



FINFIND PRODUCT TEST REPORT

GAUGING THE MARKET READINESS OF ONLINE SME FINANCE GUIDE

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FINFIND PRODUCT TEST REPORT

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ACRONYMS

BDS	Business Development Services
BDSO/BSO	BDS Organization
BDSP	Business Development Service Provider
CEO	Chief Executive Officer
FABCOS	Foundation for African Business and Consumer Services
FSP	Financial Sector Program
IBA	Institute of Business Advisors
IIB	Institute for Independent Business
LED	Local Economic Development
SAIBL	South African International Business Linkages
SAIPA	South African Institute of Professional Accountants
SEDA	Small Enterprise Development Agency
SMEs	Small and Medium Enterprises

EXECUTIVE SUMMARY

This report captures the lessons learned from the testing of **finfind**, the prototype website aimed at helping South African business development service providers (BDSPs) to become better finance facilitators, thereby enhancing access to finance for local SMEs. **finfind** was developed by the Financial Sector Program (FSP) as a knowledge resource about the South African SME finance landscape, and also as a tool for finance facilitators to structure their consultations with their clients. Having completed the first two phases of its development, it has now entered into its third phase – implementation into the market. As a first step towards implementation, **finfind** was **tested** with thirteen professional BDSPs, including business advisors, accountants and consultants.

The aim of the test was to gauge the market-readiness of **finfind**, in other words, what needed to be changed for it to work for BDSPs. The testing workshop also generated useful insights into the target user, how future training should be conducted and how **finfind** should be developed in future. The test took the form of a day-long workshop in which the participants were familiarized and trained in the use of **finfind**. The participants, all members of professional BDSP organizations, gathered at USAID's computer laboratory in Pretoria where each had access to a computer for the day. **finfind** was run from a server to simulate the internet. **finfind** was introduced through a lecture and the role-playing of a mock consultation. Participants were given the opportunity to explore the website, where-after they took part in two role plays themselves, simulating a consultation between BDSP and SME client. Feedback was solicited from the participants in several ways, including comment cards, an anonymous survey and a focus-group discussion. The feedback was then reviewed and analyzed by the four facilitators, all of whom were intimately involved in the development of **finfind**.

The main finding of the test was that **finfind** is market ready. Although the participants had several points of criticism, not one of them precluded the immediate launch of **finfind**. In fact, the suggestion emerged from the participants themselves that **finfind** be rolled out and reviewed after six months. On the positive side, the test confirmed that **finfind** has great potential to become a well-used tool for BDSPs in facilitating finance for SME clients. It even has the potential to be a seedbed for the emergence of an SME finance-brokering industry in South Africa. Participants confirmed emphatically that they will be using **finfind** in their businesses, some mainly as an information resource, some as a consultation-structuring tool and some mainly as a directory of SME financiers.

The participants did not hold back on their critique of the site, but a striking feature of the tone of the workshop was the number of ideas and solutions proposed. It never descended into a complaints session, despite many criticisms. This may have to do with the fact that, as business advisors, they are trained to think of solutions. But it could also be due to the potential they saw in the product and the level of buy-in attained in the short space of the day-long workshop.

Their main concerns were about confusion over where they were in the site (navigational issues), that they were not able to edit and customize the letters that the site produces for their SME clients as much as they would like to, and that the directory of financiers was too thinly populated. Other requests for improvement included enabling more detail in the consultant profiles on the site (so that SMEs can see which consultants are willing to deal with businesses of their size, industry and area), changing the letter templates to suit the irregular forms of finance on the site, namely customer deposits, supplier credit and personal finance. With regards to the market positioning of **finfind**, they argued strongly that the site should allow access to well-qualified BDSPs only, that strong relationships between **finfind** and financiers be built, and that sifting mechanisms be considered so that registering on **finfind** does not lead to a BDSP being swamped by inappropriate requests from the wrong kind of SMEs.

The participants felt that prospective users could be trained in half a day, using the same methodology of role-plays and practical exploration on computer.

The main recommendation of this report is therefore that **finfind** be launched into the market as soon as a host institution is found. While the search for a host institution is under way, several of the improvements gleaned from the testing workshop can be implemented. The most important changes recommended for immediate implementation include adding more financiers to the directory, improving the design of the left menu and improving the consultant-profile pages of the site.

A quick usability test can be conducted with a few participants of the test workshop to see if the changes work. Thereafter, several more involved improvements can be made, the most important of which are:

- Summarizing the text and refer the reader to a knowledge bank if they need to read the full-length articles.
- Building the guide map (see Annex 10) into the website.
- Customizing the Letters of Recommendation and Record of Advice to suit the different kinds of finance. These are documents that **finfind** produces on behalf of the user to hand over to the SME client as a concrete result of a consultation.
- Allow **finfind** users to add their logos to the letters and to customize the letters further with specific advice.
- Develop a form for SMEs to fill in with their basic information.
- Add a standard confidentiality agreement and permission to do a credit check to the documentation.

Ideally, the product should be field tested with some of the workshop participants, where they take a real client through the **finfind** process. Such a field test will help to further inform the choice of host institution, as well as the launch and future development of **finfind** by the host institution.

The choice of host institution will be crucial for the success of **finfind** in the market. It must have the capacity and the entrepreneurial ability to adjust **finfind** to the needs of the market, to provide development and support to keep it useful and relevant, and devise and implement a sustainable business model for **finfind**.

SECTION 1: BACKGROUND

The USAID's Financial Sector Program (FSP) supports the accomplishment of the U.S. Government's Economic Growth Objective in South Africa. This task order is one of three main vehicles to promote vibrant growth of historically disadvantaged small and medium businesses (SMEs) and reduce unemployment and poverty. The objectives of this program are to expand access to financial services and lower financing cost for small and medium enterprises (SMEs) through reforming the legal and regulatory framework affecting the financial sector and business environment and improving the commercial viability of lending to historically disadvantaged SMEs in South Africa, thereby expanding SME access to a range of high quality and affordable financial services.

Activities under FSP focus on: improving and expanding financial services and products; managing and mitigating financial risk and transaction costs; improving bankability of SMEs and business services by linking financial services with business service activities that can build SME capacity, productivity and competitiveness, as well as improve the capacity of financial advisory services to serve SMEs; supporting the emergence of an efficient credit industry regulator that promotes an enabling environment for financial intermediation and risk management, and boosts the private sector's role and participation in the provision of financial services to SMEs; promoting reforms to commercial laws, regulations, and administrative practices affecting the private sector and SME development; and improving knowledge management through an accessible repository of knowledge about SMEs and finance in South Africa.

Under the component of improving the bankability of SMEs and enhancing their financial literacy, FSP has developed **finfind**, a web-based information product for business development service providers (BDSPs) to assist their SME clients in accessing finance.

The contents of this online South African guide to SME finance will provide BDSPs with the tools and information needed to help their clients understand the world of small business finance and guide them in making informed decisions about whether and where to apply for finance for their small business.

Development of **finfind** is being conducted over a series of phases:

Phase 1: **Concept Testing**

Development of a curriculum outline (or framework) for the guide for presentation to business service organization (BSO) partners to verify which modules would most meet their needs, by what method and at what level of sophistication;

Phase 2: **Product Development**

Development and editing of content;
Packaging of **finfind** into electronic format;
Information gathering of SME financiers into a **finfind** directory;
Registration of **finfind** trademark;
Development of training course;

Phase 3: **Implementation**

Pilot testing and user testing of **finfind**;
Identification of an institution qualified to host and champion **finfind** in a sustainable way;
Handover of **finfind** to the institutional host;
Launching **finfind** in the market.

Phase 1 has been completed and produced a framework for developing the content for a financial literacy program (See Annex 10). It also identified that the delivery format most preferred by FSP partners is training of BDS providers complemented by a web-based resource in order to effectively assist their SME clients.

Under Phase 2, prior to development of the content of the guide, a sample set of modules were developed and evaluated by FSP's partners in order to assess usefulness to their members and ensure that the content and format meet with market requirements. Once endorsed, all 52 of the modules of the guide were completed, reviewed for technical accuracy and relevance and edited professionally. Subsequently, the product was branded as **finfind** and packaged into a web-based version consisting of full technical functionality, design and layout. During the packaging process, several BDSPs were invited to participate in a focus-group discussion in order to comment on and inform the design of aspects of **finfind**, including the letters proposed as an output of the **finfind** consulting process.

The development of **finfind** has now entered Phase 3, during which the resource will be implemented in the market. As a first step in Phase 3, **finfind** was subjected to an intensive day-long scrutiny by a group of BDSPs. They were trained in the use of **finfind**, given the opportunity to test it in mock consultations and were asked for in-depth feedback on its usefulness and market-readiness. This report is a detailed description and analysis of that exercise.

SECTION 2: THE PRODUCT-TESTING APPROACH

Purpose

Towards the end of Phase 2, **finfind** gelled as an ostensibly coherent online product. The idea had evolved into a sophisticated combination of a) a guide to the small-business finance landscape in South Africa and b) a tool for structuring the consultation process that a finance facilitator has to go through with his or her small-business client in order to maximize the chances of a successful finance application.

A less intricate product such as a simple directory of financiers may well have been launched without further ado, but a multifunctional resource such as **finfind** requires careful testing, especially since the concept is unique and therefore unproven in any market. An intensive product-testing day with fourteen BDSPs was therefore conceptualized to gauge the market-readiness of the product. Specifically, the exercise was designed to answer the following questions:

- Is the website user-friendly? What in the website needs to be changed or fixed before **finfind**'s launch?
- Is the content accurate, accessible and comprehensive enough to be useful to BDSPs? What in the content needs to change before **finfind**'s launch?
- **finfind** offers the user three document templates to formalize the interaction between the finance facilitator and SME client:
 - A Quotation in which the finance facilitator explains his or her fees,
 - A Letter of Recommendation in which the finance facilitator recommends what type of finance may be suitable for the SME and which financiers should be approached first. The letter also lists tasks which the SME and facilitator will respectively undertake to prepare the application for finance.
 - A Record of Advice, which the SME client can take along to the financier to show that the application is the result of a thoughtful process.

The product-testing day was designed in part to gauge how useful these document templates were to BDSPs and what needed to be changed before **finfind**'s launch.

- **finfind** integrates two main functions, namely a reference guide to the South African small-business finance landscape on the one hand, and a consultation-structuring tool on the other. Does the integration work, or does the one function obscure and dilute the usefulness of the other?
- What should the form and content be of a training course that can be rolled out to BDSPs nationally for the successful take-up of **finfind**?
- The community of BDSPs in South Africa range from barely matriculated informal-sector advisors to highly qualified and experienced industrial engineers and accountants. Which segments of the community find **finfind** most useful, and are they the ones who serve SMEs in **finfind**'s target annual-turnover range of R200 000 to R20million?
- Finally, does **finfind** produce monitoring and evaluation reports that are useful?

Methodology

The product testing was conceptualized as a day-long workshop with at least a dozen BDSPs to whom **finfind** would be introduced through a combination of lecture-like explanation, unstructured exploration of the website, and role-playing mock consultations between finance facilitators and their SME clients. (See Annex 6)

Feedback was encouraged and solicited through:

- Comment-cards on which participants to write down comments, ideas, questions and critiques during course of the day. The resultant collection of comments (contained in Annex 1) were sorted into the following categories:
 - Market strategy and finding a host institution for finfind
 - Qualifying standards for **finfind** users
 - **Finfind** and SMEs
 - **Finfind** and financiers
 - Technical
 - Content
 - Tools
 - Training
 - Business issues
- Four facilitators who answered questions throughout the day and took careful notes of which questions were asked.
- A simple, anonymous questionnaire asking participants to rate their experience of **finfind**. The results of the survey are contained in Annex 2.
- An in-depth focus-group discussion with the participants on their impressions of the use and market-readiness of **finfind**. The outline of the focus-group discussion is contained in Annex 3 and the results in Appendices 7 and 8.
- A review and discussion of the feedback by the four facilitators (all of whom were intimately involved in the development of **finfind**) after the workshop, the results of which were collated in a document outlining immediate, short-term and medium-term fixes and improvements for **finfind**. (Annex 4)

The participants

The testing workshop was the culmination of months of consultation with various organizations that represent BDSPs. Their input was sought at various stages of the conceptualization and development of **finfind**. It therefore made sense that the participants of the testing workshop be drawn from the organizations most closely consulted in the development phases.

A total of fourteen BDSPs belonging to four different organizations indicated that they were willing to participate in the testing of **finfind**. They were from the Institute of Business Advisors (IBA), the South African Institute for Professional Accountants (SAIPA), the South African International Business Linkages (SAIBL) program (funded by USAID and sister program to FSP), and the Institute for Independent Business (IIB).

This allowed for the testing of **finfind** on different levels and kinds of business development services. For example, IBA members tend to work with less sophisticated, smaller businesses, while the IIB works with larger, more formal businesses. Furthermore, the participation of SAIPA also presented the opportunity to see how useful **finfind** would be to accountants, and whether **finfind** could help them to give advice to SMEs beyond the strict ambit of their formal role.

Thirteen participants were able to attend the workshop.
A list of participants is attached as Annex 5.

Structure of the day

The workshop took place over seven hours in USAID's computer laboratory which provided a PC to each participant. The computers were linked to a server which simulated accessing the website on the internet.

The following activities were undertaken during the course of the day:

- The concept of **finfind** was introduced through a short explanation, but mainly through the enactment of mock consultation between a finance facilitator and an SME client.
- The participants of the workshop, each seated at a PC, were taken through a registration process so that the site would recognize them as trained **finfind** finance facilitators.
- The participants were taken through the step-by-step consultation process which forms the core of **finfind**. One workshop facilitator explained the process while participants followed her through each step on their PCs. Three other facilitators circulated through the venue to help individual participants with any technical or conceptual difficulties they encountered.
- The participants were given the chance to play around on the website in an unstructured, exploratory way.
- They were then paired off and asked to role-play a mock consultation, with each participant first playing the consultant, and then the SME client. Prior to the workshop, each participant had been given reading material taken from the content of **finfind** relating to a specific kind of finance (for example, a term loan sourced from a bank, or an account opened at a supplier). This reading material prepared each participant for their turn as consultant. On the day, each participant was given a small-business case study to act out during their turn of being the SME client. The scenarios are contained in Annex 6. The preparation of fourteen different scenarios, contrived to steer each mock consultation via a different route through the **finfind** content, ensured that every one of the 52 information modules (See Guide Map under Annex 10) were worked through by at least one participant, if not through close reading before the workshop as they were asked to, then at least superficially during the mock-consultations on the day.
- The participants were asked to rate their experience of the day in a simple, anonymous evaluation sheet. (See Results of anonymous evaluation in Annex 2)
- A focus-group discussion was held at the end of the day with the participants breaking into two groups, with the IIB and SAIPA members in one group, and IBA and SAIBL in the other.

On the following day, the four workshop facilitators met to review and analyze the results of the test. The analysis is contained in Annex 4.

