

# OFFERING YOUTH

## FINANCIAL AND NON-FINANCIAL SERVICES

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MODULE II: PILOT TESTING YOUTH FINANCIAL SERVICES



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This Trainer's guide is largely based on a training designed and delivered by *MicroSave* in July 2011. However, it is enhanced by lessons learned by the ten YouthStart financial service providers named above from pilot testing their youth financial services. We are grateful for the use of *MicroSave's* materials and for the experiences shared by the financial service providers.

Finally, we would like to thank Reach Global for allowing UNCDF-YouthStart to use the format they developed for their Trainer's guide.

## CONTRIBUTORS

Maria Perdomo (UNCDF)

Laura Muñoz

Chela Cea

Bibi Singh

Carrie Tsuan

**YouthStart**, a UNCDF programme in partnership with The MasterCard Foundation, aims to reach 200,000 youth in sub-Saharan Africa with demand-driven financial services and non-financial services, in particular savings and financial education, by 2014. As of December 2012, US\$7.8 million has been awarded to ten financial service providers. Of that amount, US\$3.2 million has so far been disbursed to design, deliver and scale up demand-driven youth financial services and youth-centric programmes in partnership with youth serving organizations. For more information, visit <http://www.uncdf.org/YouthStart/>.

**UNCDF** is the UN's capital investment agency for the world's 49 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital—grants and loans—and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments—water systems, feeder roads, schools, irrigation schemes—that will improve poor peoples' lives. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. For more information, see <http://www.uncdf.org/>.

**The MasterCard Foundation** is an independent, global organization based in Toronto, Canada, with more than \$6 billion in assets. Through collaboration with partner organizations in 49 countries, mostly in Africa, it is creating opportunities for all people to learn and prosper. The Foundation's programs promote financial inclusion and advance youth learning. Established in 2006 through the generosity of MasterCard Worldwide when it became a public company, the Foundation is separate and independent from the company. Its policies, operations, and funding decisions are determined by its own Foundation Board of Directors and President and CEO. For more information on the Foundation, please visit [www.mastercardfdn.org](http://www.mastercardfdn.org).

**MicroSave** is a team of experienced professionals that has been operating for over a decade now and is 'the most reliable consulting firm for market-led financial service providers.' They work very closely with the institutions and thus understand the needs of our customers, their operating environments and the unique features of each institution. *MicroSave* is at the forefront of efforts to move microfinance from a product-led to a market-led approach. They strongly believe that offering market-led solutions is the only way the institutions can sustain and grow. The market-led approach focuses on putting the clients at the centre of the business. *MicroSave* provides each partner with comprehensive, customised strategies that drive growth and business profitability. For more information, see [www.MicroSave.org](http://www.MicroSave.org).

# TABLE OF CONTENTS

<b>SECTION A: TRAINER’S GUIDE</b> .....	<b>5</b>
Preface .....	6
Overview of the Trainer’s guide .....	8
<b>Activities</b>	
1. Introduction to the training.....	11
2. Introduction to pilot testing.....	15
3. Composing the pilot test team.....	18
4. Defining objectives .....	21
5. Establishing pilot test protocol .....	26
6. Preparing the MIS .....	29
7. Modelling the financial projections .....	32
8. Developing product procedures .....	37
9. Training relevant staff .....	40
10. Developing marketing strategies .....	42
11. Launch—Commencing the pilot test.....	45
12. Monitoring and evaluation .....	46
13. Training wrap-up and evaluation .....	51
<b>SECTION B: RESOURCE MATERIALS</b> .....	<b>52</b>
Learning needs and resources assessment (LNRA) .....	53
1.1 Training plan .....	57
2.1 <i>MicroSave</i> Briefing Note #14: The Systematic Product Development Process.....	58
2.2 <i>MicroSave</i> Briefing Note #24: Lessons from Pilot Testing Financial Services— The Experience of <i>MicroSave</i> .....	59
3.1 Pilot test team .....	62
3.2 Specific activities of pilot test team members.....	63
4.1 Categories of general objectives .....	64
4.2 Setting your own objectives.....	65
4.3 Specific objectives of an imaginary FSP .....	66
5.1 Pilot test protocol .....	67
6.1 UNCDF-YouthStart quarterly report .....	69
8.1 Sample process map .....	74
9.1 Develop your own training plan .....	75

10.1 Marketing strategy of two imaginary FSPs .....	76
10.2 Design your own pilot test marketing activity plan .....	77
12.1 Indicators and data sources for specific objectives of an imaginary FSP .....	78
12.2 Define your own indicators and data sources.....	79
12.3 Develop your own monitoring plan.....	80
13.1 Module evaluation form .....	81
<b><u>MicroSave's Pilot Test Toolkit</u>.....</b>	<b>Accompanying folder</b>

# SECTION A

## TRAINER'S GUIDE

## PREFACE

UNCDF launched YouthStart with the support of The MasterCard Foundation in 2010. YouthStart supports strong financial service providers (FSPs) in developing, piloting and rolling out youth-focused financial products, especially savings, and non-financial services such as financial-literacy or reproductive-health education. Through YouthStart, UNCDF aims to increase financial inclusion for at least 200,000 youth, between 12 and 24 years of age, and to demonstrate that (a) when accessing the right combination of financial and non-financial services, youth—young women and girls in particular—are better equipped to make more informed financial decisions, build financial assets (e.g., savings), social assets (e.g., social networks) and human assets (e.g., skills and knowledge) for their futures and create sustainable livelihoods; and (b) youth financial services contribute to increasing outreach and sustainability of FSPs over time.

As of December 2012, UNCDF-YouthStart has awarded US\$7.8 million (of which US\$3.2 million have been disbursed) to ten FSPs in eight different countries in Africa. Through their pilot tests, these FSPs have provided financial services to 114,360 youth and financial education to 64,418 youth (of which 40 percent are young women and girls). These early and promising outreach figures position UNCDF to almost double the programme's initial outreach projections.

One of the key target outcomes of YouthStart is to strengthen the capacity of FSPs participating in the programme so that they are better equipped to serve the youth market. To this end, UNCDF-YouthStart delivers an annual training to address key technical assistance needs of the FSPs.

For the benefit of other FSPs and organizations interested in targeting youth, UNCDF-YouthStart decided to compile and publish this series of Trainer's guides. The goal is to facilitate the replication of the trainings and to help other FSPs understand key issues, train staff and launch youth-oriented services. Having satisfactorily tested the Trainer's guides with all ten YouthStart partners in eight different African countries, the team was reassured the guides would also be useful for a wider audience.

These Trainer's guides are specifically designed for:

- FSPs that may or may not be offering financial and non-financial services to young clients and that would like to explore an adapted approach to serving youth (no previous experience in pilot testing needed); and,
- Technical assistance providers supporting FSPs to start offering youth financial and non-financial services.

As of January 2013, this series of Trainer's guides comprised four modules, each covering an essential aspect of providing financial and non-financial services to youth.<sup>1</sup> Each module is relevant at a specific phase of product development, as described in the table 'Relevance of Trainer's guide series.'

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<sup>1</sup> UNCDF-YouthStart will continue providing annual training in 2013 and 2014. Therefore, this series of Trainer's guides will be further complemented with new modules related to future trainings.

RELEVANCE OF TRAINER'S GUIDE SERIES		
Phase	Module	Purpose
Start up	Youth Development Programming	To help FSPs to design specifically youth-oriented programmes
	Pilot Testing Youth Financial Services	To help FSPs to design and implement pilot tests for the youth financial services they will offer
	Integration of Youth Financial and Non-financial Services	To help FSPs to integrate financial and non-financial services for youth and to monitor the quantity and quality of the non-financial services being delivered by their institutions and/or partner institutions
Pilot test	Client Protection Principles for Youth	To equip FSPs to apply The Smart Campaign's client protection principles and the Child and Youth Finance International certification criteria to their products for young people
Roll out	Monitoring Quality <sup>a</sup>	To help FSPs to collect data to monitor and evaluate the roll out of their youth programmes

a this training is programmed for 2013 but has not yet been implemented.

Depending on its specific needs, an FSP can choose to train its staff in all four modules or on specific ones.

The ideal people from an FSP to participate in this series of trainings include, at least:

- An internal champion of youth financial services;
- A person from senior management; and,
- Heads of pilot test branches.

The present module, 'Pilot Testing Youth Financial Services,' is part of the start-up training. The ideal trainers to conduct this training are those who:

- Have experience in pilot testing financial products and services and youth finance in particular;
- Are committed to child/youth protection;
- Are comfortable with non-formal education methods and principles;
- Have experience in group facilitation; and,
- Will be able to deliver the content and methods contained in this Trainer's guide accurately and with confidence.

This training should preferably be conducted before the FSP starts delivering youth services. Its aim is to help the FSP to design and implement a pilot test for the youth financial services the FSP will offer. In particular, by the end of this training, the FSP will have completed a comprehensive pilot test plan that it will be able to implement.

Participation in this training assumes that the FSP already conducted market research that helped it define the content and delivery channels of the non-financial services, as well as the main attributes of the financial services to be offered to youth.

The content of the module should be adapted in advance to the specific context of the training audience to ensure it is relevant and easy to understand. Context matters.

## OVERVIEW OF TRAINER'S GUIDE

This module, 'Pilot Testing Youth Financial Services,' provides a user-friendly guide to the critical pilot testing process. The module equips FSPs with knowledge, skills and attitudes that will help them to design and implement pilot tests for the youth financial services they will offer. In particular, by the end of this training, they will have completed a comprehensive pilot test plan that includes the following:

- Detailed roles and responsibilities of the pilot test team,
- Pilot test objectives,
- Pilot test protocol,
- Detailed plan to adapt the management information system (MIS) for the pilot test,
- Assumptions to develop financial projections,
- Process maps for youth products,
- Training plan,
- Marketing strategies, and
- Monitoring plan.

The specific topics to be addressed in this module as well as the objectives of each topic are listed in the table 'Module II: Pilot Testing Youth Financial Services.'

MODULE II: PILOT TESTING YOUTH FINANCIAL SERVICES	
Activity	Objectives <i>By the end of this activity, trainees will have:</i>
1. Introduction to the training	<ul style="list-style-type: none"> <li>▪ Reviewed the training objectives, module objectives, pilot test process and training plan.</li> <li>▪ Suggested workshop norms.</li> </ul>
2. Introduction to pilot testing	<ul style="list-style-type: none"> <li>▪ Reviewed the importance of pilot testing.</li> <li>▪ Assessed the capacities of their FSP to pilot test.</li> </ul>
3. Composing the pilot test team	<ul style="list-style-type: none"> <li>▪ Determined the ideal composition of their pilot test team.</li> <li>▪ Identified specific activities to be carried out by pilot test team members.</li> </ul>
4. Defining objectives	<ul style="list-style-type: none"> <li>▪ Developed general objectives and SMART specific objectives for their pilot test.</li> </ul>
5. Establishing pilot test protocol	<ul style="list-style-type: none"> <li>▪ Drafted a pilot test protocol.</li> </ul>
6. Preparing the MIS	<ul style="list-style-type: none"> <li>▪ Identified key data that they will have to monitor through their MIS in order to analyze progress of their pilot test and to report to UNCDF-YouthStart.</li> <li>▪ Discussed possible adaptations they will have to carry out in their MIS to track the necessary data.</li> </ul>
7. Modelling the financial projections	<ul style="list-style-type: none"> <li>▪ Developed assumptions for their youth product financial projections.</li> </ul>
8. Developing product procedures	<ul style="list-style-type: none"> <li>▪ Identified similarities and differences between process maps for youth and adult products.</li> <li>▪ Mapped the process of one youth product.</li> </ul>

MODULE II: PILOT TESTING YOUTH FINANCIAL SERVICES	
Activity	Objectives <i>By the end of this activity, trainees will have:</i>
9. Training relevant staff	<ul style="list-style-type: none"> <li>Developed a training plan.</li> </ul>
10. Developing marketing strategies	<ul style="list-style-type: none"> <li>Identified key characteristics of youth-friendly marketing strategies.</li> <li>Developed a marketing activity plan for one of their youth products.</li> </ul>
11. Launch—Commencing the pilot test	<ul style="list-style-type: none"> <li>Reviewed and refined their pilot test protocol.</li> </ul>
12. Monitoring and evaluation	<ul style="list-style-type: none"> <li>Developed a monitoring plan.</li> </ul>
13. Training wrap-up and evaluation	<ul style="list-style-type: none"> <li>Revisited the module objectives and pilot test process.</li> <li>Evaluated the module.</li> </ul>

## IMPLEMENTATION

This Trainer's guide contains 13 learning activities that are designed to be delivered together over a two-and-a-half-day or three-day period. Each activity takes between 30 and 135 minutes to complete and contains between one and four separate steps. To facilitate scheduling, the activities can be paused after any step to allow for tea/coffee breaks, lunch breaks and for the end of the day.

### WORKSHOP PREPARATION CHECKLIST

- ✓ Reliable electricity
- ✓ A U-shaped table for large-group activities
- ✓ Small tables (round or square) for break-out activities
- ✓ Ample wall space for flip charts and posters
- ✓ An LCD projector
- ✓ At least two flip-chart stands

The training was designed for 30 trainees, but it can easily be adapted for a smaller number. It is important to prepare the items listed in the box 'Workshop preparation checklist' in advance of the workshop to ensure that the workshop venue is effective for the training.

## PREPARATION

Each activity begins with an information box that contains a summary of the objectives and necessary preparations to conduct the activities. Review this information carefully. The 'Preparation' section contains a list of materials needed for each activity. Have these materials ready before the activity begins.

Also note the following: Activity 1 has instructions in the information box that prompt the trainer to contact the trainees several weeks before the training in order to distribute and collect the 'Learning needs and resources assessment (LNRA)' that is found in the 'Resource materials' section. The trainer should use the results of the LNRA to assess trainees' knowledge of the topic previous to the training and to modify the activities and/or materials in this Trainer's guide as appropriate.

Other important information about the Trainer's guide is as follows:

- Handouts are listed in the information box, and there are instructions in the text of each activity about when to distribute them. The handouts are located in the 'Resource materials' section. They are numbered first by activity and then by place in the activity (1.1, 1.2, etc.). For example, a handout labelled 3.4 is found in Activity 3 and is the fourth handout used in that activity.
- The detailed steps for each activity are listed following the information box. Please conduct the activity following the steps provided. Use your own words to explain each point, being careful to cover all the steps in order, if possible.

- There are a variety of additional features written into the text and embedded in the format of each activity. The intention is to give the trainer written signals that make the delivery of the activity easier. The box 'Additional features of the Trainer's guide activities' summarizes the features.

#### ADDITIONAL FEATURES OF THE TRAINER'S GUIDE ACTIVITIES

- *Italic font* = instructions for the trainer. (Do not read this text to the trainees.)
- Regular font = specific information or instructions for the trainer to read or closely paraphrase to the trainees.
- Arrow (➤) = specific open questions for the trainer to ask trainees. (Deliver this text as it is written.)
- [Brackets] = suggested answers to questions.
- (Parentheses) = additional instructions or technical information for the trainer.

Finally, the box 'Important principles to remember' provides some important principles and practices of adult learning to keep in mind during each activity. It is important to use the interactive and fun games and activities outlined in the steps so that you can reinforce lessons and provide trainees with a model for when they deliver their own non-financial services.

#### IMPORTANT PRINCIPLES TO REMEMBER

- Create a safe learning environment where trainees are free to explore and test their ideas and attitudes as well as practice new skills.
- Give feedback to the trainees and affirm their efforts.
- Ensure the relevance of the content by supporting trainees' efforts to link new content with their own knowledge and experience in the topics.
- Respect the trainees as equals who will draw their own conclusions, make their own decisions and solve their own problems with the training content.
- Let the trainees know that you are a learner with them.
- Ask open—not closed—questions to promote interaction and deep engagement with the content.
- Use small groups (as suggested in the guides). Small groups enable all trainees to engage in the learning tasks and materials.

