

AN EVALUATION OF BUSINESS TOOLKIT USE AND IMPACT

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Executive Summary

The US Agency for International Development supported a program of enterprise restructuring which consisted of two projects: the Program of Intensive Enterprise Support (PIES) and the Financial Management Assistance (FMA). As a result of inception and continuation of these projects Business Toolkit Project (BTK) was created. The goal of BTK was to convert the lessons learned under this program into a form applicable for training purposes and direct application in all major business-related areas: management, marketing, financial management, etc.

After the materials were created the main goal was to widely disseminate them to let as many people as possible benefit from the project. The overall dissemination process generally consisted of the following major components: seminars and training of trainers, video-tapes, books and CDs. Our analysis is focusing mostly on “CDs” (and partially on books) component as the most successful and potentially attractive way of dissemination. Our preliminary analysis showed that other components can hardly be compared with “CDs” by an impact, use and future potential. “Video-tapes” did not have much impact; “Seminars” were mostly disposable events and their impact is not clear.

In general, the BTK project and materials themselves were undoubtedly effective. Majority of recipients found BTK useful and are interested in purchasing or receiving a modified version of the materials. There is even a number of firms that have used BTK commercially, to profit: by conducting seminars, providing consulting services, by copying and selling BTK in hard and electronic versions.

However, the project would have been even more successful if there was a better approach towards BTK distribution and the targeted audience was more specific. Commercialization of BTK also was not properly planned and carried-out.

We identified a number of other major issues that did not allow BTK to be effective to its full potential. All of them are analyzed in details and provided with recommendations in “Conclusions”/”Recommendations”. The concluded recommendations were developed so that they can be applied not only for further BTK improvement but also for other similar projects.

I. Purpose of Evaluation

This evaluation was done as in-house and informal assessment to help USAID management in Moscow to better understand the current situation with AID activity impact in Russia and specifically impact from Business Toolkit (BT) Project.

Another issue is whether what has been created was sustainable as USAID funding ends. Use of BT after the Project end was analyzed.

Finally, examining the impact will help to derive the lessons learned for other business activities.

Strengths and weaknesses of the materials were identified for the purpose of updating the material.

The users (target audience) of BTK were characterized.

Marketing component of BTK was analyzed.

Evaluation team gathered success stories found during this assessment

The evaluation falls within the framework of Strategic Objective 1.3 “Accelerated Development and Growth of Private Enterprises.” More specifically, Intermediate Result 1.3.? “ ”

II. Background

Beginning in 1995, the U.S. Agency for International Development (USAID) in collaboration with the Russian Privatization Center (RPC) supported a program of enterprise restructuring. The Program of Intensive Enterprise Support (PIES) and the Financial Management Assistance (FMA) Project were two projects under this program. Russian and western consultants worked with 27 medium to large privatized enterprises primarily in the manufacturing sector. PIES offered restructuring assistance in the areas of general management, operations, marketing and finance, while FMA concentrated on financial management restructuring. While concrete results from this assistance varied from company to company, the experience and knowledge gained in efficient processes and priorities of industrial restructuring in Russia was viewed as being too valuable to lose at the close of the project. Therefore, the Business ToolKit (BTK) Project was created to capture this knowledge and experience to disseminate to a broader audience of enterprises.

The goal of BTK was to convert the lessons learned under the enterprise restructuring program into a form useful for training purposes and direct application by enterprise managers, consultants and business managers. The areas of concentration were Marketing, Financial Management and General Management.

The targeted mechanisms for dissemination were:

- the development of printed and electronic materials;
- short-term consulting assignments;
- the Internet;
- and, three day seminars for businessmen and trainers.

ToolKit Development

The training materials - “tools” - were developed with an intended target audience of Russian managers in 24 regions during April - July, 1996 by Deloitte & Touche and Bain Link Company and June - July, 1996 by CARANA corporation.

