

# ► ILO Brief

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## Can a private-sector model train SMEs in the long-run? Lessons from SCORE Myanmar for inspiration

### Introduction

Training and capacity development is a staple of many international development projects. Capacity needs for government, businesses, associations and workers can be high and trainers can be too expensive or altogether not available in many contexts. In an effort to fill this capacity void, international development projects often find and contract expertise to deliver their training.

While this model of contracting out training serves a critical need, it can fall short if it trains only a handful of those with capacity needs and long-term capacity needs still remain. The key issue is that when the project funding stops, so does the training. And thus, those who haven't been trained will have unresolved capacity needs unless the context fundamentally changes or another development project comes along to fund more training.

Such a capacity building model may be viewed by some as short-sighted – why invest in training 100 carpenters when 100,000 still need skills? In trying to avoid this short-termism, the ILO Myanmar's **SME Support Project**<sup>1</sup> – a project largely focused on developing business skills and capacity for SMEs and entrepreneurs – worked to build training models that could be delivered after project support concludes. This would allow for the autonomous and continuous delivery of training beyond the project lifetime, while also enhancing the project's long-term scale and outreach.

This brief unpacks the project's model for the long-term delivery of the SME training package **SCORE** (see box 1) – one that focuses on putting the private sector in the lead of running and paying for the training. Part 1 of the brief provides an overview of the model, while Part 2 looks at the reasoning behind using such a model in the context of Myanmar. Part 3 takes an in-depth look at the set-up and incentives to deliver such a model while Part 4 reflects on some of the key lessons from this model. Part 5 provides a snapshot of the results achieved to date.



<sup>1</sup> The project is funded by the Swiss State Secretariat for Economic Affairs (SECO) and the Norwegian Agency for Development Cooperation.

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**Box 1 – What is SCORE<sup>2</sup>**

Sustaining Competitive and Responsible Enterprises (SCORE) is an ILO global programme that improves productivity and working conditions in small and medium enterprises (SMEs). The primary goal of the global programme is the effective implementation of SCORE Training - which combines practical classroom training with in-factory consulting.

SCORE Training is a modular programme that focuses on developing cooperative relations at the workplace. The five modules cover:

- workplace cooperation
- quality management
- clean production
- human resource management
- occupational health and safety

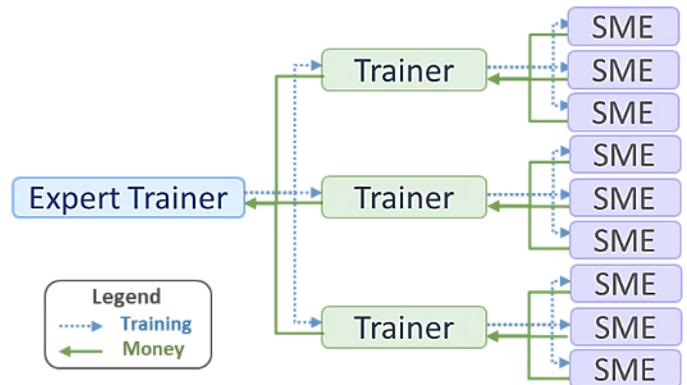
Each module includes a joint, two-day classroom training for managers and workers and follow-up consultations with experts in the participating enterprises.

Since inception, SCORE Training has been delivered to over 3,100 SME's in 17 different countries. Through SCORE training, a total workforce of over 533,000 workers have benefited from enterprise improvements, including efforts to develop a culture of respect, trust and communication in the workplace. SCORE Training has improved productivity up to 50% in participating SMEs and boasts an 91% satisfaction rate.

**Part 1: Setting out the model basics**

SCORE Myanmar started in earnest in 2018 with work in both the food processing and tourism sectors. For these two sectors, the project adapted SCORE global trainings to fit into the Myanmar and sectoral context. This included branding and adapting the trainings for the two sectors as "SCORE" for food processing and "SCORE HoCo<sup>3</sup>" for tourism and hospitality. The project adapted the content from SCORE global's standard five-module training to six modules for SCORE - which included a new module on food safety - and four modules in SCORE HoCo.

From the outset, the project intended to build a private-sector model such that when the project stopped, the training would continue. **So how does the model work?** The first layer is the **Expert Trainer** - their responsibility is to train and certify SCORE trainers who will then go on to train SMEs in the various SCORE modules. The ILO worked to build the technical capacity in SCORE modules such that Expert Trainers would be able to deliver SCORE trainings to trainers as well as certify them. In this model, the Expert Trainers are also responsible for marketing the training, finding potential trainers and eventually selling and delivering the training for a fee. The trainers buy and become certified in trainings on a module-by-module basis.



