

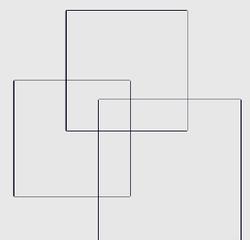


International
Labour
Office
Geneva

WISE +

Work Improvement in Small Enterprises

Trainers' Guide





International
Labour
Office

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Trainer's Guide

Developed and piloted within the ILO/DANIDA project:
**Improving Job Quality in Africa through concerted efforts by Government,
Employers and Workers**

Conditions of Work and Employment Programme

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Work improvement in small enterprises (WISE) Trainers' Guide

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Foreword

Work Improvement in Small Enterprises (*WISE*) is an innovative approach to improving working conditions and productivity in small and medium-sized enterprises around the world. It is not simply a training package, but a process in which entrepreneurs and managers are empowered and supported to address working conditions issues through the identification, sharing and implementation of local and affordable good practices. In the long term, the improvements in working conditions achieved are sustained through the development of supportive networks of local entrepreneurs and trainers who continue to share ideas and practices, motivated by the measurable improvements in productivity that participants experience.

A series of training modules and guides, first published in 1988, form the heart of *WISE*. Until now, these have provided guidance on nine technical areas of working conditions, all of which address the physical organization of the workplace and work processes and simple ways to alter these, so as to improve safety and health and increase productivity. These manuals have been used, adapted and translated into more than ten countries in Africa, Asia and Latin America, evidencing the flexibility and effectiveness of the *WISE* approach.

WISE-R (*More Work Improvement in Small Enterprises*) builds upon this success and is designed to meet the needs identified by *WISE* trainers and entrepreneurs around the world to expand the *WISE* package to include other key dimensions of working conditions. *WISE-R* consists of six new modules and training guides that address not only the physical work environment, but also the more complex day-to-day challenges that entrepreneurs face when handling employee recruitment, management and motivation.

WISE-R is a natural extension of the original *WISE* manuals. It reflects the global recognition that the employees of a business are not only often a significant investment, but that their performance holds the key to the success of the business. *WISE-R* reflects this reality and takes on the issues that are central both to workers' recruitment, retention and motivation, and to maximizing individual productivity in a safe and healthy way: wages, working time, maternity protection, work-family balance, management and motivation, and workplace relations.

As with *WISE*, the suggestions made in *WISE-R* are both practical and low-cost. The focus of these ideas is, in fact, to introduce simple working practices and measures that can make a huge difference to the motivation and the ability of employees to perform their job and, consequently, to the productivity of the business.

The concept of combining *WISE* and *WISE-R* into a *WISE+* package arose in the course of a six-month period of pilot testing carried out in Mozambique and the United Republic of Tanzania in 2009. Following the development of the *WISE-R* modules, a decision was taken to pilot the *WISE* and *WISE-R* training modules in tandem. The implementation phase was carried out with the cooperation and participation of a range of local and national actors, including local entrepreneurs, employers' and workers' organizations, labour inspectorates, ministries of labour, training institutions and others. The feedback received following this exercise has suggested that combining *WISE* and *WISE-R* is an effective and efficient approach.

This *WISE+* binder brings together the *WISE Package for Trainers* (2004) with the new *WISE-R Trainers' Guide*, to create a complete *WISE+ Trainers' Guide*. This binder accompanies the *WISE+* Action Manual, which comprises the original *WISE* and new *WISE-R Action Manuals*.

In the longer term, further work will need to be undertaken to fully integrate the *WISE* and *WISE-R* modules, and their respective guides. This *WISE+* package is thus presented as a prototype, which is ready for use, but will also provide a solid starting point for future work. The ILO would welcome any feedback from *WISE* and *WISE-R* practitioners who will use and adapt *WISE+* to the multiple realities faced by entrepreneurs around the world.