## ACTIVITY 1: INTRODUCTION TO THE TRAINING

### OBJECTIVES

By the end of this activity, trainees will have:

1. Reviewed the training objectives, module objectives, pilot test process and training plan.
2. Suggested workshop norms.

### PREPARATION

- Prior to the training, distribute and collect responses for a 'Learning needs and resources assessment (LNRA),' found in the 'Resource materials' section of this module. Use the results to modify the activities and/or materials in this Trainer's guide as appropriate.
- Flip charts:
  - ♦ 'Offering Youth Financial and Non-financial Services' training
  - ♦ Blank flip chart with the title: 'Workshop norms'
  - ♦ Blank flip chart with the title: 'Parking lot'
  - ♦ Module objectives
  - ♦ Pilot test process
- Handout:
  - ♦ 1.1 Training plan (1 per trainee)
- Other materials:
  - ♦ Blank name tags and blank name cards (1 of each per trainee)
  - ♦ *MicroSave's* Pilot Test Toolkit (1 copy per trainee)
  - ♦ Blank sticky notes or note cards, blank flip-chart paper, markers and tape (used for all activities)

### TIME

45 minutes

## STEPS

### 1. Welcome trainees and introduce training objectives – 10 minutes

*Welcome trainees to the training. Introduce yourself and give a short explanation of your background and experience working with pilot testing and youth.*

*Distribute a blank name tag and a blank name card to each trainee, and give them a minute to write their names on both.*

*Post the flip chart "Offering Youth Financial and Non-financial Services' training' and say:*

The 'Offering Youth Financial and Non-financial Services' training is a 9-day training that is divided into three modules of 3 days each. Here is a summary of each module (*read the flip chart aloud to the trainees*):

#### 'OFFERING YOUTH FINANCIAL AND NON-FINANCIAL SERVICES' TRAINING

- **Module I: Youth Development Programming**  
Builds the foundation to design programmes run for youth and by youth. With a specific emphasis on gender and adolescent girls, this module helps financial service providers (FSPs) design the structure and content of a youth-centred programme.
- **Module II: Pilot Testing Youth Financial Services**  
Provides FSPs with a step-by-step process to design and implement critical pilot tests of their youth financial services.
- **Module III: Integration of Youth Financial and Non-financial Services**  
Prepares FSPs to integrate financial and non-financial services for youth in a controlled manner. During this module, trainees have the opportunity to explore models for integrating financial and non-financial services, approaches to building linkages with youth serving organizations, systems for monitoring quality and quantity of the non-financial services being delivered, and youth learning principles.

Next discuss the 'Learning Needs and Resources Assessment (LNRA)' by saying:

We received a total of \_\_\_\_ (insert number of LNRAs received) responses to our request for learning needs and resources assessments—or LNRAs—before this training! Thanks to everyone who responded. The information you provided helped us ensure that this training reflects your interests, meets your needs and answers your questions.

## 2. Discuss workshop schedule and establish workshop norms – 20 minutes

Say:

We will be together for the next three days. Let us quickly do some housekeeping. Because it is very important that we stay on time, let us review the schedule:

- Each day will begin at 9 a.m. and end around 5 p.m.
- Lunch will be served from \_\_\_\_\_ (insert time) to \_\_\_\_\_ (insert time).
- Breaks will be held from \_\_\_\_\_ (insert time) to \_\_\_\_\_ (insert time) in the morning and \_\_\_\_\_ (insert time) to \_\_\_\_\_ (insert time) in the afternoon.
- Each night, you will be given materials to review for the next day. Please be sure to spend at least one hour reviewing these materials so that we can stay on task.
- Each person should have a notebook and pen or pencil. Be sure to write your name on your materials so that they can be easily located if you misplace them. Come to the training with all your materials every day!
- You will receive handouts that give you more information or guide you through the exercises.

Then post the flip chart 'Workshop norms.'

### WORKSHOP NORMS

Say:

This training includes a lot of participatory techniques, so a big part of the success of this training depends on how well everyone is able to work together. Therefore, it is important that we set up some norms or rules from the beginning to help us better work together. Let me suggest the first one: turn off your cell phones.

Write the norm on the flip chart. Then ask:

### › What other rules would you suggest that we all follow during this training?

As trainees make suggestions, list them on the flip chart. Add the following norms if they are not mentioned: stay on time and participate in discussions.

Next post the flip chart 'Parking lot.'

### PARKING LOT

Say:

I will leave this flip chart, called the 'Parking lot,' along with blank note cards and tape here (*point to the place where you posted the 'Parking lot'*). If a question arises that I do not have time to answer, I will write it on a note card and post it in the 'Parking lot.' Likewise, if you think of a question during a break, lunch or after a day's training, you can write it down in whichever language you are most comfortable and post it on the 'Parking lot.' I will be sure to review and answer it at the end of each day.

### 3. Review module objectives, pilot test process and training plan – 15 minutes

Post the flip chart 'Module objectives' and invite a trainee to read the objectives aloud:

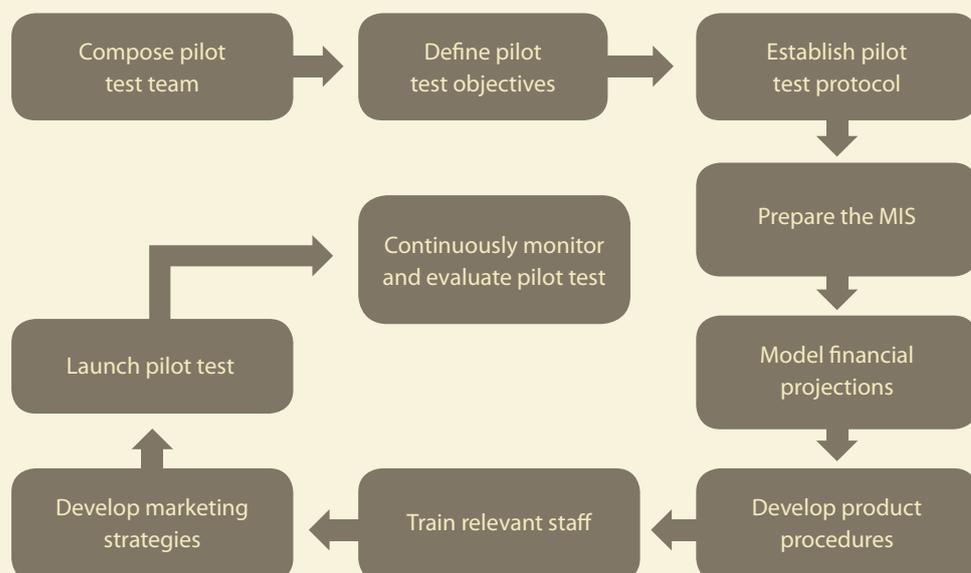
#### MODULE OBJECTIVES

By the end of this module, trainees will have completed a comprehensive pilot test plan that includes the following:

- Detailed roles and responsibilities of the pilot test team,
- Pilot test objectives,
- Pilot test protocol,
- Detailed plan to adapt the management information system (MIS) for the pilot test,
- Assumptions to develop financial projections,
- Process maps for youth products,
- Training plan,
- Marketing strategies, and
- Monitoring plan.

Distribute Handout 1.1 'Training plan' and a copy of MicroSave's 'Pilot Test Toolkit'<sup>1</sup> to each trainee, and post the flip chart 'Pilot test process.'

#### PILOT TEST PROCESS



1 MicroSave. *Trainers Manual: Planning, Conducting and Monitoring Pilot Tests (Savings Products)*. (Nairobi, Kenya: MicroSave, June 2013).

*Say:*

The activities in this module are sequenced to loosely follow the different steps of the pilot test process suggested by *MicroSave* in this flow chart. At the end of each day, we will revisit this chart to see what we covered.

*Go over each step of the pilot test process on the flip chart with the trainees.*

*Briefly review Handout 1.1 'Training plan' with trainees, and then ask:*

- **What questions do you have about the objectives of this module or any of the materials you received?**

*Address trainees' questions or doubts as necessary.*

**Note:** *Keep all flip charts from Activity 1 posted throughout the training.*

## ACTIVITY 2: INTRODUCTION TO PILOT TESTING

### OBJECTIVES

By the end of this activity, trainees will have:

1. Reviewed the importance of pilot testing.
2. Assessed the capacities of their FSP to pilot test.

### PREPARATION

- Flip charts:
  - ♦ Examples of a disastrous pilot test
  - ♦ An FSP cannot pilot test until it has...
- Handouts:
  - ♦ 2.1 Briefing Note #14: The Systematic Product Development Process (1 per trainee)
  - ♦ 2.2 Briefing Note #24: Lessons from Pilot Testing Financial Services—The Experience of *MicroSave* (1 per trainee)

### TIME

1 hour

## STEPS

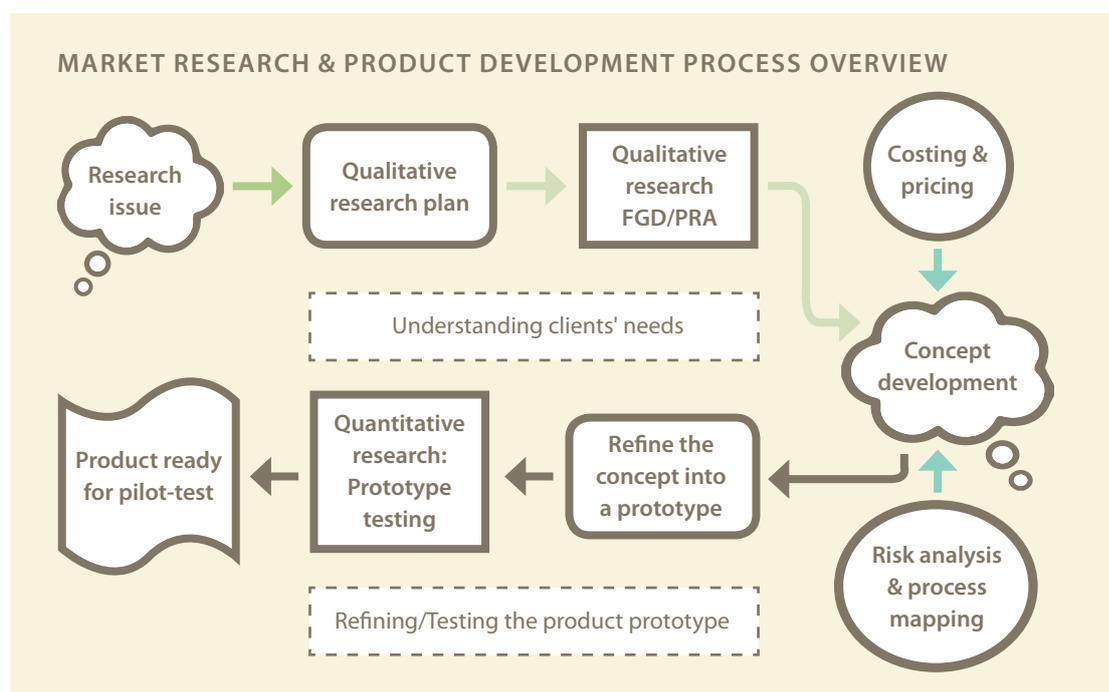
### 1. Review steps in product development – 5 minutes

Say:

It is important to always adopt a systematic approach when developing new products, since it helps minimize the risks associated with such a complex task. All of you are here because you have already completed some of the steps to develop financial services for youth and you are ready to launch your pilot tests.

#### › Which steps has your FSP completed so far in the product development process?

Make sure trainees mention the steps suggested by *MicroSave* that are shown in the box 'Market Research & Product Development Process Overview':



Distribute Handout 2.1 'Briefing Note #14: The Systematic Product Development Process' to each trainee. Explain that the handout provides further information on the different steps in product development. (Note: Trainees should already know most of the product development process, so you will not need to discuss all the details in this training.)

## 2. Discuss the importance of pilot testing – 10 minutes

Say:

Now that we reviewed the steps in product development, let us begin to focus on this training's topic: the steps in the pilot test process.

### › Why is it important to pilot test a financial product?

*[Pilot testing typically translates into the FSP saving money. Pilot testing allows the FSP to identify issues and areas for improvement in the early stages, thereby improving the overall efficiency and effectiveness of a product.]*

### › Imagine you finished the pilot test of your youth products and you analyzed all results. What possible decisions can you take as a result of a pilot test?

*[Roll out the product, continue testing the product or terminate the product]*

Then say:

Do not be afraid of terminating a product if the pilot test suggests that course of action. You may prevent your FSP from losing money... and from losing clients!

## 3. Examine risks and lessons learned from pilot testing – 20 minutes

Say:

Pilot testing is a process that allows an FSP to test if there is truly demand for a new product and to work out any potential problems that might occur with the new product on a small scale before scaling up.

Failure to work out problems in the pilot stage can have disastrous consequences, such as those shown on this flip chart.

Post the flip chart 'Examples of a disastrous pilot test' and read it aloud:

### EXAMPLES OF A DISASTROUS PILOT TEST

- FSP 1: The Operations department did not buy in to the product when it was being developed. The lack of buy-in of key staff led to significant delays in the roll-out of the product because staff did not give sufficient attention and importance to the product as it was rolled out.
- FSP 2: The lack of involvement of a key department, Marketing, extended the preparation stage of the pilot test and reduced the quality of initial marketing activities.

Distribute Handout 2.2 'Briefing Note #24: Lessons from Pilot Testing Financial Services—The Experience of MicroSave' to each trainee. Invite trainees to take 10 minutes to read it.

After 10 minutes, ask:

### › According to the handout, what can an FSP do to ensure a successful pilot test?

Make sure trainees mention the points listed in the box:

#### HOW TO ENSURE A SUCCESSFUL PILOT TEST—POINTS TO COVER

- Provide firm leadership
- Establish simple protocol with lists of tasks to be performed, by whom, by when and at what cost
- Define clear objectives with specific targets
- Ensure that the information technology used by the FSP is sufficiently adaptable to be able to introduce new products
- Consider reporting requirements when adapting the MIS
- Revise assumptions of financial projections as the pilot test progresses
- Use flow charts to depict procedures
- Provide sufficient, high-quality training for staff implementing the pilot test
- Regularly monitor the effectiveness of marketing activities during the pilot test
- Use the monitoring results and pilot test data to refine the product

#### 4. Assess capacities to pilot test in FSP groups – 25 minutes

Post the flip chart 'An FSP cannot pilot test until it has...' and invite a volunteer to read it aloud:

##### AN FSP CANNOT PILOT TEST UNTIL IT HAS...

- Demonstrated the ability to track and analyze its current products;
- Assessed the capacity requirements (human, financial, technological, etc.) of all relevant departments;
- Built its capacity (either through training current staff or hiring new staff) to manage, implement and develop the new product;
- Reviewed—and determined to be effective—the following:
  - ◆ Its institutional strategy
  - ◆ Its financial viability
  - ◆ Its organizational structure
  - ◆ Its human resources
  - ◆ Its marketing
  - ◆ Its systems;
- Established buy-in from stakeholders (management, board, staff); and,
- Built its capacity to train relevant staff.

Invite trainees to get into groups by FSP and say:

Take 15 minutes to discuss the following questions:

- Which of the requirements listed on the flip chart may present difficulties to your FSP?
- What measures can be taken to overcome these potential problems?

If there are trainees that are not part of an FSP, for example UNCDF staff trainees, add:

Those of you that are not from an FSP can join any of the FSP groups to help them complete the task and future tasks in this training.

After 15 minutes, invite some volunteers to share their answers with everyone. Allow for further questions or comments. If any trainee has experience in pilot testing, invite him/her to share lessons learned with the group.

## ACTIVITY 3: COMPOSING THE PILOT TEST TEAM

### OBJECTIVES

By the end of this activity, trainees will have:

1. Determined the ideal composition of their pilot test team.
2. Identified specific activities to be carried out by pilot test team members.

