



**Armenian Small and Medium Enterprise Market Development Project
(ASME)**

**Advanced Financial Management (AFM) for Armenian SMEs
Group 2 Evaluation Report**

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Background:

The Advanced Financial Management training program was designed to support the Armenia SME Market Development Project (DAI-ASME)'s objective of empowering Armenian SMEs to find solutions to their current and upcoming business requirements. By focusing on financial and accounting best practices of business organizations, the program sought to increase SMEs' awareness regarding the importance of such management tasks as capital budgeting, cost accounting, etc. and enhance the professional skills of relevant SME personnel. Due to the diverse nature of company needs based on enterprise size and sophistication, it was decided to design and implement the training in two different stages. Group 1 ("AFM 1") would consist of smaller companies that did not have finance/accounting departments and Group 2 ("AFM 2") would comprise larger enterprises with more sophisticated financial management requirements.

The programs for both AFM 1 and AFM 2 were designed to be a practical toolkit that participants can utilize and implement in actual business operations in order to incorporate basic financial management best practices into daily activities. Furthermore, they were developed with the goal of enhancing the credibility of ASME local staff and to create curriculums that can be easily replicable and deliverable during other ASME organized/hosted training workshops of clients and ASME client managers.

DAI-ASME has had successful experiences implementing "mixed" methodologies in various formats including workshops, seminars, practical trainings, and one-to-one working discussions. Following AFM 1, this is the second structured workshop of longer duration that has specifically targeted building financial management capacity in SMEs, which are interested in improving their business efficiency and effectiveness. DAI-ASME financial advisors Arman Hakobyan and Aleksandr Harutyunyan were selected to support DAI specialist Alice Lin with the preparation of the workshop material, and took the lead in delivering and facilitating the training sessions.

AFM 2 Objectives/Approach:

Preparation for AFM 2 was implemented in two phases. First of all, a comprehensive needs assessment of potential attendees was conducted over the course of one week. Potential participants were chosen based on the input of ASME client managers, potential participants' perceived business requirements, and their openness/willingness to attend such a program. The average company size of the target group was relatively larger with 50 – 100 employees. Industries covered included dried fruits/vegetables processing, canneries, aquaculture, poultry meat and eggs production, toilet paper production, truck maintenance services, yeast production, juice processing, natural supplements production, dairy processing, etc. In addition, an invitation was also extended to companies assisted by the U.S. Department of Agriculture (USDA) program, which may be interested in attending the training. *See Table 1 below for the range of companies contacted.*

Table 1: AFM 2 Potential Participants Contacted

No.	Company Name	Industry	Confirmed to Attend (Y/N)	Actually Attended (Y/N)
1	Elita	Yeast production	Yes	Yes
2	Henry Gor	Aquaculture	Yes	Yes
3	Gamma	Cannery, agro-processing	Yes	Yes
4	Cheer	Dried fruit processing	Yes	Yes
5	Akvatek	Aquaculture	Yes	Yes
6	Kapan Mash	Truck maintenance services	Yes	Yes

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7	Syunik Poultry	Poultry meat and eggs production	Yes	Yes
8	SIS Natural	Juice processing	Yes	No
9	Euroterm (Noyan)	Juice processing	Yes	No
10	Vitamax E	Natural supplements production	Yes	No
11	50/50	Toilet paper, egg cartons production	Yes	No
12	Agrinko	Agricultural production	No	No
13	Geghard	Meat processing	No	No
14	Alishan		No	No
15	Aragats	Textile	No	No
16	BAKSS	Aquaculture	No	No
17	Agnessa	Textile	No	No
18	Ashtarak Kat	Dairy processing	No	No
19	ARID Goat Center (USDA client)	Goat cheese processing	No	No

The needs assessment was conducted through individual on-site or client-site meetings with key company management personnel. The goals of the meetings were three-fold: 1) gauge interest/availability of the company to attend the training; 2) identify the appropriate personnel who could participate; and 3) determine their primary organizational and technical requirements. *See Appendix 1 for the interview form used during the meetings and the survey results for individual companies.*

Potential participants demonstrated a need to learn more about budgeting, fundraising, variance analysis, organizational roles and responsibilities, foreign exchange risk management, equity financing, time management, accounting software, and performance monitoring. Companies also indicated which individuals from their management team would be most likely to attend that were mostly chief accountants and/or marketing and finance managers. All enterprises met with have an existing finance and accounting function, although some are bigger and more structured than others. One company, SIS Natural, has completely outsourced its accounting function to Mediaprint, and has no in-house employees who control the accounting system.

See Appendix 2 for a comparative spreadsheet of companies met with and their stated financial management needs.

Activities and course material were then developed based on these explicit needs, as well as a realistic consideration of best practice tools, company's level of sophistication, and time constraints. The material was designed to be as interactive as possible, including several exercises (both subjective and mathematical). In addition, several exercises were designed in Excel to enhance the accuracy and efficiency of participants' capabilities relating to investment evaluation, budgeting, and financial forecasting. Laptops (approximately one laptop for 2.5 persons) were rented and installed with appropriate software/exercises to provide participants with a hands-on opportunity to model and run the various drills.

Two case studies were also presented – one designed by Mr. Harutyunyan to provide a real Armenian example of issues related to capital budgeting. The case study was particularly useful in presenting the analysis and decision-making process for a company (XYZ) that faces all the same business environment risks in Armenia as the participants do. The other case study was designed by Ms. Lin to present the fundraising difficulties that an SME (Quinta Fresca) in Argentina encountered during the country's recent economic crisis. The Quinta Fresca case study was presented not only to illustrate the different financing

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options that a company can seek (including equity financing), but also to point out that the difficulties encountered by Armenian SMEs are not unique in a global context. SMEs in other countries face similar challenges and successful enterprises are able to overcome these obstacles.

