ARMENIA MICRO ENTERPRISE DEVELOPMENT INITIATIVE

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Business Service Provider Survey

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TABLE OF CONTENTS

Executive Summary

USAID's Micro Enterprise Development Initiative (MEDI) has three distinct project goals. One of these goals is to increase access to business development services for micro and small enterprises. In a step towards achieving this goal, MEDI has conducted a survey of the business development service (BDS) providers in Armenia. This report is a summary of the data and an analysis of the findings.

This study was conducted to determine the state of development of the BDS providers but is not meant to be a stand alone product. Although significant and actionable items have arisen from the data collected and the information contained herein, this particular study is part of a larger initiative to analyze the entire BDS market. The market is comprised of demand as well as supply; hence, MEDI is currently sponsoring a BDS demand survey as well. The information derived from the demand survey will be compared with the information derived from this supply survey to identify the gaps between supply and demand.

Bridging the gaps between supply and demand is critical to the development of the BDS market in Armenia. Because of this importance, MEDI will share the information from both surveys with all appropriate constituents involved with the BDS market in Armenia, including other international donor organizations. MEDI recognizes the need for all the donors to approach the BDS market with a common strategy. This document, along with the demand survey and a study of the gap between supply and demand, will be a foundation for discussing a common strategic approach to the growth of the BDS market in Armenia.

The report is structured into five sections in the following manner. The first section is an explanation of the background of the survey; why it was performed and the methodology of the approach. This section provides justifications for (1) the methods used in the survey, (2) the profile of companies interviewed and (3) the decisions made during analysis of the data. The BDS market is big and the approach to the market study is determined by the party conducting the study. As the project title implies, MEDI addresses the development of the micro and small enterprise (MSE) sector in Armenia. The important theme in this study, therefore, is the applicability to the MSEs in Armenia of the services that the suppliers are providing. All decisions regarding the approach of this study are made with this fact in mind.

The second section contains information regarding the development of the business service provider (BSP) industry in Armenia.[1] It covers the history and the critically important role of the international donor organizations. In describing the development of the Armenian state of BSP affairs, this section borrows from several sources considered to be the foremost authorities on state-of-the-art BDS. It is important for the reader to understand the philosophy that MEDI employs in its approach to developing the BDS market. This philosophy is contrasted to the manner in which the market has developed to this point. Throughout the report, discrepancies between the different philosophies are brought to light.

[1] Please note that the terms "BDS provider" and "BSP" are used interchangeably in this report.

The analysis of the data follows next. Data is analyzed in conformance with the methods outlined throughout the section. The flow of information generally follows the structure of the survey as it was administered. Although not followed question for question the points analyzed are key to understanding the market in Armenia.

Finally, concluding remarks based on the data analysis are provided followed by recommendations. Based on the analysis and the conclusions drawn, several actionable recommendations are specified. The recommendations are divided into two groups; those directed at the service providers and those that are identified as initiatives for MEDI itself to implement. Although most of these recommendations can be enacted directly, the results of the demand survey will provide additional information.

I. Background Concerning this Business Service Provider Survey

1. Introduction and Purpose

In order to be consistent with current global best practices, this report follows generally accepted definitions of business development services. In its most rudimentary form, the generally accepted definition of a business development service (BDS) is a non-financial service that aims at improving the performance of an enterprise, its access to markets and its ability to compete. According to the accepted definition, BDS must support businesses to create financial value.[2] In Armenia, as is elsewhere in the world, these services are offered by various categories of business service providers (BSPs) and are consumed by any person or business that desires to receive the potential benefit of the service as provided by the service providers. The BDS market, therefore, is the mechanism that supports the flow of services (the transactions) from the providers (supply side) to the consumers (demand side).

The focus of this report is on the supply side of the market; the business service providers. The United States Agency for International Development (USAID) Micro Enterprise Development Initiative (MEDI) conducted a survey of significant business service providers throughout Armenia. The purpose of the survey is to determine at what stage of development is the BSP industry in Armenia. The factors involved in this determination are capacity, services offered, outreach and compliance with market demand.

One of the three mandates of the MEDI project is to assist in bringing effective business development services to the micro and small enterprises (MSEs) in Armenia. This mandate is understood as making effective BDS affordable for the consumers and creating a market that will be sustainable without outside assistance for the BSPs. Conducted in parallel with this supply survey therefore, is a survey of market demand. In that survey micro and small business owners are being interviewed in order to determine the important considerations of demand. Whereas this supply survey will surface the suppliers' point of view of the market, the demand survey will uncover the needs of the potential consumers. MEDI anticipates there to be a gap between supply and demand; that the suppliers are not necessarily in tune with the needs of the market. The results of the two surveys, more precisely addressing the gap discovered between supply and demand, will lay the cornerstone for MEDI's strategies for year two of the project in accordance with the goal of developing the BDS market in Armenia.

[2] Committee of Donor Agencies for Small Enterprise Development 2001: Business Development Services for Small Enterprises: Guidelines for Donor Interventions, p.1

Further to MEDI's internal use of the results of this survey, and in particular these results combined with the results of the demand survey, MEDI will share the information with other donor organizations. Donor organizations need this information to understand how the market has developed, what the current status of the market is and how the transaction mechanism is working. With this information, international donor organizations need to design strategically consistent programs to develop a sustainable BDS market throughout Armenia.

2. Survey Methodology

Types of BSPs included in the survey. As seen from the definition, business development services cover a wide range of topics. It is neither feasible nor informative to include every aspect in any study. The organization sponsoring the study, in this case MEDI, must therefore determine the aspects of the market that will be included in the study. The guidelines followed by MEDI are as follows.

From a functional standpoint, in their broadest sense BDS can be divided into two main categories: operational BDS and strategic BDS. Operational services are those needed to facilitate day-to-day business operations, such as communication services, courier services, secretarial services, money transfer and others. For example, a company that does nothing but sends faxes for others is considered a BSP. A company that offers bookkeeping services is also considered a BSP and is a particular example of a growing field in Armenia as will be pointed out later in this report. Both of these are examples of operational BDS. Strategic BDS, on the other hand, are services addressing medium- and long-term business growth issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete.[3] Strategic services include consulting and training. These are more technical and the BSPs generally require more skills to deliver them. Strategic services also require a higher upfront investment and have a longer payback time on the initial investment. For example, it might take years for an entrepreneur to fully appreciate the value of a course in strategic management. This study focuses on BSPs that deliver strategic services although there is some crossover with BSPs offering operational services.

For the purpose of this survey only formal, officially registered BDS providers were included. Informal BDS providers were excluded from this survey, notwithstanding their important role particularly in rural markets of Armenia. The exclusion was necessary to maintain research relevance. By virtue of the informality of these providers it is extremely difficult to find them, collect reliable market information and to develop capacity profiles.

Although the target client audience was not used as a selection criterion in considering whether or not a BSP will be *interviewed*, it was a factor for the *analysis* of this data. Since MEDI is focused on micro and small enterprises (companies with less than 25 employees), the analysis of this study focuses on those BSPs that serve this sector. All BSPs were interviewed; only appropriate ones were analyzed.

Although they are considered to be suppliers of business services, associations were excluded from the study. MEDI is conducting a separate analysis of Armenian associations that influence MSEs.

[3] Committee of Donor Agencies for Small Enterprise Development, ibid p.1

Two main categories of formal BDS providers were distinguished; commercial providers and non-commercial (i.e., NGOs, foundations and government organizations) providers. The distinction was made to allow for cross-comparison of commercial and noncommercial providers, and to analyze in detail to what extent private sector organizations supply services in given districts or for given sectors.

A distinction of extreme importance is the selection criteria for BSPs in Yerevan as opposed to the selection criteria in the regions. In Yerevan, there is an existing BDS market and therefore a good number of BSPs active in the city. These are BSPs that offer operational as well as strategic BDS. In the regions, however, active BSPs offering a range of services are not so common. Therefore, in Yerevan the BSPs interviewed for this survey are companies that exist for the purpose of being business service providers whereas in the regions the selection criteria opened up to include more NGOs and as well stretched the criteria to include organizations that have potential to offer BDS as well.

The main source for identifying BSPs was the BSP database, a tool developed by the Small & Medium Entrepreneurship Development National Center (SME DNC) with financial assistance provided by USAID's ASME project. In order to assure inclusiveness of all formal BSPs, lists of BSPs were also obtained from other sources, e.g. other donor-funded projects with a business development component.

Interview guidelines. The main survey tool used to collect market information about the BSPs was the Business Service Provider Interview Guideline.[4] This previously existing tool was designed according to global best practices on BDS assessment. MEDI tailored the guideline to the realities of Armenia before it was implemented. The tool was first tested in the field, appropriately adjusted and then rolled out to BSPs across the country.

The interview guidelines were structured in three main blocks of questions:

- General information about the organization
- Specification of product/market mix
- BDS market information from the supplier's perspective.

The first block of questions relates to the organization itself; the name, physical address, contact numbers and chief executive officer of the organization as well as legal status of the organization the year of its establishment, the geographical area covered and details about field offices, if any.

The second block of questions has three aspects: BSPs were asked to specify (1) the size of the enterprises mostly reached with their services, (2) the industries or sectors targeted with their services, if any and (3) the type of business development services they offer.

The third block of questions includes three facets as well. The BSPs were asked questions concerning (1) the BSPs' *perception* of the demand for services, (2) supply of services (products offered) and (3) opportunities for BDS development in the MSE sector.

Data collection. All interviews conducted in this study were performed by the MEDI business development specialist in individual, face-to-face meetings with each BSP. Personal

[4] A blank copy of the document is attached as Annex A of this report

visits were made to every organization included in the BSP database. This manner of interviewing was important not only to administer the questionnaire but also to gain insights of BSPs' operations. Such insights emanate from face-to-face personal discussions and are not noticeable at first glance nor are they evident from phone interviews.

Once data was collected, a key challenge was to distinguish those BDS providers that serve the micro and small enterprise sector from those that work mainly with donor-funded projects and/or medium and large enterprises. This important distinction is made so that when the data is analyzed only those companies that are relevant to the development of the MSE sector are considered for the strategic development of the MSE sector.

Data tabulation and analysis. As mentioned above and explained in detail later in this text, there is a difference between the BSP market in Yerevan and the BSP market outside of Yerevan. This difference is significant enough to warrant dividing the analysis into two segments; those BSPs in Yerevan and those located in the regions. To analyze all BSPs together would have given a skewed view of what is offered in the overall market.

Dissemination of the survey results. The final step in the process of this study will be to disseminate these results in conjunction with the results of the demand survey. A general meeting will be held and all relevant organizations will be encouraged to attend. The presentation will be geared towards service providers, relevant government organizations and international donor organizations. The two-fold purpose of the presentation will be to 1) give an opportunity for service providers to see how they are perceived by the consumers (or potential consumers) of BDS and 2) give government and donor organizations a chance to understand better the BDS market dynamics.

Survey limitations. The survey limitations are pointed out below. Despite the limitations, this survey lends itself well to determining the current state of affairs of the BSP industry in Armenia and allows for the analysis of market trends particularly as they relate to the MSE sector. The limitations are as follows.