In the final version BTK consisted of the following modules both in Russian and English:

- Cost Management
- Essentials of Corporate Finance/Obtaining Finance
- Management Reporting Systems
- Moving to International Accounting Standards
- Product Portfolio Management
- Restructuring an Organization’s Finance Function
- Tax Planning
- Working Capital and Cash Management

Materials also contained other helpful “tools” such as check lists, reporting forms, analytical methods and templates, etc. In order for materials to be useful for a wide audience each module consisted of:

- presentation material;
- presenters notes;
- homework/cases/spreadsheet tools.

Seminars

Seminars were conducted by Deloitte & Touche, Carana and Bain Link in 28 geographical regions. Over 1,250 Russian managers and trainers attended the seminars. The goals were to disseminate business-restructuring information, to obtain feedback from Russian managers on their use and effectiveness, and to improve overall end products. Short-term technical assistance was also provided to some of the seminar participants to deepen the impact of the seminar’s lessons and to provide on-the-job training to local consultants.

Dissemination

All seminars’ modules were videotaped for the purpose of training trainers. The final product included 25 sets of 25 tapes each with an average of 135 minutes on each cassette. The 25 master sets were distributed to organizations that were willing and capable of duplicating and distributing copies to at least 2 other organizations.

It was decided to consolidate the materials into a format that was transferable and cost-effective - CD-ROMS. USAID/Russia asked CARANA Corporation to undertake this task. Russian Privatization Center and Business Collaboration Center were designated by USAID as organizations that maintain and distribute ToolKit materials.

Over 1,000 CDS were produced and distributed by CARANA Corporation. Over 150 business associations received at least one copy of the CD-ROM, including training institutions, libraries and USAID business support network. The BCC received requests for approximately 600 copies of the materials.

To ensure continued use of BTK materials, private sector publishers as well as a wide range of universities, consulting firms and organizations were encouraged to update and publish the information.

USAID made an agreement with ToolKit recipients to allow them unrestricted use and dissemination of ToolKit products. By signing the agreement the recipient organization was also requested to report to USAID on the amount of seminars it hosted and number of attendees.

The final phase of the project lasted from January to the end of March 1997. It was focused on further strengthening of the potential for future updating, dissemination and use of BTK materials and monitoring the changes in Russia's consulting services market. Activities included: market surveys, continued training of trainers, cooperation with local publishers and distributors for the commercialization of the BTK tools, and increased access and awareness of BTK products and seminars on the Internet.

At the end of 1996 descriptions of the BTK were placed on BCC's web site with additional improvements such as translating them into Russian, adding CARANA and IESC funding source guides on the site, "hot linking" the BTK materials to as many investment funds as possible.

III. Evaluation Approach

The assessment approach was to first thoroughly review the files on the contract at USAID/Russia. Using information gathered from the files and BTK distribution lists, interviews were arranged with all key members involved in the Project and various recipients (see Appendix B. List of interviewed individuals).

In order to cover more wide audience and make analysis more objective, a formal survey was organized. It was decided to disseminate questionnaires by different means to diversify information sources, to have more representative and objective data. Questionnaires were disseminated through networks of RPC, Internews and direct faxing/e-mailing to about of 80-90 people from CD dissemination list (Appendix B. List of CD dissemination).

We also used such rapid appraisal techniques as cold calling, visiting and using secondary sources. By keeping the evaluation in-house, we were able to keep costs very low and save time.

IV. Findings

a) Survey analysis

During our assessment formal survey was organized (see Appendix A.). Questionnaires were sent to all regional centers of Russian Privatization Center (RPC), Internews Network and to 90 people from CD dissemination list (Appendix B. List of CD dissemination).

Were received 91 valid, completed questionnaires. Most of them, about 90%, were from regional RPCs, the rest ones were results of direct faxing/e-mailing. All responses were disaggregated and presented in the form of table (Appendix A. Business Toolkit Survey Table), where columns mean question numbers and rows mean number of the questionnaire. All questionnaires itself were numbered what allows an easy access to specific questionnaire using numbers from the Table. It might be necessary if we need name, address, phone number or organization of a person with interesting data from the Table.

