Product Rollout:  
A Toolkit For Expanding A Tested Product Throughout The Market  

Trainers Manual, Day 1

Based on The Rollout Toolkit prepared by
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This training manual needs comments from trainers to provide additional training tips, examples and ideas! Your thoughts and comments are anticipated and welcomed for the next version.

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Trainer’s Guide

Welcome to the MicroSave Rollout of Financial Services Training Curriculum. This guide is meant for those people who have taken the MicroSave Product Rollout training course and are going to reproduce the training elsewhere – or are going to “live it” by rolling out a financial services product within their own organisation. The guide provides comprehensive session plans and also offers the experiences of some of our research partners, staff members and trainers who have used the information herein to rollout financial services in the microfinance context.

It is intended that the trainer delivering this course will be familiar with Rollout of Financial Services as well as being a capable trainer. However, for those who may want to brush up on their training skills, there is an accompanying manual (or Microsoft Word file on CD) specifically discussing training skills and training issues. There are many other training manuals which the trainer may consult, including the “Participatory Learning & Action: A Trainer’s Guide” of the IIED Participatory Methodology Series.1 Several of the “Ice Breakers, Refreshers, etc.” come from these manuals.

There’s already a Rollout Toolkit on the MicroSave Website. Why is there a training manual also? Some people will read the Rollout toolkit that is on our website and find that to be enough for their organisation to go forward with a Rollout exercise. However, we have had many people and organisations who asked for a training course as well. Some people feel that it is faster and easier to train all the members of a potential Rollout team in the process at once. This way they will literally all be “reading from the same page”.

Who should I be training?
You may choose (or be chosen) to train this course for different types of participants. Each will have different positives and challenges.

Training an MFI’s potential Rollout team:
Training the potential members of the Rollout team in one MFI is the ideal training situation. All exercises will be directly relevant and useful in the immediate future – they will be developing the actual preparatory work needed for Rollout within the MFI. For the trainer, all examples would require tailoring to directly address the needs of the one MFI. However, because the MFI team will be using the training as also an actual worksite, it may take slightly longer than the timings given here.

Training potential Rollout team members – multiple MFIs:
It may not be feasible (cost, time, number of requests) to train just one organisation. The trainer should insist – as much as possible – that the MFIs must send at least three or four members of the “inner core” of the Rollout team to the training. Training the key members of the team will show that the MFIs are serious about the training and will allow the teams to breakout into their own organisations, performing the exercises as relevant to their own MFIs. It may also provide for interesting and rich discussion between MFIs as to why/how their responses to the various exercises differ. But, beware – if your clients are in the same market, they are not likely to go into the details about their rollout strategies – it simply wouldn’t make sense to give your competitors such an edge!

Training individuals:
It will be more difficult to provide this training to many individuals from many different organisations. If this is the case, the training should be handled more like a Training of Trainers as these individuals should be responsible for taking back the information to their organisation in order to train up the Rollout team and management on how to plan and conduct the Rollout within their respective MFIs.

Training consultants:
It will be more difficult to provide this training to consultants from many different organisations. If this is the case, the training should be handled more like a Training of Trainers as these individuals should be

1 They can be reached at International Institute for Environment and Development/ 3 Endsleigh Street, London, WC1H ODD, UK

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responsible for taking back the information to their clients (MFIs) in order to train up the Rollout team and management on how to plan and conduct the Rollout within their respective MFIs. Sometimes, you may also find yourself training policy makers and/or wholesalers and much of what is said has been said for individuals and consultants applies in such situations.

What do I need to tell my participants need to bring with them?
The trainer must insist –and ensure- that the participants to the course are coming to learn and “do”. They are not coming to learn how to do it much later, after they return to their organizations. Therefore, this course is limited to MFIs and participants who are ready – or almost ready – to do a Product Rollout. The amount of information “lost” in the long delay between the training course and an actual Product Rollout dictates that this training follows directly on an actual Product Rollout in the field. Thus, the participants must bring with them laptops that ideally have been loaded with all the information that they will need for the Product Rollout. The key is to have as much detailed information as the organisation is comfortable providing.

What do I need from MicroSave for the Training?
This manual is intended to be utilised with several accompanying documents, all of which are located on the MicroSave resource CD or website msa@MicroSave.org:

Manuals:

Participants’ Toolkit:
MicroSave’s Product Rollout Toolkit for MFIs. The toolkit is a step by step guide for participants to ensure that they plan and conduct the Product Rollout exercise in the most efficient and effective manner. The toolkit provides handouts, examples and checklists for various steps in the process. The trainer should make sure that the toolkit can be downloaded to the participant’s laptops (or sent via email).

Handouts:
An electronic folder of handouts is included. There are two kinds of handouts:
1) Information handouts which replicate and/or add to information in the toolkit; and
2) Exercise handouts which will require participants to work on problems and exercises during the workshop.

Slideshows:
The slideshow folder is again separated by suggested training sessions. This course can be trained in several ways, as discussed herein. Ensure that you have the slideshow in the format most useful to you. Slides can be printed onto overhead slides and utilised with an overhead projector. However, due to the number of slides, the amount of text, and the “animation” of slides, it is highly recommended that the trainer utilises an LCD projector, if one can be located (and electricity is available, etc.). Many participants request that they are provided with a copy of the slideshows at the end of the course, which the trainer is free to provide to them.

Practical Examples
Practical examples have been provided throughout the course based on the experience of MicroSave with its Action Research Partners. The trainer should review the practical examples and where possible supplement or replace the examples given on the basis of his/her experience. Providing examples based on experience adds considerable value to the course, especially where examples are contextually and culturally appropriate for those being trained.
What else do I need for the Training?
To conduct the training you will need:

- A digital projector, although an overhead projector could be used.
- Some knowledge of PowerPoint: The slideshows may need some “customisation” – inserting the course schedule for example, customising exercises to meet the needs of the MFI being trained, adding local terms for savings and credit, the names of the MFI being trained, etc. The trainer should be very familiar with the slideshow, running through it several times before the training starts. This will help him/her note when to “click” onto the next slide and to understand the kind of “animation” that is on each slide. Generally, the animation should NOT be too complex or distracting, but the trainer may choose to eliminate all animation as well (see box).
- Standard Training Room items: flip chart stands, flip charts, marker pens of various colours, hole puncher, stapler, masking tape, etc.
- Workshop materials for participants: Encourage them to take notes in their manuals (so pads of paper may not be needed) so they will remember the discussions better when they get back to their offices. However folders will be helpful considering the number of handouts and exercises that there will be during the course. It may be helpful to have pens, pencils, erasers, etc.
- Computers (ideally 1 for every 3-4 participants) to run the exercises. Participants should be encouraged to bring their own computers (laptops) to allow them to complete much of the initial planning for their Product Rollout on their own machines.

How do I use this Training Guide?
The training guide is, hopefully, self-explanatory.

Each session provides the Trainer with the Session Objectives, Time, Methods, Materials, Slides Overview and Process and FAQs with illustrative examples, where appropriate:

- The **time** that each session will take is flexible depending on the trainer, the number of participants, skill levels of the participants and whether or not the participants are all from the same organisation or from different ones.
- The **methods** simply alert the trainer as to whether the session is to be conducted as, for example, a presentation – which generally means the slideshow will be utilised, or as a breakout session and that breakout areas may be required.
- A list of all the **materials** that the trainer will need, above and beyond the list provided above, for the session is also included. Flipcharts, markers, tape should be assumed, even when not listed.
- The **slides overview** and **process** section provides just that – an overview of the slides in the upcoming session including the key aspects and process to be follow. Each session signs off with a list of **FAQs** relevant to the session topic and where necessary **illustrative examples** have been provided. It is not intended that the trainer memorises the text (then we would have added some of our standard jokes!), but rather that the trainer feels confident discussing the issues at hand. The trainer should bring in relevant examples from his/her own MFI experiences and **encourage participants to discuss their own experiences**. Adults generally learn better from “real life” rather than theoretical discussions.
- Finally, the trainer would find it very useful to become thorough with the actual toolkit and other resources like briefing notes, as they, apart from concepts and methods, also contain extremely valuable real world experiences, which could be very useful in conducting the training.

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Finally, the trainer will find the following **SYMBOLS** in the manual to signify different things.

The *idea* symbol means that you will find comments from our experienced staff and certified trainers. More comments, questions and ideas can be directed to *MicroSave*, their research partners or their trainers by using the e-mail addresses on the front of this manual, or accessing the website.

Offers training suggestions – trainer could try brainstorming, trainer could lecture, etc.

This symbol helps the trainer find the exercises that are in each session.

### Preparing Your Slideshow

*MicroSave* has “hidden” slides within each training. These will not appear when you are doing the slide presentation, but they provide additional details and more information from the toolkit. It is your job as a trainer to go through the slide presentation and decide which slides to “unhide” for greater depth in a particular session. Likewise, you may choose to hide some slides that are not as relevant to your audience. See the box at right for the steps to hide or unhide a slide.

**Also, when printing out the slides you need to be careful to uncheck the box that says “Print Hidden Slides.”** Otherwise all the slides will be printed for your participants and they will have a difficult time following your presentation (because you will skip over several slides).

### Preparation for Training

You have chosen your participants for the course (or they have chosen you!) and you have:

- **COSTED** and **CONTRACTED** the training and agreed with the MFI the number of days for training and follow-up; you have sub-contracted additional trainers and assured that all contracts and TORs are prepared.
- Sent, via e-mail or hard-copy, all the “pre-course” handout files to your participants, if there are going to be any.
- Sent via e-mail and/or hard copy, a letter requesting that the participants bring laptops, MFI financial statements and all relevant information to ensure that the training is as useful and “real-life” as possible. Sample e-mail and preparation guidelines are enclosed as **annex 1 and annex 2** to this manual (end of trainer’s manual day 2).
- Chosen an appropriate venue (steady supply of electricity, enough room for “breakout groups”, etc.) and seating plan for the number of participants you will have (a “U” shaped seating arrangement; 6 tables angled towards the front, etc.).
- Ensured that participants are all in the process of doing a **Product Rollout** and have the appropriate information available to them on the laptops that they will be bringing with them.
- Copied, bound and prepared all the manuals and handouts.
- Practiced with the slideshow so that you are confident how to use it.

### Alternative Lesson Planning

Especially if you are working with only one MFI, you may be called on to deliver this training in stages. For example, you may want to train “Day 1” on a Monday and allow them the rest of the week to complete the Steps covered in Day 1. The following Monday you may train “Day 2”, etc. If you do
choose to train in this way, be aware of timing issues. You will need to take some time in the morning to review the work of the participants in the prior week. You may need to provide an hour or so to allow them to finalise the information that they produced over the prior week. This will necessitate some changes in the timing of each training “Day”.

It is not recommended that the training be compressed into a very short time period nor overly extended. The “Days” have been calculated to allow the team plenty of time to work in detail on their MFI’s own needs for Product Rollout. Compressing this time may lead to confusion, and extending it may mean that the group is spending too much time in an “academic” setting and not enough time “doing it”.
Session One

Participants Introduction and Overview

Session Objectives:
- Get to know all participants, their organisations and their roles within their MFIs
- Understand what is expected of them, and what they expect from the course
- Provide an overview of the course, its outline and schedule

Time: 30 Minutes

Methods:
- Presentation
- Expectations exercise

Materials:

Slide Show:
- PowerPoint Presentation entitled “Session One” – customised by the trainer with the course content pages.
- This session consists of approximately 9 slides (Slide numbers 1 – 9 in Day 1 PPT file)
- Flash cards for understanding participant expectations
- Marker pens

Handouts:
- Handout Course Timetable
Overview: This session welcomes the participants to the course and gives them an idea of what to expect over the next two days.

