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## **UNIT 13 DESIGNING AND MANAGING SUPPORT SERVICES**

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### **Structure**

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- 13.2 Objectives
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### **13.1 INTRODUCTION**

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Usually the small enterprises responds at various levels to the problems it faces - first level, the entrepreneur tries to fix a solution within the existing system. If the problem persists then the entrepreneur would have to resort to tinkering within in the system. Often the entrepreneurs undervalue their own time in a make or buy situation and do not resort to outsourcing services. For strategies they make do with patchy and informal discussions with friends, business associates or others. The fact remains that the entrepreneurs are not Omni-potent. There are several things that they need to get help from outside. In this Unit,, we shall expose you to some such services and their providers.

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### **13.2 OBJECTIVES**

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After studying this Unit, you would be able to

- explain the Issues-Problems-Response to Enterprise Problems;

- define Business Development Services;
- appreciate the scope of Business Development Services;
- realize the importance of support services required by small enterprises;
- examine an idea about the types of delivery mechanisms;
- explain the different types of payment mechanisms; and
- identify who's who in BDS and explain their roles.

### **13.3 ISSUES-PROBLEMS-RESPONSE TO ENTERPRISE PROBLEMS**

Enterprises need a wide range of support services. Most of these services are provided through informal social contacts or by other businesses, large and small, such as banks, merchants, wholesalers, retailers, brokers, farmers and other producers and manufacturers.

The following table attempts roughly to classify the different types of such services under the different types of asset which people need for their livelihoods, as identified by Carney (1998).

<b>Capital Asset</b>	<b>Relevant Services</b>
Physical	The provision of home-based business space, power, water, factory sheds, business incubators, land tenure, roadside rights, transport, and common service equipment.
Social	The development of co-operatives, self-help groups, business associations, clusters, networks, franchising, chambers of commerce. Assistance with information and with linkages to customers and to suppliers.
Natural	Promotion of sustainable use of raw materials, recycling, pollution reduction, waste disposal.
Human	Training, advice, counseling, consultancy, in technical skills, 'entrepreneurship' and in business management.

These services are not new. Donors and governments have been providing them for many years. The term Business Development Services (BDS) is widely being used of late, to denote these existing ranges of services. Many of these BDS are profitable business themselves.

Phansalkar, S.J. & Sriram, M.S. (2001), in their study on Business Development Services for Small Enterprises in Hyderabad arrived at the following framework for understanding the problems-response-effect for Small Scale Enterprises. It clearly portrays the real scenario of small entrepreneurs in our country.

#### **A Framework for understanding Issues-Problems-Response of Small Scale Enterprises**

<b>Issue</b>	<b>Effect</b>	<b>Resources for Services</b>	<b>Type of services sought</b>
<b>Incorporation:</b> • Usually	• Usually accounting data is	Elders, friends, auditor and informal	Contacts in the offices and help

