

X D-ABG-374-A  
83301

EVALUATION  
OF  
KENYA MANAGEMENT ASSISTANCE PROGRAM (K-MAP)

VOLUME 1:  
MAIN REPORT

By  
John T. Mukui (Team Leader)  
and  
Catherine Masinde (Institution Specialist)

August 1992

Report Prepared for Private Enterprise Office (PEO), United States Agency for International Development (USAID), Kenya.

### TEAM COMPOSITION

The evaluation team consisted of John T. Mukui (Team leader and survey specialist) and Catherine Masinde (Institution specialist). The team was assisted by Joseph Ondigi (Chief Financial Analyst, Controllers Office, USAID) and Jennifer Omino (Financial Analyst, Controllers Office, USAID) who prepared the background document on financial issues and self-sustainability, while Alfreda Brewer (USAID, K-MAP Component Manager), Joseph Ondigi and Anne Inserra (Evaluation Officer, Private Enterprise Office, USAID) helped the evaluation team by conducting the field interviews on sampled clients outside Nairobi. Keith Brown (Evaluation Officer, USAID) was involved in the preparation of the Client Questionnaire. The USAID staff provided valuable inputs and comments on the survey design and methodology.

In K-MAP, the team worked with M.V. Gohil (Deputy Program Administrator), and interviewed the outgoing Program Administrator Mr. Anderea Morara, the Training Officer Mrs Shuah Anyamba and the secretarial staff. The evaluation team also attended the K-MAP fifth anniversary exhibition and was able to solicit client opinion on K-MAP and the performance of client businesses. Mr. Victor Pratt, founder member and Board member of K-MAP, gave very frank and informative responses to the evaluation team, especially on the origins of K-MAP and its future vision. The Program Administrator left K-MAP during the evaluation, and we were able to understand the role of some Board members in providing institutional continuity in times of crisis.

## TABLE OF CONTENTS

	Page No.
TEAM COMPOSITION	i
EXECUTIVE SUMMARY	iii-vii
Chapter 1: INTRODUCTION	1
Activity to be Evaluated	1
Past Evaluations	2
Study Methods	3
Outline of the Report	3
Chapter 2: CURRENT INSTITUTIONAL SETTING	4
K-MAP Program Composition	4
K-MAP Proposed Activities	5
The Human Actors	5
Chapter 3: INSTITUTIONAL DEVELOPMENT	10
Institutional Strengths and Weaknesses	10
Institutional Opportunities and Threats	19
Chapter 4: TECHNICAL REPORTING REQUIREMENTS	22
Client Information	22
Counsellor Information	23
Definitional Issues	24
Chapter 5: K-MAP FINANCIAL EVALUATION	26
Administrative Systems	27
Accounting and Financial Systems	27
Cash Flow Analysis	29
Chapter 6: IMPACT OF ASSISTANCE	37
Chapter 7: SUMMARY AND RECOMMENDATIONS	43
Institutional Development	43
Proposed Institutional Structure	46
Future Relationship of USAID and K-MAP	52
 <u>APPENDICES:</u>	
Annex I: THE SCOPE OF WORK	54
Annex II: DOCUMENTS ON FILE	55
Annex III: PEOPLE CONTACTED	57
 <u>K-MAP OUTPUTS:</u>	
Annex IV: PUBLICATIONS BY K-MAP FOR USE IN WORKSHOPS	59
Annex V: SEMINAR AUDIO CASSETTES	60
Annex VI: WORKSHOPS CONDUCTED FROM 1987 TO DATE	61
Annex VII: K-MAP SUMMARY OF COUNSELLING OPERATIONS	63
COSTING OF WORKSHOP AND COUNSELLING EXPENSES	66

# EVALUATION OF THE KENYA MANAGEMENT ASSISTANCE PROGRAM (K-MAP)

May 1992

## EXECUTIVE SUMMARY

### INTRODUCTION

1.1. The Kenya Management Assistance Program (K-MAP), a component of the Private Enterprise Development (PED) Project (615-0238), began in June 1987 and will end in June 1992. The five-year Cooperative Agreement with K-MAP totaled \$560,238. The goals of the PED Project are to increase growth among Kenya's private, for-profit enterprises by strengthening institutions that improve Kenya's business environment, and encouraging growth among Kenyan businesses directly through the financial and advisory assistance those institutions provide. The specific purposes of the K-MAP component are to assist K-MAP to mobilize experienced managers willing to provide management counselling to small businesses on a voluntary basis and to help small businesses by providing counselling services and workshops. The target group for K-MAP is small, formal sector enterprises but no strict eligibility requirements exist. K-MAP offers assistance through one-on-one counselling and seminars/workshops, and provides booklets and audio cassettes.

1.2. The purpose of the evaluation, conducted just before the completion of the Cooperative Agreement, was to provide USAID/Kenya with an independent assessment of the degree to which K-MAP has met the objectives of the Cooperative Agreement; to determine the likelihood of success in the future; to recommend changes in K-MAP's structure or procedures if USAID assistance were to continue; and assist the USAID Mission in determining whether additional funding should be given to K-MAP to continue activities beyond the current Cooperative Agreement or to end assistance on schedule.

1.3. The first evaluation of K-MAP was conducted by USAID staff in 1988. The evaluation was instrumental in re-defining the systems required to improve the efficiency in the delivery of services and monitoring impact. Some of the issues raised in the evaluation which still need to be improved upon include: the need to match client assessment and counsellor skills bank forms; records on volunteer counsellor visits to clients; and the vehicle control schedule. The first external evaluation of K-MAP was conducted in 1989. The only issue arising from the 1989 evaluation which has not been fully implemented is the training of counsellors to improve their counselling skills.

### STUDY METHODS

1.4. The mode of inquiry combined perusal of relevant documents and files, interviews with key informants, and administering questionnaires to K-MAP clients and counsellors. The evaluators

reviewed materials at USAID and K-MAP offices. The evaluators interviewed USAID staff, staff of the K-MAP secretariat, and members of Board of Directors and the Executive Committee. The evaluators also interviewed officials of the UNIDO country office and the British ODA. Finally, in order to solicit responses to specific questions, the evaluators conducted questionnaires on sampled clients and counsellors.

## MAIN FINDINGS

### Outputs and Program Management

1.5. K-MAP focusses on the target group specified in the Project Paper, i.e. those running or planning to start small businesses. K-MAP operates mainly in the Nairobi metropolitan area (defined as being roughly within 30 Km radius from the city center) and an estimated 68 per cent of K-MAP clientele is from the Nairobi area. The clients from outside Nairobi do not receive regular site visits and have to come to K-MAP offices for counselling services. However, K-MAP staff occasionally visit them on circuit tours.

1.6. K-MAP has achieved most of the targets set out in the Project Paper. As of April 1992, K-MAP had managed to register 412 clients (compared with a target of 600), 228 volunteer counsellors (target: 100), and 121 sponsor member companies. K-MAP Cooperative Agreement reports show that the number of counselling sessions by both the secretariat and volunteer counsellors were 847 in 1990, 987 in 1991, and 273 for the period January - March, 1992. This surpasses the output target of 2,000 clients served set out in the USAID Project Logical Framework. (The "2,000 clients served" in the PED Logical Framework is interpreted to mean counselling sessions.)

1.7. As of March 1992, K-MAP had organized 35 workshops with a combined participation of 1664. The workshops have either been general (22), sectoral (7) or custom-designed (6). Workshop participants fill post-workshop evaluation forms which help K-MAP to understand the socio-economic characteristics of participants and opinions of participants on the content and mode of delivery of workshop services.

1.8. Sectoral workshops are expensive because they attract fewer participants and sometimes create problems in identifying volunteer workshop trainers. However, sectoral workshops are likely to have more impact as they attract clients with specific needs. K-MAP should therefore put more emphasis on sectoral workshops and reduce the share of general workshops.

1.9. K-MAP commands a large skills bank, but some counsellors have not been called upon to render services to date. K-MAP needs to use the volunteer counsellors more intensively and to develop an incentive system for them to file the required forms on the counselling assistance they provide.

1.10. Although "counsellor club" meetings have been held, K-MAP has yet to conduct induction courses (Training of Trainers seminars) for volunteer counsellors.

1.11. Due to the multiplicity of services, K-MAP staff is thinly spread. To improve efficiency, K-MAP secretariat should do less direct counselling except for (a) client needs assessment, (b) clients who have not yet established their businesses, and (c) verifying for themselves where a special recommendation (e.g. for bank loans under the Barclays Bank/K-MAP Memorandum of Understanding) from K-MAP is required. The K-MAP secretariat should mainly work as a clearing house for client-counsellor matching. In addition, guidelines on diversification of the range of K-MAP services should be laid down, and any future programs be complementary to the core activity of K-MAP, i.e. business counselling.

1.12. The average cost per participant is about KShs 3,000 (about US\$ 94) for workshops held in Nairobi and KShs 4,100 (\$128) for workshops held outside of Nairobi. The cost per participant for sectoral workshops is higher than the cost per participant for general workshops as sectoral workshops attract fewer participants. The cost per counselling hour is estimated at KShs 1,275 (\$40), while counselling expenses per registered client are estimated at KShs 5,000 (\$156) per year. It is difficult to gauge the correctness of these estimated costs of counselling and workshops since K-MAP has not attempted to apportion its expenses by cost centers. It was not possible to compare the cost-effectiveness and efficiency of K-MAP services with those of other comparable projects, because the others provide credit facilities.

## CONCLUSIONS AND RECOMMENDATIONS

### Institutional Development

1.13. The evaluators recommend:

- that the proposal to add technical counselling should be considered an important component of K-MAP assistance to small enterprises;
- that K-MAP needs to develop an information base to service its counselling and workshop activities, and therefore a Research and Information function should be added;
- that K-MAP should not have a direct "ownership and operation" relationship with the Sub-Contracting Exchange and the FORUM Magazine other than at policy level.
- that the consultancy service should be deleted from the list of activities.

- that the functional committees should function in an advisory capacity, and two functional committees ("Personnel" and "Public Relations" committees) be eliminated and the relevant policy responsibility passed on to the Executive Committee.
- that two posts (Technical Counselling Manager and a Research and Information Manager) should be created in the longer-term.

### Reporting Requirements

1.14. On reporting requirements under the Cooperative Agreement, the focus was on format, but no performance targets were set; and K-MAP did not design sufficient and foolproof systems to collect the basic data required to generate the aggregates stipulated in the reporting format. Due to the paucity of data, the K-MAP reported figures on counselling sessions and hours by volunteer counsellors can only be taken as estimates. The number of reported hours and sessions the secretariat puts into direct counselling may be more accurate, although the evaluation team was not provided with a diary to validate the aggregated data.

1.15. In respect of computerization of client, counsellor and members data, the evaluators recommend:

- that all K-MAP staff be trained in database and spreadsheets so that the data can be routinely used as a management tool;
- that an additional post of computer clerk be created to oversee the process of computerization and to ensure continuity once the contracted computer programmer has completed the design of the database systems; and
- that a system of backup of the data be created and at least two sets of up-to-date computer data records and programs be stored outside of K-MAP offices. Currently, the backups are kept in the office. The possibility of backing up the entire computer memory in a Bernoulli disk should be considered.

### Financial Evaluation

1.16. The findings of the financial evaluation were that K-MAP has adequate financial and administrative systems to provide reasonable assurance that funds are accounted for. The review also established that K-MAP has made some efforts in its quest to create self sustaining activities, as evidenced by revenue generating services such as the sale of publications, cassettes and "The Small Business Forum". The income generated from these activities has increasingly improved K-MAP's financial sustainability over the years. With more aggressive marketing, increased sales and further strengthening of the debt collection

system, K-MAP could realize increased income in future. However, the review did not provide evidence of K-MAP achieving financial sustainability in the near future. K-MAP will therefore need continued donor support over the next few years.

1.17. The expenditures in the Corporate Plan (1991-95) seemed to be underestimated. Cuts in costs could also be limited by the high inflationary conditions in the domestic economy. The implications of this are that larger deficits than those already predicted could be incurred and consequently higher levels of donor financing could be needed.

1.18. On asset management, efforts to access the motor vehicle log were fruitless, and the evaluators can not therefore express opinion as to whether there were adequate controls over the vehicle. The assets register provided for review did not contain sufficient details.

1.19. The evaluators recommend continued USAID funding. However, in its future relationship with K-MAP, USAID/Kenya should take more interest in ensuring that basic records for generating aggregate data under the Cooperative Agreement reporting exist and are used. In addition, it is important to note that the future of K-MAP may be threatened by both financial constraints and institutional sustainability.

#### LESSONS LEARNED

1.20. On project design, there is need to identify the relevant indicators and to define them precisely and unambiguously. In the case of K-MAP (and, by extension, the PED project), the indicators e.g. number of counsellors and clients, are not impact indicators and can not therefore suffice on their own. The output variables are the number of counselling sessions, client satisfaction, and the impact of counselling and workshop services on client businesses.

1.21. On the impact of assistance, it is difficult to set performance targets as client performance also depends on a host of other firm-level-specific and economy-wide opportunities and constraints outside the control of K-MAP. For monitoring and evaluation, it is necessary to specify:

- (a) The sub-components of each indicator (e.g. assets) so that the data from different clients and different USAID-assisted projects are comparable. The same also applies to employment.
- (b) Whether the monetary performance targets/indicators are in real terms and for USAID to provide a common inflation factor for the PED projects to allow comparison of portfolio quality.

## CHAPTER 1

### INTRODUCTION

#### ACTIVITY TO BE EVALUATED

1.1. The Kenya Management Assistance Program (K-MAP), a component of USAID's Private Enterprise Project (615-0238), began in June 1987 and will end in June 1992. The five-year Cooperative Agreement with K-MAP totaled \$560,238. The goals of the PED Project are to increase growth among Kenya's private, for-profit enterprises by strengthening institutions that improve Kenya's business environment, and encouraging growth among Kenyan businesses directly through the financial and advisory assistance those institutions provide. The specific purposes of the K-MAP component are to assist K-MAP to mobilize experienced managers willing to provide management counselling to small businesses on a voluntary basis and to help small businesses by providing counselling services and workshops. The purpose of the evaluation is to provide USAID/Kenya with an independent assessment of the degree to which K-MAP has met the objectives of the Cooperative Agreement; to determine the likelihood of success in the future; to recommend changes in K-MAP's structure or procedures if USAID assistance were to continue; and assist the USAID Mission in determining whether additional funding should be given to K-MAP to continue activities beyond the current Cooperative Agreement or to end assistance on schedule.

1.2. K-MAP was established by a group of local companies in order to improve management standards of small scale enterprises (SSEs) which in turn contribute to higher income generation as well as increasing employment opportunities, and to counsel those who may wish to start new businesses. According to our Terms of Reference, K-MAP is based on the US Service Corps of Retired Executives (SCORE) model except that K-MAP uses employed and upper level managers as opposed to retired executives to provide volunteer counselling. K-MAP uses successful large and medium businesses that give free, practical management and some technical counselling to small scale businesses. The target group for K-MAP is small formal enterprises but no strict eligibility requirements exist. K-MAP offers assistance through one-on-one counselling and seminars/workshops, and provides booklets and audio cassettes.

1.3. Small scale enterprises in Kenya employ a large number of people and provide a training ground for entrepreneurs. The Kenya Government's Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth stresses the pivotal role of the small scale sector in creating employment and generating incomes. While the Government has improved the policy environment within which the private sector operates, direct policy support to SSEs is given by default (i.e. lack of enforcement of laid down rules on taxation, safety standards, minimum wages, etc.). A large

share of direct support to SSEs has been given by private voluntary organizations (PVOs) funded by donor agencies and church organizations. While most PVOs provide financial support, few have attempted to transform the operational and managerial capabilities of clients. K-MAP therefore provides a service that other organizations do not, i.e. a combination of one-on-one counselling and workshops.

#### PAST EVALUATIONS

1.4. The first evaluation of K-MAP was conducted by USAID staff in 1988. The evaluation was instrumental in re-defining the systems required to improve efficiency in the delivery of services and monitoring impact. The evaluators expressed concern about:

- (a) the need to strengthen the "club spirit" among founder members and counsellors [Implementation status: THREE COUNSELLOR MEETINGS AND ANNUAL DINNER DANCES HAVE BEEN HELD];
- (b) the cumbersome format of organizing the skills bank [GREATLY IMPROVED BUT NEED A MATCHING OF CLIENT ASSESSMENT AND COUNSELLOR SKILLS BANK FORMS];
- (c) lack of accurate records on counsellor visits to clients [STILL AN ISSUE];
- (d) inadequate use of the monitoring system for obtaining client data [PARTIALLY IMPLEMENTED];
- (e) lack of forms for counsellor and client evaluation of counselling services [PARTIALLY IMPLEMENTED];
- (f) lack of vehicle control schedule [NO TRAVEL LOG MAINTAINED TO-DATE]; and
- (g) limited use of competitive bidding for soliciting quotations from potential suppliers [IMPLEMENTED].

1.5. The first external evaluation of K-MAP was conducted in 1989. The evaluators recommended:

- (a) post-workshop evaluation [ALREADY IMPLEMENTED];
- (b) Training of counsellors to improve their counselling skills [NOT IMPLEMENTED];
- (c) Refocussing workshops on specific rather than generic interests [PARTIALLY IMPLEMENTED. SEMINARS ARE CURRENTLY EITHER GENERIC, SECTORAL OR CUSTOM-DESIGNED TO SPECIFIC FIRM OR ORGANIZATION]; and
- (d) Replication of K-MAP model in other African countries. [IMPLEMENTED].

## STUDY METHODS

1.6. The mode of inquiry combined perusal of relevant documents and files, interviews with key informants, and administering questionnaires to K-MAP clients and counsellors. The evaluators reviewed materials at USAID and K-MAP offices (See Annex II, "Documents on File"). The materials included the Cooperative Agreement and amendments, Cooperative Agreement reports; previous evaluations, K-MAP forms, K-MAP work plan and Corporate Plan 1991-95, Counsellors' Guide, publications, the list of Seminar Audio Cassettes, and personnel files.

1.7. The evaluators interviewed USAID staff, staff of the K-MAP secretariat, and members of the K-MAP Executive Committee and Board of Directors. Finally, to solicit responses to specific questions, the evaluators administered questionnaires to sampled clients and counsellors.

## OUTLINE OF THE REPORT

1.8. The report is in two volumes. The main report (Volume 1) covers K-MAP's institutional development, financial evaluations, impact of assistance on clients, and recommendations. The annexes to Volume 1 include the scope of work, documents on file, people contacted during the evaluation, and K-MAP outputs. Volume 2 of the evaluation covers the survey design and methodology. Annexes to Volume 2 includes questionnaires used and the principles of interviewing.

## CHAPTER 2

### CURRENT INSTITUTIONAL SETTING

#### INTRODUCTION

2.1. The purpose of this chapter is to give a narrative of the K-MAP's current activities and management structure as background information on the later sections of the report.

#### K-MAP PROGRAM COMPOSITION

2.2. K-MAP offers the following services:

- (a) One-on-one counselling of the small business clients at their premises or at K-MAP offices. Counselling includes pre-investment counselling to assist clients with conceptualization, development and formulation of their business ideas into sound proposals. Business counselling is considered the core activity of K-MAP.
- (b) Training through workshops. Workshops are either general (e.g. on records-keeping), sectoral (i.e. for a specific group of business operators e.g. hoteliers), or custom-designed for a specific firm or organization. The custom-designed workshops can be taken as business consultancy as there is no open invitation of participants.
- (c) Publication of simple booklets on basic business topics.
- (d) Issue of a regular newsletter to update members, counsellors and clients about K-MAP activities and relevant issues in the business world. The K-MAP bulletin was initially produced as a quarterly Newsletter but was launched in tabloid form in March 1991 under the title Small Business Forum. The Forum is published quarterly with a production of 5,000 copies.
- (e) Production of sound cassettes on business topics of interest to SSE operators.
- (f) Provision of consultancy services in the areas of personnel recruitment, motivation, and review of business strategies.
- (g) Organization of exhibitions to provide forums for Small Scale Enterprises (SSEs) to promote their products and exchange ideas towards product improvement and better customer relations.

## K-MAP PROPOSED ACTIVITIES

2.3. K-MAP has forwarded a proposal to the British ODA for the funding of a K-MAP Small Enterprise Publications Center.

2.4. An autonomous sub-contracting exchange, the Kenya Sub-Contracting and Partnership Exchange (KSCPX), has been set up within K-MAP offices, with UNIDO/UNDP collaboration and assistance. KSCPX's activities include the evaluation of existing sub-contracting arrangements, assessment of potential areas of sub-contracting, and training on related aspects such as quality assurance and advanced production methods. The intended beneficiaries of the KSCPX's services will be the small and medium scale enterprises as well as the large industries that will sub-contract work to small enterprises.

2.5. A proposal is under way to establish a joint venture between K-MAP and Technologie Overdracht Ontwikkelings Landen (TOOL) of Netherlands to undertake Technical Counselling to SSEs. The Technical Counselling Unit is expected to increase K-MAP's ability to mobilize and coordinate technical expertise to assist small entrepreneurs in equipment selection, installation, commissioning, service and maintenance.

2.6. Barclays Bank of Kenya and K-MAP have signed a Memorandum of Understanding under which K-MAP clients, who have received counselling for at least 18 months, can obtain credit facilities in the range of Shs 100,000 to Shs 3 million from Barclays Bank on softer (50 per cent or less) security arrangements. K-MAP is supposed to get the client to prepare business plans indicating their financial requirements and K-MAP is expected to furnish Barclays Bank with annual reports on clients that have been advanced facilities. The Bank reserves the right to refuse a facility once K-MAP has introduced the customer. A one-time flat rate of 2 per cent of facility loaned will be charged upon approval, in addition to the fees charged to the ordinary customers of the bank. K-MAP will be paid 25 per cent of the flat sum charged i.e. 0.5 per cent of facility loaned.

## THE HUMAN ACTORS

2.7. K-MAP Target Clients. K-MAP's clients are drawn from existing small businesses and those aspiring to go into business. K-MAP operates mainly in the Nairobi metropolitan area (defined by K-MAP as being within 30 km radius from the city center) and an estimated 68 per cent of K-MAP clientele is from Nairobi area. The clients from outside Nairobi do not receive regular site visits but come to K-MAP offices in Nairobi for counselling services. However, K-MAP staff occasionally visit them on circuit tours.

2.8. Prospective clients are screened for commitment and potential for success. Clients pay a registration fee and are expected to fill a Client Baseline Data form when they register. A client fills a Request for Counselling Assistance form so as to give K-MAP the problem areas for which the client is seeking

counselling assistance. Every client is sent a Client Evaluation Data form annually, to update K-MAP of changes in business performance, but the response rate is low (an estimated 20 to 30 per cent).

2.9. **Members.** The basic membership units of K-MAP are the sponsor-members. Members include large and medium-size companies, and individuals.

2.10. **Counsellors.** Counselling is provided by experienced business executives. They are mainly mid-level managers of medium and large businesses who are released by their employers up to one day per month to work with K-MAP. Their employers are mainly, but not exclusively, K-MAP members. K-MAP maintains a list of counsellors in a computerized skills bank. Volunteer counsellors are reimbursed only for actual expenses for transportation and lunch. Counselling is also given by the K-MAP secretariat.

2.11. **The Board of Directors.** The membership of the Board is composed of the Program Administrator and some representatives of member companies. The Chairman of the Board is usually drawn from the membership. The Board directs the overall affairs of the organization and sets its long term objectives. The Board has eighteen members. The Board meets quarterly.

2.12. **The Executive Committee.** The Executive Committee oversees and helps steer the management of the secretariat towards the organization's goals and objectives. The Executive Committee is comprised of: the Chairman, the Secretary, and members. The members are also responsible for the following eight Functional Committees: International Relations, Training and Workshops, Finance, Public Affairs, Personnel and Administration, Membership, Special Projects, and Case Assignment. There are eleven Executive Committee members. The Executive Committee members are also members of the Board of Directors. The Executive Committee meets monthly.

2.13. The Chairman of the Executive Committee is elected by the Board for a period of one year. Members of the Executive Committee are nominated by the Chairman and serve on a voluntary basis. Service in the Executive Committee and rotation of its members is based on availability, level of interest and commitment. The Committee is responsible for the following:

- Exercising the powers of the Board of Directors with regard to the day-to-day running of K-MAP.
- Acting on all matters referred to it by the secretariat.
- Tentatively approving the budget.

2.14. **K-MAP Functional Committees.** The functional committees formulate and facilitate implementation of activities. The committees are:

### International Relations Committee:

- Establish and maintain contacts with current and potential donors, and any other organizations with whom K-MAP could have beneficial collaboration.

### Finance Committee:

- Prepare draft budget in consultation with the K-MAP secretariat.
- Maintain and report all financial accounts.
- Edit expenses accounts.
- Develop on-going fund raising strategy.

### Public Affairs Committee:

- Prepare K-MAP newsletter/business journal and other information materials.
- Promote awareness of K-MAP activities through publicity and advertising in the appropriate media.
- Develop and implement appropriate public relations program.
- Develop and maintain a Speaker's Bureau Roster for workshops/seminars as well as PR events.

### Membership Committee:

- Provide information to prospective members and generally assist companies in the process of applying for membership.
- Conduct periodic membership drives.
- Maintain up-to-date records on membership.

### Training and Workshop Committee:

- Develop and implement counsellors' training programs.
- Determine training needs and develop suitable workshops and identify suitable speakers.
- Develop and maintain liaisons with other professional, training and business organizations in order to encourage joint sponsorship of training seminars.

