ON-LINE DISCUSSION SYNTHESIS

Enterprise Development

Defining the Field

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The SEEP Network

The Small Enterprise Education and Promotion (SEEP) Network is a membership association of sixty-one North American organizations that support micro and small enterprise development programs around the world. www.seepnetwork.org

The Business Development Services Working Group, comprising SEEP members, seeks to advance and disseminate learning about services that help the poor benefit from global markets. www.seepnetwork.org/bdsguide

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April 25 to May 3, 2005

Enterprise Development-Defining the Field

I.   Summary

From April 25 to May 3, 2005, the SEEP Network Business Development Services Working Group held an online discussion on how we define the term "Enterprise Development." How do terms used in the enterprise development/business development services (BDS) field help or hinder our work? What is enterprise development? How do we define different approaches within the field, such as BDS market development and value chain development? How can we best communicate about it with donors and other development partners?

This discussion represented one conversation in a longer dialogue on the issue of defining the work of enterprise development, business development services, subsector development, and value chain development on behalf of small-scale entrepreneur and farmers. During this online exchange, there were a few consensus points:

1. The principles that emerged with the field of "BDS" or "BDS market development" represent a significant sea change in small enterprise development and should be preserved, communicated, and widely applied in small-enterprise development and beyond.

2. The term "BDS" and much of the terminology that comes with it can be problematic, but much positive momentum has been built around it. Work to refine definitions is possible and needed, but requires engagement of a broad network of

practitioners and donors and should be approached with caution, lest BDS market development and its principles be dismissed as a fad. Ultimately, donor buy-in is essential.

The SEEP BDS working group is committed to continuing dialogue on this issue to facilitate communication about the principles and practices of the field.

II. Background

Co-facilitators

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Objectives

- To exchange ideas, experiences, and frameworks around how we define the enterprise development/BDS field and how we communicate the importance of the field and its key principles to donors and other development partners.
- To brainstorm innovative solutions to the challenge of what terms to use in communicating the importance of the field and its key guiding principles.
- To facilitate improved understanding, relationships, and dialogue among practitioners in different fields who are concerned with poverty alleviation and economic growth through enterprise development, agribusiness development, and/or livelihood security.

Format

A ten-day discussion took place through an email listserv with guided questions from SEEP facilitators. The discussion was launched with a think piece, and background documents were also provided. These documents are available on the SEEP BDS Guide website at www.seepnetwork.org/bdsguide.

Participation

Seventy members were signed on. Forty-five postings were made from twenty participants over the course of ten days. Contributors joined the discussion from the United States, Canada, Eastern and Western Europe, Asia, the Middle East, and Africa. They represented practitioners and researchers/consultants in the enterprise development field. Five represent SEEP member organizations.

III. Discussion Synthesis

This discussion on defining the enterprise development field was one step in a significant dialogue about how we define our work, how we go about it, and how we communicate effectively in order to ensure that the work and its core principles continue to contribute to economic growth and poverty alleviation around the globe in a widespread and sustainable manner. The postings were stimulating, and the suggestions for next steps were motivational. The synthesis below is presented as a summary of responses to the key questions posed.

Question 1: Defining Enterprise Development in Broad Terms

Below are the questions that the facilitators posed *(in bold, italics)* and a summary of participant responses (in plain text).

Lead Question:

How can we define our industry and the work we do? Some of the terms being used today include the following:

- *Business development services (BDS)*
- *Enterprise development*
- *Livelihood security*
- *Market development*
- *Making markets work for the poor*
- *Subsector development*
- *Value chain development*
- *Systemic approach*

What are the pros and cons of these different terms? Is there one term that can be used to describe our field of practice, including financial services?

Summary of Responses:

The BDS field introduces some critical, influential operating principles that have and should continue to influence our work. More important than what we call the field is preserving and promoting these core principles that have helped us significantly improve outreach, sustainability, cost-effectiveness, and impact. Specific responses focusing on

these ideas included the following: "My greatest concern is with promoting the principles"; "The positive aspect of BDS is that everybody links it to the BDS principles"; and "The insecurity about a clear definition [of BDS] was always there, whereas the BDS criteria were always quite clear (sustainability, less subsidies, impact orientation, exit strategy, outreach, decreasing market distortions)."

It was generally agreed that the term "Business Development Services" is problematic, and there were contributions concerning what the field should be called, where its boundaries lie, and what terms effectively communicate the field and its operating principles. However, there was no clear consensus on new terminology for the field.

Follow-Up Questions & Responses:

"Business" vs. "Enterprise" development, and what happened to "small enterprise development"—does that still include "Micro"?

Enterprise development seems to have come about because of charity-oriented development agencies not being comfortable with the term "business," and the sense that "business" did not include income-generating initiatives of the very poor—that is, microenterprise, self-employment, and small-scale farming. Some participants suggested that we adopt the term "business" instead of "enterprise" and mean it to be inclusive of these less formal activities. It seemed to cause confusion that the field in general is referred to as small enterprise development and yet our sub-field is business development services.