### PREPARATION

- Flip charts:
  - ◆ Pilot test process (posted during Activity 1)
  - ◆ Minimum skills needed for a pilot test team
  - ◆ Frequency of meetings
- Handouts:
  - ◆ 3.1 Pilot test team (1 per trainee)
  - ◆ 3.2 Specific activities of pilot test team members (1 per trainee)

### TIME

1 hour 5 minutes

## STEPS

### 1. Introduce the pilot test team structure and responsibilities – 30 minutes

Ask:

#### › What is the first step of pilot testing?

*[Compose pilot test team]*

*After a volunteer answers the question correctly, point to the first step shown in the flip chart 'Pilot test process' and say:*

By the end of this activity, you will have drafted your own team structure and team member responsibilities.

*Post the flip chart 'Minimum skills needed for a pilot test team.'*

Minimum skills needed for a pilot test team	Position responsible
Manages the team and represents the team to top management	
Prepares costing and financial projections	
Coordinates adaptation of information-technology system or selection and installation of new system	
Develops marketing plan and materials	
Develops training activities and trains staff	
Develops policies and procedures	
Coordinates and supervises pilot test at branch level	

Say:

If you look at the pilot test steps, it is clear that many different skills are needed to successfully pilot test a new product. Here is a table of the minimum skills needed. Let us see who might be able to provide these skills at your FSPs.

*Invite trainees to give examples of positions at their FSPs that might best provide each skill set listed on the flip chart. Write the positions that trainees name in the appropriate box in the column 'Position responsible.' Encourage trainees to briefly discuss the pros and cons of each position named. For example, if trainees suggest that the CEO/GM be the team leader that 'manages the team and represents the team to top management,' a pro might be that he/she can get buy-in from everyone and a con might be that he/she is too busy. By the end of the exercise, make sure there is at least one position listed in each box in the column 'Position responsible.'*

Then say:

I want to mention some overarching points about the composition of your pilot team.

- Your pilot test team should be able to prepare all the necessary documentation and procedures related to the product.
- Your pilot test team should have the 'ear' of top management. In other words, someone on your team must be a staff member who is trusted and respected by management.
- It is not the number of people that is important; it is the types of skills that they have.
- The same person can play different roles and these roles may be different than his or her normal position within the FSP. Even the CEO can be the team leader!
- Make sure that you do not overload anyone...or overlook someone who could be useful. Consider all of the following:
  - ♦ Staff at headquarters and branches,
  - ♦ Members of the Board of directors,
  - ♦ Consultants, and
  - ♦ University researchers.

## 2. Discuss level of effort required by the pilot test team – 10 minutes

Post the flip chart 'Frequency of meetings' and invite a volunteer to read it aloud:

### FREQUENCY OF MEETINGS

The pilot test team, including senior management, will meet frequently before and during the pilot test period.

The frequency of meetings may vary:

- Prior to the pilot test launch and during the first month of the pilot test, there may be weekly meetings; and
- During the pilot test, there may be monthly review meetings.

Ask:

#### ➤ Why do you think the pilot test team should meet once a week during the initial month?

*[Launching a pilot test requires coordinating many stakeholders and setting up new activities. Close supervision is key to ensuring everything and everyone starts working as expected.]*

- **Why do you think pilot test team meetings should occur once a month during the pilot test, whereas meetings to monitor the rest of the portfolio occur less frequently?**

*[The pilot test is time limited and represents a period for learning. It requires close monitoring and immediate action to ensure correct implementation of the new product.]*

*After discussing both questions, say:*

This suggested frequency of meetings will help us later establish the pilot test monitoring plan and the level of effort the team members will have to devote to the pilot test.

### **3. Compose the pilot test team in FSP groups – 25 minutes**

*Invite trainees to get into their FSP groups. Distribute Handouts 3.1 'Pilot test team' and 3.2 'Specific activities of pilot test team members' to each trainee. Then say:*

As promised at the beginning of this activity, you now will have the opportunity to outline the composition of the pilot test team at your FSP based on what has been discussed so far. You will replicate the activities we conducted but adapt them to the specific context of your FSP.

To do so, you will use Handout 3.1 to define the team and skills contribution and Handout 3.2 to assign specific activities for each role on the team. Regarding the number of days that will be spent working on the pilot test by team members, start by listing the concrete activities each member will complete, then identify whether they are punctual or regular activities, and finally identify how much time they roughly require per month. Be sure to consider what other obligations the person has beyond the pilot test in order to come up with a reasonable estimate for the number of days he/she will have to devote to the pilot test per month. For example, the head of finance in charge of reviewing the financial projections and budget may only need a couple of days per month to perform this task, whereas the marketing manager will have to spend a significant amount of his/her time to design, coordinate and monitor all the marketing activities during the pilot test.

You have 15 minutes to work. Do not hesitate to ask for my help, if needed.

*As groups work, visit each group to answer questions and offer guidance. (Note: As time is limited, groups are not expected to finish the whole exercise.)*

*After 15 minutes, take 5–10 minutes to discuss the results of the groups' work with everyone. Invite one group to present their results as a guide for discussion.*

*Encourage trainees to continue working on the exercise over breaks and in the evening so that you can review their work during the second day of the training.*

## ACTIVITY 4: DEFINING OBJECTIVES

### OBJECTIVE

By the end of this activity, trainees will have developed general objectives and SMART specific objectives for their pilot test.

### PREPARATION

- Flip charts:
  - ♦ Levels of objectives
  - ♦ Categories of objectives
  - ♦ Example of a specific objective
  - ♦ Which objective is SMART?
- Handouts:
  - ♦ 4.1 Categories of general objectives (1 per trainee)
  - ♦ 4.2 Setting your own objectives (1 per trainee)
  - ♦ 4.3 Specific objectives of an imaginary FSP (1 per trainee)
- Other materials:
  - ♦ Blank flip-chart paper (1 sheet per group)

### TIME

2 hours 15 minutes (Note: Due to the activity's length, you may choose to pause for a break after Step 3.)

## STEPS

### 1. Introduce the two levels of objectives – 10 minutes

Ask:

#### › What is the second step of a successful pilot test?

*[Define pilot test objectives]*

*After a trainee mentions the correct answer, say:*

It is important to set objectives for a pilot test so that you know if the pilot test was successful. There are two levels of objectives: general and specific.

*Post the flip chart 'Levels of objectives' and invite a volunteer to read it aloud:*

### LEVELS OF OBJECTIVES

**Level 1: General objectives** are those that respond to the clients' as well as the institution's needs. General objectives can be thought of as 'impact.' They respond to the following questions:

- Which FSP needs does this product respond to? What problems are being addressed/solved at the institutional level?
- Which youth needs does this product respond to? Why would a youth want to use this product?

**Level 2: Specific objectives** are more detailed objectives that contribute to the achievement of the general objectives. They can be used for monitoring progress.

*Provide trainees with the opportunity to ask questions about the difference between general and specific objectives.*

## 2. Complete Level 1: Develop general objectives in FSP groups – 45 minutes

Post the flip chart 'Categories of objectives' and say:

Objectives for FSPs usually fall into four categories. Let us hear what they are (*invite a volunteer to read the flip chart aloud*):

### CATEGORIES OF OBJECTIVES

- Outreach: how many people the FSP serves
- Efficiency: ability of the FSP to produce a desired effect, product, etc. with a minimum of effort, expense or waste
- Financial sustainability: ability of the FSP to sustain itself with its own resources; independence from grant funding
- Client satisfaction: level of satisfaction with the effects of the project that clients of the FSP express

*Invite trainees to get into groups of four people. Distribute Handout 4.1 'Categories of general objectives' to each trainee and say:*

In your group, classify each general objective listed on the handout as one or more of the categories you just heard about. You have 10 minutes to complete the exercise.

*After 10 minutes, invite volunteers to explain the correct category or categories for each general objective. Use the Answer key for guidance:*

CATEGORIES OF GENERAL OBJECTIVES—ANSWER KEY	
<i>General objectives of an imaginary FSP</i>	<i>Category</i>
<b>Institutional</b>	
Increase the number of youth clients (18–24 years old) that we serve	Outreach
Increase the number of products that are specifically designed for youth	Outreach
Increase the amount of savings from youth clients	Outreach Financial sustainability
Increase the number of previously un-served family members of youth that become clients	Outreach Financial sustainability
Build a lifelong relationship with youth and their families	Client satisfaction
Offer financial and non-financial services to youth in a financially sustainable way	Financial sustainability Efficiency
<b>Youth</b>	
Provide entrepreneurial youth with access to credit	Client satisfaction Outreach
Help youth save and manage their money better	Client satisfaction

*Invite trainees to get into their FSP groups. Distribute Handout 4.2 'Setting your own objectives' to each trainee and say:*

Now, in your FSP group, you are going to develop general objectives for your youth product pilot test for each of the four categories we discussed. Take 10 minutes to do the part of the exercise related to general objectives. Use Handout 4.1 'Categories of general objectives' for guidance.

After 10 minutes, invite volunteers to share the general objectives that they are proposing for their FSP. Invite others to critique the proposed general objectives, based on the following criteria:

- Does each objective address an institutional need or youth need?
- Do the objectives cover all categories?

Invite the rest of the trainees to help volunteers re-word their general objectives if necessary.

### 3. Explain specific objectives – 45 minutes

Say:

At the beginning of the activity, we defined specific objectives as those that contribute to the achievement of the general objectives. The importance of specific objectives is that they can be measured sooner than general objectives, at lower organizational levels and at less cost.

Post the flip chart 'Example of a specific objective' and read it aloud:

#### EXAMPLE OF A SPECIFIC OBJECTIVE

Two savings products and one loan product designed for youth by the end of month 3 of the pilot.

Ask:

- **Which general objective does this specific objective contribute to achieving from the imaginary FSP we discussed with Handout 4.1?**  
[Institutional general objective: Increase the number of products that are specifically designed for youth]
- **What are the main differences that you see between this specific objective and the general objectives we discussed before?**  
[It is more specific about the type and number of youth products, and it specifies the date by which the objective should be achieved.]

Say:

In fact, specific objectives are used to analyse the progress made during the pilot stage. An FSP needs to know what exactly is expected to change as an effect of the project, by when the change should occur, and how they are going to monitor the change. This is why good specific objectives are often defined as being SMART: specific, measurable, achievable, relevant and time bound.

I am going to give you two options for one specific objective. Your job is to decide which one of the two is SMART. When I finish reading the two options, I will give you some instructions. Now listen carefully.

Post the flip chart 'Which objective is SMART?' and read it aloud:

#### WHICH OBJECTIVE IS SMART?

- **Option 1:** To pilot test a savings product by the end of 2012.
- **Option 2:** To pilot test a youth savings account in two branches with 150 clients over a period of four months. During the pilot test, the FSP expects to open 150 accounts per month (600 in total). However, the FSP allows for a high growth scenario of 250 accounts per month and a low growth scenario of 100 accounts per month.

Say:

At the count of three, those of you who think Option 1 is SMART, clap your hands. Those of you who think Option 2 is SMART, stand up. One, two, three!

Once everyone either claps or stands, invite a volunteer from the group that stood this question:

➤ **Why is Option 2 specific? Measurable? Achievable? Relevant? Time bound?**

*[It is specific because its results can be measured in terms of number of accounts opened; it allows for two different scenarios, which makes it achievable; and, it defines a specific period of four months, so it time bound]*

Invite trainees to form groups of four people. Distribute Handout 4.3 'Specific objectives of an imaginary FSP' to each trainee. Then say:

The handout I just distributed provides the specific objectives for the pilot test of the same imaginary FSP as before. Your job is to read the specific objectives and determine if they are SMART or not. If they are not, then turn them into SMART objectives. Finally, you have to identify which general objective or objectives they contribute to achieving. Bear in mind that a specific objective may contribute to achieving one or more general objectives.

You have 20 minutes for this task.

After 20 minutes, invite groups to share their answers for each specific objective on the handout. Use the Answer key for guidance:

SPECIFIC OBJECTIVES OF AN IMAGINARY FSP—ANSWER KEY			
Specific objective	SMART?	If not, how would you make it SMART?	General objective(s) it contributes to achieving
Two savings products and one credit product specifically designed for youth by month 2	Yes		Increase the number of products that are specifically designed for youth
A few youth accounts opened in the rural branch	No	Fifty youth accounts opened each month in the rural branch, reaching a total of at least 200 by month 6	Increase the number of youth clients (18–24 years old) that we serve
Youth savings volume increased to \$4,000 by month 6 (an average of \$8 per youth account by month 6)	Yes		Increase the amount of savings from youth clients
Maximum of 10 percent of youth accounts inactive	No	Maximum of 10 percent of youth accounts inactive (no transaction in the last two months) by month 4	Build a lifelong relationship with youth and their families
Previously un-served adult family members of a few youth clients will become clients by the end of six months	No	Five percent of youth relatives also became clients of the FSP by month 6	Increase the number of previously un-served family members of youth that become clients  Build a lifelong relationship with youth and their families

SPECIFIC OBJECTIVES OF AN IMAGINARY FSP—ANSWER KEY			
Specific objective	SMART?	If not, how would you make it SMART?	General objective(s) it contributes to achieving
Ten percent of youth savers graduate to adult credit products after the fourth month	Yes		Provide entrepreneurial youth with access to credit Build a lifelong relationship with youth and their families
Institutional cost of funds will be lowered by 5 percent by the end of six months due to mobilization of youth savings	Yes		Offer financial and non-financial services to youth in a financially sustainable way
At least 125 youth received non-financial services every month, reaching a total of 500 youth by month 6	Yes		Help youth save and manage their money better
Time for youth to withdraw money decreased each month	No	Time for youth to withdraw money was under 10 minutes by month 2 and onwards	Offer financial and non-financial services to youth in a financially sustainable way
Eight-five percent of focus groups representing 10 percent of current clientele at month 6 concur that they are satisfied with the product	Yes		Help youth save and manage their money better
Average cost per savings account lower than \$20 per month	Yes		Offer financial and non-financial services to youth in a financially sustainable way

#### 4. Complete Level 2: Set specific objectives in FSP groups – 35 minutes

*Invite trainees to get into their FSP groups. Distribute a blank sheet of flip-chart paper to each group. Then say:*

You already worked on setting some general objectives for your pilot test, and you can add to these when you return home. Now, you are going to set some specific objectives for your pilot test. Remember: specific objectives are those that contribute to the achievement of your general objectives. Specific objectives should be SMART.

Use Handout 4.2 as a template. Make sure to consider the different categories of specific objectives: outreach, client satisfaction, efficiency and financial sustainability. Once you set your specific objectives, write them on the flip-chart paper. You have 20 minutes to work.

*As groups work, circulate among them to answer questions and provide guidance. If you notice a group is having difficulty formulating SMART objectives, try to assist them.*

*After 20 minutes, invite volunteers to share the specific objectives they are proposing for their FSP and why the objectives are SMART. Invite others to make suggestions for improvement if any of the objectives are not SMART.*

## ACTIVITY 5: ESTABLISHING PILOT TEST PROTOCOL

### OBJECTIVE

By the end of this activity, trainees will have drafted a pilot test protocol.

### PREPARATION

- Flip chart:
  - ◆ Criteria/Factors for deciding the first four elements for a pilot test protocol
- Handout:
  - ◆ 5.1 Pilot test protocol (1 per trainee)
- Other materials:
  - ◆ Blank flip-chart paper (1 sheet per group)

### TIME

1 hour 10 minutes

## STEPS

### 1. Establish the general design of their pilot test protocol in FSP groups – 30 minutes

*Say:*

During this activity, you will draft the pilot test protocol for your youth products. A protocol is a road map to follow in order to achieve the previously established objectives. A protocol provides guidelines for how the team will manage the pilot test and dictates the terms of the test. In a nutshell, a protocol defines what will be done, by whom and by when. Another term for protocol is 'work plan.'

The content of the pilot test protocol—that is, what, who and when—governs the design and coverage of the pilot test and includes the following elements:

1. Number of branches to include,
2. Selection of the branches,
3. Objectives by branch,
4. Duration of the pilot test, including start and end dates, and
5. Activities to conduct, due dates and people responsible.

