



## **Aide Mémoire**

**Regional training on**

**“Benchmarking for SME supplier development in East Africa  
within the framework of UNIDO’s Subcontracting and  
Partnership Exchange Programme (SPX)”**

*Nairobi, Kenya*

*26-29 September 2011*

**Organized by the United Nations Industrial Development  
Organization (UNIDO)**

## ***Background and Problems to be addressed***

Over the last 25 years, UNIDO has established some 60 **Subcontracting and Partnership Exchanges (SPXs)** in more than 30 countries worldwide. SPXs are also being rolled out in African countries. Presently, SPX Centres have been set up in Ghana, Uganda, Tanzania, Nigeria, Zambia, South Africa in addition to existing SPX Centres in Senegal and Cote D'Ivoire. SPX Centres will be rolled out during the third quarter of 2011 in Cameroon, Kenya, Mozambique and Ethiopia. The objective of the SPX is to help local enterprises to successfully meet the challenges of globalization and to take advantage of the emerging opportunities that evolve from industrial subcontracting, outsourcing and supply chain opportunities.

The target beneficiaries are small- and medium-scale enterprises that become more exposed to large private enterprises and public procurement bodies to eventually increase and/or improve the quality of their output. Large enterprises acting as main contractors and buyers benefit from increased levels of local content, which reduces their procurement costs. SPXs support domestic companies and intermediary organizations, which host the SPX Programme. In most cases, the SPX Centre is established within the IPAs or, in cases where they are established within a private sector association. An Implementation Committee (IC) ensures synergies and linkages between the SPX Centre and other local stakeholders for more effective promotion of investment opportunities emanating from the domestic SME sector. UNIDO has developed several training materials which are suitable for different phases of maturity of the SPX Centre. Moreover, an electronic software/ Management Information System has been designed for roll out to all SPX Centres to improve their capacities with regard to more effective routing of information, activity planning, customer relationship management, management of digital libraries etc.

The project will establish the local SPX Centers within selected host institutions such as the investment promotion agencies or the national chambers of commerce.

The benchmarking tool will be employed by the staff of the SPX Centers to assist local SMEs in assessing their own competitive position and to provide the management with a recommended action plan for upgrading and investment. The benchmarking is designed as a facilitated self-assessment, where the company's operational performance and practices are compared with global values and best practices. This provides the management of the SME with a view on what the firm's competitive position is, where the weaknesses and strengths of the company are, and what remedial actions needs to be implemented in which sequence to improve the competitiveness of the company in the most effective manner. The benchmarking methodology also looks at the level of the company in terms of its maturity compared to what the prospective buyers of their products are looking for. This is critical because the company can take different routes of upgrading and investment strategies depending on the product group characteristic and buyer requirements.

The approach calls for not only doing the benchmarking (which helps in the diagnosis of the problems) but also identifying and delivering the treatment (cure). To this end, the SPX staff will mobilize service providers, technical and management support, financing opportunities, joint venture partners, etc.

Each SME who participates in the SPX-benchmarking (BM) initiative will:

- Have the opportunity to be considered as a supplier to buyers who approach and interact with the SPX-BM database.
- Receive a personalized company report, which compares its current practice and performance against practice and performance levels of other companies, at global levels.
- Receive an outline report identifying strengths and weaknesses for SMEs to develop an evidence-based Action Plan to improve their practice and performance with potential support from local intermediaries, including the SPX Centre.
- When a specific buyer requirement has been defined (by means of an appropriate tool to be developed outside this contract), have the opportunity to see how their operation compares against these buyer requirements. This will help the SMEs prioritize areas for action to meet buyer specific requirements.

At the *sectoral* level: The SPX-benchmarking approach should provide the opportunity to carry out sectoral studies through the aggregation of SME practice and performance data for clusters of firms. These studies should highlight the need for focused responses such as training inputs, capability building exercises and infra-structural development needs, based on facts. At the *national* level: The aggregation of company level data can be helpful to policy makers in the identification of sectoral and national level issues. This fact-based data can provide real-time insight into the levels of practice and performance of SMEs in a country. Such studies can be used to map and record progress of industry over time. At the *regional* level: The collection and analysis of multi-country data through the respective SPX Centres can provide regional actors with a balanced view on the challenges and potential responses that can be formulated to drive development in the region.

