**Report on Session 2 of the MicroLead Expansion Workshop**

***Managing Product Diversification and Savings Product Development***

Kigali, Rwanda

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**1.0 Introduction**

This report briefly summarizes the results of Session 2 of the MicroLead Expansion Workshop held in Kigali, Rwanda from February 26 to 28, 2014. The session was divided into two sections: 1) a three-hour module on managing diversification; and 2) a three-hour 45-minute module on savings product development. This session built on content that was delivered during the MicroLead Expansion Webinar, “Client-centered product development: New twists on an old theme”, which took place on February 12, 2014.

**2.0 Content**

The content for this session was based on excerpts from eight of the 24 modules of the ILO training curriculum, “Making Microfinance Work: Managing Product Diversification,” which was financed in part by UNCDF:

* Module 1: Understanding product diversification
* Module 2: Managing product development
* Module 3: New market development
* Module 4: Savings
* Module 16: Microfinance for youth
* Module 17: Microfinance for women
* Module 18: Rural microfinance
* Module 22: Building and managing partnerships
* Module 23: Delivering a diverse product portfolio

This content was adapted to meet the specific needs of MLE workshop participants as articulated in a pre-course survey (see Annex 1 for a summary of the survey results), in the opening session discussion around expectations, and in a workshop activity that identified the barriers participants currently face to expanding their savings product outreach. These barriers are recorded in Annex 2.

The first module of the session aimed for participants to:

1. Define successful product diversification;
2. Recognize 24 risks and 6 major challenges inherent in the product diversification process;
3. Share lessons learned with respect to what makes product diversification successful; and
4. Identify at least one idea for making their product diversification more successful in the future.

The objectives of the second module were:

1. To address as many of the specific questions that participants raised as possible, in three thematic areas: savings product development; savings mobilization; and reaching specific market segments; and
2. To identify at least three ideas for addressing the barriers that limit participants’ savings product outreach.

**3.0 Materials**

Participants received two handouts, attached as Annexes 3 and 4, as well as guidance for accessing the ILO publication “Making Microfinance Work: Managing Product Diversification,” via the ILO website. The slide presentation used during the session is attached as Annex 5, but is not meant for distribution.

**4.0 Group Work Output**

Two of the session’s activities produced output on blackboards and flipcharts that have been recorded in Annex 6 for distribution to participants. The first five slides of Annex 6 show participants’ suggested actions for empowering staff to deliver a diverse product portfolio. The next eight slides summarize participants’ analysis of causes and solutions for eight types of barriers to savings mobilization:

* Potential clients do not know about your product
* Potential clients do not understand your product
* Potential clients cannot access your product
* Potential clients do not want to use your product
* Potential clients find it difficult to use your product
* Potential clients do not trust you
* Potential clients do not see the value of your product
* Your staff do not prioritize savings

At the beginning of Day 3, participants articulated 12 “take-aways” – things they learned on Days 1 and 2 of the workshop that they wanted to remember. These are recorded on the last slide of Annex 6.

**5.0 Participant Evaluations**

Evaluation forms were completed by 37 participants. The results are summarized in the table below and detailed in Annex 7. In general, participants were very satisfied with the session, with only one participant giving scores below a level of 2. (This participant evaluated the session as poor in all categories, yet gave a positive comment in the feedback section, so it is possible that s/he misunderstood the scoring instructions).

|  |  |  |
| --- | --- | --- |
|  | **Participant evaluation** (1=strongly agree; 4=strongly disagree) | |
| **Section 1: Content, Design and Method** | **Average** | **Median** |
| Relevant content delivered | 1.2 | 1 |
| Practical to my needs and interests | 1.4 | 1 |
| Useful visual aids and handouts | 1.4 | 1 |
| Effective techniques and participation | 1.2 | 1 |
| **Section II: Performance of the presenter** | **Average** | **Median** |
| Good knowledge and conceptual clarity of the subject | 1.2 | 1 |
| Good learning opportunity from other organizations/experiences | 1.4 | 1 |
| Responded well to questions | 1.3 | 1 |