In order to better address potential questions relating to accounting software, tax accounting, VAT, and customs regulations issues, several guest speakers were invited to present on these subjects. Link, an accounting software firm, demonstrated its Armenian accounting software including a practical exercise on accounting reporting. Mr. Gagik Mkrtchyan, a tax expert and Mr. Rafael Grigoryan, a customs expert also led sessions to address relevant questions on their areas of expertise.

AFM 2 followed the successful format of AFM 1 during which the majority of the program was delivered in Armenian with only occasional interjections in English from the Chief of Party Gary Kilmer and DAI specialist Ms. Lin. It was decided that this presentation format would both build up the training expertise of the ASME financial advisors and also enable much more material to be covered during the tight timeframe than a bilingual presentation.

At the end of each day of training, participants were asked to provide candid feedback and evaluation of the day's individual sessions on the material's applicability, effectiveness of the presenter, visual aids/handouts, and agenda/time schedule. They were also encouraged to provide feedback on areas of improvement. In addition, on the last day, participants were asked to fill out a program evaluation form. Certificates were then awarded to those who had successfully completed the course.

Participants:

Since the training curriculum was designed to be a continuation of previous training ASME efforts, it was decided that it would best benefit ASME partner companies that had already taken part in similar capacity building sessions. All participants were relatively larger enterprises that had established finance/ accounting departments. As indicated in *Table 1* and *Appendix 2*, only seven out of the 11 companies, which had confirmed their participation actually attended the training. This was disappointing since some of the training material was designed based on needs expressed by those companies that did not attend. ASME client managers taking a more proactive stance in encouraging their clients to build their financial management capacities could potentially improve the attendance rate. Additionally, some of the ASME client managers can benefit from attending the training themselves and realizing the value of adopting financial management best practices. In order to address potential future training needs, the workshop is easily replicable for interested parties.

It was a positive sign that all participants who came the first day continued attending to the end. The majority of participants were founders/managers who had actual *decision-making authority* in their companies. There were also a few accountants and economists present who either came with their managers or represented their enterprises. *See Table 2 below for participants that attended and completed the training.*

Table 2: AFM 2 Participants

No.	Participant Name	Position	Company	Industry
1	Rafik Yengibaryan	Chief Accountant	Elita	Yeast production
2	Artashes Mashadyan	Director	Henry Gor	Aquaculture
3	Anahit Sargsyan	Chief Accountant	Gamma	Cannery, agro-processing
4	Tigran Tsaturyan	Director	Cheer	Dried fruit processing
5	Arkadi Gevorkyan	General Director	Akvatek	Aquaculture
6	Yelena Sargsyan	General Manager	Akvatek	Aquaculture

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7	Lilit Khlghatyan	Economist	Akvatek	Aquaculture
8	Baghinak Harutyunyan	Chief Accountant	Akvatek	Aquaculture
9	Vardan Alexanyan	Manager (Production)	Kapan Mash	Truck maintenance services
10	Ashot Kuyumjyan	Deputy Director (Finance)	Syunik Poultry	Poultry meat and eggs production

Training Curriculum:

Each day of the program was designed to focus on specific topics that are essential parts of financial management. It was emphasized to the participants that the course objective was to help them optimize their financial decision-making capabilities and maximize their company's long-term profits. One drawback of the training curriculum was that the range of topics covered was a little too ambitious given the time constraints, especially because of the participants' need to understand the difference between cash flow and profitability, and the number of Excel exercises conducted. The subjects were incorporated into the training program based on the needs assessment and also because they are considered to be the essential tools for effective financial management at an intermediate level. Nevertheless, subject material was adequately covered within the five-day time constraint. *See Table 3 below for the AFM 2 training curriculum.*

Table 3: AFM 2 Training Curriculum

Day	Primary and Secondary Topics
1	<p><i>Implementing financial management</i></p> <ul style="list-style-type: none"> • Why and what of financial management • Organization of the finance/accounting department • Roles and responsibilities • Establishing the right financial management information system • Introducing an Armenian accounting software package (<i>Link company presentation</i>) • Establishing performance metrics • Creating an incentive structure • Feedback and evaluation
2	<p><i>Planning for success</i></p> <ul style="list-style-type: none"> • Introduction to capital budgeting • Case study: Company XYZ success story • Essentials of capital project evaluation • Exercise: Evaluating Investment A and B (<i>Excel</i>) • Essentials of budget preparation (<i>Excel exercises</i>) • Feedback and evaluation
3	<p><i>Managing your cash</i></p> <ul style="list-style-type: none"> • Essentials of financial statements • Preparing financial budgets • Introduction to tax regulations (<i>presented by tax expert Gagik Mkrchyan</i>) • Introduction to variance analysis • Credit and collection policies • Feedback and evaluation
4	<p><i>Creating the right growth strategy</i></p> <ul style="list-style-type: none"> • Introduction to inventory management

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	<ul style="list-style-type: none"> • Essentials of financial ratios • Introduction to financial forecasting • Introduction to Armenia import/export regulations (<i>presented by Rafael Grigoryan</i>) • Essentials of minimizing foreign exchange rate risk • Introduction to the balanced scorecard • Feedback and evaluation
5	<p><i>Raising external financing</i></p> <ul style="list-style-type: none"> • Arranging external loan financing • Case study: Equity financing for Quinta Fresca • Understanding your company's value • Preparing the information memorandum • Negotiating the term sheet • Next steps • Feedback and evaluation (Day 5) • AFM 2 program evaluation

Results of Training:

Evaluation ratings

Overall, participants reacted favorably to the training material and presentation method as evidenced in classroom participation, discussions, and feedback and evaluation forms that they were asked to complete every day. Unfortunately, participants did not complete an evaluation form for Day 5 due to final time constraints but did complete overall program evaluations that indicated satisfaction with Day 5 material. *See Appendix 3 for average scores of each session based on a rating scale of 1 – 5 (with 5 being the highest possible rating).*

Areas of improvement suggested by participants included having more practice exercises and more questions and answer sessions. According to the evaluation forms, participants found the program very useful, specifically training on cash management and budgeting. Participants indicated a desire to implement their new knowledge in actual business operations. The ASME team will follow up in two weeks to determine whether or not specific steps are taken.