SECTION 3: KEY FINDINGS

Overall perception of usefulness of finfind

Participants of the product-testing workshop differed widely in what they pointed out as the most useful and most problematic aspects of **finfind**, but they emphatically agreed that **finfind** would add value to their services.

Another common denominator that emerged was the concern over who gets to use **finfind**. The feedback was overwhelmingly in favor of exclusive access by qualified BDSPs only. Although it is an important market-strategy consideration (discussed below under “Market conditions”), the concern shows a sense of ownership that the participants developed over the course of the workshop towards **finfind**. The issue would simply not have been raised if **finfind** were perceived as having little use.

The multi-functional nature of **finfind** was reflected in a striking feature of the feedback: different consultants considered different aspects of **finfind** most useful. In answer to the question of how they would use **finfind** as it is in their practices, different participants highlighted:

- The use of the content as “an educational tool for myself”.
- The use of the letter templates in formalizing and clarifying the relationship between the finance facilitator and SME.
- The use of the directory of financiers, especially if it is updated regularly.

The most skeptical participant was from the IIB, whose members were the most experienced and most highly qualified business advisors to participate in the workshop. He described the content as “pretty ordinary. I mean, I can probably find more financial institutions than you’ve got. And I know all the finance classes and all the different finance things”. He was concerned that registering his details as a finance facilitator on **finfind** would lead to a flood of non-creditworthy businesses contacting him. But even he described the letter templates as “a key thing, because when I’m saying to a guy I want 7.5% of the funds (finance raised), and he sees these (letters) he’s going to say ‘yes’”.

Although it is conceivable that the usefulness of **finfind** will diminish for finance facilitators towards the higher end of the sophistication spectrum, whose knowledge of the South African small-business finance landscape and consulting systems are presumably already well developed, the focus-group discussion suggests that the perception of usefulness will depend more on the individual attitude of the users rather than on their level of sophistication. The other two IIB participants were very certain about the usefulness of **finfind**. One said he would mainly use **finfind** as “an educational tool for myself”, and the other described **finfind** as “a brilliant concept...brilliantly written”.

Overall market readiness of finfind

While the participants did not hold back in pointing out shortcomings of **finfind** and suggesting ideas to improve it, the broad agreement was that **finfind** addressed a need and that the only way to fix the shortcomings was to launch it into the market and improve it according to the feedback received. “You know what? Start running it, and then after six months do a review,” said one participant when suggestions were flowing thick and fast about how to improve **finfind**. Others strongly concurred.

Significantly, no point was raised that precluded the immediate launch of the product. Apart from various minor glitches and ‘nice-to-haves’ that can be built into future permutations of **finfind**, participants’ main concerns seemed to be - in order of importance:

- Confusion over where they were in the site and how to go back in the process.
- The letter templates are not customizable enough, especially regarding the issue of their own consultancy's logo.
- The need to keep **finfind** for the exclusive use of reputable consultants so that value builds up in the **finfind** brand in the eyes of financiers.
- The need to add more financiers and details of financiers to the directory.

Content issues

The general feedback regarding the content was broadly positive, ranging from “brilliant” to “very accurate and relevant to the market we serve”, “useful”, “straight to the point” and “pretty ordinary”.

Apart from comments that the length of the text hindered the navigation through the six-step consulting process (see more detailed discussion under Technical), no overall negative comments were raised, but several suggestions were made for improvements to specific parts of the content.

Only one concern was raised over inaccuracy, or at least the inappropriateness, of a part of the content. It relates to the recommendation that loans from family and friends be formally structured and interest be paid at the same level that the lending family member would receive at a bank. The participant felt strongly that such a recommendation does not take into account the cultural aversion in the black community to charging interest rates to family members.

Numerous suggestions were made for the improvement of the content, but the discussions around the content were too brief to draw strong conclusions about the relative weight of each suggestion. The order of importance in which they are listed here are therefore admittedly subjective, except perhaps for the first point:

- The most consistent content comments related to the finance directory. Many participants felt that the database could be expanded, not only the number of financiers listed, but the details of each financier listed. One comment emphasized the importance of keeping the directory of financiers up to date.
 - Specific mention was made of African Bank and Capitec as important sources of finance for some of the participants' clients, even though they are personal-finance houses. Module 4.9 should contain a comprehensive list of personal-finance providers.
 - A participant also specifically mentioned listing export financiers in more detail, and called for descriptions of each financier.
 - Under Contract Finance, no mention is made of Business Partner's Contract Partner product, Nurcha or FNB's contract-finance unit.
 - A participant suggested that **finfind** keeps an eye on savings co-operatives that are busy formalizing their lending to small businesses.
- If a user decides to recommend personal finance, the process produces a Record of Advice (the letter that the SME received from the finance facilitator to show the financier that he or she has been through a consultation process) that in its current form states that the applicant is planning to use the finance for business purposes, which may raise fear in the financier that the applicant is risky. This defeats the object of recommending personal finance, because pay-slip-based personal finance is often seen as less risky and is therefore cheaper and more easily accessible. The Record

of Advice produced when personal finance is recommended should therefore state clearly that it must not be shown to the financier.

- Similarly, the Letter of Recommendation and Record of Advice should be tailor-made to suit a recommendation for asking clients for deposits.
- The Personal Finance module 3.9 links to the Banks module 4.3. Instead, it should direct to 4.9, which should list personal-finance providers. The section on home-mortgage financing should be expanded in all the personal-finance modules.
- Export Finance 3.8 refers to The Banks 4.3. This is a detour. It should rather refer to a section called Export Finance at the Banks.

Technical issues (usability/user friendliness / navigation)

Navigation seemed to be the biggest pain point in the participants' experience with **finfind**. Although the anonymous evaluation recorded many comments describing the site as user-friendly, one or two complaints were recorded on the comment cards relating to navigation (such as "Consultation summary left menu not clear"). But it was in the focus-group discussion that the issue emerged as a serious one. One or two participants felt that it was a matter of getting used to, but there was strong agreement that a lot could be done in the design to improve the navigation.

In the IIB/SAIPA focus group, the complaint centered on the left menu, and the fact that it "changed all the time". The feeling was that the left menu did not always correspond to what was going on on the right screen. "It sort of doesn't harmonize. It doesn't speak to each other," said one participant. There was also strong agreement that it was difficult "to go back" in the consultation process.

In the IBA/SAIBL focus group, the same complaint emerged, and the overall comment made that navigation was difficult and confusing, but a consensus of sorts was reached that the length of the text in the step-by-step modules was the cause of much of the confusion. "We lost the direction in the narrative," was one of the comments.

The solutions proposed to the problem of navigation included:

- Turn the left menu into a more conventional, static website menu, with dropdown menus expanding from it.
- Shorten the narrative text to bullet points
- Or summarize the text, and refer to a deeper underlying library. Essentially, this will boil down to separating to a degree the two functions of the site – as a reference guide to how small business finance works in South Africa and as a tool for structuring a finance-facilitation consultation with an SME client.
- The headings of the content modules need to contain the number of the module.
- Build the Guide Map (Annex 10) into the guide
- Remind the user at the appropriate points in the step-by-step process that a Letter of Recommendation and a Record of Advice need to be produced.

Many other issues concerning the technical functionalities of the site were raised. They included:

- The consultant can only search the site for his or her existing clients by typing in the name of the client's business. This should be changed to be searchable via the client's name or surname also. The search should also not be case sensitive.
- Some niggles were noted in setting up the profile of a consultant. They didn't like having to narrow down their service offering to "training" or "advice" only. The participant argued for a checklist of services rather.

- Many participants wanted to indicate on their profile that they worked in more than one province. The website only allowed them to choose one province or all provinces.
- In section 4.3, when one ticks “bank”, and then clicks “add to consultant record”, the screen jumps to the top, and the tick disappears
- A participant asked if it could be made possible for a **finfind** user to pass on electronically the details of a client to another registered **finfind** user as a way of delegating overflow work to each other.

The clarity of navigation was also discussed in detail by the facilitators in the review of the product-testing workshop. It was decided that the following changes would improve and clarify the navigation through the site:

- The items on the left menu need to be sorted and separated from one another.
- When a consultant logs in to the secure space, the website will take him or her automatically to the consultant home page (with jewel boxes)

Issues relating to the tools (Letter templates)

The letter templates generated arguably the most excitement among the participants. More than one said they were the most useful aspect of **finfind** (“the most beautiful”, said one). The feeling was that the templates not only helped to structure the consultation process, but it formalized the discussion, clarified the services and the fees, and provided a clear checklist of what needed to be done in each consultation.

The participants were enthusiastic about what could be improved in the letters:

- The strongest call was for customization of the letters so that the consultant could put his or her logo on it. The participants were also adamant about their need to edit the content of the letters in order to tailor-make it for each situation.
- The indemnity clause needed to be strengthened in the Letter of Quotation.
- A confidentiality agreement needed to be built into **finfind**, preferably as a separate document to be signed between the SME and the consultant.
- Many asked for drop-down checklists in the Letter of Recommendation for choosing the tasks which the SME and the consultant respectively should complete before the next meeting. For example, “Bring copies of owners’ IDs” as one of the tasks that the client must complete, and “Compile assets- and-liability statement of owners” as a task for the consultant.
- A participant felt that the website itself should store archived copies of the letters produced so that they are accessible from the Summary of Consultation.
- It was suggested that the Record of Advice should list one financier at a time, not all the financiers to whom the SME is referred. The feeling was that to hand a letter over to a financier stating that the SME will also be applying to his competition, may jar in certain cases. If more than one financier is therefore recommended, more than one Record of Advice must be produced – one for each financier.
- It was suggested that the letters also contain a clause granting permission to do a credit check. The feeling was that often, an SME client would hide a bad credit record from the consultant, who does much of the work on a success-fee basis. In certain cases, consultants want to check upfront whether an SME is at all eligible for formal finance. This could be developed as an appendix to the Letter of Quotation, or as a standalone letter.

Several ideas were raised for additional tools which will enhance the usability of **finfind**:

- There were requests for a questionnaire that a user can send to a prospective SME client to help him or her gauge the needs and bankability of the SME.
- Participants suggested that a system of reminders be developed so that the user is automatically reminded of upcoming meetings and follow-ups with clients. This can be generated from the letters produced through the site.
- Participants reacted enthusiastically to the suggestion of building a loan calculator into the site.

When participants were asked whether **finfind** should build a diagnostic tool onto the current functionalities, in other words, an analytical tool for doing a due diligence into the internal finances of an SME who is applying to finance, the response was fairly neutral, with most saying that they have their own diagnostic tools.

Issues relating to who gets to use finfind

The participants clearly understood **finfind** as a tool linking three parties – finance facilitators, SMEs and financiers. Most had strong views that **finfind** will only work in the marketplace if access to the site by the three communities was carefully

controlled. In summary, nearly all the participants were very adamant that **finfind** should be for the exclusive use of only good-quality, trained consultants. When it came to the issue of how SMEs interacted with **finfind**, the concern was expressed that the site may generate wasteful phone calls and spam from completely unbankable SMEs. And with regards to financiers, the feeling was that the stronger the bond between **finfind** and South African financial institutions, the more valuable the site will be to them as finance facilitators.

Which BDSPs?: From early on in the workshop, questions were constantly raised about which consultants would be eligible to become users of **finfind**. In the focus-group discussion the feeling strongly emerged in favor of keeping **finfind** exclusive for highly trained, experienced business advisors. Participants argued that if **finfind** were to be opened up to anyone calling him or herself a business advisor and who is willing to sit through a day of **finfind** training, then the purpose of **finfind** will be undermined. Financiers will come to view applications coming through the **finfind** process like they did the applications emanating from recent subsidized business-plan voucher schemes – with great circumspection and skepticism. The scheme showed that untrained “consultants” tend to take the SME’s need for finance at face value, without questioning whether it may be based on a faulty diagnosis of the business, or whether the SME is at all bankable. They simply referred their SME clients to nearest bank whether appropriate or not. On the other hand, if **finfind** can be reserved for qualified, experienced business advisors only, the chances are better that a proper sifting process will take place when applications are processed through **finfind**. Properly qualified consultants are better able to judge whether SMEs really needs finance, or whether they should rather be fixing the cash leaks in their businesses. In this way, **finfind** applications will eventually come to be known among financiers as above average, giving **finfind** applications a slight edge.

Some discussion took place over what the qualifying criteria should be. The most qualified and experienced advisors from IIB felt that experience was just as important as qualification, with one warning that “wet-behind-the-ears CAs” may ruin the reputation of **finfind**. Others were satisfied with membership of an organization, such as SAIPA or IBA. An IBA member suggested that only members on their grade 3 & 4 be allowed access to **finfind**. Another possibility mentioned was FAIS compliance as an entry criterion, if applicable at all to SME finance facilitation. **finfind** itself could set a test if other methods prove unworkable.

In the review discussion after the testing workshop the idea emerged that consultants could be accredited according to how often they use **finfind**. Those who attend the training, but fail to produce a certain number of Records of Advice per year, lose their accreditation. This may incentivize users to remain active in the field of finance facilitation. Such a criterion would do little, however, to ensure the quality of finance applications.

Which SMEs?: More than once questions were asked on the comment cards relating to size parameters for SMEs who made use of the **finfind** process, either by turnover or by the minimum amount of finance needed. In the IIB/SAIPA focus-group discussion, the concern was raised and discussed whether **finfind**, with its official turnover target market of between R200 000 and R20million per year, would not lead

to wasteful phone calls and emails from SMEs who should not be applying for finance. Especially the IIB members felt that they did not want to be contacted by micro businesses. A SAIPA participant, on the other hand, related how he had helped a micro business with a small loan, and is now assisting the same business with finance of more than R1million. It is noteworthy that this issue did not arise in the IBA/SAIBL focus group.

The participants seemed satisfied that their contact details could be set up on **finfind** in such a way that unwanted contacts are minimized. One participant planned to only put his website address on **finfind**. His website, in turn, has a questionnaire which extracts basic details from a prospective client whom he then chooses to contact or not.

The discussion led to a suggestion that **finfind** itself can have a similar screening mechanism built in for SMEs – an online questionnaire capturing the basic profile of an SME who wants to contact a **finfind** consultant.

A few participants mentioned that **finfind** needs to market and educate the SME community through some kind of outreach about **finfind**, although they did not feel nearly as strongly about this as about **finfind**'s outreach to financial institutions.

Which financiers?: Participants continuously emphasized the importance of expanding the list of financiers in **finfind**, giving more detail about each, and building a bond between **finfind** and financiers. The information about the financiers also needed to be kept up to date. All the participants agreed that these points formed a key value proposition of **finfind** to its users. When asked about it, they agreed that BDSPs do not regard their own knowledge of approachable financiers as proprietary information. They are willing to share it with other BDSPs. This provides **finfind** with the opportunity to use the users' experience at the different financiers as a way to build the directory of financiers.

Questions were raised about safeguarding against the listing of conmen who pose as financiers. FSB registration was mentioned as one possible qualifying criterion.

