDC on status of the Tijara Performance Grant. Financial, Budgeting and Program Reporting**



- 2.3.1 Record Keeping of Participants
- 2.3.2 Specific Revenue Generating Activities and Amounts
- 2.3.3 Monthly & Quarterly Financial Reports:
- 2.3.4 Monitoring & Evaluation of Activities
- 2.3.5 Monthly program tracking reports

Strengths:

- KBDC does a good job of sending reports to BDS

Weaknesses:

- 
- KBDC financial reports need additional detail at the sub-account level to reflect revenue and costs by donor and project. This information is available on their own Excel spreadsheet.

Concerns/Issues:

- KBDC needs to control its costs and develop additional revenue sources. Developing sub-account designation for Income and Expenses will allow them to better determine which programs are generating surplus income.

Recommendations:

- BDS Field Coordinator will conduct periodic visits to KBDC to provide any needed technical support or assistants in order to make sure that they running the project in the right way.

## **2.4 Outreach, Communications and Community Awareness**

- 2.4.1 Linkages with MFIs and Banks
- 2.4.2 Specific Market Led Training Programs Rolled Out
- 2.4.3 Linkages with Other Stakeholders
- 2.4.4 MSME Success Stories

Strengths:

- KBDC operates under the umbrella of "Iraqi Businessmen Union" and therefore has instant visibility and credibility in the community.
- In addition, they have a strong relationship with the University of Karbala (Business Administration Faculty), Karbala Chamber of Commerce, Ahl al-Bayt University Tourism Faculty, Karbala Tourism Commission and the Karbala Provincial Council.
- As a result of the IYI program, KBDC has established a Memorandum of Understanding with the Micro-Finance Institute of Izdiharuna for making micro-loans to IYI graduates. This relationship will strengthen KBDCs ability to refer clients to Izdiharuna for loans following the end of the IYI program.
- KBDC has produced a 2010 Business Directory, using a consultant who worked with Najaf SBDC to produce their 2012 edition. KBDC spoke of wanting to produce a 2012 edition. The experience and printer relationships are there, but KBDC has chosen not to pursue the project at this time. The Directory should generate surplus revenue for the SBDC and increase their exposure to the Business Community



- KBDC uses SMS messaging to pass on event details to IBU members and other interested parties
- They have established their own Karbala SBDC blog spot (<http://ksbdc.blogspot.com/>).

Weaknesses:

- The IYI program has pushed the operational and management capacity of KBDC and they are not able to keep up with submitting complete and timely documentation.
- KBDC lacks a system for developing success stories and making the public aware of their capabilities via different mediums (Print & Electronic).

Concerns/Issues:

- With the discontinuance of funding from the IYI and BDS programs of USAID-Tijara in 2012, it is essential that KBDC expand service development and marketing of these services to increase its “for fee” revenue and seeking out additional parties to pay for contract services and training, including Ministry of Youth, Ministry of Education, Ministry of Labor and Social Affairs as well as private business, national and international NGOs and multi-national agencies.

Recommendations:

- The KBDC can do a better job of approaching those businesses in the Karbala that are growing or new investors coming into Karbala. Significant investment is targeted for Karbala for Refineries, housing construction and tourism. Working closer with the Provincial Investment Commission should at last provide KBDC with the identification of companies seeking to establish operations in Karbala.
- The use of the relationships developed by the IYI Field Coordinator on the Youth Employment Program (YEP) should be emphasized to seek additional training and employment placement services that can be conducted on a “for fee” basis with the business community and government.
- The KBDC can also conduct surveys of members of the IBU to determine business needs and other services it can provide, including additional training.
- Update the Karbala SBDC website to define specific services currently available from the SBDC and those that are proposed. Use the site to market the SBDC.

**HR Management and SBDC Staff:**

- 2.4.5 Staff Qualifications & Turnover
- 2.4.6 Staff job descriptions updated and reflect the current SBDC organization structure
- 2.4.7 SBDC Director's efficiency in managing the Center
- 2.4.8 Training capabilities of the SBDC trainers
- 2.4.9 SBDC staff training needs

Strengths:

- It has a proper organization structure.
- It has an ample supply of high quality short-term trainers.

Weaknesses:

- Turnover has been high for a small organization in the past, including the recent replacement of the Staff Account.



Concerns/Issues:

- Retaining and building qualified staff with diverse business skills as programs are expanded.

Recommendations:

- KBDC needs to hire quality staff in marketing and reporting as its programs grow. Documentation is most challenged at the time of this review.

**2.5 Technical Assistance Provided:**

- 2.5.1 Observations during visits by Advisor / Field Coordinator:
- 2.5.2 Interactions on different initiatives:
- 2.5.3 Financial Support Provided:
- 2.5.4 General Comments

Comments:

- Field Coordinator has good access to KBDC and its Executive Director. Advisor is restricted to meeting with Executive Director during his visit to Baghdad Tijara Campus.
- TA has been provided on development of proposals, action plan, org chart etc.
- KBDC management attended the SBDC 2011 Business Plan and Strategic Plan Training Conference in Erbil in March 2011
- KBDC has implemented training and operations manuals provided by INI
- KBDC Accountant was trained.