Classroom participation/exercises

Due to the interactive style of the training and the keen interest of the participants to learn more, classroom participation was frequent and animated. Questions were directed not only towards the presenters, but also to other participants. This occurred both during workshop sessions and also during coffee breaks. Participants were urged to learn from each other's experiences and keep in touch after the end of the training program.

Several exercises were assigned in-classroom to ingrain some of the financial management methodologies taught during the sessions. Preferences for completing the exercises varied by individual participants – some performed the calculations by themselves while others engaged in discussions with their neighbors, particularly when completing the Excel exercises on the rented laptops. The participants were then encouraged to present their results to the rest of the group. Due to time constraints, at times the facilitator would conduct discussion of the exercises with the group as a whole. Both methods were effective and revealed the varying degrees of unfamiliarity that participants had in forecasting and modeling financial statements in Excel format.

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Finance/accounting department organizational structure

The workshop began with recommendations on the organizational structure of the finance/accounting department and relevant roles and responsibilities. Participants understood and agreed that an effective financial manager would have to simultaneously play the multiple roles of financial analyst, investment planner, fundraiser, and financial resource manager, while complementing the roles of other members of the department, including the chief accountant, internal auditor, and economist. Several accountants were present and found it edifying and perhaps challenging to hear what the expected roles of an accountant are. In addition, participants agreed that the finance/accounting department does not operate in a vacuum but must interact with all other departments of the organization, including sales, marketing, and product development, etc. Some participants indicated anxiety about being able to fulfill all these functions at a reasonable cost. However, they agreed that the roles discussed were essential to their operational success and appreciated the delineation of responsibilities as presented in the training material. In addition, performance metrics and an incentive structure were recommended as part of the finance/accounting department structure. One participant (Akvatek) indicated that implementation of performance metrics were part of his company operations to measure accuracy, timeliness, and quality of data.

Accounting software/FMIS

One method to ensure data integrity and efficiency is to implement the most appropriate technology, including user-friendly and effective accounting software, and also a Financial Management Information System. In response to some companies' request for more information on accounting software, representatives of 1C accounting software from Link Company were invited to demonstrate their product, including a participatory exercise. The software is in Armenian to facilitate conformity to the country's reporting requirements. Following the training, some companies that had previously indicated no need of enhanced accounting technology admitted to the value of implementing such a system.

Cash flow versus profitability

Participants demonstrated confusion regarding the difference between costing and pricing. In particular, there was lack of clarity around cash flow versus profitability. Most companies focus on profitability, emphasizing that they would need 50% net margin in order for an investment to appear attractive. Much time was spent on clarifying cost allocation methods and pricing strategy factors. The training used capital budgeting exercises to further emphasize the importance of investment evaluation using projected cash flows. Some participants indicated difficulty with understanding Net Present Value but overall appreciated the qualitative and quantitative methodologies used to evaluate investment opportunities. In general, participants indicated that they have required rates of return of 25-30%, and even as low as 10% if there was minimum risk involved with the project.

Budgeting

The training adopted a step-by-step systematic way of introducing budgeting methodology to cover operating budgeting and financial budgeting activities. Participants reacted favorably to the exercises, including several accountants who had previously claimed that they already have budgeting systems in place that they monitor frequently. A variance analysis method was also introduced to indicate when and how variance analysis should be conducted.

Working capital management

Many companies had indicated an interest in this area prior to the training. AFM 2 materials broke down the various working capital management activities to cover cash management, accounts receivable management, and inventory management. Participants were particularly interested in best practices relating to credit and

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collection policies and inventory management, especially for perishable products such as fish. One participant raised the question of whether or not the contingency fund to cover uncollectible receivables would be considered a planning tool. Financial ratios analysis was introduced as a benchmark for best practices although the companies agreed that there is insufficient public information in Armenia to have comprehensive industry benchmarks.

Taxes and customs

On Day Three, participants welcomed the presentation of Mr. Gagik Mkrchyan who addressed tax regulations and reporting requirements for SMEs. Although they realized that financial management is not just about taxes, they had several questions on the subject that they thought were critical to their business operations. Questions raised included information regarding appropriate land tax, collecting taxes on behalf of employees, donations (in-kind or otherwise), VAT, income vs. profit (bottom line), and prepaid taxes. Participants also were keen to find out legal methods to reduce their tax liabilities.

On Day Four, Mr. Rafael Grigoryan presented a session on customs regulations. Six out of the seven companies present had importing and/or exporting activities and were thus very interested in learning more about their appropriate customs obligations. Mr. Grigoryan spoke about risk management relating to transportation, pricing, country, and buyer insolvency risks. The effectiveness of this management would be reflected in the cost of conducting cross-border business.

Financial forecasting and risk management

In addition to the budgeting method, participants learned how to forecast financial statements using the percentage of sales and financial ratios method. This was also demonstrated using Excel exercises with which the participants followed along. Using this method to conduct the forecasting was new to almost all of the participants who are more familiar with the budgeting method. In addition, the topic of risk management was addressed, specifically relating to the management of foreign exchange rate fluctuations. Participants understood the concept due to the clear and concise presentation manner. However, they also recognized that in Armenia, few hedging instruments are available, but should be arranged with the suppliers or buyers individually. Some participants expressed doubts as to how feasible reducing foreign exchange rate risk would be with their current suppliers and buyers, such as in Saudi Arabia where transportation and other costs are already high.