The next layer is the **trainer**. After certification in certain SCORE modules, the trainer is responsible for finding SMEs and selling the training to them. The trainers set the cost for the trainings and work out the delivery schedule with the SMEs. The **SMEs** decide which modules suit their business needs and fully fund the training of the delivery of modules. This entire step operates without any ILO involvement.

**Part 2: Why run a private-driven SCORE model in Myanmar?**

Globally, SCORE has used several different pathways to achieving sustainable training delivery. For example, SCORE has worked with employers' associations and lead buyers to fund or deliver training that provides value to

<sup>2</sup> Text sourced from SCORE homepage: <https://www.ilo.org/empent/Projects/score/lang--en/index.htm>

<sup>3</sup> Prior to 2018, Swisscontact developed the HoCo training programme, which is based on SCORE, but adapted to meet the needs of hotels and restaurants in the tourism sector. ILO then further tailored this package to meet the needs of hotels, restaurants and tea-shops in Myanmar

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association members or ensures that suppliers are more productive and have better working conditions. It has also worked to institutionalise SCORE training with governments – like the Ministry of Production in Peru – so that governments take over the role of funding training to support the growth and development of SMEs.

While these pathways to long-term, autonomous delivery of SCORE training are viable for many countries,

**Myanmar chose a different pathway for a number of reasons.**

### Scale and sustainability

First of all, the ILO's SME Support Project had already successfully set-up a similar network of master trainers who trained trainers for entrepreneurship training services in Myanmar, such as Start and Improve Your Business (SIYB). By 2017, private sector SIYB Master Trainers had trained 945 Trainers across Myanmar. These trainers had shown that they could provide services on a large scale – training 13,588 entrepreneurs in 3 years – and with a financially sustainable model which required zero subsidies from the project. Market research at the beginning of the SCORE project in Myanmar showed that the right market conditions also existed for SCORE to succeed on a private sector model, with high demand and low competition.

### Promoting quality at all levels

The private driven training model can have positive effects on training quality. At the level of training of trainers (ToTs), this happens in two ways. As trainees pay for ToTs, they are likely to put more effort into absorbing training lessons and content than if the training was provided for free – this improves the transfer of knowledge. Secondly, as expert trainers must sell trainings, they are incentivised to deliver quality trainings as a means of ensuring customer satisfaction, which can help them attract new training clients in the future.

This set of incentives also holds for the training between trainers and SMEs. Businesses who pay to participate in SCORE are more likely to be engaged, commit time and effort into absorbing the training and work to implement training lessons thereafter than if they were trained for free. On the trainer side, if trainers do not deliver high quality training services, the SME will be less likely to sign-up for training in additional modules and even less likely to provide a reference for the trainer to sell the training to other SMEs.

### A need to keep trainer numbers high

Another key reason for choosing the private sector model was the need to ensure that new trainers can be trained without further financial support from the project. This is important, because SCORE trainer attrition is naturally high. The reasons for trainer attrition are varied. In some cases, trainers move on to the next level in their careers and find new opportunities which lead them to reduce or stop delivery of SCORE to SMEs. If they are engaged in other business activities, sometimes business opportunities arise which are more financially attractive. In some cases, they pause due to illness or family commitments.

As trainer attrition is natural, it can become problematic if the training of new trainers stops - the number of active trainers will gradually reduce overtime until few are left to train SMEs. Thus, if SCORE training was fully subsidised by the ILO, SCORE would not have a mechanism to replace trainers after the project closes and the impact of the project's work would reduce over time.

To ensure that a reasonable number of trainers remained active, the project invested in developing a network of Expert Trainers that could train trainers without subsidy and on a fee-paying basis. This aimed to ensure that new Expert Trainers would have the capacity to sell and deliver trainings as well as certify new batches of SCORE trainers who could replace trainers who were no longer training. In theory, this set of active Expert Trainers, would ensure that there is always a large network of active trainers delivering SCORE.

## Part 3: The key steps for set-up

The private sector incentives that enable this model to work seem easy enough to understand. If Expert Trainers and trainers make money from delivering training, they should continue to train trainers and SMEs. If the training quality remains high and delivers value to SMEs, then SMEs will have an incentive to continue to invest in training.

However, that may be an overly simplistic representation, and the reality is that the project had to take a number of intermediate steps and actions to make sure this model got off the ground. The following sets-out some key actions that the project took to set the model up for sustainable, long-term delivery.