Concerning data integrity, there are two significant ways that the data may be tainted. First, a discrepancy arises from an interpretation of terms. A BSP can report that it supplies management training, for example, but it is difficult to determine what the BSP means by management training. Second, a BSP can report that it has delivered a certain service. That service, however, may have been developed in response to a donor tender and may have been administered several years ago. There is no way of telling whether or not the service was good or if it is deliverable today in its current state. Compromises in data integrity were mitigated by the previously mentioned fact that all interviews were conducted in person and all by the same interviewer.

The research results are also limited to the extent that no financial figures about annual turnover, sources of income or profitability margins were collected from BSPs. As a result, one major angle of the discussion on BDS market development – the issue of the financial sustainability of these services – cannot be analyzed in depth. The decision not to collect any financial data was deliberate; empirical evidence from Armenia and all over the world shows that local organizations are extremely hesitant to disclose their revenues and particularly their profitability margins – not least for tax reasons but also not to compromise their own market position vis-à-vis donor agencies sponsoring the market transactions.

Finally, it is acknowledged that the BDS market is in continuous flux and that some information obtained at the onset of the interviewing process may be irrelevant now (some companies may have been liquidated, some may have been established). Overall, however, these fluctuations are expected in any developing market and the data are regarded as representative.

II. The Current State of the BSP Industry in Armenia

1. A Brief History of BSPs in Armenia

The first step taken to analyze the spectrum of BDS providers in Armenia is to assess the change in its composition over time. The formation of the BDS market in Armenia started in 1994 – 1995 with the creation of BSPs by donor-sponsored development projects. The initial push to establish business centers came about in 1994 as an initiative funded by the Eurasia Foundation. Grants were given for the creation of local business centers that were each staffed with a Peace Corps volunteer. Unfortunately, most business centers created at that time have since been liquidated due to a shortage of skills. Some of those that have survived continue to enlist the services of Peace Corps volunteers. Being a dynamic environment, new business centers have been established and many of these as well enlist the services of Peace Corps volunteers. Though not all of the Peace Corps volunteers have a formal business background, their high motivation, resourcefulness and western market experience makes them a valuable resource for BSPs.

In 1992 two western management schools were established in Armenia: American University of Armenia and Haigazian University Graduate School of Management. In 1994 the latter institution closed having only fourteen graduates (out of forty-five originally enrolled). American University of Armenia continues its operations, supplying a strong cadre of potential professionals – both suppliers and consumers – for the BDS market.

With the international donors supporting the availability of capacity building programs such as Training of Trainers and business skills training curricula as well as financial support and substantial subsidies for end users, more and more BSPs emerged. These stimuli have created a supply side that is not always qualified and has often ignored the demand side as will be described in this report. This being the case, it is evident that the BDS market in Armenia, especially for the MSE sector, is still in its infancy and needs further development in order to become sustainable.

Imbalanced development. Although the entire Armenian BDS market is still in the development stages, the situation in Yerevan is markedly different than that in the regions. Yerevan has a critical mass of people and businesses that makes it more feasible for BSPs to exist in the city. Most of the BSPs are concentrated in Yerevan and certainly the most qualified BSPs are there. The regions, being sparsely populated, host far fewer businesses than in Yerevan. Not only is it difficult to find a qualified person to become a service provider, it is also difficult to maintain a sustainable client base when the population is small. Additionally, the BSPs in Yerevan are privy to nearly all the Training of Trainers programs since there are far more offered in that city than throughout all of Armenia combined. It is costly for regional BSPs (or those from the regions wishing to become BSPs) to come to Yerevan for training considering travel and accommodation expenses. Further, the cost recovery timeframe is much longer as compared to their Yerevan based counterparts since the markets are smaller outside of Yerevan. Therefore, the Armenian BDS market is essentially two separate entities: the market in Yerevan and the market that is not in Yerevan.

2. Donor Influence

Donor involvement is a recurring topic in this report. Armenian BSPs owe much to the international donor programs. The donors created the market and the donors continue to fuel the market in terms of technical and financial assistance. The donor influence is strong enough that in addition to suppliers and consumers, donors comprise the third party in the Armenian BDS market. Donors subsidize BSPs in the service manufacturing and delivery process and thus support, sometimes effectively create, market transactions; donors inject these subsidies at the service pre-transaction stage (i.e. by financing product development and market research), at the transaction stage (i.e. by sponsoring a training course) and/or at the post-transaction level (to evaluate service impact and customer satisfaction).[5]

Donor involvement is also a cause of some market distortion. The confusion arises from the question of customer; the donor organizations or the end users. Generally through a tendering process, the donor organizations offer lucrative training/consulting engagements for local suppliers and thus create a demand for the services (sometimes a contract is given directly to a BSP without a tender process). Any functioning market is made of suppliers and buyers but the buyers in this case are the donor organizations. Therefore, the market is created by the suppliers (BSPs) and buyers (donors). The question is, “Are the donors in the best position to dictate demand?” Further to this, when the donors discontinue this practice, will the suppliers correctly look to the end users in order to make the market work in a sustainable way?

In Armenia, particularly the markets for *strategic* business development services suffer from the abovementioned market imperfections. Customers are typically not able or willing to pay the full costs of the service and suppliers often lack the capacity to offer professional and cost-effective support. For a service transaction to take place, financial and technical support from third parties (generally, but not always, the donor groups) is needed.

It is important to understand the different philosophies associated with BDS market development. The following table depicts two contrary BDS market development paradigms.

[5] Subsidies might be paid in cash or in kind; in the latter case, subsidies usually take the form of technical support for BSPs. For example, MEDI provides technical support to local BSPs mostly on the pre-transaction level through Training of Trainers programs, product development and marketing support.

Table 1: Traditional versus Market Development Interventions[6]

	Traditional Interventions	Market Development Interventions
Vision	A non-commercial or government organization provides quality BDS to MSMEs.	A sustainable, primarily private sector market, made up of competing suppliers, sells a range of quality services to MSMEs.
Objective	Provide quality services that MSMEs can afford.	Encourage others to provide quality services for which MSMEs are willing to pay full cost.
Starting point	Diagnosis of needs, survey.	Assessment of the market (demand, supply, potential).
Point of Intervention	"First Tier": Direct provision through a single, local institution.	"Second Tier": Facilitate, regulate, develop products for and work with more than one supplier.
Duration of involvement	Permanent; donor-funded programs must continue if services are to be available to the target market.	Temporary; withdraw as markets develop.
Subsidies	Support free or low-cost services to clients. Justified in the long-run: MSMEs cannot be expected to pay full costs.	Support assistance to suppliers or temporary grants to clients. Justified in the short run if market development impact outweighs market distortion impact.

Much of the current BDS market development in Armenia has been a mix of the two approaches and there is not consistency across the market. Given this, the biggest concern at this point is whether or not the BDS market in Armenia can be weaned off of the donor support bandwagon and create a sustainable BDS market operating in the MSE sector. This is exactly MEDI's goal. This implies a shift to the right side of the table. Although a debated topic among BDS market development experts worldwide, the current generally accepted global best practices follow the right side of the table. The transition will require the supply to meet the demand for services. Consumers will have to understand the positive impact that business development services can have and BSPs will have to heed the desires of the consumers.

Another way donors support the market is by subcontracting local service providers rather than bringing in a foreign expert. This is desirable for the donor since it greatly reduces costs. It is also an excellent opportunity for local service providers to receive substantially higher value contracts and gain a level of experience that would otherwise not be available through projects funded by local Armenian companies. This is not a source of market distortion and will not be addressed in this text.

[6] Mc Vay, Mary and Miehlbradt-Overy, Alexandra 2002: Developing Commercial Markets for Business Development Services: Are how-to-do recipes possible? Seminar reader for the third annual seminar on business development services market development, organized by the International Labour Organization, Turin, 9-12 September, p.16

III. Research Results and Analysis

As mentioned, the survey consisted of three main blocks; general information, products offered and perception of demand. This analysis section is structured in a similar fashion.

1. General Information about the Organizations

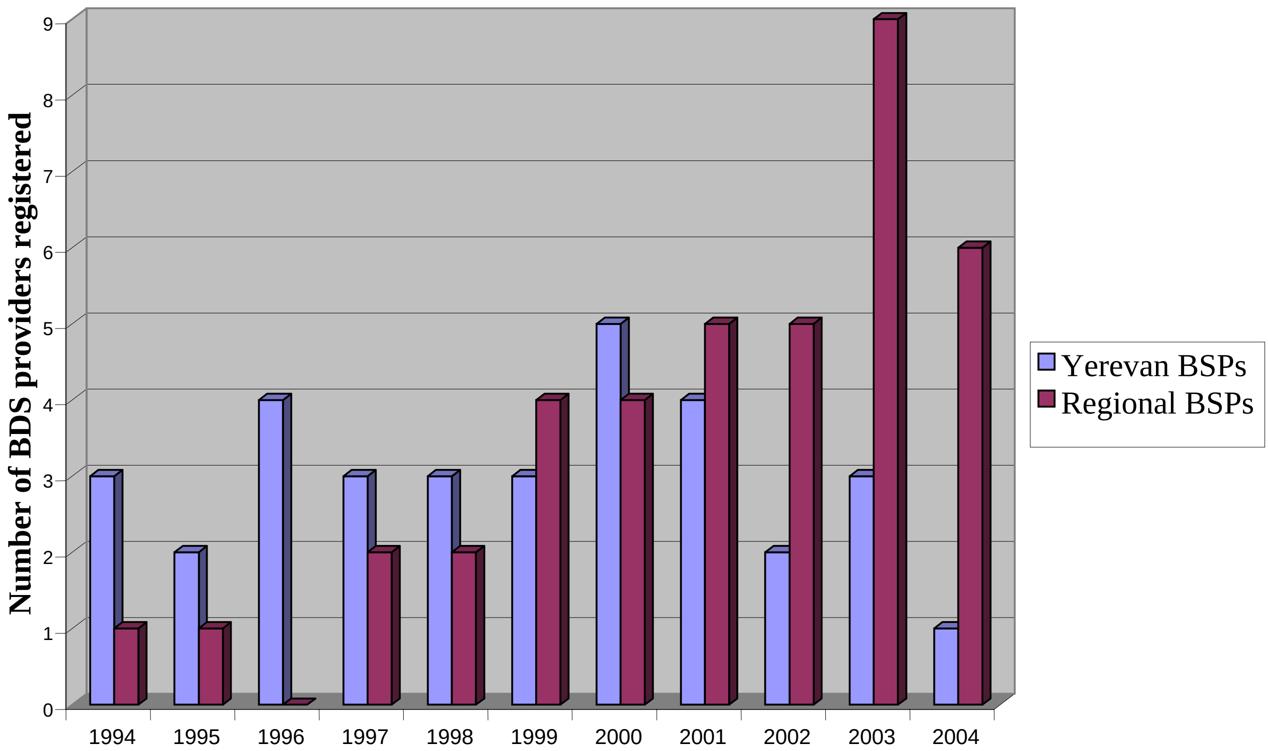
Geographic distribution. This nationwide BSP survey covered all the regions in Armenia. Chart 1 below visualizes the geographic coverage of BSPs. Notice that there were 75 BSPs interviewed but only 72 are included in the map in Chart 1. For various reasons the three unaccounted BSPs were not appropriate to be included in this survey (e.g., they were out of business).