Issues relating to finfind training

The participants felt that the exercises undertaken in the workshop were sufficient to train them in the use of **finfind**. Many thought that the workshop could have been reduced to half a day without losing value.

The workshop went smoothly without any major hitches, and the combination of explanation, own exploration and role plays seem to work effectively. One of the technical facilitators remarked that the relatively high level of computer literacy contributed towards the success of the day. A dozen prospective

users would probably be able to be trained in a half-day workshop with one facilitator and one assistant, provided that their computer literacy is of the same level as the test group.

In addition to this it was noted that training has to take place in a computer laboratory environment in order to maximize learning about the tool and cannot be reduced to a seminar type presentation where participants do not interact with the tool at all.

Production of M&E reports associated with finfind

Sample reports have been designed as an element of **finfind** in order to monitor

- The number of BDSPs trained in the use of **finfind**;
- How many SMEs they consult or offer assistance to (recorded based on the number of letters of recommendation issued to SME clients);
- Of those they assist, the numbers of SMEs who access finance, based on the number of records of advice issued to SME clients. These records of advice serve as a proxy indicator based on the assumption that the SME client is issued with such a letter once they have made the decision to physically approach a financier to apply for finance.

Information in the M&E reports will, in the case of BDSPs, track date of their training, which BSO their primary membership is with, the province they are based in, their gender and BEE status, and in the case of SMEs, date that assistance was given (in the form of the letter of recommendation and/or the record of advice), their gender and BEE status.

SECTION 4: RECOMMENDATIONS

The testing workshop established that **finfind**, as it is in its current form with all its shortcomings and snags, is of immediate use in the market. Although a lot of development and improvement can and must be done, the overall recommendation is that further development work should not hold up the launch of **finfind** any longer. The process of finding a host institution which has the capacity to launch **finfind** without delay and to develop it further according to its uptake in the market, should start immediately.

The search for a host institution provides a window to remove many of the niggles identified in the testing workshop, and even to build some of the ideas for added functionality in the meantime, so that an improved **finfind** can be handed over to a host institution without delaying the market launch. The testing workshop also generated useful ideas for longer-term improvements and sustainability of **finfind**. These long-term recommendations can be handed to the host institution together with **finfind**. Indeed, the long-term recommendations should inform the choice of host.

The following steps are therefore recommended to launch **finfind** in the market:

- 1) Begin the search for a suitable host institution.
- 2) Implement the most obvious and least complicated suggestions for improvements that came out of the testing workshop. These are listed under Immediate Changes below.
- 3) Do a light usability test with a handful of the workshop participants to ensure that the changes work.
- 4) Implement the slightly more involved changes that still can be done within the timespan required to find a host institution. These changes are listed under Short-term Changes below, which also contains suggestions for the development of a half-day training course which the host will have to roll out for the launch.
- 5) Do a field test with two or three of the workshop participants in which they take real clients through the **finfind** process. Their report-back will be handed over to the host institution to inform the immediate market launch and long-term development.
- 6) Finalize the choice of host, using the recommendations listed under Considerations for Selecting a Host Institution as well as the results of the field tests to inform the choice.
- 7) Finalize handover to the host and support the launch.

Immediate Changes

Content issues:

- Add important personal-finance institutions to 4.9, including Capitec and African Bank, and contract-finance specialists to 4.5
- Build out 4.6 to a comprehensive list of government finance agencies

Technical/navigational issues:

- Change the page on which a user lands when he or she logs on to the consultant page with the jewel boxes and with the heading “welcome to the secure site”.
- Number headings of the text modules that appear on the right screen to correspond to the numbering on the left menu.
- Separate the items on the left menu with spacing and headings so that it becomes clearer. The headings are: Consultation Summary, Action Items, Steps Completed, Edit Profile and Close. The

subheadings under Action Items are: Ts&Cs, Quote, Complete Step 1 to 5, Recommendation Letter, Record of Advice.

- Fix the checklist of financiers so that the checks are not lost when clicking on “Add to consultation record”.
- Under BDSP registration, include a field that enables BDSPs to specify what types of SMEs they’re willing to work with: according to turnover ranges (for example above R1m per year, development stage (for example start-up, post start-up, expanding), or specific industries (for example, no businesses linked to the liquor trade or gambling).
- For the consultant profile, delete the “Primary Service” option.
- When a user uses the search function to call up the details of an existing client, he or she must be able to search according to both the company name and the SME owner’s name.

Tools (letter templates): No issues regarding the further development of the letter template tools were identified for immediate action.

BDSP Access: No issues relating to BDSP access criteria were identified for immediate action.

SME Access: Ensure that SME visitors to the site are able to view the information on the consultants’ profiles regarding the kind of SMEs they are prepared to service.

Financier Access: No issues regarding the participation of financiers in **finfind** were identified for immediate action

Training: The current version of the user manual needs to be completed. But the testing workshop threw serious doubt over the usefulness of a user manual. A short training workshop aimed at BDSPs with the same level of computer literacy as those in the testing workshop will almost certainly make a user manual redundant. Very basic phone or email support on the part of the host institution, combined with the existing feedback prompts should do away with the need for a user manual.

Short-term Changes

The short-term changes are those that should be completed before the hand-over to a host institution, and preferably in time for a field test to be completed before hand-over to the host.

Content issues:

- The modules, which currently appear in full on the right-hand screen as a user moves through the step-by-step process, should be summarized, so that all that
- appears on the right screen is the summary and the Next Step content. The summary should refer to the full-length module that can be called up when the user clicks on a “Read More” button. The aim is to separate slightly the reference-guide function of **finfind** from the consultation-structuring function to enhance navigation and clarity. Ensure that the feedback prompt appears both at the end of each Next Step, as well as at the end of the deeper, underlying content that will now be separated from the summary.
- Personal Credit (3.9) needs to refer to a new module called “Raising finance through a home mortgage (4.9.1)
- Adapt Family Finance 4.1 to make provision for cultural sensitivities around family lending, if necessary.

- Under Contract Finance, no mention is made of Business Partner’s Contract Partner product, Nurcha or FNB’s contract-finance unit.

Technical/navigational issues:

- Build in the functionality of the Guide Map (See Annex 10) into the website to open on a new tab for users who want to get an overview of the guide.
- When new users set up their profiles, they must be able to indicate that they work in more than one province. (Currently, they can only choose one province, or national) Either that, or they must be able to state the location of their business, plus the areas they serve.

Tools (letter templates):

- The letters of recommendation and record of advice need to be customized for the different kind of finance. At present, the letters are designed for preparing an application to a formal business-finance financial institution only, but not for more informal or for more irregular forms of finance, such as customer deposits, supplier credit and personal finance.
- Build the interface to allow users to populate tasks that the SME and the consultant undertake to do respectively on the letter of recommendation directly from the requirements of the financier in the Step 5 content.
- Build an option to produce a record of advice for each financier that is recommended so that all the financiers are not listed on a single record of advice.
- The letter templates have to be developed to allow for a certain level of customization. This can be done by creating space inside the letter for customization, or by allowing the user to attach appendices, or by generating a cover email.
- The letters will also have to allow for some form of personalization by the user. Ideally, it should allow the user to place his or her logo on the letters. If that is technically too challenging, consider allowing users to upload their own letter templates with their own stationery. If all else fails, the users should be allowed to insert their details in the top right-hand corner.
- Develop a standard Confidentiality Agreement that can be generated together with the quotation, perhaps as an appendix.
- Develop an information form that an SME client can fill in prior to the first consultation to give the **finfind** consultant some of the information needed to start the process. This form can start off as a simple online questionnaire. Depending on the usage, feedback and further testing, it can develop into something more substantial that could complement and aid the due diligence tools of the **finfind** consultants.
- Consider giving the user an option to place a simple version of the information form mentioned above upfront as a screening mechanism to prevent inappropriate contacts from SMEs.
- Develop an appendix to the quotation letter (or a stand-alone letter) that grants permission to conduct a credit check on the SME client.

BDSP Access Issues:

- The issue of sharing access by more than one BDSP in the same organization was raised. Participants wanted to know if they could pass work on electronically to colleagues. In order to enable this, the site will have to allow for a shared access directory for firms, so that colleagues can share the pool of SME clients on the site. But the principle should remain that each BDSP with access to the site must have gone through **finfind** training, and must have their own username

and password. The acceptable-use-policy in the terms and conditions must be adapted accordingly.

SME Access:

- Set up the SME information form mentioned under Tools above so that consultants can choose to use it as a screening mechanism.
- Being web-based, search engine optimization and Google ad words must form an integral part of **finfind**'s outreach in the market. A strategy and campaign should be designed over the short term so as to be ready for the launch.

Financiers:

- A major success factor for **finfind** in future will be how to use the collective insights and market intelligence of its users to continuously improve the quality of the information on the site. The workshop participants made it clear that they do not regard their experience and knowledge of which financiers are accessible as proprietary, and are willing to share this kind of market intelligence with each other. It is therefore recommended that feedback prompts be built onto the page of each listed financiers and at Step 4 and 6 that specifically asks users to submit feedback about their experience with specific financiers.
- At the moment, **finfind** carries the bare bones of information about each financier in its directory, apart from Business Partners, which, as the most prominent SME niche financier in South Africa, is described in more detail in module 4.5. Participants indicated that such descriptions of each financier would be valuable to users. It is recommended that **finfind** produce descriptions of the most prominent financiers to begin with. The database must make provision for such detailed descriptions, which should appear on the same page as the current basic detail.
- Although the marketing of **finfind** to financiers will eventually rest on the quality of applications it generates, the project will need a certain level of awareness among financiers in the beginning. A marketing campaign should kick in before or with the launch of **finfind** into the market, and should therefore be designed over the short term. The experience of Khula, which had to market its guarantee scheme to the banks, clearly showed that a marketing campaign aimed at the head offices of the financial institutions is not enough. A successful marketing campaign must include the loans officers of the financial institutions on the ground.

Training:

- It is recommended that a training course for the roll-out of **finfind** follow the same formula as the testing workshop, namely handing out reading material beforehand, a step-by-step explanation of how the site works, and role plays. An introductory video including a role-play and overview of the site can be produced to save time.
- A training roll-out plan needs to take into account that **finfind** training can only take place in computer-training venues. Also, in order to keep the interaction between the facilitators and trainees manageable and meaningful, it is not advised to train more than 30 users at a time.
- Ensure that the training emphasizes the use of appendices in customizing the Letters for each client.

Long-term Developments

The test workshop generated some compelling ideas on how to improve the functionality and usefulness of **finfind**, but which, due to the need to launch **finfind** on to the market, should be left for later development. These ideas include:

The development of a diagnostic tool that **finfind** consultants can use to assess the finance needs (and other needs) of their clients' businesses. Many such tools exist, but **finfind** may be enhanced by tailoring one of them to dovetail the **finfind** process. Obviously, a need and cost-benefit analysis should be done by the host institution before embarking on such an exercise.

- An updating and expansion system needs to be carefully considered. At the very least, **finfind** will have to keep the directory of financiers updated through pro-active data gathering in the market.
- Feedback from the users should inform the possible further separation of the knowledge base and consulting tool (recommended for the short term through summarizing the text).
- User feedback should form the basis of the expansion of the knowledge base. Users will most likely provide many opportunities to build case studies, and their feedback, if properly analyzed, will highlight the direction in which the knowledge base must expand.
- An online forum, where **finfind** consultants can share advice and discuss issues, provides an opportunity for **finfind** to build a sustainable, self-perpetuating system for gathering market intelligence.
- The test participants thought a simple loan calculator built into the site would enhance usability.
- Suggestions were made for a system of automated reminders generated from the **finfind** letters of meetings and follow-ups with clients.
- The host can also consider developing a function that can generate invoices for **finfind** users based on the work recorded on the site.

Although **finfind** is primarily an operational tool for finance facilitators rather than a lead-generating and marketing tool, a well-designed marketing campaign to stimulate interest from the SME community can play a major role in its development and success. Ideally, a marketing campaign aimed at the SME community will create a critical mass of interest among finance-worthy SMEs. This in turn will make **finfind** so much more valuable for finance facilitators. There is a two-fold danger, though. The one is that a marketing campaign may pull unsustainable SMEs to the site, generating nuisance calls for consultants registered on it. The other is that the marketing campaign kicks in before a critical mass of consultants have been reached to service the interest generated by the campaign. It is therefore recommended that any marketing outreach to SME be undertaken only once **finfind** is well established among BDSPs, and the host institution knows more about how the market responds to **finfind**.

Considerations for selecting a host institution

Even more important for the success of **finfind** than all the immediate and short-term changes recommended, as well as the ideas for long-term development, is the choice of host institution. **finfind** is still just an idea which will only survive if it is handed over to an institution with the capacity and willingness to adapt it to the needs of the South African market.

The host institution will have to demonstrate the capacity and willingness to:

- Plan and carry out the training workshop nationwide that is to be developed in the short term
- Provide a measure of ongoing user support. At present it is unclear what level will be required – email support, online help, frequently-asked questions or a fully-fledged call center. Field testing will shed more light on the matter

- Maintain and build relationships with partner institutions
- Devise and carry out sophisticated marketing strategies to the three sectors that **finfind** aims to draw in: BDSPs, financiers and SMEs
- Proactively keep **finfind** content and processes updated with the latest developments in the world of small-business finance
- Analyze success and usage measurements to adapt and improve **finfind**, including the number of consultations processed through finfind and the number of successful loan applications pursued
- Analyze user feedback to adapt and improve **finfind**
- Build a user community to become the primary home for finance facilitators in South Africa
- Develop a sustainable long-term business model for **finfind**

Some direct lessons from the test workshop for the host institution include:

- Do not throw **finfind** open to all comers. A lot of the value of **finfind** will reside in its exclusive use for well-qualified finance facilitators. A policy must be developed for which level of BDSP is eligible for access to **finfind**. The aim must be to strike a balance between empowering business advisors to become finance brokers and building the reputation of **finfind** by allowing only well-trained and experienced business advisors on board. The test participants, who strongly agreed that the proliferation of unqualified
- consultants in South Africa is a threat to their occupation, clearly indicated a preference for **finfind** to err on the side of quality, rather than access. It is recommended that minimum criteria be set that could relate to:
 - Membership of certain organizations (and certain grades of membership with those organizations, such as grades 3 and 4 of the IBA)
 - Years of experience
 - FAIS compliance, if applicable

Consideration could also be given to **finfind** adopting an existing grading test for independent consultants.

- Flexibility is important to users, such as the ability to customize the letters with their own logos. Flexibility will have to be enhanced as **finfind** develops.
- Marketing **finfind** too aggressively to SMEs may result in raised expectations and a flood of non-viable contacts for **finfind** users.
- A critical mass of financier buy-in will be a key success factor for **finfind**.
- The content of **finfind**, especially information of financiers, will have to remain up to date.

In the end, the market will determine what shape **finfind** has to take to survive. FSP will have to adopt a fine balance between laying down rules for the host institution to ensure that **finfind** stays true to its original aim (to enhance SME access to finance) on the one hand, and allowing the host institution the freedom to adapt **finfind** for long-term sustainability.