Fundraising

Another subject that elicited much interest was the process of raising external financing. During this session, both debt and equity financing was introduced. The participants appeared to be open to the idea of equity financing and were particularly curious about venture capital and patient capital models. As in AFM 1, the focus was on encouraging the entrepreneurs to “clean house” before undertaking the lengthy and expensive process of seeking funding. Mr. Hakobyan furthermore utilized his banking expertise in introducing other methods of fundraising, including leasing, factoring, non-interest bearing liabilities, and inventory financing. As it was recognized that the Armenian financial system is not perfect, several strategies were presented to the participants to increase their probability of obtaining external financing at reasonable terms.

In order to better illustrate equity financing, a case study was included on Quinta Fresca, an Argentine grocery home delivery enterprise that suffered due to the economic recession in its country a few years ago. It was further emphasized that companies must know how to value themselves before approaching investors and/or lenders. The objective was to instill an awareness of the need for a systematic method in gathering information for the documentation required for either an equity or loan application. Due to time constraints, the sessions on equity financing and documentation required were not adequately covered, but participants were encouraged to review at home and address the ASME team with any further questions.

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Next Steps:

Similar to AFM 1, as the training drew to a close, it was emphasized to the participants that the training would only be effective if they would put the knowledge into actual use in normal business operations. It was recognized that some of those present did not have decision-making authority within their organizations and would thus need to devise a strategy to convince their managers on the best course of action pertaining to financial management. Participants were encouraged to review the distributed training material and begin thinking about what to do next in terms of concrete actions in the short-term and long-term. All plans of action must be conducted with detailed financial forecasting and analysis.

A list of examples for short and long-term actions as well as factors to consider were presented with the explicit understanding that ASME would follow up shortly with each of the participants to ensure that some form of strategizing has taken place. As described above, some participants indicated in evaluation forms what they thought their immediate actions would be to implement some of the knowledge they learned from the training. *See Appendix 4 for the form that participants were encouraged to consider in their planning process.*

Follow-up on AFM 1 training:

Three weeks after the termination of AFM 1 training, several participants have embarked on “next steps” based on skills/knowledge acquired during the training. Specifically, the companies listed below have adopted the described actions to improve their financial management capacities since the completion of AFM 1:

- Vaspurakan (producer of textiles/bandages): The company has invested in computer equipment to optimize operating efficiency and accuracy. It has also initiated a business planning exercise that includes sales forecasting, cost analysis for raw materials, and implementation of inventory management.
- Norma Kat (mushroom and dairy producer): The company has requested advice on improving its recording and budgeting system to incorporate into its normal business operations.
- Vordi Armen (dairy processor): The company has initiated an analysis of their milk versus cheese production to determine the profitability of both product lines. This contribution margin and profit centre analysis is part of their efforts to improve asset utilization and optimize resource allocation following a previously disappointing investment in a dairy farm. The accountant who had represented the company in attending AFM 1 now has a more visible leadership role especially due to her enhanced financial management skills and confidence.
- Vanik Karamyan (dried fruit processor): Prior to AFM 1, the company had embarked on a capital expansion program through which it was considering purchasing packaging equipment and a vehicle. The expansion would be financed by a loan in addition to financing from DAI and owners' equity. Subsequent to the training, the company is in its implementation phase for which it now has the enhanced financial management skills to monitor project cash flows and forecasted sales in addition to controlling debt service cash outflows. The project is estimated to be completed prior to the company's high season, which commences in October. DAI will soon visit Meghri to assess the company's progress.
- Artel Group (textiles/leather goods producer): The company is now thinking about growth through adopting a more detailed and coherent business strategy. It is now analyzing project feasibility in a

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systematic way whereas it used to be overenthusiastic about projects without appropriately considering the risk-return trade-off and opportunity costs.

- Ready Steady (caterer): The company has initiated budgeting exercises in preparation for launching a new project. The exercises analyze projected cash flows and calculate the real additional value of entering new markets.
- Vaghatur OJSC (dairy processor): The company has conducted financial analysis of its decision to either buy vehicles for milk collection or establish its own dairy farm in order to lower its costs of goods sold. The analysis includes a contribution margin and profit centre analysis similar to that of Vordi Armen – an example that it is learning from.

Lessons Learned from AFM 2 training:

As this was the first time that a longer-term workshop was conducted on financial management skills at the *intermediate* level, there are some areas that can be improved upon for any similar training to be conducted in the future, including the following:

- Needs assessment process: The style of senior managers can sometimes lead to overestimating their financial management sophistication because they are reluctant to admit any weaknesses that they may have. Consequently, some of the exercises were designed at a level that was unfamiliar and more difficult to grasp for participants than expected. Future material and exercise design should take this factor into account and structure practices accordingly.
- Communication process: Several companies did not show up despite confirming their attendance. This may be due to their lack of interest in the subject material, lack of available resources to attend the training, or simply lack of understanding of their real financial management needs. Although these factors are controllable from the company's perspective, a measure of responsibility should also lie with ASME client managers to appropriately market the training course to their clients and communicate the importance of financial management skills. Future training programs should involve the relevant ASME client managers more in coordinating company attendance. Some ASME client managers can also be encouraged to attend parts or all of the training to build up their own financial management skills and awareness.
- Participation requirements: Several companies confirmed attendance but were absent without adequate advance notice. Consequently, some topics presented during the training were developed based on the needs assessment yet lacked the audience who actually requested it. In addition, training materials were produced based on the expected number of attendees. Production costs and time could be reduced if a more accurate headcount could be made prior to training. This lack of company accountability can potentially be remedied by only selecting companies that are serious about learning financial management skills. The selection process could entail a training fee requirement that involves an upfront non-refundable deposit. Companies should understand that capacity-building activities are for their benefit and should be considered an investment, both in terms of financial resources and time commitment.
- Time constraints: The presenters were unable to cover all topics included in the materials due to tight time schedules. In the future, a more selective agenda could be implemented for the same timeframe, or more time allocated to the training. For example, six days of 5-hour day training or five full-day training could be implemented to cover the material included in AFM 2. In addition, the preparation timetable was extremely tight, especially taking into account translation time requirements. This will not be an issue in the future using the same training material as it is already prepared, but in the event that new material needs to be added, a more realistic work plan should be employed to produce optimal results that allow adequate time for quality control and preparation.