Chart 1: Geographic coverage

BDS providers are not evenly distributed throughout the country. The highest concentration is in Yerevan: the largest economic hub in the country. There are no BSPs established in three of the four marzes that border Yerevan – except one in Aragatsotn that declined to take part in the assessment. The reason for the lack of nearby BSPs is perhaps attributed to the fact that these nearby regions are accessible by the Yerevan BSPs. Another contributing factor is that there were no international donor projects to establish BSPs in these regions.

Registration of BSPs since 1994. Chart 2 below illustrates the year of establishment of the 72 BSPs included in the analysis.

Chart 2: Year of registration of BDS providers

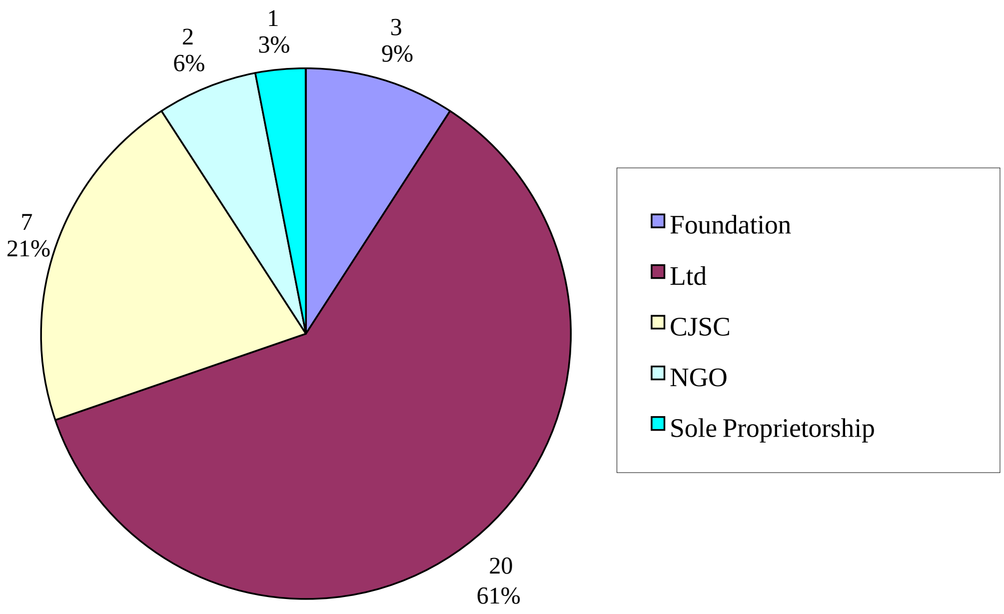


The number of registered regional BSPs is increasing significantly since 2001 whereas in the same period, the rate of growth of the BSP market in Yerevan is not. This can be interpreted as an indication that the BSP market in Yerevan is saturated and there is recognition that markets exist outside of the capital. This is an optimistic view and as well a natural progression of market development. However, the other probable cause for the trend in increasing growth of regional BSPs, especially 2003 – 2004, is that the market is being "forced" by donor programs. For example, one particular GTZ project has an extensive component on the creation and development of service providers. The project has first implemented growth in Syunik marz and currently is working in Tavush marz. As is described elsewhere in this report, although the creation of the BSPs is good, this forced creation of the market also has adverse affects.

A third factor that influences the rate of increase in registration of regional BSPs and that is several NGOs have registered daughter enterprises as limited companies so that they can compete in the commercial sector.

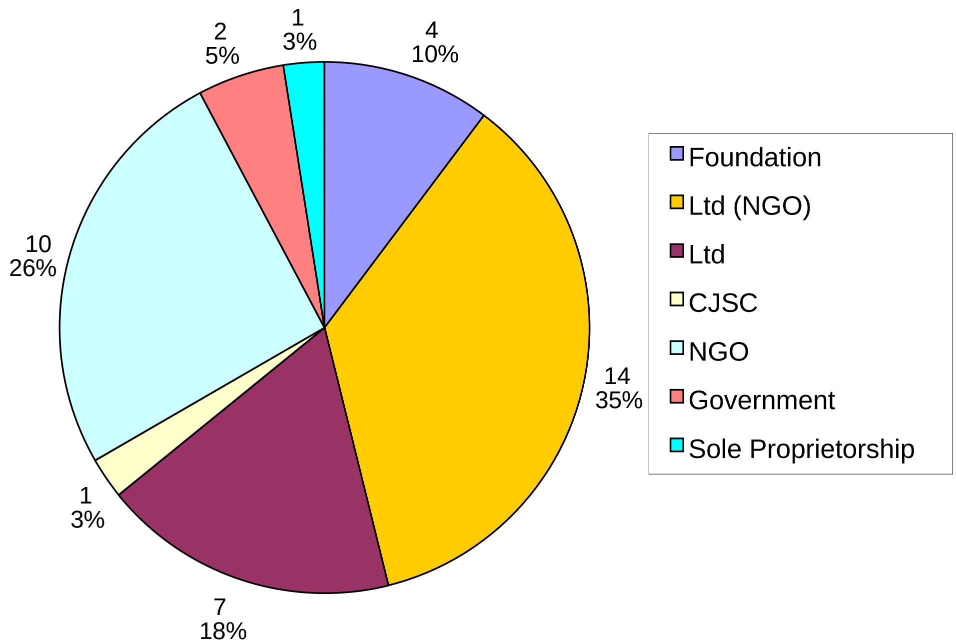
Legal status. Examining the legal status of the BSPs reveals the breakdown of the commercial vs. non-commercial entities (questions 8). Illustrated in Chart 3 below is a breakdown of business service providers based on their legal form of registration. Please note that in this and all charts, percentages are given along with absolute quantities.

Chart 3: Legal status of BDS providers in Yerevan



NGOs and foundations comprise the non-commercial sector and these together make up only 15% of the overall BSP supplier market in Yerevan. Commercial companies, therefore, are in the vast majority at 85% of BDS providers in Yerevan.

Chart 4: Legal status of BDS providers in the regions

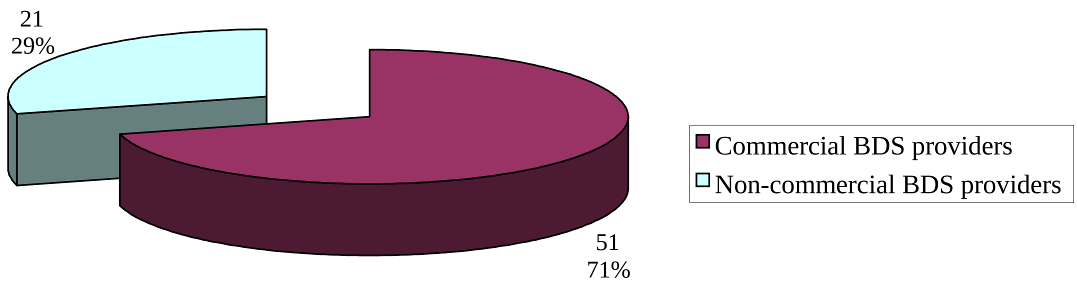


As is the case in Yerevan, the percentage of commercial companies is higher than non-commercial organizations with the breakdown of 64% of the BSPs being commercial entities. Note that the SME DNC branches are units of a single foundation and three of these branches are included in the regional statistics. This indicates that the percentage of discrete commercial companies is even higher if one considers all of the SME DNC branches to be the same entity.

An Ltd (NGO) is indicated in Chart 4. This is a case in which an NGO has registered a daughter enterprise as a limited company. Previously, almost all regional BSPs were registered as NGOs in order to receive grants (or were even established by grants). Since under Armenian law NGOs are not allowed to earn profit, NGOs navigate around this obstacle by registering a limited company as a subsidiary. This is what fourteen NGOs have done in recent years. In light of this fact and seeing that 64% of the BSPs in the regions are commercial organizations (even higher if one considers SME DNC branches as one entity) there is a noticeable trend of an increase of commercial BSPs in the regions.

Chart 5 below depicts the compiled data for all BSPs interviewed for this survey indicating the distinction between commercial and non-commercial BSPs.

Chart 5: Commercial vs. non-commercial BDS providers interviewed



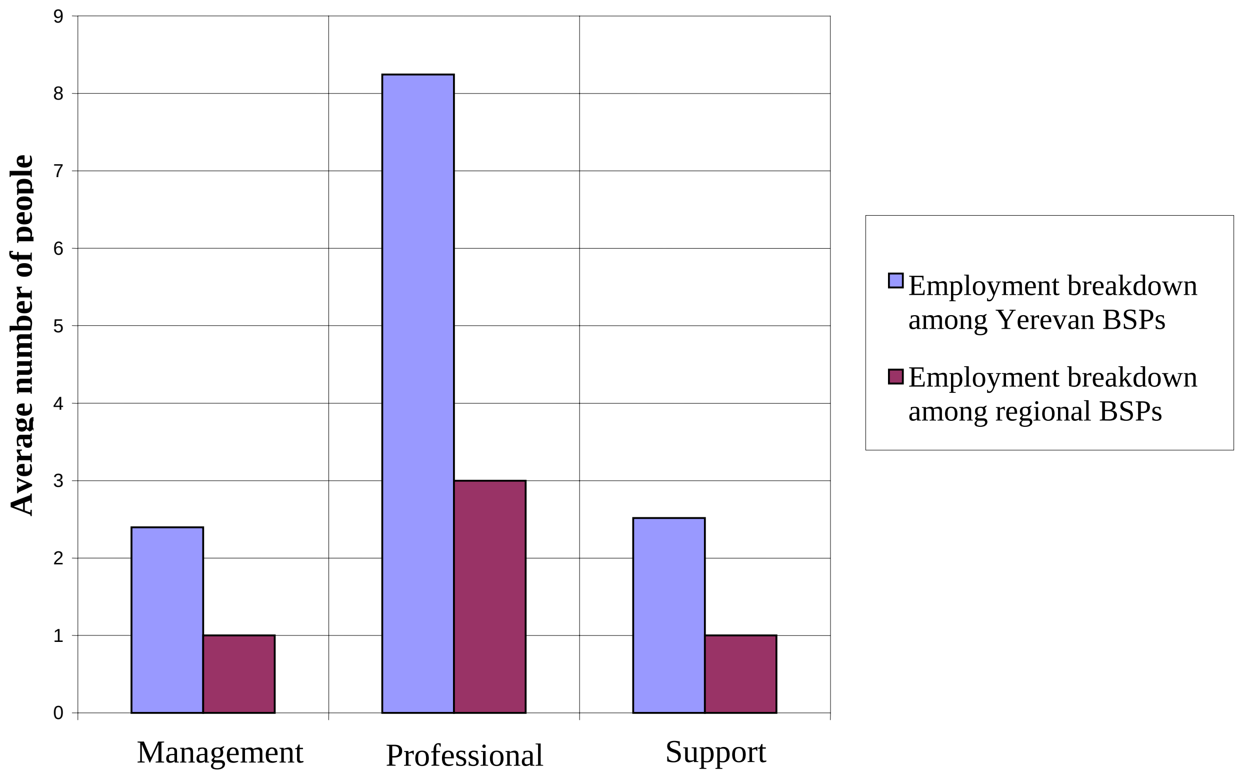
The high percentage of commercial providers in the market seemingly contradicts the popular assumption that business development services cannot be delivered in a financially sustainable manner; customers are not willing to pay and therefore commercial providers have no incentive to operate. Further analysis yields a more complex situation, however. As will be discussed in further detail elsewhere in this document, commercial providers are active in certain market *niches* that offer attractive returns, i.e. consulting services for urban, medium and large scale enterprises. By direct comparison, few commercial providers offer services to MSEs regardless of location. Service to this segment of the market is still dominated by either non-commercial providers, companies implementing different donor projects or BSPs that take advantage of services subsidized though the SME DNC voucher program. Some form of transaction subsidy is still required to reach micro and small enterprises and other low income groups.