<p>proprietary or partnership</p> <ul style="list-style-type: none"> <li>No pressure of accountability.</li> <li>No document is filed publicly.</li> <li>Income Tax return is the most authentic document available with third party verification.</li> </ul>	<p>stored informally.</p> <ul style="list-style-type: none"> <li>Whether the cost of accurate data is worthwhile is a consideration.</li> </ul>	<p>advice from experts in the familiar circles.</p>	<p>in the various steps to be followed.</p>
<p><b>Finances:</b></p> <ul style="list-style-type: none"> <li>Generally from friends, relatives, bankers or financial institutions.</li> <li>Tendency to borrow from sources, asking fewer questions (informal), as accounts may not be in order.</li> <li>Constant rollover leading to an eventual debt-trap</li> </ul>	<ul style="list-style-type: none"> <li>No pressure to maintain records.</li> <li>Costs of funds high.</li> <li>Tendency to cut corners: avoid taxation, and costly compliance.</li> </ul>	<p>From friends/auditor, sometimes relatives and elders.</p>	<p>Contacts for sourcing finances, preparation of project report.</p>
<p><b>Markets:</b></p> <ul style="list-style-type: none"> <li>Dependent on a handful of buyers.</li> <li>Minimal branding and product differentiation.</li> <li>Problems of excessive anciliarisation.</li> </ul>	<ul style="list-style-type: none"> <li>No room to find new customers or markets;</li> <li>Energies spent in appeasing current clients.</li> </ul>	<p>Usually from suppliers, customers and existing market channels.</p>	<p>Data on how the product is moving - problems of quality, price and acceptability</p>
<p><b>Human Resources:</b></p> <ul style="list-style-type: none"> <li>Hired from informal sources.</li> <li>The overriding consideration is Trust and low salaries.</li> <li>Little delegation.</li> </ul>	<ul style="list-style-type: none"> <li>Employees become experts in "getting over" the problem.</li> <li>Competency to handle issues straight not built over a period of</li> </ul>	<ul style="list-style-type: none"> <li>Usually from family or known sources.</li> <li>Being trustworthy is the overriding consideration because of informal nature of</li> </ul>	<ul style="list-style-type: none"> <li>Fixing problems - bribing people, enhancing contacts and if possible avoiding problems.</li> </ul>

<ul style="list-style-type: none"> <li>Staff is incapable of handling statutory compliance, because of competence and lack of proper housekeeping.</li> </ul>	<p>time.</p>	<p>information.</p>	
<p><b>Innovation:</b></p> <ul style="list-style-type: none"> <li>Difficult to innovate either in products or processes.</li> <li>The entrepreneur is involved in correcting the mistakes made by sub-optimal human resources.</li> <li>Energy is spent in patching up or firefighting.</li> </ul>	<ul style="list-style-type: none"> <li>It is too late when the market or systems change.</li> <li>Usually no anticipatory action is taken.</li> </ul>	<p>Professionals through known sources. Since many transactions are not "in-order", trust is an overriding consideration.</p>	<p>Low cost solutions for current transaction bottlenecks.</p>
<p><b>Management Style:</b> Hands On in every matter</p>	<ul style="list-style-type: none"> <li>Second line is never developed.</li> <li>The entrepreneur's creativity reduces as he handles only routine matters.</li> </ul>		
<p><b>Dilemma:</b></p> <ul style="list-style-type: none"> <li>The most nagging dilemma: "make-or-buy" including for services. This results in undervaluing internal time for cash-flow considerations, and taking the "make" decision more often.</li> <li>Outsourcing is usually a desperate act than a strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Constantly resulting in sub-optimal results.</li> <li>Most of the time, people are learning as they are doing and therefore not professional enough.</li> </ul>		

From the above framework, it could be observed that usually the small enterprises responds at various levels to the problems it faces - first level, the entrepreneur tries to fix a solution within the existing system – which is called a *micro control loop*. For instance, if the employee of the enterprise can bribe an official, the problem is fixed. But if the problem persists then the entrepreneur would have to resort to tinkering within in the system – which the authors call as a *macro control loop*. Try and ensure that some basic records are maintained in your enterprise, so that, whenever the labor inspector comes, at least you have a few answers ready.

Both these are attempts to answer the problem from within the enterprise.

The next stage is when these two actions may not be sufficient to continue the business comfortably. In such a case, there would be a greater change needed. This is when the entrepreneur would then look for a BDS provider and be prepared to pay for the services if:

- the changes proposed by the BDS were seen as feasible and tangible (immediacy).
- the changes result in net revenue gains (utility).
- the changes are a result of the action of the BDS provider and not otherwise (instrumentality).

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#### **13.4 BUSINESS DEVELOPMENT SERVICES DEFINED**

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Miehlbradt and Mary McVay (2003) defined BDS as *the wide range of services used by entrepreneurs to help them operate efficiently and grow their businesses with the broader purpose of contributing to economic growth, employment generation, poverty alleviation.*

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#### **13.5 SCOPE OF BUSINESS DEVELOPMENT SERVICES**

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Business Development Services include training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. A distinction is sometimes made between “operational” and “strategic” business services.