Trainers' Guide to WISE-R Module 1

Understanding Productivity

1. Objective, duration, approach and tools

| | |
|------------------------|--|
| Objective: | By the end of this session, participants will be able to: <ul style="list-style-type: none">• Understand what productivity means;• Calculate the productivity of their enterprise;• Analyse the impact that different workplace practices and policies can have on productivity. |
| Duration: | Session of approximately 2 hours (120 Minutes): <ul style="list-style-type: none">• 1 hour of presentations;• 1 hour exercises and questions. <p>NOTE: Additional time is required for an enterprise visit prior to the training, in order to provide training participants with an initial shared experience of looking at workplace organization and practices, and completing the WISE-R Checklist. The time required for this activity is about one hour plus transportation time to/from the training site.</p> |
| Outputs: | Participants able to calculate and analyze productivity issues that will allow them to make wise and strategic business decisions that improve working conditions and productivity. |
| Methods: | Presentation / Small Group Discussion |
| Training Tools: | Practical exercise, WISE-R Checklist, PowerPoint slides or transparencies, and the WISE-R Action Manual. |

2. Session design

Pedagogic strategies:

- Introduce the notion of productivity;
- Identify the benefits of continuously analysing productivity;
- Distinguish short term and long term impacts on productivity.

3. Division

This session is divided into six sub-units. Almost half of the training time is allocated to discussion and group work.

| Sub-unit | Time available |
|--|--------------------|
| 1. Introduction | 5 minutes |
| 2. What is productivity? | 10 minutes |
| 3. Calculate your productivity | 30 minutes |
| 4. Ensure increased long term productivity | 40 minutes |
| 5. Make WISE-R Decisions | 10 minutes |
| Total technical topics: | 95 minutes |
| 6. Conclusion | 25 minutes |
| Total: | 120 minutes |

4. Preparation for the training session

Read through all the training materials and prepare yourself for potential questions. Make sure that computer equipment and projectors are available and functioning. If not, print the PowerPoint presentation on transparencies and use an overhead projector. If there are no facilities, prepare flipcharts or handouts in advance.

5. Equipment needed:

- A computer with PowerPoint programme or an LCD projector;
- 4 calculators;
- A screen or a white wall;
- Flip chart and respective paper;
- Transparency pens for each work groups;
- Some A4 papers and pens for each participant;
- Copies of Annex 1 for the exercises.

6. Exercises (see Annex 1)

Solution to Exercise 1:

Shoemaker B : Productivity = $1,500/1,500 = 1$

For every coin she invests she gets 1 back so her profit is 0.

Shoemaker C : Productivity = $1,200/1,000 = 1.2$

For every coin she invests she gets 1.2 back so her profit is 0.2 or 20%.

Solution to Exercise 2:

| | Previous Prod | New Prod | Change |
|-------------|---------------|--------------------|--------|
| Shoemaker A | 1.5 | $2400/1500 = 1.6$ | +0.1 |
| Shoemaker B | 1 | $1200/1300 = 0.9$ | -0.9 |
| Shoemaker C | 1.2 | $2100/1200 = 1.75$ | +5.5 |

7. Potential questions and answers

The following are potential questions that may be asked by participants in the course of running this session, together with sample answers. There may be other questions, but most of them will be relatively easy to answer by studying the WISE-R Action Manual.

Question 1: How often should I calculate my productivity?

Answer 1: As often as you are able to. Productivity is always calculated for a specific period, so you need to have the required data (input and output) for that period. Bigger companies do this on a weekly/monthly basis. SMEs can do this monthly or per trimester.

You do not lose anything by calculating your productivity (it does not cost anything), and you can gain knowledge about the health of your business.

It is important to keep track of the results so you can see how they change. We suggest you keep a log (in a book) of the different calculations, so that you can see what the trend is (is your productivity going up or down?). Remember that changes can result from seasonal fluctuations in many businesses (for instance in fisheries).

Question 2: When I calculate my productivity, are there any costs that I do not need to take into account?

Answer 2: For calculating productivity, you need to take into account ALL costs including the salary you take (entrepreneurs often forget themselves!). Doing this will ensure that the results you get represent the REAL situation of your enterprise. If you do not take into account all costs, you might be misled into thinking that your productivity is good when, in fact, your business is spending more than it is earning.