Furthermore, empirical evidence indicates that commercial service providers are as much attracted by transaction subsidies as any other types of BDS organizations. Such BSPs are professionally adept and therefore are becoming increasingly successful in winning tenders offered by donor programs. As a result, the correlation between being a commercial provider and offering financially sustainable services is low. Therefore, it is assumed that while a growing number of commercial providers are entering the market, they tend to concentrate geographically and by sector in lucrative market niches, or else are as much relying on transaction subsidies as their non-commercial counterparts.

Employment and structure. The average number of employees among Yerevan BSPs is twelve whereas among the regional BDS providers it is four. On average, Yerevan BSPs subcontract up to four people per month while regional BSPs average one subcontract in a month. Research showed that the larger companies (in terms of employees) are less interested in the MSE sector.

One of the indicators on the level of flexibility in organizational structure was the breakdown of employees. Chart 6 below summarizes the data showing the average number of employees by job category; management, professional or support. In this case, professional means those who deliver BDS.

Chart 6: Employment breakdown within BSPs



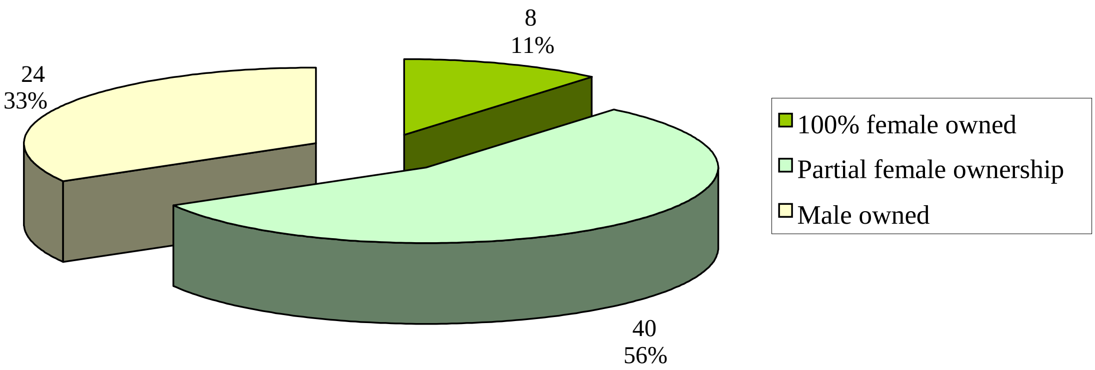
Structurally, the organizations are not top heavy and are rather efficient. The bulk of the employment is in the professionally active staff: those who are administering the services to the clientele.

Experience. In order to have an idea about the capability of BSP performance, an indicator on management and professional staff experience was included. The data reveal that on average the management experience among Yerevan BSPs was reported to be twelve years whereas among regional BSPs it was reported to be eleven years. Experience, however, was not restricted to *BSP* management only; it was general management experience. There was of course no way to confirm the reliability of the respondents.

Professional staff experience in Yerevan and in the regions was indicated to be nine and six years respectively. Nine and even six years are enough to have gained a significant level of professionalism and as well also enough time to have developed services for advanced levels for those clients that have been enrolled in previous programs. After working in the BDS market for six years, a professional should be in tune with consumer demand. However, in practice, this is often not the case. Services offered are still rudimentary and trainers and consultants are not professionally oriented. Although the results of the demand survey are not yet available, it was even evident from this supply survey that the BSPs are not nearly as customer oriented as expected or as necessary. This is particularly true for regional BSPs. Yerevan BSPs are more professional (and also have an edge of an extra three years of experience on average) but still are not as consumer oriented as necessary.

Female participation. The interview guidelines included a question (number 9) on female ownership participation. The results in Chart 7 reveal active participation of women in the creation of BSPs.

Chart 7: Female ownership participation in BDS



Two-thirds of the BSPs have been created with women participation thereby demonstrating that this is not a male dominated industry. Women play a major role not only in ownership but women are also extremely active in delivering services as well. This is seen in the number of BSP targeted events that MEDI has sponsored. Females are always heavily represented and generally comprise a significant majority of attendees.

Several assumptive factors lead to the strong presence of women in this industry. Females traditionally engage in teaching in Armenia, BSPs require low start-up costs and Armenian women are more service oriented than Armenian men, in general. Whatever the reasons may be, MEDI can leverage this female presence in the BDS market in its initiative to promote female entrepreneurship as a whole.

2. Products and services offered to MSEs

The second block of questions in the survey addressed specification of product/market mix. As opposed to the previous section in which all BSPs surveyed were included in the analysis, only those BSPs that pertain to the MSE sector are analyzed in the subsequent sections. Rather than the 73 BSPs represented in the previous section, the field of BSPs that address MSEs totals only 45; 16 in Yerevan and 29 in the regions.

Current services. Although a question was asked regarding current products, most BSPs, both regional and in Yerevan, included not only their standard offering but also responded by listing services they believed they could provide, although they had never provided them (question 12). This was discovered while checking the details on the specific services (e.g., when was the service offered most recently, who were the clients). In order to avoid negative reaction, the interviewer accepted the services stated by BSPs without probing deeply into whether or not it was feasible that the service could be offered by the respective company.

Table 2 summarizes the findings on services offered by BSPs. A detailed checklist of companies by name and their respective service offerings is included as Annex B for Yerevan BSPs. Annex C contains similar information for regionally located BSPs along with the location of each.

Table 2: Services reported to be provided by BSPs in Yerevan and the regions

Yerevan BDS providers	**Number of companies providing the service**
Management training	10
Market research	10
Business plan development	10
Management consulting	6
Investment consulting	6
Accounting training	5
Accounting and tax consulting services*	4
Legal advice	4
Marketing services (promotional planning, marketing planning)	4
Recruitment services	2
Regional BDS providers	**Number of companies providing the service**
Business plan writing	15
Management training	12
Market research	11
Computer services	9
Business information provision	8
Accounting and tax services*	8
Accounting training	7
NGO consulting	6
Computer services (typing, printing, photocopy)	11
Management consulting	3
Legal advice	3
Agribusiness consulting	3
NGO consulting	3
Tourism development services	2

* BSPs offering accounting and auditing services only were not included in the results since according to the information revealed in the interviews, their clients are larger companies. However, there were several companies that offer accounting and auditing services in addition to other services and these companies were included.

It could be derived from the table that in Yerevan strategic BDS is more developed than in the regions. Strategic services have become core products in Yerevan and operational services are supplementary. The reverse is true in the regions where true strategic services were scarce and not well developed.

Three questions were asked concerning services regarding (1) training offers, (2) consulting offers, and (3) planned services for the future. The responses are explained below.

Training offers. Training offers were one of the most frequently stated services. Throughout Armenia there are three types of training sessions offered:

- Corporate training
- Open training
- Donor-sponsored training

Corporate training is designed for a specific company and is given to that company's constituents only. Only a few companies in Yerevan are acting in this market and the clients are larger companies.

Open training refers to short-term training activities offered to the business public. These sessions are initiated by the BSP (as opposed to an outside source, i.e. donor) that offers the training and it is open to any person who wishes to pay to participate. The third form of training is that sponsored by international donor projects and is described previously in the text. During the formative stage of BDS market development in Armenia, approximately 1994 – 1999, all the training activities were designed based on the requirement of international donor organizations and initially offered by the donors with increasing tendency to involve local BSPs. Almost all the training sessions were free of charge in order to build awareness about BDS services among MSMEs.

In 1999, two BSPs in Yerevan introduced open training to the market. By 2003 six companies were offering open training courses. Even though open training is not provided on a regular basis, this still marks a progressive step in the development of a local BDS market. In addition, in 2003 the SME DNC established a voucher program to stimulate interest in open training and will continue its program in 2004.

The situation in the regions differs since virtually all BSPs are still waiting for grant opportunities and donor tenders rather than taking a proactive approach to market development. Additionally, it is common for Yerevan BSPs to subcontract a regional BSP for training delivery in the respective region. This provides even less incentive for the regional BSPs to take an aggressive approach in developing the market.

In both Yerevan and in the regions the data shows one notable exception to the pattern of waiting for the international programs to offer tenders. The demand for accounting and taxation services has recently grown strong. This is attributed to the passage of a law requiring the transfer of accounting systems to international standards. These courses addressing this new requirement are well attended and there are several active BSPs involved in this subsector.

Unlike the market for accounting and tax courses however, the market for marketing and management courses is in its early stages of development. Open training sessions dealing with these topics are not provided on a regular basis. Some of the reasons could be found in the responses to other questions of the interview guidelines (see Table 6 – Table 11).

BSPs named the following training modules indicated in Table 3.

Table 3: Training modules

Training module title	Number of companies responding	
	Yerevan	Regions
Accounting courses (various levels)	3	7
Computer training	1	6
Marketing and management courses	10	12
Business ethics	2	0
Bed and breakfast management	2	1
Corporate law	1	0
Quality management	1	0
Courses for secretaries and office managers	1	0
Intellectual property	2	0
Knowledge management	1	0
Project management	3	2

The topics listed above indicate that most of the courses are cross-cutting (relevant for most of the sectors) and only few are sector specific, e.g. bed and breakfast management being relevant only for those running a bed and breakfast inn (tourism sector).

Depending on the topic, the duration of the training sessions is from 3 hours to 75 hours with accounting courses tending to be the longer modules. The target group for the modules also depends on the course. When asked to list the target audience, the following responses were noted: accountants (novices and experienced), unemployed, MSMEs, homeowners and international organizations.