### Special Projects:

- Identify, assess and recommend new approaches and concepts for providing assistance to K-MAP clients.

- Review case histories for trends and statistics relevant to planning and programming of K-MAP activities.
- Conduct special studies and projects on behalf of the Executive Committee such as marketing research.
- Conduct appraisals/evaluations for new activities that K-MAP may wish to implement and give recommendations accordingly.

**Personnel and Administration Committee:**

- Develop and maintain office and personnel administration procedures.

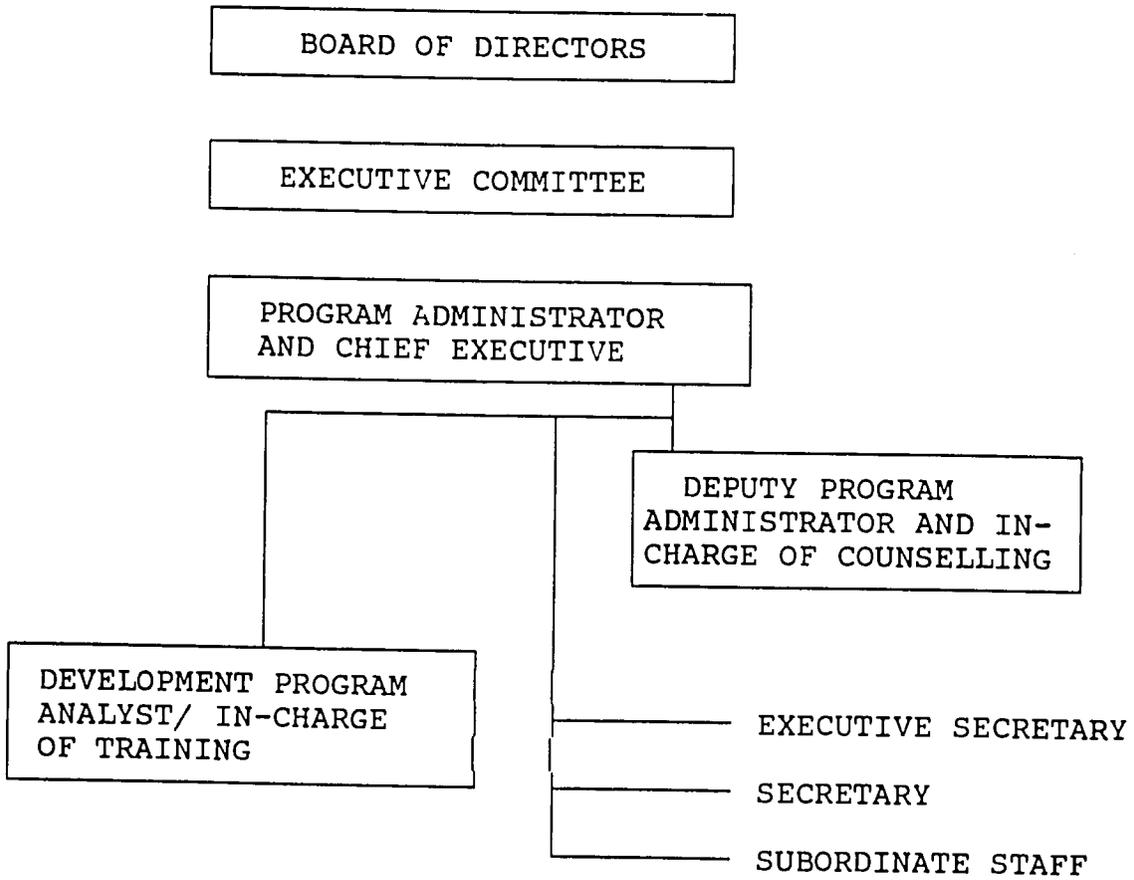
**Case Assignment Committee:**

- Assign cases requiring counselling.
- Maintain appropriate assignment records and submit required reports.
- Interview clients to assess their counselling needs.

2.15. **Secretariat:** The secretariat is the administrative organ of K-MAP. The activities of the K-MAP secretariat include:

- Implement all activities that are approved by the Executive Committee.
- Implement the approved budget in consultation with the Chairman, Finance Committee, and USAID.
- Ensure that Cooperative Agreements with USAID are duly implemented.
- Service the K-MAP clientele through counselling and workshops.
- Run training seminars and workshops for both clients and the general public.
- Organize monthly Executive Committee meetings and provide secretarial services to such meetings.
- Seek quotations from potential suppliers of goods and services to K-MAP.
- Solicit new skills and maintain the skills bank.

**PRESENT ORGANIZATIONAL CHART**



24

INSTITUTIONAL DEVELOPMENT

3.1. This section discusses the strengths, weaknesses, opportunities and risks which may be affecting the development of K-MAP as an institution. It also addresses the issues of the future activities of K-MAP, and how these affect the structure, size and processes of K-MAP.

INSTITUTIONAL STRENGTHS AND WEAKNESSES

3.2. Overall, K-MAP is based on a sound concept - that of voluntary assistance to small enterprises provided by executives from large organizations. This is an important concept in Kenya's private sector attempt to develop the SSE sector as it brings about a link between large and small firms, creating a symbiotic relationship. In addition, because it mobilizes the business community on such a large scale, the K-MAP concept has demonstrated the potential of the Kenyan business community in the area of corporate social responsibility.

Program Composition

3.3. K-MAP's mandate is to provide highly subsidized counselling and training to small businesses in Kenya. With this objective in mind, it is necessary to look at the current and proposed structures more critically.

3.4. K-MAP's business counselling program is unique in that it combines a seldom used methodology (problem-oriented, one-on-one training) and workshops. By combining counselling, workshop training and booklets, K-MAP offers a group of complementary services in the transfer of management information. In this regard, it is important that any additional programs be carefully assessed to complement and/or supplement the core activity of K-MAP. Although K-MAP's core activity is counselling, this service must be supported by pre-counselling (general awareness training e.g. workshops) and post-counselling maintenance services. Programs such as publications, newsletters, and magazines could enhance this activity but only if they are specifically or generally geared towards the counselling service.

3.5. K-MAP proposes to co-opt the sub-contracting exchange to its portfolio. Although this service is a post-counselling maintenance service, the **current institutional and financial capacity** of K-MAP are not likely to accommodate such an undertaking within the next five years. Because the Exchange cannot be self-sustaining within the next three or so years, K-MAP would not, given its present financial and institutional constraints, be able to sustain the Exchange and itself. It is therefore recommended that K-MAP does not include the Exchange in its core activities. However, it would be useful to verify whether the average K-MAP client would meet the production

deadlines and quality standards required by main contractors on the Exchange.

3.6. The proposed technical counselling program (i.e. the proposed joint venture with the TOOL of Netherlands) falls within the scope of work of K-MAP and would actually strengthen the current capacity of K-MAP. The technical counselling service would enhance the production techniques of K-MAP clients through the transfer of technical skills. K-MAP would be in a unique position to study technical needs of clients, advise, monitor the implementation process, and record the successes or failures of particular technologies for management needs i.e. volunteer counsellors and the secretariat.

3.7. K-MAP offers a consulting service to its clients e.g. for personnel recruitment, etc. Although it is an important post-counselling maintenance service, K-MAP should only give general guidelines to clients on recruitment procedures, without getting involved in the actual recruitment exercise, to avoid overstressing the secretariat.

3.8. On the issue of "Forum" magazine, the evaluation team sees the necessity for an information forum, but this must: (a) focus on the target group (i.e. small scale enterprises) as the main readership rather than the larger member firms; (b) be capable of providing relevant editorial material to complement or supplement the counselling and training; (c) be capable of generating revenue to sustain itself and probably support other ventures within K-MAP; (d) rely on professional rather than secretariat staff; and (e) be accommodated outside the K-MAP office space.

#### Program Management

3.9. Because of the diversity in activities at K-MAP, the secretariat appears overworked and spread thin. There is need to revisit the organization's mission and trim K-MAP's activities to those that are complementary or supplementary to the core activity. In addition, there is need to develop policy guidelines to guide diversification decisions. These guidelines should include, among other criteria, the requirement that the Program Administrator or proposer should prepare a project paper showing the contribution of the proposal to the core activity in concrete terms (increase in revenue, membership, clients, counsellors, etc).

3.10. K-MAP commands a large pool of counsellors who could be utilized extensively through more prudent co-ordination among activities. One example is the possibility of using counsellors who conduct workshops outside Nairobi to provide some counselling to clients through counselling clinics at the workshop sites. It is suggested that in this way, K-MAP can access the skills in the main towns in the form of middle-level and retired executives who are currently omitted in the skills bank.

3.11. Considering that some counsellors have not been called upon to render services to-date and the secretariat is spread thin, it will be necessary to improve the mechanism of counsellor utilization in order to incorporate other services e.g.

- use them (e.g. retired counsellors) at the secretariat to service walk-in clients;
- form a core team to conduct client needs assessments;
- in monitoring clients on a regular basis and in K-MAP internal evaluations;
- voluntary administrative work, especially for special events like exhibitions; and
- market information gathering on sectoral or industry basis, which is useful for sectoral workshops and as reference information for counsellors.

3.12. K-MAP utilization of the full range of skills available from large businesses in Kenya has been restricted by the somewhat narrow out-reach which concentrates on existing members of K-MAP. In addition, there are shortages of skills in the K-MAP skills bank, especially in the technical areas. With adequate and re-focussed marketing, K-MAP can net in individuals (e.g. professional and small firms) who are not members but who share the development goals of K-MAP.

3.13. It will also be necessary to critically examine the issue of counsellor motivation. Currently, K-MAP has the benefit of a highly motivated team of counsellors, driven by a strong sense of social responsibility. To improve and maintain a high level of motivation, a more aggressive incentive program must be developed, i.e.

- A feedback system based on both qualitative and quantitative measures of client performance should be developed. This information should filter back to the counsellor and the client.
- The counsellor of the year award may be reviewed to include categories for innovation/creativity, dedication/commitment, and others.
- Constant contact between counsellors and the secretariat and other counsellors for support. In this regard, a forum for sharing pertinent information is necessary. It is suggested that the counsellors' club meetings be focussed on counsellor concerns and not end at a "meal and a drink" level. K-MAP has held three counsellor meetings to-date, in addition to annual dinner dances (to which counsellors, clients and members are invited).

- From the counsellor interviews, counsellors felt that they were ill prepared for the counselling task (unless they were full time consultants or worked in a training department of their firm). To sustain the interest and confidence of counsellors, it is suggested that a general induction Training of Trainers (ToT) course be held routinely for all newly recruited counsellors. This should then be followed by regular problem oriented training, possibly during the counsellor club meetings. In addition, the secretariat should maintain a small reference library on counselling and other related subjects to supplement the counsellors' guide.
- Orientation programs to sensitize counsellors about the problems, fears and behavior of the SSE sector and the small business person should be conducted. Although technical specifics in both large and small firms may be related or even similar, scale of operation introduces peculiarities. In addition, since owners of small businesses are chief executives in their own right while the counsellor is likely to be a specialist in one or a few fields, there is need to create a meeting of minds.
- Involvement of counsellors in the various processes at K-MAP, such as design and implementation of programs and activities, even if only in a consultative capacity e.g. in case assignment.

3.14. This section has dwelt at some length on the counsellors' situation because the team considers them to be the most vital, and yet neglected resource of K-MAP. It will be necessary to manage this resource more efficiently and effectively.

### Workshops

3.15. The general workshops have continued to attract a large, though decreasing, attendance. According to the K-MAP Corporate Plan (1991-95), workshops will be made more effective by limiting participants to 50 per general workshop and to 20 for other types of workshops. However, because of their general nature, K-MAP cannot measure their impact on small businesses. According to K-MAP, general workshops are mainly a marketing and support tool for counselling services. Currently, there is no direct mechanism of converting workshop participants into continuing K-MAP clients. A vigorous marketing and follow-up system is needed to keep track of workshop participants, and to recruit them into the K-MAP counselling system.

3.16. K-MAP needs to focus more on sectoral workshops as these are likely to have a higher impact on businesses. With an improved marketing and management of the skills bank, K-MAP is not likely to face the current problems of recruiting qualified counsellors and/or trainers with technical skills.

3.17. In addition, there is need to focus the workshops on specific target groups. Currently, a general marketing message is sent out and anybody can come onto the courses. This has occasionally frustrated the workshop facilitators because of the disparities in education, experience and level of conceptualization of participants. The team recommends a streamlining of the workshops by aiming them at specific target groups.

### Management Style

3.18. The management style has had some impact on program composition and program management. A management style that delegates reasonable authority to lower levels of operation is likely to achieve better results than a highly supervisory style. This notwithstanding, it must be noted that K-MAP is a unique and young institution heavily reliant on the vision and commitment of only a few people in the Kenyan business community. Of necessity, therefore, there has been a need for close supervision of activities and contacts by some members of the Executive Committee and the Board. The founder members have played a pivotal role in (a) providing managerial continuity and cohesion, (b) in membership recruitment; and (c) in some cases, counsellor recruitment. However, for the future, it is suggested that the secretariat be allowed more discretion as one way of strengthening the institutional framework further. It will also allow the Executive Committee and the Functional Committees to devote more time to their consultative roles.

### Structure

3.19. The K-MAP organizational structure and communication flows are potential sources of tension between the various organs of the organization. The Executive Committee reports to the Board. About a third of the Board are also members of the Executive Committee. If only a few members of the Executive Committee were on the Board, a clear line of authority between the Executive Committee and the Board could be established. In addition, there is potential for a blur in the operational responsibilities of the functional committees and the secretariat. Currently, the Executive Committee, through its functional committees, directs the actual implementation of policy. Although there is a limit to what the secretariat can do given its size and skill composition, the secretariat needs to do more of the routine administrative jobs relating to K-MAP activity and only refer to the Executive Committee on policy issues. In this regard and given the current structure, there is urgent need for an assistant to the Deputy Program Administrator (DPA) to handle the program administrative routines so that the DPA can focus on program management. The assistant to the DPA would help in the management of the database, updating client and counsellor records, and in the preparation of Cooperative Agreement reports. This recommendation assumes the current institutional structure is retained.

3.20. As issues relating to the structure of an organization are complex and varied, they cannot all be covered in this evaluation. There is also need to analyze the value of information flowing from one source to the other. For example, the secretariat prepares information for discussion in the Executive Committee and Board meetings. Some Board members expressed concern that the background information availed to them by the secretariat (to enable them to make informed judgements) usually do not have sufficient and relevant details and are delivered late.

### Size

3.21. The Board has increased in size three times over the past five years, from 7 to 18. The board of 18 members, although based on the rationale of diversity and contribution from several sections of the business community, is too large to be efficient. Some Board members mentioned that, with such a large Board, one does not feel the obligation to attend all Board meetings because there would still be sufficient attendance to conduct business. In addition, because of the large representation of the Executive Committee on the Board (all the members of the Executive Committee are on the Board), the Board is made unnecessarily large. There is need to streamline the criteria for Board appointment so that the need to increase the size of the Board does not arise as often as it has.

3.22. The Executive Committee's size (eleven members) is reasonable given the current structure. However, it has been suggested in this report that the secretariat be entrusted with some of the functions currently ascribed to some functional committees, for example, matters relating to training and workshops.

3.23. The secretariat shows signs of "stress". However, this is a function of several factors such as;

- an often excessive supervision, a fact which can partly explain the relatively high turnover at the senior levels of management.
- over-diversification of activities and general lack of focus on a target group and on specific objectives.
- increasing emphasis on issues of self-sustainability which, in our opinion, has resulted in uncertainty especially in the past six months due to uncertainty of future funding.

3.24. The secretariat will need to be expanded to accommodate the recommendations made in preceding sections. At the very minimum, if the current structure is retained, an assistant to the Deputy Program Administrator will be required in the short term. K-MAP must also begin to plan for an establishment that can support the proposed expanded structure, which includes the technical counselling task. Secondly, there is need for a

streamlining of the functions and duties of the senior secretariat staff to avoid unnecessary function overload. For example, the Program Administrator need not perform the counselling function except in a referral or monitoring capacity. The streamlining of functions and duties will also allow K-MAP to assess how far they have been involved in non-core, time consuming, activities.

### Manpower and Capacity

3.25. The size of K-MAP has, in a way, resulted from the basic objective of volunteer services. This has concentrated focus on a large skills bank while retaining a skeleton secretariat. While this makes financial sense, an extremely skeletal secretariat has the potential of jeopardizing the image of K-MAP as support services become weak.

- K-MAP secretariat staff appear competent although they may be overwhelmed by the amount of work.
- Although the secretarial support staff appear equipped for basic secretarial work, they need training in data base management in order to manage records.
- In general, K-MAP personnel need to be re-oriented towards the ideal of service to the client (and the organizational objectives) in order to minimize the potential for personal loyalties.

3.26. As already stated, there is need to improve the management of the skills bank in order to realize its full potential. These include:

- A more aggressive marketing program to recruit counsellors in areas of expertise where K-MAP has shortages. The evaluators were not able to determine the skill distribution of the counsellors as data entry in the new data base had not been completed. According to the secretariat, K-MAP has shortage of counsellors in technical areas such as production management.
- In order to improve the morale of those already accessed, a reasonable non-financial incentive package should be developed e.g. Training of Trainers workshops, and a feedback mechanism on client performance and client satisfaction .
- A meaningful matching process where the counsellor can contribute to his fullest potential, i.e. getting the right client, participating in the needs assessment, and being made to feel part of team. A number of counsellors and clients interviewed indicated that the counsellor-client matching process requires some improvement.

A more streamlined information system where the counselling process is smoother for the secretariat, the counsellor and the client. In this regard, the skills bank should be kept in a format which facilitates this process (harmonization of formats and types of records/forms for clients and counsellors). In addition, a client who requests help in more than one area should be assigned a counsellor who matches all of those needs as closely as possible since small business people tend to require composite solutions to problems rather than one solution at a time. Alternatively, a team approach to clients' problems could be used, whereby a client could have more than one counsellor at a time. It is possible that a team approach to counselling could create problems due to diversity of counsellors' views and the inherent difficulty of arranging for the selected counsellors to be on site at the same time. However, the team approach should still be experimented with.

### Management Process

3.27. The management of K-MAP appears to be handicapped by inadequate systems. Information flows between the various organs are hampered by non-formalized modes of communication. The communication between the donors, the Board, the Executive Committee and various parties at the secretariat has to date heavily relied on personal relations. Although this is positive and necessary in an institution such as K-MAP, it has the potential of obscuring or running parallel to the official channels of communication.

3.28. To date, membership of K-MAP and the Board has been by invitation by the various members of the organization. This method has the potential of excluding some potential members or contributors. A more "open" recruitment procedure is suggested by the evaluation team. This will have to be based on other "tangible" incentives for members, such as market contacts, networking with other members, and feeling of social responsibility.

3.29. K-MAP does not appear to have adequate internal monitoring and evaluation systems. It has concentrated on reporting requirements contained in the Co-operative Agreement but has not made much use of this information internally. K-MAP needs to strengthen its internal periodic evaluation system to monitor client satisfaction, client performance, counsellor satisfaction and performance, and K-MAP's image. In addition, a tracking mechanism to evaluate the progress towards self-sustainability is needed.

### Management Data Needs

3.30. K-MAP management should make more use of the information generated within the organization as a management tool. The client and counsellor information should be collected

in a format which allows comparative analyses to be made. For instance, the information solicited on client counselling needs should closely match the counsellor "areas of specialization" so that the computerized database can be used to match clients to counsellors. This process is predicated on a completely computerized skills bank (which is not yet completed) and client baseline data.

3.31. It was found that the client and counsellor records have not been updated. The evaluation team suggests a periodic "survey" to update client and counsellor data via a questionnaire and personal follow-up by the secretariat. This will also present a realistic picture of the client and counsellor information as "dead" items will be eliminated.

3.32. K-MAP management needs to measure the quality of its services to clients and counsellors. The evaluation team recommends a periodic measurement of client and counsellor attitudes towards K-MAP services.

3.33. Management decisions should also be based on measures of impact on clients and their businesses. K-MAP requires an institutionalized Monitoring and Evaluation (M&E) system which can routinely gather information on changes in assets, employment, and sales turnover of clients businesses. In analyzing these impact indicators, one must take into consideration the fact that training and counselling have a lag time in implementation and in bearing measurable changes in target indicators. The analysis of impact may therefore present a somewhat distorted picture at the early stages of implementation. An annual routine collection of this data is recommended. The counsellors can be utilized to collect this data by use of a simple questionnaire.

3.34. The quality of the information on the number of counselling sessions and hours can be improved by adhering to the approved number of counselling sessions (currently 5). Any further counselling would have to be "approved" afresh at the secretariat, thus allowing the secretariat to verify the sessions completed and extra time required, if any. This would also give the secretariat the opportunity to charge a new registration fee for any further counselling assistance to the client.

3.35. Due to the turnover of staff at K-MAP, there is need to keep complete documentation on project performance. In the K-MAP secretariat, not all the interactions between secretariat/volunteer counsellors and clients were on file. In some cases, counsellors and clients write to each other on matters pertaining to counselling services and business performance without copying all communication to the secretariat. This provides problems of continuity when officers change employment.

3.36. K-MAP management needs to collect and use information on the portfolio quality of other SSE assistance programs such as K-REP, KIM, SEFCO, etc, in order to evaluate their performance

vis-a-vis other agencies assisting the SSE sector. This should be done through the Research and Information department which will be charged with the duty and responsibility of collecting management data.

### Conclusion

3.37. The internal factors influencing the institutional development of K-MAP offer both strengths and weaknesses. In general, K-MAP has a strong philosophical basis, which, together with a high powered Board and membership, has a great potential in imparting management skills to small businesses in Kenya. However, it has to deal with structural and programmatic weaknesses to achieve efficiency and effectiveness.

### **INSTITUTIONAL OPPORTUNITIES AND THREATS**

3.38. K-MAP's external environment offers opportunities but also poses serious threats to its institutional development.

### Other Donors and Self- Sustainability

3.39. K-MAP is based on concepts that are currently attractive to donors and other organizations interested in assisting the small scale sector: volunteer service by active executives; linkage between large and small firms; business management training for SSEs; and the one-on-one delivery methodology. However, the issue of subsidized services to business operators has been subject to debate, given the national move towards privatization and abolition of subsidies. In general, a donor-funded project of \$500,000 over five years would probably have no impact if implemented through the public sector, hence the need to use the private sector.

3.40. K-MAP seems to be able to attract a variety of donors as indicated by the proposed joint venture with the TOOL of the Netherlands; discussions with the British ODA on publications and an information center; and discussions with the Friedrich Naumann Foundation of Germany about the "Forum" magazine. These possibilities have not gone to advanced stages because of K-MAP's inability to present to prospective donors an image of an efficient organization and K-MAP's reliance on personal relations to access funds and networks.

3.41. K-MAP should treat each of its activities as a cost and revenue center with varied possibilities of self sustainability. Some activities such as counselling could remain subsidized while others such as the Forum magazine could be made self sustaining (some surplus funds are possible). This arrangement is also an opportunity to invite collaborative arrangements with donors for specific activities within K-MAP. However, the specific program objectives must be negotiated to remain in sight of the overall K-MAP mission and objectives.

3.42. Other measures for self sustainability should be gradually built into the program, e.g. an aggressive marketing program for the membership drive. The current marketing proposal before the Board, which recommends various categories of membership (i.e. a graduated fee structure), should be implemented. The evaluation team suggests that, although the issue of self-sustainability needs to be taken seriously by K-MAP, this should not be allowed to overshadow the focus of K-MAP as a subsidized counselling service agency to small business people. It must be recognized that to require total self-sustainability (in the sense of internal revenue generation) is not reasonable given the orientation and target clients of K-MAP. If K-MAP charged clients full cost for the services, the target population would be different and this would transform K-MAP to a management consulting firm. However, it is reasonable to require cost efficiency and reliance on more than a few sources of funds. A brainstorming convention of members is recommended as it is likely to yield more ideas.

#### K-MAP Relationship With the "Outside" World

3.43. K-MAP does not have a very close collaborative relationship with other SSE sector organizations except those in the financial sector - Barclays Bank of Kenya, Small Enterprise Finance Company (SEFCO), Kenya Industrial Estates (KIE), etc. K-MAP can benefit from information-sharing and other collaborative relationships with institutions involved in entrepreneurship training and business management training.

#### K-MAP and Model Replication

3.44. The strength of the K-MAP idea cannot be over-emphasized as replication has already been sought by countries in Africa (Malawi, Botswana) and elsewhere. It is important for K-MAP to recognize this as an opportunity to market this as a possible area of technical assistance to other countries. A mechanism for replication should be established within the K-MAP structure.

#### K-MAP and the Kenyan Business Community

3.45. K-MAP enjoys tremendous support from the Kenyan business community and other development conscious groups and individuals. To maintain this goodwill, K-MAP must show that this high regard is deserved.

- K-MAP members must be given tangible and verifiable indications of performance (impact on clients).
- K-MAP members, clients and counsellors must be given periodic fora to critique K-MAP and offer proposals for improvement.
- The business community needs to have confidence that they are not developing a class of potential competitors. By now, most large businesses have

realized the symbiotic relationship between small and large firms in Kenya.

### K-MAP and Ex-Nairobi Operations

3.46. There is potential for K-MAP in the main towns in Kenya because of the growing number of small entrepreneurs in those areas who are not likely to have access to other sources of management training. In the rural areas and smaller towns, there is also a large number of retired executives from both the public and private sectors with management skills who can form the basis for a skills bank for training those engaged in small scale enterprises. In the medium term, K-MAP can open coordinating offices in Mombasa, Kisumu and Nakuru, using offices of willing volunteer counsellors.