*Invite trainees to get into their FSP groups. Then say:*

Now let us examine the first four elements of the pilot test protocol more closely: the determination of the number of branches to include, the selection of the branches, the determination of the objectives by branch, and the determination of the optimal duration of the pilot test.

*Post the flip chart 'Criteria/Factors for deciding the first four elements for a pilot test protocol' and invite a trainee to read it aloud:*

## CRITERIA/FACTORS FOR DECIDING THE FIRST FOUR ELEMENTS FOR A PILOT TEST PROTOCOL

### Number of branches to include:

Think of the pilot test team's capacity to properly monitor the pilot test's progress. Make sure it is a manageable number. (It is advisable that the branches included in the pilot test have less than 25 percent of the current clientele of the entire FSP.)

### Selection of the branches:

Select locations for the pilot test by asking the following questions:

- Is there demand for the product at this location?
- Can a pilot test at this location be easily monitored?
- Is the space adequate for receiving youth and for providing financial education?
- Is the infrastructure adequate (MIS, equipment, etc.)?
- Is the staff trained, prepared and enthusiastic?
- Will the results from these branches allow the pilot test team to draw conclusions that can be applied to the whole FSP? Are they 'representative?' Will results be replicable in other branches for the roll out?

### Objectives by branch:

- Once you know how many branches will participate in the pilot test, divide the specific outreach objectives by the number of participating branches—this results in the branch office objectives in terms of number of youth to reach.
- But, remember, some branches are bigger than others: adjust your branch objectives to take this into account.
- And, do not forget to ask your branch managers for their input on objectives!

### Duration of the pilot test:

Set the duration of the pilot test by considering both of the following:

- The time period needed to put things in order (establish the protocol, set procedures, train staff, etc.)
- The time period for a product cycle (particularly in the case of loans)

*Give trainees the opportunity to ask questions about the criteria/factors that influence the design of a pilot test protocol. After responding to trainees' questions, say:*

Take 15 minutes to make decisions in your group about the first four elements of your pilot test protocol at your FSP, based on the guidelines given on the flip chart and on the characteristics of your FSP.

*As groups discuss their pilot test protocol, circulate among them to assist and/or facilitate discussion as needed.*

*After 15 minutes, invite volunteers to share with everyone their decisions and the reasons behind their decisions (based on the characteristics of their FSP). Make sure trainees base their decisions on the criteria explained on the flip chart.*

## 2. Draft the remaining elements of their pilot test protocol in FSP groups – 40 minutes

*Invite trainees to continue working in their FSP groups. Distribute Handout 5.1 'Pilot test protocol' to each trainee and a blank sheet of flip-chart paper to each group. Then say:*

Now that you established the general design of your pilot test, you will continue working in your group to outline the rest of the pilot test protocol for your FSP. To do so, use Handout 5.1 as a model. The handout provides space to indicate those responsible for each activity and the people involved. It allows easy documentation of all steps of the pilot test. Finally, be sure to reference Handout 4.2 'Setting your own objectives,' which you completed in the previous activity, as you design your protocol. Make sure activities in your protocol contribute to the achievement of your specific objectives. And check to see if any changes are needed to the objectives.

Please note that, throughout this training, you will have the opportunity to revise and complete your protocol. So, do not worry if you are unsure of some of the information right now. Also, once you are back at your FSP, you will have to validate it with your management. Drafting a protocol certainly requires time and deep thought, but this exercise gives you the opportunity to practice fulfilling the requirements of an effective protocol.

You have 30 minutes to work. Once you draft your protocol, outline it on the flip-chart paper.

*While groups work, circulate among them to answer questions and provide guidance when needed. If you notice a group basing their protocol on unrealistic time schedules, discuss the issue with the group and suggest possible alternatives.*

*After 30 minutes, invite some volunteers to share their pilot test protocol with everyone. Encourage discussion on how each protocol could be improved.*

## ACTIVITY 6: PREPARING THE MIS

### OBJECTIVES

By the end of this activity, trainees will have:

1. Identified key data that they will have to monitor through their MIS in order to analyze progress of their pilot test and to report to UNCDF-YouthStart.
2. Discussed possible adaptations they will have to carry out in their MIS to track the necessary data.

### PREPARATION

- Flip charts:
  - ♦ When using an existing MIS, you should...
  - ♦ Blank flip chart with the title: 'Data to collect in MIS for youth quarterly reports'
  - ♦ MIS at your FSP
- Handouts:
  - ♦ 6.1 UNCDF-YouthStart quarterly report (1 per trainee)
  - ♦ 4.3 Specific objectives of an imaginary FSP (distributed during Activity 4)

### TIME

1 hour 10 minutes

## STEPS

### 1. Introduce the topic of preparing the MIS – 10 minutes

Ask:

› **What are the first three steps of the pilot test process?**

*[Compose pilot test team, define pilot test objectives, establish pilot test protocol]*

› **What is the fourth step of the pilot test process?**

*[Prepare the MIS]*

Then say:

For the purposes of this training, we are going to assume that all of you will continue working with your existing MIS.

During this activity, we will go over the UNCDF-YouthStart reporting requirements for youth products that an MIS has to be able to produce. We will also cover the data to track in your MIS in order to monitor the progress of your pilot test.

Once we identify all the analytical data an MIS has to handle, we will assess if your MIS intake forms are adequate to capture these data. It may be that your MIS has to be adapted to be able to capture and manage the youth product data.

*Post the flip chart 'When using an existing MIS, you should...' and read it aloud:*

### WHEN USING AN EXISTING MIS, YOU SHOULD...

- Identify the main characteristics of the pilot product and what data you will need to track in order to monitor the performance and progress of the product within your FSP.
- Create a dummy version of the product and run tests to ensure that functions perform as expected.
- Check that the system can produce the reports you need.
- Check that the intake forms capture the information you need to produce the reports. If necessary, adapt the intake forms.

## 2. Brainstorm how to capture youth product data required by UNCDF-YouthStart – 45 minutes

Invite trainees to get into their FSP groups. Distribute Handout 6.1 'UNCDF-YouthStart quarterly report' to each trainee and say:

This is the report on youth data that UNCDF-YouthStart asks its partners to complete at the end of each quarter. In order to be able to gather the data for this report, you need to make sure your system tracks it. In your group, examine the report and the kind of information your FSP is expected to send to UNCDF-YouthStart. Then, determine what data you need to collect with your MIS. You have 10 minutes for this task.

After 10 minutes, post the flip chart 'Data to collect in MIS for youth quarterly reports.'

### DATA TO COLLECT IN MIS FOR YOUTH QUARTERLY REPORTS

Invite volunteers to share the results of their discussion with everyone. Write their responses on the flip chart. Make sure trainees mention the points in the box and that they are also written on the flip chart:

### DATA TO COLLECT IN MIS FOR YOUTH QUARTERLY REPORTS—POINTS TO COVER

- Age of youth clients
- Gender of youth clients
- Type of product the youth clients are using (savings account, credit, other financial services, non-financial services)
- Volume of deposits into savings accounts
- Portfolio at risk (30 days) of youth loans
- Total value of loans outstanding to youth clients

Say:

Remember: your FSP will need to start tracking all this information from the first day of the pilot test so that you can properly monitor the progress of the youth products and report to UNCDF-YouthStart.

Invite trainees to form random pairs. Ask trainees to take out Handout 4.3 'Specific objectives of an imaginary FSP' again. Then tell them they have 10 minutes to discuss this question:

### › What data does the imaginary FSP need to extract from its MIS in order to analyze its pilot test?

*[Number of youth accounts opened, youth savings volume, percentage of youth accounts inactive or without any transaction in the last (number) months, number of youth savers accessing loans, and number of youth that received non-financial services]*

After 10 minutes, invite volunteers to share their answers with everyone. Then post the flip chart 'MIS at your FSP' and say:

On your own, think about the MIS at your FSP and answer these questions (read questions on the flip chart aloud):

**MIS AT YOUR FSP**

- › Does your MIS currently capture the information required by the UNCDF-YouthStart reports and the data to track the progress of your pilot test objectives?
- › What information will be more difficult to track?
- › How will you capture it?

*Say:*

Your answers may vary depending on the specific objectives you established for your pilot test, for example you may include information such as the number of transactions per month, number of relatives that also become clients—in other words, number of cross-sales—and so on. Once you identify the data that will be more difficult for your FSP to track, you may conclude that you need to modify your specific objectives so that they match your MIS capabilities. You have 10 minutes.

*After 10 minutes, invite volunteers to share their answers with everyone. Specifically ask the trainees about their MIS capacity to track age, youth dormant accounts over the last two to three months (account usage) and number of relatives that also become clients (cross-selling).*

### **3. Revise pilot test protocol dates for MIS adaptation in FSP groups – 15 minutes**

*Invite trainees to get into their FSP groups and say:*

Now that you identified the kind of data that your MIS should track for your youth products and the steps you need to take to make the needed changes, work in your group to review your pilot test protocol and see if the dates you set for MIS adaptation are realistic based on the amount and complexity of changes required. You have 10 minutes.

*After 10 minutes, ask:*

- › **Which groups changed the dates or time period for the MIS adaptation in your pilot test protocol? Raise your hands.**

*Ask those with raised hands:*

- › **Among those of you who changed the dates or time period, who would like to share your reasons for the changes?**

*After some trainees share, say:*

It is important that you set realistic dates to accomplish all the activities in your pilot test protocol and that you revise the dates as you keep working on the different pilot test steps throughout this training. It may be that your MIS has to be adapted to be able to manage and track the youth products you are testing. If so, do not forget to include this activity in your pilot test protocol. You may need outside help to do it, so factor that into your budget as well. Also, since it takes time to adapt an MIS, consider that you may need to manually capture the data until the MIS is adapted. Plan for this in your protocol as well.

## ACTIVITY 7: MODELLING THE FINANCIAL PROJECTIONS

### OBJECTIVE

By the end of this activity, trainees will have developed assumptions for their youth product financial projections.

### PREPARATION

- Flip charts:
  - ◆ Blank flip chart with the title: 'Cost considerations for youth financial services'
  - ◆ Blank flip chart with the title: 'Revenue considerations for youth financial services'
- Handout:
  - ◆ 4.2 Setting your own objectives (distributed during Activity 4)

### TIME

1 hour 15 minutes

## STEPS

### 1. Introduce the basics of financial modelling – 10 minutes

*Ask:*

- **Who here thinks your FSP will make a lot of money by providing products to youth? Raise your hand.**

*Wait for some trainees to raise their hands. Then say:*

The business case for providing financial products and services to youth is still to be made, and the UNCDF-YouthStart programme is hoping to do that with its partners. FSPs should try to ensure from the start of their youth programme that their youth products are a source of income for them and that they are not jeopardizing their long-term financial sustainability. In order to do that, they need to develop sound financial models.

All new products can have either a positive or a negative impact on an institution's financial sustainability. Therefore, any decision—about price, cost of marketing materials, etc.—must be reviewed to assess its financial impact on the institution. For this reason, any institution aiming to introduce a new product, in particular one for youth, should master how to complete realistic and comprehensive financial projections.

The good news is that your FSP already has experience in financial modelling. However, for a youth product, there are some assumptions that need to be taken into consideration in order to make sure the product is sustainable over the long run. During this activity, we will identify those assumptions. Let us start the discussion with a question:

- **Why do new products, especially those for youth, require an FSP to define assumptions?**

*Make sure trainees mention the following points:*

- *They represent the rationale underlying any financial model, in other words, the strategic choices that were made.*
- *Cost and revenue information is non-existent, as most FSPs have not specifically served youth before.*

### 2. Have small groups identify cost assumptions – 30 minutes

*Invite trainees to form groups of four people. Then say:*

Now let us talk about specific cost assumptions of youth products. In your group, discuss the following question:

➤ **What are the most important cost considerations when offering youth financial services?**

Think about both savings and loans. Consider the costs related to the following:

- Staff,
- Marketing strategy, and
- Systems, equipment and facilities.

Do not worry about the costs of non-financial services for this discussion. They are discussed in another module. You have 15 minutes for your discussion.

*Circulate among groups and assist them as needed. After 15 minutes, post the flip chart 'Cost considerations for youth financial services.'*

**COST CONSIDERATIONS FOR YOUTH FINANCIAL SERVICES**

*Invite volunteers to share the results of their discussion with everyone. Write their responses on the flip chart. Make sure trainees mention the points in the box:*

## COST CONSIDERATIONS FOR YOUTH FINANCIAL SERVICES—POINTS TO COVER

### Staff

- Current staff members are not familiar with working with youth. Your FSP has to decide if new staff will need to be hired and to calculate the cost of hiring new staff (mentors, branch officers, product champion, etc).
- If your FSP decides current staff will work with youth, your FSP has to consider training costs. Additionally, your FSP has to estimate the level of effort staff will have to devote to youth products and the effect diverting their time and effort from other activities will have on productivity goals, etc.

### Marketing strategy

- Youth have little contact with and lack trust in financial institutions. To gain their trust, your FSP may need to invest a lot in marketing strategies. Your FSP will need to consider the costs of incentives (e.g., pens for account opening), promotional materials, advertisements, etc.

### Systems, equipment and facilities

- Your FSP may need to adapt its MIS or invest in a new module or new system entirely.
- In any of these cases, staff may also need specific training to learn to manage the new MIS specifications.
- Your FSP may need to invest in new delivery channels, such as mobile vans, school banking models or mobile banking in order to reach target youth segments.
- To comply with savings regulatory issues, your FSP may need to invest in security measures for premises, etc.

### Other

- If your FSP is offering youth loans, it will have to make provisions for risky loans. Your FSP will have to estimate the delinquency rate of youth loans.
- Your FSP will have to monitor youth client satisfaction via focus groups and/or other methods, which present costs.

### 3. Have small groups identify revenue assumptions – 35 minutes

*Invite trainees to form groups of four people again. Then say:*

Now that you identified some cost assumptions, let us consider revenue assumptions.

In your group, take 10 minutes to discuss the following question:

#### ➤ **What are the most important revenue considerations when offering youth financial services?**

Think about both savings and loans. Consider the revenue related to portfolio growth.

*Circulate among the groups and assist as needed. After 10 minutes, post the flip chart 'Revenue considerations for youth financial services.'*

## REVENUE CONSIDERATIONS FOR YOUTH FINANCIAL SERVICES

*Invite volunteers to share the results of their discussion with everyone. Write their responses on the flip chart. Make sure trainees mention the points in the box:*

## REVENUE CONSIDERATIONS FOR YOUTH FINANCIAL SERVICES—POINTS TO COVER

### Portfolio growth

Your FSP may experience an increase in the number of clients and portfolio volume. Bear in mind that not many FSPs are offering products for youth. As a result, your FSP may have a competitive advantage in terms of gaining market share within this segment.

### Financial revenues

Youth have little, irregular income. More flexible and cheaper products need to be designed in order for youth to become your clients, which may translate into lower income for your FSP due to the following:

- Low or zero maintenance fees,
- No withdrawal fees and/or
- Flexible loan terms.

Your FSP will also have to estimate delinquency rate for youth loan products, as it results in uncollectable interests/lower revenues.

Ask:

➤ **During this training, when did you define growth indicators for your youth products?**

*[When the step on defining pilot test objectives was discussed]*

Invite trainees to get into their FSP groups and say:

In your group, go back to Handout 4.2 'Setting your own objectives' and look at your growth objectives for the pilot test. Based on those growth objectives, review the assumptions regarding the number of youth you expect to reach with each product during the period of your financial projections—including the staff to recruit, the marketing activities, and the systems, equipment and facilities your FSP will need—in order to achieve the established objectives. Based on these cost factors, assess if your specific objectives are realistic or not.

Please remember that these growth projections should also be in line with the business plan you submitted to UNCDF for the YouthStart grant. You have 15 minutes for this task.

After 15 minutes, ask:

➤ **Which of you changed one or more of the objectives you previously set? Raise your hand.**

Invite some of the trainees who raised their hands to explain the changes they made and the reasons for them. Then say:

Thanks for sharing. Offering services to a great number of youth can help you create economies of scale and, over time, reduce the costs of providing those services. However, it is clear that offering youth financial services might be costly.