SECTION 5: ANNEXURES

ANNEX 1: LIST OF COMMENT-CARD SUGGESTIONS

During the course of the product-testing day, participants were asked to write down comments, thoughts, ideas and suggestions relating to **finfind** on cards. These were collected by the facilitators and sorted into categories:

Issues relating to content

- Customer deposits – module to be revisited. This is self-finance.
- In the Letter of Recommendation, are “customer deposits” correctly worded in the Financial Product section?
- Letter of recommendation does not make sense for customer deposits
- The Personal Credit section should not give an option to produce a Record of Advice
- Personal Credit (home mortgage) next step to banks (4.3) does not make sense, because 4.3 deals with approaching bank as a business, and not as an individual.
- Directory of banks not complete – where is FNB, Capitec, African Bank?
- List government agencies as supplier of funds
- Export agents database?

Technical Issues (usability/user friendliness / navigation)

- Number the section headings so that there is consistency between the right screen and the left menu
- Consultation summary left menu not clear
- The search facility does not allow you to search with a client’s name. Also, it is case sensitive
- Client vs. company wording (presumably same as card above)
- When setting up the consultant’s profile (primary services), how do you differentiate between advisory services and consulting?
- Give more options for choosing Primary Service
- When setting up the consultant’s profile, how do you register as a consultant in more than one province?
- A pop-down on areas where consultants can be found – more than one area
- Gender: default both male and female. Choice is for the client to choose.
- Create a link at the end of step 4 or 5 to the Letter of Recommendation
- The Letter of Recommendation is not integrated into the step-by-step process.
- Is it possible to link from the site to the templates of the different financiers – especially the signed-up ones?
- In section 4.3, when you tick bank, and then click “add to consultant record”, the screen jumps to the top, and the tick disappear
- Online help function for finfind?
- If a client fails the funding criteria 1st time, what happens when consulting 2nd time? Do I reregister?
- If we get too busy, how can we electronically pass on work to fellow associates?

Issues relating to the tools (letter templates)

- Indemnity clause in agreement to be incorporated into the quotation
- **Finfind** should offer a confidentiality agreement with client.
- Separate confidentiality letter
- Suggestion: build in a system to remind the user of appointments and follow-ups with clients
- There is no record of the letters sent on the system
- Prepopulated requirements of client's needs (Presumable on the letter of recommendation)
- Editing facility for letters
- Can the letter to the financier be financier-specific, and spool the specific financier's requirements?
- Record of Advice: Do we need to list the names of financiers rather than types of finance?
- Letterheads to be customized?
- Can my logo be on the finfind documents as well?
- "Services offered" in Letter of Recommendation has "Drawing up a business plan" as well as "Compiling a Business Plan"
- Please develop a questionnaire to capture basic info of client's business – online?
- The quotation should default (linked to?) letter of recommendation. Not to send a separate quote
- Quotation: Possibility of charging a flat hourly rate for background (presumably due diligence) work to determine step 2

Issues relating to access to finfind by BDSPs

- What are the criteria to qualify as a **finfind** consultant besides being affiliated to one of the partners?
- What are the barriers to entry for a **finfind** consultant to avoid every tom, dick and harry (from joining)?
- Accreditation requirements, acceptance as **finfind** consultant – criteria, CPD requirements
- User protection and password protection
- **Finfind** – do we pay an annual subscription?
- Will FAIS registration be required for consultants?
- Will **finfind** sign the MOU with bodies (organizations) or with the individual consultant?

Issues relating to access to finfind by SMEs

- Telephonic screening of SME client (website reference – mini-application/company risk profile??)
- What is the minimum turnover required for an SME that would benefit from **finfind**?
- Broadband – cheaper rate for rural population. Connectivity for broader population SMME
- Minimum request as qualifying criteria: how high?

Issues relating to access to finfind by financiers

- I have relationships with a few specific financiers – am I under any pressure to expand this?
- Are fly-by-night financiers recorded on the system?
- Will (**finfind**) be accredited with the banks, etc?
- **finfind** – what is the relationship with funders?

Issues relating to finfind's market strategy

- How does one become a host (of **finfind**)?
- Is this going to be a stand-alone program of an institute?
- What about the program's copyright protection?
- When will you roll this out to SADC, Kenya, Nigeria, Ghana, ECOWAS?! (google discussion)
- Who will pay for the training and development of consultants
- We need to help SME owners understand the service has to be paid and how the advisors have been selected and what the successes are (marketing and messaging)
- Will any statistics be kept by **finfind** to register/measure success/failure rates in terms of accessing finance?

Issues relating to the business of consulting

- Recommended time lapse between quotation and meeting?
- How will this be integrated with a diagnostic tool (such as SAIBL's)?
- Should the consultant be saddled with managing the client's failed finance proposal?
- What is a good rule of thumb for reasonable business growth? 30%?

ANNEX 2: RESULTS OF ANONYMOUS QUESTIONNAIRE SURVEY

	Poor	Fair	Good	Comments
Rate the usability of finfind		3	10	<ul style="list-style-type: none"> - Needs to be refined, especially on the synchronization of the tabs - Needs more institutions (financiers) and their requirements - Excellent - User friendly - Slightly too fixed in a specific process - With more practice it will be easy - Very well, especially as free. Isn't a product. Not linked to a vendor - Very user-friendly - Excellent tool and user-friendly. Also informative - Provides the consultant with information at their fingertips. It is compact and standardizes the documentation process. - Excellent. Will reach greater success if you get financiers' buy-in - Please populate the sources of funding with more stakeholders and sign them up
Rate the reading material you were given		2	11	<ul style="list-style-type: none"> - Good - Good for new entrants - Excellent - User friendly - Adequate - Brief and informative. Very descriptive of the system - Relevant, easy to understand in the application - Easy to read. Straight-forward. Excellently done
Rate how useful finfind will be to your consulting practice		2	11	<ul style="list-style-type: none"> - Will use it once up and running. The letters are the most useful part at this stage - Excellent - User friendly - Process does not fit me well currently - Very good - Good starting point. Obviously not meant to replace your service offering, but expandable and good foundation - It will be very useful. Will assist in providing a consultation in a very structured way - Very tomorrow in terms of time saving
What is your overall rating of today		3	10	<ul style="list-style-type: none"> - Should have been reduced to a morning - Excellent - User friendly - Very valuable - It was brief, direct, to the point - Lots to correct - Too much time allocated to this pilot. Could have been achieved in half a day - Kirsten, you were great today

ANNEX 3: PLANNED STRUCTURE OF FOCUS-GROUP DISCUSSION

The following list of questions served as a broad outline of the structure of the focus-group discussions.

Focus-group discussion questions

- 1) Overall, how user-friendly did you find finfind?
- 2) What did you think of the content?
- 3) How do you see yourself using finfind in your practice?
- 4) If we wanted to get business consultants and service providers to use this guide, what should be included in the training?

Checklist (to ensure that all aspects are discussed)

- 1) Clarity, structure, finance facilitation tools (quote, letter of recommendation, record of advice)
- 2) Level of detail, accuracy, comprehensiveness of the finance landscape, structure into the 6 steps, tone – realistic about the chances, balance between formal and informal, directory
- 3) The integration of the site with other diagnostic tools; the market opportunity; the use of the quote tool; the use of the letter of recommendation; the use of the record of advice
- 4) More content training? More technical train

ANNEX 4: REVIEW OF PRODUCT-TESTING WORKSHOP

The following document is the result of a review of the product-testing workshop.

Finfind: PILOT REVIEW

Friday 11th March 2011

Present: Kirsten, Barrie, Bell, Shane, (Allan)

Recommendations:

- Overall message “get it out there!”
- Consider usability testing (+/- 4 participants)
- i.e. to test changes from immediate implementation
- after navigation and content compaction revisions
- Consider field testing (to inform host)

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
MARKET STRATEGY/HOST				
	Accreditation / award of CPD: <ul style="list-style-type: none"> • Up to host to determine • Link to annual subscription: • Tie to frequency of use by consultants • De-registration (of user name & password) if minimum records of advice not issued 			x
	Measurement issues: <ul style="list-style-type: none"> • How to manage outcomes • Tracking of whether finance was awarded or not • How to build in incentives to use finfind & select records – no. success records captured: • How many SME clients taken through the process • How many succeed in finding finance 			x
	How to promote finfind in the market: <ul style="list-style-type: none"> • How to drive traffic to the site • Google/search engine: pay to be top of list • Ad words 		x	
	Finfind support <ul style="list-style-type: none"> • Training – how much does this address? Or • What additional support is needed in terms of • Call center support • Online support <ul style="list-style-type: none"> • FAQs • User Manual 			x
	ADMIN MANUAL <ul style="list-style-type: none"> • Mostly standard Drupal 	X		

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
	<ul style="list-style-type: none"> Need to show how to administer training (process) Extensions to mark up Extraction of M&E data 			
CONSULTANTS	<p>Access/user rights – can one have a shared access directory (e.g. for accounting firms/groups of consultants):</p> <ul style="list-style-type: none"> Ensure that part of Ts&Cs (acceptable use policy) Each individual user must go through training One individual, one username & password but can share access to own pool of SMEs -> build into technical functionality 		x	
	<p>CRITERIA FOR SELECTING CONSULTANTS TO FINFIND TRAINING:</p> <ul style="list-style-type: none"> Define minimum criteria – FSP to decide which grades are acceptable & harmonize with partner grading, for example: <ul style="list-style-type: none"> IBA – grade 3 & 4 SAIBL – test + 2 years' experience Raizcorp - CEG SAIPA - TBD If independent /other – have the right qualifications e.g. B.Com, Build into partner page link to what the various grades mean How to verify their qualifications / grading Depends on BSO partner's own marketing to its members Enhance profile management (short term) 		FSP	x
	<p>FAIS:</p> <ul style="list-style-type: none"> If finfind / its users are required to be FAIS compliant – this becomes the criteria for eligibility for training 		FSP	
SMEs	<p>How to build in screening mechanism to filter SMEs:</p> <ul style="list-style-type: none"> Design questionnaire Build into BDSP profile (e.g. don't assist SMEs with turnover of ~Rxm) Ability to conduct credit checks on clients 		X	
	Provide option to attach appendices		X	
	Include screening info in the Consultant Profile	X		
	Marketing to SME population		FSP	
	SME criteria – must have own email address?!			

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
FINANCIERS				
	How to submit an online application to the financiers		FSP	
	Feedback – about financiers -> put faces & comments at the base of the directory		x	
	Improve finance directory format ????		FSP	
	Personal Finance – should contain <ul style="list-style-type: none"> Capitec African Bank 	BT/KK		
	Government Agencies & Export <ul style="list-style-type: none"> Provide list of providers Consider providing more of a description (as for banks and Business Partners) 	BT/KK		
	Marketing to financiers		FSP	
TECHNICAL				
	INSERT MAP – design & technical aspect		Khulisa	
	Secure Space (access via log in) <ul style="list-style-type: none"> First item in menu = consultant home page (with jewel boxes) “welcome to secure site” Contents Page: step 1 to 6 Consultation Summary Page – client specific 	Bell		
	Contents: <ul style="list-style-type: none"> Correspond numbering in index with numbering in the body of the text (for the headings) 	KK		
	At end of each section in Step 5, provide link to letter of recommendation	Bell		
	Use of headings in Menu: <ul style="list-style-type: none"> Consultation Summary Action Items <ul style="list-style-type: none"> Ts&Cs Quote Complete Step 1 to 5 Recommendation Letter Record of Advice Reference Tracker (cookie trail) Edit Profile Close 	Bell		
	Build connections between production of letters and <ul style="list-style-type: none"> Financiers Lists of tasks (SME and/or Consultant) 		Khulisa	
	Fix checklist of financiers so that checks are not lost – make the financiers checklist behave like the feedback box	Bell		
	Consultant Profile: <ul style="list-style-type: none"> Provide capture boxes for <ul style="list-style-type: none"> National and more than one province OR Business location & areas served Provide option to specify types of 	Bell	Khulisa	

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
	SME assisted (in terms of e.g. annual turnover) <ul style="list-style-type: none"> Scrap "primary service" option 	Bell		
	Search facility for an SME (find facility) <ul style="list-style-type: none"> Bring up list to search on either contact name or company name Needs to restrict selections to only items that come up on the list 	Bell		
	How to separate (and integrate!) Content (separate reference material / library) & navigation through Next Steps (via map): <ul style="list-style-type: none"> Collapse content in a module – insert READ MORE include feedback box at base of text Next Steps: Take out of text and manage as separately structured content (put it in a table – input) Keep feedback box 		Barrie Khulisa	
CONTENT				
	Modify modules to provide a summary with a link to the more detailed version		Barrie	
	Personal Credit (3.9) needs to refer / link to a new module called "home mortgage" (4.9.1)		Barrie	
TOOLS				
	Letters of Recommendation: <ul style="list-style-type: none"> Customize letters for different types of finance e.g. personal credit, client deposits, supplier credit list of tasks for SME list of tasks for consultant Reflect list of tasks in the modules under Step 5 Build the interface for managing list of tasks / producing letter 		Barrie Khulisa	
	Record of Advice: <ul style="list-style-type: none"> How to repeat each letter for a specific financier Need to edit underlying data 		Bell	
	Customization of letters: <ul style="list-style-type: none"> To address need for editing facility in preparing letters: Attach appendix Use cover email Attach own letterhead, or Create space for insert into letter In terms of including own letterhead & logos: Give 6 months to test Possible solutions Upload stationery & set margins Insert consultant profile at top right hand corner 		x	

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
	Build boiler plate (standard) appendices – include in training		x	
	New tools: Confidentiality Agreement <ul style="list-style-type: none"> • Include clause of indemnity • Attach as an appendix 		Barrie	
	New tools / complementary training: Diagnostic tool <ul style="list-style-type: none"> • Gauge need for the tool • Integration of SAIBL's tool • Get directed to consultant's site / tools (e.g. Helmut's website) 		FSP/SAIBL	x
	New tools: Questionnaire to capture SME information <ul style="list-style-type: none"> • Attach as an appendix – means information not captured on the site but own systems • Build in "permission to conduct a credit check on the client" 		Barrie	
	New tools: Loan calculator			x
TRAINING				
	Has to be computer lab based / recommended not more than 30 (depends on no. facilitators) OR Hire pc's		FSP	
	Use of appendices			
	Make it half a day – use same format of the pilot: <ul style="list-style-type: none"> • Give reading material before-hand • Show participants how to use secure space (how to do it) • Film clip of demo role play? • Use of role plays & time for participants to experiment with the site • Focus on how it works / show how to use it • Facilitate opportunity for knowledge exchange & discussion about niche areas e.g. export • Highlight what are niche areas of financing – areas that need attention in training • Encourage BDSPs to refer financiers to the site • Exclude: <ul style="list-style-type: none"> • Public space • Registration 			
	User Manual: <ul style="list-style-type: none"> • Finalize current User Manual (QED!) – tied to existing version • How useful is the manual – do we really need it 	Shane/KK		
BUSINESS ISSUES				
	Build in reminder systems <ul style="list-style-type: none"> • Time to follow up on quotes 			x

FOCAL AREA	ACTION	For Immediate Action	Short Term (until host)	Version 2 Host
	<ul style="list-style-type: none"> • Reminder of appointment • Meeting requests • Prompt to after care 			
	Mechanism for invoicing clients based on finfind work done			x

ANNEX 5: LIST OF PARTICIPANTS

The following 13 BDSPs attended the product-testing workshop. A 14th participant from SAIBL, Karabo Mashugane, was invited, but could not attend.