### Conclusion

3.47. K-MAP has more opportunities than threats in its external environment. Coupled with a relatively strong internal position, K-MAP has a future as an assistance institution. Taking advantage of the tremendous goodwill in the business community (members and counsellors), K-MAP is capable of building a strong and reliable organization.

## CHAPTER 4

### TECHNICAL REPORTING REQUIREMENTS: FORMAT AND CONTENT

#### INTRODUCTION

4.1. Under the USAID Cooperative Agreement, the technical reporting requirements include a general assessment of progress and problems in counselling and workshop activities. The only quantifiable indicators in the Cooperative Agreement were the requirement that K-MAP provide data on the socio-economic characteristics of the workshop participants and clients. In the amendment to the Cooperative Agreement dated August 1991, the frequency of reporting was changed from quarterly to semi-annually. The Cooperative Agreement does not have performance targets.

4.2. However, in December 1990, a communication from USAID set out a detailed reporting format for the semi-annual reports prepared under the Cooperative Agreement. The types of information required were to fall into three major categories: institutional development, client impact assessment, and training/workshop summaries. The client impact assessment was to include increases in employment generated (gender disaggregated), annual sales, investment and foreign exchange earnings. The memorandum also required an analysis of data so as to derive general conclusions about the structure and performance of K-MAP clientele. There are two issues of the reporting requirements that need to be emphasized. First, the focus was on format, but no performance targets were set. The Logical Framework of the Project Paper contains variables such as the number of clients and counsellors, but few impact indicators (counselling hours, clients visited). The former are indicators of institutional size and potential capacity to impart counselling services, while the latter track performance. Second K-MAP did not design sufficient and foolproof systems to collect the basic data required to generate the aggregates stipulated in the reporting format.

#### CLIENT INFORMATION

4.3. In the Client Baseline Data (Form 007) filled by clients at registration, clients provide data on employment, annual sales and assets (at start of business and this year), and how the client came to know about K-MAP. A perusal of client files at K-MAP shows that there is ambiguity about the reference date for client baseline data. The client baseline data should strictly refer to the time the client first received K-MAP counselling. The Client Evaluation Data (Form 002) tries to update the information contained in the Client Baseline Data, in addition to client evaluation of workshops and counselling services. The Client Evaluation Data form is mailed to clients annually, but the response rate is about 20 to 30 per cent per year, according

to K-MAP estimates. The number of clients registered is included in the semi-annual reports.

4.4. The Client Questionnaire administered by the evaluation team sought the same kind of client identification information, partly to test the completeness of K-MAP client records. For about half of the sampled clients, the client baseline data in K-MAP files were either missing, incomplete or out-of-date. There is an urgent need to update the records, preferably through inserting an "address correction request" in letters to clients, which should include changes in the postal address and business location. The Seminar Participant Questionnaire completed by workshop participants should be filed by the secretariat in the clients files (for workshop participants who are K-MAP counselling clients) to help in tracking down changes in address.

4.5. The computerization of the client records is almost complete. In the previous data base, all the client records have been computerized except those registered during the period February-March, 1992. In the new data base, 310 out of 412 clients have been entered. The previous computerized data base has business identification information e.g. name, address and location. The new data base, which was created to contain more information on client performance (sales, employment, assets), counselling needs, counsellor allocated, and counselling sessions. The only amendment recommended in the ongoing computerization of clients records is to change the reference (in the computer program) to assets, employment and sales from "latest" to "actual month and year". This would facilitate assessment of changes in assets and sales in real terms, and validate claims about changes in client performance.

#### COUNSELLOR INFORMATION

4.6. The register of counsellors provides an up-to-date record on the counsellors available in the skills bank. The most useful gauge of performance of the volunteer counselling services is the Counselling Report (Form 004). However, only a few counsellors fill in the form, which makes it difficult for K-MAP to keep track of the number of counselling sessions and hours by volunteers. The K-MAP secretariat telephones counsellors to obtain the same information but this can not be as complete (in the number of counsellors contacted) or comprehensive (in quality of the information recorded) as reports filled by counsellors themselves. Due to the paucity of data, the K-MAP's reported figures on counselling sessions and hours can only be taken as estimates. The number of hours and sessions the secretariat puts into direct counselling may be more accurately recorded by the secretariat, although the evaluation team was not provided with a diary or log to validate the aggregated data.

4.7. The previous computerized skills bank contains information on all the counsellors registered to-date. However, data entry in the new skills bank has not been completed, with only 67 out of 228 counsellor records entered. The computerization of members'

records had just began, with only 4 out of 121 members' records entered.

4.8. There are four general recommendations in respect of computerization of client, counsellor and members' data. First, it is a waste of human resources for the same information to be entered in both the previous and the new data bank. Second, there is need to train all K-MAP staff in database and spreadsheets so that the data can be used routinely as a management tool. Third, there is a case for creating an additional post of computer clerk who will oversee the process of computerization. Fourth, a system of backup of the data should be created and, for security reasons, at least two sets of up-to-date computer data records and programs be stored outside of K-MAP offices, preferably by a K-MAP senior staff and USAID K-MAP Project Manager.

#### DEFINITIONAL ISSUES

4.9. The evaluation team encountered definitional problems in the measurement of K-MAP performance. As stated earlier, K-MAP offers both counselling and workshops, but a client is defined as one who has registered for counselling services. We were not able to capture the impact of workshops on "non-K-MAP" clients who have attended workshops as they do not fill Client Baseline Data and the annual Client Evaluation Data forms.

4.10. The classification of clients by active/inactive, by sex and by sector should be more refined. K-MAP defines inactive clients as those who have registered with K-MAP but have either not received a counselling needs assessment or have completed a set of counselling sessions and have not contacted K-MAP for more counselling. A normal counselling period is four to five sessions, after which the clients are supposed to pay a registration fee again. Most volunteer counsellors do not stop after five sessions and no client has so far paid the registration fee again. The paucity of the counselling reports makes it difficult for the K-MAP secretariat to distinguish active from inactive clients.

4.11. On mutual agreement between USAID and K-MAP, a business in which at least one owner is female is taken to be female-owned. The concept of ownership of household enterprises among the household members is rather ambiguous. K-MAP mapping of clients by sector also needs to be better defined and be captured in the computerized data base to ease the work of going through over 400 client records manually. K-MAP's mapping of clients by sector could be used to plan for sectoral workshops. The "miscellaneous" category is too large and contains about 10 per cent of clients, which is a sign of lack of clarity or completeness in classification.

4.12. According to the USAID/Kenya Private Enterprise Development (PED) project document, indicators of impact of counselling assistance are changes in employment, investment, turnover and foreign exchange earnings of client businesses. In

## CHAPTER 5

### K-MAP FINANCIAL EVALUATION

#### BACKGROUND

5.1. The Kenya Management Assistance Program (K-MAP) received a grant of US \$560,238 over a five year period effective from June 25, 1987 and was required to administer the grant funds in accordance with the terms and conditions set forth in USAID Handbook 13 Appendix 4D and OMB Circular No. A-110. It was also anticipated that, over the five year span of the project, K-MAP would be increasingly able to raise funds from other sources, and gradually move towards self sustainability. The target set was that by year five, USAID/Kenya would be financing only 50% of K-MAP's operational costs.

5.2. This Financial Evaluation was intended to determine whether these objectives were met. In addition, it was to:

- Ensure K-MAP's compliance with Hand Book 13 Section 4D requirements as outlined in the Cooperative Agreement in relation to financial, administrative and procurement systems.
- Assess K-MAP's financial performance over the five year period of the agreement.
- Ascertain with relative certainty, K-MAP's ability to attain financial self-sustainability in the near future.

5.3. In view of the time constraints, the review was limited to an analysis of accounting records and Audited Financial Statements for the fiscal years 1988/1991. The Corporate Plan for the period 1992/1995 was also assessed to determine if financial sustainability were tenable in the near future. In order to confirm the existence of financial and administrative systems, the Accounting Manual and Minutes of the Board of Directors and the Executive Committee were examined. Further information was derived from interviews conducted with the Program Administrator, the Deputy Program Administrator and the Accountant.

5.4. The findings of this evaluation were that K-MAP has adequate financial and administrative systems to provide reasonable assurance that funds are accounted for. Books of account are kept in accordance with generally accepted accounting principles, and are annually audited by Certified Public Accountants. Procurement transactions are conducted in a manner to provide, to a maximum extent practical, open and free competition, and lines and levels of authority are clearly defined and known to facilitate cohesive administration.

5.5. This review also established that K-MAP has made some efforts in its quest to create self sustaining activities, as evidenced by revenue generating services such as the sale of publications, cassettes and "The Small Business Forum". The income generated from these activities has increasingly improved K-MAP's financial sustainability over the years. However, with more aggressive marketing, increased sales and further strengthening of the debt collection system, it appears that K-MAP could realize increased income in future. All these aspects considered, the review did not provide evidence of K-MAP achieving financial sustainability in the near future. There are strong indications that K-MAP will need continued donor support in the future.

#### **ADMINISTRATIVE SYSTEMS**

5.6. The review confirmed that the administrative organ of K-MAP is the secretariat, which consists of the Program Administrator, the Deputy Program Administrator, a Training Officer, the Forum editor, a part-time accountant and four support staff. The secretariat co-ordinates counselling and other program activities to meet the needs of K-MAP clients. The activities of the secretariat are overseen by an Executive Committee. However, the ultimate authority is vested in the Board of Directors. The Board is responsible for directing the overall affairs of the organization and setting its long term strategies. The Board's membership is drawn from chief executives and other top professionals of member companies. All annual budgets of projected receipts and payments are presented to the Board for approval. And on a quarterly basis, reports on the analysis of actual expenditures compared to those budgeted, are reviewed by the Board. Where applicable, the same reports are presented to USAID for necessary approval and action.

#### **ACCOUNTING AND FINANCIAL SYSTEMS**

##### **Accounting Procedures**

5.7. This review observed that K-MAP has adequate accounting and financial systems to administer USAID grant funds. The accountant, who reports to the Program Administrator, is responsible for K-MAP's book-keeping function. He prepares and posts all payment vouchers and receipts into the account books. In order to preclude double or fraudulent payments, payment vouchers are supported by the requisite documentation such as suppliers invoices, fee notes, etc, and cheques are not valid unless signed by two signatories: the Program Administrator, who is the "A" signatory or his representative, and the second or "B" signatory who is the Treasurer or his representative. Payment vouchers and supporting documentation are date-stamped "PAID" and relevant cheque and voucher numbers entered thereon. Once entered into the cash book, all vouchers are filed sequentially for accountability and ease of reference. The USAID Standard Form 1034 is processed similarly, checked and approved by the Chairman of the Board of Directors, and finally sent to USAID for further processing.

5.8. All minor payments are made from a petty cash fund of about KShs. 3,000 which is kept under lock and key and is under custody of the accountant. Payments from this fund are through petty cash vouchers which must be approved by the Program Administrator or his alternate. Petty cash vouchers are signed by the payees for control purposes, and reimbursements of petty cash effected through payment vouchers.

5.9. To facilitate adequate control over cash collection, the secretary to the Program Administrator records all cash receipts. The Accountant then prepares cash deposit slips and does the banking. K-MAP maintains a separate bank account for the USAID grant at Standard Chartered Bank, Kenyatta Avenue. Bank reconciliations for these accounts are carried out every month by the accountant. All stocks of receipts are kept under lock and key, and, from time to time, the Program administrator carries out a sequence check on receipts issued and those held in the safe.

5.10. Every month, a detailed report of expenditure incurred and income received compared to the budget is submitted to the Executive Committee. Subsequently, monthly returns of expenditure incurred and income received compared to budget are submitted to USAID in a prescribed format. The annual accounts are prepared at the end of each fiscal year and audited by Certified Public Accountants. Previously the audits were carried out by Githongo and Company, but since Fiscal Year 1991, Coopers and Lybrand have taken over.

#### Procurement Procedures

5.11. The procurement procedures in place allow for competitive tendering and bidding. Until August, 1991, payments for goods and services amounting to KShs 10,000 or more were sent to USAID for approval. Thereafter, this procedure has been used for purchases or payments for goods and services equivalent to or exceeding KShs 20,000 in recognition of inflationary effects. For purchases of fixed assets, at least three quotations and the approval of the Executive Committee are required. K-MAP's motor vehicle was procured after the presentation to USAID of the vehicle use policy and usage log. However, efforts to access the log in order to help identify the purposes for which the vehicle was utilized proved fruitless. Consequently, an opinion as to whether there were adequate controls over vehicle usage could not be expressed.

#### Fixed Assets

5.12. There are written procedures for acquisition, classification and recording of fixed assets, and a sequential register of fixed asset numbers should be maintained by the accountant. The register is supposed to include year of acquisition, purchase price, depreciation, value of major repairs, net book value, and the physical location of each asset. However, K-MAP was not able to provide this register for review.

## CASH FLOW ANALYSIS

5.13. TABLE 1: ANALYSIS OF INCOME AND EXPENDITURE 1988/1991

(All figures are in KShs.)

	1988	1989	1990	1991
USAID GRANT	799,851	1,767,551	2,106,178	2,416,110
OTHER INCOME	601,922	65,130	294,617	405,578
TOTAL INCOME	1,401,773	1,832,681	2,400,795	2,821,688
TOTAL EXPENSES	1,255,941	1,779,518	2,257,449	2,825,278
SURPLUS/ (DEFICIT)	145,832	53,163	143,346	(3,590)

Source: Audited Financial Statements 1988/1991.

From the above statements the following trend was observed:

	1988/1989	1989/1990	1990/1991
GROSS INCOME GROWTH RATE	31%	31%	18%
EXPENDITURE GROWTH RATE	42%	27%	25%
OTHER INCOME GROWTH RATE (89%)		352%	38%

The nominal income growth rate stood at 31% over the period 1988 to 1989, declining by almost 50% during 1990/1991 to stand at 18%. Conversely, expenditures growth rate stood at 42% during 1988/1989, 27% between 1989/1990, and 25% between 1990/1991, which is a good indication of control over expenditures.

5.14. K-MAP registered 2 percentage points decrease in the growth of expenditure during 1989/1991 as compared to 13 percentage points decrease in income growth over the same period. This eventually led to a deficit of KShs. 3,590 registered in the fiscal year 1991. The introduction of the Small Business Forum in tabloid form mainly contributed to this position as it incurred large expenditures which were not matched by revenue.

5.15. Over the period 1988/1991 the following statistics were also noted:

TABLE 2:

AS A % OF TOTAL INCOME	1988	1989	1990	1991
USAID GRANT	57%	96%	88%	86%
OTHER INCOME	43%	4%	12%	14%
AS A % OF TOTAL EXPENDITURE				
USAID GRANT	64%	99%	93%	86%
OTHER INCOME	48%	4%	13%	14%

SOURCE: Audited Financial Statements 1988/1991.

From the table, a declining trend in USAID's support of K-MAP's expenditures is observed. This decline, however, does not meet the targeted requirements, as by the end of fiscal year 1991, the USAID grant still constitutes 86% of K-MAP's total expenditure as compared to the projected rate of 50%. While K-MAP continues to rely heavily on the USAID grant, visible efforts are made to achieve self sustainability as evidenced by the rising trend in other income.

TABLE 3: DETAILED ANALYSIS OF GENERAL FUND 1988/1991

AS A % OF GENERAL FUND	1988	1989	1990	1991
FOUNDER MEMBERS FEES	95%	6%	3%	9%
REGISTRATION FEES	2%	64%	17%	9%
SALE OF INFO. MATERIALS	1%	1%	12%	19%
SEMINAR FEES	2%	29%	36%	37%
SALE OF FORUM NEWSPAPER	-	-	-	2%
OTHER INCOME			33%	24%
TOTAL	100%	100%	100%	100%

SOURCE: Audited Financial Statements 1988/1991.

5.16. The above statistics reveal that the share of registration fees in the general fund has decreased significantly over the years, a decline of 55 percentage points over the period 1989/1991. Seminar fees registered an increase of 7 percentage points between 1989/1990; however, the growth rate increased by only 1 percentage point between 1990/1991. On the other hand,

the sale of information materials has registered a steady growth of 18 percentage points over the period 1989/1991, indicating its high potential as an income earner.

TABLE 4: ANALYSIS OF FORUM INCOME

	JANUARY 1992	MARCH 1991
	KShs	KShs
INCOME	489,902	8,980
EXPENDITURE	448,783	76,814
SURPLUS/(DEFICIT)	41,119	(67,834)

SOURCE: K-MAP Accounting Records.

5.17. The introduction of the Forum Newsletter in tabloid form constituted 2% of total income in fiscal year 1991. The expenditures related to this activity, amounting to 19% of total expenditure, however, far outweighed the contribution to income, resulting in a net deficit position of KShs. 67,834. An analysis of Forum's income and expenditure as at January 31, 1992, indicated a surplus of KShs. 41,119. After adjusting for accruals, a net cash deficit of KShs.146,622 was observed. The same statement showed advertisement sales of KShs. 462,902, out of which only 40% or KShs.185,161 had been realized. It was therefore difficult for the review to ascertain Forum's viability in the absence of efficient marketing and debt collection mechanisms.

45

TABLE 5: BALANCE SHEET ANALYSIS

(All figures are in KShs)

	1988	1989	1990	1991
FIXED ASSETS	24,550	541,658	537,767	705,606
DEBTORS/DEPOSITS	-	14,084	23,150	77,747
GRANTS RECEIVABLE	-	67,286	318,857	180,310
CASH/BANK BALANCES	239,899	223,212	50,569	383,130
TOTAL CURRENT ASSETS	239,899	304,582	392,576	641,187
TOTAL ASSETS	264,449	846,240	930,343	1,346,793
CREDITORS/ACCRUALS	115,471	130,137	74,785	239,508
REIMBURSABLE EXPEND.	3,146	-	-	-
GENERAL FUND	121,282	174,445	317,791	401,679
SPECIFIC FUND	24,550	541,658	537,767	705,608
TOTAL LIABILITIES/FUNDS	264,449	846,240	930,343	1,346,795

Source: Audited Financial Statements 1988/1991.

5.18. Given the nature of K-MAP's balance sheet and its operations, the balance sheet analysis was restricted to the following parameters: liquidity, profitability, and asset management.

#### A. LIQUIDITY

	1988	1989	1990	1991
Current Assets	239,899	304,582	392,576	641,187
Current Liabilities	<u>118,617</u>	<u>130,137</u>	<u>74,785</u>	<u>239,508</u>
Current Ratio	2.0	2.3	5.2	2.7

K-MAP's current ratio has been strong over the period analyzed, indicating its ability to meet short term commitments. The strength in the current ratio was mainly due to the infusion of the USAID grant funds which make up most of the current assets.

B. PROFITABILITY

	1988	1989	1990	1991
NET SURPLUS/DEFICIT	145,832	53,163	143,346	(3,590)
TOTAL ASSETS	<u>264,449</u>	<u>846,240</u>	<u>930,343</u>	<u>1,346,793</u>
	55%	6%	15%	(0.3%)

SOURCE: Audited Profit/Loss Statements and Balance Sheets. 1988/1991.

5.19. The return per shilling of assets decreased by 49 percentage points between 1988/1989. Between 1989/1990, it showed some signs of recovery with an increase of 9 percentage points. However, this ratio declined by 15 percentage points between 1990/1991 to register a negative figure of 0.3%. It was not possible to confirm the full implications of these ratios because, for one, K-MAP offers its services at below market prices and as such very large surpluses are not anticipated from its operations. Secondly, there was no institution similar to K-MAP which could form a basis of comparison. However, the negative ratio in 1991 was alarming as it indicates inability to break-even despite the support from grant funds.

C. ASSET MANAGEMENT

5.20. K-MAP's debtors were reviewed to determine the efficiency in debt collection with the following results for debts outstanding as at March 31, 1991:

TABLE 6. All figures are in KShs.

DETAILS	DEBTORS	% OF TOTAL DEBTORS	INSURANCE/ DEPOSITS COMPONENT
CURRENT	16,352	21%	NIL
2 MONTHS	11,150	14%	NIL
3 MONTHS	16,000	20%	NIL
4 MONTHS	12,994	17%	9,324
OVER 1 YEAR	15,750	20%	NIL
FUEL DEPOSIT	6,500	8%	6,500
TOTAL	78,746	100%	15,824 OR 20%

SOURCE: Debtors ledger K-MAP.

From this analysis, it is evident that as at March 31, 1991, 57% of debtors were over 90 days. Although part of this figure was made up of insurance deposit, there is a need for more aggressive

debt collection if better utilization of funds is to be achieved. An analysis of creditors on the contrary revealed that 96% of creditors were either current or 2 months old, indicating an efficient payment processing system.

TABLE 7: ANALYSIS OF FORECASTED INCOME/EXPENDITURE 1992/1996  
(All figures are in KShs)

	1992	1993	1994	1995
TOTAL FEE INCOME	1,029,000	1,248,000	1,366,000	1,523,000
TRAINING	42,000	120,000	185,000	176,000
PUBLICATIONS	50,000	50,000	50,000	50,000
CASSETTES	7,000	11,000	11,000	11,000
FORUM	573,000	980,000	1,340,000	1,864,000
TOTAL INCOME	1,701,000	2,409,000	2,952,000	3,624,000
COUNSELLOR EXPENSES	148,000	167,000	186,000	205,000
ADMIN. EXPENSES	2,920,000	3,165,000	3,434,000	3,730,000
TOTAL EXPENDITURES	3,068,000	3,332,000	3,620,000	3,935,000
DEFICIT	1,367,000	923,000	668,000	311,000

SOURCE: K-MAP Corporate Plan 1991/1995.

5.21. The following projected parameters were derived from the K-MAP Corporate Plan 1991-95:

	1992/93	1993/94	1994/95
Growth in Fee Income	18%	9%	10%
Growth in self sustaining services income	73%	37%	32%
Growth in total expend.	9%	9%	9%
Decrease in Deficit	32%	28%	53%

	1992	1993	1994	1995
Income as % of Exp.	55%	72%	82%	92%

Memorandum items

If Growth in Exp. (%)	9	20	20	20
Income as % of Exp.	55	65	67	68

5.22. K-MAP intends to realize the above growth rates by diversifying its income base rather than heavily relying on membership fees. It anticipates generating more revenue by increased registration of clients to the targeted figure of 500 clients by 1995, coupled with higher client fees. K-MAP should also enforce the rule that a client pays registration fee again after every five counselling sessions. Self sustaining services such as publications and Seminar Audio Cassettes are projected to increase revenue by more aggressive marketing. Finally, the Small Business Forum is expected to make the largest surpluses through advertisement sales. The surpluses generated will increasingly assist K-MAP to meet its operational costs so that by 1995 internally generated revenue will support 92% of total expenditures. Over the same period (1992/1995), it is projected that K-MAP will require external funding to finance its projected deficits to the tune of 45% of total K-MAP budget in 1992, 28% in 1993, 18% in 1994, and 8% in 1995.

5.23. These parameters were viewed as reasonable given K-MAP's previous financial performance. However, the expenditures in the Corporate Plan seemed to be underestimated after taking into consideration the fact that the average growth rate in expenditure incurred over the period 1988/1991 was 31% compared to the forecasted 9% per year for the period 1992/1995. Cuts in costs could also be limited by the high inflationary conditions in the domestic economy. The implications of this are that larger deficits than those already predicted could be incurred and consequently higher levels of donor financing could be needed. If expenses increased by, say, 20 per cent annually (which is close to the true inflation rate), the K-MAP requirements for external funding would stabilize at about 33 per cent beginning 1993. The growth in expenditure of 9 per cent for

1992 is assumed to be achievable due to the savings on the salary of the Program Administrator, i.e. for the period K-MAP will take to find a suitable replacement to the Program Administrator who left at the end of April 1992. The external funding requirements would be higher if (a) the recommendations to increase K-MAP staff outlined in this report were implemented, and (b) the revenue targets in the Corporate Plan were not met.

5.24. GRANT FUNDS AVAILABLE

Grant funds available as at May , 1992	\$21,206
K-MAP's Burn Rate (expenditure rate) per month	\$3,804

The burn-rate was arrived at after working out the mean expenditure rate over a period of 38 months, from February 1988 to August 1991. The source of data was the Mission Accounting System (MACS) PO4 reports. This balance is predicted to be able to sustain a maximum of six calendar months of K-MAP's expenses, at the exchange rate of KShs 39 to the dollar, and in this respect, a three-month no-cost extension to the project is recommended.

## CHAPTE

### IMPACT OF A:

#### K-MAP OUTPUTS

6.1. K-MAP focusses on the target group specified in the Project Paper, i.e. those running or planning to start small businesses. K-MAP operates mainly in the Nairobi metropolitan area (defined as being roughly within 30 km radius from the city center) and an estimated 68 per cent of K-MAP clientele is from the Nairobi area. The clients from outside Nairobi do not receive regular site visits and have to come to K-MAP offices for counselling services. However, K-MAP staff occasionally visit them on circuit tours.

6.2. K-MAP has achieved most of the targets set out in the Project Paper. It has managed to register 412 clients (compared with a target of 600), 228 volunteer counsellors (target: 100), and 121 sponsor member companies. K-MAP Cooperative Agreement reports show that the number of counselling sessions by both the secretariat and volunteer counsellors were 847 in 1990, 987 in 1991, and 273 for the period January - March, 1992. This surpasses the output target of 2,000 clients served set out in the USAID Project Paper. (The "2,000 clients served" in the PED Logical Framework is interpreted to mean counselling sessions.) However, there have not been any induction/training courses for counsellors.