## Understand the market dynamics for the training product

A private-driven training model won't go far if it has little demand, particularly as SCORE training requires considerable SME resource investment to complete. Given this, the project spent time understanding the market demand for SCORE training. In looking toward its viability, the project realised that SCORE was sufficiently niche and that had little competing offer – particularly from development-sponsored training, which can be lower cost and undercut a purely private driven market. The project also conducted market research to look at which sectors would have the most market demand – this is how the project arrived at the food and beverage sector within manufacturing, where capacity needs and ability to invest were both considered to be high.



## Build toward a private driven model

As the old adage goes, “Rome wasn't built in a day”, and building a private-driven training model was not done overnight either. While the project always intended to have a sustainable, private-driven model, it first had to fund training activities to establish knowledge, awareness and experience around SCORE and demonstrate concrete results and value to SMEs. To do this, the project sponsored the training of 30 trainers in the manufacturing sector in 2018 and 2019 and another 24 trainers in SCORE HoCo in 2019 and in 2020.

After the project had seeded the initial network of trainers and built some momentum, it began to pivot to a fully private-driven model. In 2020, the project started developing Myanmar Expert Trainers, who could be certified to deliver future ToTs on a fee-paying basis.

## Make sales capacity a core requirement for trainers

It doesn't matter how valuable a training is, an SME won't buy it if isn't aware of value it can bring. The project realised this early on and made trainer sales capacity a core part of the model – recruiting freelancers and training/consulting companies which could demonstrate a track record of sales capacity. The project also conditioned participation in ToTs on the basis that the potential trainer could sell SCORE training to at least one SME.

The project did this as a means of ensuring that investment into initial trainer development could bring the largest impact on SMEs. This meant saying “no” to training participation from many who had experience in delivering development-oriented trainings. While they would have been skilled at delivering SCORE trainings, most had never sold training or anything else to end-clients and were not oriented to do so either.

This sales focus extended into the trainer development. During ToTs, trainers learned how to create long-term sales goals and targets as well as concrete plans to realize them. Expert trainers also worked with trainers on sales throughout the training process. They held special sales training sessions which provided opportunities for trainers to share SCORE sales experiences among one another. During coaching visits to trainers at factories, expert trainers motivated trainers to sell more, checked on sales progress and provided advice to improve sales. This included teaching trainers how to be clear about the roles that the trainer and SME would have and how to convince factories to buy.

## Create incentives to sell training

Beyond finding trainers with sales capability and then arming them with the tools to sell SCORE, the project put in place a system of incentives to motivate trainers to increase sales. For SCORE manufacturing, the project created an award for highest number of SCORE sales, with winners getting access to advanced technical training. They also created a second level of trainers, known as “Senior SCORE Trainers”, which was designated for trainers who sold SCORE module 1 to at least 5 factories. To be selected as a SCORE Expert trainer, it was also necessary to demonstrate a strong track-record of sales, which provided an additional incentive for trainers to sell more trainings.

## Invest heavily in the recruitment and development of Expert Trainers

As the project set-out to develop its Expert Trainer network, it took considerable care in Expert Trainer recruitment and development. The project did this to ensure solid competence in the delivery and sale of future SCORE ToTs, which would keep training quality and value high for SMEs –enhancing SCORE’s sustainability.

On the recruitment side, the project identified trainers that had high technical competence. Here, the project identified potential trainers that had expertise in specific modules and could deliver those specific modules rather than generalist expert trainers for all modules. To this end, the project developed module-specific recruitment criteria for Expert Trainers, which included criteria on technical knowledge and experience delivering the SCORE module and other trainings on similar topics. The project then assessed trainers against these criteria through interviews, feedback from previously trained SMEs and tests on skills and knowledge.

Once it completed recruitment, the project moved to developing Expert Trainer capacity. The project started by first building up capacity to address trainer weaknesses identified during the recruitment process. After building capacity, the project tested trainers on a series of competencies and skills to ensure that they had comprehensive technical understanding of the modules before allowing them to conduct ToTs. They then got hands-on experience, delivering ToTs and coaching new trainers under the supervision and assessment of an international Expert Trainer who would certify trainers who met quality standards.



## Part 4: Key learnings for private-driven SME training

After four years of setting up and running a private-driven SME training model, the ILO’s SME Support Project has reflected on the key lessons which may be useful for other projects trying to set-up a similar model. The below provides a snapshot of three key learnings.