➤ **What other revenue-generating strategies can you think of to make sure you recover your costs in the long run?**

*[Possible answers: Attract parents to become clients of your FSP and sell them your products; attract schools to bank with your FSP and manage their tuition, provide them infrastructure loans, etc.; satisfy the needs of a youth client, thereby gaining a client for life]*

After several trainees answer the question, say:

When you go back to your FSP, please share the cost and revenues assumptions that you identified here with the team in charge of developing the financial projections for your pilot test.

Remember: if projections show that the product does not meet targets, changes must be made before the test. When projections are accepted, prices can be set and the model finalized.

During the pilot test, projections should be tracked against actual results. Tracking them will allow your FSP to learn more about actual costs and the relevance of key assumptions over time. The financial projections model should then be adjusted periodically based on actual data, in accordance with the testing protocol.

- **What questions do you have about the cost or revenue assumptions for the financial projections?**

*Answer any questions and thank trainees for their participation.*

## ACTIVITY 8: DEVELOPING PRODUCT PROCEDURES

### OBJECTIVES

By the end of this activity, trainees will have:

1. Identified similarities and differences between process maps for youth and adult products.
2. Mapped the process of one youth product.

### PREPARATION

- Flip charts:
  - ◆ Process map symbols and their significance
  - ◆ Blank flip chart with the title: 'Process maps for youth versus adult products'
- Handout:
  - ◆ 8.1 Sample process map (1 per trainee)
- Other materials:
  - ◆ Blank flip-chart paper (2–3 sheets per group)

### TIME

1 hour 5 minutes

## STEPS

### 1. Identify the importance of developing and documenting procedures – 5 minutes

Ask:

- › **What were the first five steps of the pilot test process, which we already discussed?**  
*[Compose pilot test team, define pilot test objectives, establish pilot test protocol, prepare the MIS, and model financial projections]*
- › **What is the sixth step of the pilot test process?**  
*[Develop product procedures]*

Then say:

Most of you already developed your product features, in other words, product prototypes. During this activity, you will develop process maps for your youth products. The maps developed in this training can serve as a basis for your FSP to develop more comprehensive procedures after this training. To get started, let me ask you a question:

- › **Why do you think documenting procedures is important?**  
*[Documenting procedures ensures uniformity of understanding and conformity of process among product implementers. It serves as a way to identify potential problems in implementation. It builds buy-in. It creates a product 'history.']*

### 2. Explain process mapping with an example – 25 minutes

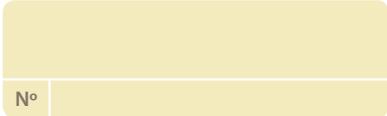
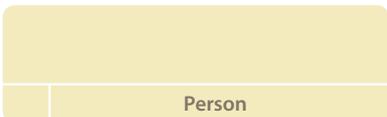
Say:

With a new product, it is always useful to develop a process map. Consider this:

- A process map is a graphic representation of a procedure that uses a combination of symbols and words.
- A growing number of FSPs use process maps in their policies and procedures manuals.
- They are useful for training staff.

Invite trainees to form groups of four people. Distribute Handout 8.1 'Sample process map' to each trainee and post the flip chart 'Process map symbols and their significance.' Then say:

The handout shows an example of a process map for a savings product developed by PEACE in Ethiopia and Women's World Banking. Note the different symbols and what they correspond to (*point out and read the significance of the process maps symbols aloud*):

PROCESS MAP SYMBOLS AND THEIR SIGNIFICANCE	
	Action to perform
	Order of action to perform
	Person responsible for the action (Position described with initials)
	Documentation required/resulting from actions
	Direction/Flow of actions
	Estimated time to perform the action

Then say:

In your group, take 10 minutes to review the handout together in order to understand the steps and to identify each symbol.

After 10 minutes, post the flip chart 'Process maps for youth versus adult products.'

#### PROCESS MAPS FOR YOUTH VERSUS ADULT PRODUCTS

Ask:

- › How do you compare the process in the handout for opening a youth savings account to the process for opening an adult savings account? What are the similarities and differences?

Write trainees' responses on the flip chart. Make sure trainees mention the points in the box:

#### PROCESS MAPS FOR YOUTH VERSUS ADULT PRODUCTS—POINTS TO COVER

##### Similarities

- Both outline the time that the staff member may spend on each step
- Both outline decisions and key documentation received from or given to the client

##### Differences

- Youth products need to include age verification
- Youth products accept different types of identification (school identification cards, for example)
- Youth products need to establish parental consent if youth is a minor

Tell trainees that they can use Handout 8.1 as a reference for future process mapping, but that it will not be reviewed in detail during the activity.

### 3. Map the process of one youth product in FSP groups – 35 minutes

Invite trainees to get into their FSP groups and give two to three sheets of blank flip-chart paper to each group. Then say:

In your group, map the process to sell one of the youth products that your FSP is planning to pilot test. You have 20 minutes for this task. Use the flip-chart paper to draw your process map. If you have trouble, first write down all the steps in the procedure and then create the map using these symbols (point to the flip chart 'Process map symbols and their significance').

After 20 minutes, invite groups to post their flip charts around the room. Invite trainees to go around the room to look at the other groups' process maps. Then invite two or three groups to explain their process map to everyone. After each presentation, allow for feedback from other trainees.

Thank the groups for their participation and remind them that, when they go back to their FSPs, they should process map each youth product they are going to pilot test and use those maps as a guideline to develop procedures.

## ACTIVITY 9: TRAINING RELEVANT STAFF

### OBJECTIVE

By the end of this activity, trainees will have developed a training plan.

### PREPARATION

- Flip chart:
  - ◆ Sample training plan
- Handout:
  - ◆ 9.1 Develop your own training plan (1 per trainee)

### TIME

45 minutes

## STEPS

### 1. Identify who needs training, why, when and for what – 15 minutes

Ask:

- › **What were the first six steps of the pilot test process, which we already discussed?**  
*[Compose pilot test team, define pilot test objectives, establish pilot test protocol, prepare the MIS, model financial projections, and develop product procedures with process maps]*
- › **What is the seventh step of the pilot test process?**  
*[Train relevant staff]*

Say:

During this activity, you will develop a training plan. Training is absolutely essential to successfully launching a pilot test. In fact, there are multiple goals—both institutional and client related—to achieve through training. These goals include the following:

- Ensure standard application of procedures;
  - Offer high-quality customer service;
  - Guarantee prompt, complete and accurate recording of transactions;
  - Use MIS optimally to inform management decisions;
  - Conduct effective, consistent and persuasive marketing; and,
  - Perform informed risk control through internal audit and systems.
- › **To achieve these goals, who do you think would need training at your FSP?**  
*[Relevant staff include everyone that has anything to do with the new product]*
  - › **What should the trainings cover?**  
*[Training should relate product activities to each staff member's particular responsibilities and touch upon policies and procedures, marketing, and entering data into the MIS]*
  - › **When should they be trained?**  
*[Before the pilot test begins and, for branch staff, perhaps additional refresher trainings during the pilot test]*

### 2. Develop a training plan in FSP groups – 30 minutes

Invite trainees to get into their FSP groups. Distribute Handout 9.1 'Develop your own training plan' to each trainee and post the flip chart 'Sample training plan.'

SAMPLE TRAINING PLAN				
Expected date and duration of training	Who will be trained	Type of training activity	Details on content of training	Status (Done/Pending)
15 January (two hours)	Board of directors	Workshop	Product's basic features	Done
20–21 January (9 a.m. to 5 p.m.)	Branch staff: Head of pilot test branch, Branch officers, Cashiers, etc.	Two-day training	Product's basic features, Marketing strategy, Policies and procedures, Objectives	Delayed to 22–23 January due to consultant's availability

*Then say:*

In your group, draft your own training plan using the handout. Note that the main elements of a training plan include the following:

- Who needs to be trained at the FSP,
- On what topics they need to be trained, and
- When and how long they need to be trained.

The flip chart provides a sample training plan for your reference while you work. You have 20 minutes.

*Circulate among the groups and answer questions as needed. After 20 minutes, invite some groups to share their training plan with everyone and encourage feedback from the rest of trainees.*

## ACTIVITY 10: DEVELOPING MARKETING STRATEGIES

### OBJECTIVES

By the end of this activity, trainees will have:

1. Identified key characteristics of youth-friendly marketing strategies.
2. Developed a marketing activity plan for one of their youth products.

### PREPARATION

- Flip charts:
  - ◆ How can marketing strategies be adapted to youth in each of the following areas?
  - ◆ Blank flip chart with the title: 'Marketing strategy of two imaginary FSPs—Discussion'
- Handouts:
  - ◆ 10.1 Marketing strategy of two imaginary FSPs (1 per trainee)
  - ◆ 10.2 Design your own pilot test marketing activity plan (1 per trainee)

### TIME

1 hour 15 minutes

## STEPS

### 1. Identify characteristics of marketing strategies to successfully target youth – 50 minutes

Ask:

- › **What were the first seven steps of the pilot test process, which we already discussed?**  
*[Compose pilot test team, define pilot test objectives, establish pilot test protocol, prepare the MIS, model financial projections, develop product procedures, and train relevant staff]*
- › **What is the eighth step?**  
*[Develop marketing strategies]*

Say:

Your FSP has a new product, and your team has defined testing objectives, developed a testing protocol, prepared the MIS, modelled financial projections, documented procedures with process maps, and trained relevant staff. Your next step is 'getting the word out.' That is what a marketing strategy for clients is all about: getting the word out to them that you have a wonderful new product that will address some of their problems.

During this activity, you will identify the key characteristics or elements of a marketing strategy for a youth product. The results of your work here will serve as the basis for developing your own marketing strategies.

- › **What is the objective of a marketing strategy that targets youth? Bear in mind the general objectives we discussed earlier in this training.**  
*[Create demand among youth, increase usage and increase cross-selling to relatives]*

Make sure trainees mention the answers listed. Then say:

You will have to bear your objectives in mind when designing marketing strategies and ask yourselves questions like 'Is this strategy helping us achieve our objectives?' and 'Should we adapt, complement or add new marketing activities?' Moreover, it is crucial to adapt your marketing strategies to youth because youth have different responses than adults.

Invite trainees to form groups of three people. Post the flip chart 'How can marketing strategies be adapted to youth in each of the following areas?' and say:

In your group, take 10 minutes to discuss the following (read the flip chart aloud):

#### HOW CAN MARKETING STRATEGIES BE ADAPTED TO YOUTH IN EACH OF THE FOLLOWING AREAS?

- Design of marketing materials: images, colours, etc.?
- Language used?
- Places where the marketing activity takes place?
- Sponsored activities that interest youth?
- People to target (youth, parents, peers)?

After 10 minutes, invite groups to discuss the results of their discussion with everyone. Write their answers on the flip chart. Make sure they mention the points listed in the box:

#### HOW CAN MARKETING STRATEGIES BE ADAPTED TO YOUTH IN EACH OF THE FOLLOWING AREAS?—POINTS TO COVER

- **Design of marketing materials:** Fresh colours, modern designs, youth images
- **Language used:** Plain, easy to understand, informal, even colloquial
- **Places where the marketing activity takes place:** Places youth have easy access to and feel comfortable, such as schools, churches, their neighbourhood, sports areas, playgrounds, etc.
- **Sponsored activities that interest youth:** Sports, cultural events, contests, etc.
- **People to target (youth, parents, peers):** It is important to target the parents to gain their acceptance and engagement

Distribute Handout 10.1 'Marketing strategy of two imaginary FSPs' to each trainee. Then say:

I just distributed a brief description of the marketing strategy of two imaginary FSPs. In your same group, take 10 minutes to read about the two strategies and determine whether or not they comply with the characteristics needed to successfully target youth and why.

After 10 minutes, post the flip chart 'Marketing strategy of two imaginary FSPs—Discussion.'

#### MARKETING STRATEGY OF TWO IMAGINARY FSPS—DISCUSSION

Ask the following questions, writing trainees' answers on the flip chart as you proceed:

- **In general, does the marketing strategy of FSP 1 have the characteristics needed to successfully target youth? Why or why not?**  
[No, although the language is youth friendly, the strategy does not address essential characteristics such as using places that are accessible and comfortable for youth, engaging parents, and including activities that interest youth]
- **Do the marketing materials of FSP 1 have a youth-friendly design? Why or why not?**  
[Yes, but they could be improved by using images of youth in order to appeal to them directly]

- **Does FSP 1 use youth-friendly language? Why or why not?**  
*[Yes, since it is casual and direct]*
- **Does FSP 1 use accessible and comfortable places for youth? Why or why not?**  
*[No, youth may feel a psychological barrier to entering a branch. When designing marketing strategies for youth, an FSP should consider going where the youth are, such as schools and churches]*
- **Does FSP 1 make use of activities that interest youth? Why or why not?**  
*[No, it uses the typical FSP channels]*
- **Does FSP 1 target key people? Why or why not?**  
*[No, it targets youth but it does not actively target parents]*
- **Which marketing objective does the strategy of FSP 1 address—increase outreach, usage or cross-selling?**  
*[Increase outreach]*
- **Does FSP 1 seem to use an effective strategy to achieve the objective? Why or why not?**  
*[No, because they are missing most of the characteristics described to successfully target youth]*
- **In general, does the marketing strategy of FSP 2 have the characteristics needed to successfully target youth? Why or why not?**  
*[Yes, even though the FSP is using a strategy that is poorer in traditional marketing materials (below-the-line strategy), it envisages how to communicate with youth through mentors who speak the same language as youth, how to engage parents and how to reach youth in an accessible and comfortable place—the school]*
- **Do the marketing materials of FSP 2 have a youth-friendly design? Why or why not?**  
*[Not applicable, as it does not use marketing materials]*
- **Does FSP 2 use youth-friendly language? Why or why not?**  
*[Yes, as mentors speak the same language as youth]*
- **Does FSP 2 use accessible and comfortable places for youth? Why or why not?**  
*[Yes, school is a place where youth go almost every day and where they feel comfortable]*
- **Does FSP 2 make use of activities that interest youth? Why or why not?**  
*[Yes, because drama plays are activities that can interest youth]*
- **Does FSP 2 target key people? Why or why not?**  
*[Yes, because it actively targets both youth and parents]*
- **Which marketing objective does the strategy of FSP 2 address—increase outreach, usage or cross-selling?**  
*[Increase outreach and cross-selling]*
- **Does FSP 2 seem to use an effective strategy to achieve the objective? Why or why not?**  
*[Yes, because it fulfils most of the characteristics described to successfully target youth]*

## 2. Develop a marketing activity plan in FSP groups – 25 minutes

Invite trainees to get into their FSP groups. Distribute Handout 10.2 'Design your own pilot test marketing activity plan' to each trainee. Go over the instructions provided at the top of the handout with the trainees. Then say:

You have 20 minutes to work in your group to develop the marketing plan.

**Note:** You do not need to have groups share their results. However, tell them that you are available for questions during the time for the exercise and during the breaks.

## ACTIVITY 11: LAUNCH—COMMENCING THE PILOT TEST

### OBJECTIVE

By the end of this activity, trainees will have reviewed and refined their pilot test protocol.

### PREPARATION

- Flip chart:
  - ◆ Activity to revise your pilot test protocol
- Handout:
  - ◆ 5.1 Pilot test protocol (Optional: 1 new copy per trainee)

### TIME

1 hour

## STEPS

### 1. Identify final tasks to complete before commencing a pilot test – 60 minutes

Ask:

- › **What were the first eight steps of the pilot test process, which we already discussed?**  
*[Compose pilot test team, define pilot test objectives, establish pilot test protocol, prepare the MIS, model financial projections, develop product procedures, train relevant staff, and develop marketing strategies]*
- › **What is the ninth step?**  
*[Launch pilot test]*

Say:

Before you commence your pilot test, it is very important that the pilot test team meets and completes a final review of all steps. Once the review is complete and the team is satisfied that the requirements for all steps have been fully satisfied, the team needs to make sure that management endorses the commencement of the pilot test. How this happens depends highly on the internal structure of the FSP. However, in general, management might expect a formal letter from the team that reviews the preparation steps and informs them that the test will begin according to the protocol.