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- ***Logistics:*** Despite advance warning for logistical preparation, several items were still left till the last minute, including an unexpected disappearance of the projector at the training commencement that led to 45 minutes delay. Communication to ASME staff can be acted upon to ensure smoothest and least hectic preparation for training. In addition, translators should be contacted further in advance to ensure their availability and capacity for simultaneous translation of the subject material. In general, the same translator should be employed to execute both the written and verbal translation.

Expected Impact and Results of AFM 2 training:

Although a concrete impact analysis cannot be conducted/validated until follow-up has been performed with each of the participants, it is anticipated that at least some of the expected results listed below will take place:

- Key personnel of participant organizations with increased awareness and skills to effectively and efficiently manage their finance/accounting activities.
- Clear delineation of roles and responsibilities of various members of the finance/accounting department as well as recommendations on performance metrics and an incentive structure
- Purchase and installation or upgrade of computerized finance/accounting systems, including potential implementation of a Financial Management Information System
- “Graduating” companies with a toolkit of AFM 2 training materials and an intermediate level of skills and mindset to implement financial management strategies
- Enhanced communication and reporting system within the department to increase accuracy and transparency in development of financial statements that will minimize the SME’s tax liabilities
- Enhanced ability to assess and mitigate company risks through effective financial and cash flow forecasting/management methods pertaining to all business operational decisions such as market expansion, product diversification, capital investments, etc.
- Improved ability to make external debt financing decisions, including management and maintenance of existing and/or future banking relationships
- Enhanced understanding of equity financing options, particularly focusing on company evaluation and including formats of documents required such as the Information Memorandum and the term sheet
- DAI-ASME financial advisors equipped with a tested training toolkit and enhanced credibility to conduct additional financial management workshops

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Appendix 1: AFM 2 Individual Company Financial Management Needs Survey Forms

Company Name	Henry Gor	Date	8/17/2004
Meeting participants	Artashes Mashadyan, Alice Lin, Aleks Harutyunyan		
<u>Organizational</u>			
1. What is your current organization of your finance/accounting department?	Accounting dep. Chief accountant + 1 person		
2. What are their respective roles?	Chief accountant does tax reporting, keeps journals for tax people, president does investing decisions, manages capital, president +manager do fundraising		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?			
4. What is your reporting system?	Sales, expenses reports, Loan tracking forms		
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	No special software, Excel		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?	Himself (Artashes), Gor Hambardzumyan (president)		
10. Do you have an accountant/auditor? Would that person be interested in the training?			
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other	Effective communication, chief accountant knows everything		
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	Inventory checks once a month		
14. What are the organizational issues you would most like to learn more about?	Separation of responsibilities, delegating FM tasks, ex. Dealing with banks		
<u>Technical</u>			
1. What sort of financial statements do you use? How often are they updated?			
2. What are your tax issues?			
3. What are your export/customs issues?	No issues, they are very satisfied with the work of this body		
4. What are the computer skills of your finance/accounting personnel?	Medium		
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?	Yes, especially because of creditors		
7. Do you have problems collecting accounts receivable? What is your credit policy in general?			
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?			
11. What are the technical issues you would most like to learn more about?			

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12. Are you more interested in organizational or technical issues?	
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Company Name	Elita (yeast producer)	Date	8/18/2004
Meeting participants	Arsen Khachatryan (director), Aleks Harutyunyan		
Organizational			
1. What is your current organization of your finance/accounting department?	Accounting department (Chief Acc. + 1 person)		
2. What are their respective roles?	Chief accountant involved only in tax reporting, also participates in budgeting, second accountant keeps "actual" records and provides information to the director (in order to not mix them)		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?	All shareholders (4) make investment decisions; Director is responsible for managing resources. Fundraising is done mainly by		
4. What is your reporting system?	Special paper forms exist for monthly expenses, and cash inflows.		
5. What are the primary issues you face within the department?	About FM functions that can be delegated. (director has no time for all) They mainly look at bigger companies, their friends, etc, but want to learn the theory		
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	No, Accountant has prepared his own (excel), accountant doesn't want to change it		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?			
10. Do you have an accountant/auditor? Would that person be interested in the training?	Yes, accountant		
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other			
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	No checks, everything is done through director's signature, so he knows everything, sometimes it slows the work		
14. What are the organizational issues you would most like to learn more about?			
Technical			
1. What sort of financial statements do you use? How often are they updated?	Internal reporting comes in form of sales reports, raw material purchase forms, etc.		
2. What are your tax issues?			
3. What are your export/customs issues?			
4. What are the computer skills of your finance/accounting personnel?			
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?			
7. Do you have problems collecting accounts receivable? What is your credit policy in general?	Some problems exist		
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?	When buying raw materials from overseas		
11. What are the technical issues you would most like to learn more about?	Budgeting (they are doing monthly budgeting, but actual figures are not even close to estimations) Budgeting is done by director, chief accountant		
12. Are you more interested in organizational or technical issues?	Monthly budgeting		