## ***Objectives and Agenda of the Training***

### **Objective**

Provide a maximum of 25 business advisers from Tanzania, Uganda, Ethiopia and Kenya with an interactive training experience. They will learn about the UNIDO benchmarking tool developed and being delivered to the emerging SPX network in Africa by Winning Moves and Probe Network. The training will be practical and interactive, designed to prepare all delegates with the knowledge and competences needed to deliver all stages of benchmarking process effectively with businesses in their respective countries.

### **Agenda**

See attached as Annex II

The training starts every day at 9 am and finishes at 5 pm.

Lunch is provided at the venue at around 1 pm.

There will be two coffee/tea breaks, one in the morning and one in the afternoon.

## ***Expected Outcome of the Workshop***

The Training will ensure that:

- 1.) the SPX staff applies the benchmarking methodology properly;
- 2.) company interviews are arranged and conducted in the right manner;
- 3.) interview techniques are applied uniformly across different countries;
- 4.) data and information is collected and entered with minimum entry errors;
- 5.) the output report is interpreted correctly and the implications of the findings are conveyed to the management in the most effective way and;
- 6.) techniques for data aggregation for sectoral, national and regional studies are applied correctly.
- 7.) the advisers will receive training enabling them to provide a powerful service that will provide tangible, long-term benefits to the businesses.

## ***Participation***

The Meeting will bring together SPX Centres from the Eastern African economies Kenya (host), Uganda, Tanzania, and Ethiopia. The SPX Centres will be represented by the Head of the Centre and the SPX team which usually comprises one engineer who is specialized on industrial profiling and one engineer who will support the benchmarking activities. Each country can nominate up to two consultants who are specialized in SME diagnostics and that could act as local knowledge resource persons to provide assistance and “handholding” on benchmarking to the SPX team, as and when required. The delegation from each country would therefore be a maximum of 5 participants.

A further objective of this meeting is to deliberate on the means for achieving a coordinated approach that will lead to the involvement of harmonized regional actions that will foster sharing of databases and exchanges on buyer opportunities and information on supplier capacities. This will be the continuation of the fruitful discussions among East African SPX Centres that had started at the occasion of a Subcontracting Fair in Kampala, Uganda at the end of July 2011.

The list of participants is attached as Annex 1.

***Dates:*** 26-29 September 2011

### ***Venue:***

The Meeting will be held at Silver Springs Hotel in Nairobi, Kenya with appropriate video and conference facilities.

## ***Travel and Financial Arrangements:***

Participants are requested to confirm their participation to the organizers till 16 September 2011. Those participants whose travel will be financed by the organizers should send details to the contacts below for payment authorization; UNIDO will cover the travel cost via the most direct and economic route and pay ad-hoc DSA of USD 60 per day for the duration of the Conference. The DSA will not be paid in full because UNIDO will arrange block bookings at Silver Springs Hotel in Nairobi, and cover costs of accommodation, breakfast, lunch and coffee/tea breaks.

Airport shuttle to/from Hotel will be provided.

## ***Hotel Arrangements:***

UNIDO will arrange block bookings upon confirmation of participation up to 16 September 2011 at

***Silver Springs Hotel***  
Valley Road  
Nairobi, Kenya  
Tel.: +254 20 2722451  
[roomdivision@silversprings-hotel.com](mailto:roomdivision@silversprings-hotel.com)  
[www.silversprings-hotel.com](http://www.silversprings-hotel.com)

## ***Other:***

The participants will be responsible for travel and all other expenses incurred in the home country incidental to travel abroad, passports, visas, the required medical examinations, inoculations and other such miscellaneous items, as well as internal travel to and from the airport of departure in the home country. Round trip air transportation for the most direct and economical route between the home country and Nairobi will be arranged and paid for by UNIDO, in accordance with UNIDO's Financial Regulations. The participants should await their formal travel authorization and should under no circumstances purchase their own tickets. The participants shall cover any additional cost incurred upon deviations from the authorized route.

UNIDO will not assume responsibility for the following expenditures in connection with the participants' attendance at the meetings:

- Costs incurred by participants with respect to any insurance, medical bills and hospitalization fees;
- Compensation in the event of death, disability or illness;
- Loss or damage to personal property;

- Purchase of personal belongings and compensation for damage caused to them by climate or other conditions.