In addition to the letter to management, you should also be prepared to inform the managers of all branches about the launch of the pilot test.

*Invite trainees to get into their FSP groups. Post the flip chart 'Activity to revise your pilot test protocol' and read it aloud:*

### ACTIVITY TO REVISE YOUR PILOT TEST PROTOCOL

In your group, take 55 minutes to do the following:

1. Review all the handouts you worked on during this training
2. Make sure that you have clarity on all the steps of the pilot test
3. Revise your pilot test protocol
4. Make sure it is consistent with all the steps of the pilot test and all the exercises you completed during this training

**Optional:** *Distribute a new copy of Handout 5.1 'Pilot test protocol' to each trainee in order to allow trainees to make changes on a clean copy.*

*Circulate among groups and help them as necessary.*

**Note:** *You do not need to have groups share their results. However, tell them that you are available for questions during the time for the exercise and during the breaks.*

## ACTIVITY 12: MONITORING AND EVALUATION

### OBJECTIVE

By the end of this activity, trainees will have developed a monitoring plan.

### PREPARATION

- Flip chart:
  - ◆ Sources of information
- Handouts:
  - ◆ 12.1 Indicators and data sources for specific objectives of an imaginary FSP (1 per trainee)
  - ◆ 12.2 Define your own indicators and data sources (1 per trainee)
  - ◆ 12.3 Develop your own monitoring plan (1 per trainee)

### TIME

1 hour 35 minutes

## STEPS

### 1. Develop indicators to measure pilot test objectives using an example – 25 minutes

Ask:

➤ **What is the last step of the pilot test process?**

*[Continuously monitor and evaluate pilot test]*

Say:

During this activity, you will develop your monitoring plan. You should make sure that:

- Your monitoring plan addresses pilot test objectives and planned activities such as the ones described in the training and the marketing plan;
- Your monitoring plan ensures that appropriate data will be gathered;
- Data will be both qualitative and quantitative; and,
- The data gathered helps answer THE BIG QUESTION: is launching this new product worth the investment to the FSP?

**Note:** *In this activity, trainees will develop a monitoring plan for their pilot test of youth financial products. For non-financial services, however, only monitoring 'outreach' is discussed. Therefore, explain to the trainees that monitoring non-financial services is more fully addressed in Module III: Integration of Youth Financial and Non-financial Services.*

*Invite trainees to form groups of four people. Distribute Handout 12.1 'Indicators and data sources for specific objectives of an imaginary FSP' to each trainee. Then say:*

In your group, develop monitoring indicators for each of the pilot test objectives of the imaginary FSP. Let me give you an example. For the specific objective 'Two savings products and one credit product specifically designed for youth by month 2,' the indicator that will help the FSP assess if it is achieving that objective or not is the number of products developed in period X. You have 20 minutes to work.

*Circulate among the groups and assist them as needed.*

After 20 minutes, invite volunteers to share their indicators with everyone. Make sure the indicators listed in the table are mentioned:

INDICATORS FOR SPECIFIC OBJECTIVES OF AN IMAGINARY FSP—ANSWER KEY	
Specific objective	Indicator to measure success
Two savings products and one credit product specifically designed for youth by month 2	Number of products specifically designed for youth
Fifty youth accounts opened each month in the rural branch, reaching a total of at least 200 by month 6	Number of youth accounts opened monthly in rural branch
Youth savings volume increased to \$4,000 by month 6 (an average of \$8 per youth account by month 6)	Youth savings account volume, and average savings per youth account
Maximum of 10 percent of youth accounts inactive (no transactions in the last two months) by month 4	Percentage of inactive accounts
Five percent of youth relatives also became clients of the FSP by month 6	Percentage of youth clients with relatives as clients
Ten percent of youth savers graduate to adult credit products after the fourth month	Percentage of youth savers also benefiting from credit
Institutional cost of funds lowered by 5 percent by the end of six months due to mobilization of youth savings	Percent evolution of institutional cost of funds
At least 125 youth received non-financial services every month, reaching a total of 500 youth by month 6	Number of youth who received non-financial services
Time for youth to withdraw money was under 10 minutes by month 2 and onwards	Average time for youth to conduct withdrawal
Eighty-five percent of focus groups representing 10 percent of current clientele at month 6 concur that they are satisfied with the product	Percentage of clients who expressed satisfaction with the product
Average cost per savings account lower than \$20 per month	Average cost per youth savings account

Provide trainees with the opportunity to ask questions.

## 2. Identify sources of data to monitor – 20 minutes

Ask:

### › Can you recall the fourth step of the pilot test process?

*[Prepare the MIS]*

Post the flip chart 'Sources of information' and say:

Your MIS is a key place to find data that will help you monitor the success of your pilot test. Other examples of sources of information are *(read the flip chart aloud)*:

### SOURCES OF INFORMATION

- MIS/Monitoring reports
- Results of client satisfaction surveys
- Reports of focus-group discussions with clients
- Reports from coordinating and monitoring visits to pilot test branches
- Staff interviews
- Monthly meetings of pilot test team
- Input forms (such as accounting-opening forms)
- Annual/Quarterly financial statements
- Financial projections
- Excel spreadsheet to track financial-education services

*Then say:*

With the person next to you, go back to Handout 12.1 and identify different sources of data that you would need to monitor the success of each indicator for the pilot test. Also indicate how frequently to monitor each indicator, based on the data source used to measure it. You have 10 minutes to work.

*After 10 minutes, invite pairs to share their answers with everyone. Make sure they mention the sources and frequency provided in the table:*

DATA SOURCES AND FREQUENCY FOR SPECIFIC OBJECTIVES OF AN IMAGINARY FSP—ANSWER KEY			
Specific objective	Indicator to measure success	Sources of data	Frequency of monitoring
Two savings products and one credit product specifically designed for youth by month 2	Number of products specifically designed for youth		
Fifty youth accounts opened each month in the rural branch, reaching a total of at least 200 by month 6	Number of youth accounts opened monthly in rural branch	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> <li>▪ Reports from coordinating/monitoring visits to pilot test branches</li> </ul>	Monthly
Youth savings volume increased to \$4,000 by month 6 (an average of \$8 per youth account by month 6)	Youth savings account volume, and average savings per youth account	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> </ul>	Monthly
Maximum of 10 percent of youth accounts inactive (no transactions in the last two months) by month 4	Percentage of inactive accounts	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> <li>▪ Reports of focus-group discussions</li> </ul>	Monthly, Quarterly
Five percent of youth relatives also became clients of the FSP by month 6	Percentage of youth clients with relatives as clients	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> <li>▪ Reports of focus-group discussions</li> </ul>	Monthly, Quarterly

DATA SOURCES AND FREQUENCY FOR SPECIFIC OBJECTIVES OF AN IMAGINARY FSP—ANSWER KEY			
Specific objective	Indicator to measure success	Sources of data	Frequency of monitoring
Ten percent of youth savers graduate to adult credit products after the fourth month	Percentage of youth savers also benefiting from credit	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> <li>▪ Reports of focus-group discussions</li> </ul>	Monthly, Quarterly
Institutional cost of funds lowered by 5 percent by the end of six months due to mobilization of youth savings	Percent evolution of institutional cost of funds	<ul style="list-style-type: none"> <li>▪ Quarterly financial statements</li> </ul>	Quarterly
At least 125 youth received non-financial services every month, reaching a total of 500 youth by month 6	Number of youth who received non-financial services	<ul style="list-style-type: none"> <li>▪ Monthly meetings of pilot test team</li> <li>▪ Excel spreadsheet to track financial-education services</li> </ul>	Monthly
Time for youth to withdraw money was under 10 minutes by month 2 and onwards	Average time for youth to conduct withdrawal	<ul style="list-style-type: none"> <li>▪ Reports from coordinating/monitoring visits to pilot test branches</li> <li>▪ Staff interviews</li> </ul>	Quarterly
Eighty-five percent of focus groups representing 10 percent of current clientele at month 6 concur that they are satisfied with the product	Percentage of clients who expressed satisfaction with the product	<ul style="list-style-type: none"> <li>▪ Reports of focus-group discussions</li> <li>▪ Results of client satisfaction surveys</li> </ul>	Quarterly, By semester
Average cost per savings account lower than \$20 per month	Average cost per youth savings account	<ul style="list-style-type: none"> <li>▪ MIS/Monitoring reports</li> <li>▪ Financial projections</li> </ul>	Monthly

Provide trainees with the opportunity to ask questions.

### 3. Develop a monitoring plan in FSP groups – 50 minutes

Invite trainees to get into their FSP groups. Distribute Handouts 12.2 'Define your own indicators and data sources' and 12.3 'Develop your own monitoring plan' to each trainee. Then say:

In your group, take 40 minutes to develop your pilot test indicators and data sources and to develop your monitoring plan. Please make sure to consider all the different sources of information we reviewed:

- Monitoring reports,
- Monitoring meetings,
- Satisfaction surveys,
- Focus-group discussions,
- Branch visits,
- Staff interviews,
- Financial projections, and
- Evaluations.

Once you are done, please go back to your protocol in order to make sure that the monitoring visits and meetings are in line with your monitoring plan.

*Circulate among the groups and assist as needed. Make sure they include all the previously-mentioned sources, like shown in the 'Monitoring and evaluation activity' column of the example:*

DEVELOP YOUR OWN MONITORING PLAN—EXAMPLE		
Monitoring and evaluation activity	Date	People involved
Initial product launch review	Week 1	
First branch visit	Month 1, 1 Feb	
First monitoring report	Month 1, 2 Feb	
First pilot test team monitoring meeting	Month 1, 5 Feb	
Second monitoring report	Month 2, 2 March	
Second pilot test team monitoring meeting	Month 2, 5 March	
Third monitoring report	Etc.	
Third pilot test team monitoring meeting		
Second branch visit and staff interviews		
Focus group with clients		
First evaluation meeting		
Fourth monitoring report		
Fourth pilot test team monitoring meeting		
Fifth monitoring report		
Fifth pilot test team monitoring meeting		
Sixth monitoring report		
Sixth pilot test team monitoring meeting		
Client-satisfaction activity		
Third branch visit and staff interviews		
Final pilot test evaluation meeting		
Review of financial projections		

*After 40 minutes, invite some groups to share their monitoring plan with everyone and allow others to provide feedback. Then thank them for their hard work.*

## ACTIVITY 13: TRAINING WRAP-UP AND EVALUATION

### OBJECTIVES

By the end of this activity, trainees will have:

1. Revisited the module objectives and pilot test process.
2. Evaluated the module.

### PREPARATION

- Flip charts:
  - ◆ Module objectives (posted during Activity 1)
  - ◆ Pilot test process (posted during Activity 1)
- Handout:
  - ◆ 13.1 Module evaluation form (1 per trainee)

### TIME

30 minutes

## STEPS

### 1. Review key takeaways – 15 minutes

*Review the flip chart 'Module objectives' with the trainees. For each objective, ask:*

- **Have we achieved this objective? If so, through which activities?**
- **What lingering questions do you have about this objective?**

*Answer any questions. Next review the flip chart 'Pilot test process.' For each step, ask:*

- **Have we completed this step? How and when?**
- **What lingering questions do you have about this step?**

*Answer any questions. Then say:*

Thank you so much for your active participation in the training! We hope that you learned a lot together here and that the tools and ideas you gained here will help your FSP complete a successful pilot test of your youth products. You have important work to do!

### 2. Have trainees complete an evaluation – 15 minutes

*Say:*

We are constantly looking to improve and therefore we are very keen to get your feedback on what went well and what we should change in future trainings. Please help us by taking a few minutes to fill out this form and to give us your honest and forthright comments. Please do not leave until you hand it in.

*Distribute Handout 13.1 'Module evaluation form' to each trainee. Make sure to collect the completed evaluation from each trainee.*

# SECTION B

## RESOURCE MATERIALS

*Note: Remember to update the Resource materials if you adapt the activities to a new context.*

# LEARNING NEEDS AND RESOURCES ASSESSMENT (LNRA)

Please take a few minutes to fill out this assessment and return it before \_\_\_\_\_ (date).  
Your responses will help to inform the content and design of the training.

Note that if you do not currently work with youth, some questions may not be applicable. If so, please write 'n/a' in the space provided.

## GENERAL QUESTIONS

1. Do you have any previous experience working with youth?  
If so, how much experience do you have? And what were some of the challenges you faced and opportunities you saw while working with youth?

Experience (years) working with youth		
Challenges	a)	
	b)	
	c)	
Opportunities	a)	
	b)	
	c)	

2. Do you have any previous experience working specifically with adolescent girls? If so, how much experience do you have? And what were some of the challenges you faced and opportunities you saw while working with girls?

Experience (years) working with girls		
Challenges	a)	
	b)	
	c)	
Opportunities	a)	
	b)	
	c)	

3. Please describe (a) your target youth segment(s), including age range, gender, education level/literacy, economic activities and living environment (rural or urban); and (b) the number of youth you are currently serving. If you serve more than one distinct target youth segment, please add extra rows to this chart as necessary. If you do not currently serve youth, please complete the chart based on your YouthStart business plan.

Programme or project name	Age	Gender	Education level / Literacy	Economic activities	Rural or urban?	Number of youth served

4. Please indicate your level of interest and familiarity with the topics to be covered in the training. Your responses will help the trainers to adjust their delivery appropriately. For each of the topics listed, check one box in column A and one box in column B.

Topics covered during the training on pilot testing <sup>a</sup>	A			B		
	How interested are you in this topic?			How much do you already know about this topic?		
	<i>Not very interested</i>	<i>Somewhat interested</i>	<i>Very interested</i>	<i>Not very much</i>	<i>Something</i>	<i>A lot</i>
1. Composing a pilot test team						
2. Defining pilot test objectives						
3. Establishing a pilot test protocol						
4. Preparing the management information system (MIS)						
5. Modelling financial projections						
6. Developing product procedures						
7. Training relevant staff						
8. Developing marketing strategies						
9. Launching the pilot test						
10. Monitoring and evaluating the pilot test						

- a These points relate to the ten steps of pilot testing.

5. What three questions would you like to answer (or what specific problems would you like to solve) by the time you leave this training?

a)	
b)	
c)	

6. What other topics do you wish this training would address that do not appear in question 4?

a)	
b)	
c)	
d)	
e)	

### PILOT TESTING QUESTIONS

7. Do you have prior experience pilot testing (or rolling out new products, services or processes) at your institution? Please specify your role in the pilot test. What are the most important challenges that you experienced in conducting the pilot test?

Pilot testing experience		(Years) / (Number of pilot tests/rollouts)
Your specific role in the pilot test/rollout		
Challenges	a)	
	b)	
	c)	

## TRAINEE PROFILE

Please complete the following self-evaluation by placing a checkmark in the column that best describes your demonstrated capacity or experience.

Foundational skills and knowledge	No capacity/ experience	Beginner capacity/ experience (<1–2 years)	Intermediate capacity/ experience (3–5 years)	Advanced capacity/ experience (5+ years)
Your functional domain <input type="text"/> (Insert)				
Pilot testing				
Leading functional teams				
Working with youth				
Working with adolescent girls				
Programme design				
Programme monitoring and/or evaluation				
Project management				
Planning and implementation of a financial product or service				
Planning and implementation of a youth financial product or service				
Integrating financial and non- financial services				
Working on community- based activities				
Any other experience working in cross-functional teams <input type="text"/> (Insert)				

Thank you for taking the time to help us adapt this training to meet your needs.

