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# EMPOWERING ENTREPRENEURS AND CHANGING BEHAVIOURS

A deep dive into the Small and Medium  
Enterprise Development Project

Small and medium enterprises (SME) make a key contribution to a healthy economy. SME create jobs, direct and indirectly, enhance local production and contribute to diversify and decentralise a country's economy. SME are often run by women or marginalised groups, and many can be found in rural areas. Supporting them can therefore contribute to poverty reduction and economic development.

In Mongolia, SME make for a big share of the country's economy and provide almost 60% of all jobs. However, as Markus Epper, Country Director BPN Mongolia testifies, "it is often the case that SME owners have not benefited from a systematic teaching of entrepreneurial know-how. There is a lack of business knowledge and entrepreneurial experience." This can affect their productivity and opportunities.

In the context of its Basic Education and Vocational Education and Training (BVET) portfolio, the Swiss Agency for Development and Cooperation (SDC) decided to support small and medium businesses' growth by capacitating owners through a systematic approach.

The Swiss private sector is a key partner to the SDC across many countries, including Mongolia. By sharing good practices, tools, and supporting local entrepreneurs, the Swiss private sector contributes to Switzerland's cooperation and development objectives.

## Collaborating for the development of SME in Mongolia: SDC and BPN partnership

SDC in Mongolia identified the Business Professional Network (BPN), a Swiss foundation, to implement the SME Development project. In 2012, BPN started operations in Mongolia leveraging its prior experiences from the Kyrgyz Republic.

The project was co-planned and co-funded by SDC and BPN from the very beginning: "Collaborating with SDC, Swiss businesses have opportunities to step into new markets, establish partnerships with local players, and to benefit from collaboration with national government partners. Since it was a new initiative, SDC contributed 70% of the total cost and co-shared the contextual risks, whereas the partner was entirely responsible for the loan scheme. Sharing the cost, risks and benefits based on fair rules are the cornerstones of the engagement, which were applied in this project." Zayasaikhan Dugeree – Senior National Programme Officer, SDC Mongolia

BPN's model of operations consists of providing tailored coaching, training, and loans to selected participants in all aspects related to entrepreneurship and the development of small and medium-sized businesses (see box).

To be supported, SME had to be in operation for at least 6 months and most were in the consolidation phase of 3-5 years in business. The focus was on companies providing services or producing value-added products.

BPN's team in Mongolia selected SME based on an initial assessment of the entrepreneurs' potential and motivations. Those selected were asked to create a business and financial plan. A second selection stage considered BPN's own suitability to help SME to flourish. In some cases, BPN also explored financing options, including loan agreements.

Companies from a range of sectors were supported, including textiles and garments (cashmere), health care, education (private schools), tourism and hospitality. While the support lasted 4 years initially – aligned to SDC's funding – it was shortened to 2 years from 2018 onwards.

BPN's vision is to contribute to a Value Based Business Culture and to promote sound entrepreneurship. It aims at securing and creating jobs in the long term and contributing to local economic development. Based on the values: respect, trust, sustainability, and empowerment, BPN uses the four-pillar principle. (Source: BPN at a glance)



### COACHING

BPN adapts the coaching to the needs and the stage of development of the entrepreneur. It offers 2 types of consulting: Technical Advisory (expert advice) and Executive Coaching. The coaching is integrated into the various interactions with the entrepreneurs during the BPN programme to build a close relationship with the participants.



### TRAINING

BPN offers a training programme that includes seminars, webinars, workshops, and time for networking. Topics include project and time management, financial planning and control, law, leadership and human resources development, social media, customer care. The capacity building activities are conducted by Country Directors, local BPN staff or Swiss and local experts.



### LOANS

The entrepreneurs receive a loan at fair conditions (usually between CHF 2,000 and 20,000) for the purchase of production machinery or additional equipment if there is a verifiable need.



### ENTREPRENEURS' ASSOCIATION

BPN supports entrepreneurs in setting up an entrepreneurial association. This serves the exchange of experiences and takes care of economic and social concerns of other SME in the country. BPN promotes the formation of these networks with know-how, motivation, content and organisational support.

## Transforming mindsets and boosting businesses: Results of the SME Development Project

Under the SME Development project (2012-2017), 102 entrepreneurs received coaching and nine SME were offered loans averaging CHF 8'800, of which close to 90% were fully repaid. The entrepreneurs were active in several sectors – from agriculture to cosmetics – and created close to 1,200 jobs. Approximately two-thirds of the SME supported by BPN in Mongolia are women-led.

BPN remains active in Mongolia and intends to continue its operations. Since the end of the collaboration with SDC, an additional 101 companies received coaching and an estimated 2,700 additional jobs were created.

Mongolian staff have been hired which contributes to the sustainability of the actions developed with SDC's funding. The supported businesses are generally successful.

"10% of the companies supported by BPN are among the leaders in the industry today, some are even number 1. 75% show steady growth and stability." Markus Epper, Country Director BPN Mongolia.