1. Opening Remarks
   Time: 5 minutes
   Slides: 3 (including 2 introduction)

   Welcome participants and introduce facilitators. Read the session objectives – as you will do in each of the sessions. It is useful for the trainer to know those participants who have had previous experience in costing and pricing, especially to form working groups for exercises. Ask participants with prior experience of costing to discuss what they have done, this will enable you to bring them into the discussion during the course of the workshop.

2. Suggested Ground Rules
   Time: 3 minutes
   Slides: 1

   The trainer may choose to add/subtract ground rules from the list on the Power point show. The slide is animated to give time to the facilitator to clearly spell out the suggested ground rules. The workshop group should not only be allowed to frame the rules and penalties but also be held accountable so as to follow the rules and/or enforce penalties specified in a pleasant manner.

   The trainer may ask the participants what their expectations are for this course. However, as the selection process should be quite rigorous, the participants should know what to expect – and be ready to start working! Please make sure that the participants write down one expectation in each flash card in large and legible handwriting and also that they use the appropriate marker pens. At this point, while the main facilitator is explaining and talking to the participants, the co-facilitator can look through the completed flash cards and group the responses together and see if the expectations listed by the participants are being met through the workshop.

3. Overview of Course/ Course Outline/Other Resources
   Time: 20 minutes
   Slides: 4
   Handout: Course Schedule or the timetable that you have created yourself.

Course Overview:
This course will be covering the various stages of rolling out financial services. We have broken the rollout process down into twelve steps, and we have arranged the training sessions along the twelve steps. We will have exercises in each of these sessions to ensure that we all understand the concepts being discussed. The trainer should ensure that the participants realise that the lessons in this course will apply to a broad range of microfinance products, not just the specific one being tested now and/or today. The twelve steps of rolling out a financial service are shown in a flow chart/diagram on the following page. We will be going into each of these steps throughout the course, and we will be Introducing rollout in more detail in the next session.

Briefly highlight the course outline. Do not go into detail here, this will be gone over in much more depth in the each of the respective sessions throughout the training. Highlight those expectations that are being met – this would require categories of participant expectations being matched with those topics on the slides, which the facilitator can describe briefly in one or two sentences. Mention that it may be possible to discuss some outstanding issues outside of the sessions (during tea/lunch breaks etc).
For now, let us simply look at the flow chart and realise that at the end of these steps (Step 12: Assessment), the rollout team will have to reach an important conclusion:

**Whether the rollout has shown that the product is successful and we will roll out the product to our other MFI branches….**

However, rollout is rarely that smooth. In many cases, we will discover upon assessment that there are changes that need to be made in the product, putting us back into the middle of the process (re-doing the financial projections, making some changes to the delivery mechanisms, re-training staff in how to market and deliver the product, etc.).

4. Other Resources
   Time: 2 minutes
   Slides: 1

The trainer needs to briefly talk about these documents and also highlight which of these are in the course material given to the participants. The trainer could also briefly identify web or other resources (e.g., MicroSave Website, MicroSave Resource CD, CGAP Microfinance Gateway etc) from where the participants could gain access to similar materials. The slide is hyperlinked and clicking the links will display the respective documents and/or resources on the screen, live in the workshop.

**Q: What are the twelve steps in rolling out a product?**

The Launch and Rollout phase is divided into twelve steps:

- **Step 1:** Formation of the team with Terms Of Reference
- **Step 2:** Preparation for the Rollout.
- **Step 3:** Organizing the Rollout Process.
- **Step 4:** Setting Objectives for the Rollout.
- **Step 5:** The Rollout Protocol.
- **Step 6:** Product Costing and Pricing.
- **Step 7:** Financial Planning.
- **Step 8:** Systems Planning and Installation.
- **Step 9:** Staff Training.
- **Step 10:** Marketing.
- **Step 11:** Launch Day Activities.
- **Step 12:** Assessing the Rollout.

By following these steps, your MFI will be able to control the rollout process. It enables full participation, the potential for rapid trouble-shooting, effective and efficient feedback, and professional management of the product.

**Q: How Do We Use the Information in this Training Manual and Workbook?**

The following sections will describe each step in detail and offer examples and worksheets so that your MFI can begin the rollout process right away. We suggest that management read through all the steps carefully before beginning the rollout process. Use the worksheets as you go along, modifying, where necessary, for your institution’s particular needs. Use the checklists (in the manual) at the end of each step to be sure you have covered all the steps completely. Once the rollout team is formed, members will generally be assigned to different steps for completion. Some steps or parts of steps must be completed before others while others can occur in parallel.

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Form a Rollout Team with TORs

Preparation for the Rollout (Capacity Assessment and Risk Analysis)

Organize the Rollout Process

Set Objectives for the Rollout

Produce a Rollout Protocol

Product Costing and Pricing

Draw up a Financial Plan

Recruit, Induct and Re-train Staff

Plan and Structure your Systems

Draft and Implement a Marketing Plan

Roll out the Product

Continuous Assessment

Launch the Product

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Session Two

Introduction to Rollout

Session Objectives:
- To provide a brief introduction to the key steps in rolling out (pilot) tested financial services to low income clients
- To facilitate an understanding of the strategic issues for rolling out financial services, especially in the context of the systematic product development process

Time: 60 Minutes

Methods:
- Presentation
- Questions and Answer Exercises

Materials: Slide Show:
- PowerPoint Presentation entitled Session Two
- This session consists of approximately 14 slides (Slide numbers 10-23 in Day 1 PPT file)

Handouts:
- None
Overview:

1. Introduction to Rollout
   Time: 5 minutes
   Slides: 1

Roll out refers to the whole process of moving a product from the successful conclusion of the pilot test, to the point where it is fully operational in all desired locations, and has an established continuous feedback loop providing data for management decision making. It is a process, with multiple steps, whether it is a new or restructured product that is being considered. Rollout is much more than simply the launch of the product. It includes the preparation leading to the launch, the launch itself, and product management after the launch, all of which are equally important, and all of which will be addressed in this toolkit.

Q: What is rollout?

Collins Paperback English Dictionary offers that “to rollout” means “to spread or cause to spread out flat or smooth.” The dictionary also notes that rolling out can be “to walk with a swaggering gait, as when drunk.” For example: “He rolled out of the bar, staggered, and fell flat on his face.” Or another: “After they finished their pilot test, they rolled out their savings account to all branches at once. Then they stumbled around trying to regain control, and fell flat on their faces.” Both definitions can fit with product rollouts. We have seen them where the product is spread out smoothly, and we have seen them when the organization looks like a swaggering drunk within its market.

Q: How does rollout differ from project launch?

Often, MFIs look at rollout as simply the “Product Launch”. They may go through all the other product development steps leading to rollout. Then they plan a big launching event where top executives and invited politicians say nice things about the product. Then it is over. The team goes home and works on the next launch, not looking back where it has been rolled out before. In a dramatic example of this, at the end of its launch event one institution pulled down its product banners, distributed all its product brochures, and went back to the head office.

When we speak of rollout we are talking about the whole process of moving a product from the successful conclusion of the pilot test, to the point where it is fully operational in all desired locations, and has an established continuous feedback loop providing data for management decision making. It is a process, with multiple steps, whether we are considering a new or restructured product.

Rollout is much more than simply the launch of the product. It includes the preparation leading to the launch, the launch itself, and product management after the launch, all of which are equally important, and all of which will be addressed in this toolkit.

2. Product Development and Rollout
   Time: 25 minutes
   Slides: 4

The product development process does not come to an end with roll out. It is an ongoing continuous process, which should never come to an end. The rollout process begins with the formation of the rollout team and is completed with the product launch.
Q: Where and how does rollout fit into the framework of product development?

In a sense, rollout comes at the very end of the long process of product development. This is only in a sense, because product development and redevelopment is a continuous process as shown in Diagram 1: Systematic Product Development Process.

All products must be continuously assessed based on client and institutional responses, as well as the overall position of the product within the market. When this is not done, the institution may not recognize, for example, that a competitor is overtaking them because their product is more closely aligned with client’s needs, or that their own systems are becoming less and less able to absorb the strain of the new product.

In assessing these core elements, we often use a variety of qualitative research tools, including Participatory Rapid Appraisal (PRA) and focus group discussions (for both clients and staff)², as well as quantitative assessments of client, institutional, and market share information.

Diagram 1: Systematic Product Development Process

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I. Evaluation and Preparation
   Analyse the institutional capacity and “readiness” to undertake product development
   Assemble the multi-disciplinary product development team, including “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

² For more on these approaches, see MicroSave’s “Market Research for MicroFinance” toolkit.

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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 manual 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 roll out through the roll out protocol including schedule, location, tracking, budget, process
5.4 Prepare for roll out, install and test systems, finalize procedures manuals, develop marketing materials, train staff etc.
5.5 Monitor and evaluate roll out process and results

Q: Can you show me what the product development process looks like?

Yes. Take a look at Diagram 1: Systematic Product Development Process. Note how Evaluation & Preparation, Market Research, Design, Pilot Test, and Rollout operate in a continuous loop, and all of these elements are in an interactive relationship with Customer Needs, Institutional Strengths and Competitive Positioning. It is important to remember that awareness of Customer Needs, Institutional Strengths, and Competitive Positioning must inform and shape product development at each step of the process.

Diagram 2: Product Development Process Overview, provides a much more detailed approach to new product development. Although it appears to end with “Monitor and Evaluate Results”, note that this is really the equivalent of “Undertake Primary Research” in the Market Research step, and the process loops continuously from there.
Diagram 2: Product Development Process Overview

Product Development Process Overview

- **Analyse Institutional Capacity**
- **Assemble Product Development Team**
- **Define Research Issue**
- **Analyse Secondary Data**

**Evaluation and Preparation**

- **Costing & Pricing**
- **Map out Processes**
- **Concept Definition**
- **Undertake Primary Research**
- **Analyze Institution-Based Data**

**Concept Design**

- **Verify Legal Compliance**
- **Refine Concept to Prototype**
- **Quantitative Demand Analysis**
- **Financial Projections & Objectives**
- **Pilot-Test Protocol & Preparation**

**Prototype Testing/Design**

- **Monitor & Evaluate Results**
- **Financial Projections & Objectives**
- **Manage Transfer to Operations**
- **Prepare Recommend’n Letter**
- **Monitor & Evaluate Results**

**Product Launch and Roll-out**

- **Systematic Pilot-Testing**
3. **Key Rollout steps and MicroSave Toolkits to support this systematic Rollout process**

   **Time:** 30 minutes  
   **Slides:** 9

**Q:** What are the various steps involved in the launch and rollout phase?

The Launch and Rollout phase is divided into twelve steps:

**A. Preparation**

   **Step 1:** Formation of the team with Terms Of Reference  
   **Step 2:** Preparation for the Rollout.  
   **Step 3:** Organizing the Rollout Process.  
   **Step 4:** Setting Objectives for the Rollout.  
   **Step 5:** The Rollout Protocol.  
   **Step 6:** Product Costing and Pricing.  
   **Step 7:** Financial Planning.  
   **Step 8:** Systems Planning and Installation.  
   **Step 9:** Staff Training.  
   **Step 10:** Marketing.

**B. Launch**

   **Step 11:** Launch Day Activities.

**C. Follow-up**

   **Step 12:** Assessing the Rollout.

This toolkit will assist users to navigate these twelve steps. Because of the critical nature of the Recommendation Letter as the foundation for rollout, that will also be reviewed in detail.

**Q:** Why All These Steps?

A carefully planned rollout:

- Reduces risk of failure  
- Allows you to organise resources and optimise their use  
- Saves money  
- Ensures full and effective management and staff buy-in  
- Is a worthwhile investment.