### ***Preparation for Visa:***

Participants are requested to make their own arrangements if a visa is required for entry to Kenya.

### ***Contact Persons:***

*For administrative issues at UNIDO HQ:*

**Ms. Brigitte Roecklinger,**

Project Assistant, [b.roecklinger@unido.org](mailto:b.roecklinger@unido.org), Tel: +43-1-26026/3875

*In Kenya:*

**Mr. Mark Irungu,**

Programme Assistant, [m.irungu@unido.org](mailto:m.irungu@unido.org), UN Gigiri Complex, Block N1, Nairobi

Tel. : +254-20-762 5300 ; mobile : +254-713624732

**Mr. Charles Shiraho Kalomba,**

UNIDO Country Team Leader in Kenya, [c.kalomba@unido.org](mailto:c.kalomba@unido.org) ; [kalombafaith@yahoo.com](mailto:kalombafaith@yahoo.com)

*For project-related issues:*

**Mr. Stefan Kratzsch,**

Industrial Development Officer, [s.kratzsch@unido.org](mailto:s.kratzsch@unido.org), Tel: +43-1-26026/3543

**Mr. Brian Portelli,**

Consultant, [b.portelli@unido.org](mailto:b.portelli@unido.org), Tel: +43-1-26026/ 3805

## Annex 2 Training Agenda

26 September 2011

**Morning**

**ARRIVALS & COFFEE**

### **Session 1**

**welcome & introduction to workshop**

- housekeeping, how workshop will run, objectives, etc.

**background to the UNIDO project**

- overview of programme
- about Winning Moves Ltd and Comparison International Ltd
- how benchmarking has helped others
- research and academic background

### **Session 2**

**introduction to benchmarking**

**underpinning business models**

- lean thinking/manufacturing excellence
- service value chain
- EFQM
- Baldrige

**LUNCH BREAK**

**Afternoon**

### **Session 3**

**strategic model**

- APQC
- balanced scorecard
- introduction to strategic model
- understanding *Cause & Effect*

### **Session 4**

**what is diagnostic benchmarking?**

- performance and best practice benchmarking
- presenting the benefits

**any questions from today**

**END OF DAY ONE**

# 27 September 2011

**Morning**

**ARRIVALS & COFFEE**

**Sessions 5 & 6**

**review of day one**

**the role of the facilitator**

- identifying and developing facilitation skills

**the benchmarking process**

- the qualitative and quantitative tools
- process overview

**the measurement stage**

- building the benchmarking team
- understanding the questionnaire, structure and content
- collecting and validating data

**COFFEE BREAK – as appropriate**

**LUNCH BREAK**

**Afternoon**

**Session 7**

**delivering a benchmark**

- defining a comparison group
- understanding the graphs

**analysis and review**

- output report structure
- interpreting the results
- cause and effect analysis

**TEA BREAK**

**Session 8**

**case study I – James Bolton**

- explaining the exercise

**any questions from today**

**END OF DAY TWO**



28 September 2011

**Morning**

**ARRIVALS & COFFEE**

**Session 9**

**review of day two**

**case study 1 – James Bolton (continued)**

- effects exercise
- causes exercise

**COFFEE BREAK**

**Session 10**

**case study 1 – James Bolton (continued)**

- strategic improvements framework
- improvements exercise

**LUNCH BREAK**

**Afternoon**

**Session 11 & 12**

**case study 1 – James Bolton (continued)**

- developing the action plan
- giving feedback
- case study review

**providing feedback**

- strategic planning
- process
- re-benchmarking

**case study 2**

- introducing the case study

**any questions from today**

**END OF DAY THREE**

# 29 September 2011

**Morning**

**ARRIVALS & COFFEE**

**Session 13, 14, 15 & 16**

**review of day three**

**case study 2 (cont'd)**

- group exercise (data collection, analysis, review and feedback)
  - effects
  - causes
  - solutions

**COFFEE BREAK**

**Session 17**

**technology**

- website review
- system demonstrations

**LUNCH BREAK**

**Afternoon**

**Session 18**

**adviser development**

- accreditation and adviser support
- further skills development opportunities

**Session 19 & 20**

**closing session**

- review of training programme
- getting started
- help and support
- any final questions
- feedback and post-training evaluation

**END OF TRAINING PROGRAMME**