Operational services are those needed for day-to-day operations, such as information and communications, management of accounts and tax records, and compliance with labor laws and other regulations.

Strategic services, on the other hand, are used by the enterprise to address medium- and long-term issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, set up facilities, and seek financing. The market for operational services may already exist, since there is often articulated demand and willingness to pay for

these services. In contrast, markets for strategic services for small enterprises have largely failed to develop, and they are the focus of most donor interventions in BDS.

However, what constitutes a “strategic” service may vary according to time and circumstances. For example, communication services may simply facilitate normal business operations for larger enterprises, but for micro enterprises they may be a crucial vehicle for strategic reorientation. Responding to the immediate small enterprises’ demand for lower-end services may also lead to greater demand for higher-end services, so they are a legitimate focus of donor interventions to build small enterprise competitiveness. For this reason “business development services” are defined broadly here to include a wide array of business services, both strategic and operational. This implies a variety of markets through which such services may be provided, with different structures (competitive or concentrated), patterns of evolution, and implications for how to intervene.

### **13.6 SUPPORT SERVICES REQUIRED BY SMALL ENTERPRISES**

The small scale enterprises need two types of inputs.

1. Transaction related Services.
2. Strategic Services.

"Transaction related services" are as those which are needed for managing accounts, labour laws, returns and compliance with other regulations. While the enterprises manage some of these, they also use BDS. The inputs are usually obtained from subject matter specialists who may, but need not restrict their interaction to the relevant transactions.

The "strategic services" are in regard to non-immediate or non-urgent issues. These pertain to expanding business, identify and service markets, design products, set up facilities. These are needed by a large number of SSE though only a few use them. Their reluctance to use the services from BDS providers include their mind set, their perception that there is "low value for money" and their awe for the strategic BDS providers.

	<b>Transaction Related Services</b>	<b>Strategic Services</b>
<b>Nature</b>	Immediate/Urgent/Recurring	Non-immediate/non-urgent
<b>Specific Services required</b>	<ul style="list-style-type: none"> <li>• maintenance of accounts, labour, excise and sales tax</li> <li>• Compliance with the norms of pollution control, food and drug administration, factories and boilers</li> </ul>	<ul style="list-style-type: none"> <li>• Production, product design, location of plant, premises</li> <li>• Marketing, client identification, segmentation, logistics, packing, branding, promotion, advertising</li> <li>• Design of operating</li> </ul>

		systems <ul style="list-style-type: none"> <li>• Finance - seeking term loans and working capital limits</li> <li>• Innovation: new products/ideas.</li> </ul>
<b>Perception</b>	<ul style="list-style-type: none"> <li>• Willing to pay, since the problem is a pain on neck</li> </ul>	<ul style="list-style-type: none"> <li>• Unfortunately, not considered important and perceived as low value for money</li> </ul>

The BDS providers can be characterized into the above two categories. Entrepreneurs tend to use BDS providers if they meet the criteria of immediacy-utility-instrumentality. The transactions based services usually satisfy the criteria. There is a big gap among entrepreneurs in realizing the need for strategic BDS, due to the misconception of low value for money.

Often the entrepreneurs undervalue their own time in a make or buy situation and do not resort to outsourcing services. For strategies they make do with patchy and informal discussions with friends, business associates or others. In such a scenario, the BDS providers responded by not specializing on small enterprises, but by working with a range of clients, not depending on small enterprises for more than a quarter of their revenue and even distancing themselves from small enterprises. Auditors straddle both the segments of the markets and sometimes even act as sourcing agents for BDS that they do not provide.

**Check Your Progress Exercise 1**

- Note:** i) Use this space given below to answer the question.  
 ii) Compare your answer with the one given at the end of this Unit.