**Q:** How do we use this tool kit?

This toolkit will take readers through the steps required to manage an orderly and controlled rollout of their product. We have included many examples to help users understand the steps, sample forms to use in the process, and numerous other aids designed and tested to help MFI management manage the rollout process.
Q: When does rollout begin?

Rollout actually begins during the pilot test phase when the Pilot Test Team compiles the recommendation letter and its attached handover document. This handover document forms the basis of the rollout activities. The rollout process then moves through preparation and launch, and continues through management of the product, even after the product has reached a stable state.

A stable state should come once the product is available in all branches that are deemed appropriate (not necessarily all branches), the product is growing at a rate reasonably close to projected, systems are operating at or above expectations, and staff, management, and clients are reasonably happy with the product.

Q: When is rollout, and the product development process, finally over?

As noted in the product development diagrams, the end of rollout does not mean the end of the process. Both Diagrams 1 and 2 illustrate that the product development process loops continuously. The next phase, building on lessons and knowledge from the rollout, is one of evaluation, adjustment, and reevaluation. However, the continuing assessment of the product should never end. In fact, it simply cannot be said that the product development process is ever over if an institution wants to maintain a client-focused, growing and vibrant product line.

Documents and courses offered by MicroSave take MFIs through the whole process shown in Diagram 2: Product Development Process Overview. Courses and toolkits include:

1. Market Research for MicroFinance,
2. Costing and Pricing of Financial Services,
3. A Tool Kit for Planning, Conducting, and Monitoring Pilot Tests for MFIs,
4. Product Marketing Strategy
5. Institutional and Product Risk Analysis

Using these toolkits and courses, MFI management can bring their institution to the brink of rollout. This rollout toolkit can guide MFIs through this next step in the process.
Session Three

Step 1 Rollout Team and Term of Reference

Session Objectives:
- To facilitate participants to understand critical issues related to creating and composing the rollout team
- To get them started with regard to composing the rollout team in their own organizational context
- To enable participants to understand the importance of having Terms of References (ToR’s) for the rollout exercise and also facilitate them to draft such a ToR

Time: 60 Minutes

Methods:
- Presentation
- Questions and Answer Exercises
- Buzz Group Exercises
  - Exercise 1.1 – Selecting the rollout team,
  - Exercise 1.2 – Identify your team and
  - Exercise 1.3 – Draw up your ToRs

Materials:

Slide Show:
- PowerPoint Presentation entitled Session Three
- This session consists of approximately 12 slides (Slide numbers 24-35 in Day 1 PPT file)

Handouts:
- Handout 3.1 Assembling the Team
- Handout 3.2 Terms of Reference
Overview:

1. **Selecting the Rollout Team**
   
   Time:  30 minutes (including exercises 1.1 and 1.2)
   Slides:  6 (including 1 introduction)

### Q: Who should move from the pilot test team to the new rollout team?

For pilot testing a Pilot Test Team was composed from all relevant departments to facilitate both the efficiency and effectiveness of the Team as well as to build a knowledge base within the departments. Full Pilot Test Team participation is not necessary once rollout commences.

**Table I.1: Rollout Team Members**

<table>
<thead>
<tr>
<th>Pilot Test Team Skill Areas Required</th>
<th>Pilot Test Team Skill Areas Required for Rollout</th>
<th>Operations Staff Required</th>
<th>New Rollout Team Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product Champion/Team Leader</td>
<td>Product Champion</td>
<td></td>
<td>Product Champion</td>
</tr>
<tr>
<td>2. Finance/Accounting</td>
<td>Information Technology</td>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td>3. Information Technology/MIS</td>
<td>Information Technology</td>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td>4. Marketing</td>
<td>Marketing</td>
<td></td>
<td>Marketing</td>
</tr>
<tr>
<td>5. Training</td>
<td>Training</td>
<td></td>
<td>Training</td>
</tr>
<tr>
<td>6. Operations/Management</td>
<td>Departmental Senior Management</td>
<td></td>
<td>Departmental Senior Management</td>
</tr>
<tr>
<td>7.</td>
<td>Departmental Product Manager / Team Leader</td>
<td></td>
<td>Departmental Product Manager / Team Leader</td>
</tr>
<tr>
<td>8. Operations/Frontline</td>
<td>Departmental frontline</td>
<td></td>
<td>Departmental frontline</td>
</tr>
<tr>
<td>9. Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Audit/Controls</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Q: Who is a product champion?

The *Product Champion*, who is a senior member of management, is retained because s/he is the person who best knows the product and has managed the coordination through to the current point. However, during the transition phase the leadership of the overall Team must shift to the person who will be responsible for the product within the department. This transfer of leadership should occur soon after the recommendation is approved and at the discretion of the *Senior Departmental Manager*.

### Q: Who should be in the rollout team?

The Rollout Team composition will include *Marketing* and *Training* since these are the most critical areas outside the department.
MIS remains on the Team if the product is computer-based because of the intensive input required by MIS in ensuring that systems are fully tested and operational in all new sites.

It is also likely that some of the staff of the operations department who participated in the Pilot Test Team will be included on the Rollout Team as representatives of the department.

The finance, research, and audit representatives have been removed from the new Rollout Team. This is not to suggest that these departments no longer have a role with the product, simply that their role should be institutionalized based on activities from the pilot test. Their processing and monitoring roles remain critical. However, it is unnecessary to have these representatives attending Team meetings unless there is a specific issue the Team needs them to address.

**Q:** What is the responsibility of the rollout team?

Once the Board approves the new product rollout, the Rollout Team’s responsibility is to get the product rolled out throughout the institution (or those parts of it as determined by the board). The departmental representatives are specifically charged with the implementation of the product. Marketing is charged with development and implementation of the marketing plan. Training is responsible for the full training of all staff on all relevant aspects of the product. MIS is charged with ensuring full functionality of hardware and software systems including installation, testing, and connectivity (where required).

**Q:** What happens to the pilot test team leader?

The Pilot Test Team Leader or Product Champion often works very hard to get the product through the process and to the rollout point. He has developed a great deal of knowledge about all aspects of the product. The transfer of a product often requires the development of new capacity to manage the product within the departmental home. Recognizing this high level of product knowledge in the Pilot Test Team Leader, and the need to develop that same capacity within the department, many companies, if they are able given their size, will shift the Team Leader to the departmental home and then make him the product manager for the product.

This strategy offers the institution a new path for staff development and an opportunity for management to assess the abilities of the Team Leader in a temporary position before moving him to a new, permanent position. This allows for a maximization of efficiency, and the smoothest possible transition for the product.

**Q:** Do we need a terms of reference for the rollout team?

Yes. A good starting point for the Rollout Team is to prepare a Terms of Reference (TOR). The TOR for rollout is much like the one developed prior to commencing the Pilot Test. The Terms of Reference is a formal document that outlines the highlights and recommendations of the Pilot Test activity, as well as specific tasks, obligations and expectations of the Rollout Team. The TOR will be structured in several sections to clearly define the role, responsibilities and resources of the Team.
**Exercise 1.1**

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Selecting the Rollout Team</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional (organisational) groups</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>2 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>

**Tasks:**
1) In organizational groups, select Rollout Team members: Who are you going to want on your rollout team?
2) Discuss in Buzz-groups Then GET back to plenary to create the definitive list

**Handouts:** Handout 3.1 Assembling the Team

**Facilitator’s Role:** The focus here is on departments and positions rather than specific individuals

**Exercise 1.2**

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Identify Your Rollout Team</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional groups</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>2 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>

**Tasks:**
1. Identify and list the members of your product rollout team
2. Specific names are required from your organizational context

**Handouts:** Handout 3.1 Assembling the Team

**Facilitator’s Role:** The focus here is on specific individuals

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2. **Drafting the Terms of Reference (ToR)**

   **Time:** 30 minutes (including exercise 1.3)
   **Slides:** 6

   It is critical to have a Terms of Reference (ToR) for the Rollout Team. This should be a formal document outlining:
   - highlights and recommendations of the Pilot Test activity,
   - specific tasks,
   - obligations and expectations of the Rollout Team.

   The ToR should be structured in several sections to clearly define the role, responsibilities and resources of the Team.

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Q: What are the key components in the term of reference for rollout?

Section I: Background of the Relevant Project, Desired Results, and Activities:
Section One summarizes the work that has already been completed, especially the pilot testing and explains the motivations and objectives of the product in both general and specific terms.

The General Background notes the history of the product concept and product design, and the pilot testing and highlights of the Letter of Recommendation. This section should specify how the general need for the new product was discerned and how it performed in the pilot test.

The Specific Background identifies the desired results for rollout of the new product in relation to both market and institutional needs. Additionally, it should indicate the MFI’s desire to make its operations more efficient and reduce costs.

Section II: Description of Required Activities:
This section of the TOR describes the activities required of the Rollout Team. It lists specifically the actual activity for which the Team is composed, the rollout plan, the composition of the Team, and Team Leader.

Section III: Duration and Timing:
This section stipulates the time frame for the Rollout. It indicates the guidelines for when the rollout is to begin, and how it will progress.

Section IV: Monitoring/Progress Control:
This section assigns accountability for the test and its outputs.

Section V: Definition of Expected Outputs/Results:
This section defines the products expected of the Rollout Test Team. It could also include when key reviews of the rollout will be scheduled, what reporting will be required during rollout.

Finally, this section should reflect the consequences in the case of non-compliance with the guidelines of the TOR.

Section VI: Budget:
This section outlines the budget for the Rollout and thereby clarifies the resources required. Although it may be more accurate to complete a budget inclusive of the costs of management and staff time, the budget advocated here is an incremental budget, which records only the costs that are additional to the company because of the rollout.

Finally, the Managing Director (or equivalent) and the Team Leader should sign the TOR. Copies should be distributed to all members of the Rollout Team, and posted in private staff areas of all branches and departmental offices so all within the MFI are clear about what is happening. You do not want to post this in public areas of the branches because that would only serve to incite questions and agitation from non-pilot test branch customers.
Remember that a Terms of Reference, as with any communication designed to illicit action, should always include the following keys:

- Identify the desired results
- Indicate the guidelines
- Reflect the consequences
- Assign accountability
- Clarify the resources

Q: Is there a checklist to follow with regard to composing the team and the terms of reference?

Have You ...

- Selected and secured the agreement of your Rollout Team members?
- Developed a Terms of Reference for the Rollout Team?
- Got Senior Management/the Board of Directors to sign off on the Terms of Reference for the Rollout Team?

Exercise 1.3

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Draw-up Your ToRs</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional groups</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>10 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>
| Tasks:          | 1. Draw-up the 1st draft ToRs for your Rollout  
|                 | 2. Discuss and amend them when you get back to the office |
| Handouts:       | Handout 3.2 Terms of Reference |
| Facilitator’s Role: | Facilitator should move around and assist the various institutional groups |
Session Four

Step 2: Preparing for the Rollout

Session Objectives:
- To facilitate understanding on what preparation is required for rolling out financial services products
- To enable participants to understand the importance of assessing institutional capacity for product rollout and facilitate them to perform such an analysis in their own strategic context

Time: 75 Minutes

Methods:
- Presentation
- Question and Answer Exercises
- Buzz Group Exercises
- Exercise 2.1 - Assessing capacity for rollout
- Exercise 2.2 - Information and documentation required for hand-over
- Exercise 2.3 - Analysing risks for product to be rolled out

Materials:
- Slide Show:
  - PowerPoint Presentation entitled “Session Four”
  - This session consists of approximately 27 slides (Slide numbers 36 - 62 in Day 1 PPT file)

Handouts:
- Handout 4.1 Capacity Assessment and Questions to Ask
- Handout 4.1a Hand-Over Package
- Handout 4.2 Product Operational Risk Assessment
Overview:

1. **Preparing for the rollout and capacity assessment**
   
   Time: 25 minutes (including exercises)
   Slides: 7

   Like pilot testing and the other steps in product development, there is significant preparation required in planning rollout. It is more than deciding who to invite to the launch event and what the brochures will look like. Good preparation is essential to every successful rollout.