Name	Organisation
Joseph Tshiwilowilo	IBA
Willy Mgaga	IBA
Gloria Dutiro	IBA
Ikaneng Malebye	IBA
Cindy Dibete	SAIPA
Solly Bopape	SAIPA
Ram Naidoo	SAIPA
Alfons Mauchle	IIB
Johan Venter	IIB
Helmut Wolff	IIB
Ndodana Ndewa	SAIBL
Thembeke Mjoli	SAIBL
Lawrence Bilikwana	SAIBL

ANNEX 6: FINFIND PRODUCT TEST ROLE PLAYS

Allocation of role plays to participants round #1

Pair	What the need is (Step2)	Financier	SME Consultant	Reading preparation (Steps/sections)
1	Start-up	Home Mortgage/Bank	Karabo	1/ 2.1/ 3.9/ 4.9/ 5.9. /6
2	Working capital	Debtor finance/Debtor financier	Gloria	1/ 2.4/ 3.4/ 4.4/ 5.4/6
3	Buying a business	Term loan/Bank	Cindy	1/ 2.2/ 3.2/ 4.3/ 5.3/ 6
4	Buy a machine	Asset finance/Bank	Solly	1/ 2.3/ 3.7/ 4.3/ 5.3/ 6
5	Finance a contract	Contract finance/Niche financier	Johan	1/ 2.5/ 3.6/ 4.5/ 5.5/ 6
6	Expand business	Term Loan/Niche financier	Helmut	1/ 2.6/ 3.2/ 4.5/ 5.5/ 6
7 ¹	Expanding into exports	Export finance/Bank	Lawrence	1/ 2.5/ 3.8/ 4.8/ 5.8/ 6

Allocation of role plays to participants round #2

Pair	Focus	What the need is (Step 2)	SME Consultant	Reading preparation
1	Buying a building	Term loan/Niche financier	Willy	1/ 2.7/ 3.2/ 4.5/ 5.5/ 6
2	Emergency finance	Equity/Family & friends	Thembeke	1/ 2.4/ 3.1/ 4.1/ 5.1/ 6
3	Buying out a partner	Term Loan/ Govt agency	Ndo	1/ 2.9/ 3.2/ 4.6/ 5.6/ 6
4	Buying a franchise	Term Loan/Banks	Alfons	1/ 2.10/ 3.2/ 4.3/ 5.3/ 6
5	Working capital	Suppliers	Joseph	1/ 2.4/ 3.5/ 4.2/ 5.2/ 6
6	Working capital	Customer deposit	Ram	1/ 2.4/ 3.10/ 4.10.5.10/ 6
7	Starting up	Angel and VC	Ikaneng	1/ 2.1/ 3.1/ 4.7/ 5.7/ 6

Round 1

Case study 1: Starting Up – home mortgage/bank

Client: I work as an administrator at a provincial hospital, but in my spare time, I've been doing catering for functions for almost three years now. My daughter does most of the work in the day and then I take over in the evenings and on weekends. We do private functions, weddings, parties and things, but lately we've been getting calls from big companies. It's been going well, but because I'm not there, my daughter couldn't cope with the one order and there was a bit of a mess. Now this got me thinking I've got to choose between doing this thing as a sideline and whether to do it fulltime. Some months I'm making almost more than my salary. So now I'm thinking the opportunity is there, I know for sure, but the problem is I need finance to set up full time:

- I need rent for a factory
- Equipment – we've got quite a bit already, but I want to set up properly, you know? I need at least an industrial processor and oven.
- I'm not going to employ more people for now, but I need to cover at least my own income – not fully, but at least something. My spouse works, fortunately – without that, I wouldn't even try.
- Then I was hoping to get a van for the business. At the moment I'm sommer delivering in our Corolla.

Now I've had this business plan done. We need at least R470 000. But the bank just says "no". I say "but I've banked here for twelve years, my spouse and I, and we've got a clean record". But they just say the estimates are too high, it's tough economic times, and catering is shaky, especially start-up. I say "I'm not a start-up. And we've got the house – it's in my spouse's name. We'll sign it away as security." But they just say no, it's too start-up.

Unfortunately we didn't put all the money through the bank – lots of the private functions pay in cash. We didn't up to now have a business bank account – it's too expensive, man. So I can't show the bank how much we make so far. They think it's all estimates.

Consultant:

Takes client through Step 1 and establishes:

- There do not seem to be hidden problems with pricing, revenue collection or productivity. It seems to be a genuine case of wanting to start a proper business.
- At a push, it seems possible to start smaller, even though client is resistant to the idea.
- Although it can be argued that this is a case of expansion finance, it is more akin to start-up finance, especially since operations up till now had been informal and part-time. Consultant therefore takes client to Step 2, Module 2.1, and establishes further:
 - There is no chance of family finance, nor do they know anybody who may be willing to invest in the venture as shareholders. The business is clearly too low-key to entice an unconnected third party as investor.
 - There are no savings to use, but there is a willingness to use the house to raise finance. The house is valued at R750 000 and the current bond is R300 000.
 - Bootstrapping: Although uncomfortable, their home can accommodate a slightly bigger operation, so the need to sign a factory lease falls away, and a van can be postponed as well. The required start-up finance drops to R250 000, which includes the machinery and working capital.
 - Client has in mind to buy second-hand machines, which disqualifies them from getting formal asset finance.

- Even with a reworked business plan, a term loan and overdraft from a bank seems unlikely without track record.
- With a current turnover of at most R20 000 per month debtor finance is out of the question.

The appropriate route therefore seems to be to raise personal finance on the strength of the current salary, or that of the spouse, or both, using the house as collateral. A second mortgage or an extension of the current bond is therefore advised.

Go to Module 3.9 and work from there.

Round 1

Case study 2: Working Capital – debtor finance

Client: I own a repro house with about 15 employees. A repro house is where graphic designers take their artwork to be prepared for printing – we produce the film that printers use to make the plates with which they print the document or poster or whatever it is. It's all computer driven – we have state-of-the-art Macs and large printers to play out the film. And we're slowly adding digital printers to our collection of machines, so that nowadays, with digital printing, many of the jobs we get in don't get sent out to printers – we do it ourselves. Now we've also got a graphic artist, so that we can offer a full service to our customers – design, repro and printing, from start to finish.

So we're growing, constantly, and so we have to put everything back into the business. But now here's the problem. Every month, there is this shortfall, and we're thinking oh my goodness, we won't be able to make payroll. And it's frustrating, because at any one time there is, what, R250 000, R350 000 owed to us by our clients - mostly three big printing companies, but of course they're not in a hurry to pay. But we end up every month phoning them in a panic to process our invoices, which isn't good for business at all.

Now we've asked for an overdraft, but we can't go more than the R90 000 we've already got, because the banks want security – and we don't have it. I mean, we do R400 000 a month, sometimes R500 000, but it all goes into growing the business, all this buying and upgrading machines. The bigger machines we buy with asset finance so that's not a problem, but they're not available as security, and the smaller machines, and those that's paid off already, they're old. We still use them, but the banks won't take it as security.

So now, what do we do? Asset finance we can get, yes, but the problem is I need to pay salaries and rent. That's why I need a bank loan.

Consultant:

Talks client through Step 1 to make sure that the problem doesn't lie with pricing, productivity, overheads or over-reaching.

In Step 2, working capital is the obvious choice. The module suggests several avenues:

Overdraft: No. Their unsecured overdraft is already maxed out, and they have no security to offer.

Debtor finance: Yes, a definite possibility.

Supplier credit: No. They already run accounts at all their suppliers, which so far has taken care of their growing raw-material inputs.

Contract finance: No. The problem is not financing one big order, but rather an incrementally increasing order book.

Client deposits: No. The industry has no culture of asking for deposits, and would reflect badly on the business.

Personal credit: No. Lack of security means a personal loan will be too small for the need.

Term loans: Yes, with a Khula guarantee, it's a possibility.

Equity finance: No. An investor will be difficult to find. Business Partners is always a possibility, but equity finance is too expensive to solve their short-term finance need.

So, it looks like the solution is going to be debtor finance.

Go to Module 3.4 and work from there.

Round 1

Case Study 3: Buying a business – term loan

Client: My background is marketing and I've worked for Sappi for a long time. But I've always been interested in the food industry. I've looked at restaurants, but I realised that the lifestyle of a restaurateur will put me off food forever, so I looked around at setting up a food manufacturing business. Then I found this fantastic little business that does a range of deli-type products – olives, dips, pesto, that kind of thing. Its clients are mainly independent delis, but it's got some local Kwikspar listings. But this is why I think it's a very good buy: The owner is 62, she's tired and wants to sell, just at the point where I believe the business can get onto the national supermarket listings. The selling price R950 000, which I believe is fair. I've been working in the business for the past two months with the eye to buying it, and so far everything the owner claims checks out. But I'd like you to have a look at the valuation as well. Now here's my main problem: I've got R300 000 from my Sappi severance pay. On my house I can raise maybe another R300 000. I was going to buy the business with my sister, who would put in the remainder, but she's chickening out. She's now eyeing an opportunity to go work in London for a few years. Can you help me raise finance to make the buying price? This business is really on the cusp of becoming a supermarket brand. At R950k, it's a steal.

Consultant: Warns the client that even if the finance can be raised, the final decision must be made on the basis of a thorough due diligence, and that the finance considerations must not only take into account the buying price, but also the ability of the new owner to keep intact any of the business's existing finance – overdraft, supplier credit, etc. And getting a national supermarket listing means some serious finance will have to be raised in future, so whatever finance is raised to buy the business, will have to be treated very carefully.

Consultant and client explores the possibility of a term loan at the banks, with a Khula guarantee. (The possibility of approaching niche financiers such as Business Partners is also kept in mind, but it would probably be better to approach them for expansion finance later). Also, seller finance must be negotiated so as to keep the seller committed to the handover.

Go to 3.2 and work from there.

Round 1

Case study 4: Buy a machine – asset finance

Client: We've got a carpentry workshop with about a dozen workers, sometimes more if we're working on a big project. We don't have any finance commitments at the moment, apart from the bakkie, which has about a year and a half of payments left, and the overdraft, which stands at about R200 000 – the limit, not the actual amount in the red. In fact, we're in the black right now. It's our table saw that we want to replace. Most of our stuff is made of boards – chip board, shutter board, superwood, that kind of thing, so most of our raw material gets the board-saw treatment at some stage in the process. We reckon we can get our productivity up by about 25% if we get a top-of-the-range board saw – a vertical slide-type one with a good measuring system. At the moment our guy working the table-saw – he's very good, but he gets bogged down with the measurements. It has an old-fashioned system. That takes up

most of his time – making sure his measurements are accurate. Also, if we get a new one, we'd be able to use both, so there will never be a bottleneck at the board saw again. We've checked it out, and we can get a good one for R150 000. The agent doesn't do finance, so we'll have to go to a bank. We were thinking, why don't we just buy it straight with the overdraft – it'll be the easiest and the quickest. It's a bit risky, because sometimes in the middle of the year we need the full amount. But maybe we can cross that bridge when we get to it. What do you think?

Consultant: Takes client through Step 1, probing the possibility of getting by with the current machinery, but with perhaps a different management or workflow approach. The next step is obviously 2.3. Follow the route from there via asset finance.

Round 1

Case study 5: Finance a contract – contract finance

Client: I'm extremely frustrated. I knew bank finance was difficult to get for a small business, but this is ridiculous. I mean, I've banked with them for eight years – some bounced cheques in the beginning, but after that, no problem. They've even given me an overdraft that I hardly ever use. I didn't ask for it. But now, I walk in there with a contract in my hand. A contract, signed and sealed, that basically says we are going to give you R550 000's worth of business in the next six months. And they say "no, sorry, they can't help me. It's too risky". What's too risky? That an emerging business, heaven forbid, might get a break, and actually become an established business? Is that what's too risky? Okay, so I don't have collateral. You know why I don't have collateral? It's because I had to squeeze the last out of my home mortgage to put down the guarantee for the contract. But I have the contract! It's as good as money in the bank. They just don't want to give an emerging business a break.

Now I've been to my suppliers. Basically Builders Warehouse in Pinetown – I've got the best relationship with them, and they say they're pretty sure they'll be able to give me the paving, and sand and the cement. And Hire-It will cut me some slack with the extra machines. But that only gets me so far. Paving is a labour-intensive business, and where am I going to get the wages? I'm going to have to double my team. I can't just ask my workers to hang on till we get paid. That just shows you how it goes, you know? Public Works think they're creating jobs by giving someone like me a break with a big contract, but where do I get the finance? You know what's going to happen? I'm going to go cap-in-hand to Murray & Roberts, saying: "You guys want a contract? Please?" So then I'm back, subcontractor once again.

Consultant: Takes client through Step 1. Probe whether the contract was sensibly priced, and whether the business is actually capable of fulfilling the contract.

The client seems to have organised supplier finance already. What he needs now, clearly, is working capital, but the most obvious route to follow through the guide is the Contract Finance module, 3.6. As the banks seem wary of the client, follow the route to Niche Financiers.

Round 1

Case Study 6: Expand business – term loan

Client: We've got a well-established arts and craft shop in Kalk Bay, a touristy place that's well known for the kind of stuff that we sell. We believe we've reached the maximum turnover that we can do there. The World Cup's come and gone, and we're not going to see the numbers that we've had the past year any time soon. So the only way we're going to grow our business is to open another branch, somewhere

in the Waterfront precinct. We could open one in Joburg, but we believe that that will increase the risk. Anyway, it's a family business, and we'd like to keep the family together in one city. We've seen some figures that show that only a small fraction of the Waterfront tourist come through to Kalk Bay, so we definitely won't be cannibalizing our current clientele.

At the same time, we'd like to buy the building we're in at Kalk Bay. The landlord is holding our business back there by being difficult about any change, and anyway, it will increase the value of the business if we can get ownership of building.

So we're looking for a few million. R1,5m to kit out a shop in the Waterfront, and R3,5m for the building in Kalk Bay. We've got a smallholding in Elgin that can serve as collateral, and we've never had such a good working-capital cushion, although we're not sure if that will be enough. We were hoping that you can sit and have a look at the situation. The bank seems to think that it will have to be done as two separate finance deals. But we're thinking that it can work out cheaper if we can get a financier to see the whole thing as one deal.