Recommendations:

- Frequent follow-up on Tijara Performance Grants

**3. Maturity Stage Check List**

<b>SBDC INSTITUTIONAL CAPACITY DEVELOPMENT</b>			
<b>GOVERNANCE, LEADERSHIP AND ORGANIZATIONAL ISSUES</b>		<b>value</b>	<b>score</b>
	<b>LEGAL REQUIREMENTS</b>	<b>0-2</b>	<b>2</b>
	Initial legal requirements met (registration of SBDC & MOU )	n=0, y=1	1
	Legal requirements current, including current registration and MOU between Tijara and SBDC	n=0, y=1	1
	<b>STRATEGIC PLANS, BUSINESS PLANS, AND ACTION PLANS</b>	<b>0-15</b>	<b>15</b>
	Vision and Mission defined	n=0, y=1	1
	Development of a long-term strategic plan (2-5 years)	n=0, y=1	1
	Development of SMART short-term goals (12 months or less) in the business plan; these goals should be aligned with and prioritized from the long-term strategic plan	n=0, y=1	1
	Development of action plans	n=0, y=1	1
	Evaluation of stakeholder needs	n=0, y=2	2



	Evaluation of customer needs	n=0, y=2	2
	Identified markets segments (customers) and delivery levels of key services to the local market	n=0, y=2	2
	Role of the SBDC in its provincial economic development effort	n=0, y=2	2
	SBDC is achieving results listed in business plans and action plans	n=0, y=3	3
	<b>BOARD OF DIRECTORS, BY-LAWS, AND ORGANIZATIONAL SUPPORT</b>	<b>0-6</b>	<b>6</b>
	Board of Directors initiated, parent organization buy-in	n=0, y=1	1
	Clear and strong management, leadership, and governing structure	n=0, y=1	1
	Board of Directors meet regularly	n=0, y=2	2
	Board of Directors is providing effective oversight	n=0, y=2	2
	<b>STAFFING AND RESOURCE UTILIZATION</b>	<b>0-12</b>	<b>12</b>
	The SBDC's organizational structure must be consistent with the SBDC's mission, goals and funding ability. The SBDC must be capable of supporting the strategic plan.	n=0, y=2	2
	SBDC leader systematically sets direction, addresses current and future opportunities, communicates and deploys performance expectations	n=0, y=2	2
	Business advisors/counselors, research assistants, program directors, etc., have appropriate qualifications and experience	n=0, y=2	2
	Position descriptions developed and the SBDC demonstrates that its staffing pattern is appropriate and adequate	n=0, y=2	2
	Operations manual developed	n=0, y=1	1
	Executive director and staff trained in basic SBDC functions	n=0, y=1	1
	Staff and managers have been trained and achieved acceptable competency levels in advanced operations (accounting, proposal writing, reporting, etc.)	n=0, y=1	1
	Facilities and equipment are adequate	n=0, y=1	1
	<b>GOVERNANCE, LEADERSHIP AND ORGANIZATIONAL ISSUES Score</b>	<b>0-35</b>	<b>35</b>
<b>PROGRAM DELIVERY AND MANAGEMENT</b>		value	score
	<b>PROJECT MANAGEMENT AND REPORTING SYSTEMS</b>	<b>0-13</b>	<b>13</b>
	Project management procedures documented	n=0, y=1	1
	Project managers consistently following project management guidelines	n=0, y=1	1
	The SBDC has systems in place that ensures sound fiscal and contractual management of its programs	n=0, y=1	1
	Budget management and cost-effectiveness of results achieved	n=0, y=2	2
	Achievement of action plans, short-term goals and strategy	n=0, y=2	2
	The SBDC has a system in place to document its work performance and outcomes	n=0, y=2	2
	SBDC staff produces/delivers regular performance reports	n=0, y=2	2
	The SBDC produces/delivers adequate and accurate financial reports on a regular basis	n=0, y=2	2
	<b>BUSINESS DEVELOPMENT AND FUND RAISING CAPABILITIES</b>	<b>0-17</b>	<b>17</b>
	The SBDC demonstrates it has a systematic process or processes to analyze the needs of its small business community	n=0, y=1	1
	Regular customer satisfaction and needs assessments conducted	n=0, y=1	1



	The SBDC demonstrates it utilized the results of the analyses to develop and deliver programs to meet identified needs	n=0, y=2	2
	The SBDC systematically promotes its programs and services to the general public and particularly to the small business community	n=0, y=2	2
	The SBDC produces and distributes publications, pamphlets, brochures, audio/video aids, web site and/or other information and materials for use by small businesses	n=0, y=2	2
	The SBDC is capable of building strong stakeholder relationships and is able to determine stakeholders' level of satisfaction	n=0, y=3	3
	The SBDC is able to demonstrate a strategy for seeking supplemental funding that is consistent with the SBDC strategic plan	n=0, y=3	3
	Evidence of extensive networking, linkages, cooperation and integration with the chambers of commerce, business and trade associations and economic development entities in the province	n=0, y=3	3
	<b>CONSULTANTS AND ADVISORS NETWORK</b>	<b>0-5</b>	<b>5</b>
	Database or roster of advisors and consultants to support SBDC service delivery is being developed	n=0, y=1	1
	Advisory and consultants network expanded and being used to help deliver training and consulting services	n=0, y=2	2
	Partnerships developed with universities and other service providers and being used to expand training and other service delivery capabilities	n=0, y=2	2
	<b>PROGRAM DELIVERY AND MANAGEMENT Score</b>	<b>0-35</b>	<b>35</b>