   *Capacity must be assessed and reassessed at every step of the product development process*, based on the experience and lessons learned from the previous step and a review of the new status of the organization. Many things can happen that can unexpectedly, if only temporarily, weaken an institution’s capacity for product development activities.

   **Q:** What is the first important aspect to consider?

   **On your marks . . . get ready . . .**

   Like pilot testing and the other steps in product development, there is significant preparation required in planning rollout. It is more than deciding who to invite to the launch event and what the brochures will look like. Good preparation is essential to every successful rollout.

   **Capacity assessment**

   The first thing to consider when planning the Rollout is if the institution has the capacity for rolling out this product.

   **Q:** Doesn’t a successful pilot test prove that the institution has the capacity for rollout?

   Not necessarily. *Capacity must be assessed and reassessed at every step of the product development process*, based on the experience and lessons learned from the previous step and a review of the new status of the organization. Many things can happen that can unexpectedly, if only temporarily, weaken an institution’s capacity for product development activities. Consider this example:

   In one company, at the start of the product development process, their capacity and potential for new products seemed strong. By the end of the pilot test phase, management had seen dramatic staff attrition - resulting in portfolio-at-risk dropping to PAR 30 = 10%. With new staff and middle management needing focus to clean up a serious problem, management decided to delay rollout of a new fixed asset loan product until the institution returned to stability and built additional capacity through training and experiential learning.

   Capacity may seem fine at one point, but MFIs can be highly dynamic with dramatic fluctuations in capacity. Continuous assessment of capacity, therefore, is prudent management strategy, and is especially important when considering rollout of a new product.
Q: What is involved in assessing our institutional capacity for rollout?

In assessing capacity, the MFI needs to look at several factors. Reproduce and use the table that follows in assessing your MFI’s capacity for rolling out a new product.

Q: What are the key questions to ask while undertaking capacity Assessment?

Table II.1:

<table>
<thead>
<tr>
<th>Capacity Assessment Areas:</th>
<th>Questions to ask:</th>
<th>Yes/No ?</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Institutional Strategy</td>
<td>Does the product still fit within the Company’s strategic plan?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Based on results from the pilot test, does the product satisfy strategic planning objectives relating to product return expectations?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>By the end of the pilot test did the product satisfy the product objectives in terms of growth, customer satisfaction, and product quality?</td>
<td></td>
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<tr>
<td>b. Financial Viability</td>
<td>Has the pilot test created any liquidity management problems that have not been completely resolved?</td>
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<tr>
<td></td>
<td>Is the institution’s Asset/Liability management team including the new product in its assessments, and is it projecting for the impact of full rollout?</td>
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<tr>
<td></td>
<td>Do the projections confirm an ability for effective management during and after rollout?</td>
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<tr>
<td></td>
<td>During the pilot test, has the impact of the new product on portfolio-at-risk, or savings volatility, remained within acceptable limits (as per policy guidelines and the strategic plan)?</td>
<td></td>
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<tr>
<td></td>
<td>Has operational efficiency of the new product improved during the pilot test and reached acceptable limits?</td>
<td></td>
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<tr>
<td></td>
<td>Is overall institutional efficiency projected to improve with rollout? Calculate this as Operational Expenses related to the new product over the average size of the portfolio (loan or savings). Calculate as month-to-month through the pilot testing period and review the trend.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do projections based on the reality of the pilot test show significant improvements in institutional profitability relating to the rollout of the new product?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Has the institution assessed the level of cannibalization of the new product on any pre-existing products, and has this been both deemed acceptable and included in rollout projections?</td>
<td></td>
</tr>
<tr>
<td>c. Organizational Culture</td>
<td>Is there an efficient feedback mechanism that provides the team with timely and complete data about the team and which leads to management utilization of that information in decision making? Cite examples in your consideration of this point.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Has pilot test staff closely followed the draft procedures manuals and adjustments to it and is the rest of the staff likely to follow the formal procedures?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are management and staff (at all levels) positive about the new product and their role in its implementation? If not, has an internal marketing plan been developed to mitigate problems this might cause?</td>
<td></td>
</tr>
<tr>
<td>d. Human Resources</td>
<td>Have the issues of change management within the institution been identified and addressed to minimize problems on rollout?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In some cases where a new product is significantly more efficient and designed to</td>
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</tbody>
</table>

3 The basic structure for this assessment is adapted from the “Guide to New Product Development Institutional Diagnostic”, by Zan Northrup and Monica Brand (ACCION, forthcoming).

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replace a more labour-intensive product, there will be issues of personnel redundancy. In such a case, does the institution have a plan to address this both initially in terms of staff morale, and in the long term with regards to addressing the redundancies and extracting the full value of the product?

c. Delivery Networks

Do the product delivery networks – from the product development team to the branch management to the front line, through the back office and to management – work efficiently? Have any weak links (frequently the front line to the back office) been fully addressed?

Are the delivery networks developed during the pilot test fully replicable to all branches where the product will be rolled out? If not, has a plan been developed to test whatever adjustments are required?

f. Systems

Are electronic or manual systems completely reliable for the pilot test?

Are front and back office staff fully confident about the ability of the system to manage the new product?

Based on the reality of the pilot test and the rollout projections, does the system have at least twice the capacity required to handle the projected transactional activity?

Has the audit department signed off on the controls related to the system?

MFI management should be able to answer all of these in the affirmative if the new product is really ready for rollout.

**Q:** What are the key considerations for a successful rollout?

Several key ingredients must be considered for a successful rollout. Without these, it will be very difficult to achieve success.

**a. Management commitment:** Management commitment is what allows the process to move smoothly towards success. When management is committed, key rollout personnel will not be diverted and they will have incentive to achieve.

A Tale of Two Rollout Branches, or: Why Management Commitment is Critical to Success

In a multi-branch microfinance institution, the growth numbers of a product being rolled out in one branch were significantly lower than anticipated. When asked why this was the case, the regional manager remarked: “If my boss (the operations director) does not like this product, why should I push for it?” Management’s open opposition to the product created a disincentive to rollout success!

In another case, an MFI branch demonstrated extraordinarily positive responses to a product being rolled out – significantly more positive than other branches of the same institution. The branch manager held training meetings for all his staff, and he emphasized his commitment to being the best branch for this product in the system. He even frequently sent his tellers out marketing when the front office was slow. If the tellers went out to market the product during lunchtime, he would give them lunch money from his own pocket. Strong commitment from the manager to both the product and the staff was very clear, not just through words, but through action. The result? A powerful team effort at the branch, and significantly stronger product growth than at all other branches.
b. **Project management skills**: Preparation, launch, and follow-up (the three components of rollout) become rather complicated when rollout hits different branches at different times. Managing and monitoring the pilot test in one or two branches carries its own complexities, but the controlled rollout of a product to tens or even hundreds of branches requires significant project management skills. Project management skills can help this process to move more smoothly.

One way to manage this process is through critical path analysis using Gantt or PERT charts. This analysis will help the MFI to identify the critical and non-critical steps required in the process of rollout. Understanding these and their timing will help the MFI to manage the process. A detailed example of Critical Path Analysis is provided in *Appendix 1: Critical Path Analysis* (with Gantt and PERT Charts).

c. **Flexibility**: Let us assume that you have tested the product in one, maybe two branches. Your team has worked out the issues and the product seems to be working fine. Now you are finding that every branch is unique, making each new rollout a bit different. These anomalies may result from:

- **Staff and management capacity, quality, or incentive.**
- **Market characteristics** such as local competition or market density.
- **Cultural issues** such as who should promote the product in the community (sometimes government officials are the right people, other times they are completely wrong, and you should use local business or tribal leaders instead).
- **Infrastructural issues** such as the ability to keep a computer running for a new computer-based product.
- Potential **client perceptions** of the MFI/bank or its products.

All of these issues require flexibility on the part of the Rollout Team.

Although the product will remain essentially the same, the team will need to assess each particular rollout branch and address its anomalies before finalizing the rollout plan with them. Without flexibility in implementation, the product will have difficulties as it is rolled out in individual branches. This is not to say that the core product attributes and procedures are to be changed at each rollout location. These are fundamental to the product and cannot be changed. What can be altered is the way the product is marketed, the way the staff and management are trained and provided with incentives, and the satisfaction of infrastructural requirements.

d. **Infrastructural implications**: When assessing the individual branches for rollout there will be certain minimum requirements for each branch. These are critical factors in determining the ability to rollout in that branch. Some of these requirements might include (depending on the requirements of the specific product):

- **Office size** – Is there enough space to accommodate the anticipated number of new clients? If not, what will be the financial impact of enlargement?
• **Utilities** – Is there an adequate supply of electricity, and is it consistent? If not, what are the cost implications of bringing electricity to the office? Do these fit with the institutional objectives on profitability?

• **Market** – Is there enough market to make the financial investment in preparing the branch worthwhile? This should be reviewed against managerial objectives.

Post Banks often have two kinds of branches. They have branches that the Postal Bank owns and operates, and postal bank “units” that are owned and managed by the National Post Office for a fee from the Postal Bank. When rolling out a computerized product that requires significant oversight, it may make sense not to roll out the new product in the postal units because the cost involved in outfitting them with computers, and training and supervising their staff, may be far in excess of the earning potential from the product at that unit.

Do not assume that just because the institution has a new product that the product must be offered in every location. A new product should not be offered in a location if the institution loses money due to the costs of needed adjustments, building, training, or management.

e. **Central bank restrictions:** In some countries, central banks set restrictions on the amount of cash that can be held in a single branch, the amount of fixed assets the institution can acquire relative to institutional capital or assets, or other restrictions. These can be highly limiting and difficult to manage. One institution was under pressure to reduce its level of fixed assets to capital. At the same time, they were testing an automated system that required computers, printers, UPS’s, and, in some cases, generators. This regulatory issue had to be addressed if rollout was to be successful.

**Q: What else should be done before/during/after rollout?**

Remember that in developing any product, there are several aspects to consider. The core inputs to rollout include:

• Formalizing procedures,
• Developing financial projections,
• Finalizing marketing strategies,
• Training staff, and
• Preparing systems.

For many reasons, some organizations will try to push ahead with rollout without concluding these inputs. They think that formal procedures can wait, or that they already know how to do a launch, or even that financial projections can wait, or that training can be “on-the-job”. This is a mistake and most MFIs invariably will make unnecessary, often costly errors. Take the time necessary to carefully move through these steps, particularly marketing strategies, staff training, and system preparation. We will go over these aspects later in this Tool Kit.
### Exercise 2.1

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Assessing capacity for rollout</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Non Institutional groups with the right mix of experience and skills</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>10 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>

#### Tasks:

1. For each of the capacity assessment areas given below, come up with at least two questions that the institution has to consider before rolling out the product.
2. Capacity Assessment Areas –
   - Institutional Strategy
   - Financial Viability
   - Organisational Culture
   - Human resources
   - Delivery Networks
   - Systems
3. Example: Institutional Strategy
   - Does the product still fit within the Company’s strategic plan?

#### Handouts:

| Handouts:          | Handout 4.1 Capacity Assessment and Questions to Ask |

#### Facilitator’s Role:

Facilitator must ensure that the groups come up with questions for all the above areas and not just one or two of them.