Consultant: Take client through Step 1. Clearly there is no underlying problem in the business, which is doing very well. But probe the possibility of taking on too much. Because they want to look wider than just the banks, take them through Term Loans (3.2) and SME Financiers (4.5)

Round 1

Case Study 7: Expanding into exports – export finance

Client: Never in my wildest dreams did I think it was possible, but I've got an export order to Germany. Exporting! Me? This guy, he was here for the world cup, he sees my stuff that I sell at the craft market – mostly ornamental ostrich shells, lampshades and stuff. So he says “can you make a few thousand of those?” I say of course, but then had to email him later to say sorry, I just don't have that kind of operation to get it done in the timespan he wants. But this guy is adamant, and patient. He scales down the order to a thousand and says he'll pay an advance, as long as I get an accountant or somebody who can help me plan the rest of the finance, and as long as I can get it all done in the next six months. So his advance will cover about a quarter. So meanwhile I've been producing like mad. I'm trying to get the raw material sorted out with my suppliers, and I've got some family members in to help me with the production. But now I'm scared that he's just a fly-by-night, and I have no clue about how foreign exchange and things work. Can you help me?

Consultant: Step 1 will prompt the consultant to probe the danger of overreach. It's clearly contract finance the business owner needs, so proceed to Module 2.5, then on to 3.8

Round 2

Case study 1: Buying a building – term loan

Client: I've built up my curtain-making business from a tiny flea-market operation to a workshop with seven workers, and I can't keep up with the orders from interior decorators. I stopped the flea-market stalls long ago, but I still do some of the domestic orders that I get through a network of agents that I built up. But the interior decorating trade is what is making my business really take off. I'm bursting out of my workshop at the Central Junction, which is going to be sold now, so I have to get out. Now I've found a building just on the edge of the CBD that is pretty run-down. But I have a plan on how to occupy it bit-by-bit and to fix it up over time. I've spoken to the owner, and he is keen to sell. Luckily I'm not doing this through an estate agent. The problem is that the bank won't give me the finance without a cash deposit, and at the moment I just don't have it. All my cash is going into my projects and orders. But the banks don't understand this. So what can I do?

Consultant: Step 1 prompts questions about whether buying a building is really necessary, and whether it isn't overreach. It seems like a good prospect.

Go to 2.7. With no immediate friends and family willing to come in on the deal, a term loan is the obvious route, through a niche financier that is willing to finance a 100% mortgage on the building. The next steps are therefore 3.2 and 4.5

Round 2

Case Study 2: Emergency finance – equity

Client: We run a small printing business that was spun off from the University of the North West. We used to work for the university. We are all printers. And when they decided to outsource the unit, we bought it. So we do a lot of university stuff still. Which is good, it kept us ticking over, but the whole idea was that we also go out and get other work. The business can't grow just with the university work. So we got outside work. Lots from Potch, a bit from the North West government, which is where things started going wrong. They ask us to tender, but it's always at the last minute, they give us three days to do the job, then they take three months to pay. They still owe us money. But things went very bad when we got this job for a French company that was doing work in Rwanda. They had some contact through the university, I don't know what. It was a big job for educational booklets, R150 000 just for the paper, and we did a really good job, it printed beautifully, except that with the folding and stitching two of the pages were swapped around. We can't read French. But of course it could have been avoided if we had proper quality control in place. We were just not set up for such a job. Anyway, we shipped the stuff to Rwanda where they discovered the mistake, so they haven't paid yet – not anything, and we are pleading to them to send it back so that we can fix it. We're even considering going there to fix it. But it's going to take a few months, if they pay anything at all. The problem is that the job pushed our overdraft to the limit, we haven't paid rent, and we've defaulted on our loan with which we bought the unit. It's so unfair, we only had a year and a half to go with that loan, and it was clear, until now. We've also pushed other jobs aside for this big one, so we're trying to catch up. It's difficult, because we're also deep in the red with our paper suppliers. The little money coming in goes straight to wages, which we had to cut temporarily. Luckily most of the staff understand, but there have been some terrible fights about this thing. The morale is very low. Now I'm hoping that you know someone that can bail us out here with at least R400 000. I don't care what the interest rate is. There is a lot of potential in the business. All but one of the printers are paid off. We've got a solid customer base, and we certainly won't be making the same mistake again, trying to bite off too much. We've learnt from this thing.

Consultant: Step 1 prompts consultant to suggest work-flow and production-quality interventions once the wolf is no longer at the door. But the priority is clearly emerging finance. Further questioning reveals that the business owner has a relative who was keen to buy into the business in the beginning, but whose finance became redundant when they managed to raise it from a bank. Go to 3.1 and work from there.

Round 2

Case study 3: Buying out a partner – term loan

Client: My business installs fire protection systems for buildings like shopping centers, high-rises, basically any modern big building. It's essentially a plumbing business, but a very specialized one. Things have generally been going well. We had our ups and downs, mainly around finance, because we have to put down a 10% guarantee for every contract that we get. It's terrible that we have to save up all this money, but we can't use it in our business, because it has to be available for the guarantees. That is basically why I brought in a 25% partner right in the beginning. He was a CA whose practice did my books, and he saw I was in a good business, except for this one problem, guarantees. So he suggested this arrangement – he gets 25% of the business, and in return he would put up whatever guarantee is necessary. Now we've reached the stage in our business that we can actually buy insurance in the place of a guarantee. With insurance, you only have to put of R1 for every R10 needed for the guarantee. So my co-shareholder and I have discussed this, and he is quite happy to sell his shares at fair value, seeing that things have changed. But the business has grown, and 25% is easily worth R1m. Now where do I get that million rand? It is possible for me to negotiate a slow buy-back of the shares, but he'll probably put a premium on the price. Not only that, but if I can buy all the shares back in one go, it will boost my BEE rating, seeing that my business will then be 100% black owned. So I was thinking maybe there is a government agency that will finance the buying of shares for black business owners.

Consultant: Step 1 as well as Module 2.9 prompts some thinking about affordability, and the client agrees that any raising of finance will have to be part of a thorough affordability study. Term loans is the obvious route, followed by Government agencies.

Round 2

Case Study 4: Buying a franchise – term loan

Client: My brother and I have been running a shop close to a taxi rank on the East Rand. It was doing well, but we've now sold that shop because we want to move up a gear. We are thinking about buying a Roman's Pizza franchise in a new shopping center. We sold the shop for half a million, but we need another R400 000 to buy the franchise. And then we'll need some finance to get the thing started. Roman's Pizza has their own financing arrangements, but I need some help in evaluating how expensive it is. The best way, I thought, was to apply for a bank loan, and then compare the costs. I think we are in a good position. We've got more than half of the upfront fee, my house isn't fully bonded and my brother's wife owns their house which can also serve as collateral.

Consultant: While most of Step 1 isn't relevant in this case, a short discussion to stress the importance of a thorough, independent viability study of the franchise in the specific spot they have in mind, is appropriate. From there, the route is Term Loans (3.2) and Banks (4.3).

Round 2

Case study 5: Working capital – suppliers

Client: I'm a trained carpenter, but in 2006 I was retrenched. Since then, I've been putting in kitchen cupboards, mostly for new RDP houses in Mdantsane, where I live. It's a good business, because there are always new houses that need cupboards. Recently, I bought a second-hand bakkie. It used up all my cash, and now I don't have money to buy boards and tops for the cupboards. So now I can only do cupboards for people who can pay me a deposit. It means that I have to say no to a lot of opportunities, because people they don't have money for deposits – they like to pay things off. That is why I need a bank loan for my business, so that I can buy boards and wood.

Consultant: Spends a bit of time to consider the points in Step 1 with the client. It seems that the need for working capital is real and urgent. Going one-by-one through the sources of working capital at the end of Module 2.4, it becomes clear that the client does not have any arrangement with a board supplier, and it is decided to pursue supplier credit as first option. Go to 3.5 and work from there.

Round 2

Case study 6: Working capital – customer deposit

Client: I've been working for a guy who puts up wooden fencing, first just as a laborer, but then as a site manager, where I learnt that this business of putting up fences for people is a service business. My boss always said it was a volume business, the more fences you put up the cheaper you get your poles and wood, which is true, but only half-true. He was always cutting corners, so we had a fight and I left when he wanted me to skimp on a job and I didn't want to. So I started out on my own, thinking that I'm going to start a business where the customer always comes first. But now because my focus is so much on the job, I neglect the office stuff. My clients are very happy, because the job is perfect, but that doesn't mean they always pay quickly. And that brings me to my biggest problem. I'm always short of cash to buy raw materials. The timber yard where I get my stuff is slowly giving me a bigger and bigger account there, but it is not enough. And twice I had a problem with a client who paid late so I paid my account late. I need a bank loan, but the bank says I must bring in financial statements and a business plan, but so far I haven't kept books. So I've got to sort that out. But it's difficult to work when cash is constantly short – how am I going to pay a bookkeeper?

Consultant: Step 1 prompts the client to think about potential problems in the business, especially around costing and pricing, and chasing up of invoices. But the need for working capital is clear. Module 2.4 is followed, and it emerges that he does not request deposits from his clients – in an industry where it is standard practice. Go to Module 3.10 and work from there.

Round 2

Case study 7: Starting up – angels and venture capital

Client: I've been to all the banks, but it seems that they are just not interested. The one guy said 'we don't finance ideas, only businesses'. But how can I turn my idea into a business if I don't have finance? I've got prototypes, all working. It's a machine that traces a wood carving and replicates the design on the next piece of wood. It's simple and robust and doesn't require fancy computer robotics. The problem is that the machine is aimed at businesses in developing economies that can't afford the computerized systems. Therefore, the machine has to come in at a low price. The only way to do it is to set up a production line with high enough volumes that the unit cost can come down low enough. Either I set up this production line, or I give my idea to Bosch and they just take it for themselves. It's not entirely patentable. But there is a big opportunity here if you hit the market with a big bang. I've got a machine working in a small carpentry workshop in Randburg, and they are churning out doors with fancy carvings, and other manufacturers are all asking for it. I figured out I'd need at least R5million for a production line. I was thinking of maybe asking the government to help, as a job-creation project, you know?

Consultant: Step 1 prompts the consultant to probe the possibilities of starting on a smaller, more incremental scale. It is clearly a start-up scenario so the consultant goes on to Module 2.1, and from there to equity finance (3.1) and Angel and VC finance (4.7), given the scale of the plan and the nature of the product

ANNEX 7: NOTES ON FOCUS-GROUP DISCUSSION 1

IBA & SAIBL FOCUS GROUP DISCUSSION

Facilitated by Kirsten & Bell
10th March 2011

Overall, how user friendly did you find finfind?

- Gave you information at your fingertips
- Reading is cumbersome / streams of information
 - o Could one present it in bullet points
- Or create a knowledge based section (like a library) and separate it from the application side ... so, if you need more information, click to ... the knowledge section
- OR provide a summary of the information and reference or link it to more detail
- ... accountants don't read!
- Navigation is not self-evident ... it helped to have guidance
- We lost the direction in the narrative
- Overall – separate the content from the process

What did you think of the content?

- Useful
- Exhaustive
- There is stuff that you think you know but don't take it for granted
- The information is at the right level, it's very accurate and relevant to the market we serve
- It's straight to the point
- In the module about family and friends
 - o In our culture, we would never charge interest
 - o Better to use it as a last resort
 - o Useful to think about what instruments to put in place to safeguard one's family
- You need to do more on the financier directory
 - o Research individuals and the criteria they use – I'm thinking of angel type investors who are worse than loan sharks
 - o What about stokvels and investment clubs who are not registered with FSB or CIPRO but who will be legal if they register as co-ops. There are clubs like "Clubtenrand" on East Rand (Katlorus) who want to lend to SMEs ...
- Module 6.2 it's important that the SME client does this and not the consultant ... take it out

How do you see yourself using finfind in your practice?

- Very useful – it assists us with a structured approach
- Use of the computer brings a level of sophistication to what we do
- We don't see using a laptop as being a major constraints (it just requires more preparation)
- It would be good if consultants could be linked directly to the financier to enable us to submit an application directly on behalf of the SME i.e. do an online application (although there would probably be regulatory constraints)
- This provides us with a huge opportunity to help SMEs – Step 1 is very good as if there is a problem with pricing, for example, we can help the SME address this
- The quotation letter is “the most beautiful thing about finfind”!!!
 - o It formalizes the business
 - o It professionalises things
 - o And prevents clients wasting our time
 - o It would help if we could include “variable” or “to be determined” when quoting on document preparation
- Letter of recommendation:
 - o Justifies fees
 - o Useful to show who has to do what
 - o Some must be standardized although there needs to be space for us to give our own input
 - o What is important is the TYPE of finance, NOT the source (in the letter) ... which is inconsequential
- Record of Advice:
 - o Don't list all the financiers
 - o Produce one letter per financier
- SAIBL recommends that all SAIBL BSPs go on finfind training, especially those involved in financial structuring and as facilitators for the dti
- IBA believes that most IBA consultants would benefit from being trained in how to use finfind
-

What should be included in the training?

- It's important to define criteria for training
 - o Goal is not exclusivity, the goal is to make finance accessible to SMEs
 - o It shouldn't be competitive
 - o It's important to sift the good guys (because the landscape of business advisors is contaminated with many bad ones)
 - o SAIBL did a test for network facilitators and of 200 applicants, only 46 passed (although their programme has capacity for 100)
 - o IBA recommends grade 3 & 4 of their members
 - o Use only those consultants who are referred by their member business support organizations
- The training should not be more than one day
 - o Consultants will already be registered
- Need to consider focus on content, use of case studies, how to get discussions going amongst consultants
- In training, ensure that participants have diverse specializations – highlight niche knowledge (e.g. export finance)
- You must have screening (e.g. participants must know financial terms)

ANNEX 8: TRANSCRIPT OF FOCUS-GROUP DISCUSSION 2

SAIPA and IIB focus-group discussion, 10 March 2011

Facilitated by Barrie and Shane

Barrie: Overall, how user-friendly did you find the website?

Helmut: Very poor. OK, I need to qualify that obviously. That column on the left-hand side; you click on it and it changes, which is not customary of a website. A website has a fixed thing. It has drop-down, you have x headings and drop-downs, which this doesn't have. You click on one thing here and the whole format changes. It is extremely confusing. We couldn't find what the hell we were trying to get out of the system, for that very reason.

Barrie: Any other thoughts on that?

Johan: I have the impression once you know it a bit better it will probably be much easier. So it might take a bit of using. It might take a bit of time to get used to. For the rest it wasn't so bad. I also got a bit confused. I didn't notice – maybe it's exactly for that reason – I didn't know exactly what happened. Yes, we got confused...

Helmut: Another problem we found was you can't edit. You've now composed, or you put in the material that goes into the two letters that you generate. We want to edit the material that we've put in. We want to change it. We can't. You got to redo the whole thing.

Shane: Just to give you a little bit of a background as to why that menu on the left changes. Because of the sort of trying to fit all the content onto the page, we found that if you left those menus static, it gets too long.