1. Define Transaction related services

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**13.7 TYPES OF DELIVERY MECHANISMS**

Stand Alone Services

Bundled Services

**Stand Alone Services:** Some types of BDS are supplied on a “stand -alone” basis by specialized service providers. For example, in the handloom sector, the Central Silk Board, establishes the yarn testing facility and provides that facility alone exclusively to the weavers of the location.

**Bundled Services:** Many-a-times, providers bundle BDS together with other services or products—for example, whenever you buy machinery with new technology, the company also gives you design and training support. The delivery of BDS results as part of business-to-business relationships—including supplier/buyer, subcontracting, and, franchise and licensing relationships—is particularly common for smaller firms. In these cases, BDS are delivered as part of another transaction—for example, design assistance received by small enterprises who sell their products to larger firms, or training received as part of the purchase of equipment.

#### **Individuals as BDS providers**

Individuals who are experts / specialists in certain areas shall be providing services to the small enterprises in certain niche areas like advice on ISO certification, Central Excise and a Chartered Accountant.

#### **Industry Associations as BDS Facilitators**

The industry associations play an important role in providing an interface between small enterprises and BDS providers. The industries associations maintain databases of their members. Hence they are in a position to provide interface between BDS providers and small enterprises by sharing information. Also the small enterprises regularly go to them for advice.

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### **13.8 TYPES OF PAYMENT MECHANISMS**

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In addition to different types of services and types of delivery mechanisms, there are different types of payment mechanisms for BDS. The price of the service may be charged as

- a direct fee,
- as a component of the price of a bundled service (e.g., when the enterprises accept a lower price for their products in exchange for technology assistance from buyers),
- on a commission basis (e.g., when marketing service providers are paid upon successful sale of SE products).

There are some evidences that small enterprises are more willing to use services offered on a commission basis than on a fee basis, since this type of payment mechanism reduces risks and cash-flow requirements.

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### **13.9 WHO’S WHO IN BDS AND THEIR ROLES**

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The constituents of the BDS framework include:

- **Small enterprises (SEs)**, the demand side of the market, are microenterprises and SMEs that are mostly profit-oriented and are the actual or potential clients of BDS providers.
- **BDS providers** provide services directly to SEs. They may be individuals, private for-profit firms, NGOs, parastatals, national or sub-national government agencies, industry associations, etc. They may be small enterprises themselves. They may also be firms whose core business is not services but who provide them as part of a broader transaction or business-to-business relationship.
- **BDS facilitators** support BDS providers, for example by developing new service products, promoting good practice, and building provider capacity. BDS facilitators can also work on the demand side, for example by educating the enterprises about the potential benefits of services or providing incentives to try them. Other BDS market facilitation functions include the external evaluation of the impact of BDS providers, quality assurance, and advocacy for a better policy environment for the local BDS market. BDS facilitation is a function normally carried out by development-oriented institutions having the objective of BDS market development, which may include NGOs, industry and employers' associations, government agencies and others.
- **Donors** who provide funding for BDS projects and programs. In some cases, the facilitator is the project office of a donor.
- **Governments** who, like donors, may provide funding for BDS projects and programs. Beyond BDS interventions, the principal role of governments is to provide an enabling policy, legal and regulatory environment for SEs and BDS providers, as well as public goods such as basic infrastructure, education and information services. There are also many facilitating functions which governments can play in the future, to promote more vibrant service markets.

#### ACTIVITY

Consider your business idea identified at the end of the chapter on business opportunity identification and list out the services that may be required for the same. Also identify the providers of such services and classify them as strategic and transactional services

#### Check Your Progress Exercise 2

**Note:** i) Use this space given below to answer the question.

ii) Compare your answer with the one given at the end of this Unit.