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Company Name	Akvatek	Date	8/17/2004
Meeting participants	Grisha Shirvanyan, Arkadi Gevorgyan (manager), Alice Lin, Aleks Harutyunyan		
Organizational			
1. What is your current organization of your finance/accounting department?			
2. What are their respective roles?			
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?			
4. What is your reporting system?			
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	Self developed (background in IT)		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?	Arkadi Gevorgyan (manager) Lilit (Economist), Lena Sargyan (Finance) Vaghinak Harutyunyan (Accountant)		
10. Do you have an accountant/auditor? Would that person be interested in the training?			
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other			
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	Checks every 10 days, inventory checks, no external audit		
14. What are the organizational issues you would most like to learn more about?	Roles & responsibilities; Incentive compensation structures		
Technical			
1. What sort of financial statements do you use? How often are they updated?			
2. What are your tax issues?			
3. What are your export/customs issues?	Quick custom clearing (alternative ways)		
4. What are the computer skills of your finance/accounting personnel?			
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?			
7. Do you have problems collecting accounts receivable? What is your credit policy in general?	Collections from overseas		
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?			
11. What are the technical issues you would most like to learn more about?	Budgeting, planning; Performance monitoring;		
12. Are you more interested in organizational or technical issues?			

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Company Name	SIS Natural	Date	8/17/2004
Meeting participants	Mkrtchyan Gagik (Accountant/MediaPrint), Armen Hakobyan (Director), Alice Lin, Arman, Aleks		
Organizational			
1. What is your current organization of your finance/accounting department?	Accounting outsourced (Media Print), 1 person attached to company, full time with company, keeps journals (for tax reporting)		
2. What are their respective roles?	Gagik Mkrtchyan and his team are responsible for all types of interactions with state bodies, performance evaluation, internal reporting. Gagik himself does fundraising		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?	Investing decisions are made by the manager, planning too, with the help of Gagik		
4. What is your reporting system?	Manager has online access to all figures, provided by Media print There is also SIS Natural employee, that collects data on raw material purchases, production, warehouse and sales		
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	Media Print has software		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?	Tigran Mkrtchyan (MediaPrint staff attached to company), Armen Hakobyan (Director)		
10. Do you have an accountant/auditor? Would that person be interested in the training?			
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other			
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	Internal audit on a monthly basis		
14. What are the organizational issues you would most like to learn more about?			
Technical			
1. What sort of financial statements do you use? How often are they updated?			
2. What are your tax issues?			
3. What are your export/customs issues?			
4. What are the computer skills of your finance/accounting personnel?			
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?			
7. Do you have problems collecting accounts receivable? What is your credit policy in general?			
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?			
11. What are the technical issues you would most like to learn more about?	Managing WC, Fundraising (How to overcome local demands to debt to assets ratio – leverage); Equity funding (Eurasia)		
12. Are you more interested in organizational or technical issues?			

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Company Name	Gamma	Date	8/17/2004
Meeting participants	Anahit Sargsyan (Accountant); Vahe (Manager); Hakob Badalyan (President), Arman, Alice, Aleks		
Organizational			
1. What is your current organization of your finance/accounting department?	Accounting department only (tax accounting only)		
2. What are their respective roles?	Accounting department does production, banks		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?	Mainly owners with some inputs from Anahit (chief accountant), Vahe (manager)		
4. What is your reporting system?	Reporting forms on sales (quantity and money), costs incurred for the month, volumes of production (all monthly)		
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	No software, plans for installing Armenian Software		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?			
10. Do you have an accountant/auditor? Would that person be interested in the training?	Outside auditor (America)		
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other	Little or no communication w/production		
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	Checking once a month, Revision by tax people		
14. What are the organizational issues you would most like to learn more about?	Software, Separating finance functions		
Technical			
1. What sort of financial statements do you use? How often are they updated?	All types of report forms		
2. What are your tax issues?	Accountant has one, will present		
3. What are your export/customs issues?	Very many		
4. What are the computer skills of your finance/accounting personnel?	Basic (2-nd acc. Person does data entry)		
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?	Monthly budgeting		
6. Do you experience periodic cash flow problems?	Yes, because of high growth rates		
7. Do you have problems collecting accounts receivable? What is your credit policy in general?			
8. What has been your experience with fundraising? What are your primary concerns?	Yes, no presentation or lack of materials to present (We are not asked to)		
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?	Yes 4000000 loss this year due to fluctuation		
11. What are the technical issues you would most like to learn more about?	Budgeting, Variability analysis, Tracking profits, returns (on a given investment), Ex rates,		
12. Are you more interested in organizational or technical issues?			

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Company Name	Euroterm (Noyan juice)	Date	8/17/04
Meeting participants	Vahe Ghazaryan (director), Alice Lin, Arman, Aleks		
<u>Organizational</u>			
1. What is your current organization of your finance/accounting department?	Financial Department (1 person), included in Accounting department, under supervision of chief accountant Economic department Financial manager recently left the company, they are looking for one		
2. What are their respective roles?	Financial (Cash flows, analysis of sales, estimation of target (budgeting))		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?			
4. What is your reporting system?			
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	1C: Because they are flexible, they develop reports, analytical tools, extensions		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?	Me, accountant		
10. Do you have an accountant/auditor? Would that person be interested in the training?	Yes, accountant		
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other			
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?			
14. What are the organizational issues you would most like to learn more about?	Time management		
<u>Technical</u>			
1. What sort of financial statements do you use? How often are they updated?			
2. What are your tax issues?			
3. What are your export/customs issues?			
4. What are the computer skills of your finance/accounting personnel?			
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?			
7. Do you have problems collecting accounts receivable? What is your credit policy in general?			
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?			
11. What are the technical issues you would most like to learn more about?	Fund raising, Managing funds		
12. Are you more interested in organizational or technical issues?			