### 2. Transition, Hand-Over and Related Aspects

Time: 30 minutes (including exercises)

The handover package is complete only if it contains virtually everything needed for rollout. If the Pilot Test Team organizes and compiles the necessary information as they move the product through the pilot test, the final collection of documents can be an amazingly efficient tool that requires little work between the pilot test and the rollout.

**Q:** How do we make the transition from the pilot test to rollout?

Recall that the pilot test concludes with the preparation of a “Recommendation Letter.” In truth, calling this document a “letter” is a misnomer. It really is more like an epic and it may be more appropriate to consider it as two outputs: the “Recommendation (cover) Letter” and the “Hand-Over Package.” The Recommendation Letter goes to the senior manager who then presents it to the board for a vote on the future of the product. If it is complete, the Hand-Over Package will contain all the critical information and tools that are required for rollout. These should have been compiled during the pilot test phase in steps and iterations as more was learned about the product and how it responded in the real market.

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By following this process, the development of the core inputs to rollout will be complete in plenty of time and rollout will not be delayed. If the institution moves ahead without formalizing procedures, the rollout will lead to confusion, with different branches operationalizing the product in different ways. With no strong marketing plan, marketing and growth will be weak, since each branch will have to design its own marketing strategy. Without a solid training curriculum, training will be haphazard and lead to unacceptable and costly error levels. Skipping the critical steps will cost a great deal in terms of efficiency and control.

Because the Letter of Recommendation and the Hand-over Package are so important for the efficient and smooth rollout of the product, these will be discussed in the next section.

**Q:** What is a hand-over Package?

Transferring the new product from the pilot test phase to the rollout phase can be smooth and efficient if the appropriate information is collected during the pilot test, and all the formal documents are drawn up. If the Pilot Test Team has done all that was expected of them by their protocol, then handing over the “keys” will be easy.

Although there is a cover letter that accompanies the documents, the package as a whole is more properly thought of as a “Hand-Over Package.”

That said, the resulting document is complete only if it contains virtually everything needed for rollout. If the Pilot Test Team organizes and compiles the necessary information as they move the product through the pilot test, the final collection of documents can be an amazingly efficient tool that requires little work between the pilot test and the rollout.

For ease of reference, we will now split the Hand-Over Package into two pieces: the few pages of the Letter of Recommendation, and the larger Hand-Over Package.

**Q:** What constitutes the letter of recommendation and the hand-over package?

The Letter of Recommendation is divided into two parts:

<table>
<thead>
<tr>
<th>1.0</th>
<th>Executive Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>Recommendation with major supporting justifications. Justifications should cover these issue:</td>
</tr>
<tr>
<td>2.1</td>
<td>Institutional profitability</td>
</tr>
<tr>
<td>2.2</td>
<td>Efficiency improvements</td>
</tr>
<tr>
<td>2.3</td>
<td>Satisfaction of corporate and market needs</td>
</tr>
<tr>
<td>2.4</td>
<td>Corporate image improvements</td>
</tr>
</tbody>
</table>
The Team’s “Hand-Over Package” should include at least the following sections in this format:

| 1.0 | Full description of the product, its terms and conditions, as well as basic data of product acceptance and customer attitudes about the product |
| 2.0 | Comparative Pilot Test projections to actual results of objectives tables |
| 2.1 | Discussion of any significant variance (>20% in either direction) |
| 2.2 | Discussion of the reasons behind any significant projection adjustments made during the Test. |
| 3.0 | Completed projections model for the Rollout based on actual data from the Test |
| 3.1 | Note any anticipated deviations from the Test branch that are likely to be experienced in other branches |
| 3.2 | Include specific objectives for the Rollout |
| 4.0 | Discussion of the interrelationships of all significant departments with the product noting any material issues that arose during the Test and how they were resolved. This will provide important input in the preparations for and implementation of Rollout. |
| 5.0 | Confirmation of procedures, policies and systems (software and hardware) from the internal audit department. The product should not move beyond the Test phase without a comprehensive review and approval by the internal auditors. If there are no internal auditors or the internal auditors are not fully capable of such a review, external auditors should be contracted to complete this step. |
| 6.0 | Discussion of strengths, weaknesses, opportunities, and threats to the institution posed by the product and its Rollout. This will give the Team and the operations department a quick summary of the product and its needs during rollout. |
| 7.0 | Draft plan for Rollout including scheduling of the process (see Appendix 1 on Gantt and PERT charts), including procedures for addressing: |
| 7.1 | Training |
| 7.2 | Infrastructure |
| 7.3 | Marketing |
| 7.4 | Controls |
| 8.0 | A detailed marketing plan for the product Rollout. |
| 9.0 | Appendices containing: |
| 9.1 | Full procedures manual section “draft” ready for corporate approval |
| 9.2 | Training curriculum |
| 9.3 | Systems manual (specific for the product) |
| 9.4 | Copies of all marketing documents |
| 9.5 | Copies of all audit reports of the product |
| 9.6 | Copies of Team minutes |

Because each of these steps simply reflects activities that were to be drafted in preparation for the pilot test and then refined throughout the pilot test, *the preparation of the Hand-Over Package should be a compilation and quality control exercise rather than a large writing task*. Doing it this way also assures that the procedures and plans developed are based on actual pilot test results rather than being quickly thrown together in order to satisfy a formality and get the rollout moving.

**Q**: What should we keep in mind while compiling the hand-over package?

Some points to remember in compiling this hand-over package include:

- The Rollout Plan must reflect the true capacities and abilities of the institution as a whole, with a healthy dose of conservatism. Be sure that branch and team capacity is adequate for managing the rollout. Do not plan for the first rollout branches to be in different parts of the country at the same time. Especially with the early rollouts, there will be problems and you will need to be able to focus your key staff on the rollout sites.

- Choose rollout sites and timing that make sense for the product, the branch, and the institutional capacities. Many issues require consideration, including:
  - Infrastructure
Q: What if the recommendation for rollout is rejected?

If the Pilot Test Team has managed the test appropriately, the Managing Director and the Board will be expecting a recommendation for rollout. In practice, unless something has dramatically changed within the institutional culture, the Team should never submit a recommendation for rollout to the Board unless they are sure it will be approved. Submitting a weak recommendation only undermines the credibility of the Team and the product.

If the Board rejects the product, it will need to advise the Team on what to do next. The options include:

- Terminate the product development process for this product
- Continue the Pilot Test
- Alter the product and re-test

Q: If the recommendation to rollout is approved, what’s next?

Once the Board passes the recommendation, it is time to begin handing the product over to the department that will hold it permanently. Remember, the Pilot Test Team was only constituted to manage the product through to its permanent home. Generally, this “home” will be the Operations Department. In some cases, it may be a specialized department or division specifically for savings or loan products.

Q: How does the process of transitioning from pilot test to rollout work?

In most institutions, a representational Pilot Test Team has brought the product from inception through the pilot test approval by the Board. Once the product is approved, management of the product needs to be transferred from the Team to a permanent departmental home, usually in the Operations Department. Making this transition as smooth as possible is important for the success of the product.

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4 In the toolkit ‘operations department’ is used interchangeably with permanent departmental home.
Q: Does the pilot test team simply hand over the product to the new department?

The transitional phase, when management of the product is moving from the Pilot Test Team to the Departmental Home cannot run smoothly without the participation of both groups. The Hand-Over Package that goes to the departmental home contains the blueprint and “assembly instructions” for the product along with the proposals for rollout.

The Team itself has invaluable experience and the best understanding of the lessons learned, lessons that should not be discarded at the end of the pilot test. The Pilot Test Team should therefore be available to help the new team in operations.

Q: How does the “transitional phase” work?

For any big project, an institution needs a core group of people who will push the project through and manage the process. This core group of people is often known as the Product Development Team and/or its various iterations (including the Pilot Test Team). Rollout is no different.

During the transition period from pilot test to rollout, there is a need to draw together a new team, a Rollout Team, that includes key people from the departmental home, and some key people from the Product Development Team. As rollout progresses, the Product Development Team members can be gradually phased out, since their utility with regards to the product will be reduced as the departmental home staff gains a better understanding of the product, and its needs and opportunities.

Q: How long does the “transitional phase” last?

The “transitional phase” lasts until the product is rolled out to all branches and the relevant parties are fully able to monitor and manage the product as it moves into its different phases. In this phase, the Product Development Team members on the Rollout Team should gradually phase out their activities while the Departmental Members increasingly institutionalize the relevant product responsibilities within the department. In a reasonably short time, usually three to nine months, the various relevant departments should have fully institutionalized the product into their processing and management routines.

The lessons learned by the Pilot Test Team will also prove important in the next round of new product development since so much of what was learned relates to the Product Development Process as a whole, and not just the product itself.
Q: What would be appropriate checklist be followed in preparing for the rollout?

Have You …

- Assessed your institutional capacity for rollout?
  - Ensured that you have adequate
    - Management commitment
    - Project management skills
    - Flexibility
    - Office space
    - Utilities
    - Market for the product

- Assessed the regulatory implications
- Planned for the transition from pilot test to rollout
- Ensured that the Hand-Over package is complete and comprehensive

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**Exercise 2.2**

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Information and documentation required for hand-over</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Non Institutional groups with the right mix of experience and skills</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>10 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>
| Tasks:          | 1. You are being handed a new emergency loan product for rapid rollout throughout your MFI  
  2. What are the key pieces of information and documentation you would require to complete the task? |
| Handouts:       | Handout 4.1a Hand-Over Package |
| Facilitator’s Role: | Facilitator must move around and assist the various groups |
3. Analysing Risks

- Time: 20 minutes (including exercises)
- Slides: 8

This is critical because failure to identify and manage risks proactively during the process of developing and rolling out new products can yield disastrous results.

Q: What is risk analysis?

The final stage in the Preparation for Rollout step is to undertake product-level risk analysis as it pertains to rolling out the product. This assumes that the institution already has a proactive risk management strategy at the institutional level.

To assist you with risk management, whether at the institution-level or product-level, MicroSave has developed a comprehensive “Institutional and Product Development Risk Analysis Toolkit”, which you can see and download at – www.MicroSave.org. The toolkit has useful ready-to-use tools. The following overview is extracted from MicroSave’s Briefing Note #23, and highlights the benefits of proactive risk management.

Q: What is proactive risk management?

Proactive risk management is essential to the long-term sustainability of a microfinance institution. It lays out the general framework for identifying, assessing, mitigating and monitoring risk in the MFI as a whole. A key management responsibility is to provide reasonable assurance that the MFI’s business is adequately controlled, and until it has embraced risk management at an institutional level, there is very little chance that the MFI’s product-level risk management strategies can succeed.

Effective risk management has several benefits:

- **Early warning system for potential problems:** Less time fixing problems means more time for production and growth.
- **Efficient use of capital:** Risk management allows management to qualitatively measure risk, fine-tune the capital adequacy ratio, and evaluate the impact of potential shocks to the financial system or institution.
- **Successful new product development and roll-out:** Systematically addressing the risks inherent in new-product development and roll-out can result in enhanced corporate reputation, improved customer loyalty, easier cross-selling of services, and better knowledge for developing future business.

Q: Why focus on new product development risks?

Failure to identify and manage risks proactively during the process of developing and rolling out new products can yield disastrous results. In hindsight, outcomes were predictable, with management asking, “How could we have failed to see this outcome?” Many of the most common and serious risks are related not to products – as is often assumed by about-to-be-regulated micro credit institutions – but rather to ownership, management, and institutional capacity to deliver products.  