6.3. As of March 1992, K-MAP had organized 35 workshops with a combined participation of 1664. The workshops have either been general (22), sectoral (7) or custom-designed (6). The target number of seminars in the Project Paper was 28, which is understood by the evaluators as excluding custom-designed workshops. Workshop participants fill post-workshop evaluation forms which help K-MAP to understand the socio-economic characteristics of participants and opinions of participants on the content and mode of delivery of workshop services.

#### SUMMARY OF THE SURVEY FINDINGS

##### Survey Design

6.4. To measure the impact of K-MAP assistance, a survey of K-MAP clients was conducted. Details of the survey organization and results, the questionnaires used, and the principles of interviewing, form the contents of Volume 2 of this report.

6.5. Out of 372 clients who had registered with K-MAP from its registration to January 1991, the following categories were netted out: clients from West of the Rift Valley because of the perceived security risk to interviewers due to the 'tribal clashes'; registered clients who had not received any counselling assistance; businesses known to be closed or under receivership;

businesses known to have been sold out to new owners; and businesses known to have changed location and where the new location has not been identified by K-MAP staff. After netting out the above categories, the remaining 219 clients comprised the target population. A random sample of 80 was selected. Due to time constraints and difficulty in locating some clients, only 26 questionnaires were filled, and there was one refusal. In addition, some potential respondents contacted could not be interviewed as they had not received counselling assistance. One of the criteria K-MAP had been given for inclusion of clients in the survey target population was that a client should have received at least one counselling session. It would be useful to conduct a survey to establish the exit rate (i.e. business failures) of the K-MAP clients as this is a useful summary measure of the K-MAP portfolio performance.

### Program Outputs

6.6. Ownership of the 26 responding firms by gender was distributed as follows: one male owner (9 firms, 34.6 per cent), two male owners (1 firm, 3.8 per cent), one male and one female (14 firms, 53.8 per cent), one female owner (1 firm, 3.8 per cent), and two males and one female (1 firm, 3.8 per cent). In all, 16 firms had at least one female owner. The business owners of the responding firms were all Africans, except one. Eighteen (69 per cent) out of 26 businesses were located in the Nairobi metropolitan area. Ownership of business was distributed between one owner (10 cases or 38 per cent), two owners (58 per cent) and three owners (4 per cent). Seventy-seven per cent of respondents heard about K-MAP from newspapers.

6.7. About 45 per cent of the respondents said they were given counselling services almost immediately, and only 15 per cent took over two months before receiving counselling services. The average time taken to initiate counselling after the request has been received was reported as 1.6 months. The number of counselling sessions were 1-4 for 52 per cent of the respondents and five and over for 48 per cent of the respondents, with a mean value of 7.8 counselling sessions. The respondents who reported that counselling led to changes in the business were 76 per cent, while 86 per cent reported having gained new skills.

6.8. The main areas of counselling were: starting new business/business planning (17 per cent), marketing/sales promotion (17 per cent) and book-keeping/pricing (26 per cent).

6.9. On a scale of 1 to 7, where 1 is "Poor", 7 is 'Excellent', and 4 is "OK", counsellors' knowledge of subject area scored a mean of 5.9; counsellors' skills in explaining things had a mean of 6.1; and the usefulness of counselling to the business had a mean of 5.9. Eighty one per cent of the clients were interested in trying to get more K-MAP counselling services. On the changes required to improve counselling services: 33 per cent reported that no changes were required; the need for counsellor follow-up to assess implementation (19 per cent); while the need for better availability of counsellor, better counsellor knowledge of

subject area, and avoidance of premature termination scored equally (9.5 per cent each). Only 45 per cent of the responding clients would be willing to pay the full cost of counselling services, which was estimated at KShs 1,275 (\$40) per counselling hour.

6.10. Only two respondents (8 per cent) had not attended workshops and one client had attended a total of 20 workshops. The average number of workshops attended was almost 4. Seventy three per cent reported that workshops led to changes in their business, and all respondents reported as having gained skills. On a scale of 1-7, the usefulness of workshops to business scored a mean of 5.8. On the changes required to improve workshop services, the need for more time/days scored 32 per cent, no changes required was cited by 18 per cent, and nearness to business location by 14 per cent. Only 4 (i.e. 17 per cent of respondents) would be willing to pay the full cost of workshop services, which was estimated at KShs 3,000 (\$94) per participant for a workshop held in Nairobi and KShs 4,100 (\$128) for a workshop held outside Nairobi.

6.11. Only 42 per cent of the respondents had received other K-MAP assistance, mainly in the areas of market contacts, linking to lending agencies, and identification of sources of inputs and equipment. Seventy per cent reported that counselling was more useful to the business than workshops, 30 per cent reported that workshops were more useful than counselling, and no respondent ranked "other K-MAP assistance" as more useful to the business.

#### **Impact of Assistance**

6.12. The statistics presented here are for firms that reported employment data at both baseline and the most recent period. For the 24 firms that reported employment data at both baseline and the most recent period, the major category of responding firms had 1 to 5 employees, with 70.9 per cent of the respondents at baseline and 50.0 per cent for the most recent period<sup>1</sup>. The responding firms with at least ten employees were 5 (20.8 per cent) at baseline and 9 (37.5 per cent) for the most recent period. The average level of employment per firm (excluding the firm with a relatively high employment level) increased from 5.1 to 8.3 during the reference period. For the 24 K-MAP clients who reported employment data for both baseline and the most recent period, the weighted annual average growth in employment was 6.5 per cent. Out of 24 responding firms, fifteen had female employment at baseline period, compared with 16 firms for the most recent period. For the 24 firms that reported employment data at both baseline and the most recent period, the proportion of female employment to total employment was 30.3 per cent at baseline and 38.4 per cent for the most recent period.

---

<sup>1</sup>. The data on employment includes both full-time and part-time employees.

6.13. The statistics presented here are for firms that reported revenue data at both baseline and the most recent period. Using real revenue data (re-based to March 1992)<sup>2</sup>, majority of the firms were in the Shs 0-100,000 range, with 11 firms (61.1 per cent) at baseline and 9 firms (50.0 per cent) for the most recent period. There were two responding firms (11.1 per cent) with real revenue greater than Shs 500,000 a month at baseline, compared with one firm (5.6 per cent) for the most recent period. The real average revenue increased from Shs 163,379 at baseline to Shs 189,291 for the most recent period. The weighted average annual growth in real revenue was 14.6 per cent for the 18 firms which reported total revenue for both baseline and the most recent period.

6.14. The statistics presented here are for firms that reported assets data at both baseline and the most recent period. Using real assets data (re-based to March 1992), majority of the firms were in the Shs 0-500,000 assets range, with 18 firms (78.3 per cent) at both baseline and the most recent period. There were five responding firms (21.7 per cent) with real assets greater than Shs 500,000 at both baseline and the most recent period. The real average assets increased from Shs 423,992 at baseline to Shs 537,557 for the most recent period. The weighted average annual growth in real assets was 33.9 per cent for the 23 firms which reported total assets for both baseline and the most recent period. In summary, the distribution of growth rates show that 7 respondents (29 per cent) had registered negative or zero increase in employment; 5 respondents (28 per cent of the firms) had registered zero or negative increases in real revenues; and 8 responding firms (35 per cent) had registered zero or negative increases in the real assets.

6.15. The average annual growth rates of assets, business turnover, and employment are difficult to interpret because one client business represented about half of employment in the whole sample. The growth rates for individual firms are equally difficult to interpret due to the short time period (3 months for one firm) that elapsed since assistance was received; and the small size of the client firms. For example, an enterprise which started operating and sought counselling three months before the field survey commenced registered a high increase in real revenue (14 times annualized rate) that could not probably be sustained in the long run. In addition, an increase in employment from 1 to 2 in one year is taken as 100 per cent growth rate; and 2 to 3 is taken as 50 per cent.

---

<sup>2</sup>. The primary data on assets and revenue were converted from nominal to real terms by using the Lower Income Consumer Price Index for Nairobi. The Nairobi Lower Income Consumer Price Index, compiled by the Central Bureau of Statistics, is used by the International Monetary Fund as the general index of consumer prices for Kenya. The index includes rent and has January-June 1975 base.

6.16. About 40 per cent of the client businesses sell to individuals, while most client businesses have not started selling new products, and operate within a limited geographical market. K-MAP assistance does not appear to have had a great impact in clients' ability to expand lines of products, identify new customers, or expand to new geographical markets, possibly because of the low capitalization of the clients' businesses.

6.17. On the application of profits, three firms (12.5 per cent) reported that they had not made any profits, 54 per cent had re-invested in the business and only 21 per cent had invested in real estate and other household enterprises. The size of the sample does not permit unambiguous conclusions on how the small businesses apply their profits.

6.18. Fourteen respondents had received assistance from other organizations, mainly from financial institutions (credit) and non-governmental organizations. The cost of this assistance can't be compared with K-MAP because the cost of the assistance has either been in the form of interest payments (on loans to K-MAP clients from financial institutions) or the assistance is not comparable from that received from K-MAP. None of the assistance from other organizations was ranked as more useful than K-MAP services. The constraints to business expansion were reported as mainly finance for fixed capital (36 per cent) and finance for working capital (40 per cent).

### Conclusion

6.19. There has not been any rigorous analysis of the survey data due to the poor response rate (26 clients out of the target population of 219). The evaluators have therefore deliberately avoided making any firm conclusions about the implications of the survey data. However, the survey is useful in:

- (a) Giving the major organizational and logistical efforts required to undertake a survey of the magnitude that was originally planned;
- (b) Clarifying the conceptual difficulties in measuring the impact of assistance e.g. the definition of employment and the reference period for baseline information on clients who had not started businesses when counselling assistance was received; and
- (c) Showing the implications of the quality of the baseline information available on K-MAP clients, mainly the business identification data, on the level of effort required in the survey organization.

6.20. The evaluation team recommends that an impact study of K-MAP clients, using the survey methodology developed during this evaluation, be undertaken in future. For such a survey to be successful, K-MAP would need to update its baseline information, mainly the postal address and the physical location of the client businesses.

6.16. About 40 per cent of the client businesses sell to individuals, while most client businesses have not started selling new products, and operate within a limited geographical market. K-MAP assistance does not appear to have had a great impact in clients' ability to expand lines of products, identify new customers, or expand to new geographical markets, possibly because of the low capitalization of the clients' businesses.

6.17. On the application of profits, three firms (12.5 per cent) reported that they had not made any profits, 54 per cent had re-invested in the business and only 21 per cent had invested in real estate and other household enterprises. The size of the sample does not permit unambiguous conclusions on how the small businesses apply their profits.

6.18. Fourteen respondents had received assistance from other organizations, mainly from financial institutions (credit) and non-governmental organizations. The cost of this assistance can't be compared with K-MAP because the cost of the assistance has either been in the form of interest payments (on loans to K-MAP clients from financial institutions) or the assistance is not comparable from that received from K-MAP. None of the assistance from other organizations was ranked as more useful than K-MAP services. The constraints to business expansion were reported as mainly finance for fixed capital (36 per cent) and finance for working capital (40 per cent).

### **Conclusion**

6.19. There has not been any rigorous analysis of the survey data due to the poor response rate (26 clients out of the target population of 219). The evaluators have therefore deliberately avoided making any firm conclusions about the implications of the survey data. However, the survey is useful in:

- (a) Giving the major organizational and logistical efforts required to undertake a survey of the magnitude that was originally planned;
- (b) Clarifying the conceptual difficulties in measuring the impact of assistance e.g. the definition of employment and the reference period for baseline information on clients who had not started businesses when counselling assistance was received; and
- (c) Showing the implications of the quality of the baseline information available on K-MAP clients, mainly the business identification data, on the level of effort required in the survey organization.

6.20. The evaluation team recommends that an impact study of K-MAP clients, using the survey methodology developed during this evaluation, be undertaken in future. For such a survey to be successful, K-MAP would need to update its baseline information, mainly the postal address and the physical location of the client businesses.

ANNUAL AVERAGE RATE OF GROWTH OF EMPLOYMENT, REVENUE AND ASSETS (%)

Firm No.	Nominal			Real	
	Employment	Revenue	Assets	Revenue	Assets
1	14.85	19.84	11.56	3.92	(3.26)
2	(5.27)	43.20	2.84	23.30	(11.45)
3	37.84	(18.67)	16.86	(29.72)	0.97
4	10.81	(8.07)	23.48	(18.55)	9.40
5	0.00	(7.34)	8.43	(18.59)	(4.74)
6	34.28	38.57	42.46	22.80	26.25
7	30.29	23.33	30.29	10.59	16.83
8	8.74	5.01	8.69	(7.82)	(4.59)
9	48.60	210.74	10.98	165.78	(5.08)
10	0.00	-	129.22	-	98.06
11	0.00	47.94	80.11	26.76	54.32
12	0.00	48.18	276.83	30.70	232.38
13	62.93	225.07	22.78	185.86	7.97
14	22.26	76.21	347.53	48.24	276.50
15	100.00	-	220.66	-	154.99
16	85.68	740.18	0.00	724.66	(1.85)
17	144.14	73.85	48.13	52.73	30.13
18	92.55	19.05	24.34	5.67	10.36
19	27.65	-	89.99	-	66.91
20	51.20	28.38	30.01	11.32	12.73
21	(13.58)	(28.74)	(28.19)	(36.50)	(36.01)
22	10.91	-	8.48	-	(5.93)
23	23.17	-	488.09	-	407.85
24	0.00	-	-	-	-
Weighted annual average (%)	6.53	29.77	53.81	14.63	33.90
Number of firms	24	18	23	18	23

**NOTE:**

- (a) Assets is the sum of business premises (if owner-occupied), business stocks, and "other" fixed assets (machinery, equipment, etc.).
- (b) The data on employment includes both full-time and part-time employees.
- (c) The primary data on assets and revenue is converted from nominal to real terms by using monthly Lower Income Consumer Price Index for Nairobi (Source: International Financial Statistics, International Monetary Fund, Washington, DC).
- (d) A dash (-) means that the growth rate for that variable could not be calculated due to missing client business data.
- (e) Brackets (.) means that the growth rate is negative.
- (f) The weighted annual average growth in employment is derived by weighting each firm's growth rate with the proportion of the baseline employment for the firm to the total baseline employment for all firms. The weighted annual average growth rates in nominal revenues and nominal assets use nominal values of revenue and assets at baseline as weighting factors, while the weighted annual average growth rates in real revenue and real assets use the real values of revenue and assets as the weighting factors.

51

## CHAPTER 7

### SUMMARY AND RECOMMENDATIONS

#### INSTITUTIONAL DEVELOPMENT

##### Program Composition

7.1. The K-MAP business counselling activity is a unique methodology of small business training in Kenya. However, any additional programs must be carefully chosen to complement or supplement this core function. Guidelines for diversification of activities should be developed. The evaluation team recommends that K-MAP concentrate on management and technical counselling, and complement this with workshops and a Research and Information unit. Future projects and programs should focus on this core as much as possible.

##### Program Management

7.2. K-MAP commands a large skills bank whose full potential has not been realized. This is due to inadequate data bank management and inadequate follow-up once counsellors have been registered. K-MAP needs to develop systems that will enable it to take full advantage of the skills available. There is also a need for a focused campaign to strengthen the composition of the skills bank.

7.3. Counsellors need to be adequately prepared for the counselling task through training, regular feedback and adequate rewards (in non-monetary terms) for time spent on counselling. In addition, counsellor morale could be improved by involving them in K-MAP activities at the policy and operational levels.

7.4. The workshops continue to attract a large number of participants. According to the K-MAP Corporate Plan (1991-95), workshops will be made more effective by limiting participants to 50 per general workshop and to 20 for other types of workshops. The number and variety of subjects of workshops have increased. For greater impact, the evaluation team recommends more sectoral workshops since small scale businesses tend to require more specific training and counselling.

7.5. The workshops need to be focussed on specific target groups even within sectors as clients tend to have disparate needs, and educational and conceptualization levels. This will allow the facilitators to be more focussed in approach and in dealing with specific questions from clients.

7.6. The custom-designed workshops, which are organized for specific institutions, currently cover a wide range of subjects. The team recommends that K-MAP give less focus to custom-designed workshops. Instead K-MAP should organize Training of Trainers seminars on counselling techniques (even for those who are not

K-MAP counsellors) in order to utilize the knowledge accumulated in counselling and to increase the potential number of counsellors.

### Management style

7.7. K-MAP is a young and unique institution which has needed a close monitoring of activities at all levels. However, because of the potential of tension and conflict owing to a highly supervisory management style, a more discretionary style is advised. This has to be accompanied by a clearer definition of functions and job descriptions; flows of information; and reporting requirements for the Executive Committee, the Program Administrator and the support staff of the secretariat.

7.8. The evaluation team recognizes that personal networks will continue to play a vital role in K-MAP's institutional development. However, K-MAP will benefit greatly from an institutionalization of such networks.

7.9. K-MAP has, to-date, heavily relied on non-formalized modes of communication based on personal networks e.g. in accessing donor funds. Although this is positive, it has in some cases interfered with official channels of communication.

### K-MAP's size

7.10. Although there is need to have diversity and contribution from several sections of the business community, the evaluators consider the size of the Board of Directors to be too large. For an institution such as K-MAP, a Board of seven to ten members would be more efficient.

7.11. Currently, all the chairmen of the functional committees (which are the functional organs of the Executive Committee) serve on the Board of Directors. It is recommended that the Chairman of the Executive Committee, the Chairman of the International Relations Committee and the Secretary of the Executive Committee represent the Executive Committee on the Board.

7.12. The secretariat needs to be expanded to cater for expansion in services offered and the number of clients, members, and counsellors. In addition to streamlining the responsibilities of the secretariat staff, it is recommended that a Program Officer in charge of counselling be employed in order to improve program management.

### Manpower and capacity

7.13. K-MAP secretarial staff appear qualified for their jobs. However, there is need to train all of K-MAP staff in data base management since K-MAP heavily relies on the client and counsellor data base.

7.14. There is need to continue training the program staff (i.e. Workshops and Counselling Program Officers) in small business development and counselling skills development so as to keep them up-to-date.

7.15. We recommend that the Program Administrator and Deputy Program Administrator should perform less counselling except for client needs assessment and counselling needs related to how to start/plan a business. The actual time spent by the secretariat in direct counselling was not available as the estimates in the Annex are for the time spent on: the office routines, needs assessment and site client visits related to the counselling activity, and direct counselling. The Training Officer should continue using volunteer counsellors in workshop training.

#### Management data needs

7.16. With an adequate and streamlined information system (incorporating a good Monitoring and Evaluation System), K-MAP is capable of making good managerial decisions. More specifically, K-MAP needs to update its client and counsellor records; have periodic performance evaluation of clients and counsellors; and measure client, counsellor and member attitudes toward K-MAP.

#### Donors and Self-Sustainability

7.17. K-MAP is based on the concept of providing assistance to those less able to assist themselves. This concept has the potential to attract a variety of donors including the Kenyan business community. However, there is need for K-MAP to present proposals for activities as cost and revenue centers. This way, K-MAP can identify possible donors for specific activities within the K-MAP mission and objectives.

7.18. Although the issue of self-sustainability is of the essence in private sector operations, pursuit of this objective should not be allowed to overshadow the image of K-MAP as a subsidized counselling organization. Internal revenue generation based on current activities will remain limited to K-MAP's ability to intensify promotion of activities other than the counselling service. In this regard, the team recommends that external funds (i.e. from donor agencies and K-MAP members) continue to constitute a large proportion of operational expenses, especially for the counselling service. The team also recommends a diversification of donors supporting K-MAP in order to reduce funding uncertainty.

7.19. The evaluation team also recommends that client fees should be increased in line with the rate of inflation in the domestic economy, thereby keeping client fees constant in real terms, but this is not likely to constitute a significant source of funding K-MAP operations. The secretariat should, however, vigorously implement the existing rule that a client who has received five counselling sessions should pay the registration fee again.

## K-MAP Model Replication

7.20. K-MAP's model of SSE assistance is unique. In addition to sharing this model with other SSE assistance organizations in Kenya, K-MAP should develop mechanisms to replicate this in other countries and also to earn an income from technical assistance in starting up similar programs.

## K-MAP and the Kenyan Business Community

7.21. K-MAP should capitalize on the actual and potential support from the Kenyan business community, as shown by the increase in its membership. The team recommends that K-MAP should provide a "tangible" incentive for membership which does not necessitate being approached specifically by other members or the secretariat.

## K-MAP and Outside-Nairobi Operations

7.22. The team does not envisage K-MAP as a grassroots organization. However, because of the large number of small enterprises operating outside Nairobi which are less likely to have access to other training services, K-MAP needs to address these areas. K-MAP could run small offices in the main towns (e.g. Mombasa, Nakuru and Kisumu) and use them as bases to serve clients in the regions. There is a large number of middle-level executives and retired executives in the rural areas and the main towns to form a reasonable skills bank.

## **K-MAP PROPOSED INSTITUTIONAL STRUCTURE**

### K-MAP Proposed Activities

7.23. The proposal for technical counselling is considered an important component of K-MAP assistance to small enterprise and is therefore supported. The technical counselling may be in the form of the joint venture with TOOL of the Netherlands or one locally recruited engineer.

7.24. K-MAP needs to develop an information base to service its counselling and workshop activities. In this regard, a Research and Information function is recommended. For example, there is need to document counsellor and client experiences as a basis for assistance to clients.

7.25. The dotted line (in the organigram on page 48) to the Sub-Contracting Exchange and to the FORUM Magazine indicates a relationship where K-MAP could have ownership but need not get involved in the operational activities other than at policy level. In the medium term, this would spread the costs of publishing FORUM between various interested organizations, and save on the time the K-MAP secretariat spends in editing and publishing FORUM.

7.26. The management consultancy service (e.g. personnel recruitment) should be eliminated from the list of K-MAP activities. Our argument is that K-MAP can, and should enter into collaborative relationships with other organizations offering management consultancy and refer its clients to those organizations. This will ensure that the client receives high quality consultancy services, and the K-MAP secretariat staff can concentrate on the core business.

#### Proposed K-MAP Policy Structure

7.27. The current structure allows the functional committees considerable executive responsibility, and, in some cases, obscures the chain of command. The team recommends that the functional committees should only be advisory. This will strengthen the role of the Program Administrator since he/she is the final accounting officer. This will also allow K-MAP to utilize the expertise and experience of the functional committee members more efficiently. The evaluation team felt that the "Personnel and Administration" and the "Public Affairs" committees could be eliminated and the relevant policy responsibility passed on to the executive committee and the relevant operational responsibility passed on to the secretariat. (See the organigram on page 49)

#### Proposed K-MAP Operational Structure

7.28. In the K-MAP operational structure proposed by the evaluation team, the Program Administrator remains in charge of operational and administrative activities of the organization. The position of Deputy Program Administrator was felt to be unnecessary in an organization with the size and structure proposed for K-MAP. However, there is need for a Manager in charge of Management Training on the same level with a Technical Counselling Manager and a Research and Information Manager. The two core activities of K-MAP (counselling and workshops) will be handled by program officers serving under the manager in charge of Management Training.

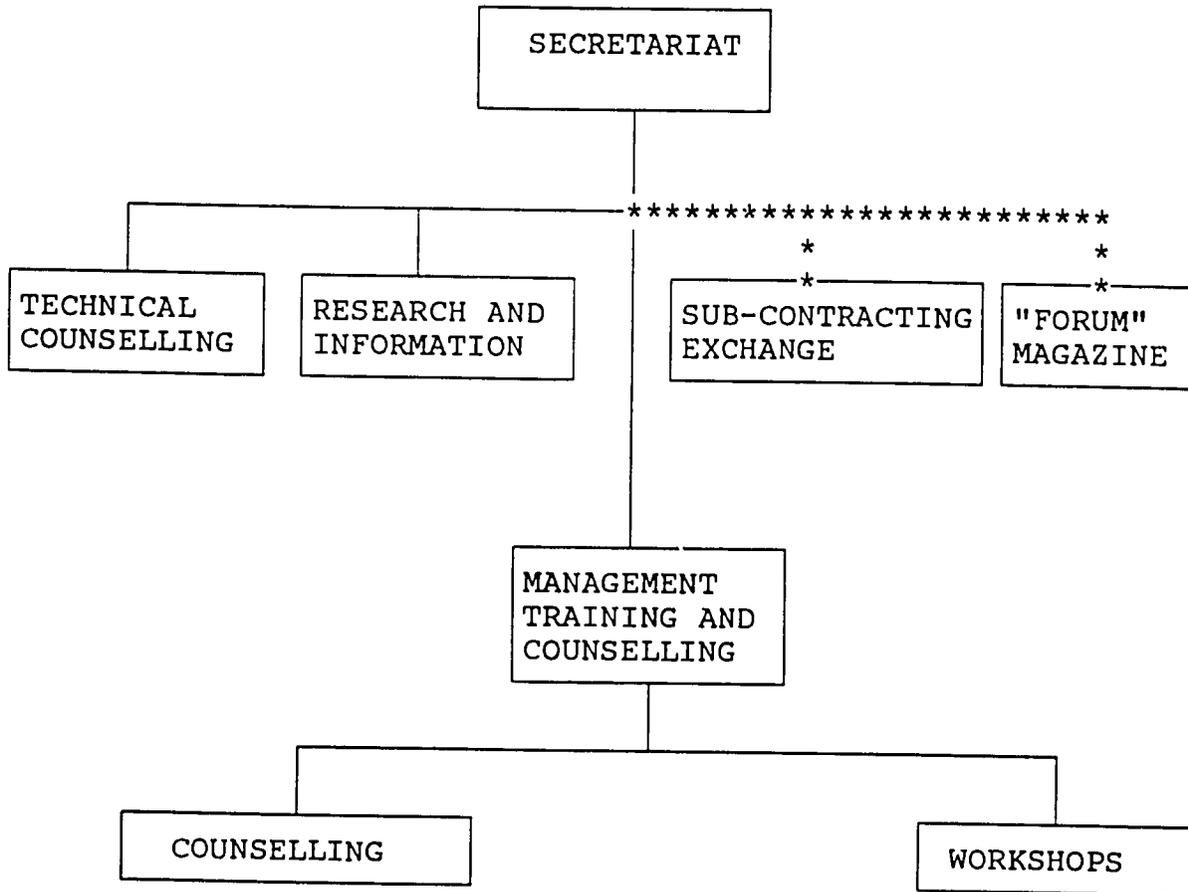
7.29. The team regards the Sub-Contracting Exchange and the FORUM Magazine as complementary to the core activities of K-MAP, but which require separate operational modalities from those of the present secretariat. It is therefore recommended that the Board/Executive Committee consider the proposal of co-owning the Forum Magazine with other interested parties; and retain the semi-autonomous status of the Sub-Contracting Exchange without K-MAP's direct involvement in its management. The outgoing Program Administrator is a career journalist who probably spent more than a quarter of his working time on FORUM, and FORUM may therefore also experience problems in its editorial department. In addition, it was difficult to ascertain FORUM's financial viability due to the poor debt collection.