1. Explain the types of delivery mechanisms

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## **13.10 6 STEPS TO A SUCCESSFUL BUSINESS LAUNCH**

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Nancy Mann Jackson

<http://www.entrepreneur.com/article/223732>

Erik Oberholtzer, Matt Lyman and David Dressler met while working in the kitchen at a luxury beach resort in Southern California. Together, they envisioned a restaurant where they could follow their cooking passions and serve organic, farm-fresh, "slow food" dishes at affordable prices. But the food wasn't the only thing that was slow. Once the trio decided to join forces and launch an eatery, they took their time to carefully plan every aspect of the business before taking the plunge.

"It took probably two years from idea to opening," says Oberholtzer, chef and co-owner of Tender Greens, which opened in 2006 and now operates seven locations across California. Much of those two years involved fundraising and constantly revising the business plan.

"We would make revisions to our plan after every meeting with a potential investor, because sophisticated investors would ask questions we hadn't thought of, causing us to go back and refine the numbers," Oberholtzer says. "That process was really beneficial, because we went into the opening with a lot of focus. We went into it knowing the culture we wanted to create, the brand we wanted to build and the type of employers we wanted to be."

All that planning paid off: First-year profits were projected at \$850,000, but the company ended up with \$3 million. Last year, Tender Greens reported a 53 percent year-over-year sales increase from \$10.9 million in 2010 to \$16.7 million in 2011. The owners have plans to open three more locations in 2012, and starting in 2013, the plan is to open four to five new stores per year.

Tender Greens offers a casual, walk-up dining environment, where guests can watch meats grilling and meals being prepared behind a glass partition as they walk through the line. The core menu consists of "big salads," "hot stuff" (a hot plate or sandwich) and soups. A few crowd favorites include the Southern fried chicken salad, the octopus salad, the Happy Vegan salad and the mashed potatoes.

Executive chefs at each restaurant also create their own specials that vary by location, change twice daily and are made from scratch, like Cajun chicken and sausage gumbo; aged-cheddar

bread pudding; English pea risotto; steamed clams with chorizo brown-butter spaghetti; shredded duck and kale salad; and house-made porchetta (pork roast).

What really sets Tender Greens apart from other fast-casual eateries is the care taken in preparing the cuisine. The chefs cure the bacon in-house, make their own salami, craft handmade pastas, cure their own caviar, mix their own natural sodas and work to support small farmers.

While not every new business will require two years of upfront planning like Tender Greens, every aspiring entrepreneur should pay significant attention to laying the proper groundwork before launch. In studying businesses that have succeeded and those that have failed, the difference is planning, says George F. Brown Jr., CEO and co-founder of Blue Canyon Partners, a management consulting firm in Evanston, Ill. "The successful business leaders don't go to work every day expecting a new adventure. They have a plan and know what to do. Over and over, in small businesses and large ones, I've seen the benefits of careful planning and the disasters that can result from a failure to plan," he says.

Before launching your business, here are six steps to ensure a successful start.

### **1. Go beyond the business plan.**

Planning carefully before launching a new business is not limited to preparing a business plan, says Bruce Bachenheimer, clinical professor of management and director of the Entrepreneurship Lab at Pace University in New York City. "While preparing a business plan is generally a valuable exercise, there are other ways to plan carefully," he says. Bachenheimer recommends three planning methods.

- The Apprentice Model: Gaining direct industry experience, as the founders of Tender Greens did.
- The Hired-Gun Approach: Partnering with experts who have in-depth knowledge and experience.
- The Ultra-Lean School of Hard Knocks Tactic: Figuring out a way to rapidly test and refine your model at a very reasonable cost.

While writing a business plan is certainly helpful, the real value is not in having the finished product in hand, but rather in the process of researching and thinking about your business in a systematic way, according to Victor Kwegyir, founder and CEO of Vike Invest, a U.K.-based business consultancy. "The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts and look at your ideas critically," he says.

If you don't commit to in-depth preparation, launching a new business can be a very expensive lesson in the value of planning. Bachenheimer asks: "Would you enter a high-stakes poker tournament without knowing the game, assuming that you'll figure it out as you go?"