Complex survey questions were disaggregated and put to the Table with the same column number but different letters. For example: complex question #8 was disaggregated to columns 8, 8a, 8b, 8c, 8d.

To allow an easy visual analysis of the Table and survey itself all columns were sorted. Each column was sorted separately (Appendix A. Business Toolkit Survey Table [sorted by all columns]). Such form of the Table allows to answer easily any additional questions which are covered by the review in Business Toolkit Survey Results, AppendixA.

Respondents profile: most of all fulfilled questionnaires - 75% - were from private businesses representatives of whom almost 50% of men versus 50% of women. 25% of all respondents are firms directors; 25% are from employees level and the rest half belongs to managerial level.

Most of respondents are from medium size firms - 60%, 22% from small businesses and 17% from large size enterprises.

A part of respondents heard about BTK on the seminars where they also received books and sometime CDS as handouts. Received answers hardly allow us to conclude if they paid for books or CDS independently themselves because in some cases it is not clear if they paid for book and/or CD separately or they suppose it was included to the seminar fees.

The price which a one should pay for BTK was estimated by respondents but the range of answers it is too wide (\$15-\$200) and not too many people answered this question (25%) to make analysis possible.

The same time at least 40% of respondents estimate the use from BTK as a very positive and even ready to pay for BTK after they have used it.

Only 1 respondent saw BTK video materials.

Almost half - 41% after learning BTK advertized it to their colleagues, fellows, management; discussed with them use and possibilities of BTK.

Only 12% respondents didn't answer how did they make use from BTK materials. The rest ones show a wide range of use from BTK:

- 16 respondents trained total of 483 people of which 2 respondents who trained 110 people charged for \$100-\$1000 per each participant;
- total of 40 CDS were reproduced by 2 respondents;
- 9 respondents incorporated BTK into existing business training curriculums and trained using new materials 335 students;
- 52 (60%) people used BTK as a reference guide to solve “specific problem”¹;
- 31 people used BTK to teach themselves business management concepts;
- 5 people used BTK to design training programs for a specific enterprise client.

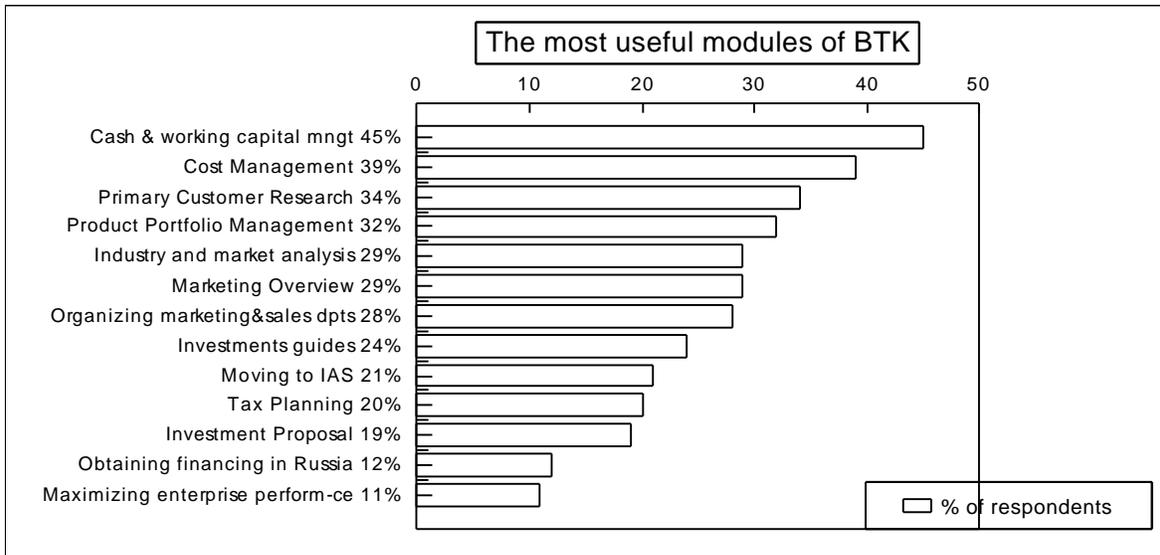
Most of those who used BTK to teach themselves business management concepts also used BTK as a reference guide to solve “specific problem”.