7.30. The new function of Research and Information is intended to provide programmatic information to the various functional organs of K-MAP as a way of strengthening the services

offered to clients and counsellors. This function will also serve as a medium for the preparation and dissemination of such information and any other materials required by and intended for clients and counsellors.

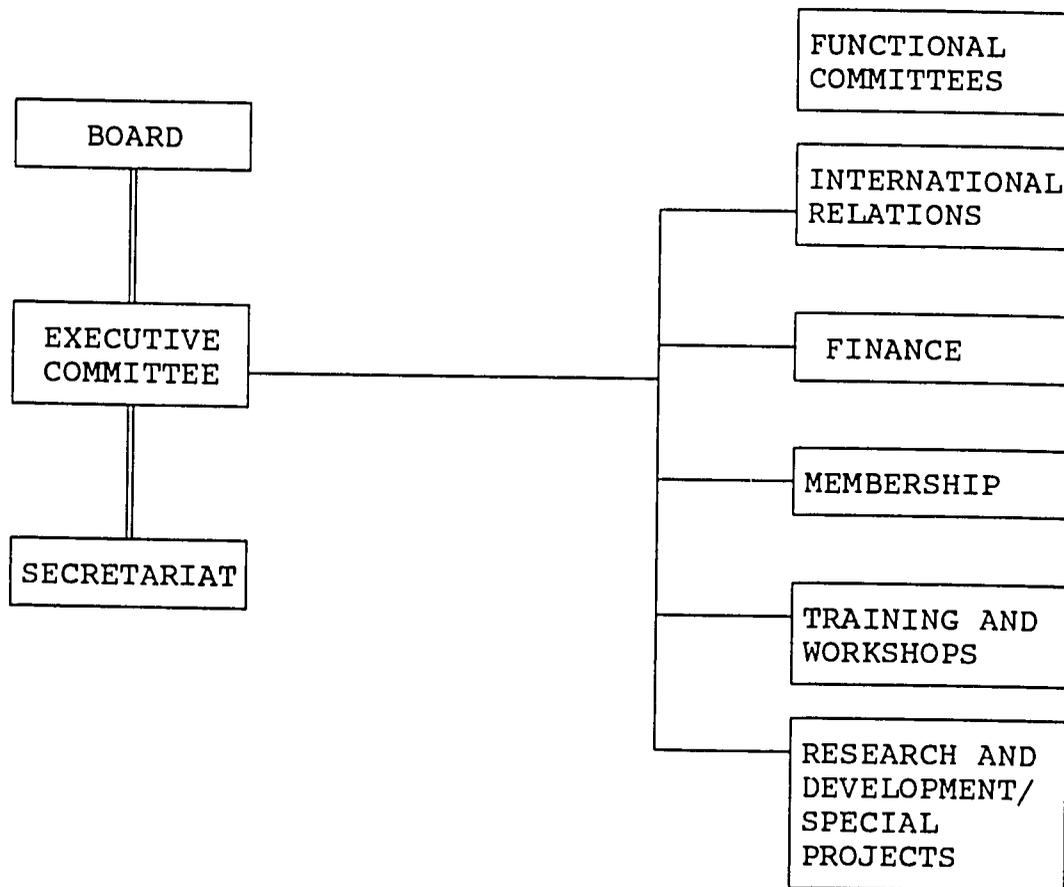
7.30. The secretarial staff should, at the minimum, be qualified to manage a computerized database. This measure will improve the efficiency in the use of the various forms of information required by (and available to the relevant agencies interacting with) K-MAP.

K-MAP PROPOSED ACTIVITIES



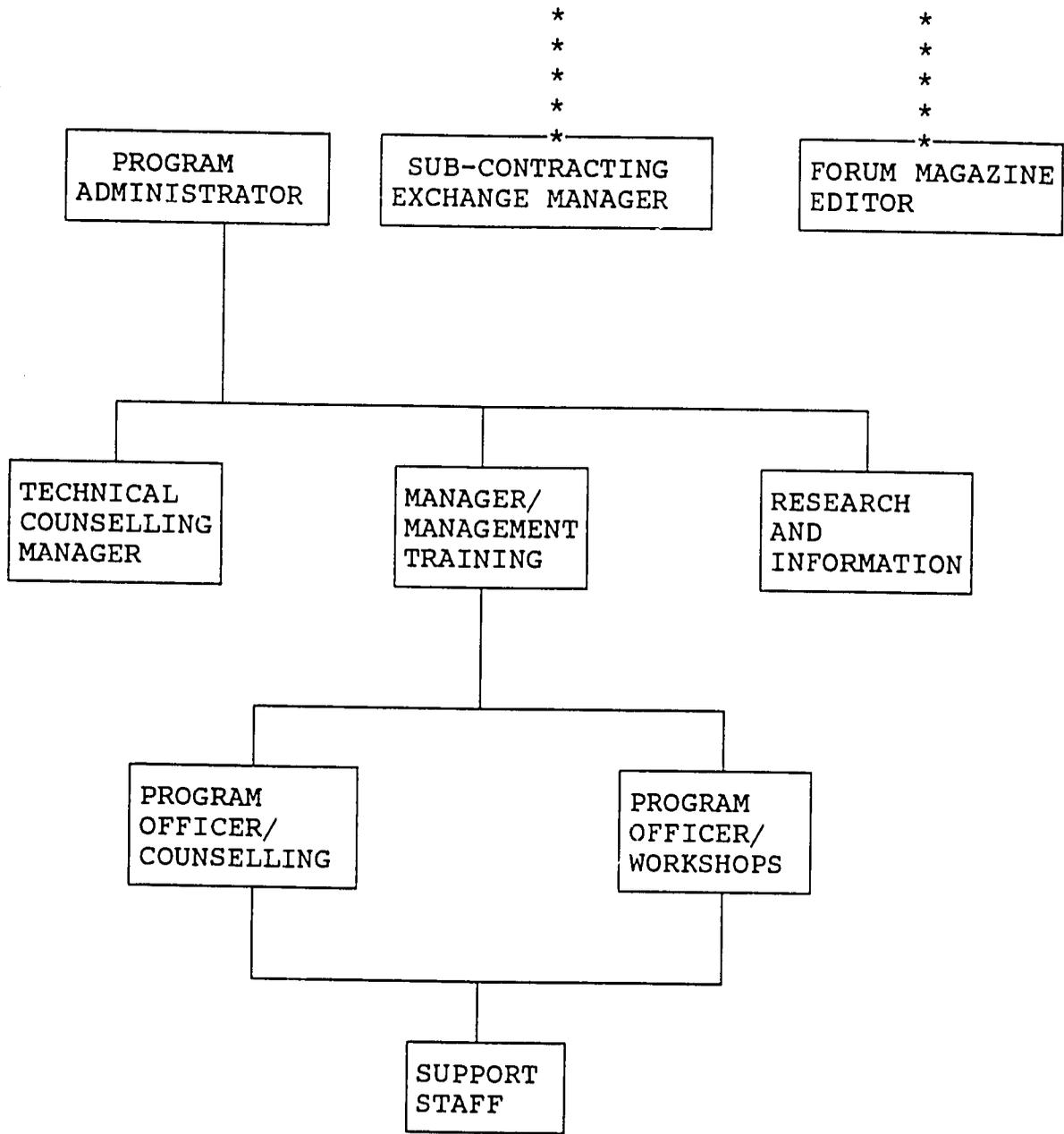
64

PROPOSED K-MAP POLICY STRUCTURE



65

PROPOSED K-MAP OPERATIONAL STRUCTURE



## FUTURE RELATIONSHIP OF USAID AND K-MAP

7.31. The evaluation has highlighted the strengths and weaknesses of K-MAP. There are impediments to better performance that need to be corrected. However, given its size and budget, K-MAP is a fairly efficient organization. It is difficult to envisage a project with as small a budget and secretariat that has achieved the same visibility and outputs.

7.32. It has been difficult to track performance of K-MAP clients due to numerous conceptual, data and analytical problems highlighted in this evaluation. Despite problems of measuring impact of assistance, the clients' euphoria in the April 1992 fifth anniversary exhibition showed that the success might be more than we were able to measure. In addition, the goodwill K-MAP and USAID have created with member companies, counsellors and clients should be considered.

7.33. The K-MAP model is being replicated in other African countries and the performance of K-MAP provides the role model. If K-MAP fails (as it would if USAID funding were not forthcoming), this will have a deleterious impact on K-MAP replicas in Africa.

7.34. The evaluation team spent a week at the K-MAP offices perusing official files. Our casual observation was that the office is efficiently run, but the secretariat does not keep sufficient records to track their own performance. To correct the institutional and technical reporting issues emphasized in the report will require a lot of USAID staff time in the short-term. In its future relationship with K-MAP, USAID/Kenya should take more interest in ensuring that basic records for generating aggregate data under the Cooperative Agreement reporting exist and are used. If the basic records are incomplete, the aggregate data should be reported as estimates rather than actual. In addition, issues raised in evaluation reports (e.g. the vehicle work ticket) should be addressed.

7.35. In summary, USAID/Kenya needs to strengthen its management and supervision of K-MAP. First, some of the recommendations contained in previous evaluations have not been fully implemented e.g. the use of a vehicle control log. Second, the USAID requirements on the information an asset log should contain does not appear to have been clarified to K-MAP. Third, the USAID Cooperative Agreement with K-MAP did not initially have indicators of K-MAP impact on its clients. As mentioned in several sections of this report, K-MAP has not been provided with working definitions and guidelines on variables like client assets and employment. This makes it difficult to compare the performance of different clients in the K-MAP portfolio or even the changes in impact indicators for the same client (if the data for different reporting dates are reported differently).

7.36. Finally, USAID could control its level of funding by entering into collaborative arrangements whereby other donors can

finance identifiable cost centers in K-MAP, e.g. publications and technical counselling.

7.37. An analysis of financial data in the Corporate Plan (1991-95) shows that K-MAP external funding requirements will decrease from 45 per cent of total expenditures in 1992 to 8 per cent in 1995. However, the annual growth in expenditures of 9 per cent in the Corporate Plan is lower than the official inflation rate (20 per cent). Using a more realistic inflation rate (20 per cent), external funding requirements would stabilize at around 33 per cent of total expenditures. The external funding requirements would be higher if (a) the recommendations to increase K-MAP staff outlined in this report were implemented, and (b) the revenue targets in the Corporate Plan were not met.

7.38. The actions outlined in the evaluation can form the initial basis for dialogue on the future role and structure of K-MAP.

## ANNEX I:

### SCOPE OF WORK

The evaluation shall cover four aspects of K-MAP: meeting the purposes of the Cooperative Agreement; impact on clients; development as an institution; and future potential.

Broadly the areas of concern are:

- (a) Have the objectives outlined in the Cooperative Agreement been met by K-MAP and USAID? If not, why not?
- (b) What has been the impact of K-MAP activities on small businesses? Specifically, changes in client sales, assets, employment, profits, and other perhaps less quantifiable measures of impact.
- (c) What is the current level of development of K-MAP as an institution? What are its strengths and weaknesses? Is K-MAP providing services other organizations are not? Is K-MAP a financially self-sustainable organization?
- (d) Given the information gathered above, what modifications or changes might make K-MAP more effective? Should certain activities be dropped and resources concentrated in the more productive activities? How attainable/realistic are the identified modifications? Should USAID/Kenya assistance to K-MAP continue.

## ANNEX II:

### DOCUMENTS ON FILE

1. Barclays Bank of Kenya/Kenya Management Assistance Program: Memorandum of Understanding.
2. Henning, P.H., 1975. A Description of a Survey Taken in the Area Surrounding Kariobangi Market, Working Paper No. 239, Institute for Development Studies, University of Nairobi. September.
3. House, W.J., 1978. Nairobi's Informal Sector: A Reservoir of Dynamic Entrepreneurs or a Residual Pool of Surplus Labor?, Working Paper No. 347, Institute for Development Studies, University of Nairobi. December.
4. W.J. House & D. Kabagambe, 1977. The Potential for Income and Employment Generation in Kenya's Urban Informal Sector: A Proposed Survey, Working Paper No. 310, Institute for Development Studies, University of Nairobi.
5. Kenya, 1986. Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth, Government Printer, Nairobi.
6. Kenya, 1990. Historical Economic Data for Kenya: 1972-90, Technical Paper No. 91-12, Long Range Planning Division, Ministry of Planning and National Development. December.
7. K-MAP, 1990. K-MAP Annual Work Plan 1991.
8. K-MAP, 1990. Project Document: Business Development Center for Promotion of Micro-Enterprise Development in Kenya.
9. K-MAP, 1991. K-MAP Annual Work Plan 1992.
10. K-MAP, 1991. Project Proposal for K-MAP/ TOOL Cooperation on Technical Counselling to Small Businesses, April.
11. K-MAP, 1991. Kenya Management Assistance Program: Corporate Plan 1991-95.
12. K-MAP, 1992. 16th USAID/K-MAP Cooperative Agreement Report: October 1991 - March 1992, April.
13. K-MAP, n.d. Counsellor Handbook.
14. K-MAP, Audited Financial Statements 1988/1991
15. K-MAP Accounting Manual
16. K-MAP, Small Business Forum Income/Expenditure accounts, March 31, 1991 and January 31, 1992.

17. K-REP, 1992. Proceedings of the Conference on Micro-Enterprises Credit Scheme: A Special Focus on the Group-Based Method of Lending to Individuals, A Special Publication of K-REP, January.
18. Management Systems International, 1989. Evaluation of the USAID/Kenya Private Sector Program, December.
19. Marris, R. & T. Somerset, African Businessmen, East African Publishing House, Nairobi, 1971.
20. McCormick, Dorothy, 1992. Why Small Firms Stay Small: Risk and Growth in Nairobi's Small Scale Manufacturing, Working Paper No. 483, Institute for Development Studies, University of Nairobi. April.
21. Njuguna Ngethe & J. Wahome, The Rural Informal Sector in Kenya: Report of a Survey in Nyeri, Meru, Uasin Gishu and Siaya Districts, Institute for Development Studies Consultancy Report No. 16, University of Nairobi, 1987.
22. Pratt, Victor, 1986. Kenya Management Assistance Program (K-MAP): Project Proposal, September.
23. USAID, 1987. Project Paper: Assistance to the Kenya Management Assistance Program.
24. USAID, 1987. Private Enterprise Development (0625-0238): Logical Framework.
25. USAID, 1987. Cooperative Agreement No. AID-615-0238-A-00-7025-00.
26. USAID, 1988. Evaluation of Kenya Management Assistance Program.
27. USAID, 1990. Letter from USAID to K-MAP on Reporting Requirements, December.
28. USAID, 1991. Cooperative Agreement: Amendment No. 4, August.
29. World Bank, 1987. Kenya: Industrial Sector: Policies for Investment and Export Growth (Volume I: Summary Report), June.

11

## ANNEX III:

### PEOPLE CONTACTED

<u>Name</u>	<u>Organization</u>	<u>Title</u>
<u>K-MAP STAFF</u>		
Mr. Anderea Morara	K-MAP	Program Administrator
Mr. M.V. Gohil	K-MAP	Deputy Program Administrator
Ms. Shuah Anyamba	K-MAP	Workshop Training Officer
Ms. Emma Muchene	Kenya Sub-Contracting Exchange	Program Manager
Mr. John Ouya	K-MAP	Part-time Accountant
<u>BOARD MEMBERS OF K-MAP</u>		
Paul Brandon (Chairman)	International Distillers	Managing Director
Brian Hobson (Patron)	Kenya Association of Manufactures	Vice-Chairman
Victor Pratt (Founder Member)	Continental Management	Chairman
Mr. J.P. T. Foster	Madevco Ltd	Managing Director
Martin Dunford	Tamarind Management Ltd.	Managing Director
Kimani Kairu	Kimani Kairu & Co. Advocates	Advocate
<u>OTHER DONORS</u>		
Mr. Bologna	UNIDO	Country Director
Mr. Hugh Scott	ODA	

COUNSELLORS

Mr. Thara	Thara Consultants	Principal
Mr. J.P. T. Foster	Madevco Ltd	Managing Director
Carol Ochieng	Micro Registrars	Computer Manager
Cephas Osoro	Keah and Company	Senior Auditor
John Ouya	Micro Registrars Ltd.	Managing Director
Philip Wambua	Colgate Palmolive	Planning Manager
A.K. Khasiani	Standard Chartered Investment Services	Marketing Manager
S.A. Otieno	Kenya Institute of Business Training	Senior Lecturer
Daniel M. Oruoch	General Motors	Marketing Manager
C.W. Nyoike	General Motors (K) Ltd.	Manager, Audit Procedures
Ravi Ruparel	Deloitte Haskins & Sells	Consultant

ANNEX IV

PUBLICATIONS BY K-MAP FOR USE IN WORKSHOPS		<u>PRICE (KSHS)</u>
1.	KEEPING RECORDS IN SMALL BUSINESS	25.00
2.	HOW TO PLAN AND START A SMALL BUSINESS	40.00
3.	PREPARE YOUR BUSINESS PLAN - WORKBOOK	60.00
4.	EFFECTIVE SMALL BUSINESS MANAGEMENT	40.00
5.	PRICING FOR PROFIT	25.00
6.	ANALYZE YOUR RECORDS TO REDUCE COSTS	20.00
7.	NEGOTIATING FOR A SMALL BUSINESS LOAN	25.00
8.	HOW TO START AND RUN A BAKERY	50.00
9.	MARKETING FOR SMALL SCALE HOTELS AND RESTAURANTS	40.00
10.	BUSINESS SUCCESS THROUGH GOOD CUSTOMER RELATIONS: A GUIDE TO SMALL BUSINESS	30.00
11.	A HANDBOOK ON EXPORT/IMPORT TRADE	90.00

ANNEX V

SEMINAR AUDIO CASSETTES

<u>TAPE</u>	<u>DATE</u>	<u>TITLE</u>	
1	1989	Pricing for Profit	-First Presentation.
2	1989	Pricing for Profit	-2nd Presentation.
3	1989	Pricing for Profit	-Third Presentation.
4	1989	Creative Marketing/ Sales for Small Businesses     Marketing.	-Introduction to
5	1989	Creative Marketing/ Sales for Small Businesses     Distribution	-Selling and
6	1989	Creative Marketing/ Sales for Small Businesses     International	-Promotion &
7	1989	Production Management & Quality Assurance (Quality in Business)	Marketing
8	1989	Production Management & Quality Assurance (Production Management)	
9	1989	Production Management & Quality Assurance (Total Quality and Its Control)	
10	1990	Accounting and Record Keeping for a Small Business	-First Presentation
11	1990	Accounting and Record Keeping for a Small Business	-2nd Presentation
12	1990	Accounting and Record Keeping for a Small Business	-Third Presentation

NOTE:            The current price per cassette is KShs 80.

15

## ANNEX VI

## WORKSHOPS CONDUCTED FROM 1987 TO DATE

<u>YEAR/DATE</u>	<u>TITLE</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>NO. OF PARTICIPANTS</u>
<u>1987</u>				
25 November	STARTING A SMALL BUSINESS ON YOUR OWN	GENERAL	NAIROBI	74
26 NOVEMBER	STARTING A SMALL BUSINESS ON YOUR OWN	GENERAL	NAIROBI	69
<u>TOTAL (1987)</u>				<u>143</u>
<u>1988</u>				
6 JULY	PLANNING/GOAL SETTING FOR SMALL BUSINESS	GENERAL	NAIROBI	55
14 SEPTEMBER	HOW TO NEGOTIATE FOR A SMALL BUSINESS LOAN	GENERAL	NAIROBI	104
<u>TOTAL (1988)</u>				<u>159</u>
<u>1989</u>				
21 FEBRUARY	PRICING FOR PROFIT	GENERAL	NAIROBI	100
28 JUNE	CREATIVE MANAGEMENT FOR SMALL HOTELIERS	GENERAL	NAIROBI	114
13-15 SEPTEMBER	CATERING MANAGEMENT FOR SMALL HOTELIERS	SECTORAL	NAIROBI	18
4 OCTOBER	PRODUCTION MANAGEMENT & QUALITY ASSURANCE	GENERAL	NAIROBI	123
23-24 NOVEMBER	TEXTILE/GARMENTS PRODUCTION AND MARKETING	SECTORAL	NAIROBI	14
<u>TOTAL (1989)</u>				<u>369</u>
<u>1990</u>				
28 FEBRUARY	ACCOUNTING/RECORD KEEPING FOR SMALL BUSINESSES	GENERAL	NAIROBI	87
14-15 MARCH	CONSTRUCTION & SITE MANAGEMENT	SECTORAL	NAIROBI	12
26 APRIL	PERSONNEL/SUPERVISION MANAGEMENT	GENERAL	NAIROBI	86
15-16 MAY	HOTELS/RESTAURANTS & BAKERY MANAGEMENT	SECTORAL	NAIROBI	12
21-25 MAY	KANYADHIANG/AWACH HANDICRAFTS	IN-HOUSE	KENDU-BAY	60
27 JUNE	CREDIT CONTROL & DEBT MANAGEMENT	GENERAL	NAIROBI	64
18 JULY	FINANCING & MANAGEMENT OF SMALL BUSINESSES	GENERAL	ELDORET	100
10-14 SEPTEMBER	URTIKI WOMEN GROUP	SPECIAL	NGONG	25
16 NOVEMBER	MANAGEMENT OF EXPORT/IMPORT BUSINESS	GENERAL	NAIROBI	80
<u>TOTAL (1990)</u>				<u>526</u>

- 16 -

<u>1991</u>				
28 FEBRUARY	CASH MANAGEMENT FOR SMALL BUSINESSES	GENERAL	NAIROBI	49
4-5 APRIL	MARKETING FOR SERVICE INDUSTRY	SECTORAL	NAIROBI	9
23 MAY	SUPERVISION & PERSONNEL MANAGEMENT	SECTORAL	NAIROBI	23
19 APRIL	PRODUCTION AND QUALITY ASSURANCE	SECTORAL	NAIROBI	14
21 JUNE	ACCOUNTING & RECORD KEEPING FOR SMALL BUSINESSES	GENERAL	ELDORET	70
28 JUNE	TAXATION FOR SMALL BUSINESSES	GENERAL	NAIROBI	53
16 AUGUST	SOURCES & METHODS OF SMALL BUSINESS FINANCING	GENERAL	NAKURU	32
23 AUGUST	MAKING SOUND FINANCIAL AND INVESTMENT DECISIONS	GENERAL	NAIROBI	32
25-27 AUGUST	EFFECTIVE TIME MANAGEMENT (JISAIDIE COTTAGE INDUSTRIES)	SPECIAL	NAIROBI	27
15-16 OCTOBER	MERCHANDISE DISTRIBUTION & WHOLESALING MANAGEMENT	GENERAL	NAIROBI	20
18-22 NOVEMBER	SINDO WOMEN FISH PROCESSING PROJECT	SPECIAL	HOMA BAY	20
21 NOVEMBER	PRICING FOR PROFIT	GENERAL	NAIROBI	25
2-6 DECEMBER	SMALL BUSINESS COUNSELLING /CONSULTING	SPECIAL	NAIROBI	4
<u>TOTAL (1991)</u>				<u>378</u>
<u>1992</u>				
6 FEBRUARY	MANAGEMENT OF EXPORT/ IMPORT BUSINESS	GENERAL	NAIROBI	37
24-25 FEBRUARY	MANAGEMENT OF CHANGE & EXECUTIVE STRESS	GENERAL	NAIROBI	6
10 MARCH	ACCOUNTING & RECORD KEEPING FOR SMALL BUSINESSES	GENERAL	MOMBASA	16
26 MARCH	WORKING CAPITAL MANAGEMENT	GENERAL	NAIROBI	30
<u>GRAND TOTAL TO-DATE</u>		<u>35 (COURSES)</u>		<u>1664</u>

**K-MAP COUNSELLING EXPENSES: 1992 ESTIMATES (In KShs)**

	<u>Ratio (%)</u>	<u>Total</u>
<u>Salaries:</u>		
Program Administrator	50	
Deputy Program Administrator	80	
Training Officer	10	
Secretaries	60	
Sub-total (month)		57,700
Sub-total (Annual)		692,400
<u>Other General Expenses (1991 Budget)</u>		
Total	1,529,944	
<u>Add:</u>		
Media Expenses	60,809	
Net General Expenses	1,590,753	70
Net General Expenses Adjusted for Inflation (25%)		1,113,527
Volunteer claims (plus 25% inflation)		1,391,909
		3,808
Total Costs		2,088,116
<u>Counselling hours:</u>		
		<u>1,637</u>
Secretariat		604
Counsellors		1,033
<u>Cost per counselling hour</u>		
		<u>1,275</u>
<u>Cost per registered client per year</u>		
		<u>5,068</u>

**Note:** The figures are based on the audited accounts of K-MAP for year ended March 31, 1991.

The volunteer claims is on cash basis accounting. The counsellors' average rate of claim for reimbursement for subsistence and mileage was an estimated 3 per cent in 1991. The actual figure for volunteer claims would therefore be in the region of Shs 140,000 per annum at 1992 prices. This should be taken as an in-kind contribution by counsellors and their employers.