Concerning pricing for training courses, the main variable is the length and in some cases the type of training. In the regions most BSPs price their training courses at 1,000 dram per hour, whereas in Yerevan the price range is from 500 dram to 3,000 dram per hour. If several people from the same company are attending training then a volume discount is given in most cases. These prices have been set by the BSPs to be charged mainly to donors for subsidized programs. One can assume therefore that at these levels, BSPs will be able to achieve sustainability.

Given the above prices, the key question to be answered is whether or not these training services are affordable for MSEs. The demand survey results will reveal a more accurate answer but the initial assumption is that the answer is probably “no”, particularly for the micro companies. The prices reported in this study reflect the artificial market created by the international donor organizations. The donors are willing to pay high prices. Since these prices are not felt by the end users there is no way to gauge the true market price.

An illustrative example brings to light the conundrum created by donor pricing interventions. MEDI polled BSPs to determine how much they would charge for one week of training (the response on average was 75,000 dram). This is the price that the BSPs value their own services when responding to tenders offered by donors. MEDI used this as a price point in setting an experimental price of significantly less (50,000 dram) for a week-long Training of Trainers program. The response from the BSPs was negative with most claiming they could not afford it. This strongly indicates that the prices in the market now are artificially high and in no way reflect what the market will bear.

Management consulting. Management consulting is an emerging field among BSPs in Armenia so it was important to find out the companies that provide this service to MSEs (question 16). Unfortunately, BSPs providing true management consulting are working with medium and large enterprises and are therefore not included in this analysis. Some BSPs, however, claimed they have delivered management consulting services to MSEs but further questioning turned up nebulous responses. For the majority of BSPs working in the MSE sector it was unclear what management consulting services actually entail.

Planned services. BDS providers are beginning to understand the necessity of demand driven markets. If at the beginning of BDS market development the services were generic and offered without thorough consideration of client needs, the situation is finally changing. The respondents discussed their planned services (question 17) and presented these services as being what the consumers want. Note, however, there was no follow-up to determine *how* the providers came to the conclusion that these are demanded products. Oftentimes such suppliers make assumptions when stating what the market demands. Among planned services, BSPs listed the products found in Table 5.

Table 5: Planned services

- Financial management; financial analysis
- Personnel management
- Export market research; partner search
- How to run negotiations and debates
- Preparation of enterprises for participation in the tenders
- Export – import marketing
- Infrastructure development for tourism sector
- Procurement management
- Branding
- Management consulting

This table will be interesting when compared to the demand survey results. It is noticed that for the most part, current services are too generic, not sector specific and are not addressing the real needs of businesses. The above planned services, if put into practice, will be a step in the right direction but the demand survey will be more telling to that end.

A final comment regarding products involves sector specific services. The survey specified two sector related questions (questions 28 and 37). There is not a strong sector approach by the BSPs but it was noted that two sectors have some potential for specific and more detailed services. These industries are agribusiness and tourism. As for actual services offered, most BSPs could not name sector specific services with some exceptions, notably bed and breakfast development (tourism sector) and selling techniques (trade sector). Upon asking the second of the two questions for cross-checking purposes, the responses did not differ.

The absence of specialization within a sector can be explained by a lack of expertise in a given particular sector. Another explanation can be that there is no voiced demand for sector specific BDS. Specialization in particular market niches by a BSP will most likely require an investment in terms of know-how and experience. However, if a well populated sector can be penetrated then long-term profits will follow. Specific problem solving and value added services will allow BSPs to build and retain their customer base thus leading to sustainability.

3.1 Demand for services as perceived by BSPs

The third and final section of the survey is to determine what the BSPs *perceive* to be the demand for BDS services. The findings are important as they will be compared with *actual* demand for services from the results of the demand survey. There will most likely be a gap between the two. Bridging this gap will be a necessary step for MEDI and similar organizations to insure that an open and sustainable BDS market will develop in Armenia.

The interview methodology begins by polling BSPs regarding their perception of the awareness of a typical MSE about BDS providers (question 19). Yerevan BSPs state that approximately 45% of their target audience knows about them. The figure was higher in the regions at approximately 65%. Generally, awareness derived from passive means (question 18) but some active use of media is also employed (question 27).

The BSPs were then asked why MSEs would think it is important to use BDS (question 20). It was difficult for many BSPs to answer this question, especially in the regions, since they are not actively involved with MSEs. In some cases, therefore, the perceptions are pure assumptions.

The findings are summarized in Table 6 below. The scale was from 1 to 5, 1 being not important at all and 5 being very important. The table provides weighted average figures. The factors are placed in order of importance from the Yerevan BSP perspective. The regional responses are listed in the same table for comparative purposes.

Table 6: Perceived reasons why MSEs use BDS

	Yerevan BSPs (weighted average)	Regional BSPs (weighted average)
1. Technical improvement / upgrade	4.08	3.93
2. Have a problem that requires outside assistance	4.00	4.69
3. Service was recommended	3.93	4.00
4. Self-improvement	3.91	3.60
5. Service is free or subsidized	3.67	3.80
6. Business environment has changed	3.47	3.47
7. Cost effective to use BDS than employ staff	3.36	4.20
8. Business is growing	3.23	4.00

Yerevan BSPs perceive “technical improvement / upgrade” as the main reason for using BDS whereas regional BSPs think the main reason is for a problem that requires outside assistance. The important point to take from this is that BSPs are not so cynical to think that free or subsidized services for MSEs is the main reason for MSEs to use BDS and that the MSEs place some value on services.

Table 7 below summarizes the reasons why BSPs find their particular services better than their competitors’ (question 22).

Table 7: "Why do clients choose your service over other BDS providers?"

		Yerevan BSPs (weighted average)	Regional BSPs (weighted average)
1.	Quality of service	4.71	4.43
2.	Flexibility to meet their needs in terms of price, payment, delivery and time	4.53	4.50
3.	Uniqueness of service	4.08	3.93
4.	Word of mouth	4.07	4.06
5.	Confidentiality	3.42	3.38
6.	Lower price	3.07	4.21
7.	Proximity to their place of business	2.92	3.33
8.	Advertisements	2.64	3.58
9.	It is the least expensive service	2.54	3.00
10.	Service is free	1.42	3.53
11.	Are not aware of other competing service providers	1.08	2.92

Not surprisingly most BSPs consider their services to be of the best quality. This is purely judgmental, however, since it is difficult to gauge what is considered to be quality service. Donor supported training does not allow for a properly functioning market mechanism whereby consumers cast their monetary votes for the better companies. In addition to donor induced distortions, there are no industry measurement standards. In an indication for the need for universal industry standards, BDS providers spoke in general terms concerning this need but without specifying categories or examples. These will have to be established if this initiative is pushed forward.

However, the market information that will emanate from this survey combined with the results of the demand survey might well become the catalyst to bring BDS industry players for strategic BDS around one table. MEDI hopes that these industry discussions, in turn, will spawn thoughts on setting industry specific quality standards. Nearly half of the companies surveyed expressed a need for some form of industry control. Setting standards and establishing a formal, independent certification society are two possibilities for controlling the industry.

In addition to a prior question regarding why MSEs use BDS, the converse question was asked; specifically, why would MSEs *not* use BDS (question 21). The main reasons both in Yerevan and the regions are listed in Table 8 below.

Table 8: Reasons for not using BDS

	Yerevan BSPs (weighted average)	Regional BSPs (weighted average)
1. Reluctance to admit that they need assistance	3.69	4.50
2. Reluctance to pay anything for service	3.46	4.11
3. Don't know that they need assistance	3.13	4.20
4. Don't know any BDS suppliers or how to contact them	2.79	2.80
5. Services are too expensive	2.64	2.00
6. Services do not represent good value in their opinion	2.21	3.07
7. Concerned they will look naïve when talking to BSP	1.77	2.50
8. Concerned that follow-up activities will be too expensive	1.69	1.60
9. Lack of trust in service provider	1.64	2.93
10. Service providers are not conveniently located	1.54	2.64
11. Place and time of service delivery is inconvenient	1.29	1.88

There is a strong bias towards the first three reasons among both Yerevan and regional BSPs. BDS providers assume that the demand side of the BDS market is underdeveloped. Some MSEs value and pay for BDS, while the vast majority is still reluctant to admit that they need assistance and are not ready to pay for BDS. A general observation of the reasons demonstrates that BSPs tend to blame the clients for not using their services, rather than admitting that much of the fault lies in their own corners. This attitude was prevalent to the interviewer during the surveys.

If not all interviewed BSPs are actively working directly with MSEs, almost all take the opportunity to cooperate with donor projects (in Yerevan only one BSP surveyed had never worked with a donor project). The data (questions 23 - 26) demonstrate that on average 67% of total annual revenue is generated working with donor-funded projects. This dampens the BSPs' stimulus to develop their own client base since to do so requires specific knowledge and experience and thus in many cases is more difficult than implementing donor projects.

MEDI's new approach in BDS market development requires the coordination of efforts from all donor funded projects working in this field. In the recommendation section it is stated that MEDI will take the initiative to discuss the possibility of developing a common approach in working with BSPs and leveraging resources rather than duplicating efforts.

3.2 The BDS market from the suppliers' perspective

As opposed to the previous section that was designed to determine the BSP's perception of MSEs' needs, this section determines the market outlook for BSPs as seen by the BSPs (questions 27 - 34). There are also questions in this section that are designed to allow some cross-checking of the answers to previous questions.

Among the suggestions to increase the demand for BDS, the most frequent response was the organization of a promotional campaign. In addition, among the factors that hinder the growth of BDS among MSEs "lack of BDS marketing / advertising" scored high. Thus, self promotion and techniques to design and conduct marketing activities for BSPs are areas that need strengthening.

To check the ability of BSPs to build relationships with their potential MSE clients, questions about service attributes were asked. Table 9 below lists some of the service attributes.

Table 9: Importance of each of the following service attributes to MSEs

	Yerevan BSPs (weighted average)	Regional BSPs (weighted average)
1. Reliability of service	4.71	4.45
2. Services tailored to client needs	4.67	4.62
3. Multi payment option	4.14	4.45
4. On-time delivery	4.00	4.00
5. Cost of service – affordability	3.93	4.46
6. Confidentiality	3.81	4.27
7. Convenience of time and place of service delivery	3.79	3.92

Both Yerevan and regional BSPs stated that reliability of service is an important service attribute that is valued by the clients. BSPs also insist that their services are tailored to the needs of their clients. These interpretations by the BSPs may or may not coincide with actual MSE responses that will follow in the demand survey.

A multi-payment option was also graded quite highly among all BSPs. This is verified in practice by the payment mechanisms that many BSPs offer to their clients. In 87% of the cases in Yerevan and 90% of the cases in the regions, BSPs allow payments in two installments.

The prices for open training were previously reported as being from 500 – 3,000 AMD per hour. As a rule these prices are fixed and are not subject to discounting. A different strategy was stated for pricing other services. The prices for consulting assignments ranged from $20 per day up to $150 per day, depending on the scope of work and the interest of the company to build a relationship with the particular client. Several companies consider also clients' ability to pay for the services as a pricing strategy.

The demand survey will also identify the MSEs' price points for BDS. If necessary, the BSPs will have to adjust their pricing strategies in order to attain long-term sustainability after the donors are gone.