Company Name	Vitamax E	Date	8/19/2004
Meeting participants	Eduard Dilanyan (director) Rafik Danielyan (Finance manager), Arman, Aleks		
<u>Organizational</u>			
1. What is your current organization of your finance/accounting department?	Account. Dep. + Finance person		
2. What are their respective roles?	Finance person does budgeting, planning		
3. Who is responsible for investing/ managing resources/ making capital decisions/ fundraising?	Fundraising is done solely by the director		
4. What is your reporting system?			
5. What are the primary issues you face within the department?			
6. What would you like to see improved within your department?			
7. What financial or accounting software/technology do you use?	No, but very much interested in one (1C)		
8. What sort of management information system do you use?			
9. Who would be the most appropriate person for attending such a training workshop? Is that person interested?	Director and Finance person		
10. Do you have an accountant/auditor? Would that person be interested in the training?			
11. What is the frequency and effectiveness of your communication with the accountant/auditor? With other			
12. How does the finance/accounting department work with other departments, e.g. product development, marketing,			
13. Do you have a monitoring and evaluation system of financial reporting?	No		
14. What are the organizational issues you would most like to learn more about?			
<u>Technical</u>			
1. What sort of financial statements do you use? How often are they updated?	Inflows/Outflows reports, Monthly expense form, budgeting is done		
2. What are your tax issues?	None		
3. What are your export/customs issues?	None		
4. What are the computer skills of your finance/accounting personnel?			
5. What are your primary issues with capital budgeting? With managing working capital? Financial forecasting?			
6. Do you experience periodic cash flow problems?			
7. Do you have problems collecting accounts receivable? What is your credit policy in general?			
8. What has been your experience with fundraising? What are your primary concerns?			
9. Do you have investments in other companies? How do you manage them?			
10. How do you manage risk? Foreign exchange exposure?	Yes, very exposed to. Would be nice to hear about possible ways to act		
11. What are the technical issues you would most like to learn more about?			
12. Are you more interested in organizational or technical issues?			

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Appendix 2: AFM 2 Financial Management Needs Assessment Comparative Sheet**ASME Clients**

Black is "Not Met"

Red is "Met With"

No.	Company Name	Contact Name / Info	Industry	Will Attend? (Y/N)	Actual Attendance (Y/N)	ASME Client Manager	Existing structure
1	Elita	Arsen Khachatryan (Director) Engibaryan Rafik (Accountant)	Yeast production	Yes	Yes (Rafik)	Mkrtich Ayvazyan	Accounting department (Chief Acc. + 1 person)
2	Henry Gor	Artashes Mashadyan, Gor Hambardzumyan (president)	Fish processing	Yes	Yes (Artashes)	Grisha Shirvanyan	Chief accountant does tax reporting, keeps journals for tax people, president does investing decisions, manages capital, president +manager do fundraising
3	SIS Natural	Armen Hakobyan (Manager) Gagik Mkrtchyan (Accountant - Mediaprint) Tigran Mkrtchyan (Accountant - Mediaprint)	Juices	Yes	No	Armen Matosyan	Accounting outsourced (Media Print), 1 person attached to company, full time with company, keeps journals (for tax reporting)
4	Euroterm (Noyan)	Vahe Ghazaryan (director) Armen (Accountant)	Juices	Yes	No	Gohar Harutyunyan	Financial Department (1 person), included in Accounting department, under supervision of chief accountant Economic department
5	Gamma	Anahit Sarkisyan (chief accountant), Vahe Hovhannesyan (manager), Hakob Badalyan (President)	Packaging, Agroprocessing	Yes	No	Armen Matosyan	Have an accounting department, 2 persons, computer literate.
6	Cheer	Tigran Tsaturyan (director) Seran Melkonyan (Accountant)	Dried fruits processing	Yes	Yes (Tigran)	Gohar Harutyunyan	

ASME Clients

Black is "Not Met"

Red is "Met With"

No.	Company Name	Contact Name / Info	Industry	Will Attend? (Y/N)	Actual Attendance (Y/N)	ASME Client Manager	Existing structure
7	Vitamax E	Eduard Dilanyan (Director) Rafik Danielyan (Finance Manager)	Natural supplements	Yes	No	Armen Matosyan	Accounting Dep.+ Finance person
8	Akvatech	Arkadi Gevorgyan (Manager), Lilit (Economist), Lena Sargsyan (Finance specialist), Vaghinak Harutyunyan (Accountant)	Aquaculture	Yes	Yes (Arkadi, Lilit, Lena)	Grisha Shirvanyan	
9	50/50		Toilet paper, egg cartons	Yes	No	Mkrtich Ayvazyan	
10	Kapan Mash	Vardan Aleksanyan (Manager)	Truck maintenance services	Yes	Yes	Lusine Hovhannisian	
11	Syunik Poultry	Ashot Kuyumjian (Deputy Finance Director)	Poultry, eggs processing	Yes	Yes	Mkrtich Ayvazyan	
12	Ashtarak Kat		Dairy	No	No	Mkrtich Ayvazyan	
13	Agrinko	Armen Melkonyan (accountant)	Agriculture	No	No	Arsen Poghosyan	
14	Geghard		Meat processing	No	No	Armen Matosyan	
15	Alishan		Aquaculture	No	No	Grisha Shirvanyan	
16	Aragats		Textile	No	No	Armine Tadevosyan	
17	BAKSS		Aquaculture	No	No	Gohar Harutyunyan	
18	Agnessa		Textile	No	No	Armine Tadevosyan	

USDA Clients

No.	Company Name	Contact Name / Info	Industry	Will Attend? (Y/N)	Actual Attendance (Y/N)	USDA Contact	Existing Structure
1	ARID Goat center	Alina Shahbazyan - (finance officer)		?	No		