We estimate that about 20% of all respondents use BTK more or less regular. We also estimate that about 60% of respondents have used BTK once or couple times mostly with purpose to learn BTK and its structure itself. Definitely there is a big part of respondents who after they received it put BTK on a shelve and never used it. It happened because in most cases CDS were received by people who are in the virtual target audience of BTK. This issue will be more in details addressed in the next paragraph.

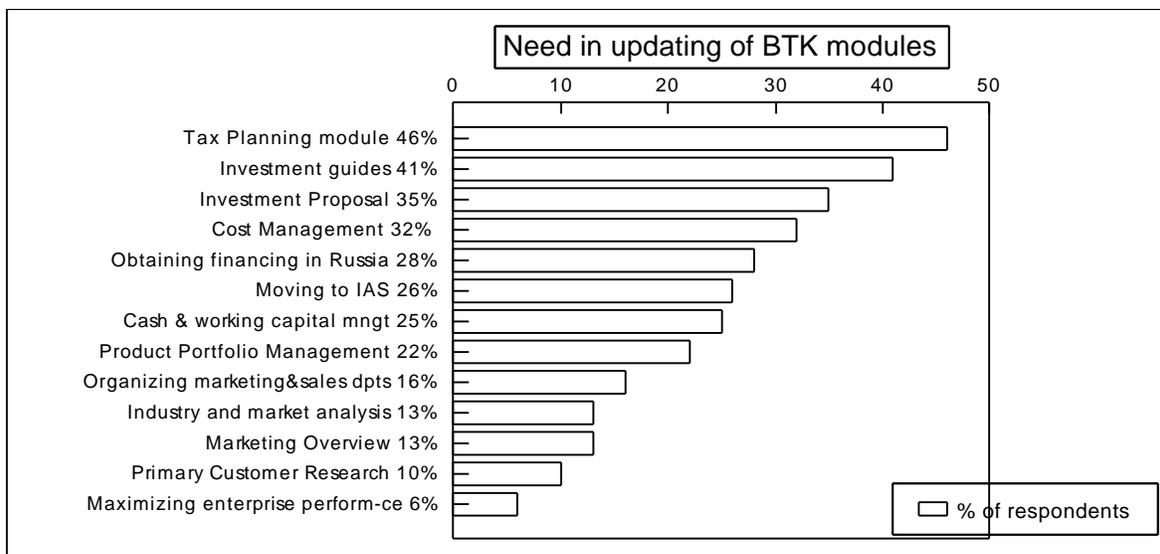
40% of respondents liked BTK a lot and 33% liked a little. These 73% (40+33%) who liked BTK hardly can be analyzed because there is a big chance of “polite answer” in this case.

There are only 20% of respondents who are neutral to BTK. We assume that these 20% never have read BTK after they received it.

The diagram below shows how respondents ranked BTK modules by their use.



The next diagram shows how respondents ranked BTK modules by the need to be updated.



Almost 60% of respondents think that the main strength of BTK is usage of Russian examples. 50% are happy about practical forms and spreadsheets for application. Some about a quarter of respondents liked that BTK seminars were taught by Russians and only 12% liked a format of BTK materials.

56% think Russian language is one of the main strengths of BTK

Weaknesses. The main weaknesses are not enough quantity of examples (34%) and too much materials (14%). The same time some of BTK materials are out of date (11%). In their questionnaires people complaint about bad lectures, too superficial material which is far from Russian reality.