<b>SERVICE DELIVERY PERFORMANCE</b>			
	SERVICE DELIVERY	value	score
	Average number of donor-funded <b>training</b> sessions conducted/quarter	<b>0-5</b>	<b>3</b>
		3-5 sessions	score 1 →
		6-8 sessions	score 2 →
		9-11 sessions	score 3 →
		12 or more sessions	score 5 →
	Ave. number of <b>other</b> donor-funded programs conducted/quarter (not training programs)	<b>0-5</b>	<b>1</b>
		0 programs	score 0 →
		3-5 programs	score 1 →
		6-8 programs	score 2 →
		9-11 programs	score 3 →
		12 or more programs	score 5 →
	Number of for-fee training courses offered /quarter	<b>0-5</b>	<b>2</b>
		0 courses	score 0 →
		3-5 courses	score 1 →
		6-8 courses	score 2 →
		9-11 courses	score 3 →
		12 or more courses	score 5 →
	# of clients who paid to participate in training programs/quarter	<b>0-5</b>	<b>2</b>



		0 clients	score 0 →	
		10-29 clients	score 1 →	
		30-59 clients	score 2 →	2
		60-89 clients	score 3 →	
		90 or more clients	score 5 →	
	Number of for-fee business services offered during the quarter		<b>0-5</b>	<b>1</b>
		0 services	score 0 →	
		3-5 services	score 1 →	1
		6-8 services	score 2 →	
		9-11 services	score 3 →	
		12 or more services	score 5 →	
	# of clients who paid for business services during the quarter		<b>0-5</b>	<b>1</b>
		0 clients	score 0 →	
		1-5 clients	score 1 →	1
		6-8 clients	score 2 →	
		9-11 clients	score 3 →	
		12 or more clients	score 5 →	
	<b>SERVICE DELIVERY PERFORMANCE Score</b>		<b>0-30</b>	<b>10</b>

<b>SBDC INSTITUTIONAL CAPACITY DEVELOPMENT Total Score</b>	<b>0-100</b>	<b>80</b>
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FINANCIAL PERFORMANCE AND VIABILITY				values	score
	Year to Date Revenues (total)			\$107,175	no score
	Year to Date Operating Expenses (total)			\$35,289	no score
	<i>(Use figures from financial reports)</i>				
		Actual %			
	% of revenues from USAID-Tijara and PRT	75%	if Tijara/PRT is 100%	score 0→	
	% of revenues from GOI sources and other (Non Tijara/PRT)	0%	if Tijara/PRT is 75-100%	score 10-19 →	10
	% of revenues from client fees (for-fee services)	25%	if Tijara/PRT is 50-74%	score 20-29 →	
		100%	if Tijara/PRT is 40-49%	score 30-39 →	
			if Tijara/PRT is 25-39%	score 40-49 →	
			if Tijara/PRT is 0 %	score 50 →	0
	<b>FINANCIAL VIABILITY Score</b>			<b>0-50</b>	<b>10</b>



MATURITY INDEX	INSTITUTIONAL CAPACITY SCORE	VIABILITY SCORE	TOTAL SCORE
Stage I Maturity Level	0-35	0-12	<b>0-47</b>
Stage II Maturity Level	36-65	13-25	<b>49-90</b>
Stage III Maturity Level	66 - 80	26-35	<b>92-115</b>
Stage IV Maturity Level	80-100	36-50	<b>116-150</b>
<b>SBDC SCORE</b>	<b>80</b>	<b>10</b>	<b>90</b>

*Karbala BDC continues as a State II Maturity Level.* Karbala BDC records revenue on a cash basis, not accrual and consequently recorded only cash received. Services have been provided by KBDC for Lafarge, and has been billed with receipt anticipated in May and consequently does not affect this 1<sup>st</sup> Quarter ranking. Normally, we would consider it a Level III Maturity Level. .

**Total Score: 90/150 – Stage II Maturity Level**

**4. Summary of Recommendations:**

- KBDC needs to continue to add fee-based services and diversify its donor, NGO and GOI revenue sources
- KBDC marketing and communications can be substantially improved. Establish strong working relationship with the Karbala Investment Commission and Karbala Chamber of Commerce, Universities and expand relationships in and potential connection to firms seeking services which could be provided by KBDC.

**5. Specific Action Items and Timeline for Achievement:**

- Follow-up on Tijara Performance Grant which runs through September 2012..