3.3 BDS opportunities

The purpose of the final component of the interview was to identify opportunities for the BDS market as seen from the BSPs' perspective. The section began with a request to rate the factors hindering BDS market development for MSEs (question 35). The summary of findings is presented in Table 10.

Table 10: Factors constraining the growth of BDS among MSEs

	Yerevan BSPs (weighted average)	Regional BSPs (weighted average)
1. Lack of potential client awareness and understanding of the value of BDS	3.93	4.18
2. Lack of BDS marketing / advertising	3.73	4.00
3. Poor follow-up by BDS providers after assistance given	3.50	3.36
4. Skill level of most BDS providers is inadequate	3.47	3.33
5. Competition from subsidized services	3.33	3.67
6. Availability of BDS does not match client needs	3.20	3.82
7. Services and products are not packaged for micro and small businesses (price, delivery, location)	3.14	3.45
8. BDS providers are largely unreliable	2.54	3.00

The main factors constraining BDS development for MSEs was stated to be a lack of awareness and understanding of the value of BDS as well as a lack of BDS marketing and advertising. This is congruous with the reasons stated by BSPs as to why MSEs are not using business development services. Demand survey results will reveal the factors hindering BDS development from the MSE perspective. Regardless, MEDI has already had plans to run an awareness campaign geared toward the MSE target group. The campaign will also draw from the ideas suggested by the BSP respondents as listed in Table 11 regarding how to increase demand among MSEs in Armenia (question 36).

Table 11: How to increase demand for BDS among MSEs

- Demonstrate value added through BDS application
- Provide BDS follow-up services
- Provide high quality service
- Build trust with clients
- New product development based on market demand
- BSP professional development
- Through the provision of chargeable services
- Deliver higher quality training
- Organize and conduct promotional campaign
- Policy improvement at the government level
- Through the improvement of tax system
- Set industry standards for consultants and trainers
- Organize exhibitions, trade fairs, roundtable discussions

As seen from Table 11, the activities are organized in a manner such that as one reads down the list, the actions become more externally focused as opposed to the upper suggestions that are controlled internally by the initiative of the BSPs.

Towards the end of the interview respondents more freely admitted their weaknesses (question 38) and brought up suggestions for improvement. This is observed by the answers BSPs gave to the question: “What hinders your business growth?” In a way, this is a cross-checking question that provided a little more insight to the growth problems that BSPs experience. The answers are summarized below:

- Lack of experience among BSPs
- Lack of professionals
- Lack of skills to promote the company
- Non-business mentality among BSPs
- Access to financing for our clients
- Unfair competition coming from subsidized services
- Clients' low purchasing power
- Lack of investment opportunities to develop different directions
- Client knowledge and understanding of BDS
- Small scale of local market
- Ineffective implementation of legal framework

The responses above form a basis by which MEDI can formulate strategies to assist the BDS provider sector.

IV. Conclusions

Various conclusions have been stated throughout the analysis of the data. Rather than rehash all of the concluding thoughts previously derived, this section will concentrate on those notions that are relevant to the core goal of making BDS accessible to MSEs on a sustainable level. Therefore, the focus is on aspects that need to be addressed in order for positive change to occur. Although seemingly pessimistic, it is not the aim to paint a dark picture regarding the BDS supply side of the market. The intention rather, is to draw attention to the inhibiting aspects prevalent in the market. This is not to state that Armenia is a special circumstance unique in the world. It is a transitional market and these are growing pains associated with such. This document provides the current landscape with its problems of the BDS supply market in Armenia so that these issues are brought to the surface for all to become aware. It is documentation showing that there is still much work to be done in order to develop a truly sustainable BDS supply that will serve the MSE sector in the absence of outside financial assistance.

BDS is a new concept in Armenia. It was only a decade ago when the first service providers were established. Already there are some BSPs that are thriving in the market. Nearly all of these BSPs are targeting larger businesses in Armenia. The MSE BDS market is underdeveloped and does not enjoy the level and variety of services that the market for the larger firms does. This is natural given the fact that larger firms pay directly for services and MSEs generally do not. Instead, for the most part, MSEs are served by BSPs that are subsidized by third-party organizations.

An underlying theme throughout the text of this report is that the BDS market in Armenia is in transition from the formative stage of its development. This is especially true for the strategic business development services that contribute to the growth of an enterprise. Recognizing this trend, MEDI adopted the current BDS best practices philosophy in the design of market development interventions.

The BDS market in Armenia comprises several segments:

- Operational BDS
    - Mainly accounting, tax and financial auditing provided by Yerevan BSPs and directed mostly to large and medium companies
    - Mainly computer/office assistance services provided by regional BSPs for its local business community

- Strategic BDS
    - For medium and large enterprises
    - For small and medium enterprises

- Donor involvement in BDS delivered through local Armenian BSPs
    - Contracts awarded for the delivery of virtually free services to smaller companies in Armenia
    - Alleviating the need to bring in foreign experts by subcontracting with local service providers.

The level of development of the different BDS market segments is in various stages. Operational BDS for both mentioned segments is relatively stable. Some of those BSPs, especially in Yerevan, capitalized on first mover advantages a decade ago by serving this market niche. After successfully building a consistent clientele, these BSPs added strategic BDS to their product profile. These are the BSPs that are now working successfully by delivering services, both strategic and operational, to the larger Armenian companies and banks. Although these BSPs are prosperous they still are not immune to the enticement of the lucrative donor contracts and compete in this arena as well, although they are not dependent on these contracts for their survival. These companies were included in the survey phase of the study but they were excluded in the analysis since they are not directly relevant to MSEs.

As stated several times throughout the analysis, the regional BDS markets are not well developed by any means. The BSPs in the operational BDS segment are providing computer/office support: copying, typing and similar mundane services. The players in this market do not view it as growth oriented and do not concentrate serious effort on development. Most actually have additional employment outside of being a BSP.

The focus of this research is the BDS supplied to MSEs, more specifically the strategic BDS. The balance of this discussion is directed toward this issue. An underlying theme throughout the text of this report is that there is a fundamental problem with the BDS market serving MSEs. As alluded to several times in the text, the market contains imperfections. With these imperfections as they exist presently, sustainability is not a foregone conclusion. Several factors are contributing to this current state of affairs.

- Lack of capacity to provide value added BDS to MSEs
- Distortions introduced by international donor groups
- General business environment in Armenia.

Lack of capacity to provide value added BDS to MSEs. The first step in providing value added services is to know what types of services are needed. Companies in developing markets are prone to assume what is needed by consumers rather conducting unbiased research to find out the actual needs. As mentioned numerous times in the analysis, the demand survey may reveal a different scenario as seen by the MSEs. But the demand survey is not a panacea. Fact finding and proactive marketing are essential to the success of any business. BSPs are no exception. Many BSPs are waiting for people/organizations to come to them. It is reassuring to learn that some companies are engaging in marketing through mass media.

Most BSPs provide generic, cross-sector strategic BDS, including training and consulting offers. Many BSPs, however, lack the experience to provide value added BDS to MSEs. One of the reasons for this is the deficiency in background and experience among BDS professionals to design tailored services. Experience comes with time and active involvement in the process. But as reported, more than six years of experience are a significant start and enough time to know how to read the market and understand how to meet demand. Unfortunately, what is lacking is the active involvement in the process. BSPs need to progress beyond offering generic, cross-sector strategic BDS. Related to this, there are market sectors that can benefit from BDS. The problem with penetrating a specific sector is that it tends to require industry-specific knowledge to become a significant player. It is again the issue of progressing beyond the generic basics.

Distortions introduced by international donor groups. The market has become distorted by the very forces that have built it in the first place. These are the international donor organizations. The original programs established to create a cadre of service providers had good intentions. In the early days of BDS market formation, the role of international projects was critical in providing financial resources in the form of grants for creating the BDS supply network. The grants are not as prevalent now but donor sponsored training modules addressing rudimentary, generic topics are. While there is some positive advancement in the Yerevan market, the regions lag far behind.

After a start-up phase, the method of support for the market must progress to the next level. This is questionable in Armenia. There are still plenty of donor-sponsored training and consulting events occurring. The result is a reluctance of many BSPs to proactively embrace the market as was pointed out several times previously in this report. Instead these BSPs await tenders offered by donors.

The impact on the market is damaging and can be extensive unless current practices change. A disturbing fact was expressed by a group of representatives from one of the organizations supporting a voucher training program (a BDS broker). The claim was that although the BSPs report that they can supply a service, when the actual point comes to when the broker wished to send a client to a training, the BSP refused claiming that they were not prepared or not capable of providing the service. Additionally, sometimes unprofessional providers were offering ineffective training. This taints the reputation of the supply side of the market and hinders market development. The market is in its infancy and a bad reputation of the industry as a whole is not something that the BSPs can afford. The tie-in with the donor groups is that in all the situations mentioned, the trainers had gone through Training of Trainers programs offered by a donor.

This is not to say that Training of Trainers programs are bad. MEDI offers such curricula as well. However, participants must be carefully selected. Oftentimes, the Training of Trainers programs have been relatively effective in Yerevan. One of the limitations of these programs was described in the assessment that regional BSPs do not have ready access to the Yerevan based programs due to financial burden.

Still other BSPs have been on the donor bandwagon for so long that they have completely lost sight of what is transpiring in the market. One such service provider claimed that there were dozens of people asking for training in her region but she could not give it to them. The reason was that training was for the social good and she was waiting for a donor to provide the funding to sponsor it. She had not developed a business; she had developed a social program. She did not view service provision as a means of economic sustainability. This is the result of donor funding gone awry.

Donors offer an opportunity for people to become service providers by training them and calling them certified trainers. This is what is referred to in this report as forcing the market. As the market progresses and the donor funded BDS dries up, those BSPs that are prepared to service the demand in the market will survive.

General business environment in Armenia. In the final question of the survey – the only question allowing for an open-ended response – many BSPs cited the fact that big business is crowding competition. The monopolistic behavior of many of Armenia's large firms is controlling the commerce in the market. Because of this behavior there is unfair competition at many levels and smaller businesses have a difficult time gaining momentum. The business owners give up in despair that nothing can be done to rectify the situation. With this being the case, no help proposed by a BSP, be it training or consulting, will be able to assist a company that is battling the forces of the large monopolies. MEDI confirms that there is much truth to these claims since the BSP sector is not the only one to complain of such a situation.

Further to this, it is not only monopolies that cause problems in the environment but also the ineffectiveness of government entities. It is not necessarily the legislative regulations in Armenia that are inhibiting the environment, although some legislation is vague and subject to interpretation by those in charge, but rather, the implementation of these regulations is dysfunctional. Information is difficult to come by and even when available, getting cooperation from authorities is unfortunately the exception rather than the rule. This stymies the development of the BDS market in that it is a cause for despair among MSEs and even among some well established medium sized firms. When the system is so dysfunctional, people see futility in acquiring consulting services to solve problems and paying for training to learn how to conduct business. MEDI again confirms the truth to these views as well and has independently verified these beliefs through informal, random polling of MSEs in Armenia.