50% of people think that BTK is about the same comparing to other similar materials. 37% think BTK is better.

BTK could be improved by using fresh information: think 82% of all respondents. BTK should be more interactive: 26% and include more forms and spreadsheets: 15%.

Main additional modules which could be added are: “How to lead a firm from crisis”, “taxes administration and minimizing”, “marketing”, “IAS”: which specifically will explain rules of converting, “strategic planning” and “investments”.

Some respondents think modules should be directed to specific industries and areas and not to be so general as at the moment they are. Some respondents tried but couldn't apply BTK to their very specific industries.

As for IAS - 62% of respondents are interested in learning about International Accounting Standards which they need to attract investors, to work with international partners, for better evaluation of real situation. From them 47% plan to convert to IAS and 7% currently use IAS system.

3 respondents conducted seminars on IAS issues for total of 271 people.

35% of respondents think BTK was useful.

42% would buy an updated BTK CD version versus 40% who would not. Some of them even ready to pay for that:

- 4 respondents: \$5-25;
- 5 respondents: \$25-60;
- 2 respondents: \$60-100;
- 15 respondents: \$100-200.

b) Interviews

The Project's target audience was not determined and analyzed before the CD component was launched. People who were invited for BTK seminar were not selected as representatives of this audience. Providers invited people who have attended other USAID-related seminars, but not necessarily interested in the project.

Almost all CDS disseminators did not track accurately lists of recipients and did not follow the mandatory procedure of signing a contract in which recipient is granted the initial copyright for using BTK. In accordance with agreement between USAID and disseminators copies of these contracts had to be sent to USAID to help tracking. BCC even lost their sample of such a contract with recipients in the middle of dissemination process and never asked USAID for a new one. That means USAID can not track CD dissemination by BCC and CD recipients did not receive copyright granting letter.

During the interviews BTK users noted the following weaknesses of the materials:

- materials are not well structured, connected to each other and terminology is not clear and

- differ from module to module;
- some people would prefer to have the materials in hard copy because especially in the regions where access to CD-ROM drives is limited;
- materials are too general and there is no practical use for them.

In most cases when people said they have used BTK it does not usually mean usage for a specific problem solving but mostly for studying BTK itself which is a lengthy operation due to not such well materials' structure. In general, the main use of BTK was on educating masses on basics of economics.

Some companies which did try to take advantage of the BTK copywrite privileges (e.g. copying and selling CDS, editing materials and providing seminars) informed us that they faced difficulties with BTK computer format Adobe Acrobat. This format hardly allows editing and formatting of initial information. Page browser is also not perfect.

Many of BTK users and disseminators were complaining about lack of an attractive cover: dark CD cover; confusing picture; unclear content; absence of the Russian language on the cover; unknown names of RPC and USAID, etc.

The virus which was found on BTK CD during the beginning of dissemination process was pretty new at that time and it was difficult for CD owners get rid of it. There is a group of people that never started or stopped using BTK as soon as they learned about the virus or found the virus themselves.

This virus caused additional expenditures to Carana as they had to buy a licence for antivirus dissemination and to attach a diskette with antivirus program to every BTK CD. So it did to some firms/individuals-receptients who spent hours to kill the virus.

BCC Website was chosen for BTK dissemination through the Internet but BCC was not the best website available from an attendance point of view. That significantly reduced possible impact of dissemination through the Internet.

V. Conclusions

a) Audience and BTK dissemination

Overall, the dissemination of BTK materials was quite random. The project was not advertised, people learned about BTK by accident and many got the materials just because they were free, not because they needed it and often without acknowledging the essence of BTK.

As a target audience we now may identify such groups as consultants, teachers and professors and middle business management (large and medium enterprises). At the same time this target audience exists more in theory rather than in practice because at the moment the main concern of businesses is survival, how to lead themselves out of crisis. This question is not addressed in BTK. At the moment the demand is in either more fundamental materials or

more specified and functionally oriented.