The concepts that participants mentioned as useful for their work include:

* Product diversification (14 mentions)
* Outreach strategy (13 mentions)
* Market segmentation (10 mentions)
* 8Ps/8Cs (7 mentions)
* Product development strategy / process (6 mentions)
* Types of needs (expected vs. unexpected) (6 mentions)
* Challenges of product diversification (5 mentions)
* Understanding/overcoming barriers why customers aren’t saving with us; savings mobilization strategies (5 mentions)
* Good identification of client needs / focus on the client / knowledge of customer needs before designing a product/ core product is customer need (5 mentions)
* Risk management / product development risks (4 mentions)
* Uganda example of practical training material for financial education (3 mentions)
* Total product (core, actual, augmented) (3 mentions)
* Communication strategy (2 mentions)
* Preconditions for intermediating savings (2 mentions)
* Partnering cycle / selecting the right partners (2 mentions)
* Product design (2 mentions)
* Internal training (2 mentions)
* Importance of product selection to each market segment
* Channel and communication depend on the target
* Targeting new market segments
* Product diversification vs. market diversification
* Product differentiation
* Savings product development client vs. institutional needs
* Questions to pose when developing a savings product
* Change management
* Adapting the institutional culture
* Analysis process
* Product mix approaches
* Elements for a good product
* Performance depends on ability and motivation of staff / making staff empowered

Participants gave the following recommendations for improving the session:

1. Provide more cases and examples, what works and what does not; practical examples of real products developed (4)
2. Allocate more time for group discussion to share practical experience and examples across projects (4)
3. Allocate more time to the topic / session (3 mentions); focus on one particular item for the three days for deeper discussions to happen
4. Better documentation; more handouts distributed immediately after presentation (3)
5. It would be helpful to hear how product development should integrate client needs and institutional needs and methodology for doing so (2)
6. More discussion on how to adapt the institutional culture to embrace product diversification
7. More panel presentations
8. More practical exercises
9. More tools on pricing
10. Echanger de facon concrete sur la facon de caracteriser un produit d'epargne
11. Bring in more focus on developing emotional benefits from products (e.g. "send money home" for money transfer)
12. Reduce speed of the slide presentation
13. Distribute a synthesis of the group work
14. Involve providers of technology solutions as well as innovators
15. Most FI have a database - more links to DB data as applied to marketing and finance; marketing dep complaints, suggestion box, more on data + apps + electronic

**6.0 Facilitator Observations**

This session was designed to facilitate participants’ sharing of experiences in the areas of product diversification and product development, to alert them to risks and challenges in these areas that they may not have been paying enough attention to, and to identify new ideas for addressing the barriers they face with respect to expanding their savings product outreach. These objectives were met.

The session provided a good foundation for a variety of discussions about product diversification and savings product development. Future workshops and webinars might focus on how this content has been or can be applied to strengthen grantees’ creation, communication and delivery of a savings product portfolio that generates value for their institutions as well as the specific market segments they aim to serve. In the discussion of diversification challenges, for example, only one group mentioned a strategy that worked or did not work in the area of empowering staff to manage a diverse product portfolio. Only three (out of nine) groups raised an issue related to who should deliver what. François Coupienne stressed the need for innovation in the future, but how does a financial service provider adapt its culture to be more innovative?

Participants are clearly keen to learn more about each others’ experiences. The World Café activity that produced the output summarized in Annex 6 could provide inspiration for more in-depth discussions about how grantees are trying to address common barriers, why they made the decisions they did, how they dealt with implementation challenges, questions they have for other grantees that might have dealt (or are still trying to deal) with a similar situation, and more. Grantees might also find it useful to analyse each other’s product designs and compare how they meet the expected and unexpected needs of their clients. By analysing their products at the core, actual and augmented levels, they might learn from each other’s strengths and assist each other in addressing areas of weakness. Finally, they might compare the outreach strategies they are using to reach similar market segments in different contexts.