## **2. Test your idea.**

Sixty percent of new businesses fail within the first three years, according to Victor Green, a serial entrepreneur and author of *How to Succeed in Business by Really Trying*. "Too often people rush into business without carefully checking out their idea to see if it will work," he says. "Research is essential."

While the internet makes it possible to conduct research without leaving your desk, Green says Googling isn't enough. "Talk to real people who are in the business you want to go into. Talk to people who might be your customers and get their views and opinions," he says. "Test your ideas if possible."

For the founders of Tender Greens, spending two years in the planning process allowed for a unique opportunity to try their ideas out on the public that would eventually become their clientele. "During that time we were testing recipes and refining our business,"

Oberholtzer says. "Because we were already working in the restaurant industry, we were able to actually test some of our recipes on customers at the resort, for two or three times the price we planned to charge at our own restaurant."

## **3. Know the market.**

Ask questions, conduct research or gain experience to help you learn your market inside and out, including the key suppliers, distributors, competitors and customers, Bachenheimer says. "You also have to really understand the critical metrics of your market, whether it's as simple as sales per square foot and inventory turnover, or an esoteric measure in a highly specialized niche market," he says.

Tender Greens' Oberholtzer and his partners spent many years working in the California restaurant industry before launching their business. That experience allowed them to not only perfect their craft, but also to develop longtime relationships with food purveyors, farmers and other suppliers that they relied on to help Tender Greens succeed. In fact, Scarborough Farms, the restaurant's lettuces and greens supplier, is a partner and investor in the company, thanks to its long relationship with the founders.

## **4. Understand your future customer.**

In most business plans, a description of potential customers and how they make purchasing decisions receives much less attention than operational details such as financing, sourcing and technology. But in the end, it will be the customers who determine your success or failure, Blue Canyon Partners' Brown says.

"You need to know who they are going to be, what drives their purchase decisions, what you can do that will differentiate your offering from that of competitors and how you can convince them

of the value of your offer," he says. "And the answers to those questions shouldn't be off-the-cuff guesses. They need to be well-grounded in reality and market testing."

Before launching Tender Greens, Oberholtzer and his partners spent years creating and serving the kinds of dishes they wanted to one day serve at more affordable prices. That experience, says Oberholtzer, is what helped them develop an understanding of the types of farmers-market-inspired dishes that would please local customers.

Understanding your future customers can be the difference between changing a failed aircraft engine on the ground vs. doing so midflight, Brown says. "The former is much simpler and much more likely to be successful. Once you start up the business, it's likely that you will be consumed with operating details, often with little time to think and even less to make adjustments. Implementing the right plan from the start is far more likely to yield success than figuring out a plan on the fly."

#### **5. Establish cash resources.**

"Cash is king, so you must take steps to adequately capitalize the business and secure ready sources of capital for growth," says Steve Henley, senior managing director and national tax practice leader at Cbiz MHM, an accounting and management service provider. "A good cash-forecasting tool is critical so that you can plan for the sources and uses of cash on a rolling basis."

While some startups rely on owners' capital, others look to investors. Tender Greens' owners raised funds from friends, family members and colleagues.

To determine how much cash you'll need, develop a cash-flow statement that estimates your expenses and income. Be sure to include appropriate expense levels by researching actual business costs rather than estimating based on your personal experience as a retail consumer. "For instance, you can host your personal website with unlimited bandwidth for \$9.95 a month, but operating a commercial website may cost hundreds or thousands of dollars a month," Pace University's Bachenheimer says.

Limit your need for cash by avoiding long-term commitments, like long-term leases, until necessary, adds Cbiz's Henley. "There will be a considerable amount of uncertainty during the first few years, so be conservative in making commitments for resources that might not be yet needed."

#### **6. Choose the right business structure.**

From the beginning, it's crucial to select the appropriate corporate structure for your business, which will have legal and tax implications. The structure you choose can also ensure the success of future decisions, such as raising capital or exiting the business.