MEDI acknowledges the impediments above. The ensuing recommendations section lists strategies regarding overcoming some of the problems. These strategies are focused on the capacity problems and the donor issue. The environmental factor however, is external and non-actionable. This dilemma has to be resolved by the government itself. Favorable regulations coupled with proper enforcement will create a supportive and fair playing field. This will eventually lead to stronger desire by businesses to seek advancement through proper training and assistance.

V. Recommendations

Although the supply side is only half of the BDS market, some recommendations can still fall directly from this survey. The demand survey may bring a richer set of recommendations but there are several points worth highlighting as a result of this analysis. The sections have been divided in two parts; the first set is comprised of tips that are internal to the BDS providers (external for MEDI). These recommendations are general and can be implemented individually by BSPs with limited outside assistance.

The second set encompasses recommendations that will be implemented by MEDI's initiative. These are external to the BSPs in that they will not be able to act upon these notions without significant external intervention (specifically MEDI intervention).

Set 1 - BDS provider internally actionable:

- *Changing business practices to concentrate on meeting customer demands rather than concentrating on donor tenders*. Several of the questions proved that there was not a focus on consumer demand, aside from the example of accounting related issues. With this being a government requirement, people will pay for the services and a market exists. This is not the case with the other services. When it comes to serving the MSE market, BSPs place heavy focus on following the donor tenders. The market becomes convoluted when BSPs consider the donors to be the customers. With this being the case, most BSPs are shy to develop products geared towards consumers (note the difference between the consumers and the customers) since there is risk involved. This is again why BSPs listed many different topics in which they are skilled. If a donor puts forth a tender then an unprepared BSP will bid on the project anyway and develop the course to match the tender. This keeps unqualified BSPs afloat and exposes consumers to ineffective services. BSPs need to become proactive, market oriented entities that can market their own products. This will require, as well, significant effort by MEDI to rally the donors together and get them to back out of the market and not interfere with the transactions. (See related recommendation in Set II below.)

- *Design products that will reflect the full cost to customers rather than depending on subsidies*. With the donors offering free training and consulting services, there is not a strong incentive to develop full cost products. As long as the donors offer such lucrative tenders then BSPs will fail to be guided by and to develop according to market principles. In addition to the free services contracted by donors, there are also several subsidizing mechanisms in the market. The SME DNC is one organization that offers subsidies for services. However, the SME DNC is aware of the market distortion caused by non-targeted vouchers/subsidies and therefore is keen on reducing the amount of subsidy and redesigning the programs to be more targeted. MEDI is working with the SME DNC to design more effective programs that offer support without stressing the financial assistance as provided by subsidies.

- *Develop an independent association of BSPs, or collaborate with existing ones (such as the trainers' association), that can regulate the industry by imposing certification standards*. Many BSPs are appearing in the regions of Armenia. There is no mechanism to certify that these providers of services are qualified to do what they are doing (especially since the market is distorted and therefore not capable of weeding out the ineffective competitors). This causes blight on the entire industry. For example, if an unqualified service provider holds an ineffective training session then those who attend the session will see no benefit to attending future training sessions. This is occurring in BDS markets throughout Armenia and it is ruining the opportunities that may exist for qualified, capable BSPs. It has become so extreme that in some cases people refuse to attend free training sessions unless food is also provided. It is in the best interest of those qualified BSPs to prevent this from continuing. The best way to insure the qualification of practicing BSPs is by developing an independent certification board that insures standards are maintained by practicing professionals. This protects the image of BDS and will give consumers more confidence in the market.

- *Engage in creative, proactive marketing of services to gain a higher profile and attain new customers*. As mentioned in the analysis, there are niche markets that are still uncharted by BSPs. Providers need to be creative in their approach to the market. For example, two innovative channels to explore are with the business associations and with the micro finance institutions. The assessment identified opportunities in some industry sectors in Armenia. A focused and effective manner in which to cooperate with specialized sectors is through the business associations or unions to which the industry constituents belong. The Merchants' Union, for example, is comprised of myriad merchants. There may be significant numbers among the members of the union that will benefit from a series of effective selling technique services. BSPs can try to contract with these associations and unions in order to penetrate their client base. Gaining a good reputation within an organization of potential consumers of targeted services is great step towards sustainability. Another channel is the micro finance institutions. These financial lending companies lend generally to micro and small entrepreneurs. In some international models the lending institutions have bundled BDS in with receiving a loan. Even if the services are not a requirement for receiving the loan, the financial institution can still be used as a marketing channel for a BSP. The financier can recommend certain BDS providers if the borrower has expressed an interest in acquiring additional skills or assistance. See the corresponding recommendation in Set II below.

Set II - MEDI internally actionable:

- *Support those BSPs willing to implement the above recommendations*. MEDI has outlined some rigorous guidelines for BSPs to follow to make the market work properly and with sustainability. Not all BSPs will be willing to follow the path. However, MEDI will support those exceptional companies that want to follow the market.

- *Collaborate with donors that work in the BDS sector*. Work together to promote a policy that will not distort the market. Donor programs need to unite in their efforts to develop the market rather than simply supply services. MEDI has already spearheaded a working group with GTZ and UNDP to address several development aspects in the local economy.

- *Offer services directed towards BSPs to bolster their skills and market awareness*. MEDI is introducing a unique training product at the time of this writing. This product, MicroPlan, has been proven in many countries worldwide by MEDI's subcontractor Making Cents as an effective training tool. The cost to MEDI is high but MEDI will offer this to BSPs willing to invest the time to implement the tool properly. Additionally, MEDI will continue to offer services for BSPs that will be directed at managing the company, developing a market and retaining customers.

- *Disseminate to all BSPs the information from the demand survey*. The demand survey is a powerful tool that will enable BSPs to compare what they think with actual market reality (what the consumer thinks). This information is critical in becoming a market oriented company willing to serve the consumer. MEDI will present the demand survey results to all BSPs interested in learning about the market.

- *Help design products based on the information from the demand survey and train those interested BSPs in how to use the products*. Most likely, there will be demand for products that come from the demand survey that may not be currently offered or fully developed to the needs of the consumers. MEDI will help design products based on the needs of the consumers as stated by the consumers. For those BSPs interested in following the market demands, MEDI will offer services that will lead to fulfilling market demand.

- *Consider implementing a voucher program that will introduce new products to the market in a way that the market will not be distorted by the voucher program*. Although there are dangers in implementing a voucher program, if carefully done the vouchers can stimulate future demand for a product. If the voucher program makes sense then MEDI will implement the voucher program being careful not to distort the market but to be sure to create demand for the products in the future.

- *Continue to work with the SME DNC on assistance to its voucher programs for training and consulting services*. MEDI has been working with the SME DNC on developing the BDS market in Armenia. MEDI will continue to do so. Focus is on the current subsidy structure of the SME DNC assistance. Eventually, the subsidies will be targeted and used in order to enhance the future demand of BDS.

- *Organize platforms for the BSPs to gain exposure to organizations that have a large number of constituents*. MEDI can organize special engagements that can be closely compared to B2B meetings. MEDI can sponsor these local B2B-type meetings at a minimal cost. To these meetings will be invited BSPs plus various business associations, micro lending institutions, and/or other bodies whose constituents are within the target audience of the BSPs. The BSPs can then seek contracts with the organizations as described above in Set I.

ANNEX A

Guidelines for Conducting Interviews with BDS Providers

A. Names and contacts

1. **Organisation full name** ______________________

2. **Name of interviewee** ______________________

3. **Interviewee position** ______________________

4. **Organization address** ______________________

5. **Organization contacts**
   Tel: __________ **Fax:** __________
   Mobile: __________ **Website:** __________
   E-mail: __________

6. **Branche officies in other regions of Armenia:**
   ☐ Ararat ☐ Armavir ☐ Aragatsotn ☐ Kotaik
   ☐ Shirak ☐ Lori ☐ Tavush ☐ Vayots Dzor
   ☐ Gegarkunik ☐ Sjunik ☐ Yerevan ☐ N/A

B. Organization

7. **Date of establishment / Number of years in operation** ______________________

8. **Type of organization**
   ☐ NGO ☐ Foundation ☐ Sole proprietorship
   ☐ Ltd ☐ Partnership ☐ CJSC☐ Unregistered

9. **Ownership structure** ______________________

9.1 **Women owners** ______________________

10. **What is the total number of full-time staff?** ______________________

10.1 Of these how many are employed as:

Management	____________________
☐ (including managers) Professional/technical	____________________
Support/administrative	____________________
Other	____________________

10.2 What is the average number of years of experience among:

Management	____________________
Technical / professional staff	____________________

11. **Do you subcontract other companies or professionals in your assignments?** ☐ Yes ☐ No

11.1 If yes, how often during: 3 months _________________ 6 months ____________ 1 year _____________

C. Products/Servicies

12. **What BDS servicies do you provide currently?**

	Services	**Target group**
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		

13.	**Please, name the training modules available for delivery**		
	Title	Duration (in h)	Target group
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

13.1 What training products, you mentioned are designed particularly for MSEs? (check if any).

14. **Do you offer "open trainings (OT)"?** ☐ **Yes** ☐ **No**

14.1. If yes, when did you start to offer OT?

14.2. Do you have OT schedule? ☐ Yes ☐ No ☐ In dev. process

14.2.1 If yes, could you provide one? ☐ Yes ☐ No

14.3. What is the target for OP? ______________________________

15. **What is the price of your training offerings?**

3 – 6 h.	**6 – 9 h.**	**9 – 12 h.**	**> 12 h.**

15.1. Does your pricing diffe for different target group ? ☐ Yes ☐ No

15.1.1. Could you bring an example? ______________________________

16.	**Last three month management consulting assignments**	**Clients**
1.		
2.		
3.		

17. Are you currently improving your products/servicies or developing new ones?

☐ Yes ☐ No ☐ Planning to do so in the near future

17.1	**If yes, could you name the product?**	**Target group**

18. How do you increase your customer base and sales?

____

____

____

____

____

D. Demand for Servicies

19.	**To what extent the typical MSE aware of your services?**	Not aware at all - 1	2	3	4	Very well aware - 5

20.	**Which of the reasons influence clients' decision to use BDS such as yours (**list in order of importance**)?**	Not at all important - 1	2	3	4	Very important - 5
	☐ Business is growing					
	☐ Have a problem that requires outside assistance					
	☐ Service is free or subsidized					
	☐ Service is more cost effective than employing full-time employee(s)					
	☐ Service was recommended					
	☐ Business environment has changed					
	☐ Self-improvement					
	☐ Technical improvement / upgrade					
	☐ Other					

21.	**Which of the reasons influence clients' decision not to use BDS such as yours?**	Not at all important 1	2	3	4	Very important 5
	☐ Don't know that they need assistance					
	☐ Don't know any BDS suppliers or how to contact them					
	☐ Reluctance to admit that they need assistance					
	☐ Services are too expensive					
	☐ Service providers are not conveniently located					
	☐ Services do not represent good value in their opinion					
	☐ Concerned they will look naïve when talking with a service provider					
	☐ Lack of trust in service provider					
	☐ Concerned that investment in follow-up activities will be too exp.					
	☐ Place and time of service delivery is inconvenient					
	☐ Reluctance to pay anything for service					
	☐ Other					
	☐					
	☐					

22.	**Why do clients choose your service over other BDS providers?**	Not at all important - 1	2	3	4	Very important - 5
	☐ Are not aware of other competing service providers					
	☐ It is the least expensive service					
	☐ Word of mouth					
	☐ Advertisements					
	☐ Proximity to their place of business					
	☐ Service is free					
	☐ Confidentiality					
	☐ Flexibility to meet their needs in terms of price, payment, delivery and time					
	☐ Quality of service					
	☐ Uniqueness of service					
	☐ Lower price					
	☐ Other					
	☐					
	☐					

23. Is your company, or organization provided services for any government- or donor-funded initiatives or projects? ☐ Yes ☐ No

23.1 If yes, please list the names of the initiatives or projects and the beneficiary group these initiatives or projects target for assistance during 1 year period.