Annex 1: Exercises

Exercise 1: Group work and plenary discussion – Calculate productivity (20 mins)

Work in groups on the following exercise. Please be ready to present your conclusions and suggestions afterwards in plenary.

Shoemaker B spends 1,500 coins on her business in a year. She produces 500 pairs of shoes in that time, and sells each for 3 coins. She sells them all.

Shoemaker C spends 1,000 coins on her business in a year. She produces 600 shoes which she sells at 2 coins. She sells them all.

Task:

1. Compare the productivity ratio of shoemaker A (previously discussed), Shoemaker B and Shoemaker C, and suggest reasons for these differences.
2. Come up with ideas about what could be increasing Shoemaker B's costs?

Exercise 2: Group work and plenary discussion - Calculate productivity (25 mins)

Work in groups on the following exercise. Please be ready to present your conclusions and suggestions afterwards in plenary.

Shoemaker A wants to invest in her business and buys a new machine, but does not organize training for workers on how to use it. She does, however, provide a new bonus to workers based on production levels. She spends 1,500 coins and produces 800 pairs of shoes.

Shoemaker B wants to reduce her costs to become more competitive. She cancels the maintenance contract for enterprise equipment/machines and her costs go down to 1400 coins. But one of the machines break down and stops production for one month. She produces only 400 pairs of shoes, which are sold for 3 coins each.

Shoemaker C wants to improve the quality of her shoes and invests in training her staff. She provides better working time arrangements and develops a good policy for sickness absence. She spends 1,200 coins on her business in the year. She produces 700 pairs of shoes, which she sells at 3 coins each.

All 3 shoemakers sell all their shoes.

Task:

1. Calculate the new productivity of the 3 shoemakers, and compare this with their previous situation.
2. Explain the changes in productivity and offer suggestions on why they have occurred.
3. Decide which shoemaker is the WISEST?

Step-by-step guide to Module 1

1. Introduction (5 minutes)

| Key activities | Method | Tools | Time |
|---|--------------|-------------------------|--------|
| <p>If this is the first WISE-R Module to be taught, refer to the General <i>Introduction to WISE-R training and briefing on the WISE-R Checklist.</i></p> | | | |
| <p>1. Welcome participants and introduce yourself. Invite participants to introduce themselves.</p> <p>Present the title of the Module (slide 1) and the objectives of the training (slide 2).</p> <p>Move to slide 3, which provides a list of the points that will be discussed. This outlines the structure and the order of the session.</p> | Presentation | Presentation Slides 1-3 | 5 mins |

2. What is productivity? (10 minutes)

| Key activities | Method | Tools | Time |
|--|--------------|---------|---------|
| <p>2. Explain what productivity is (slide 4).</p> <p>Stress the importance and benefits of calculating productivity.</p> <p>Ask the participants whether they have calculated productivity already in their enterprises and ask them to explain when (the situation in which) that was done. Ask how they did it, and what they learned from that exercise.</p> | Presentation | Slide 4 | 10 mins |

2. Calculate your productivity (30 Minutes)

| Key activities | Method | Tools | Time |
|--|--------------|---------|--------|
| <p>3. Explain how to calculate the productivity ratio as indicated on slide 5.</p> <p>Run through the 4 steps that need to be followed.</p> <p>Explain what is meant by 'the period', 'input', and 'output', by giving examples that are relevant to the participants' business sector.</p> | Presentation | Slide 5 | 5 mins |