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6 Introducing Voluntary Savings from the Public in Regulated Microcredit Institutions: What are the Risks? by Marguerite S. Robinson, November 2002

*MicroSave – Market-led solutions for financial services*
**Q:** *What is the objective of a pre-rollout risk assessment?*

In the context of a New Product Development Risk strategy, undertaking a Pre-Rollout Risk Assessment ensures that limitations necessarily imposed during the pilot phase and additional stress indicators predictably present during a rollout are identified and the impact of removing these limitations is assessed prior to actual product rollout.

A sample toolkit for risk assessment follows below. However, the complete Tool 5 – Pre-Rollout Assessment found in MicroSave’s Toolkit should be used.

<table>
<thead>
<tr>
<th>Examples of Possible Stress Indicators</th>
<th>Impact (H, M, L)</th>
<th>Mitigation Strategy (Accept, Control, Transfer, Avoid)</th>
<th>Mitigation Tactic(s)</th>
<th>Risk Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technological changes since pilot that effect/outdate product delivery/design</td>
<td></td>
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<tr>
<td>Competition has brought same/similar product to market with similar or higher pricing</td>
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<td></td>
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<tr>
<td>High profile union leader or community leader tells community that product is exploitative</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>INTERNAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient Trainers to support rollout within time frames</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Insufficient on-site, trained support staff available during first stages of rollout at each site</td>
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<tr>
<td>Lack of Change Management process</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Delivery Network</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Greater than anticipated demand results in inadequate stationary supplies available on time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seasonality of product dictates timing of rollout</td>
<td></td>
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</tr>
<tr>
<td><strong>Organizational Culture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weak Management commitment</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Lack of buy-in by other departments/staff</td>
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</tr>
</tbody>
</table>

Note: This list is for illustrative purposes only. Every MFI will have variants on the stress points that we have suggested.
### Examples of Possible Stress Indicators

<table>
<thead>
<tr>
<th>Financial Viability</th>
<th>Impact (H, M, L)</th>
<th>Mitigation Strategy (Accept, Control, Transfer, Avoid)</th>
<th>Mitigation Tactic(s)</th>
<th>Risk Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity systems will be stressed if loan product demand exceeds projections, and cash funding may not keep pace with demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect of cannibalization noted during pilot expanded to rollout greater negative impact than planned.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Institutional Strategy</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Product meets objectives in terms of growth, customer satisfaction, and product quality?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and/or CEO rush rollout by cutting corners in methodology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Systems</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>System not capable/not tested for capacity to handle scale (capacity and response time issues)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT problems noted during pilot not corrected and/or not sufficiently tested</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit department not signed off on the controls related to the system</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Q:** What are the steps involved in Risk assessment?

Have You ...

- Completed the Pre-Rollout Risk Assessment Tool?
- Formally made the decision to proceed with the product launch?
- Scheduled your Rollout activities to follow the remaining steps in this Product Rollout Toolkit?
- Conducted a post implementation review and is this fully documented for future reference?
- Integrated the product into the MFI’s overall Risk Management Programme?
### Exercise 2.3

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Analysing risks for product to be rolled out</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional groups</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>10 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>
| **Tasks:**         | 1. Use Handout 2.2 to begin to prepare the risk assessment for the product you are proposing to rollout.  
2. Don’t expect to finish it now – but conduct the analysis for the first 5-10 risks now and then complete the sheet when you return to your institution. |
| **Handouts:**      | Handout 4.2 Product Operational Risk Assessment |
| **Facilitator’s Role:** | Facilitator could help each of the groups with an example using handout 2.2 |
Session Five

Step 3: Organising the Rollout

Session Objectives:
- To facilitate understanding on how to organize the roll out of financial services
- To provide insights regarding critical factors that need to considered for successfully organizing the rollout
- To enable participants to understand the different methods available for rolling out products and help them appreciate the advantages and disadvantages of these different methods

Time: 60 Minutes

Methods:
- Presentation
- Question and Answer Exercises
- Buzz Group Exercises
  - Exercise 3.1 Institutional assessment of readiness to rollout product
  - Exercise 3.2 Drafting the rollout schedule

Materials: Slide Show:
- PowerPoint Presentation entitled “Session Five”
- This session consists of approximately 12 slides (Slide numbers 63 – 74 in Day 1 PPT file)

Handouts:
- Handout 5.1 Assessing Need for Phased Rollout
- Handout 5.2 Phased Rollout Method Comparisons
- Handout 5.3 Sample Rollout Order Worksheet
- Handout 5.4 The Rollout Schedule

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Overview:

1. Organising the Rollout including phasing of rollout
   - Time: 35 minutes (including exercises)
   - Slides: 7

Rollout requires a guiding protocol, which depends on the rollout method chosen—fixed period rollout, accelerated phased rollout, regional phased rollout etc. Capacity issues and ability to respond to rollout problems make the assignment for a phased rollout stringent. Once a method is chosen the order of branch rollout is need along with a branch rollout scheduled.

Q: How do we organise the rollout process?

Remember that the pilot test process was governed by a protocol. Rollout also needs a protocol to guide the process. Later in this section, we will discuss the components of a Rollout Protocol.

Your Team will first need to choose a process method. Below, we review various process methods (also see Appendix 1). Choice of rollout process method must be made before a protocol can be drafted, as key components of the protocol depend on this decision, especially with respect to the scheduling of activities.

Q: We are anxious to get our product out to the customers. May we roll out the product all at once, or is it better to do it in phases?

After spending six months, twelve months, or even more in the pilot test phase, most managers are anxious to get the new product out to the market quickly. The pilot test has demonstrated the possibilities offered by the product, and they want to realize those opportunities immediately. Unfortunately, in most cases this is not the most prudent method of Rollout. Most institutions will need to phase in the new product.

With savings and credit products and services, especially those that are tied to a computer system, it takes longer to make sure staff are trained, confirm that the systems are in place and working, and ensure that limited support staff can assist with the rollout in each location. Capacity remains the biggest issue here, and the determining factor in deciding whether or not to roll out to all branches at once.

Remember, during the rollout and follow-up phases there will be problems—some significant, some petty. The overriding question is: When there are real problems in the rollout, how will we be able to address them?

Q: How can we be certain that phasing in our product is the best way to proceed?

Use Table III.1: Key Questions to help determine your ability to address problems in the rollout, and thus better understand the need to roll out in phases.
Table III.1: Key Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many branches are there to rollout to?</td>
<td>The more branches you have the more likely it is that you will need to rollout in phases.</td>
</tr>
<tr>
<td>How much technical input is required in setting up for rollout?</td>
<td>The more technically complicated the product the more likely it is that you will need a technician on site for the rollout. The number of technicians you have will determine your rollout speed.</td>
</tr>
<tr>
<td>Are you using software that your company developed?</td>
<td>If you have developed your own software remember that one installation is not sufficient to deem software completely stable. The new rollout branches will still be Test Sites for the software and will require phased rollout, at least in the beginning.</td>
</tr>
<tr>
<td>Are you using “off-the-shelf” software that has been proven in many installations?</td>
<td>If you have an unadulterated off-the-shelf system this will allow for more rapid rollout. If you have significantly altered the system, initial rollout should be phased to allow for testing the adjustments at different sites.</td>
</tr>
<tr>
<td>Are you using a module of a software package that your institution is already using?</td>
<td>This is an excellent choice since staff is already familiar with the look and feel of the software, and the main system is already in use at the different rollout sites.</td>
</tr>
<tr>
<td>Are you using a manual system?</td>
<td>Training and confirmation of controls are often more critical here. Staff in the rollout branches requires more detailed training, and management needs more extensive training on the controls of the manual system.</td>
</tr>
<tr>
<td>How far are the rollout sites from the head office?</td>
<td>The further the rollout sites are from the head office, the better it is to roll out in phases, since support staff will be unable to travel long distances efficiently in order to address rollout issues.</td>
</tr>
<tr>
<td>Are you already offering a similar product, or is this product simply a re-engineered product?</td>
<td>The wider the gap between products the institution currently offers and the new product, the more likely it is that you will need to roll out in phases.</td>
</tr>
<tr>
<td>What is the level of capacity of the branch staff that will implement the product?</td>
<td>The more flexible your staff is in managing multiple products, the easier it is for them to understand and manage another product. However, you need to assess the possibility that a new product will overwhelm your staff and overall productivity will be reduced. The productivity of staff during the pilot test should be a good indication of their capacity to take on a new product. The greater their capacity the more likely it is that you can roll out more rapidly.</td>
</tr>
<tr>
<td>How much infrastructural adjustment is required to offer the new product?</td>
<td>Commercialisation is a popular goal for MFIs now. This usually requires instituting a Savings Department with all the management, staff, and infrastructural issues that such a move implies. For a company that had previously offered only credit products, this is a major infrastructural adjustment. This kind of change in infrastructure cries out for a phased rollout since there are so many issues that could be problematic during the rollout itself, possibly posing serious risks to the institution and the clients.</td>
</tr>
<tr>
<td>Can the projected cash flow be adequately managed by the MFI?</td>
<td>This is an important issue. With both loan and savings products, a new product can greatly alter cash flow. After a pilot test, the MFI will have a better indication of the potential cash flow issues during rollout. Caution is critical. MFIs have been observed to roll out a new loan product not recognizing that cash flow projections would have shown that there was not enough funding to manage the product. How embarrassing it is to have to cancel a new product because there is not</td>
</tr>
</tbody>
</table>
enough money to fund it. In addition, managing excess liquidity from a new savings product creates a problem for an MFI that might not have a strong treasury function. Idle money can have a rather negative impact on a company’s income statement.

**Q:** What are the various methods involved in a phased rollout?

Generally, there are several methods an institution can use for a phased rollout. Three of the most common are:

- A **fixed-period rollout** where an institution simply offers the product in a new branch after a fixed time-period. Institutions using this method might choose to rollout the product to a new branch each month, for example.

- An **accelerated phased rollout** where an institution begins rollout at a careful pace and then accelerates rollout as they clean up problems that arise and become more comfortable with the rollout process.

- A **regional phased rollout** approach where an institution rolls out the product at one time to all branches in a geographical region.

**Q:** What are the different kinds of Rollout Method Comparisons?

*Table 2: Rollout Method Comparisons* below shows the pace of rollout using the three different approaches.

<table>
<thead>
<tr>
<th>Rollout Method Comparisons</th>
<th>Mont h 1</th>
<th>Mont h 2</th>
<th>Mont h 3</th>
<th>Mont h 4</th>
<th>Mont h 5</th>
<th>Mont h 6</th>
<th>Mont h 7</th>
<th>Mont h 8</th>
<th>Mont h 9</th>
<th>Mont h 10</th>
<th>Mont h 11</th>
<th>Mont h 12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Method</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rollouts per month:</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cumulative Rollouts:</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td><strong>Accelerated Method</strong></td>
<td></td>
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</tr>
<tr>
<td>Rollouts per month:</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Cumulative Rollouts:</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>9</td>
<td>12</td>
<td>15</td>
<td>19</td>
<td>23</td>
<td>27</td>
<td>32</td>
<td>37</td>
</tr>
<tr>
<td><strong>Regional Method</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rollouts per month:</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Cumulative Rollouts:</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>11</td>
<td>15</td>
<td>18</td>
<td>21</td>
<td>26</td>
<td>30</td>
<td>32</td>
<td>37</td>
</tr>
</tbody>
</table>

**Q:** How to choose the best method for an institution?

The choice of method is a function of the issues addressed in the *Key Questions* table above. For most institutions, rollout capacity is built rather quickly since much of the rollout process is the same for each branch. Therefore, the Accelerated Method is usually the most appropriate choice since it gives an institution time to work out any rollout issues or problems and build rollout capacity. Then the institution can speed up the rollout based on their assessment of capacity.
The Regional Method is an accelerated method that may be most appropriate for MFIs with tight clusters of branch activity at a distance from the head office. In these cases, the required team members would go to a regional area and rollout the product in the different branches in that region. This can make rollout more efficient and still retain the benefits of the Accelerated Method.