	Title of Initiative or Project	**Target Beneficiary Group**
1.		
2.		
3.		
4.		
5.		

24. **Do any of these initiatives or projects pay any part of your fee to deliver services to the target beneficiary group?** ☐ Yes ☐ No

24.1 If yes, please list the names of the initiatives or projects and indicate the percent of cost paid by the initiative or project.

	Title of Initiative or Project	Percent of Cost Paid
1.		
2.		
3.		
4.		

25. **What percent of your total annual revenue do these funded initiatives or projects represent?** %

26. **What other benefits do you realize as a result of your working relationship with the government – or donor – funded initiative or project?**

	Title of Initiative or Project	Other benefits of Relationship
1.		
2.		
3.		
4.		

E. Supply of Services

27. **Do you promote your services?** ☐ Yes ☐ No

27.1 If yes, what means do you use to promote your servicies?

- ☐ Advertisements (specify) ____________
- ☐ E-mail list ____________
- ☐ Other ____________

28. **What sectors have more representation in your client base?**

Agribusiness and Food processing		Health care	
Apparel & textiles		IT/ Communicaitons	
Chemicals		Security & safety	
Construciton, building materials & heavy equipment		Financial services	
Consumer goods & home industry		Trade	
Energy and mining		Travel and tourism	
Environmental technologies		Transportation	

29. Do you operate in other marzes, besides Yerevan? ☐ Yes ☐ No

29.1 If yes, what marzes have more representation in your client base?

☐ Ararat ☐ Armavir ☐ Aragatsotn

☐ Kotaik ☐ Shirak ☐ Lori

☐ Tavush ☐ Vayots Dzor

☐ Gegarkunik ☐ Sjunik

30.	**How important are each of the following service attributes to your clients?**	Not at all important - 1	2	3	4	Very important - 5
	☐ Reliability of service					
	☐ Cost of service – affordability					
	☐ On-time delivery					
	☐ Multi payment option					
	☐ Convenience of time and place of service delivery					
	☐ Confidentiality					
	☐ Services tailored to client needs					
	☐ Other					
	☐					

31. **For each client group that you serve, on average what percent of your total fee is paid by the client and what percent is paid by others?**	Client %	Others %
☐ Micro and small enterprises ()		
☐ Medium enterprises		
☐ Large enterprises		

32. Please, indicate what percent of the time payments are received as follows

	Frequency in %
☐ Paid in full before service is provided	____________
☐ Paid in full after service is completed	____________
☐ Paid in installments (with a first payment)	____________
☐ Paid in installments (without a first payment)	____________
For installment payments, what is the average number of payments including any first payments?	# ____________

33. How do you price the majority of your services?

☐ By the hour / day / week (variable price)	
☐ By the job (fixed price)	
☐ By client ability to pay	

34. Do you vary your pricing depending on the client? ☐ Yes ☐ No

34.1 If yes, in what way?

____

____

F. Opportunities

35.	**What factors constrain the growth of BDS among micro and small businesses?**	Not at all important - 1	2	3	4	Very important - 5
1.	☐ Availability of BDS does not match client needs					
2.	☐ Lack of BDS marketing / advertising					
3.	☐ Competition from subsidised services					
4.	☐ Services and products are not packaged for micro and small businesses (price, delivery, location)					
5.	☐ Skill level of most BDS providers is inadequate					
6.	☐ BDS providers are largely unreliable					
7.	☐ Lack of potential client awareness and understanding of the value of BDS					
8.	☐ Poor follow-up by BDS providers after assistance given					
9.	☐ Other					
10.	☐					

36. How would you increase demand among micro and small businesses for needed BDS?

____

____

____

____

37. What sectors are more responcive for BDS?

Agribusiness and Food processing	☐	Health care	☐
Apparel & textiles	☐	IT/ Communicaitons	☐
Chemicals	☐	Security & safety	☐
Construciton, building materials & heavy equipment	☐	Financial services	☐
Consumer goods & home industry	☐	Trade	☐
Energy and mining	☐	Travel and tourism	☐
Environmental technologies	☐	Transportation	☐

38. What hinders your business to grow?

____

Annex B:

Services Offered by Yerevan BDS Providers

#	Organization name	Management training	Accounting training	Financial audit	Accounting and tax consulting	Financial analysis	Legal advice	Market research	Sub sector analysis	Marketing services	Business plan development	Strategic plan development	Management consulting	Investment consulting	ISO quality management	Quality standards development	Recruitment services	Economic research	Knowledge management	Intellectual property	Patent consulting	Vocational training	Utility projects	Insurance broker
1	Academy for Quality Problems	✓														✓								
2	Active Invest					✓	✓	✓			✓													
3	Aharon Paradigma		✓		✓		✓											✓						
4	Alphplus Consulting	✓						✓	✓		✓													
5	Ameria	✓		✓	✓		✓	✓			✓		✓	✓					✓					
6	Apricot Plus	✓						✓				✓		✓						✓	✓			
7	Arag																			✓	✓			
8	ARLIAN Consulting and Training Company	✓						✓		✓							✓							
9	Astrapis				✓		✓																	
10	Audit Firm			✓	✓						✓													
11	Audit Service			✓	✓						✓													
12	Business Consult			✓	✓			✓			✓		✓	✓										
13	Business Support Center (BSC)	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓										
14	Civis									✓		✓		✓										
15	Economics and Legal Information Reseach Center	✓	✓		✓	✓	✓				✓			✓										
16	Entrepreneurship and HR Development Institute		✓																			✓		
17	Fobics Consulting	✓				✓				✓	✓													
18	GEN Consult					✓							✓										✓	
19	Grant Thornton Amyot	✓		✓	✓	✓		✓	✓		✓	✓		✓										
20	Hai Consult, Consulting Fund	✓					✓	✓			✓				✓									
21	IAB Center		✓					✓			✓	✓	✓											
22	IMBS Holding						✓					✓		✓										
23	IATC Fund		✓		✓																			
24	ISO Consulting	✓											✓		✓									
25	K Partners	✓			✓						✓			✓										
26	KPMG Armenia			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓										
27	Millenium	✓																						
28	MPG Marketing Professional Group							✓	✓	✓	✓		✓											
29	Primula Project	✓																						✓
30	Resolutions Consulting	✓																						
31	Sed Marsed						✓	✓			✓		✓	✓				✓						
32	Training and Development	✓											✓											
33	VGM PARTNERS							✓			✓	✓		✓										

Annex C: Services Offered by Regional BDS Providers

Services Offered by Regional BDS Providers

#	Region	City	Organization	Management training	Accounting training	Financial audit	Accounting and tax consulting	Financial analysis	Legal advice	Market research	Business Information	Marketing services	Business Consulting	Business plan development	Strategic plan development	Management consulting	Investment consulting	Agribusiness consulting	Computer services	Recruitment services	NGO consulting	Women entrepreneurs coaching	Tourism development	Economic research	Programs for youth
1	Lori	Alaverdi	Hnar Consulting Company						✓					✓											
2		Alaverdi	Vahagni XXI, Civil Initiative Center							✓							✓							✓	
3		Vanadzor	A&L Business Center	✓								✓		✓			✓		✓	✓	✓				
4		Vanadzor	Business Development and Support Center									✓												✓	
5		Vanadzor	Blaze							✓				✓					✓		✓				
6		Vanadzor	Association of Accountants and Auditors of Armenia, Lori Branch		✓	✓	✓	✓																	
7		Vanadzor	Foundation for Small and Medium Buisness (Vanadzor branch)																			✓			
8		Stepanavan	Foundation for Small and Medium Buisness (Stepanavan branch)																		✓				
9		Stepanavan	Stepanavan Language and Computer Center																✓						
10		Spitak	Spitaki Fermer															✓							
11	Tavush	Ijevan	SME DNC Tavush								✓		✓												
12		Ijevan	Ijevan Business Promotion Center	✓	✓		✓			✓	✓			✓											
13		Ijevan	Hayuhi and a World, NGO																	✓		✓			
14		Ijevan	Management Western College	✓																					
15		Ijevan	Agricultural Support Regional Center								✓							✓							
16		Ijevan	Unemployment Center								✓														
17		Berd	Artig Business	✓	✓					✓	✓		✓	✓					✓						
18		Noyemberyan	Navi Business Support Center	✓	✓		✓			✓	✓	✓		✓					✓						
19		Noyemberyan	Verelk				✓						✓	✓										✓	
20		Noyemberyan	Business Relation, Business Promotion International Center										✓					✓						✓	
21		Dilijan	Dilnet Business Promotion Center	✓										✓					✓		✓				
22		Dilijan	Mitk NGO																						✓
23	Syunik	Sissian	SME DNC Syunik branch								✓		✓												
24		Sissian	Shushan & Hakob							✓		✓		✓					✓		✓				
25		Sissian	Lusntag Service	✓										✓					✓						
26		Goris	Nairi Shalunts	✓				✓		✓			✓	✓			✓								
27		Kapan	Navro	✓										✓					✓						
28		Kapan	Mtnashokh	✓						✓		✓		✓				✓							

29	Gegarkunik	Martuni	Business Academy	✓						✓						✓					✓			✓	
30		Gavar	Business Tareta	✓						✓	✓	✓	✓	✓	✓	✓		✓					✓		
31		Gavar	Gavar Audit		✓	✓	✓	✓	✓																
32	Shirak	Gyumri	SME DNC Shirak branch								✓		✓												
33		Gyumri	Big Brossel	✓			✓						✓	✓											
34		Gyumri	Credo Audit		✓	✓	✓	✓																	
35		Gyumri	Gumri Economic Consulting Company	✓						✓	✓			✓		✓			✓						
36		Gyumri	Association of Accountants and Auditors of Armenia, Shirak Branch		✓	✓	✓	✓																	
37		Gyumri	Women Enterpreneurship Center											✓								✓			
38		Gyumri	Shirac Competiteveness Center	✓						✓		✓						✓					✓		
39	Kotayk	Charentsavan	Brainstorming																✓		✓				