| Key activities | Method | Tools | Time |
|--|---|----------------|----------------|
| <p>4. Example</p> <p>Work through the example on slide 6.</p> <p>When doing examples, do each stage of the calculation on the board or on a flip chart, as suggested below, before moving on to the next stage. Make sure that everybody thoroughly understands the example:</p> <p><i>Shoemaker A spends 1000 coins on her business in a year (including her salary).</i></p> <p>Write 'Spends 1000' on the flipchart, before moving on.</p> <p><i>She produces 500 pairs of shoes in that time, and sells each for 3 coins. She sells them all.</i></p> <p>Write 'Income from shoes: 500 pairs x 3 coins = 1,500'</p> <p><i>So she receives 1,500 coins.</i></p> <p><i>Her productivity is $1,500/1,000 = 1.5$</i></p> <p>Write this sum on the flip chart</p> <p>Conclusion: This means that for every coin she invests, she receives 1.5 coins (an increase of 50% or half).</p> <p>Ask the participants whether they think this result is good or bad.</p> | <p>Presentation and discussion</p> | <p>Slide 6</p> | <p>5 mins</p> |
| <p>5. Exercise 1 and Group Work</p> <p>Ask the participants to sit in groups, distribute Annex 1, and explain the first exercise (using slide 7, if needed).</p> <p>Ask the groups to try this exercise. Each group should (ideally) also be given a calculator.</p> <p>Ask each group to be ready to present its conclusions and discuss them in plenary.</p> <p>The results for the Exercise are set out below.</p> <p>Try to bring out the following points in the plenary discussion.</p> <p>Important points to incorporate into conclusion:</p> <ol style="list-style-type: none"> 1. Shoemaker A's productivity is the highest, so her profit is also the highest. | <p>Exercise, Group Work and plenary discussion.</p> | <p>Slide 7</p> | <p>20 mins</p> |

| Key activities | Method | Tools | Time |
|--|--------|-------|------|
| <p>2. It can be noted that shoemaker A and B both sell their shoes at the same price. Shoemaker C sells them at a lower price, probably because the quality is lower.</p> <p>3. With the same input (1,000 coins) as shoemaker A, Shoemaker C can produce a higher number of shoes. Her production process may be faster because quality is not important to her.</p> <p>4. Although Shoemaker B produces the same quality of shoes (with the same selling price) as Shoemaker A, the higher costs (1,500 instead of 1,000), mean that Shoemaker B is the least productive.</p> <p>Ask participants to suggest what might be increasing Shoemaker B's costs. They might mention raw material costs, electricity, and wages. It is important that you encourage them to think about other costs – recruitment, sickness, waste, machinery breakdown, accidents, and staff turnover.</p> <p>5. If Shoemaker B followed the WISE-R trainings, he would learn how to adjust her cost structure. Maybe she should visit Shoemaker A and they could exchange some ideas!</p> | | | |

4. Ensure increased long term productivity (40 Minutes)

| Key activities | Method | Tools | Time |
|--|--------------|--------------------|---------|
| <p>6. Remind participants that everybody wants their business (and profits) to grow. And, now that they know how to measure productivity, they are in a position to analyze it and come up with different strategies for improving it.</p> <p>Use slide 8 to introduce the two possible approaches:</p> <ol style="list-style-type: none"> 1) cutting costs; or 2) increasing revenue. <p>Explain, when looking at 2) that, for most businesses, it is not possible to simply increase the price of the products (due to market competition). As a result, many business owners concentrate on trying to cut costs.</p> | Presentation | Slides 8, 9 and 10 | 15 mins |

| Key activities | Method | Tools | Time |
|---|---|----------------------|----------------|
| <p>Explain that attempts to cut costs through ‘quick fixes’ – reducing costs without thinking about the long term effects – can, in fact, reduce productivity over the medium and long term.</p> <p>Use slide 9 to show the consequences of short term measures to reduce costs. Compare this to slide 10, which shows the potential positive consequences of long term measures.</p> <p>Ask the participants if they have any examples that show the positive effects on productivity of long term measures.</p> | | | |
| <p>7. Introduce Exercise 2:</p> <p>Answers are given at <i>Solution to Exercise 2</i> (point 6 of guide, above)</p> <p>Ask the participants to sit in the same groups as before, and explain the second exercise on Annex 1 (using slide 12, if needed).</p> <p>Ask the groups to try this exercise. Each group should (ideally) be given a calculator.</p> <p>Ask each group to be ready to present its conclusions and discuss them in plenary.</p> <p>Try to bring out the following points in the plenary discussion:</p> <ol style="list-style-type: none"> 1. Shoemaker A made a substantial investment in new machinery but only managed to increase her productivity a little, because she forgot about training workers to use the machine. 2. Shoemaker B has tried to improve her productivity by cutting her costs through reducing machine maintenance. Unfortunately, this short term reduction in costs leads to a big loss in production. Thus, her productivity decreases and becomes negative, meaning that her business is now spending more than it is earning. 3. Shoemaker C makes WISE investments and is able to improve the quality of her product without major additional costs. She increases her productivity by 5.5 points. 4. Shoemaker C is the WISEST shoemaker. | <p>Exercise, Group Work and plenary discussion.</p> | <p>Slides 11, 12</p> | <p>25 mins</p> |