EVALUATION  
OF  
KENYA MANAGEMENT ASSISTANCE PROGRAM (K-MAP)

VOLUME 2:  
SURVEY DESIGN AND METHODOLOGY

By  
John T. Mukui (Team Leader)  
and  
Catherine Masinde (Institution Specialist)

August 1992

Report Prepared for Private Enterprise Office (PEO), United  
States Agency for International Development (USAID), Kenya.

119

## TEAM COMPOSITION

The evaluation team consisted of John T. Mukui (Team leader and survey specialist) and Catherine Masinde (Institution specialist). The team was assisted by Joseph Ondigi (Chief Financial Analyst, Controllers Office, USAID) and Jennifer Omino (Financial Analyst, Controllers Office, USAID) who prepared the background document on financial issues and self-sustainability, while Alfreda Brewer (USAID, K-MAP Component Manager), Joseph Ondigi and Anne Inserra (Evaluation Officer, Private Enterprise Office, USAID) helped the evaluation team by conducting the field interviews on sampled clients outside Nairobi. Keith Brown (Evaluation Officer, USAID) was involved in the preparation of the Client Questionnaire. The USAID staff provided valuable inputs and comments on the survey design and methodology.

In K-MAP, the team worked with M.V. Gohil (Deputy Program Administrator), and interviewed the outgoing Program Administrator Mr. Anderea Morara, the Training Officer Mrs Shush Anyamba and the secretarial staff. The evaluation team also attended the K-MAP fifth anniversary exhibition and was able to solicit client opinion on K-MAP and the performance of client businesses. Mr. Victor Pratt, founder member and Board member of K-MAP, gave very frank and informative responses to the evaluation team, especially on the origins of K-MAP and its future vision. The Program Administrator left K-MAP during the evaluation, and we were able to understand the role of some Board members in providing institutional continuity in times of crisis.

$$fpc = 1/(1 + n_0/N),$$

the desired sample size (n)

$$n = n_0 * fpc = 67$$

The reader is referred to Cochran for the sampling technique. However, the formula was applied on changes in employment between a baseline period and the more recent period for which employment data was available i.e. the employment data used was a composite rather than a primary variable.

3. A target sample of 80 was agreed upon, allowing for a complete non-response rate of 13 cases or 16 per cent. The final client sample of 80 was selected using a random number table on an alphabetically arranged client listing. The sample of 40 counsellors to be interviewed was randomly selected from the total number of counsellors (121) entered in the K-MAP computerized records. The computerized counsellor register was complete and up-to-date.

4. The K-MAP computerized database shows that K-MAP clients are predominantly from Nairobi presumably because K-MAP does not have regional offices. The K-MAP sectoral classification of clients needs to be re-designed to be more in line with the United Nations International Standard Industrial Classification of all Economic Activities (ISIC), or any other accepted classification where economic activities are mutually exclusive and collectively exhaustive. This would make it possible to compare the performance of K-MAP clientele with the results of other surveys. A classification by sector should also not have a "miscellaneous" category with as much as 10 per cent of the client population. As of June 1990, female clients were 15.4 per cent of the client population, according to K-MAP records. However, according to the definition used by K-MAP and USAID, if one of several owners is a woman, the firm is taken to be female-owned. The concept of ownership of household enterprises among household members is rather ambiguous, especially if the business is not officially registered and if there is no subscription of shares. Thus the reported percentage of female ownership may exceed the actual female equity holding denominated in monetary terms.

#### SURVEY INSTRUMENTS

5. The survey instruments consist of the clients' questionnaire, the counsellors' questionnaire and the interview guide. The Counsellors' Questionnaire was intended to capture same types of information from all the counsellors; the data were not entered in the computer because the filled out questionnaires were very few (12). The interview guide titled **Principles of Interviewing** was adopted from the manuals currently used by the Central Bureau of Statistics, Ministry of Planning and National Development, Kenya.

6. The client questionnaire sought identification information on the owner of the business, mainly to collect data on ownership (classified by gender and ethnic group), and also to countercheck the accuracy and completeness of K-MAP Client Baseline Data. On Counselling Assistance, the questionnaire sought to collect information on the efficiency in serving new clients ("Time elapsed between request for counselling and first counselling session"), client opinion on the counsellors and the counselling processes at K-MAP, and the client's willingness to pay market rate for the counselling services provided by K-MAP secretariat and volunteer counsellors.

7. The section on Workshops collected information on clients' evaluation of workshops and their usefulness to the business, and the participant's willingness to pay market rates for workshops. The section on "Impact of Assistance" was designed to capture the impact of counselling assistance on the firms and was structured in conformity with the broad goals and performance indicators of the USAID/Kenya Private Enterprise Development project, the purpose of which is to increase employment, turnover and asset base. Assets were measured by buildings (if owned by the business owner(s)), working capital, and other fixed assets (machinery and equipment). The questionnaire did not directly solicit information on profitability, as this would probably have compromised cooperation from clients, but sought information on the application of profits. This was intended to test whether small scale operators plough profits back into the same businesses or use the profits to increase investment in real estate and other household enterprises. Marris and Somerset (1971), in their study of entrepreneurial behavior, observed that enterprising individuals in Kenya tend to be "empire builders", i.e. become involved in many activities (McCormick, 1992). This has implications on explaining why small firms stay small.

#### SURVEY ORGANIZATION

8. The client interviews were conducted by the team leader and three members of the USAID staff, while the counsellors were interviewed by the institution specialist. Due to the inadequate, outdated or missing Client Baseline Data, some clients could not be located. It appears also that some clients do not notify K-MAP of changes in address or business premises. Although the attendance by K-MAP clients in K-MAP workshops is high, the Workshop Evaluation Forms are not filed in the clients' files and could not therefore be used to fill gaps in client identification information. Due to time constraints and other logistical problems, the filled questionnaires were 26 and one partial non-response. The number of clients contacted would have been higher (a) if there was more time, or (b) if the field survey was conducted earlier and the results used as an input to the evaluation. Non-response was mainly due to the following factors:

- (a) Clients who could not be located either because the business location had not been indicated in the Client Baseline Data form or had changed;
- (b) Businesses in which the persons who received counselling had left the organizations;
- (c) Businesses which had closed down without K-MAP's knowledge;
- (d) Businesses in which the persons who received counselling do not work on the businesses and had taken leave from their regular employers at the time of the survey; and
- (e) Clients who had not received counselling assistance but were inadvertently included in the target population.

9. Based on lessons learned during the evaluation, the efficiency of field surveys to evaluate the impact of assistance on project beneficiaries could be improved by:

- (a) Employing research assistants to conduct most of the field surveys, and having the principal evaluators interview not more than 20 per cent of the sampled clients. This would allow the evaluators enough time to adequately plan the survey and analyze the results;
- (b) Employing the services of a computer specialist on a 50 per cent level of effort over the whole survey period.
- (c) Conducting on-site identification of business location immediately after sample selection. This would help in the design of logistics and reduce both non-response due to "no-contact" and the time taken to locate sampled clients during the survey period.
- (d) Developing an Enumerators' Reference Manual so as to clarify on the specific information to be collected on each question in the questionnaire; and
- (e) Making the institution specialist the leader of the evaluation team as combining the tasks of survey specialist and team leader are overwhelming.

10. The data from the filled questionnaires were entered into the Statistical Package for the Social Sciences (SPSS). The following categories of data were directly transferred to computer data dictionary:

- (a) The data giving choice to the respondent e.g Yes/No, and ranking of, say, opinion on counsellor's performance;

- (b) The numeric data e.g. number of owners, counselling sessions and hours, sales, employment and assets.

11. However, about a half of the respondents' answers were not pre-coded and the coding system was devised after data came from the field. In most cases, it was found useful and convenient to use both the classification system used by K-MAP secretariat and the client responses in the filled questionnaires to code e.g. the range of counselling services were adapted from the needs assessment classification in the K-MAP Client Baseline Data, while skills obtained from counselling were adapted from the Counsellors' Skills Bank classification system.

12. The transfer and coding of information from the questionnaires may have relatively few transcription errors due to the small number of respondents contacted. Other sources of non-sampling errors may include:

- (a) The fact that letters introducing the interviewers were sent by the K-MAP secretariat may have increased respondent cooperation at the expense of increasing response errors;
- (b) The fact the respondents were aware that the evaluation was being conducted for a donor agency, bearing in mind that the respondent is an interested party;
- (c) The general response problem in measuring peoples' attitude to a free or subsidized good/service (compared with firms or institutions who charge market rates for similar services), as respondents may tend to be less critical of the quality of free or subsidized goods and services;
- (d) The interviewer's mode of probing and prompts used if the respondent did not appear to understand the question as put in the questionnaire;
- (e) The ambiguity of some of the questions when translated into other languages;
- (f) During the recording of respondent answers. (The errors from this source might be minimal because interviewers had been instructed to record words as spoken by the respondent without paraphrasing.); and
- (g) Reliance on client memory recall for data on assets, employment and revenue for the period when either the business was started or client received counselling assistance from K-MAP, whichever was more recent. The intention was to collect baseline data for the period the firm received K-MAP counselling assistance. However, for firms which sought counselling on "how to start a business", the baseline data that was actually collected referred to the period when business

started. In addition, the respondents were supposed to check the data from their records, but most respondents either did not use their records or did not have the requisite records. The baseline data was therefore largely based on memory recall.

## ANALYSIS PLAN AND SURVEY RESULTS

### DATA CLASSIFICATION SYSTEM

13. The purpose of this section is to give the data classification system used in sorting the following information on the client questionnaire: Position/title of the respondent in the business, ethnic groups of proprietors, how the business came to hear about K-MAP, the range of counselling assistance provided (adapted from the needs assessment in the K-MAP Client Baseline Data), changes introduced as a result of counselling, skills learnt from counselling (adapted from the legends in the K-MAP Counsellor Skills Bank), and responses on the changes required to improve the delivery and content of counselling services and workshops. The questionnaires from the field were numbered serially beginning one. Coding of information was based on client responses and the classifications already existing in the K-MAP systems.

14. The categories for position/title of respondent in company were derived from responses in the filled questionnaires. These were:

- (a) General manager;
- (b) Accountant;
- (c) Director; and
- (d) Other employee (specify).

15. The ethnic group of proprietors (Question 4) was sorted into African, Asian, White, and other (specify). On the main sector of the business, the coding follows the system in the questionnaire, but allows for ranking based on turnover with a range of 1 to 2. Based on the client responses, the respondent first heard about K-MAP from either newspapers, television, radio, Kenya Industrial Estates, another K-MAP client, other businessmen, employer (for employees instructed by employer to contact K-MAP for workshops and counselling services), or other (specify).

16. The range of counselling assistance provided (Question 7 of the Client Questionnaire) were coded on the basis of both responses and the K-MAP categories. The options are:

- (a) Starting new business/business planning;
- (b) Sources of credit and financing;

- (c) Marketing/sales promotion/advertising/marketing research;
- (d) Purchasing/stock control;
- (e) Engineering/technical services and quality control;
- (f) Customer relations;
- (g) Records and book-keeping/accounting/pricing;
- (h) Personnel administration;
- (i) Government procurement; and
- (j) Other (specify).

In Question 8, the title of staff member who worked with counsellor most follows the same format as in Question 1(b). The responses to the actual changes introduced as a result of counselling assistance (Question 9(a)) were not analyzed because most respondents interpreted it as asking whether the staff gained new skills, which was covered in responses to Question 10(a).

17. Based on the responses and K-MAP classification systems, the skills gained from counselling are grouped into:

- (a) Business planning/start-up;
- (b) Marketing/advertising/sales promotion;
- (c) Purchasing/procurement;
- (d) Loan application skills;
- (e) Credit and collections;
- (f) Stock/inventory control;
- (g) Bidding and estimating;
- (h) Engineering/production process;
- (i) Building construction/renovations;
- (j) Financial analysis/statements;
- (k) Government procurement;
- (l) Customer relations;
- (m) Records/record keeping;
- (n) Personnel management;

*af*

- (o) Plant/office management;
- (p) Computer services;
- (q) International trade; and
- (r) Miscellaneous.

The changes introduced and the skills gained from attending workshops follow the same classifications as counselling services.

18. Based on responses, the changes required to improve the content and mode of delivery of counselling services include:

- (a) None;
- (b) Better availability of counsellor;
- (c) Counsellor follow-up to assess implementation/impact;
- (d) Better counsellor knowledge of subject area;
- (e) Shorter distance between business and counselling service;
- (f) Avoidance of premature termination of counselling services;
- (g) Cant judge/indifferent; and
- (h) Other (specify).

19. The titles and dates of workshops were omitted as most clients had an idea of number of workshops attended but could not recall the dates or titles. It was difficult to use K-MAP records since the forms filled by workshop participants are not filed in the clients' files. Therefore, only the number of workshops was keyed in. Based on responses, the actions that can be undertaken to improve workshops are grouped into:

- (a) More time/days;
- (b) More discussion/question time;
- (c) Less theoretical/more practical;
- (d) Should be nearer to business locations;
- (e) More sharing of views among participants;
- (f) Better written handouts for future reference;
- (g) Should be more relevant to established business managers;

- (h) There should be fewer participants;
- (i) Less general/more sector specific;
- (j) Selection of competent counsellors/trainers;
- (k) None; and
- (l) Other (specify).

For both Questions 14 and 22, a respondent could give more than one answer. No ranking of suggested improvements was provided for in the questionnaire.

20. Based on responses, "other K-MAP Assistance" was grouped into:

- (a) Job placement;
- (b) Market contacts;
- (c) Participation in K-MAP exhibitions;
- (d) Identification of sources of inputs/equipment;
- (e) Linking to lending agencies;
- (f) Coverage/advertisement in FORUM magazine;
- (g) None; and
- (h) Other (specify).

There may have been some confusion in the minds of respondents about the meaning of other K-MAP assistance. Some of the assistance could be grouped in counselling, but most respondents took it to mean the assistance they have received over and above the original problems that took them to K-MAP. This confusion arises out of the very fluid definition of "counselling". On the ranking of which type of assistance was most useful for the business, the options are: counselling, workshops, other K-MAP assistance.

21. The date of first counselling session (Question 27) may be different from the response to Question 8 as the former refers to date business started if client received counselling before the business started. The purpose of Question 27 was to capture the reference period for the client baseline data which should strictly have referred to the date the counselling assistance was received. The dates used in the analysis of the survey data are the date of first counselling assistance or the date business started, whichever was more recent. The main customers are sorted into: retailers, wholesalers, companies, individuals, farmers, government/parastatals, export, other (specify). The geographical market is sorted into immediate neighborhood, local province, countrywide and abroad. The application of profits

(Question 35) is grouped into: has not made any profits yet, household/family expenditure, re-investment in business, investment in real estate, investment in other household enterprises, and other (specify).

22. Based on responses, the assistance provided to business from agencies and institutions other than K-MAP was classified as in Question 7, but with an additional category of "workshops/training". The sources of assistance are grouped into: Government, Non Governmental Organizations (NGOs), companies, churches, financial institutions, individuals, other (specify). The options on the usefulness of assistance in relation to K-MAP services are: more useful, less useful, similar. The current constraints to business are sorted into: finance for fixed capital, finance for working capital and operating expenses, lack of adequate markets, poor debt collection (i.e. creditors were not honoring their debts to the respondent in the agreed time), lack of requisite technical skills, other (specify).

#### COSTING OF WORKSHOP AND COUNSELLING EXPENSES

23. In order to solicit client opinion on their willingness to pay full costs for workshops and counselling services, the evaluation team calculated the K-MAP operating expenses by "cost centers" (products). The products were identified as workshops, counselling, FORUM magazine, and general administration which may not be related to the specific products. For both workshops and counselling, the evaluation team applied an inflation factor of 25 per cent on the 1991 expenses, which was based on a K-MAP basket of purchases (paper, media advertising, etc.) rather than the official rate of inflation. The final figures for costs of workshops per participant and counselling services per hour are sensitive to (a) the discretionary assumptions of the K-MAP secretariat staff on how they allocate their time among products (counselling, workshops, Forum), and (b) the accuracy of the reported figures on the number of counselling sessions/hours. They should therefore be taken as only reflecting the orders of magnitude.

24. The media expenses and cost per workshop were based on actual figures for a few selected workshops held during 1991 **and not** the audited accounts. This was thought necessary to take into account the element of subsidy as some workshops are sponsored by member companies of K-MAP and this subsidy does not appear in the K-MAP accounts. The number of participants for workshops in Nairobi and outside of Nairobi are based on actual average figures for calendar year 1991.

25. The number of counselling hours is based on reported figures for calendar year 1991 although the evaluation team was not provided with the basic records to validate the reported total counselling hours. The volunteer counsellor claims for subsistence and travel are actual figures from the audited accounts for year ending March 1991. Reimbursement of

subsistence and travel expenses are based on the number of counselling sessions in 1991 rather than counselling hours. The element of subsidy arising from unclaimed volunteer expenses was not reflected in the costing of counselling services.

26. According to the Table below, the average cost per participant is about KShs 3,000 (\$94) for workshops held in Nairobi and KShs 4,100 (\$128) for workshops held outside of Nairobi. The cost per workshop participant is higher for sectoral workshops than the average as they attract fewer participants, and lower for general workshops.

27. The cost per counselling hour is estimated at KShs 1,275 (\$40), while the counselling expenses per registered client is estimated at KShs 5,000 (\$156) per year. It is difficult to gauge the correctness of the costs of counselling and workshops since K-MAP has not attempted to apportion its expenses by cost centers. It is also conceptually difficult to measure the impact of counselling in cost-benefit terms, partly because of the difficulty of amortizing the costs over the lifetime of the client business. In addition, the mortality rate of small scale businesses is relatively high, but the entrepreneurs may change to new household enterprises. In this way, skills gained, especially in workshops, can help in starting other businesses.

28. The Program Administrator (PA) may have been spending less time on counselling and workshops than indicated in the Table below because of his involvement in the editing of FORUM magazine. However, changing the proportion of time the PA spent on workshops from 40 to 30 per cent brought down the cost per workshop participant by only KShs 100; while changing the PA's time spent on counselling from 50 to 30 per cent lowered the cost per counselling hour by only KShs 66.

**K-MAP WORKSHOP EXPENSES: 1992 ESTIMATES (In KShs)**

	<u>Ratio (%)</u>	<u>Total</u>
<u>Salaries</u>		
Program Administrator	40	
Deputy Program Administrator	10	
Training Officer	90	
Secretaries	30	
Sub-total (month)		40,550
Sub-total (Annual)		486,600
<u>Other General Expenses (1991 Budget)</u>		
Total expenses	2,825,277	
<u>Less:</u>		
Salaries	917,435	
Media Expenses	60,809	
Volunteer Expenses	3,046	
Workshop Expenses	123,366	
Training Materials	113,863	
Forum/Newsletter	76,814	
<u>Total</u>	1,295,333	
Net General Expenses	1,529,944	20
		305,989
Net General Expenses Adjusted for Inflation (25%)		382,486
Training Materials (plus 25% inflation factor)		142,329
Total Costs (excluding direct workshop costs)		1,011,415
<u>Direct Workshop Costs:</u>		
Media Expenses per Workshop (Shs 9,000 +25% inflation)		11,250
Nairobi (Sh 25,000 per workshop+25% inflation)		31,250
Ex-Nairobi (Sh 60,000 per workshop+25% inflation)		75,000
Cost per workshop participant (Nairobi)		3,008
Cost per workshop participant (Ex-Nairobi)		4,101
<b>Note:</b>	<b>The figures are based on the audited accounts of K-MAP for year ended March 31, 1991.</b>	

91

**K-MAP COUNSELLING EXPENSES: 1992 ESTIMATES (In KShs)**

	<u>Ratio (%)</u>	<u>Total</u>
<u>Salaries:</u>		
Program Administrator	50	
Deputy Program Administrator	80	
Training Officer	10	
Secretaries	60	
Sub-total (month)		57,700
Sub-total (Annual)		692,400
<u>Other General Expenses (1991 Budget)</u>		
Total	1,529,944	
<u>Add:</u>		
Media Expenses	60,809	
Net General Expenses	1,590,753	
Net General Expenses Adjusted for Inflation (25%)	70	1,113,527
Volunteer claims (plus 25% inflation)		1,391,909
		3,808
Total Costs		2,088,116
<u>Counselling hours:</u>		<u>1,637</u>
Secretariat		604
Counsellors		1,033
<u>Cost per counselling hour</u>		<u>1,275</u>
<u>Cost per registered client per year</u>		<u>5,068</u>

**Note:** The figures are based on the audited accounts of K-MAP for year ended March 31, 1991.

The volunteer claims are on cash basis accounting. The counsellors' average rate of claim for reimbursement for subsistence and mileage was an estimated 3 per cent in 1991. The actual figure for volunteer claims would therefore be in the region of Shs 140,000 per annum at 1992 prices. This should be considered as an in-kind contribution by counsellors and their employers.

## VARIABLE OPTIONS

- A. The Area Name File (ANF) has the following options:**
- |          |   |
|----------|---|
| Nairobi  | 1 |
| Kiambu   | 2 |
| Mombasa  | 3 |
| Isiolo   | 4 |
| Nyeri    | 5 |
| Meru     | 6 |
| Murang'a | 7 |
- B. In the questions where the response is either "Yes" or "No", the options are:**
- |     |   |
|-----|---|
| Yes | 1 |
| No  | 2 |
- C. In the sex of business owners:**
- |        |   |
|--------|---|
| Male   | 1 |
| Female | 2 |
- D. Position/title of respondent in firm:**
- |                 |   |
|-----------------|---|
| General manager | 1 |
| Accountant      | 2 |
| Director        | 3 |
| Other employee  | 4 |
- E. Ethnic group of proprietors:**
- |                 |   |
|-----------------|---|
| African         | 1 |
| Asian           | 2 |
| White           | 3 |
| Other (specify) | 4 |
- F. The main sector of the business**
- |                         |    |
|-------------------------|----|
| <b>Agriculture</b>      |    |
| Farm, plantation, ranch | 11 |
| Horticulture            | 12 |
| <b>Construction</b>     |    |
| Building, construction  | 21 |



**I. The skills gained from counselling are grouped into:**

Business planning/start-up	1
Marketing/advertising/sales promotion	2
Purchasing/procurement	3
Loan application skills	4
Credit and collections	5
Stock/inventory control	6
Bidding and estimating	7
Engineering/production process	8
Building construction/renovations	9
Financial analysis/statements	10
Government procurement	11
Customer relations	12
Accounting/record keeping	13
Personnel management	14
Plant/office management	15
Computer services	16
International trade	17
Miscellaneous	18

(Note: The value labels apply also to workshops)

**J. The changes required to improve counselling services include:**

None	1
Better availability of counsellor	2
Counsellor follow-up to assess implementation/impact	3
Better counsellor knowledge of subject area	4
Shorter distance to counselling service	5
Avoidance of premature termination	6
Can't judge/indifferent	7
Other (specify)	8

**K. The actions that can be undertaken to improve workshops:**

More time/days	1
More discussion/question time	2
Less theoretical/more practical	3
Should be nearer to business locations	4
More sharing of views among participants	5
Better written handouts for future reference	6
Should be relevant to established business managers	7
There should be fewer participants	8
Less general/more sector specific	9
Selection of competent counsellors/trainers	10
None	11
Other (specify)	12

**L. Other K-MAP Assistance was grouped into:**

Job placement	1
Market contacts	2
Participation in K-MAP exhibitions	3
Identification of sources of inputs/equipment	4
Linking to lending agencies	5
Coverage/advertisement in FORUM magazine	6
None	7
Other (specify)	8

**M. On the ranking of which type of assistance was most useful:**

Counselling	1
Workshops	2
Other K-MAP assistance	3

**N. The main customers are sorted into:**

Retailers	1
Wholesalers	2
Companies	3
Individuals	4
Government/parastatals	5
Export	6
Other (specify)	7

**O. The geographical market is sorted into:**

Immediate neighborhood	1
Local province	2
Countrywide	3
Abroad	4

**P. The application of profits is grouped into:**

Has not made any profits yet	1
Household/family expenditure	2
Re-investment in business	3
Investment in real estate	4
Investment in other household enterprises	5
Other (specify)	6

**Q. On assistance provided to business from agencies and institutions other than K-MAP, the range of choices are:**

Starting new business/business planning	1
Sources of credit and financing	2
Marketing/sales promotion/advertising/marketing research	3
Purchasing/stock control	4
Engineering/technical services and quality control	5
Customer relations	6
Records and book-keeping/accounting/pricing	7
Personnel administration	8
Government procurement	9
Workshops/training	10

9/6

None	11
Other (specify)	12

**R. The sources of assistance are grouped into:**

Government	1
Non Governmental Organizations (NGOs)	2
Companies	3
Churches	4
Financial Institutions	5
Individuals	6
Other (specify)	7

**S. The options on the usefulness of assistance in relation to K-MAP services are:**

More useful	1
Less useful	2
Similar	3

**T. The current constraints to business are sorted into:**

Finance for fixed capital	1
Finance for working capital and operating expenses	2
Lack of adequate markets	3
Poor debt collection	4
Lack of requisite technical skill	5
Other (specify)	6

41

**DETAILED RESULTS OF THE FIELD SURVEY**

**BUSINESS IDENTIFICATION DATA**

**District where business operational**

	<u>Number</u>	<u>Per cent of respondents</u>
Nairobi	18	69.2
Kiambu	3	11.5
Mombasa	1	3.8
Isiolo	1	3.8
Nyeri	1	3.8
Meru	1	3.8
Murang'a	1	3.8

**Position/designation of interviewee:**

General Manager	18	69.2
Director	7	26.9
Other employee	1	3.8

**Was the interviewee business owner?**

Yes	24	92.3
No	2	7.7

**Ethnic group of owners:**

Owner 1	African	25
	White	1
Owner 2	African	16
Owner 3	African	1

**Gender of owners:**

Owner 1	Male	24
	Female	2
Owner 2	Male	2
	Female	14
Owner 3	Male	1

**Current business sector:**

**Manufacturing**

Building materials, masonry products	1	4.0
Chemical, petroleum, plastic products	4	16.0
Food, beverages, tobacco	2	8.0
Handicrafts	1	4.0
Metal workshop (fabricated metal products, machinery & equipment)	1	4.0
Paper products, printing, publishing	3	12.0

**Services**

Finance, insurance, real estate, business, technical services	3	12.0
Personal services (hair salons, etc.)	2	8.0
Transport, related support services	1	4.0

**Trade**

Restaurants, bars, lodging	3	12.0
Retail, wholesale trade, including vending	4	16.0

**How did business hear about K-MAP?**

Newspapers	20	76.9
Television	1	3.8
Another K-MAP client	2	7.7
Other (specify)	3	11.1

**COUNSELLING ASSISTANCE**

**Which different subject areas did business seek counselling?**

Starting new business/business planning	4	17.4
Sources of credit and financing	3	13.0
Marketing/sales promotion	4	17.4
Purchasing/stock control	1	4.3
Engineering/technical services and quality control	2	8.7
Customer relations	2	8.7
Records and book-keeping/accounting/pricing	6	26.1
Personnel administration	1	4.3

**Time (months) elapsed from request of counselling assistance:**

<u>Value</u>	<u>Frequency</u>	<u>Per cent</u>
0	9	45.0
1	4	20.0
2	4	20.0
3	1	5.0
6	1	5.0
12	1	5.0

Mean = 1.65, Range 0 - 12.