Helmut: Yes, but dropdowns. Dropdowns. Headings and dropdowns. And one of the drop-downs is: your client's information, what you fed in – can be one of the headings that's a drop-down.

Johan: Yes, so it will show you when you go there, it will show you. You don't necessarily click. If you leave it, the little dropdown goes away. It just appears as your mouse is there.

Cindy: On the same (issue). There are several ways of achieving the same thing. You want to do a letter, you do it on the main page, and the same is available on the left menu. And somehow there's just a ... I know we got lost with the letter and you're thinking 'OK, fine, now how do I go back to it?' It sort of doesn't harmonize. It doesn't speak to each other. I don't know if you know what I'm talking about, but the communication of the two parts, I felt that that made it a bit rigid.

Ram: I think the language as well. I think the Americans use an American language and the Americans use an American language. Just see that they match each other.

Barrie: Could you think of an example?

Ram: You see, you might say 'customer' and we use the word 'debtors' out here. I think what you have to do is look at the South African accounting standards, just marry yourself with the IAS and the GAAP, and the new Companies Act as well. Just so that you don't lose sight, even your IBA guys or whoever it is, looking at marrying that, that we're speaking the same language.

Solly: I think there was a little bit of, you can say, unsynchronized process, when I look at it, especially from the left menu. Although everything is driven from the menu. The menu itself, the left part where it's supposed to be the easiest, because that's meant to be the shortcuts to wherever you want to go. Say I want to go back, I want to edit something that I've done in the past it doesn't let me.

Johan: Going back is difficult.

Solly: Ja. And the system lets you roll, you come to the last step, there is that level six, and that Step 6 for me is very crucial from a consultant point of view because so many times I have to go back to the bankers to say 'listen, this contract doesn't make sense under these conditions'. These were actual issues that I had to attend. Many times on that because the level of exposure that the SME was found to have signed a contract that gives the bank an unlimited amount of security, while the SME goes for half a million the bank says 'you shall make sure that...' and they don't state the amount, they just make it

open. It's very dangerous. And that Step 6, it's not well put. I remember when we did the simulation now, I didn't go for that. It was easy to close without going for that.

Cindy: Yes

Solly: I just picked (up on it) when we were doing something.

Johan: One point maybe I don't know if I didn't look well, but you guys were all saying "step 4" of whatever, but nowhere on the screen could I see Step 4 this and this. I just saw a heading, so how do you know it is Step 4.

Barrie: Are you specifically referring to Step 4, or are you just using that as an example?

Johan: Just a general comment. I was just thinking back as he was talking. You were all saying "This is Step 4". Okay and then I looked at it and it was just text. It had a heading, but it doesn't say (step 4). So it assumes I would know, if I see the text I would know, but then it presupposes that I know this map so well

Shane: OK, that's a good point, and it's simple to fix because the steps are in your content on your left. So if you had click on there all the steps are laid out. It sort of collapses and expands of where you are and that's where it would say "step 4.2" – the heading would be the same at the top. But great, if there is a disconnect then we need to put the numbers in the top heading as well, no problem.

Barrie: Technically speaking, just the function of the website. How did you find the letters that are produced from the website?

Alfons: Ja, that's fine

Johan: It's a marvelous facility for small consultants, you know, a time saver. It looks very good, you know.

Alfons: The letter are very good. They're the best feature at this moment in time. Because the rest is, um, pretty ordinary. I can probably find more financial institutions than you got and I know all the finance classes and I know all the finance things. But the letters are actually the key thing. Because when I'm saying to a guy, "you know, I want seven and a half percent of your funds", and he sees it, he's going to say yes.

Helmut: If I could just make another suggestion. You may want to add a letter which ensures confidentiality with the client. In other words, you click on the letter Confidentiality Agreement, but it's got the name of the client in it. You sign at the bottom. When you go and visit the client for the first time, you put it down in front of him. All the information he's giving you about his business is going to be confidential and he needs that assurance. It's an integral part of the business of advising.

Johan: Yes especially when you're talking finances, ja.

Shane: Just to get back to the letter and explain a bit of the thought process because I think this will also be helpful. We sort of went from making it too free-form to too many options to choose, and this stems back to the editing. I would be useful to know where you would like populated contents and where you would like freeform. As an example, if you take the "other services" and the institutions, it looks like we've got a little bit wrong as to what we prepopulated and what we left freeform.

Alfons: D'you know what? Start running it, and then after six months do a review

Cindy: Ja.

Shane: So do you think the balance is okay for the moment.

Alfons: At this moment in time it's fine.

Johan: Ja, how the hell on earth are you going to get this right at once? It's incredible, you know, the knowledge that you must have to populate all of this. I don't know who was the... I hope he's not just one person, because his head will be as big as this (arms outstretched).

Alfons: The other thing is the biggest difficulty I had with the website is trying to understand: the who's suddenly told about finfind: "there you're going to find finance". He's going to put in there his name and everything, because he now wants to find finance. Now, how does he go from putting his name onto the website to finding an advisor.

Shane: OK I think there's a little disconnect here. The SME that is looking for finance never enters his own information. What he would do, he would go to find a consultant, and put in an area, and then he

would get back the information that you guys entered, and from there, then the information about how long you've been doing it, the area that you're in. Even simple things. You may have a consultant who wants everything sort of web-based, so he only puts and email address, where the person that's looking for the finance wants to get somebody on the phone. So when he looks at that list he's automatically going to exclude all the ones that don't have a phone number. So the SMEs don't have to put any information in to find the consultant.

Barrie: But also, if consultants registered on finfind actually gain clients through finfind, that's a bonus. The essential idea, I think, isn't mainly as a customer generating thing, it's more sort of a consultant tool than it is a customer magnet.

Cindy: what you're saying Shane is that the email address that you put in there, it's not a link?

Shane: It can be, because when you find your list of consultants and you click on one of them, there is that link where you can send a person an email. It doesn't go from the email client. You would open up that form, put in your information and you would send it and then you as the advisor would receive the email. Or if you did put other contact details up there they'd just pick up the phone and phone you.

Ram: You know you've got your confidentiality (agreement). Once you've got your confidentiality, you also got to do a FICA on the client as well during that confidentiality process, then we know the client is obviously going to pay us as well, because if you're going to see the client, the clients are not being checked and we don't even know we're going to do the work and not get money for it. So it would be good to do FICA as well.

Barrie: How do you normally do a FICA?

Ram: You've got to confirm that they're going to pay your fee as well, you know. Let's say the deal didn't go through at all and you charged him for the time. And the problem will be if he didn't receive the income, the money, how's get going to pay you? So now, you want to list him, you can list him if you want to. It's not like based on a success...he'll only pay you when it's successful. No, he's come to you because he believes that you are a good consultant. That you will do what you're supposed to do.

Cindy: So are you talking about the confidentiality agreement to have a clause to give permission to do a credit check?

Ram: No, that he's going to pay our account?

Barrie: So it's more of a due diligence kind of...

Ram: Ja, it should be a due diligence pickup as well. Just watch that, because then we become like Sars.

Helmut: One of the parts of the agreement is the terms of payment. If you can say half upfront or whatever, you know, already it sorts him out.

Johan: But if you say FICA, are you talking about a guy whose having a water-and-lights account somewhere.

Ram: I think to that effect, because he can be a fly-by-night anyway.

Barrie: Cindy, would it be handy, permission to do a credit check?

Cindy: That's what I have in my own system when I speak to my clients. So I'd have to get finfind and then marry what I've already got going. Some of these thing either fall this side or the other side.

Ram: I think before it gets launched, you need to know it will be a 50-50 or whatever it is, you know? And you're going to have the deposit. So if you're coming like an attorney, you're going to pay me 50% upfront.

Solly: Shouldn't that be covered by the quotation that you , prior to the engagement that you issued, which, part of the payment, the terms there you clearly state what you...

Allan: I mean wouldn't that be an individualized...

Barrie: Shane, we can tailor our quotation to say listen, you've got to pay a deposit?

Shane: Yes, those boxes are freeform, and you can enter what you like in it. But in terms of the wording around it, it might sound really weird, so what we may need to do is adjust a little bit of the wording so that you can put different kinds of freeform in, and that everything flows.

Johan: Something to the effect that "this might be accompanied by an appendix", and if there is one, then you give it a name, and if there's nothing you just leave it open.

Shane: You see, one of the thing that we can do in those letters is if you don't put any information in, it won't put whatever the heading was. That's actually useful because it allows for a far broader range of customization, without having to do too much

Alfons: So in essence, if one summarizes this website, it's actually a database of finance finders.

Johan: And the other side

Shane: The hope is as it grows, the people providing finance and the consultants that are trying to find finance for SMEs will collaborate more, so again, this is where it becomes important for what you guys already know.

Alfons: But the way it is at this moment in time, is when you go into the front end of the website, you are Jo Public, you're going to ... instead of going to an institution, you are going through to finance finders, so all it is it is a database of finance finders, finance facilitators, let's put it that way.

Johan: But there's the other side also. For the finance finders there is a database of organizations.

Alfons: There's nothing on the website there for them.

Barrie: Can we talk a bit about the written content of the website – the description of how the banking system works, the description of how supplier credit works in South Africa. Overall impressions?

Helmut: I think it's done extremely well. I was very impressed with the bit that I read through.

Alfons: But it's almost written for novice facilitators. Almost written for finance novices. It's not written for your IIB Association. Your IIB Associate has been around the block...

Johan: Speak for yourself

Alfons:...and has had most of the experience, you know.

Johan: I felt some of the stuff, okay, some of the stuff I already knew. But there were new stuff in it.

Clarification, yes. Addition, yes. There are new guys that I never knew of, you know, we spent a year almost just researching all these guys, and there are still brand-new guys that I never heard about.

Alfons: Coming back to what you're looking at now, you've got the SME who's looking to find a way to get finance. He's gone to the banks, he's not getting any, so he says alright, let me find a facilitator. The facilitator goes through training and maybe is accredited. The institutions have to be invited by you. There's nothing up there that says 'institutions'.

Allan: You say, 'can the institution go directly onto the site and register and make itself known'?

Alfons: Well, you see the institution can only do what the SMEs can do – can maybe have a look at who the facilitators are.

Allan: Can't the institutions register themselves through the...

Shane: There is a section through the directory listing where they will get hold of the host institution and say 'I would like to provide more information about us as a financier'.

Alfons: Ja so they get listed, but nothing much happens, you see, because the work is actually done by the facilitators. It's the facilitators that do the work.

Helmut: Who's that, the consultants?

Alfons: Ja, you and me. We do the work, so there's a disconnect between the facilitators and the institutions. And we are lucky, if I don't write my schpiel nicely, better than Helmut's, Helmut gets all the enquiries, and he might say 'Alfons help'. Or Cindy gets all of the enquiries and she's busy...

Barrie: You mean enquiries generated via the website?

Alfons: Correct

Barrie: do you see the website as an important source of leads, of clients?

Johan: No. It depends on how good is it in terms of ...

Shane: how big does it take off

Johan: ja, if you google something like finance where does it appear. What do you call that?

Maximization or

All: Optimization

Alfons: You see, this is the question I'm asking is, how are the SMEs going to be driven to the site? Is it through the facilitators or is it through the SMEs themselves? Or is it through the institutions? How is the person with the need going to be driven to make use of the facilitators?

Shane: I think it's a very good question and I don't think a lot of thought has gone into it yet. The focus has always been as a tool for you as the facilitator to use. It's never been intended to be a marketing tool or to provide a portal for

Alfons: But you got to ask yourself as well, do the SMEs come to us, the facilitators. Do they come to IBA, do they come to IIB for finance? They don't. They go to the banks, and they end up with a brick wall. Okay? So they hit a brick wall at the banks, they bounce off, and they don't know where to go to.

Helmut: Okay so hopefully in time the banks who by their very nature comprise of people who want to do as little as possible. You go knock on the door, you've got very little information, you don't have any information. The financier says: "man, go to find. Find yourself a consultant, get them to put your deal together and then you come back to us. So the financial institutions may well be the prime movers.

Alfons: but from the 3000 Stanbic employees, two know about it.

Allan: That's a very critical point. We haven't had much discussion about it but I'm sure it's been sitting at the back of our minds around the marketing approach of it about who to target. Because certainly the idea of getting the buy-in from the banks and various kind of institutions which work with SMEs is a key component here.

Alfons: But what about government? They're getting run in every day, Khula finance, Seda, Umsobomvu doesn't exist anymore, they getting run in the time. Please help me with finance, please help me with this, please help me with that. And now you've got all these SMEs looking for finance. the very kind of institution that we're trying to say we want to help. And they saying 'well, there's not much we can do'

Allan: I think that will be a component now of the platform, the marketing of the actual tool itself. As opposed to the internal workings of the tool.

Barrie: Can I ask you again about the content. The way the content describes, say, debtor financiers or the banks. How did the tone strike you, as realistic? Or too optimistic?

Helmut: No it's spot on

Alfons: No it's quite okay

Johan: I was very worried about one thing, and the conversation in the room was going towards this direction of getting the smaller guy in as well. I think you've got to focus yourself here. I focus in a market that's R250 000 upwards, that's the market I'm in and most of them is not more than R20million. That is a specific market. Business Partners is there, grofin find themselves there, sasfin is little bit bigger than that. It seems to me that that is a specific market. If you go below that, even below let's say R250 000, if you find yourself below that you're in a completely different market, different suppliers, different needs, more government supported probably, more difficult to deal with, people I find I can't get involved in necessarily when it comes to finance, especially because the amounts are too small, they needs are too much, the knowledge is too little.

Cindy: I agree, because now you really have to have kind of a clearer cut, and again, chances of getting funding for that kind of a person from a financier, you know, realistically...so you can do the work, and the person may pay your for it, but the chances. So it goes back to the conversation you had, you know, are you likely to finance that kind of a person?

Solly: I think when I look at it that for me to have a cap. My experience, I haven't been long in this SME consulting that much, but I had clients who when they launched themselves their requirements was simple R120 000 the first year. And can you believe in the second year they were hitting a million. And one of these it was a coincidence that I had to same module now where I was acting as a consultant, he's in the forestry. He started with a trimming machine and he needed a simple R95000 for and he had five employees. In the second year he was sitting with a turnover almost running to a million, starting with a simple, bare-minimum R95000.. Now my question is that, by playing too much on the numbers, are we not now becoming...capping other people.

Johan: I mean in the first year I don't want to talk to that guy. I only talk to him in the second year. That's it, you know.

Solly: But where I'm sitting, it's a question of building up relationships whereby such people do grow.

Johan: But there's a certain point at which you start. What you're talking about the guy that was successful. In that same market there are how many other guys that do not do that, so you can't focus all your time on that.

Barrie: You're worried about the site trying to please everybody.

Johan: You might have a finfind Micro and a finfind SME. Ja fine, then I can help myself there. Or else I'll become flooded with things that are not related to me.