Most startups should probably operate as either an LLC or an S Corporation, Henley says, because starting with one of those structures and converting to a C Corporation later is much easier than starting as a C Corp and trying to convert to an LLC or S Corp.

To determine which structure is best for your business, Henley outlines four considerations.

- **Liability limitations:** For C Corps, S Corps and LLCs, the owners' personal liability is generally limited to the amounts invested and loaned. There is unlimited liability for general partners.
- **Startup losses:** If your company is an S Corp or an LLC, also known as "pass-through" structures (because tax liabilities and benefits "pass through" to the owners' personal tax return), you can usually write off startup costs as losses on your personal tax return. In a C Corp, startup costs producing tax losses can only be utilized at the business level and offer no future benefit if the new company has future tax profits.
- **Double taxation:** "Generally, double taxation of earnings is avoided for pass-through entities, but not for C Corporations," Henley says.
- **Capital-raising plans:** If you plan to take your business public or fundraise through private equity, these plans may require that the company not be a pass-through structure.

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### **13.11 SUMMING UP**

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Enterprises need a wide range of support services. Most of these services are provided through informal social contacts or by other businesses, large and small, such as banks, merchants, wholesalers, retailers, brokers, farmers and other producers and manufacturers. Now, you would have gained an understanding of different kinds of support services required for your enterprise and their importance. We shall now move on to getting familiar with the kinds of follow up support available for potential entrepreneurs.

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### **13.12 GLOSSARY**

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**Green Practice:** Sustainable business, or green business, is an enterprise to be that has minimal negative impact on the global or local environment, community, society, or economy—a business that strives to meet the triple bottom line. Often, sustainable businesses have progressive environmental and human rights policies. In general, business is described as green if it matches the following four criteria.

1. It incorporates principles of sustainability into each of its business decisions.
2. It supplies environmentally friendly products or services that replace demand for non-green products and/or services.
3. It is greener than traditional competition.
4. It has made an enduring commitment to environmental principles in its business operations.

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### **13.13 ANSWERS TO CHECK YOUR PROGRESS EXERCISES**

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#### **Check Your Progress Exercise 1**

1. "Transaction related services" are as those which are needed for managing accounts, labour laws, returns and compliance with other regulations. While the enterprises manage some of these, they also use BDS. The inputs are usually obtained from subject matter specialists who may, but need not restrict their interaction to the relevant transactions.

#### **Check Your Progress Exercise 2**

1. **Stand Alone Services:** Some types of BDS are supplied on a "stand -alone" basis by specialized service providers. For example, in the handloom sector, the Central Silk Board, establishes the yarn testing facility and provides that facility alone exclusively to the weavers of the location.

**Bundled Services:** Many-a-times, providers bundle BDS together with other services or products—for example, whenever you buy machinery with new technology, the company also gives you design and training support. The delivery of BDS results as part of business-to-business relationships—including supplier/buyer, subcontracting, and, franchise and licensing relationships—is particularly common for smaller firms. In these cases, BDS are delivered as part of another transaction—for example, design assistance received by small enterprises who sell their products to larger firms, or training received as part of the purchase of equipment.

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## **13.14 REFERENCES**

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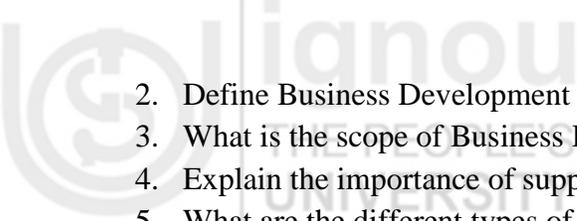
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## **13.15 QUESTIONS FOR REFLECTION AND PRACTICE**

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1. Explain the Issues-Problems-Response model to enterprise Problems

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2. Define Business Development Services
  3. What is the scope of Business Development Services? Explain
  4. Explain the importance of support services required by small enterprises
  5. What are the different types of delivery mechanisms?
  6. Explain the different types of payment mechanisms
  7. Identify who's who in BDS and explain their roles