"Business Development Services" vs. "Business Services"

There was general consensus that there is no need for the term "development" in BDS and that it has caused confusion. Most agreed it is better to say "business services." At the same time, however, participants recognized that a certain momentum has been built around the term and that changing it might cause confusion and loss of momentum. It was agreed that business services are a needed subset or one component of small enterprise development.

"Market Development" and "Pro-poor Market Development"

Some participants suggested that the BDS field has evolved and merged with subsector and value chain development in such a way that what we are doing constitutes pro-poor market development. They propose this is a new term for the field, although one person commented, "If we are pro-poor, does that mean we are anti-rich?"

Others stated that market development is an approach. It represents the principles that the BDS field helped develop and promote. This approach can be used in small enterprise development as well as other fields, from agriculture to health. Therefore, it is not an appropriate term for our field, as it is too broad and constitutes a methodology, not a field of practice. Market development is sometimes referred to as taking a "systemic" approach, although "systemic" is usually broader than markets and includes political, educational, cultural, and other systems that influence small enterprise development.

Some participants stated that marketing is only one subset of what businesses need. They also need finance, human resource development, and input assistance. Thus, they understood market development to be narrow rather than broad.

One participant suggested that enterprise development should, in fact, focus primarily on provision of an appropriate enabling or operating environment in which entrepreneurs and markets can flourish.

There was some consensus that it would be helpful to thoroughly define the entire field, including its subsets. For example, "Small Enterprise Development—Making Market Systems Work for the Poor" could define the broad field. Its subsets might include subsector or value chain development; business services; financial services, of which microfinance is a subset; and the enabling environment, or SED policy. In all of these subfields of practice, a market development or systemic approach would apply.

Questions 2 and 3: Defining Specific Enterprise Development Terms

Since the principles were deemed more important than the terms, and since the field is seeking better ways to communicate the principles, the second two questions from the facilitators requested participants to suggest specific terms for concepts used in the field. The strategy was to discern the clearest terms for the concepts and to prompt participants to suggest alternative terms to those used by BDS experts and insiders. Below are the concepts that the facilitators asked

Why not use private sector terms? The facilitator followed-up by focusing on a question a participant posed – what terms do the private sector use? Some responses are integrated below, but several participant also pointed out that development practitioners sometimes need their own terms - i.e. "embedded services" supplied by BDS providers - to convey their strategies to one another, and that these terms inevitably need to be adapted to communicate to private sector partners in specific situations – i.e. seed suppliers providing technical guidance on planting to seed buyers.

about *(in bold, italics)* and a summary of the suggested terms that participants proposed (in plain text). In many instances, participants were quite comfortable with existing terms; in other cases, they made alternate suggestions.

1. In the enterprise development field there are a variety of actors who interrelate. How should we refer to each of them?

a) Development agency staff? [facilitators, service providers, brokers?]

- Facilitator—to remind us not to provide, or to provide only temporarily

- Mediator

- Change agent

- Promoter

- Advocate

- Not broker, because this is an agency or organization that does all the negotiation of purchase and sale contracts for the entrepreneur

- Facilitators and/or service providers, depending on extent of isolation of the working areas

- Business (Development) Service market development facilitators

b) Those who provide products/solutions/services (input providers, training consultants and institutions, financial institutions, buyers, equipment, vendors, transporters, lobbying coalitions, etc.) to other firms in a sustainable (commercially viable) manner? [Market actors/participants, solution providers, service providers?]

- Suppliers and providers

- Provider for services and supplier for products, NOT service provider, as it excludes products

- Service providers for those outside the market chain and market actors for those in the chain

- Service providers for service; value chain players for those in the value chain; input suppliers or technology supplier for those providing physical products; providers of support products and services for everyone

- Business (Development) Service providers

c) The MSEs who participate in the transactions and/or receive the solutions/services?

[beneficiaries, clients, MSEs?]

- Entrepreneur, marginalized entrepreneur

- Not beneficiary

- Beneficiary if free, subsidized services

- Clients only if not subsidized

- Client

- Not MSE as the direct client may be a large firm

- SE

- MSE client

- Business service clients

- MSE target group (MSEs can be providers/suppliers)

2. What is an appropriate term to describe the "thing" (inputs, training, finance, advice, market access, equipment, transportation, advocacy, etc.) that is provided by one firm to another (on a sustainable/commercially viable basis) and which helps the latter to increase/improve their participation in the market? [business service, business development service, business solution, commercially viable solution, other?]

- Business service or business solution, depending on what it is

- Products or services, depending on what they are

- Business service, but what about supplying inputs and the act of purchasing MSE products and selling them? We facilitate these, but they are not services

- Business development service

- Support products/services

- B2B (business to business) products/services

- Service and product. To mark them as the result of our facilitation we may add the prefix of support

- Market development products/services

3. What is an appropriate term to describe the "thing" (inputs, training, finance, advice, market access, equipment, transportation, advocacy, etc.) that is provided at no cost (and on a sustainable/commercially viable basis) by one firm to another as part of their commercial transaction with one another (generally done by buyers to ensure

they get a quality product from producers or from input suppliers to ensure proper use

and success of their product.)? [embedded service, embedded solution, interfirm

support, other?]