Ram: Currently you find if you're going to the commercial banks for the small businesses for loans or for whatever it is, it's a lot of requirements. At the end of the day the banks just say "sorry, that's it". And from 2009 we've done so much work – I don't know whether you guys have done the same thing – you know, so much work for the banks that said "sorry, we're not financing you". It's only now starting to open. You need to get the buy-in from the bank to what levels can they finance, what are the leads in advance, then one can prepare for them as well. I think our success rates have been very, very poor from 2009 onwards.

Sorry: On that point of what is the minimum turnover requirements – as soon as the financier is registered in that finfind is there, I think I picked up one which says the minimum is zero the maximum is R100 000.

Shane: I can give you guys a little bit of insight. FSP tried to contact hundreds of financiers to get them to come in. Some provided really nice, clear information. Others didn't do that, they gave us absolutely nothing. So we tried to google this kind of stuff. So that is where the orange ones, the ones that have actually been co-operative, have responded and got involved, get the most exposure, because they said "yes, put us up there". And the vision is to get more financiers involved in that level, because they will make their requirements a lot clearer and it would be a lot easier for you guys, when you're going to go and see OK, this is the section where I'm looking for finance, there's a hundred of them here but three of them – I'm being optimistic – have actually given us information, you go click on all of them and say OK, this meets my client's requirements.

Johan: I must say it really helps that you've got them. It's difficult to get them

Shane: And this is where we're saying the program wants more buy-in from the financiers, so that there is interaction, and again, in a pilot it would be really useful for us if you guys can tell us which of your financiers you do have success with, and a specific person we can approach. Again, like at the banks, you approach them trying to find the person with the authority to actually get back to say you can do this is half the problem.

Barrie: Does a consultant, when he makes that connection inside a financier after searching for a long time, you actually build up an excellent relationship – do you share that? Would you come to finfind and say "listen, finfind, there's this guy out at Sasfin, put him on the database? Would you do that?"

Various: Yes

Barrie: So the chances are that our directory of financiers could be built by the user community?

Various: Exactly, ja, yes.

Helmut: You've now made the point about Sasfin. I'm going to go off on a little bit of a tangent, you must excuse me for that. A client that I had needed debtor finance. I went to Sasfin, they said "this is the paperwork we need". Now I wasn't taking a commission on this. It was my client. I was providing just general advice to this bloke. They fed all the paperwork in to Sasfin directly. I then went and knocked on the door and I said to Jimmy Nel, I said: "Jimmy, how's my guy doing, are you giving him debtor finance?" And he looks me in the eye and he says: "You know what? Your client's insolvent." That made me feel like a prize bloody Charlie. Here I am recommending that client, that I hadn't researched properly for finance and that's my credibility out the window. OK, the point I'm making. It's imperative for this thing to work, for us to do a diagnostic on the client prior to doing finfind. A guy that manufactures handbags. He's got a rotten product, that's the reason why he's in trouble. If you do a superficial check-out of this guy, you're not going to pick that up. And you're going to recommend him to the financier and you end up being the Charlie. OK, diagnostic is vital with finfind. These two must run in parallel.

Barrie: As this system stands now, would you be able to use your diagnostic tools and use them in conjunction with finfind? Or is there some development that needs to take place?

Helmut: We have diagnostic tools. It's part of the tools of the trade. These things are separate to this exercise.

Allan: finfind assumes that the consultants are using those tools.

Helmut: Ja, but where the wheels come off is when a referral takes place. The guy has used finfind, he's had success, he goes to his neighbor he says: "go to that website". The chap goes and he phones me and he says: "listen, I want money, come and talk to me". Well, there're a few questions I would like to ask him before I even think of going to him. "Who the hell are you? Have you got credibility? Can you pay, blah blah blah..."

Barrie: Zap him with a quote.

Helmut: before I zap him with anything, I need to know who the hell this bugger is. Is he a start-up? A whole bunch of questions. Ideally, when he goes into that website, before he talks to me, he fills in a questionnaire. He doesn't phone me. That application, when he gets my name, that sends him to another little thingy where he just needs to put in basic information, which allows me to screen the guy before I even think of talking to him.

Allan: So you initiate contact after receiving his profile, because he wouldn't be able to phone you? Say you like the profile, do you then phone that SME saying "great, let's talk?"

Helmut: In fact it should all be done by email. Because if he hasn't got email, you wouldn't want him on board anyway.

Shane: Yeah, that's another interesting point. It's something that we debated a lot about what kind of contact information would you guys want on the site.

Barrie: Solly, your forestry guy, did he have email?

Solly: Most of the long-running ones, they all have emails. But there are times when, the minute an email says "webmail", that is a problem, I can tell you. He only visits that email once a week, once a fortnight, and the turnaround of anything becomes an overhead for your practice that's not worth the exercise. So it's a challenge around SMEs. You know, it's easy to say, especially around the type of industry. If ... the agricultural guys and the forestry guys, the guys that are always in the bush. Email is a secondary, he doesn't think of it, until, when it's towards the end of the month, now he starts to check his bank account, check the invoices. His email is not a priority.

Johan: I just want to make sure that we don't all have the same process here. I see that the process that you've got here to some extent assumes that you work as a consultant with the business. I don't work as a consultant with the business. I will find it very useful. I might change it a little bit, but at this point in time, I don't make recommendations to any institution. If I send someone to them it's a referral. If that guy doesn't meet expectations, I don't think anything about it, neither do they think I'm a poor consultant, because I've got a certain relationship with them, where I've told them that this is the process, this is the role that I'm playing. I'm not asking any company any fees, I'm being paid a referral fee, I'm not being paid consultant fees. It's a different relationship, a different need. I don't need diagnostics, I can't afford to use them. If I'm a consultant in the role, yes. But probably, I'd like to use my own.

Shane: Can I quickly go back? That screening of the client. Would it be acceptable if they contacted you, and you emailed them, something that is possibly or not generated from the system, saying "please complete this before I actually quote you?" or would you want them go a webform, complete it and send it to you as part of the initial contact?

Helmut: That second alternative is much better. When he clicks on my name that happens to come up, it should immediately take him to a questionnaire that he fill in that he then emails to me.

Johan: I'd like them to go to my website. It's got a simple contact form.

Shane: Okay, that's great because the facility is already there. So instead of putting in an email address, or your phone number, you put in your website address, and if your website has this prescreening, you can do it like that.

Johan: for me, I would prefer that, because then it means that as I change and adapt certain things...

Shane: You see, what's nice about that is that the site as it is can easily do that, because as a consultant, you can choose what information to put in. You can put in a little blurb to say "you need to go to our website and complete this. Okay that's useful.

Solly: I just want to say you know that comment to say that you know we operate at different levels, although we're all consultants. I think out of 40 SMEs that I'm currently servicing from my office, almost 25% of them I'm doing babysitting, so which means every month we sort of have a monthly management meeting where we go through the performance, so I'm doing the financial advice, I'm doing operational review in terms of whether they're going up or going down whereby we sort of ... that diagnostic process happens almost on a monthly basis. Now when a need arise for funding, already I know what type of funding to apply because I've already been going through on a monthly basis. That's another part of the consulting. In that case then that requirement for me it doesn't become a priority, because already I'm now when if the client is a brand-new SME altogether, then you're faced with that process now whereby it will be necessary to have that type of a pre-engagement type of screening.

Cindy: At the risk of going through what has been said already, I think the way that it stands at the moment it's just enough because you have an option as you say you can put your URL in there you can put however way that you want to be contacted because most of the things we adjust it according to our individual needs. So the way that it stands it gives us enough options.

Shane: We maybe haven't articulated it well enough in terms of how you enter your own contact information. How you personalize it will also to a point dictate what kind of people you are going to get that are going to start contacting you because as you say, you (helmut) would prefer the whole prescreening process, you don't go put you cellphone number there. Whereas the other guy who's maybe a little bit smaller, Solly does what him to phone him, if Solly has a phone number, then he will phone him. And that facility is already there, it's just how it's used.

Allan: If you don't want the guy looking for a R50 000 loan contacting you, where would you...you have put that in your profile?

Johan: I would have put it in my profile, say from R300 000 up

Helmut: We do advising for FNB – a thing called BizNetwork, you guys may be familiar with it.

Rubbish! A guy, he applies for finance, he says he wants finance, and I mean, he's got nothing. It's just an idea. You don't want those guys, man. And you need just a little screening process.

Johan: No start-ups, no small amounts.

Ram: Let's say someone is like keen on your services, they meet the parameters, then you should have something on the website where he can send an SMS to your phone. You know if he's qualified. If he's in the bundus or whatever, he can either contact you on the website or on the cellphone – "please contact". But in advance you knew already, he was a guy you chatted to him or whatever it was, you had some contact. So two ways he's contacting you, you're contacting him. If you're hungry, you'll contact him quickly.

Alfons: But for whom has the website been written?

Barrie: For the business consultant

Alfons: Well, then you need to be very careful like Helmut says to get the right people to be up on the website. Very careful that you don't get a host of guys...you know, you don't need the wet-behind-the-ears CAs and stuff. They're not going to help you. You need the people who've got networks.

Shane: This I think you need to...

Allen: Ja, because there are certain regulatory requirements about who can provide financial advice

Barrie: I need to do a last exercise. Can we just go around the circle and can you just very shortly say are you going to use this website in your business as it is now, and if not, what needs to change before you do that. Can we start with you, Johan?

Johan: I'm definitely going to use it simply as an educating tool for myself definitely. I'm just going to use it and work through all of that that I can get there, because that's a nice extra map that I've got

Barrie: Are you going to use the letters, record of advice and

Johan: Currently it doesn't fit my business at all. It might, but not at the moment.

Barrie: OK, Ram?

Ram: Ja it will be useful. With regard to the use of the letterheads, I think we need to get USAID talking about finfind in terms of regulations. It's a regulatory issue as well. So you need to give us the go-ahead, otherwise it becomes all and sundry and whatever, so that's important.

Barrie: Solly?

Solly: I think in my line of practice I'll definitely use it. It is only the question of the letterhead that needs to be addressed.

Barrie: You want your letterhead on it?

Solly: I could still retain the finfind, but I still want my logos to be somewhere.

Barrie: How would you use the site at the moment in your practice?

Solly: I've got various levels of my clientele...(inaudible) then the other thing is that there's a lot of work that still needs to be done in terms of the governmental agencies, the funding houses. I haven't, when I was trying to i want more detail of more development funds.

Alfons: Finding finance is not a problem, getting SMEs filtered is a problem, but you're assuming that I'm bringing the SMEs. So if I do get SMEs I know what to do with them, because I know the institutions. So at this moment in time there's very limited application for me.

Barrie: Off the top of your head, can you think of something that if it were to be added to the whole facility, that you would start using it?

Alfons: Yes. If there were enquiries from the financial institutions. If financial institutions asked me to help their SME enquirers. In other words, they're getting 100 applications a day. And they can sift through eighty of them that are rubbish. They can only process ten, and the other ten, they don't have enough people to help them, and they say "alfons, please come in. Tackle the guys at revonia branch, tackle the guys at fourways branch, tackle the guys from diepsloot. The what I'd do is I'd upload those SMEs and I say to them my first hourly rate of working with you is free, after that it's minimum of five hours at R700, it's R35000 and you pay me the first 50% upfront. Then all of a sudden the guy says "whoa, R1750, where the hell do I find R1750?" that for me is immediately then a watershed. He doesn't have it? Alright fine, then I know I'm not going to waste my time. But if he has got something, then I sit down with him, go through his business case. I go through all of those things that you've actually got in there, and I actually can put it into the letters, and I like his (solly's) idea very much of being able to put in my IIB logo, my Swiss Pool of Experts logo so that people know that I'm not just local but I'm international also, and that I can immediately help the guy, that they've got somebody who's got credibility, and I can then feed that back into that very institution. In other words, what you've got at this moment in time is you've got one silo, and that's the facilitators. It's a database of facilitators. Now what you've got to do is the filtration circles. You've got to get the SMEs filtrating to the facilitators, and you've got to get the financial institutions filtrating to the facilitators. Otherwise it's just a database.

Barrie: Helmut, will you use it in your practice?

Helmut: Exactly as is. I think it's a brilliant concept. You know, the people that we advise invariably need money – all of them. So this is an excellent channel for us to use. But what's going to make it that much more valuable to us is if finfind in time establishes its credibility. And that's only going to happen if the finfinders that you take on board know what the hell they're doing. If you take monkeys there that just break down what a couple of us are trying to build up, it's not going to work. So very important the screening process that you guys have to go through in terms of the guys you take on board, they got to know what they doing.

Barrie: Cindy?

Cindy: As it is I would definitely use it, mostly for information on the financiers and my kind of outlook is that I imagine that it would be updated on a continuous basis, so getting that ready on-the-ball current information who's doing what, and who has changed whatever, and requirements and everything that goes with that.

ANNEX 9: FINFIND TEST DAY AGENDA

Finfind: pilot agenda Thursday 10th March 2011

Activity	Time	Person Responsible
Meet at Security, USAID	8h00	All
Welcome	8h30	USAID
Introduction to FSP	8h45	FSP
Agenda overview & ground rules	9h00	Kirsten
Participant who's who	9h05	Kirsten
A bit of drama ... & reflection	9h20	Barrie & Kirsten
Let's get started - public space	9h45	Kirsten
Tea	10h30	
Moving on swiftly – secure space	10h45	Kirsten
Looking for finance? Let's try it out - Step by step through the secure space	11h15	TBD
Round #1: Consulting role-plays	12h00	Barrie
Lunch	13h15	All
Round #2: Consulting role-plays	14h00	Barrie
Focus Group Discussion	15h00	Barrie/ Kirsten
Wrap up and close	16h30	Kirsten

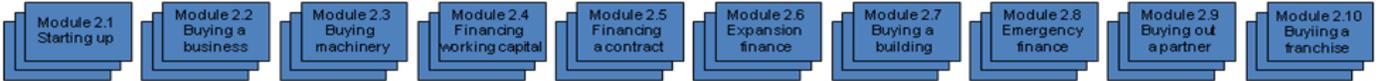
ANNEX 10: GUIDE MAP



Step 1: Determine whether your client really needs finance



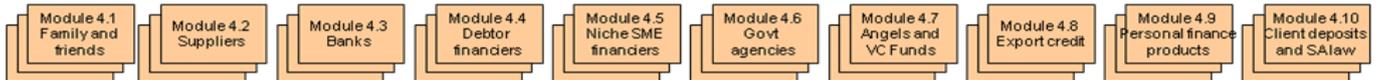
Step 2: Identify your client's finance need and the types of finance best suited to it



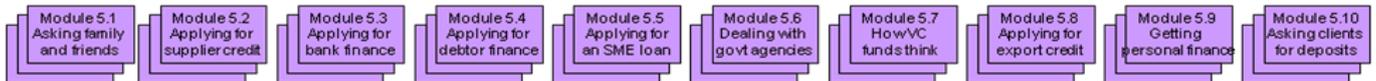
Step 3: Choose the type of finance



Step 4: Find the right financier



Step 5: Prepare your client to approach the financier



Step 6: Help your client manage the outcome