Appendix 3: AFM 2 Evaluation Forms with Average Rating Scores

Day 1 - Feedback and evaluation

Please rate according to number grading system to the right

1	Not at All
2	Minimally
3	Somewhat
4	Extensively
5	Completely (or Near Completely)

Questions	Session One			Session Two		Session Three	
	Introduction	Organization Essentials	Roles and Responsibilities	FMIS	Accounting Software	Performance Metrics	Incentive Structure
To what extent did the material address your present business needs?	4.4	4.5	4.5	4.1	4.4	4.4	4.4
Did the presenter effectively communicate/facilitate the discussions?	4.6	4.6	4.6	4.4	4.3	4.6	4.6
Did you find the visual aids and handouts useful?	4.5	4.6	4.6	4.6	4.7	4.9	4.9
Do you think the agenda/time schedule was appropriate?	4.3	4.3	4.3	4.6	4.6	4.6	4.6

Other questions

- Which session/topic did you find the most valuable? *All topics*

- What would you like to hear more about? *Incentive structure, fundraising*

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- What are the areas you would improve? *More Q&A*

Day 2 - Feedback and evaluation

Please rate according to number grading system to the right

1	Not at All
2	Minimally
3	Somewhat
4	Extensively
5	Completely (or Near Completely)

Questions	Session One		Session Two		Session Three
	Introduction: Capital Budgeting	Case Study: Company XYZ	Evaluating Capital Projects	Exercise: Investment Evaluation	Budget Preparation
To what extent did the material address your present business needs?	4.8	4.8	4.8	4.8	5.0
Did the presenter effectively communicate/facilitate the discussions?	4.8	4.8	4.8	4.8	5.0
Did you find the visual aids, exercises, and handouts useful?	4.6	4.4	4.6	4.6	4.8
Do you think the agenda/time schedule was appropriate?	4.4	4.4	4.4	4.4	4.6

Other questions

- Which session/topic did you find the most valuable? *Capital budgeting, budget preparation*
- What would you like to hear more about? *Investment evaluation*
- What are the areas you would improve? *More exercise practice*
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Day 3 - Feedback and evaluation

Please rate according to number grading system to the right

1	Not at All
2	Minimally
3	Somewhat
4	Extensively
5	Completely (or Near Completely)

Questions	Session One		Session Two	Session Three	
	Essentials of Financial Statements	Financial Budgets	Tax Regulations	Variance Analysis	Credit and Collection Policies
To what extent did the material address your present business needs?	4.9	4.9	4.6	4.8	4.8
Did the presenter effectively communicate/facilitate the discussions?	5.0	5.0	4.6	4.6	4.8
Did you find the visual aids, exercises, and handouts useful?	5.0	4.8	4.6	4.6	4.6
Do you think the agenda/time schedule was appropriate?	4.9	4.9	4.4	4.6	4.7

Other questions

- Which session/topic did you find the most valuable? *Financial budgets, tax regulations, credit and collection policies*
- What would you like to hear more about? *Tax regulations*
- What are the areas you would improve? *None*
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Day 4 - Feedback and evaluation

Please rate according to number grading system to the right

1	Not at All
2	Minimally
3	Somewhat
4	Extensively
5	Completely (or Near Completely)

Questions	Session One			Session Two	Session Three	
	Inventory Management	Financial Ratios	Financial Forecasting	Customs Regulations	Foreign Exchange Risk Analysis	Balanced Scorecard
To what extent did the material address your present business needs?	4.8	4.8	4.8	4.3	4.8	4.7
Did the presenter effectively communicate/facilitate the discussions?	5.0	5.0	4.8	4.5	5.0	4.7
Did you find the visual aids, exercises, and handouts useful?	4.8	4.8	4.8	4.0	5.0	4.7
Do you think the agenda/time schedule was appropriate?	4.8	4.8	4.8	4.5	4.8	4.5

Other questions

- Which session/topic did you find the most valuable? *All topics*
- What would you like to hear more about? *Inventory management*
- What are the areas you would improve? *None*
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Advanced Financial Management program 2 feedback and evaluation

Please rate according to number grading system to the right

1	Not at All
2	Minimally
3	Somewhat
4	Extensively
5	Completely (or Near Completely)

	Day 1	Day 2	Day 3	Day 4	Day 5
Questions	Organization	Budgeting	Cash Management	Planning	Fundraising
To what extent did the material address your present business needs?	5.0	4.9	4.9	5.0	5.0
Did the presenter(s) effectively communicate/ facilitate the discussions?	5.0	5.0	5.0	5.0	5.0
Did you find the visual aids and handouts useful?	4.9	4.9	4.9	4.9	4.9
Do you think the agenda/time schedule was appropriate?	4.7	4.7	4.7	4.7	4.9

Other questions

- Which day/session did you find the most valuable? *All days*
- What would you like to hear more about? *Fundraising, customs regulations*
- What are the areas you would improve? *None*

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- What are some of the next steps you think you will take to implement what you have learned? *Only after obtaining deeper knowledge*

Appendix 4: Next Steps Format for Follow-Up with Participants

- Review the training material from the last five days
- Think about what you can do next in the short-term and long-term in terms of concrete actions – always remember to do a forecasting and detailed financial analysis of your planned action before implementing it

Potential action	Time frame	Investment amount (including your time)	Potential cash flow impact	Other (persons involved, company growth/direction, etc.)
Short-term (examples)				
Share learning from training with your manager and/or relevant employees				
Upgrade existing software				
Implement FMIS				
Conduct detailed financial assessment of company health				
Long-term (examples)				
Adjust credit/collection policy				
Expand/drop product line				
Invest in new capital				
Build and implement a balanced scorecard				
Obtain external loan financing				
Obtain external equity financing				

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