- Embedded services

- Not interfirm support—we don't use the word "firm," interbusiness support is
  new jargon, B2B (business to business) means something else in another
  context, so . . . embedded services

- Better supply/buying terms (that include advice, etc.)

- Embedded support products/services

- Embedded B2B products/services

- "Upgrading service," "quality management service," "good customer relation"

4. What is an appropriate term to describe the sustainable provision and use (or supply

and demand) of the "thing" referred to above?[BDS (business development service)

market, business service market, market transactions, business solution market,

market, other?]

- "Business-to-business market" in general and/or "support market" or
  "supporting B-to-B market" for value chain based programs. These terms aim
  to avoid the rather unhelpful debate on if inputs, technology, and other
  physical products are BDS or not

- No single term—it's a principle

- The service market, but what about the market for SE products?

- The services market and then the product market

- Support market to avoid the unhelpful argument on if inputs, finance, and technology belong under BDS or not

- Support markets: markets for support services, markets for support products

- BDS market

- Business service market

5. Development agents sometimes provide capacity building to firms who have linkages to MSEs in an effort to improve those firms' ability to engage in mutually beneficial relationships with the MSEs (or to increase the overall competitiveness of a value chain). What should this "capacity building" be referred to as? [Facilitation activity, intervention, market facilitation, service provision, smart subsidy, other?]

- Facilitation—intervention means direct action in the market itself

- Facilitator, mediator, change agent, promoter, advocate

- Facilitation

- Either facilitation activity or service provision, depending on what is being done—how direct to the MSEs

- Facilitation in general, intervention for a time-bound activity to develop a market.

- General: facilitation; specific interventions: capacity building, training, technical assistance, market linkages, networking, etc.

- Keep distinctions between facilitator and provider; in-between activities can be "business service market incubator"

6. Does the capacity building stated in question number 5 need to be sustainable?

- Sustainability is the essence of development. It is what distinguishes it from relief, it defines its role as being about addressing causes and not symptoms and, let's not forget, is a key reason why the whole BDS trend started

- The system itself has to become self-sustaining, dynamic, learning, seeking its own capacity development as needed, etc. As a practitioner the greatest achievement would be to become redundant!

- Not necessarily—in the short to medium term at least there usually needs to be pump priming. Some activities—advocacy—may never be sustainable

- Government would be the best long-term facilitator, and can be sustainable

- Private firm can be sustainable facilitator if they charge fees

- In what time frame?

- Capacity building need not be sustainable, but the outputs of the initiatives— i.e., the linkages established by MSEs should be sustainable

- Ongoing activities need to be sustainable; limited time-bound activities, not. Hard to define, need to remain flexible and try to find players to take on activities in a sustainable way (i.e., associations)

- Systems should be self-sustaining—players in a value chain should recognize and seek assistance, and the capacity to provide that assistance should become a sustainable part of the value chain

- No, not necessarily needed, as incubators normally have a limited lifespan. The intention of the intervention is to develop the business service market— i.e., the demand and supply side, not the incubator side.

7. Three concepts related to "market assessment":

- The process of identifying the need for a particular product/service/solution

- The process of assessing the provision and use (or supply and demand) of the targeted

   product/service/solution

- Differentiating between these two processes and the constraints that are identified in

   each one

Summarized comments included:

- A variety of analytical tools can be used for these activities

- There needs to be a "process" that involves phases of activities to identify needs and program interventions—with each phase using specific analytical tools

- Development practitioners need to sort out the symptoms from the causes, identify leverage points, and determine what can be done

- Using the term "market" in the description of these processes

- Difficulty in having one common term to describe these activities

8. What steps can we take in our respective organizations, and what steps can be taken in general, to help ensure that the principles we have discussed (promoting sustainable products/services/solutions that respond to the recurrent needs of MSEs, taking a systemic/market view in program design, working as a facilitator, avoiding market distortions, etc.) live on in the enterprise development field?

- Make a short and clear list of principles to facilitate communication

- Advocate/dialogue with the donor committee to form a consensus around the definitions and principles. (Update the BDS Guiding principles?) SEEP could play a role here

- The BDS seminar is an appropriate forum for this type of discussion

- Demonstrate and document effectiveness of these principles

- Transfer knowledge of how the principles operate in practice to local, sustainable institutions

- Focus on changing the mind set of people working in the field

- Work with the private sector to ensure that the principles are practical

- Form local market development groups of programs and projects in specific countries to promote the principles

- Listen to and communicate with our stakeholders in our target projects and markets

- Eventually, the success will speak for itself

IV. Next Steps

The SEEP Network is grateful to those who participated in this online discussion. It is part of an ongoing dialogue within the SEEP network and the broader small enterprise development community. SEEP will make this discussion synthesis available on its online Guide to BDS (www.seepnetwork.org/bdsguide), and will circulate it within the BDS practitioner and donor community. The SEEP BDS working group will continue internal discussions and look for opportunities to participate in and contribute to external dialogue as opportunities arise.