One MFI conducts business only in urban areas within a country. In any given urban area they might have three or four branch operations. It makes sense in a case like this to have a product rollout in all of the branches in an urban area.

Another MFI has branches in the northern region of a large country. Within that region, there are several branches, on average about one hundred kilometres distant from each other. Even though this is a “region” for the MFI, it would be more appropriate in the context of product rollout to treat these branches as separate units, although some activities may be efficiently combined, such as training.

Things to remember:
- Rollout pace should always be based on the capacity of the institution and the rollout branch staff.
- Each rollout is a bit different. The Rollout Team must recognize this and adapt the rollout and the planning to those differences.
- When problems occur make sure there is enough time to correct them so that the lessons can be applied to subsequent branch rollouts.

**Exercise 3.1**

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Institutional assessment of readiness to rollout product</td>
</tr>
<tr>
<td></td>
<td>Institutional groups</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Resources:</td>
<td>10 Minutes for exercise in groups</td>
</tr>
<tr>
<td>Time:</td>
<td></td>
</tr>
<tr>
<td>Tasks:</td>
<td>1. Using the Capacity Assessment Handout, review your MFI’s readiness to rollout the product.</td>
</tr>
<tr>
<td></td>
<td>2. Draft answers to the questions</td>
</tr>
<tr>
<td></td>
<td>3. Review with the management team upon return to the office</td>
</tr>
<tr>
<td>Handouts:</td>
<td><strong>Handout 5.1 Assessing Need for Phased Rollout</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Handout 5.2 Phased Rollout Method Comparisons</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Handout 5.3 Sample Rollout Order Worksheet</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Handout 5.4 The Rollout Schedule</strong></td>
</tr>
<tr>
<td>Facilitator’s Role:</td>
<td>Facilitator must emphasise the need to consider aspects given in the capacity assessment handout</td>
</tr>
</tbody>
</table>

_MicroSave – Market-led solutions for financial services_
2. **Branch Rollout**  
   Time: 25 minutes (including exercises)  
   Slides: 5

There are several issues to consider when determining which branches to rollout to first. Among the most important are the following: (1) Infrastructure needs and opportunities; (2) Market demand; (3) Geography; (4) Profitability; (5) Management and Staff Demand. These are described in detail hereafter.

**Q:** How do we determine the order of branch rollout?

There are several issues to consider when determining which branches to rollout to first. Among the most important are the following:

- **Infrastructure needs and opportunities:** Can the site infrastructure maximize the technological opportunities of the product? For example, if the system can be networked from the head office, some branches may have the infrastructure for networking and others may not. Those that have the infrastructure for networking should be the first to receive the product.

- **Market demand:** Is there significantly more demand for the product in one area than others? This demand should be satisfied first, if practical.

- **Geography:** It is likely that the first rollout branches will require the most Rollout Team input. Thus, the head office will be better able to rollout in branches that are geographically close.

- **Profitability:** Fundamentally, the product is intended to improve profitability of the institution. The product should be rolled out first in the branch where it is likely to show the most profit. A corollary to this is that branches in which the product is not likely to be profitable should not get the product at all.

- **Management and staff demand:** One of the most powerful factors of success for a new product is the eagerness of branch staff and management to make it work. This factor should be seriously considered in rollout planning.

A simple decision-making grid can help in determining the order of branch or region rollout. An example where weightings are applied to the factors to indicate their importance to the MFI is provided in *Table III.4: Sample Rollout Order Worksheet.*

**Table III.3: Sample Rollout Order Worksheet**

<table>
<thead>
<tr>
<th>Distance from head office (in Kms)</th>
<th>Networking (time to network in months)</th>
<th>Infrastructure</th>
<th>Market Demand</th>
<th>Geography</th>
<th>Profitability potential</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weightings</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branch 1</td>
<td>135</td>
<td>networked</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Branch 2</td>
<td>20</td>
<td>within 4</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Branch 3</td>
<td>75</td>
<td>not networked</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Branch 4</td>
<td>125</td>
<td>networked</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Branch 5</td>
<td>60</td>
<td>within 4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Branch 6</td>
<td>90</td>
<td>within 8</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Branch 7</td>
<td>35</td>
<td>within 12</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Branch 8</td>
<td>30</td>
<td>networked</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Branch 9</td>
<td>160</td>
<td>networked</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Branch 10</td>
<td>5</td>
<td>within 1</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Branch 11</td>
<td>45</td>
<td>within 4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Branch 12</td>
<td>100</td>
<td>within 8</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
In rolling out a new savings product, seasonality might be an important factor. In many countries, November, December, and January are poor months for rolling out a savings product because money traditionally hemorrhages out of the household for Christmas and school fees during this period, and most people have little left over to save.

Similarly, loan products are likely to be affected by seasonal patterns – particularly in rural areas. Many market traders need loans before religious festivals (Christmas, Eid, Holi etc.) to stock their stalls.

**Q:** What are the other factors to consider when deciding where to roll out the product first?

It is important to remember that this is a tool to help institutional management make the decisions on rollout order. Just because a branch receives a high score does not necessarily mean that that is where the institution should go first. There are many inputs to this process, and this is just one. It is intended to help guide an MFI as one input to the discussion. Because it is based on institutional objectives, it should be a relatively powerful tool, but management consideration is still required.

In this case, the two lowest scoring branches (3 and 6) may be eliminated from rollout since one is not on the network and the other will not be profitable. Management needs to look carefully at these branches because opening there with these constraints will require special requirements and additional procedures.

The highest scorers (Branches 1 and 10) are at the two extremes in distance from the Head Office. Because Branch 10 is about to obtain networking capability and is close geographically, the institution selected this branch as the first rollout branch. They knew it would take at least a month to get ready, and the proximity to the head office made them confident that Branch 10 should be first.

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The institution decided on the following rollout schedule based on its assessment (above) and management objectives.

Table III.4: What is a Branch Rollout Schedule?

<table>
<thead>
<tr>
<th>Accelerated Method</th>
<th>Mont h 1</th>
<th>Mont h 2</th>
<th>Mont h 3</th>
<th>Mont h 4</th>
<th>Mont h 5</th>
<th>Mont h 6</th>
<th>Mont h 7</th>
<th>Mont h 8</th>
<th>Mont h 9</th>
<th>Mont h 10</th>
<th>Mont h 11</th>
<th>Mont h 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch numbers:</td>
<td>10</td>
<td>1</td>
<td>9 &amp; 4</td>
<td>8 &amp; 11</td>
<td>5 &amp; 2</td>
<td>12</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Cumulative Rollouts:</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Notice several points about this Rollout Plan:

- Management decided they would not rollout to branches 3 and 6 because the product would not satisfy important corporate objectives. They agreed to reassess these branches after one year.
- Rollout in Branch 7 was delayed until networking was expected to be available in the branch. If networking comes available earlier, they will rollout to branch 7 anytime after Month 5.
- The Accelerated Method was used, speeding up rollout after the second branch rollout. By this point, they had the product in the test branch, a close branch, and a distant branch.

Things to remember:

- If rollout to certain branches does not appear to satisfy corporate objectives, rollout to those branches is not advisable.
- An accelerated rollout is generally most appropriate and the acceleration should begin after two to three branches per month have been rolled out “successfully.”
- The rollout schedule must remain flexible. Do not rollout simply because it is scheduled if you are having trouble with previous rollouts. The only reason to rollout is because previous rollouts have been successful and are stable (or rollout issues have been isolated to a problem branch).

Q: Is there a checklist to organise the rollout process?

Have You …

- Decided on the method of phasing of the rollout?
  - Fixed-period
  - Accelerated
  - Regional
- Determined the order of branch rollout?
- Developed and communicated a branch rollout schedule?

Exercise 3.2

Session Number: 5
Objective: Drafting the rollout schedule
Group Formation: Institutional groups
Resources: Computer, pen and paper and handouts
Time: 10 Minutes for exercise in groups
Tasks: 1. Prepare the first draft Rollout schedule 2. Review with the management team upon return to the office
Handouts: None
Facilitator’s Role: Facilitator to move around and assist the different groups
Session Six

Step 4: Setting Objective for the Rollout

Session Objectives:
- To facilitate understanding on the importance of establishing objectives for the rollout
- To provide insights into the process of establishing objectives for the rollout
- To enable participants to understand the critical factors that need to be considered while setting Rollout objectives
- To get them to do the same vis-à-vis their own organizational context

Time: 30 Minutes

Methods:
- Presentation
- Question and Answer Exercises
- Buzz Group Exercises
  - Exercise 4.1 Establishing performance targets

Materials:

Slide Show:
- PowerPoint Presentation entitled “Session Six”
  - This session consists of approximately 5 slides
    (Slide numbers 75 – 79 in Day 1 PPT file)

Handouts:
- Handout 6.1 Setting Objectives for the Rollout
Overview:

1. **Step 4: Setting Objective for the Rollout**
   
   **Time:** 30 minutes (including exercises)
   
   **Slides:** 5 (including 1 introduction)

   In order to determine the success or failure of the Rollout, it is essential that the objectives for the new product be clearly defined – on a branch-by-branch basis. This step is a two-stage process. The objectives are usually closely related to, if not exactly the same as, those of the pilot test because the initial objectives made for the product during the pilot test were clearly related to long-term objectives of the institution. It may be that an additional objective or two might be added to reflect the issues of rollout. Rollout objectives could be based on financial projections as well as real-time performance. Care must be exercised in setting objective/establishing target – they must be realising and achievable, given the context. It is useful to have target / objective by branch and / or administrative region.

**Q:** Why set objectives for the Rollout?

In order to determine the success or failure of the Rollout, it is essential that the objectives for the new product be clearly defined – on a branch-by-branch basis. This step is a two-stage process. Here, you will generate a list of general objectives, from which you will set specific targets based on the financial projections.

**Q:** What do formal objectives “do” for us?

Clearly defined objectives provide key indicators that are important for at least two reasons:

- They help the Rollout Team to recognize quickly if the product needs any remedial action or adjustments during the Rollout.
- They provide criteria against which the Team can interpret the results of the Rollout.

**Q:** What are Product objectives?

The objectives are usually closely related to, if not exactly the same as, those of the pilot test because the initial objectives made for the product during the pilot test were clearly related to long-term objectives of the institution. It may be that an additional objective or two might be added to reflect the issues of rollout. The objectives are different from the targets that clarify them, and so certainly the targets will be different for rollout than for the pilot test. Additionally, there should be a set of objective targets for the whole exercise, and there should be a set of objective targets that relate to each administrative unit (branch, region, or other). These micro-level targets should accumulate to satisfy the targets of the institution as a whole. The objectives for all levels will be the same. It is simply the targets that will be adjusted by unit. An example of institutional objectives and their targets might look like Table IV.1: AMC Fast Access Savings Account Objectives: Completed.