99

**Number of sessions completed:**

<u>Value</u>	<u>Frequency</u>	<u>Per cent</u>
1	1	4.8
2	2	9.5
3	7	33.3
4	1	4.8
5	4	19.0
6	1	4.8
8	2	9.5
10	1	4.8
20	1	4.8
30	1	4.8

Mean = 6.3, Range 1 - 30.

**Number of counselling hours completed:**

Mean = 7.8, Range 2.- 60.

**Did business make any changes as a result of counselling?**

Yes	16	76.2
No	5	23.8

**Did any of the staff members gain any skills?**

Yes	18	85.7
No	3	14.3

**Opinions on counselling:** On a scale of 1 to 7, where 1 is "Poor", 7 is "excellent" and 4 is "OK", the respondent was asked to rank the counsellor's knowledge of subject area and whether (s)he was good at explaining things.

	<u>Score</u>	<u>Frequency</u>	<u>Per cent</u>
Knowledge of subject Area	4	3	14.3
	5	5	23.8
	6	5	23.8
	7	8	38.1

(Mean score = 5.9, Range 4 - 7)

**Mode of delivery (explaining things)**

4	2	9.5
5	3	14.3
6	8	38.1
7	8	38.1

(Mean score = 6.1, Range 4 - 7)

100

Usefulness to business: On a scale of 1 to 7, where 1 is "Not useful", 7 is "Extremely useful" and 4 is "OK", the respondent was asked his/her opinion on the usefulness, overall, of the counselling assistance to the business.

4	2	9.5
5	6	28.6
6	6	28.6
7	7	33.1

(Mean score = 5.9, Range 4 - 7)

**What would have improved the counselling?**

Nothing	7	33.3
Better availability of counsellor	2	9.5
Counsellor follow-up to assess implementation/impact	4	19.0
Better counsellor knowledge of subject area	2	9.5
Shorter distance to counselling service	1	4.8
Avoidance of premature termination	2	9.5
Cant judge/indifferent	2	9.5
Other (specify)	1	4.8

**Is the business interested in getting more counselling?**

Yes	17	81.0
No	4	19.0

**Would the business in future be willing to pay the full cost of counselling services?**

Yes	9	45.0
No	11	55.0

**WORKSHOPS**

Number of workshops attended.

0	2	8.3
1	7	29.2
2	5	20.8
3	2	8.3
4	3	12.5
7	1	4.2
8	1	4.2
10	2	8.3
20	1	4.2

Mean score = 3.75, Range 0 -20.

**Did business make any changes as a result?**

Yes	16	72.7
No	6	27.3

101

**Did any staff member gain any skills as a result?**

Yes	22	100.0
No	0	0.0

**Were the workshops useful overall?** On a scale of 1 to 7, where 1 is "Not useful", 7 is "Extremely useful" and 4 is "OK", the respondent was asked his/her opinion on the usefulness, overall, of the workshop(s) to the business.

4	4	18.2
5	4	18.2
6	7	31.8
7	7	31.8

(Mean score = 5.77, Range 4 - 7)

**What would have improved the workshops?**

More time/days	7	31.8
More discussion/question time	1	4.5
Less theoretical/more practical	1	4.5
Should be nearer to business locations	3	13.6
Better written handouts for future reference	1	4.5
Should be relevant to established business managers	2	9.1
There should be fewer participants	1	4.5
Less general/more sector specific	1	4.5
Selection of competent counsellors/trainers	1	4.5
None	4	18.2

**Would the business be willing to pay the full cost of workshops?**

Yes	4	17.4
No	19	82.6

**OTHER K-MAP ASSISTANCE**

**Any other assistance received:**

Yes	11	42.3
No	15	57.7

**Type of assistance**

Market contacts	2	10.5
Participation in K-MAP exhibitions	1	5.3
Identification of sources of inputs/equipment	1	5.3
Linking to lending agencies	3	15.8
Coverage/advertisement in FORUM magazine	2	10.5
Other	1	5.3

- 102

**Usefulness of the assistance to the business?** On a scale of 1 to 7, where 1 is "Not useful", 7 is "Extremely useful" and 4 is "OK", the respondent was asked his/her opinion on the usefulness, overall, of the "other" K-MAP assistance to the business.

3	1	10.0
4	2	20.0
5	2	20.0
6	3	30.0
7	2	20.0

(Mean score = 5.3, Range 3 - 7)

**What type of assistance was most useful to the business**

Counselling	14	70.0
Workshops	6	30.0
Other	0	0.0

**Who are the main customers?**

Retailers	4	17.4
Wholesalers	2	8.7
Companies	1	4.3
Individuals	9	39.1
Government/parastatals	3	13.0
Export	3	13.0
Other (specify)	1	4.3

**Main geographical market of the business**

Immediate neighborhood	4	17.4
Local province	7	30.4
Countrywide	8	34.8
Abroad	3	13.0

**Has the business started selling new products?**

Yes	4	19.0
No	17	81.0

**Did assistance from K-MAP help the business to sell new products?**

Yes	5	33.3
No	10	66.7

**Has the business begun to sell to new types of customers after the first counselling session?**

Yes	6	35.3
No	11	64.7

**Did K-MAP assistance help business to sell to new customers?**

Yes	7	50.0
No	7	50.0

102

**Has the business expanded to new geographical markets?**

Yes	3	15.8
No	16	84.2

**Did K-MAP assistance help expand to new geographical markets?**

Yes	4	33.3
No	8	66.7

**Has business undergone any other changes since the first counselling session?**

Yes	8	50.0
No	8	50.0

(NOTE: The "other" changes to the business since the first K-MAP counselling session include: subcontracting to other firms, increased investment in machinery and equipment, and improved quality of products and services.)

**How have you used the profits from the business?**

Has not made any profits yet	3	12.5
Household/family expenditure	1	4.2
Re-investment in business	13	54.2
Investment in real estate	1	4.2
Investment in other household enterprises	4	16.7
Other (specify)	2	8.4

**ASSISTANCE FROM OTHER ORGANIZATIONS**

**From who?**

Government	2	7.7
Non Governmental Organizations (NGOs)	4	15.4
Financial Institutions	6	30.8

**What type of assistance?**

Sources of credit and financing	8
Marketing/sales promotion	2
Engineering/technical services and quality control	2
Government procurement	1
Other (specify)	1

10/

**Amount that business paid for the assistance (KShs)**

3,000	1
4,000	1
30,000	1

(Note: Other firms had either not received assistance, did not pay for the assistance, or the payment was in the form of interest on credit.)

**Was the assistance more or less useful to the business?**

More useful	0	0.0
Less useful	3	42.9
Similar	4	57.2

**What are the major problems faced by the business?**

Finance for fixed capital	9	36.0
Finance for working capital and operating expenses	10	40.0
Lack of adequate markets	2	8.0
Poor debt collection	2	8.0
Lack of requisite technical skill	1	4.0
Other (specify)	1	4.0

## SUMMARY OF THE MAIN FINDINGS

### Characteristics of the Respondents

1. The respondents were engaged in small scale manufacturing (48 per cent), trade (28 per cent) and services (24 per cent). Ownership of the 26 responding firms by gender was distributed as follows: one male owner (9 firms, 34.6 per cent), two male owners (1 firm, 3.8 per cent), one male and one female (14 firms, 53.8 per cent), one female owner (1 firm, 3.8 per cent), and two males and one female (1 firm, 3.8 per cent). In all, 16 firms had at least one female owner. The business owners were all Africans, except one. Eighteen (69 per cent) out of 26 businesses were located in the Nairobi metropolitan area. Ownership of business was distributed between one owner (38 per cent), two owners (58 per cent) and three owners (4 per cent). Seventy-seven per cent of respondents heard about K-MAP from newspapers.

### Counselling Services

2. About 45 per cent of the respondents said they were given counselling services almost immediately, and only 15 per cent took over two months before receiving counselling services. The average time taken to initiate counselling after the request has been received was reported as 1.6 months. The number of counselling sessions were 1-4 for 52 per cent of the respondents and five and over for 48 per cent of the respondents, with a mean value of 7.8 counselling sessions. The respondents who reported that counselling led to changes in the business were 76 per cent, while 86 per cent reported having gained new skills.

3. Seven client businesses (27 per cent) were started after the client had registered with K-MAP i.e. can be taken to be the minimum number that sought counselling on "how start a business". The main areas of counselling were: starting new business/business planning (17 per cent), marketing/sales promotion (17 per cent) and book-keeping/pricing (26 per cent).

4. Although client opinions on counsellors and the counselling processes are non-parametric data, they are treated as numeric variables in the analysis. On a scale of 1 to 7, where 1 is "poor", 7 is 'Excellent', and 4 is "OK", counsellors' knowledge of subject area scored a mean of 5.9 within a score range of 4 to 7; counsellors' skills in explaining things had a mean of 6.1 and range of 4 to 7; and the usefulness of counselling to the business had a mean of 5.9 and a range of 4 to 7. Eighty one per cent of the clients were interested in trying to get more K-MAP counselling services. On the changes required to improve counselling services, 33 per cent reported that no changes were required; the need for counsellor follow-up to assess implementation was cited by 19 per cent; while the need for better availability of counsellor, better counsellor knowledge of subject area, and avoidance of premature termination scored equally (9.5 per cent each). Only 45 per cent of the responding

clients would be willing to pay the full cost of counselling services, which was estimated at KShs 1,275 (\$40) per counselling hour.

### **Workshops**

5. Only two respondents (8 per cent) had not attended workshops and one client had attended a total of 20 workshops. The average number of workshops attended was almost 4. Seventy three per cent reported that workshops led to changes in their business, and all respondents reported as having gained skills. On a scale of 1-7, the usefulness of workshops to business scored a mean of 5.8 within the range of 4 to 7. On the changes required to improve workshop services, the need for more time/days scored 32 per cent, no changes required (18 per cent), and nearness to business location (14 per cent). Only 4 (i.e. 17 per cent of respondents) would be willing to pay the full cost of workshop services, which was estimated at KShs 3,000 (\$94) per participant for a workshop held in Nairobi and KShs 4,100 (\$128) for a workshop held outside Nairobi.

### **Other K-MAP Assistance**

6. Only 42 per cent of the respondents had received other K-MAP assistance, mainly in the areas of market contacts, linking to lending agencies, and identification of sources of inputs and equipment. Seventy per cent reported that counselling was more useful to the business than workshops, 30 per cent reported that workshops were more useful than counselling, and no respondent ranked "other K-MAP assistance" as more useful to the business.

### **Impact of Assistance**

7. The Tables below show the levels of employment, real revenue and real assets, for both the baseline period (i.e when the firm first received counselling assistance) and the most recent period for which data were available. The data on revenue and total assets, for both the baseline and the most recent period, was re-based to March 1992 using the Nairobi Lower Income Consumer Price Index<sup>1</sup>. The data on employment includes both full-time and part-time employees. For firms that reported employment data at both baseline and the most recent period, the major category of responding firms had 1 to 5 employees, with 70.9 per cent of the respondents at baseline and 50.0 per cent for the most recent period. The responding firms with at least ten employees were 5 (20.8 per cent) at baseline and 9 (37.5 per cent) for the most

---

<sup>1</sup>. The primary data on assets and revenue were converted from nominal to real terms by using the Lower Income Consumer Price Index for Nairobi. The Nairobi Lower Income Consumer Price Index, compiled by the Central Bureau of Statistics, is used by the International Monetary Fund as the general index of consumer prices for Kenya. The index includes rent and has January-June 1975 base.

recent period. The average level of employment per firm (excluding the firm with a relatively high employment level) increased from 5.1 to 8.3 during the reference period. For the 24 K-MAP clients who reported employment data for both baseline and the most recent period, the weighted annual average growth in employment was 6.5 per cent.

8. Out of 24 responding firms, fifteen had female employment at baseline period, compared with 16 firms for the most recent period. For the 24 firms that reported employment data at both baseline and the most recent period, the proportion of female employment to total employment was 30.3 per cent at baseline and 38.4 per cent for the most recent period.

DISTRIBUTION OF FIRMS BY EMPLOYMENT

Employment Category	BASELINE		RECENT	
	<u>Firms</u>	<u>%</u>	<u>Firms</u>	<u>%</u>
1 to 2	7	29.2	4	16.7
3 to 5	10	41.7	8	33.3
6 to 9	2	8.3	3	12.5
10 and above	5	20.8	9	37.5
-----				
Number of firms	24	100.0	24	100.0
Average employment per firm		13.7		16.0
Average employment per firm (Excluding the largest firm)	5.1		8.3	

**Note:** The data is for firms that reported employment data at both baseline and the most recent period.

The data on employment includes both full-time and part-time employees.

9. Using real revenue data (re-based to March 1992), majority of the responding firms were in the Shs 0-100,000 range, with 11

168

firms (61.1 per cent) at baseline and 9 firms (50.0 per cent) for the most recent period. There were two responding firms (11.1 per cent) with real revenue greater than Shs 500,000 a month at baseline, compared with one firm (5.6 per cent) for the most recent period. The real average revenue increased from Shs 163,379 at baseline to Shs 189,291 for the most recent period. The weighted average annual growth in real revenue was 14.6 per cent for the 18 firms which reported total revenue for both baseline and the most recent period.

### DISTRIBUTION OF FIRMS BY REAL REVENUE

(KShs)

Category	BASELINE		RECENT	
	<u>Firms</u>	<u>%</u>	<u>Firms</u>	<u>%</u>
Up to 10,000	2	11.1	3	16.7
10,001 - 20,000	2	11.1	1	5.6
20,001 - 50,000	2	11.1	1	5.6
50,001 - 100,000	5	27.8	4	22.2
100,001 - 200,000	1	5.6	4	22.2
200,001 - 500,000	4	22.2	4	22.2
> 500,000	2	11.1	1	5.6
Number of firms	18	100.0	18	100.1
Average real revenue per firm	163,379		189,291	

**Note:** Both baseline and recent revenue data has been re-based to March 1992 using the Nairobi Lower Income Consumer Price Index.

The data is for firms that reported revenue at both baseline and the most recent period.

10. Using real assets data (re-based to March 1992), majority of the responding firms were in the Shs 0-500,000 assets range, with 18 firms (78.3 per cent) at both baseline and the most recent period. There were five responding firms (21.7 per cent)

10/9

with real assets greater than Shs 500,000 at both baseline and the most recent period. The real average assets increased from Shs 423,992 at baseline to Shs 537,557 for the most recent period. The weighted average annual growth in real assets was 33.9 per cent for the 23 firms which reported total assets for both baseline and the most recent period. In summary, the distribution of growth rates show that 8 respondents (33 per cent) had registered negative or zero increase in employment; 5 respondents (28 per cent of the firms) had registered zero or negative increase in real revenues; and 7 responding firms (30 per cent) had registered zero or negative increase in real assets.

### DISTRIBUTION OF FIRMS BY REAL ASSETS

Category	(KShs)			
	BASELINE		RECENT	
	<u>Firms</u>	<u>%</u>	<u>Firms</u>	<u>%</u>
Up to 10,000	5	21.7	2	8.7
10,001 - 20,000	1	4.3	1	4.3
20,001 - 50,000	2	8.7	2	8.7
50,001 - 100,000	3	13.0	3	13.0
100,001 - 200,000	3	13.0	3	13.0
200,001 - 500,000	4	17.4	7	30.4
>500,000	5	21.7	5	21.7
Number of firms	23	99.8	23	99.8
Average real assets per firm	423,992		537,557	

**Note:** Both baseline and recent total assets data has been re-based to March 1992 using the Nairobi Lower Income Consumer Price Index.

The data is for firms that reported assets at both baseline and the most recent period.

11. The average annual growth rates of total assets, business turnover, and employment are difficult to interpret because one client business represented about half of employment in the whole sample. The growth rates for individual firms are equally difficult to interpret due to the short time period (3 months for one firm) that elapsed since assistance was received; and the small size of the client firms. For example, an enterprise which started operating and sought counselling three months before the field survey commenced registered a high increase in real revenue (14 times annualized rate) that could not probably be sustained in the long run. In addition, an increase in employment from 1 to 2 in one year is taken as 100 per cent growth rate; and 2 to 3 is taken as 50 per cent.

12. About 40 per cent of the client businesses sell to individuals, while most client businesses have not started selling new products, and operate within a limited geographical market. K-MAP assistance does not appear to have had a great impact in clients' ability to expand lines of products, identify new customers, or expand to new geographical markets, possibly because of the low capitalization of the clients' businesses.

13. On the application of profits, three firms (12.5 per cent) reported that they had not made any profits, 54 per cent had re-invested in the business and only 21 per cent had invested in real estate and other household enterprises. The size of the sample does not permit unambiguous conclusions on how the small businesses apply their profits.

14. Fourteen respondents had received assistance from other organizations, mainly from financial institutions (credit) and non-governmental organizations. The cost of this assistance can't be compared with K-MAP because the cost of the assistance has either been in the form of interest payments (on loans to K-MAP clients from financial institutions) or the assistance is not comparable from that received from K-MAP. None of the assistance from other organizations was ranked as more useful than K-MAP services. The constraints to business expansion were reported as mainly finance for fixed capital (36 per cent) and finance for working capital (40 per cent).

### **Conclusion**

15. There has not been any rigorous analysis of the survey data due to the poor response rate (26 clients out of the target population of 219). The evaluators have therefore deliberately avoided making any firm conclusions about the implications of the survey data. However, the survey is useful in:

- (a) Giving the major organizational and logistical efforts required to undertake a survey of the magnitude that was originally planned;
- (b) Clarifying the conceptual difficulties in measuring the impact of assistance e.g. the definition of

employment and the reference period for baseline information on clients who had not started businesses when counselling assistance was received; and

- (c) Showing the implications of the quality of the baseline information available on K-MAP clients, mainly the business identification data, on the level of effort required in the survey organization.

16. The evaluation team recommends that an impact study of K-MAP clients, using the survey methodology developed during this evaluation, be undertaken in future. For such a survey to be successful, K-MAP would need to update its baseline information, mainly the postal address and the physical location of the client businesses.

ANNUAL AVERAGE RATE OF GROWTH OF EMPLOYMENT, REVENUE AND ASSETS (%)

Firm No.	Employment	Nominal		Real	
		Revenue	Assets	Revenue	Assets
1	14.85	19.84	11.56	3.92	(3.26)
2	(5.27)	43.20	2.84	23.30	(11.45)
3	37.84	(18.67)	16.86	(29.72)	0.97
4	10.81	(8.07)	23.48	(18.55)	9.40
5	0.00	(7.34)	8.43	(18.59)	(4.74)
6	34.28	38.57	42.46	22.80	26.25
7	30.29	23.33	30.29	10.59	16.83
8	8.74	5.01	8.69	(7.82)	(4.59)
9	48.60	210.74	10.98	165.78	(5.08)
10	0.00	-	129.22	-	98.06
11	0.00	47.94	80.11	26.76	54.32
12	0.00	48.18	276.83	30.70	232.38
13	62.93	225.07	22.78	185.86	7.97
14	22.26	76.21	347.53	48.24	276.50
15	100.00	-	220.66	-	154.99
16	85.68	740.18	0.00	724.66	(1.85)
17	144.14	73.85	48.13	52.73	30.13
18	92.55	19.05	24.34	5.67	10.36
19	27.65	-	89.99	-	66.91
20	51.20	28.38	30.01	11.32	12.73
21	(13.58)	(28.74)	(28.19)	(36.50)	(36.01)
22	10.91	-	8.48	-	(5.93)
23	23.17	-	488.09	-	407.85
24	0.00	-	-	-	-
<b>Weighted annual average (%)</b>	<b>6.53</b>	<b>29.77</b>	<b>53.81</b>	<b>14.63</b>	<b>33.90</b>
<b>Number of firms</b>	<b>24</b>	<b>18</b>	<b>23</b>	<b>18</b>	<b>23</b>

**NOTE:**

- (a) Assets is the sum of business premises (if owner-occupied), business stocks, and "other" fixed assets (machinery, equipment, etc.).
- (b) The data on employment includes both full-time and part-time employees.
- (c) The primary data on assets and revenue is converted from nominal to real terms by using monthly Lower Income Consumer Price Index for Nairobi (Source: International Financial Statistics, International Monetary Fund, Washington, DC).
- (d) A dash (-) means that the growth rate for that variable could not be calculated due to missing client business data.
- (e) Brackets (.) means that the growth rate is negative.
- (f) The weighted annual average growth in employment is derived by weighting each firm's growth rate with the proportion of the baseline employment for the firm to the total baseline employment for all firms. The weighted annual average growth rates in nominal revenues and nominal assets use nominal values of revenue and assets at baseline as weighting factors, while the weighted annual average growth rates in real revenue and real assets use the real values of revenue and assets as the weighting factors.

113

## REFERENCES

1. Cochran, William G., Sampling Techniques, Second edition, John Wiley & Sons, New York.
2. Henning, P.H., 1975. A Description of a Survey Taken in the Area Surrounding Kariobangi Market, Working Paper No. 239, Institute for Development Studies, University of Nairobi. September.
3. House, W.J., 1978. Nairobi's Informal Sector: A Reservoir of Dynamic Entrepreneurs or a Residual Pool of Surplus Labor?, Working Paper No. 347, Institute for Development Studies, University of Nairobi. December.
4. W.J. House & D. Kabagambe, 1977. The Potential for Income and Employment Generation in Kenya's Urban Informal Sector: A Proposed Survey, Working Paper No. 310, Institute for Development Studies, University of Nairobi.
5. Kenya, 1990. Historical Economic Data for Kenya: 1972-90, Technical Paper No. 91-12, Long Range Planning Division, Ministry of Planning and National Development. December.
6. Marris, R. & T. Somerset, 1971. African Businessmen, East African Publishing House, Nairobi.
7. McCormick, Dorothy, 1992. Why Small Firms Stay Small: Risk and Growth in Nairobi's Small Scale Manufacturing, Working Paper No. 483, Institute for Development Studies, University of Nairobi. April.
8. Njuguna Ngethe & J. Wahome, 1987. The Rural Informal Sector in Kenya: Report of a Survey in Nyeri, Meru, Uasin Gishu and Siaya Districts, Institute for Development Studies Consultancy Report No. 16, University of Nairobi.
9. USAID, 1990. Letter from USAID to K-MAP on Reporting Requirements, December.
10. World Bank, 1987. Kenya: Industrial Sector: Policies for Investment and Export Growth (Volume I: Summary Report), June.

Dear client,

2 April 1992

EVALUATION OF K-MAP

One of the sponsors of K-MAP will be conducting an evaluation of our activities and would like you to answer some questions about your experience with us. The purpose is to assess the usefulness and effectiveness of K-MAP activities. The responses you give to their questions will be confidential and will not be made available to K-MAP.

