

The Subsector Business Services (SBS) Approach: Towards Solution Oriented Programming

Context

The current thinking on *market development* of business services has the tendency to focus on the business service markets with limited analysis of the product markets from which micro, small and medium enterprises (SMEs) earn income. There is increasing recognition that the demand for business services and the potential for MSMEs to benefit from those services are linked to the income earning potential of the product market or subsector in which firms operate.

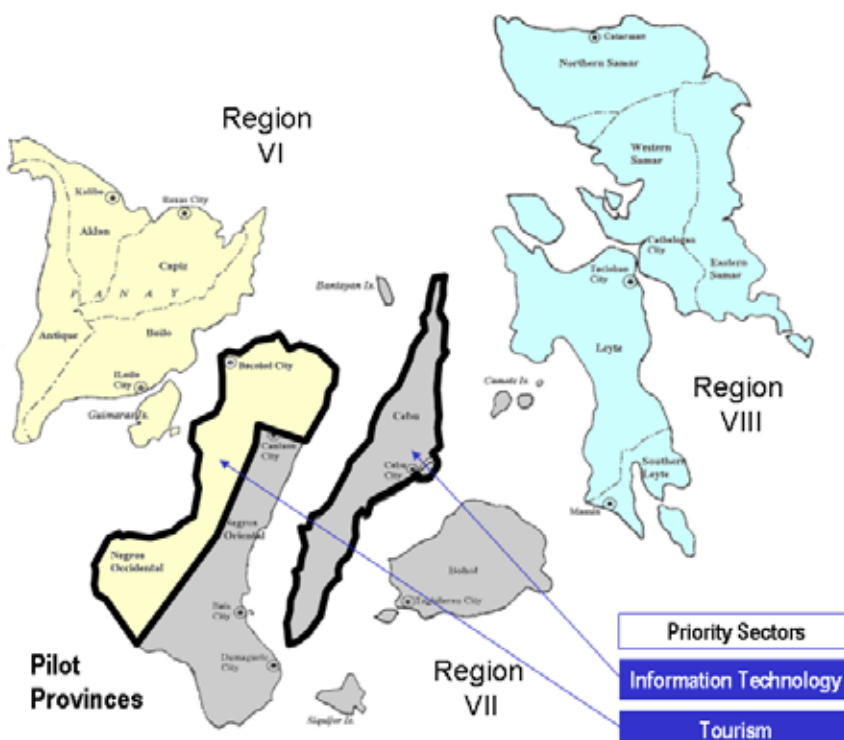
Identifying and developing business services that have a direct effect on strengthening the market for SME manufactured products of the subsector is therefore critical for SMEDSEP.

Problem

Some development projects design their initiatives without a thorough analysis of the target sectors resulting in interventions that are costly and unresponsive to the realities of the market.

Solution

Adopt the **Subsector Business Services (SBS) Approach** that identifies the priority sector with the highest potential in terms of market, income and employment potential and analyzes the constraints of the selected sector. Business development services (BDS) to address these constraints shall be developed / improved by the BDS providers.



CASE: *Development of Business Development Services (BDS) for the Information Technology (IT) and the Tourism Sectors*

SMEDSEP partnered with BDS providers to develop Human Resource related programs / services for the IT sector and marketing related services for the tourism sector.

SMEDSEP supported the providers in terms of product and market development. Specific interventions included business planning, marketing strategy development and product launching.

Approach

The Subsector Business Services Approach of SMEDSEP

SBS identifies the constraints limiting the growth and development of a particular subsector, provides a business service orientation and promotes commercial opportunities to address these constraints. SBS leads to sustainable solutions.

The SBS approach employed by SMEDSEP combines the strengths of subsector analysis and business service market development. While subsector analysis identifies constraints which limit growth and income potential of SMEs, a business service orientation promotes commercial opportunities to address these constraints. The SBS approach adopted by the Program consists of four major steps summarized in Figure 1 below.