Not identifying the target audience before the dissemination process resulted in that the potential audience that would have benefited from BTK better never received it. Initially BTK was designed based on examples and experience of companies with 700-2,000 employees which are rather big than medium businesses. However, the focus of the dissemination moved to medium and small businesses. The usage of large-sized enterprises' experience might have also disoriented the small and medium business representatives and decreased the utilization of BTK. On the other hand, a large quantity of produced CDs allowed to cover very wide and differentiated audience and there is a definite amount of users for whom BTK CD was very important and useful. A thoughtful approach towards BTK dissemination plays a crucial role in project effectiveness.

Also one of the obstacles in wide dissemination of materials was an absence of access to CD-ROM drives in Russian regions. Due to that reason and some other Russian specifics it is clear that the business literature market is much larger and more differentiated than the business CD-ROM market.

b) BTK cover design

On the market where there are so many other business oriented materials the importance of the cover hardly can be overestimated. According to the survey² conducted by Carana Corporation 2 of 3 main purchasing factors are:

- content 38%
- design 24%

In the case of BTK neither content nor design were useful in attracting buyers.

Design:

- dark, not attractive background and colors;
- the picture on the cover might have confused consumers - it can sooner be interpreted as car/repair rather than business/support;
- names of USAID and Russian Privatization Center which are on the front cover are not well-known. At the same time such well-known names as Deloitte and Touche, Arthur Andersen and others were put by small font to the back side of the cover.

Content:

The main advantage of BTK, its content, was not shown on the cover. The information on the cover is too general. Back side says that BTK addresses 4 areas: management, financial management, marketing and investments sources. A CD contains huge amount of very useful information on all related to business areas but its structure and data size are not reflected on the cover.

From the point of view that content is the main indicator for purchase decision absence of such information on the BTK cover is a big minus.

²We used books buyers end-users survey of Carana Corporation in order to show priorities during Business Enterprise Project Evaluation. We suppose we can identify CDS as the similar category product.
PPD - USAID/Russia

The same survey of Carana also reports that 39% of buyers prefer Russian authorship versus 23% of buyers who prefer foreign authorship.

- In our case BTK does not show one of its main advantages - the cover does not say it was created using Russian reality examples;
- The cover also does not say anything about Russian translation of materials. It significantly decreases possible consumers' auditorium by cutting out non-English speakers.

c) Structure

There is no analogy to BTK materials. There is no such type of materials joined together, such collection of all related to business sphere materials, and this remains the main issue of BTK uniqueness and advantage. There are, of course, similar materials but not compiled together.

The materials are very volumetric and its structure, therefore, is multi-leveled and ramified. Studying the structure itself is very time-consuming and can take up to 2 or 3 weeks. Not all recipients are able to devote so much time to learning the structure and main constructive ideas of materials, so they jump into reading specific parts. Maybe in other cases such approach would be constructive, but BTK contains a lot of information and lack of understanding the overall picture and structure can lead people to conclusions that there very few examples or that they are far from reality, etc. We can conclude that for such volumetric materials a clear and well thought-out structure is essential - BTK is not structured well enough and this is included in the set of recommendations for improvement below.

There are some other reasons recipients mentioned why it was hard to perceive the information:

- the writing style of modules is not maintained the same because they were designed and written by different contractors;
- some parts differ one from another even by difficulty: e.g. financial part is much more profession than other parts;
- in different modules authors use different terminology talking about the same things.

Some modules on business-related areas such as GAAP, audit and finances need to be updated because of changes in Russian taxation but other parts due to their general nature, management, personnel administration, are still valid. The out-dated modules lessen the value of the whole BTK.

After a careful review of all opinions of interviewed users and after our own analysis we can conclude that BTK could be improved by significantly strengthening of some modules (e.g. strategic planning) and adding new modules (organizational structure, corporate finances and personnel administration). The information in these modules should be presented more generally, in the way to allow less constant updating (e.g. it should not be closely tied to the Russian legislation). This, on the other hand, causes a dilemma: the more specific information is - the more practicable and applicable it is.