## TRAINING PLAN

DAY	TIME	ACTIVITY
DAY 1	9:00 a.m.–9:30 a.m.	Welcome and introductions: UNCDF and YouthStart
	9:30 a.m.–10:15 a.m.	<b>1. Introduction to the training</b>
	10:15 a.m.–10:30 a.m.	<i>Tea/Coffee break</i>
	10:30 a.m.–11:30 a.m.	<b>2. Introduction to pilot testing</b>
	11:30 a.m.–12:35 p.m.	<b>3. Composing the pilot test team</b>
	12:35 p.m.–1:35 p.m.	<i>Lunch</i>
	1:35 p.m.–3:15 p.m.	<b>4. Defining objectives</b>
	3:15 p.m.–3:30 p.m.	<i>Tea/Coffee break</i>
	3:30 p.m.–4:05 p.m.	<b>4. Defining objectives (continued)</b>
	4:05 p.m.–5:00 p.m.	<i>Wrap-up activity</i>
DAY 2	9:00 a.m.–9:30 a.m.	<i>Warm-up activity</i>
	9:30 a.m.–10:30 a.m.	<b>5. Establishing pilot test protocol</b>
	10:30 a.m.–11:40 a.m.	<b>6. Preparing the MIS</b>
	11:40 a.m.–11:55 a.m.	<i>Tea/Coffee break</i>
	11:55 a.m.–1:10 p.m.	<b>7. Modelling the financial projections</b>
	1:10 p.m.–2:10 p.m.	<i>Lunch</i>
	2:10 p.m.–3:15 p.m.	<b>8. Developing product procedures</b>
	3:15 p.m.–3:30 p.m.	<i>Tea/Coffee break</i>
	3:30 p.m.–4:15 p.m.	<b>9. Training relevant staff</b>
	4:15 p.m.–5:00 p.m.	<i>Wrap-up activity</i>
DAY 3	9:00 a.m.–9:15 a.m.	<i>Warm-up activity</i>
	9:15 a.m.–10:30 a.m.	<b>10. Developing marketing strategies</b>
	10:30 a.m.–10:45 a.m.	<i>Tea/Coffee break</i>
	10:45 a.m.–11:45 p.m.	<b>11. Launch—Commencing the pilot test</b>
	11:45 p.m.–12:45 p.m.	<i>Lunch</i>
	12:45 p.m.–2:20 p.m.	<b>12. Monitoring and evaluation</b>
	2:20 p.m.–2:50 p.m.	<b>13. Training wrap-up and evaluation</b>

**MICROSAVE BRIEFING NOTE #14****The Systematic Product Development Process by Graham A.N. Wright**

*MicroSave* promotes a systematic approach to product development designed to minimize the risks associated with what is a complex task. The approach looks to maximize the information the Microfinance Institution (MFI) can gain at each step before proceeding to the next one – thus optimizing the product for the clients in the market and the institution offering it.

**The Product Development Process****I. Evaluation and Preparation**

- 1.1 Analyze the institutional capacity and “readiness” to undertake product development
- 1.2 Assemble the multi-disciplinary product development team, including a “product champion”

**II. Market Research**

- 2.1 Define the research objective or issue
- 2.2 Extract and analyse secondary market data
- 2.3 Analyse institution-based information, financial information/client results from consultative groups, feedback from frontline staff, competition analysis, etc.
- 2.4 Plan and undertake primary market research

**III. Concept/Prototype Design**

- 3.1 Define initial product concept
- 3.2 Map out operational logistics and processes (including MIS and personnel functions)
- 3.3 Undertake cost analysis and revenue projections to complete initial financial analysis of product
- 3.4 Verify legal and regulatory compliance
- 3.5 On the basis of the above plus client feedback sessions, refine the product concept into a product prototype in clear, concise, client language
- 3.6 Finalize prototype for final quantitative prototype testing or pilot testing, according to the risk/cost nature of the product

**IV. Pilot Testing**

- 4.1 Define objectives to be measured and monitored during pilot test, primarily based on financial projections
- 4.2 Establish parameters of pilot test through the pilot test protocol, including sample size, location, duration, periodic evaluation dates, etc.
- 4.3 Prepare for pilot test, install and test systems, draft procedures manuals, develop marketing materials, train staff, etc.
- 4.4 Monitor and evaluate pilot test results
- 4.5 Complete recommendation letter documenting the results of the pilot test, comparison with projections, lessons learned, finalized systems/procedures manuals, etc. and the initial plans for the roll out

**V. Product Launch and Rollout**

- 5.1 Manage transfer of product prototype into mainstream operations
- 5.2 Define objectives to be measured and monitored during roll out based on financial projections
- 5.3 Establish parameters of rollout through the rollout protocol including schedule, location, tracking, budget, process
- 5.4 Prepare for rollout, install and test systems, finalize procedures manuals, develop marketing materials, train staff etc.
- 5.5 Monitor and evaluate rollout process and results

## MICROSAVE BRIEFING NOTE #24

### Lessons from Pilot Testing Financial Services— The Experience of *MicroSave*<sup>1</sup>

David Cracknell, Henry Sempangi, Graham A.N. Wright, Peter Mukwana and Michael J. McCord

#### Introduction

This Briefing Note presents key lessons learned from *MicroSave*'s work with its Action Research Partners (ARPs) on pilot testing new financial services. The lessons derived from their successes and failures offer the opportunity for other institutions to benefit from a wealth of product development experience<sup>2</sup>.

#### Successful Product Development

Pilot testing new products has revealed that the following factors underlie successful product development:

- › Detailed understanding of customer needs
- › Well-defined products that meet those needs
- › Focus on the value of the product to the customer
- › Total commitment to the product from management and staff
- › Developing and retaining a wide range of skill-sets amongst staff
- › Time from often over-committed staff
- › Financial resources for research and monitoring
- › Leadership and coordination
- › Internal marketing and clear and consistent communication

#### Risk Analysis and Management

Proactive risk analysis and management is essential before, during and when assessing the pilot test. Risks faced during pilot testing are more often operational risks rather than classic banking risks. Risk management appears to be most effective when the risk management function is centralized. A failure to manage risk tends to increase the length of the pilot test as risks that could have been averted materialize.

The pilot testing process as defined by *MicroSave* has ten distinct steps. The following summary presents key lessons learned at each step.

**Step 1 - Composing the Pilot Test Team:** Success at this stage requires firm leadership. Unless a senior manager who has access to human, physical and financial resources leads the team, decisions take longer to make and resources are difficult to obtain. Managing time demands on the team is extremely challenging. The problem is particularly acute in the case of experienced staff whose skills are in great demand elsewhere in the organization. Lastly, teams that fail to meet fail to act.

**Step 2 - Developing the Testing Protocol:** The pilot test protocol at its simplest is a list of tasks to be performed, by whom, in what time frame and at what cost. The length of the pilot test is critically

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1 This Briefing Note was developed from a full paper by the same name available on [www.MicroSave.org](http://www.MicroSave.org) under *MicroSave* Action Research Programme

2 *MicroSave* has produced two toolkits to assist Microfinance institutions to pilot test new products. "Planning, Conducting and Monitoring Pilot-tests for Microfinance Institutions – Savings Products"; and "Planning, Conducting and Monitoring Pilot-tests for Microfinance Institutions – Loan Products". These toolkits can be downloaded from *MicroSave*'s website [www.MicroSave.org](http://www.MicroSave.org)

## Handout 2.2

affected by the quality and coordination of preparations during the development phase. Potential causes of delays include failure of internal marketing, problems in system development, inexperienced staff, resource constraints, insufficient leadership, and the departure of key staff.

**Step 3 - Defining the Objectives:** Most Action Research Partners have found defining pilot test objectives difficult. Whilst it is common to set profitability and growth targets, few institutions set targets in relation to customer efficiency, value for the customer's time, or customer satisfaction. Even fewer institutions set targets for the effectiveness of the marketing effort – even though effective marketing can significantly increase sales.

**Step 4 - Preparing All Systems:** Challenges related to information systems frequently delay the implementation of a new product. To reduce delays, ensure that the chosen IT solution is flexible – this will enable the product features to change as the pilot test moves forward. Secondly, ensure the availability of local or regional IT support. Thirdly, test the set up of the master record for the new product at the beginning of the preparatory phase to ensure that the system can accommodate the product. Fourthly, consider reporting requirements carefully.

**Step 5 - Modeling the Financial Projections:** Developing financial projections sometimes proves difficult. Reasons for this include insufficient skills in financial modeling and use of spreadsheets, and the lack of critical information on which to build the projection<sup>3</sup>. Once the projection is constructed it is essential to revise the assumptions underlying the projection in line with actual experience as the pilot test progresses.

**Step 6 - Documenting the Product Definitions and Procedures:** Most Action Research Partners need to strengthen the documentation of their procedures. This is particularly important for institutions moving from manual to computerized systems. Two factors can improve the quality of the procedures developed: the formal approval of manuals by the board; and the use of flow charts or process maps to document procedures.

**Step 7 - Training the Relevant Staff:** Sufficient and quality training is critical to the success of the pilot test. Staff needs to be trained on the features of the new product, its processes and procedures, in customer service and in marketing. However, despite the importance of staff training it is usually given a low priority and where it occurs, the effectiveness of the training is rarely monitored.

**Step 8 - Marketing:** Product marketing should be perfected during the pilot test. Success factors include the effectiveness of internal marketing; the level of pre-existing marketing competencies within the ARP; adequate marketing plans and budgets; and the degree of focus on customer service. During the test, the effectiveness of marketing should be closely monitored<sup>4</sup>.

Beyond product marketing, developing new products represents an opportunity for financial institutions to improve their corporate image, through coordinating related improvements around branch infrastructure, customer communications and customer service.

**Step 9 - Commencing the Product Test:** Before commencing pilot tests it is important to review the adequacy of the preparations for the test.

**Step 10 - Evaluating the Test:** Just as pilot testing was a new activity for most Action Research Partners, so was monitoring and evaluating the pilot test. Factors that influence the quality of monitoring include: the monitoring budget, the experience of the monitor, the tools used and the familiarity

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3 *MicroSave's* "Planning, Conducting and Monitoring Pilot-tests for Microfinance Institutions" toolkits include simple projection spreadsheets that can be used to assist in this process.

4 *MicroSave's* "Product Marketing Strategy" toolkit provides a useful basis for much of this work and is available on the website under Toolkits.

## Handout 2.2

of the monitor with the product. The monitor should also have the ability to interpret the results of the pilot test and to ensure action is taken against agreed recommendations. To improve monitoring **MicroSave** has developed a series of easy to use monitoring tools. These are included in the “Planning, Conducting and Monitoring Pilot-tests for Microfinance Institutions” toolkit.

Evaluation of pilot tests is built on regular monitoring and adjustments throughout the pilot test period. It is the culmination of a process of development rather than an isolated activity. However, given the time and effort invested in a pilot test, it is often difficult for the pilot test team to be fully objective in their evaluation. A possible solution is to have an external reviewer as part of the evaluation team.

### Frequently Asked Questions

Three frequently asked questions on pilot testing include:

*What impact has pilot testing had on the Action Research Partners?*

Pilot testing has encouraged the development of key competencies. To develop new products ARPs have developed skills in market research, marketing, financial analysis, customer service, communication and risk assessment.

The most promising change is that ARPs have become more customer-centric. This is evidenced by increased customer-focused research, new customer service points, improved customer communications and refurbished branches. Such changes have significantly improved the corporate image of ARPs and along with product development and refinement resulted in rapid growth.

*Should we always pilot test new products?*

Generally new products should always be pilot tested. However, there are occasions when institutions can consider developing products without pilot testing. These are:

- where the new product is a basic refinement of an existing product;
- where specific technical expertise is purchased to manage the product; and
- where the product itself is low-risk.

*Does pilot testing reduce costs?*

In all of its ARPs, (and many other MFIs) **MicroSave** has seen that pilot testing significantly reduces the cost of making mistakes.

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**MicroSave** P.O. Box 76436, Yaya 00508 Nairobi, Kenya Tel: 254 (20) 2724801/6 Fax 254 (20) 2720133

## Handout 3.1

## PILOT TEST TEAM

DEPARTMENTS INVOLVED	PEOPLE INVOLVED: NAMES AND POSITIONS	NUMBER OF DAYS PER MONTH WORKING ON PILOT TEST
Product champion/ Team leader		
Finance/Accounting		
Information technology/MIS		
Marketing		
Operations		
Audit		
Human resources		
Legal advice		

**Remember:** Adjust to your particular situation/FSP organizational chart.

**SPECIFIC ACTIVITIES OF PILOT TEST TEAM MEMBERS**

DEPARTMENTS INVOLVED	ACTIVITIES
Product champion/ Team leader	
Finance/Accounting	
Information technology/MIS	
Marketing	
Operations	
Audit	
Human resources	
Legal advice	

**Remember:** Adjust to your particular situation/FSP organizational chart.

## Handout 4.1

**CATEGORIES OF GENERAL OBJECTIVES**

Decide which category or categories (outreach, efficiency, client satisfaction, financial sustainability) the following general objectives from an imaginary FSP fit into.

GENERAL OBJECTIVES OF AN IMAGINARY FSP	CATEGORY
<b>Institutional</b>	
Increase the number of youth clients (18–24 years old) that we serve	
Increase the number of products that are specifically designed for youth	
Increase the amount of savings from youth clients	
Increase the number of previously un-served family members of youth that become clients	
Build a lifelong relationship with youth and their families	
Offer financial and non-financial services to youth in a financially sustainable way	
<b>Youth</b>	
Provide entrepreneurial youth with access to credit	
Help youth save and manage their money better	

## SETTING YOUR OWN OBJECTIVES

Use this handout as a template to design the general and specific objectives of your FSP.

Make sure to cover all categories and to link the specific objectives to the general objectives.

In the column 'Explanation,' explain your rationale for any specific figures that you use in your specific objectives. Here is an example: 'Based on the estimated number of unattended youth in a certain village (50,000 unattended target youth), our marketing strategy (one promotion event per week at markets) and our past experience in launching new products, we believe 200 new youth accounts may be opened each month.'

GENERAL OBJECTIVES		SPECIFIC OBJECTIVES (LINK THEM TO THE GENERAL OBJECTIVES)	
Category	Objective	Objective	Explanation
Outreach			
Financial sustainability			
Efficiency			
Client satisfaction			

## Handout 4.3

## SPECIFIC OBJECTIVES OF AN IMAGINARY FSP

In the following table, the specific objectives of an imaginary FSP are presented. Your job is to read the objectives and determine if they are SMART or not. If they are not, turn them into SMART objectives. Finally, identify which general objective or objectives they contribute to achieving.

OBJECTIVE	SMART? YES/NO	IF NOT, HOW WOULD YOU MAKE IT SMART?	GENERAL OBJECTIVE(S) IT CONTRIBUTES TO ACHIEVING
Two savings products and one credit product specifically designed for youth by month 2			
A few youth accounts opened in the rural branch			
Youth savings volume increased to \$4,000 by month 6 (an average of \$8 per youth account by month 6)			
Maximum of 10 percent of youth accounts inactive			
Previously un-served adult family members of a few youth clients will become clients by the end of six months			
Ten percent of youth savers graduate to adult credit products after the fourth month			
Institutional cost of funds will be lowered by 5 percent by the end of six months due to mobilization of youth savings			
At least 125 youth received non-financial services every month, reaching a total of 500 youth by month 6			
Time for youth to withdraw money decreased each month			
Eight-five percent of focus groups representing 10 percent of current clientele at month 6 concur that they are satisfied with the product			
Average cost per savings account lower than \$20 per month			

## PILOT TEST PROTOCOL

Name of FSP

### General Information

Product under pilot test:

Launch date of pilot test and duration:

Location(s):

Branches involved:

Team leader of pilot test:

### PREPARATORY PHASE

ACTIVITY	START DATE	DUE DATE	PERSON RESPONSIBLE	PEOPLE INVOLVED
Objectives defined				
Sample defined: Location, branch, clients				
Required resources identified: Human resources, fixed assets, MIS, etc.				
Monitoring and evaluation indicators and sources defined				
Marketing plan designed				
Financial projections set				
Marketing materials designed				
Training plan developed				

## Handout 5.1

ACTIVITY	START DATE	DUE DATE	PERSON RESPONSIBLE	PEOPLE INVOLVED
Accounting codes, policies and procedures documented				
MIS adaptations completed				
MIS test completed				
Marketing materials ready and available at branches				
Monitoring forms ready				
Non-financial service(s) curricula finalized				
Staff recruited (if needed)				
Staff trained				
All pilot information delivered to involved branches and staff				
Marketing begun				
Product test begun				

**Note:** This handout only addresses the preparatory phase; the monitoring phase during implementation is covered in another activity.