The evaluators will arrive between April 7 and 17, 1992. Please be available during those dates. They would like to talk to the owner of the business and the person(s) who actually received K-MAP counselling or attended any K-MAP workshop.

In order to be able to answer some of their questions, they would like you to have the following information available for the interview:

- (a) The month and year the business started;
- (b) The month and year the business registered with K-MAP;
- (c) The month and year of the first counselling session;
- (d) The month and year of other counselling sessions; and
- (e) If you attended any of K-MAP's workshops, name the topics and the dates of the workshops.

The following information is required both for (i) the month you started K-MAP counselling and (ii) the most recent month for which you have data:

- (a) Number of employees indicating those on full time (i.e. working at least 40 hours per week), part time, and whether male or female.
- (b) Value of business assets (business premises if owned by you, machinery and equipment, business stocks).
- (c) Revenues for the month

Please confirm with K-MAP the receipt of this letter, preferably by telephone. Please indicate the day and the time you will be available for interview at your premises during the period.

The interviews will be conducted by Mr John Mukui, Ms Catherine Masinde, Ms Alfreda Brewer, Ms Anne Inserra, Mr Keith Brown and Mr Joseph Ondigi.

Your help will be greatly appreciated.

Yours sincerely  
A. N. MORARA  
PROGRAM ADMINISTRATOR

2 April 1992

Dear K-MAP Counsellor,

EVALUATION OF K-MAP

One of the sponsors of K-MAP will be conducting an evaluation of our activities and would like you to answer some questions about your experience with us. The purpose is to assess the usefulness and effectiveness of K-MAP activities. The responses you give to their questions will be confidential and will not be made available to K-MAP.

The evaluators will arrive between **April 8 and 13, 1992**. Please be available during those dates. They would like to talk to you as a K-MAP counsellor who has had at least one client or has participated in our workshops.

The questions relate to your assessment of K-MAP as an institution and your opinion in regard to many issues concerning the counselling and workshop activities by K-MAP. You will be able to go through them with the evaluators within a period of one hour or less.

A copy of the questionnaire is enclosed to enable you to think through the issues in advance. You may complete the questionnaire in advance. However, the evaluators will go through the answers with you when they come.

Please confirm with K-MAP the receipt of this letter, preferably by telephone, and indicate the day and the time you will be available for interview at your premises during the period.

The interviews will be conducted by Ms Catherine Masinde and Mr John Mukui.

Your help will be greatly appreciated.

Yours sincerely

A. N. MORARA  
PROGRAM ADMINISTRATOR

Questionnaire No. \_\_\_\_\_  
Interviewer \_\_\_\_\_  
Date of Interview \_\_\_\_\_

**A. BASIC INFORMATION ON THE COMPANY**

- 1) a) Name of Interviewee \_\_\_\_\_  
b) Position/Title in Company \_\_\_\_\_
- 2) Are you the/an owner of the business? Yes \_\_\_\_\_ No \_\_\_\_\_
- 3) Verification of Business Information:
- a) Name of Business \_\_\_\_\_
- b) Business Address: P.O. Box \_\_\_\_\_  
Town \_\_\_\_\_
- c) Location (street): \_\_\_\_\_
- d) Telephone: Area Code \_\_\_\_\_ Number \_\_\_\_\_
- e) Date business started: Month \_\_\_\_\_ Year \_\_\_\_\_
- f) Date business registered with K-MAP: Month \_\_\_\_\_ Year \_\_\_\_\_
- g) Name(s) and sex of business owner(s) (including interviewee):

<u>Name</u>	<u>Sex</u> (Female/Male)
_____	_____
_____	_____
_____	_____
_____	_____

4) Ethnic group of owner(s):

Indigenous African \_\_\_\_\_ Asian \_\_\_\_\_ Other \_\_\_\_\_

(Do not ask this question. Only deduce the ethnic group if you are speaking to the owner(s). If you are speaking to more than one owner, mark the number in each category.)

5) Current Sector/Sub-sector of Business

**Agriculture**

Farm, plantation, ranch ..... \_\_\_\_\_  
Horticulture ..... \_\_\_\_\_

**Construction**

Building, construction ..... \_\_\_\_\_

**Manufacturing**

Building materials, masonry products ..... \_\_\_\_\_  
Chemical, petroleum, plastic products ..... \_\_\_\_\_  
Food, beverages, tobacco ..... \_\_\_\_\_  
Handicrafts ..... \_\_\_\_\_  
Leather products ..... \_\_\_\_\_  
Metal workshop (fabricated metal products,  
machinery & equipment) ..... \_\_\_\_\_  
Paper products, printing, publishing ..... \_\_\_\_\_  
Textiles, garments ..... \_\_\_\_\_  
Wood, wood products ..... \_\_\_\_\_

**Services**

Communications ..... \_\_\_\_\_  
Finance, insurance, real estate,  
business, technical services ..... \_\_\_\_\_  
Health, sanitation ..... \_\_\_\_\_  
Personal services (hair salons, etc.) ..... \_\_\_\_\_  
Repair (autos, shoes, etc.) ..... \_\_\_\_\_  
Tailoring ..... \_\_\_\_\_  
Tourism ..... \_\_\_\_\_  
Transport, related support services ..... \_\_\_\_\_

**Trade**

Restaurants, bars, lodging ..... \_\_\_\_\_  
Retail, wholesale trade, including vending ..... \_\_\_\_\_

**Other (specify)** \_\_\_\_\_

(\*If the business operates in more than one sector, rank the sectors numerically with 1 for the sector that accounts for the most revenues, 2 for the sector that accounts for the next greatest portion of revenues, etc...)

6) How did the business first hear about K-MAP?

\_\_\_\_\_  
\_\_\_\_\_

**B. Counselling Assistance**

7) What different subject areas has the business received K-MAP counselling in? (A subject area can be defined as one that was taught by a particular counsellor.)

Subject #1 \_\_\_\_\_  
Subject #2 \_\_\_\_\_  
Subject #3 \_\_\_\_\_  
Subject #4 \_\_\_\_\_

8) Information on Counselling:

Subject of Counselling \_\_\_\_\_

Name & Title of Interviewee: \_\_\_\_\_

Name & Title of Staff Member with whom Counsellor worked most: \_\_\_\_\_

Date of First Counselling Session: Month \_\_\_\_\_ Year \_\_\_\_\_  
(To be used as reference point for Section E)

Time elapsed between request for counselling and first counselling session: (No. of months) \_\_\_\_\_

Number of Counselling Sessions Completed: \_\_\_\_\_

Number of Counselling Hours Completed: \_\_\_\_\_

Date Subject Counselling Completed: Month \_\_\_\_\_ Year \_\_\_\_\_

9) a) Did the business make any changes or introduce any new things in (the subject area) as a result of the counselling?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, what changes or new things were introduced? (Be specific. Ask "Anything else?")

\_\_\_\_\_  
\_\_\_\_\_

c) If no, ask why.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



17) a) K-MAP has determined that the actual cost of providing counselling to a business like yours is KShs 1,275 per hour. (This just covers operating costs of K-MAP, and does not include the cost of the volunteer or any profits for K-MAP.) Would the business be willing to pay this for K-MAP counselling in the future, instead of paying the registration fee?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) Why or why not?

---

---

---

### C. Workshops

18) Please indicate which, if any, of the K-MAP workshops were attended by a staff member or owner of the business:

<u>Workshop</u>	<u>Date</u>	<u>Name of person attending</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

19) a) Did the business make any changes or introduce any new things as a result of staff attending (a) workshop(s)?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, what changes or new things were introduced? (Be specific. Ask "Anything else?")

---

---

---

20) a) Did any of the staff (including the owner(s)) gain any new skills as a result of the workshop(s)?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, what new skills were learned and by whom? (Be specific. Ask "Anything else?")

---

---

21) In your opinion, was/were the workshop(s) useful, overall, to the business?

1                    2                    3                    4                    5                    6                    7  
Not                    OK                    Extremely  
Useful                    Useful

22) What, if anything, would have improved the workshop(s) or made it/them better?

---

---

---

23) a) K-MAP has determined that the actual cost of holding a workshop in Nairobi is KShs 3,000 per participant. (This just covers operating costs of K-MAP, and does not include the cost of the trainers or any profits for K-MAP.) Would the business be willing to pay this to send staff or owners to K-MAP workshops in the future?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) Why or why not?

---

---

---

c) K-MAP has determined that the actual cost of holding a workshop outside of Nairobi is KShs 4,100 per participant. (This just covers operating costs of K-MAP, and does not include the cost of the trainers or any profits.) Would the business be willing to pay this to send staff or owners to K-MAP workshops in the future?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

d) Why or why not?

---

---

---

122



b) Who are the main customers now? (Eg. wholesalers, retailers, individuals, farmers, craftsmen, housewives, etc...)

---

---

c) What is the geographic market of the business now? (Where do customers come from?):

---

---

31) a) Has the business begun to sell any new products or services since the first K-MAP counselling session?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, what are they?

---

---

c) In your opinion, did any of the assistance from K-MAP help the business to sell these new things?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

d) If yes, please explain how the K-MAP assistance helped the business to sell these new things.

---

---

---

32) a) Has the business begun to sell to new types of customers since the first K-MAP counselling session?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, who are they?

---

---

c) In your opinion, did any of the assistance from K-MAP help the business to sell to these new types of customers?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

d) If yes, please explain how the K-MAP assistance helped the business to sell to these new types of customers.

---

---

---

33) a) Has the business expanded into new geographic markets since the first K-MAP counselling session?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, where are they?

---

---

c) In your opinion, did any of the assistance from K-MAP help the business to expand into these new markets?

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

d) If yes, please explain how the K-MAP assistance helped the business to expand into these new markets.

---

---

---

34) Has the business undergone any other changes since the first K-MAP counselling session? (eg. new suppliers, technologies, equipment, plant, management systems)

Yes \_\_\_\_\_ No \_\_\_\_\_ Other \_\_\_\_\_

b) If so, what are the changes?

---

---

---

35) How have you used the profits from the business in the last five years?

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

36) a) Please describe any other assistance the business has received from other organizations (credit, workshop, training): (What type, who from, when received?)

---

---

---

b) How much did the business pay for this assistance?

---

125

c) Was it more or less useful than the K-MAP assistance?  
More useful \_\_\_\_\_ Less useful \_\_\_\_\_ Similar \_\_\_\_\_

**F. Current Constraints**

37) What are the major constraints or problems faced by the business now?

---

---



12) In your opinion, was the counsellor good at explaining things?

1	2	3	4	5	6	7
Poor			OK			Excellent

13) In your opinion, was the counselling useful, overall, to the business?

1	2	3	4	5	6	7
Not Useful			OK			Extremely Useful

14) What, if anything, would have improved the counselling or made it better?

---

---

---

**COUNSELLORS' QUESTIONNAIRE<sup>2</sup>**

**1. BIO-DATA**

- a. Name of interviewee (OPTIONAL) \_\_\_\_\_
- b. Name of Company \_\_\_\_\_
- c. Address \_\_\_\_\_ Tel. No. \_\_\_\_\_
- d. Position/title in Company \_\_\_\_\_
- e. Specialization and area of responsibility \_\_\_\_\_
- f. Professional qualifications achieved \_\_\_\_\_
- g. Highest formal educational level achieved \_\_\_\_\_
- h. Date of registration for K-MAP volunteer service  
(mm/yy)
- i. Do you provide training services in  
Workshops \_\_ counselling \_\_ Both \_\_\_\_
- J. Type(s) of training you have provided to K-MAP clients  
in the last two years

(i) Counselling:

	<u>Client</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Subject area	_____	_____	_____
Number of hours	_____	_____	_____

---

<sup>2</sup> Whether you provided counselling or workshop services, you are referred to as a counsellor unless specific reference is made to the mode of counselling service i.e. counselling or workshop.

124

(ii) Workshops:

	<u>Workshop</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Subject area	_____	_____	_____
Number of hours	_____	_____	_____
Number of clients	_____	_____	_____

**COUNSELLOR-CLIENT RELATIONSHIP**

2. Would you say that your relationship with your client(s) is

1                      2                      3                      4                      5  
Excellent            Good                    Fair                    Poor                    Very poor

Please explain

\_\_\_\_\_  
\_\_\_\_\_

3. Would you like to stay on with your current client(s) or would you like to change?

Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain

\_\_\_\_\_  
\_\_\_\_\_

4. In your opinion, does your client(s) understand your advice/lectures?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, please state reasons for this

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Would you say that you deliver your advice well?

Yes \_\_\_\_\_ No \_\_\_\_\_

Please give reasons why or why not?

a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_

6. What, if anything would improve the counselling service you provide?

a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_

120

7. In your opinion, is the number of counselling sessions adequate?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, indicate appropriate number and explain your suggestion. Number \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. After the counselling period is over, do clients indicate the need for more sessions with you?

Yes \_\_\_\_\_ No \_\_\_\_\_

How do you usually react?

\_\_\_\_\_  
\_\_\_\_\_

9. Would you say that the business(es) you have counselled improved?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please state how (impact)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If not, why?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. To what extent would you say your clients have implemented your advice?

1	2	3	4	5
Not at all	Limited extent	Moderate extent	Good extent	Great extent

**COUNSELLOR MANAGEMENT BY K-MAP**

11. What is your general opinion about K-MAP counsellor recruitment and selection methods?

---

---

---

12. Would you say that, in general, the counselling process at K-MAP is managed

1	2	3	4	5
Very well	Well	Fairly well	Badly	Very Badly

13. Would you say the relationship between K-MAP counsellors and K-MAP staff is

1	2	3	4	5
Excellent	Good	Fair	Poor	Very Poor

14. Have you attended any of the counsellors' meetings organized by K-MAP?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, how many in the last two years?

---

---

15. Do you think those counsellors' meetings are

	Yes	No
a. Informative	_____	_____
b. Necessary	_____	_____
c. Not useful for the counselling task	_____	_____

16. Would you say that the general client-counselling administration by K-MAP is good?

Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain your statement.

---

---

132

17. In your opinion, does K-MAP give you, as a counsellor, adequate staff support for your counselling task?

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain

\_\_\_\_\_  
\_\_\_\_\_

18. Do you feel that K-MAP reimburses your expenses

a. Adequately Yes \_\_\_\_\_ No \_\_\_\_\_  
b. On time Yes \_\_\_\_\_ No \_\_\_\_\_

19. Do you feel that the K-MAP incentive scheme to counsellors is good?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, state what you find good about it

\_\_\_\_\_  
\_\_\_\_\_

If no, please give two reasons why not,

a. \_\_\_\_\_  
b. \_\_\_\_\_

How can it be improved?

\_\_\_\_\_  
\_\_\_\_\_

20. If you are currently counselling a client, have you completed any report form (K-MAP Form No. 0004) in the past 6 months?

Yes \_\_\_\_\_ No \_\_\_\_\_

Why or why not?

\_\_\_\_\_  
\_\_\_\_\_

21. If you have counselled a client, have you received any progress reports about the performance of the client's business after the counselling session(s) ended?

Yes \_\_\_\_\_ No \_\_\_\_\_

(33)

22. Have you been trained or prepared in any way for K-MAP counselling or workshop teaching? (e.g. induction courses, communication techniques, counseling techniques, e.t.c.)

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, do you feel the training was useful for the counselling or teaching job?

Yes \_\_\_\_\_ No \_\_\_\_\_

How could it have been improved?

\_\_\_\_\_  
\_\_\_\_\_

23. What are the most urgent problems facing counsellors under the K-MAP scheme?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

Please suggest some ways these could be solved.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

24. Are you aware of any counsellor evaluations by K-MAP or its clients?

Yes \_\_\_\_\_ No \_\_\_\_\_

Have you been evaluated at any one time.

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please rate that evaluation on the following scales:

1	2	3	4	5
Adequate				Inadequate
Objective				Biased
Meaningful to me				Not meaningful to me
Helpful in improving my skills				Not helpful in improving my skills
Encouraging				Demoralizing

134

**CLIENT MANAGEMENT**

25. In your opinion, does K-MAP reach its intended target group?

Yes \_\_\_\_\_ No \_\_\_\_\_

Why or why not?

\_\_\_\_\_  
\_\_\_\_\_

What, if any, improvements could be made?

a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_

26. In your opinion, are the clients selected for counselling appropriate? (If you have not counselled a client, indicate N/A).

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain

\_\_\_\_\_  
\_\_\_\_\_

27. In your opinion, are the clients who attend K-MAP workshops appropriate for workshop objectives?

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain

\_\_\_\_\_  
\_\_\_\_\_

28. K-MAP matches clients to counsellors after a needs assessment by secretariat staff. Does this method ensure appropriate matching of counsellor to client?

Yes \_\_\_\_\_ No \_\_\_\_\_

How can the matching method/process be improved?

a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_

**K-MAP AS AN INSTITUTION**

29. What would you say are the two most pronounced weaknesses of K-MAP as an institution?

- a. \_\_\_\_\_
- b. \_\_\_\_\_

30. In your opinion, what are the two most important strengths of K-MAP as an institution?

- a. \_\_\_\_\_
- b. \_\_\_\_\_

31. K-MAP uses the model of volunteer management assistance to small businesses. What would you say are the strengths and weaknesses of this model?

Strengths

- a. \_\_\_\_\_
- b. \_\_\_\_\_

Weaknesses

- a. \_\_\_\_\_
- b. \_\_\_\_\_

32. What are your visions about the future of K-MAP?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

33. Would you say that K-MAP's structure facilitates your service to clients?

Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

136

**K-MAP, YOU AND YOUR COMPANY**

34. How did you join the K-MAP counsellor register?

Personal voluntary \_\_\_\_\_  
Employer selected \_\_\_\_\_  
K-MAP direct request \_\_\_\_\_  
Other (specify) \_\_\_\_\_

35. For how long do you intend to continue as a K-MAP counsellor?

mm/yy \_\_\_\_\_

36. For how long does your company intend to retain membership of K-MAP?

mm/yy \_\_\_\_\_

37. Do you feel that the assistance you provide to clients conflicts with the interests of your employer/company? (Tick one).

Always \_\_\_\_\_  
Sometimes \_\_\_\_\_  
Hardly Ever \_\_\_\_\_  
Never \_\_\_\_\_

Please explain your response

\_\_\_\_\_  
\_\_\_\_\_

38. How has your company/employer benefitted from your counselling service to K-MAP clients?

a. \_\_\_\_\_  
b. \_\_\_\_\_

39. What would you say is the single most important benefit of K-MAP counselling services to you personally?

\_\_\_\_\_  
\_\_\_\_\_

40. (a) How many hours per month do you normally devote to K-MAP counselling? \_\_\_\_\_ hrs.

(b) How much time would you be willing to volunteer for the K-MAP service per month? \_\_\_\_\_ hrs.

## PRINCIPLES OF INTERVIEWING<sup>3</sup>

### 1. Interviewing is a Specialized Art

Interviewing involves two people -- interviewer and the respondent. Interviewing facilitates the obtaining of information from someone by asking questions. However, it differs from ordinary conversation in several respects:

- (a) The interviewer and the respondent are strangers to each other. One of the main tasks is to gain the confidence of the respondent so that he/she is at ease and willing to answer the questions you ask.
- (b) Unlike normal conversation, one person is asking all the questions and the other person answering them all. You must refrain from giving your opinion until you have completed the interview. You must not react in any way to what the respondent tells you. Never show disapproval but probe in a manner that should not offend the respondent. At all times throughout the interview you must remain neutral. However, you should show interest in the answers by nodding your head or saying something like "I see" or "Yes".
- (c) There is a strict sequence of questions that must be asked. You must always be in control of the situation. This means you must maintain the interest of the respondent throughout the interview.

Here is a summary of some important points to be kept in mind during the interview.

### 2. Gaining Access to the Respondent

As mentioned above, you and the respondent are strangers to each other, yet you must approach the respondent and in a very short time gain his/her confidence and cooperation so that he/she will answer all the questions. First impressions of your appearance and the things you say and do are of vital importance in gaining the respondent's cooperation. Therefore, you must be sure that your appearance and behavior are acceptable to the respondent and also to other people in the area in which you will be interviewing. On meeting the respondent the first thing you should do is introduce yourself stating your name, the agency you are working for and what you want of the respondent. Use the following introduction:

"Good morning. I am Ms Alfreda Brewer and I work with the USAID. My visit this morning is part of an evaluation of K-MAP (Kenya Management Assistance Program). We are

---

<sup>3</sup> Based on the techniques used by the Central Bureau of Statistics, Ministry of Planning and National Development, Kenya.

interviewing the managers or owners of those businesses which have received K-MAP assistance. Your business is one of the many randomly chosen by the evaluation team for this study. I hope you have received a letter or phone call from K-MAP informing you of my visit. The information I get from you will be confidential. The information will be pooled together and be used to obtain knowledge on the strengths and weaknesses of K-MAP services.

### 3. Confidentiality

All information collected from the business is strictly confidential. No individual report is to be released to anyone. Because some of the questions to be asked are personal, the interview should not be conducted in the presence of visitors unless the respondent, having first learnt the nature of the survey, has no objection.

### 4. Neutrality

Apart from confidentiality, most people are polite, especially to strangers, and they tend to give answers that they think will please the interviewer. It is therefore extremely important that you remain absolutely neutral towards the subject matter of the interview. Do not show surprise, approval, or disapproval of the respondent's answer by your tone of voice or facial expression.

### 5. Probing

First ask the question as it appears in the questionnaire. It can happen that the respondent's answer to a question is not satisfactory. From what is required, his/her answer may be incomplete or irrelevant, or sometimes he/she may be unable to answer the question as put to him/her. If this happens, then asking some additional questions is required to obtain a complete answer to the original question. Asking additional questions to obtain a complete answer is called probing. The probes must be worded so that they are "neutral" and do not lead the respondent in a particular direction. Remember that the quality of data to be collected depends very much on the enumerator's ability to probe correctly.

### 6. Answers

Each answer must be recorded in the correct space provided in the questionnaire. Record what the respondent says, not your own interpretation/summary. Before leaving the respondent you should check to see that all required questions have been answered. If the respondent gives answers which are relevant to later sections of the questionnaire, do not repeat the question but frame it as if you are re-confirming the earlier response. If the respondent gives an answer that contradicts an earlier response, confirm the true position. If the question requires a numerical answer, be sure to enter the appropriate number or zero if the answer is "None". If a space is left blank, it is impossible to tell

whether or not the question was asked or answered. "No answer" and "0" have very different meanings when the survey is analyzed.

## **7. Appointments**

You should always try to arrange beforehand for a suitable time for interviewing the respondent. You should never try to force the respondent to attend at a time that would obviously be inconvenient to him/her. Once a time has been set for an interview it is important that you keep the appointment on time. Being late for appointments inconveniences respondents and results in unpleasant situations.

## **8. Closing the Interview**

Once all the information has been obtained the interview should be brought to a close without undue extension. Even if the respondent is very friendly, you should always avoid overstaying your welcome. You should always acknowledge and thank the respondent for his time and willingness to provide you with the data.

## **9. Reluctant Respondents**

Actual refusals are rare and for most enumerators there will be no refusals. If refusals come often, you will usually find something is wrong with the way you are introducing yourself or explaining the use of the survey. The person who says he does not have time for the interview is usually trying to put you off. Ordinarily a statement such as "this won't take very long" or "I can ask you some questions while you are working" will start the ball rolling and soon he/she will give you his entire attention. Always be honest. Never tell a respondent that the interview will take only fifteen minutes if you believe one hour will be needed. If he really does not have the time, make an appointment for a return visit. A good enumerator is proud of his ability to meet people with ease and friendliness and to secure their cooperation.

## **10. Call-Back Procedure**

It is important that you attempt to interview the owner and/or the people who have received K-MAP counselling, but occasionally you may need to make a second visit if the owner of the business or the K-MAP client are not there. Most of the questions that are contained in the questionnaire can only be answered by the owner of the business or a person who has received K-MAP counselling. Do not try to complete the questionnaire by interviewing employees or other persons who are not familiar with the business.

## **11. Enumerator Review**

As soon as possible after leaving the respondent, the enumerator must check over the questionnaire carefully to see that all the answers are complete. In some cases it may be necessary to

revisit the respondent for more complete information and this is the time to do it. Under the pressure to complete an interview, some enumerators become lazy in checking over each questionnaire while the interview is fresh in their minds. This part of the job should never be overlooked. Experience has shown that most of the problems involving completed questionnaires could have been eliminated by the enumerator if he had made a check of the questionnaire before handing it over to the supervisor. The enumerator should therefore plan his workload to include some time for checking the questionnaire.

## **12. Language**

Interview the respondent in the language in which he/she feels most comfortable. If he/she prefers English, do the interview in English. If the respondent is most comfortable in Kiswahili, then speak Kiswahili. If he/she speaks only another language you understand, then you can do the interview in that language. If the respondent speaks only a language you do not understand, then you must raise this problem with your supervisor. If translating and probing, be sure you do not give the answer you expect.

## **13. Translating Difficult Concepts**

When translating certain words, it is essential that the question is framed in such a way that it would mean the same as in the English phrasing of the questionnaire. There may be particular difficulty with the word work. In many languages, when a person is asked "Do you work?", it means "Are you employed by someone else for pay?" Try to avoid this type of misunderstanding when you are asking questions in other languages.

## **14. Ending the Interview**

After completing the interview, thank the respondent for his/her time and cooperation and leave the way open for a future interview. A respondent that you have favorably impressed will be willing to give additional information when his/her business is selected for another survey.