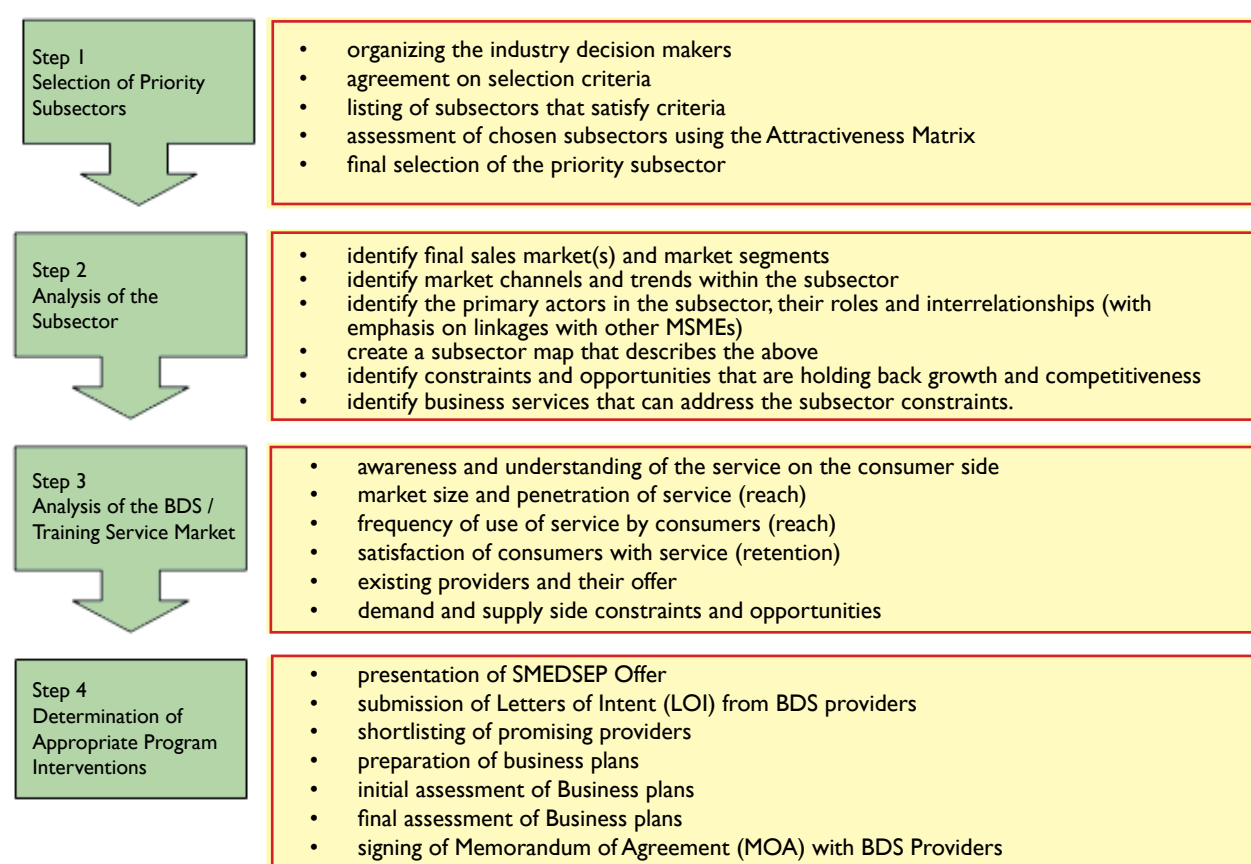


Figure 1: Subsector Business Services Approach

Key Results

- selection of a priority subsector supported by all major stakeholders
- opportunities and constraints of the selected subsector identified
- demand driven services that address constraints developed
- market oriented BDS Providers selected
- limited resources effectively utilized

Success Factors

- transparency in the selection process (subsector and BDS providers)
- BDS providers are supported in product and market development to address constraints of the subsector
- strong and appropriate facilitation skills (selection of industry leaders, organizing the workshop, moderating the workshop)
- availability of information regarding the sector and providers