### Context is everything

Myanmar presented a unique case for developing a private-driven training model. After decades of closed military rule, the country opened to the outside world in 2011 with little internal capacity for private sector training and a market ripe for investment. The nascent SME training market meant little training competition for SCORE and the investment brought considerable economic growth – providing the conditions for SMEs to invest in building and developing their business. This presented a perfect opportunity to set-up and run SCORE training – one that may not be viable for every context.

### SCORE’s characteristics affect how the private sector model should be applied

In addition to SCORE Training, the SME Support Project in Myanmar rolled out several other training products for SMEs. These different experiences revealed several interesting lessons about SCORE.

In comparison to generic business management training products such as SIYB, SCORE is technically more advanced, sector-specific, includes consulting as well as training, and requires much longer to implement (up to 12 months). But there is also much less competition, because there are very few similar products being offered.

As such, it is a niche product in Myanmar, which can be sold at a relatively low volume, but for a high price. For trainers, this makes it harder to sell, especially during the start-up phase, when they have no track-record. So SCORE trainers must invest a lot of time in this period, but can expect relatively high profits once they are established.

It is crucial to be aware of these characteristics when rolling out SCORE through the private sector and to tailor the project’s approach accordingly. Firstly, it is important to develop strategies to overcome the natural process of trainer attrition. Although many trainers will want to try selling and delivering SCORE, it may only work as a long-term product for a few. To counter this, the project needs

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to make sure the training of trainers is set up on a private sector model as quickly as possible. This will make it possible to train large numbers of trainers without project financing, which means the project can afford trainer attrition and that a core of successful trainers will exist and be continually replenished.

The project also recognised that intermediate level training products can help supplement their income. With this in mind, the project designed Improve Your Food Processing Business (IYFB) - a training for micro and small food processors, which are either too small for SCORE or cannot afford it. It covers similar topics, but at an intermediate level and without consulting support. For trainers, this further develops their skills, provides additional income and a pipeline of enterprises which may want to sign up for SCORE in the future.

### Selecting training firm size and tailoring approaches to their needs

Private sector training and consulting firms can take many different forms. In Myanmar, the project found that differences in size of training and consulting firms led to big differences in their interest and response to SCORE:

- **Large multinational consulting firms:** low interest in SMEs as a market and already have quality training products and recognition of their competence. Strongly driven by profits
- **Small to Medium sized consulting firms:** Moderate interest in SMEs as a market. High interest in receiving quality training products and TOTs from SCORE, external recognition of their competence (certification) and ILO brand-affiliation. Profit-driven and often had a strong focus on cutting costs, sometimes through delivery by inexperienced staff
- **Freelance consultants:** Very interested in SMEs as a market and very interested in quality training products and TOTs from SCORE, external recognition of their competence (certification) and ILO brand-affiliation. Moderately motivated by profits. Other motivations for participating in SCORE often important (eg. social impact, status and networking)

In Myanmar, the project decided to focus on freelance consultants because they had high interest in SCORE and clear business reasons to become trainers.

They were also more likely to invest in developing the skills needed and follow SCORE systems, rather than wanting to take only parts of the training or deliver through inexperienced staff to cut costs.

The approach was then adapted to primarily support freelance consultants. This included targeting recruitment activities on freelancers; maximizing recognition of trainer skills, such as through the creation of a Senior SCORE Trainer level; and designing the Expert Trainer model in a way that enabled freelancers to train other freelancers, rather than a model for firms to train their own trainers. However, composition and characteristics of training and consulting firms differ between countries, so different approaches may work better in other contexts.

## Part 5: The Results

While the road was long and disrupted by both a military takeover and COVID-19, the four-year project managed to establish the foundation for a private-driven, SME training model. By project close, a network of SCORE trainers had trained 174 SMEs and nearly 10,000 workers in various SCORE and SCORE HoCo modules – promoting both enhanced productivity and working conditions.

The project has almost completed the development and certification of its 9 expert trainers and has more than 50 active SCORE trainers who can sell SCORE training to SMEs at any time. With light-touch support in the project's third phase – that will run during 2022 and 2023 – the Expert Trainer network should be fully autonomous, training a continuous stream of fee-paying SCORE trainers who will continuously train fee-paying SMEs. This will ensure the continuous, long-term delivery of SCORE training into the future.

### SCORE Myanmar in numbers

- **174 enterprises** trained in SCORE and SCORE HoCo
- **~10,000** staff trained in SCORE
- **9** expert trainers to be certified in various SCORE and SCORE HoCo Modules at the beginning of Phase III
- **84%** of trainers found ToTs to be of "good" or better quality
- **51** active SCORE and SCORE HoCo Trainers

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