5. Make WISE-R decisions (10 Minutes)

| Key activities | Method | Tools | Time |
|--|--------------|----------|---------|
| <p>8. Present slide 13 and indicate that the objective of WISE-R is that SME managers learn to make good business decisions that help to improve productivity AND improve conditions of work.</p> <p>This is because experience has shown that the two things – working conditions and productivity, are strongly linked. This means that a small investment of time on improving working conditions and work organization can greatly increase productivity.</p> <p>Explain that the ILO developed the WISE-R Modules to help SMEs make low or no cost changes so they can achieve these improvements.</p> | Presentation | Slide 13 | 10 mins |

6. Conclusion (25 minutes)

| Key activities | Method | Tools | Time |
|--|---|--------------|---------|
| <p>9. Conclusion</p> <p>Summarize the session and run through the Checkpoints on slide 14. Invite questions and comments.</p> | Presentation/ Questions & Answers | Slide 14- 16 | 15 mins |
| <p>10. Action Planning</p> <p>This should take place at the end of the WISE-R training, whether this includes all or just some of the modules.</p> <p>Remind participants of the checklist exercise done at the beginning of the session; where participants completed the checklist for the enterprise they visited during the training.</p> <p>Explain that the next step is for participants to implement WISE in their own enterprise.</p> <p>Tell them that the first step they will need to take is to complete the checklist exercise for their own enterprise, to identify possible improvements that could be made. From this they will develop an Action Plan: a plan for those things they intend to improve over an agreed period. This should be based on the observations they have made on the WISE-R Checklist, and upon active discussions with their managers, supervisors, and workers.</p> | Presentation | | 10 mins |

| Key activities | Method | Tools | Time |
|--|--------|-----------------|------|
| <p>The Action Plan is a tool that facilitates implementation of the “improvements”. Without a clear Action Plan, managers can forget or be tempted to postpone implementation of some actions. The action plan will ensure a proper follow up of the initial ideas.</p> <p>Explain that WISE-R facilitators will help participants to develop a strong and realistic plan, and will support the participants in implementing it, through a series of meetings, to be agreed with them.</p> <p>It is important that participants agree a date for a first meeting with a facilitator, before leaving the training.</p> <p>Explain that it is crucial to involve as many employees as possible in the development of the action plan. The proposed actions are aimed at improving productivity and the working conditions of the employees. If employees are involved in the identification of the planned improvements, they are more likely to cooperate in their implementation and to value the results.</p> <p>Mention that the ILO can support the facilitators in their work with participants and offer further advice about the plan and its implementation if needed.</p> | | | |
| <p>13. End the session. Thank participants for their attention and active participation.</p> | | <p>Slide 17</p> | |

WISE-R Module 1: Understanding productivity

| | | |
|---|------------------------------|-----------------------------------|
| Checkpoint 1: Assess how efficient your business is by working out the productivity ratio. | | |
| Do you propose action? | | |
| <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> Priority |
| If yes, what action? | | |
| Checkpoint 2: When you are looking for ways to improve productivity, think long term and don't automatically try to make savings on wages. | | |
| Do you propose action? | | |
| <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> Priority |
| If yes, what action? | | |
| Checkpoint 3: Remember that your workers are not just a cost, but a business asset that can greatly affect your productivity. | | |
| Do you propose action? | | |
| <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> Priority |
| If yes, what action? | | |