According to project implementers and participants, the project's most significant impact has been on the behaviours and mindsets of entrepreneurs. Markus Epper explains: "We work with values like:

- Integrity, personal responsibility, respect: walk the talk (do what you say), don't make false promises, meet deadlines and agreements, take responsibility for company, employees, money, environment, stakeholders, etc.
- Planning, strategy, diligence: business plan, vision, goals, perseverance instead of "overnight success". No 100-meter sprint, but marathon.
- Honesty, trust: no own profit, separate company and private finances, 1 instead of 2 accounts (company / tax office), pay taxes honestly, etc.
- Joy, business ethics: do what customers need (solving problems, not selling products). Do what entrepreneurs enjoy, not meeting expectations of others (parents, family, etc.). The change of mindset is the biggest lever to run a company successfully!"

## Stories of change: The voices of business owners



**Mr. Sereenen Sundui,**  
CEO, Shuvuutaingol

I own a food processing family business, and I was struggling with various challenges. I lacked knowledge about employee development and how to run a business in response to the growing market. I was also having a hard time balancing business and family life.

Things changed after I participated in the SME Development project in 2017. I enrolled in a BPN one-year course and received training on business management, marketing, finance, and production management. The team also visited my factory to deliver coaching on site. My wife and her brother also attended the BPN seminars as they are responsible for finance and marketing.

Thanks to BPN's support, I was also able to update my product designs, modernise the production process, and rebuild the employee culture in a context where demand for our products was growing and production expanding. I learned how to separate issues of business and family life and keep a balance between them. And I gained business ethics and the ability to see from the consumer's perspective.

If I hadn't participated in the project, I would have continued in the traditional way without critical and innovative thinking. BPN's training stimulates us to design and shape our own business model, as we do when we build a puzzle from different pieces. The coaching and training helped me advance not just one level, but many levels in a short period of time.



**Ms. Sanjmyatav Baigalmaa,**  
CEO, Batbaigal Bakery LLC

I am the owner of a bakery business that has been running for 26 years in Ulaanbaatar. I first heard about the SME Development project in 2013. I was inspired by the project's goal to support SME and learn from Swiss business experience.

Through this project, I learned skills such as finance management, stock management, and overall business management. The project helped us identify and retain our customers while implementing environmentally friendly practices that reduce waste. Additionally, the coaching and training we received were instrumental in helping us control all functions of the business, like the cockpit of an airplane.

One of the most significant changes resulting from my participation in the SME Development project was gaining a deeper understanding of my business vision and ethics. Previously, my primary goal was to make a profit, but through the project, I learned how to run my business at a professional level. As a result, we have experienced growth. I have now transferred the management of the business to my children, who also attended the training and gained valuable skills.



## Collaboration and adaptation: Lessons learned from the SME Development project in Mongolia.



**Ms. Sanjaasuren Tsevegsuren,**  
CEO, Plastic Center LLC

I manage a business that processes waste plastic bags into liners, to replace concrete protective liners. We started in 2016, and our goal is to have 39 employees by the end of 2023 as we expand our production line. My father founded the business, but I'm now running it with my two brothers.

I first got involved in the SME Development project in 2017. I had no knowledge or skills in business, as my background was in sports journalism. Initially, I wanted to get a loan, but the coaches changed my perspective on what I needed to succeed.

Through the project, we received coaching and training on how to run a business ethically and in an environment-friendly way. I also learned about business discipline, financial management, and business management. We eventually received a green financing loan from a commercial bank, which was affordable for our business, after preparing everything very well.

Personally, the project taught me good business discipline, and my brothers and I now have well-designed roles and responsibilities, which help us make transparent and ethical decisions. Without the support of the project, I think I would have been stuck seeking a loan without any clear direction. The project has given me the right tools and knowledge to succeed.

### **Building local capacity is key for the success of an SME Development project.**

As Mr. Epper reflects: "looking back, it was a mistake to have tried all service delivery by ourselves, without building local capacity- there was far too little capacity on the ground. We learned it via the mid-term review who were otherwise positive about the project. From 2018 onwards BPN changed and built-up local capacity where Mongolians act as trainers and coaches. Currently there are 8-10 team members in Mongolia who are the local capacity of BPN on-site."

### **The cooperation was a learning journey for both BPN and SDC. Collaboration is mutually beneficial but requires adapting ways of working on both sides:**

For SDC, working with a private sector partner requires to be agile and adaptable. For the private sector, working with an organisation such as SDC means adapting to monitoring, evaluation and accountability requirements that differ substantially from their usual practices. "There were non-negligible differences in the values and corporate culture of SDC and BPN.[...] Building trust and confidence is vital for the collaboration to be mutually beneficial. Because the public and private sectors speak different languages, the first step should be to establish a common language." Zayasaikhan Dugeree – National Programme Officer, SDC Mongolia

### **Collaborating with SDC is an opportunity for Swiss businesses to enter new markets, form local partnerships, and benefit from government collaboration.**




SDC offers contextual knowledge and experiences. However, there is no one-size-fits-all recipe for project implementation. Partners such as BPN must be ready to adjust their approaches to the context of the country. In Mongolia, BPN had to adapt their training and coaching delivery methods, by deploying more Swiss and Mongolian experts. The loan scheme also had to be adapted to meet local needs and requirements.



SCAN ME



SME project  
video

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