

The FIT Project

Opening up business opportunities in services to micro and small businesses

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Background

FIT is an innovative small enterprise development project that is harnessing the private sector's potential to stimulate small business development through the provision of non-financial services to small business. FIT has been working for over 4 years in partnership with existing large, medium and small businesses to investigate and develop business opportunities in providing services to the huge untapped market of the micro and small enterprise sector. FIT has investigated and undertaken work in developing training services, media, advertising, marketing and information and communication technology (ICT) services for micro and small enterprises in Asia and Africa. The FIT Project is based within the International Labour Organisation (ILO) in Geneva, Switzerland.

Micro and Small Enterprises as a market.

The micro and small enterprise (MSE)¹ sector forms a huge potential market for products and services and in most countries, and particularly in developing countries, is the largest commercial sector in terms of number of business establishments and employment.

While the MSE sector is a huge potential market, many service businesses have failed to penetrate this market or to identify MSEs as a specific and lucrative market segment. This is often due to the lack of awareness of service business opportunities within the sector, the diverse nature of MSEs and a lack of understanding of the business cultures, specific requirements and priorities of small businesses. These qualities and requirements are often very different from those of larger, formal businesses and services designed for larger businesses are often inappropriate for small business operations.

The FIT experience has shown that many large, medium and small service businesses are very interested in penetrating this small business market and that many services that specifically target this market segment are commercially viable and profitable. Additionally the MSE sector plays a critical role in both the distribution, wholesaling, marketing and retailing of a wide range of products and services, and the supply of raw materials, components and products to other companies. There are therefore many companies who have a commercial interest in enhancing the performance of MSEs in their supply and marketing chain and who are willing to invest in developing services for these businesses.

FIT is in the business of opening up this market potential to develop services for the MSE sector, and assists commercial companies to research, develop, test and provide services for MSEs

Examples of FIT activities

- FIT has worked with media companies (specifically radio) to investigate the market potential for developing programmes targeting the MSE sector. FIT assisted in initial market surveys, acted as an adviser on programme content and design and assisted in the identification of commercial advertisers and sponsors who have a specific interest in the MSE market. FIT has proven the profit potential of developing media programmes targeting MSEs, has supported the establishment of a radio programme which has been running profitably for over 8 months and is in the process of supporting 4 other media companies to develop similar programmes.
- FIT has established a pilot business-to-business advertising paper and proven the commercial potential of targeting advertising at the MSE sector. This paper is distributed to MSEs and provides information on services, tools, raw materials and components available in the market as well as affordable advertising space for MSEs to advertise to other small businesses. FIT is now in the process of supporting an existing business to establish a similar paper as a profitable business opportunity.

¹ FIT has no specific definition of micro and small enterprises, but aims to stimulate and establish services for businesses employing 20 people or less and including family run, informal and part time businesses.

- FIT has investigated the market for small businesses to travel for business purposes (e.g. buying tours, attending trade fairs and exhibitions or visiting other businesses) and has supported a number of tour agents to develop, market and run tours for small businesses.
- FIT has researched the market for training among MSEs and identified the existing private training sector operating in 3 different countries. These training companies are usually themselves micro and small but are providing significant training to MSEs on a for-profit basis. FIT has worked with these trainers to improve the quality of the services they offer and their ability to market to MSEs through training of trainer courses.
- FIT has also begun to work with information communication technology (ICT) companies and has offered support to these companies to increase their penetration into the small business market. FIT is currently researching the potential for an international telecommunication company to support the establishment of over 2000 telephone service businesses for MSEs in rural East Africa. FIT has also initiated discussions with internet service providers to develop strategies to penetrate the MSE sector with tailor made services and products.

Planned FIT activities in Ghana

FIT is now planning to initiate activities in Ghana that will build on the experience developed in other parts of the world. FIT plans to start its activities with a market assessment of the demand among small businesses for a wide variety of services. FIT will then identify business opportunities in service provision to small enterprises and identify potential commercial partners with whom to develop these business opportunities. The service products may include those already developed by FIT in other countries, or new products tailored to the specific demand from MSEs in Ghana.

Ghana will be one of 6 countries in Asia and Africa in which FIT will be initiating activities.

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