VI. Recommendations

We subdivided our recommendations in 3 major sections: a) BTK modification; b) BTK dissemination; and c) commercial promotion of BTK.

a) BTK modification

- The materials need to be updated: most modules of BTK need to be updated taking into account changes in Russian legislation, taxation and new economic conditions and the first priority should be updating modules on GAAP, audit and finances.
- All materials and each specific module needs to be better structured and linked to each other.
 - Modules could be structured by difficulty;
 - or/and by the area of business (e.g. construction, trade, etc.) or/and business size (big, medium, small);
 - Structure should be user-friendly;
 - It would be useful to have an Index in BTK. Either Subject Index or Word Index would improve search capabilities;
 - “Search” function should be added and BTK Page Browser could be improved.
- The text needs editing in terms of:
 - maintaining the same style;
 - clear and similar terminology in all modules;
 - smoothing the translation;
 - keeping the same level of difficulty in all modules (if not structured by difficulty levels).
- It is suggested to add/strengthen modules such as:
 - “How to lead a firm from crisis”;
 - “Taxes administration and minimizing (with Russian specifics)”;
 - “Manual on switching to IAS”.
 - “Organizational structure”;
 - “Corporate finances”;
 - “Marketing”;
 - and “Personnel administration”.
- Finally, it is recommended to produce materials in both forms: electronic and books to make the materials available for a wider audience.

Electronic form: in addition to CD, broken-down by modules and than by other smaller parts BTK might be placed on sets of diskettes as an option for people who do not have CD-ROM drives. That would widen the BTK audience.

Learning from the past experience special attention should be paid to the pre-distribution virus check.

Hard copy: the most successful on the Russian market from the sales point of view are either small brochures or big hard cover books. Previous BTK edition was not produced in either of these forms. Due to the nature and structure of BTK we propose to present it either in a hard cover version or in the form of a set of brochures.

b) Dissemination

To improve the future BTK dissemination we suggest the following steps are taken:

1. Special attention should be paid to the determination of the target audience. A need in the product should be analyzed and discussed with this audience representatives. Similar and already existing products for the target audience should be researched and analyzed. Results of that could be used for BTK improvement.
2. Actively advertise the project among the targeted audience.
3. Invite representatives from the targeted audience to attend seminars on BTK.
4. Conduct some sort of follow-on activities such as a survey or another seminar to let the recipients exchange opinions on usage and effectiveness of the materials. Besides the information on how to improve BTK this will, as well, help to get a clear picture of which organizations really needed and used the materials opposing the ones who did not.

c) Commercial promotion of BTK

- If commercial promotion is still one of the goals of the project it is important to include the potential promoters (such as publishers, consulting firms, etc.) in the target audience when advertising the project and disseminating the materials.
- It would be effective to explain to the audience during seminars about potential advantages and profits from promoting the materials (either its copywriting and selling the materials or conducting seminars on their base).
- BTK design should be improved:
 - Cover logo and colors have to be more attractive;
 - Both Russian and English titles should be on the cover. If it only has to be in one language then the preference should be given to Russian;
 - Cover should say that contained information is available in both languages;
 - Such well-known names as Arthur Andersen, Deloitte Touche, etc. should be put on the cover.
- BTK content information should be present in a little more detail on the cover. This includes general contents and BTK structure. CDs could be distributed with a small brochure (at least 2-3 pages) enclosed containing detailed description of the structure, content and installation instructions.
- If the goal is to help BTK become a full range commercial product then it should receive

constant support, update, new modules addition, etc. That also makes tracking of recipients and dissemination more important.

- BTK should not be disseminated for free. Because it can make an impression of questionable commercial reputation and quality on consumers. At least minimal price should be established. It also will prevent from cases when people were collecting CDs just because they were free and did not necessarily plan to use them. Free dissemination is only possible as the first step of product promotion introducing it to the market.