## UNCDF-YOUTHSTART QUARTERLY REPORT

This is the quarterly report FSPs have to present to UNCDF-YouthStart and to MixMarket every three months. Review the information requested and think about whether your MIS is able to track these data.

Youth spreadsheet (reached via YouthStart or other projects/programmes):

Output information		2011			
		Quarterly indicators			
		Q1	Q2	Q3	Q4
		31 Mar.	30 June	30 Sep.	31 Dec.
<b>1 Youth financial services outreach</b>					
	Total number of active youth clients				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
<b>2 Youth savings outreach</b>					
	Total number of young voluntary savers				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
	Average balance of youth deposits				
<b>3 Youth loans outreach</b>					
	Total number of young active borrowers				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
	Total youth loans outstanding				
	PAR >30 (%) of youth loan portfolio				
<b>4 Youth non-financial services outreach</b>					
	Number of young active participants in non-financial services				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				

## Handout 6.1

YouthStart spreadsheet (reached exclusively via YouthStart):

Output information		2011			
		Quarterly indicators			
		Q1	Q2	Q3	Q4
		31 Mar.	30 June	30 Sep.	31 Dec.
<b>1 YouthStart financial services outreach</b>					
	Total number of active youth clients reached intentionally				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
<b>2 YouthStart savings outreach</b>					
	Total number of young voluntary savers				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
	Average balance of youth deposits				
<b>3 YouthStart loans outreach</b>					
	Total number of young active borrowers				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				
	Total youth loans outstanding				
	PAR >30 (%) of youth loan portfolio				
<b>4 YouthStart non-financial services outreach</b>					
	Number of young active participants in non-financial services				
	Young women (%)				
	12–18 years old (%)				
	19–24 years old (%)				

## Handout 6.1

MixMarket report:

SECTION I : INFRASTRUCTURE					
Infrastructure		Q1	Q2	Q3	Q4
Points of service	Number of offices/branches				
	Rural offices/branches				
	Other points of service*				
	Rural points of service				
*Other points of service might include grocery stores, pharmacies, gas stations or other service points that are not MFI offices.					
Staff and gender		Q1	Q2	Q3	Q4
Employees	Number of employees				
	Number of loan officers				
Management	Number of managers				
	Number of women managers				
Board	Number of board members				
	Number of women board members				
SECTION II: CLIENTS/MEMBERS					
Please complete the information on your clients.					
Each category is independent from one another and therefore the sum will not necessarily equal the number of total clients.					
Clients: Characterization and number		Q1	Q2	Q3	Q4
Number of active clients					
Number of active women clients					
Number of active youth clients (<25 years of age)					
Number of active borrowers					
Number of active women borrowers					
Number of active youth borrowers (<25 years of age)					
Number of depositors					
Number of women depositors					
Number of youth depositors (<25 years of age)					
SECTION III: LOAN PORTFOLIO					
Please complete the information on your total loan portfolio.					
Each category is independent from one another and therefore the sum will not necessarily equal the total loan portfolio outstanding.					
Loan portfolio		Q1	Q2	Q3	Q4
	currency				
Loan portfolio, gross					

## Handout 6.1

By type	Consumer				
	Microenterprise				
	Corporate				
	Small and medium enterprise				
Loan accounts		Q1	Q2	Q3	Q4
Number of loan accounts					
By geography	Rural				
	Urban				
<b>SECTION IV: DEPOSITS</b>					
If your institution does not have deposits, enter '0' in all cells below and then skip this section and continue to section V.					
Deposit Accounts		Q1	Q2	Q3	Q4
Number of deposit accounts by type	Voluntary deposit accounts				
	Compulsory deposit accounts				
By geography	Urban				
	Rural				
<b>SECTION V: INCOME STATEMENT</b>					
Please complete all cells in the entire income statement, including '0' for items where the value is '0.' Use only full numbers, such as '1,000,000' and not '1M.'					
Income statement	starting				
	ending				
	currency				
Interest income					
Interest income and fee income on loan portfolio					
Other interest and fee income					
Interest expense					
Interest expense on deposits					
Other interest expense					
Other income from operations					
Impairment loss (reversal of impairment loss), gross loan portfolio					
Recoveries on loans written off					
Operating expense					
Net operating income					
Net non-operating income (loss)					
Total donations					
Income tax expense					
Profit (loss)					

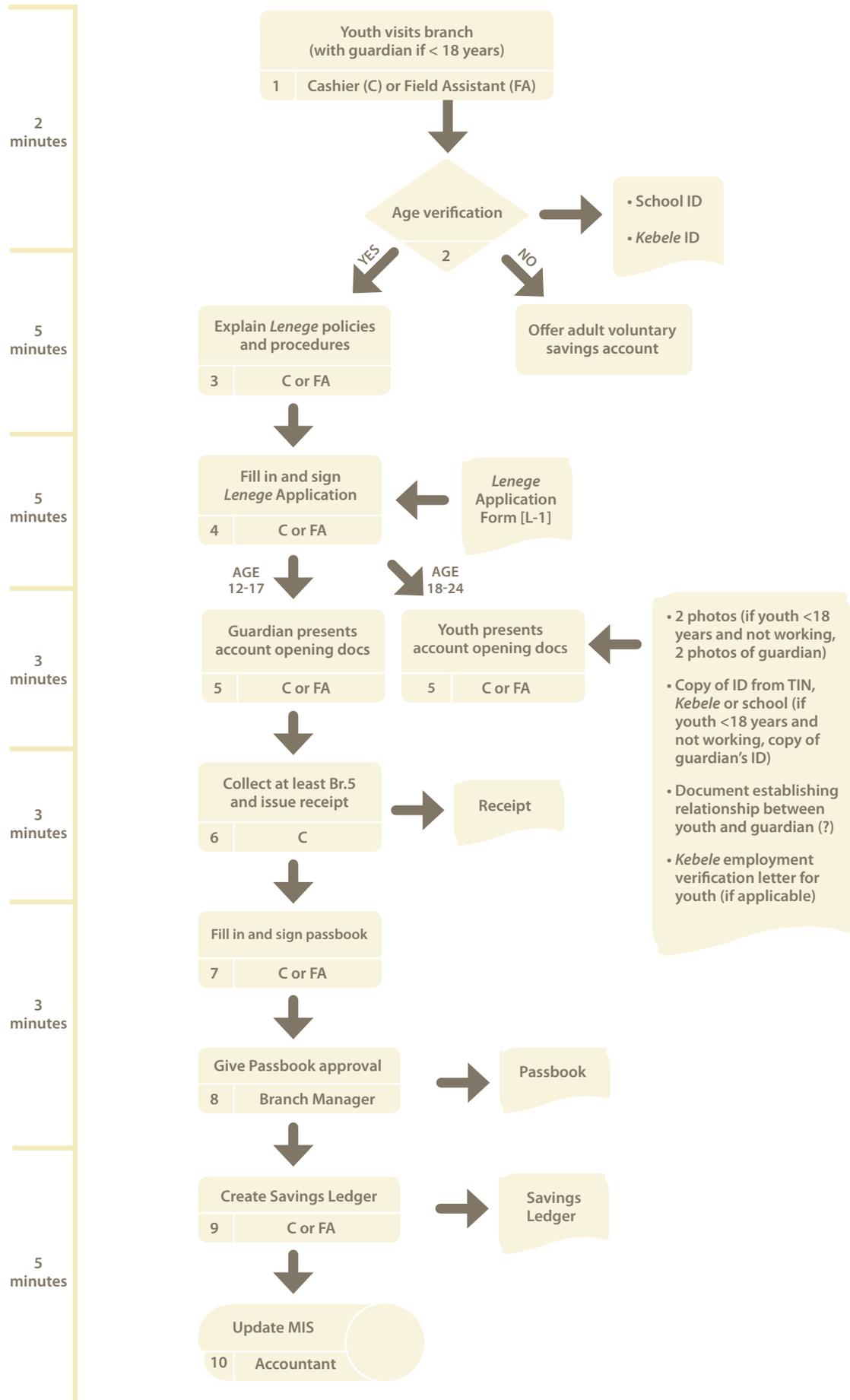
Handout 6.1

SECTION VI: BALANCE SHEET					
Please complete all cells in this balance sheet, including '0' for items where the value is '0'. Use only full numbers, such as '1,000,000' and not '1M.'					
Balance	as of	Q1	Q2	Q3	Q4
	currency				
Total assets					
Deposits					
Borrowings					
Other liabilities					
Total liabilities					
Donated equity					
Other equity					
Total equity					
Total equity and liabilities					
SECTION VII: PORTFOLIO ARREARS AND WRITE-OFF LOANS					
Please provide information on the portfolio arrears and write-off loans for your loan portfolio.					
Loan portfolio: Portfolio aging report	as of	Q1	Q2	Q3	Q4
	currency				
Current portfolio (PAR < 1 days)					
PAR 1–30 days					
PAR 31–90 days					
PAR 91–180 days					
PAR > 180 days					
Renegotiated loans					
Loan portfolio, gross					
starting					
ending					
currency					
Write-offs, during the period					

## Handout 8.1

## SAMPLE PROCESS MAP

This process map is for the savings account *Lenega*, which was developed by PEACE Ethiopia, one of YouthStart's grantees, and Women's World Banking. It shows the process to open an account.



### DEVELOP YOUR OWN TRAINING PLAN

TRAINING PLAN				
Expected date and duration of training	Who will be trained	Type of training activity	Details on content	Status (Done/Pending)

## Handout 10.1

**MARKETING STRATEGY OF TWO IMAGINARY FSPS****Marketing strategy of FSP 1:**

FSP 1 decided to develop posters and flyers to post and make available at pilot test branches, upon demand. One person in charge of customer service was trained to provide all information about the youth product to the youth or youth relatives coming to the branch.

This is an example of a marketing poster from FSP 1:

**FSP YOUTH ACCOUNT..... FOR YOUR FUTURE!**

*The only institution that understands your needs and makes it easy to save for your future!*

- |                              |  |
|------------------------------|--|
| <i>For your studies!</i>     | ▪ We offer you financial training.   |
| <i>To start a business!!</i> | ▪ You don't need to have big savings:<br>you decide how much money you save. |
|                              | ▪ You can take out your money whenever you want<br>and at no cost.           |

**Open a Youth Account and You Will Receive Tons of Presents!**

**Marketing strategy of FSP 2:**

FSP 2 decided to reach youth through schools. The FSP created savings clubs, each composed of seven students and a teacher to act as supervisor. The members were named ambassadors of the FSP and were in charge of promoting the product among their peers. The members received incentives and were supervised by the FSP for their promotion activities. Additionally, the FSP organized drama plays. Both youth and families were invited to the plays, and the FSP took advantage of these events to explain the product and encourage account opening onsite to both youth and parents.

### DESIGN YOUR OWN PILOT TEST MARKETING ACTIVITY PLAN

Develop a marketing plan for one of the youth products that your FSP is pilot testing. This task involves establishing the activities to be completed, by whom, where, by when, with what resources, and the expected results. Make sure you include all the necessary activities:

- Design of marketing strategy;
- Design of marketing materials;
- Testing of the marketing materials' effectiveness;
- Hiring of staff, if needed;
- Training of staff, if needed;
- Launching of marketing activities; and,
- Monitoring of marketing activities.

Activity	Person responsible	Where	Date	Budget	Expected results

## Handout 12.1

## INDICATORS AND DATA SOURCES FOR SPECIFIC OBJECTIVES OF AN IMAGINARY FSP

Specific objective	Indicator to measure success	Sources of data	Frequency of monitoring
Two savings products and one credit product specifically designed for youth by month 2	Number of products developed between period X and period Y	Pilot test monitoring reports	
Fifty youth accounts opened each month in the rural branch, reaching a total of at least 200 by month 6			
Youth savings volume increased to \$4,000 by month 6 (an average of \$8 per youth account by month 6)			
Maximum of 10 percent of youth accounts inactive (no transactions in the last two months) by month 4			
Five percent of youth relatives also became clients of the FSP by month 6			
Ten percent of youth savers graduate to adult credit products after the fourth month			
Institutional cost of funds lowered by 5 percent by the end of six months due to mobilization of youth savings			
At least 125 youth received non-financial services every month, reaching a total of 500 youth by month 6			
Time for youth to withdraw money was under 10 minutes by month 2 and onwards			
Eighty-five percent of focus groups representing 10 percent of current clientele at month 6 concur that they are satisfied with the product			
Average cost per savings account lower than \$20 per month			





**MODULE EVALUATION FORM**

Please rate the following aspects of this module on a scale of 1 to 5, with 1 being 'Very poor' and 5 being 'Excellent.' Please provide comments on all aspects that you really liked or that you think could be improved.

**Module activities**

ACTIVITY	SCALE: 1 TO 5	COMMENTS
1. Introduction to the training		
2. Introduction to pilot testing		
3. Composing the pilot test team		
4. Defining objectives		
5. Establishing pilot test protocol		
6. Preparing the MIS		
7. Modelling the financial projections		
8. Developing product procedures		
9. Training relevant staff		
10. Developing marketing strategies		
11. Launch— Commencing the pilot test		
12. Monitoring and evaluation		
13. Training wrap-up and evaluation		

## Handout 13.1

## Trainers' effectiveness

TRAINERS' EFFECTIVENESS	SCALE: 1 TO 5	COMMENTS
Trainers were well prepared		
Trainers were knowledgeable about the topics		
Trainers clearly presented information and activities		
Trainers introduced/summarized each activity		
Trainers encouraged trainees' participation		
Trainers managed time well		
Trainers facilitated trainees' application of knowledge gained		

## Attainment of learning objectives

LEARNING OBJECTIVES	SCALE: 1 TO 5	COMMENTS
<ol style="list-style-type: none"> <li>1. Reviewed the training objectives, module objectives, pilot test process and training plan.</li> <li>2. Suggested workshop norms.</li> </ol>		
<ol style="list-style-type: none"> <li>1. Reviewed the importance of pilot testing.</li> <li>2. Assessed the capacities of their FSP to pilot test.</li> </ol>		

Handout 13.1

LEARNING OBJECTIVES	SCALE: 1 TO 5	COMMENTS
<ol style="list-style-type: none"> <li>1. Determined the ideal composition of their pilot test team.</li> <li>2. Identified specific activities to be carried out by pilot test team members.</li> </ol>		
<p>Developed general objectives and SMART specific objectives for their pilot test.</p>		
<p>Drafted a pilot test protocol.</p>		
<ol style="list-style-type: none"> <li>1. Identified key data that they will have to monitor through their MIS in order to analyze progress of their pilot test and to report to UNCDF-YouthStart.</li> <li>2. Discussed possible adaptations they will have to carry out in their MIS to track the necessary data.</li> </ol>		
<p>Developed assumptions for their youth product financial projections.</p>		

## Handout 13.1

LEARNING OBJECTIVES	SCALE: 1 TO 5	COMMENTS
<ol style="list-style-type: none"> <li>1. Identified similarities and differences between process maps for youth and adult products.</li> <li>2. Mapped the process of one youth product.</li> </ol>		
Developed a training plan.		
<ol style="list-style-type: none"> <li>1. Identified key characteristics of youth-friendly marketing strategies.</li> <li>2. Developed a marketing activity plan for one of their youth products.</li> </ol>		
Reviewed and refined their pilot test protocol.		
Developed a monitoring plan.		

# NOTES

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**UN Capital Development Fund**

Two United Nations Plaza  
New York, NY 10017  
[www.uncdf.org](http://www.uncdf.org)  
Tel: +1 212 906 6565