**Q:** How do we establish clear product objectives?

Objectives define the critical success factors of your Rollout. When choosing objectives, think about them in terms of the MFI’s and customer’s key factors of interest:

- Central issues of profitability
- Growth (in terms of volume of accounts and the value of their balances)
- Customer and institutional efficiency
- Customer service
- Effectiveness of marketing efforts

*MicroSave – Market-led solutions for financial services*
## Table IV.1: AMC Fast Access Savings Account Objectives: Completed

<table>
<thead>
<tr>
<th>Item</th>
<th>Objective</th>
<th>Current Status</th>
<th>Objective Target</th>
<th>Q1 Status</th>
<th>Q2 Status</th>
<th>Q3 Status</th>
<th>Q4 Status</th>
<th>Q5 Status</th>
<th>Q6 Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(for period or EOQ)</td>
<td>(End of quarter 8)</td>
<td>Projected</td>
<td>Actual</td>
<td>Projected</td>
<td>Actual</td>
<td>Projected</td>
<td>Actual</td>
</tr>
<tr>
<td>1</td>
<td>Net Number of FASA Accounts (thousands)</td>
<td>1.3</td>
<td>25.0</td>
<td>2.1</td>
<td>4.3</td>
<td>8.6</td>
<td>12.1</td>
<td>17.1</td>
<td>21.4</td>
</tr>
<tr>
<td>2</td>
<td>Percentage of FASA accounts from new AFRI-CO deposit customers</td>
<td>3%</td>
<td>$75%</td>
<td>7</td>
<td>11</td>
<td>21</td>
<td>30</td>
<td>42</td>
<td>54</td>
</tr>
<tr>
<td>3</td>
<td>Total FASA Account Liabilities (millions of Afshs)</td>
<td>1.78</td>
<td>35.0</td>
<td>3</td>
<td>6</td>
<td>12</td>
<td>17</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>% increase in net deposit value attributable to FASA account</td>
<td>2.9%</td>
<td>60%</td>
<td>5%</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>Cumulative NPV loss/profit (net of Regular Savings transfers) (In millions of Afshs)</td>
<td>(0.500)</td>
<td>$1.50</td>
<td>(.700)</td>
<td>(0.800)</td>
<td>(0.700)</td>
<td>(0.350)</td>
<td>Even</td>
<td>0.250</td>
</tr>
<tr>
<td>6</td>
<td>Market target Objective (Marketing staff activities result in average XX% of new product accounts)</td>
<td>32%</td>
<td>65%</td>
<td>40%</td>
<td>45%</td>
<td>50%</td>
<td>55%</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>7</td>
<td>Customer satisfaction (Average score on a 5 point scale on a PRA rating exercise designed by marketing)</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>8</td>
<td>Deposit account market share</td>
<td>9%</td>
<td>12.5%</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>22</td>
<td>23.5</td>
</tr>
<tr>
<td>9</td>
<td>Number of Branches offering the product</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**NOTE:** Parts of this document should tie into the costing and sensitivity analysis. 1US$=1.10AFshs
Q: Do we need to consider the impact of our staff incentive scheme on our objectives?

Yes. The existence of a staff incentive scheme can significantly impact on the performance of targets set for the new product. This is especially true if staff members are provided incentives for achievements on existing products and not for performance on the new product. The MFI may decide to introduce specific incentives for the duration of the pilot test, or simply to adapt its existing incentive scheme to accommodate its new product.

MicroSave’s Toolkit for Designing and Implementing Staff Incentive Schemes in MicroFinance Institutions
Martin Holtmann

Well-designed staff incentive schemes can have positive and powerful effects on the productivity, efficiency and quality of MFI operations. Conversely poorly developed schemes can have serious detrimental effects. Incentive schemes must be transparent so that staff members affected can easily understand the mechanics of the calculation. Thus the system should not be overly complex and should contain as many objective factors and as few subjective variables as possible. Furthermore, the “rules of the game” should be made known to everyone and should not be changed arbitrarily. In addition, it is essential that the incentive scheme be perceived as being fair, and thus the goals set out by the scheme must be attainable, and better performing staff members must indeed be rewarded with higher salaries. Finally, everyone must be able to achieve a higher compensation by working better and harder.

This MicroSave toolkit provides a detailed examination of:
1. The Theoretical Background of Staff Incentive Schemes
2. Basic Building Blocks for Staff Incentive Schemes
3. Principle Design Questions for Staff Incentive Schemes
4. Incentive Schemes for Different Functional Areas in MFIs
5. A Step-by-Step Approach to the Design of Incentive Schemes
6. A Cost-Benefit Analysis of Incentive Schemes
7. Incentive Schemes in Other Areas of Microfinance

Q: Is there a checklist to follow while setting the objectives for the rollout?

Have You …

☐ Established clear product objectives?
☐ Considered the impact on our staff incentive scheme?
## Exercise 4.1

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Establishing performance targets</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional groups with the right mix of experience and skills</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td><strong>10 Minutes</strong> for exercise in groups</td>
</tr>
</tbody>
</table>

### Tasks:

1. For product to be rolled out, establish performance targets based on initial financial projections and actual performance during pilot-test.
2. Examples of indicators that could be used include:
   - No. of new accounts
   - Value of savings
   - Cumulative number accounts
   - Loan disbursements
   - Portfolio at Risk (PAR)
3. Review with the management team upon return to the office

### Handouts:

- **Handout 6.1 Setting Objectives for the Rollout**

### Facilitator’s Role:

Facilitator to stress that the above indicators are examples and need not necessarily apply for all products. For example, PAR will not apply to savings products typically while value of savings need not apply to loan products without compulsory or forced or fixed savings. A second aspect that needs emphasis is that timelines are critical as well.
Session Seven

Step 5: The Rollout Protocol

Session Objectives:
- To facilitate understanding on the importance of establishing protocols for the rollout
- To provide insights into the process of drafting the rollout protocol
- To enable participants to understand the critical factors that need to be considered while drafting the rollout protocol
- To get them to do the same vis-à-vis their own organizational context

Time: 60 Minutes

Methods:
- Presentation
- Question and Answer Exercises
- Buzz Group Exercises
  - Exercise 5.1 Drafting a Rollout Protocol

Materials:

Slide Show:
- PowerPoint Presentation entitled “Session Seven”
- This session consists of approximately 12 slides
  (Slide numbers 80 – 91 in Day 1 PPT file)

Handouts:
- Handout 7.1 Rollout Protocol
Overview:

1. **The Rollout Protocol**
   - Time: 60 minutes (including exercises)
   - Slides: 12

In general, a protocol defines what will be done, by whom, and when. It formalizes the activities that lead to the results and further defines the procedures and parameters for the rollout itself by addressing each specific activity required for success, scheduling that activity, and allocating responsibility for getting it completed. The Rollout Protocol is very similar to the Pilot Testing Protocol in its objectives and structure.

**Q:** How does rollout protocol differ from the pilot testing protocol?

In general, a protocol defines what will be done, by whom, and when. It formalizes the activities that lead to the results and further defines the procedures and parameters for the rollout itself by addressing each specific activity required for success, scheduling that activity, and allocating responsibility for getting it completed. The Rollout Protocol is very similar to the Pilot Testing Protocol in its objectives and structure.

The typical format for the Rollout Protocol would be as follows:

| ABC Bank
<table>
<thead>
<tr>
<th>XYZ Product Rollout Protocol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Rollout Objectives:</td>
</tr>
<tr>
<td>• 1-6</td>
</tr>
</tbody>
</table>

- Basic Branch Rollout Schedule:
  - From the previous question (“Accelerated method”)

- Critical Path Diagram (Gantt, PERT, or other)

- Definition of schedule altering issues:

- Reporting points:
  - What is reported
  - Who reports it
  - Who uses it
  - How

**Q:** Haven’t we already developed a schedule for rollout?

Yes, if you followed the guidelines above -- the schedule of the Rollout Protocol will draw on the Rollout Branch Schedule. A protocol incorporating this Rollout Branch Schedule is needed to ensure, initially, that everything is ready for each rollout and, after the product is rolled out, that data is being collected and used in subsequent decision-making.

**Q:** What else should the rollout protocol include?

The responsibilities required for each step of the protocol (training, marketing preparation and follow-up, systems installation and testing, as well as many others) should draw on the PERT or Gantt charts described above and in Appendix One. In addition to this, the Protocol should include reporting requirements (what and when), as well as guidance as to when the rollout should be paused.
**Q:** What are schedule-altering issues?

Schedule-altering issues should be rather intuitive, especially for organizations that have followed the MicroSave Toolkit for Planning, Conducting and Monitoring Pilot Tests, and are such that their occurrence puts rollout success as per the schedule in question, at least for a short time. These issues might be considered in two groups, those that are related to logistics and those that are related to the product. Some examples of these include those found in Table V.1: Schedule-Altering Issues.

Table V.1: Schedule-Altering Issues

<table>
<thead>
<tr>
<th>Logistics Issues:</th>
<th>Product Issues:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excessive difficulty obtaining fixed assets that are</td>
<td>Product uptake is less than 75% or more than</td>
</tr>
<tr>
<td>needed for rollout</td>
<td>150% of projected in more than one branch</td>
</tr>
<tr>
<td>Severe networking problems</td>
<td>Competitor mimicking your product</td>
</tr>
<tr>
<td>Regulatory issues</td>
<td></td>
</tr>
<tr>
<td>Staff training proves ineffective</td>
<td></td>
</tr>
<tr>
<td>Control environment is found significantly lacking</td>
<td></td>
</tr>
</tbody>
</table>

All logistics issues should have been identified and dealt with during the pilot test, so there should really be no further significant issues with them unless some important factor was altered before the product is rolled out.

On the product issues, if uptake is dramatically faster or slower than projected this should trigger a re-assessment of several factors:

- Training
- Marketing
- Competition
- Market Research/Demand (as assessed through PRA/FGD sessions)\(^8\)
- The section in the Hand-Over Package about expected differences in speed of product take-up during the rollout to branches as compared to the pilot test. These should have been addressed when the MFI set targets for the branches.

Once these are re-assessed, a strategy to correct the issues should be developed. Frequently the problem lies somewhere among the localized issues of marketing, training, and competition.

For the purposes of the protocol, note the issues that might occur and be clear about what severity of issue will be required to cause a major adjustment to the Rollout Plan.

**Q:** What should we do if we find that our competition is mimicking our new product?

Competition mimicking your product can be a serious issue that may justify an even more accelerated rollout. By the time you get to rollout of a new product, you have probably been working on it for twelve to eighteen months. For twelve months, the product may have been available to the public (and competitors) during the pilot-testing phase. During that time, competition has watched your test and seen that the product has worked well.

Thus, if competition is aggressively marketing “your” product, a speedier rollout may be called for depending on market overlap, your capacity to speed up rollout, and your competitor’s ability to offer the product without serious problems.

\(^8\) PRA - Participatory Rapid Appraisal

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However, use caution. Although you certainly do not want to lose the advantage of “your” product and the investment your organization has made to a parasitic competitor, remember that you also do not want all that preparation to be lost in an uncontrolled rollout. Just because you have a competitor for your market with your product, does not mean that you should abandon the control of your rollout.

And finally: don’t worry too much – your competition might be able to copy the external, visible aspects of your product but they cannot copy the internal, invisible systems, training etc. you have carefully developed. They will have to go through the complex process of doing this for themselves – and may well stumble in the process.

**Q:** Is there a checklist to follow when preparing for rollout protocol?

Have You …

- [ ] Developed and communicated a clear rollout protocol?
- [ ] Identified and documented potential schedule-altering issues?

### Exercise 5.1

<table>
<thead>
<tr>
<th>Session Number:</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective:</td>
<td>Drafting a Rollout Protocol</td>
</tr>
<tr>
<td>Group Formation:</td>
<td>Institutional groups with the right mix of experience and skills</td>
</tr>
<tr>
<td>Resources:</td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td>Time:</td>
<td>2 Minutes for exercise in groups</td>
</tr>
</tbody>
</table>
| Tasks:          | 1. Prepare a draft Rollout Protocol  
                  2. Review with the management team upon return to the office |
| Handouts:       | Handout 7.1 Rollout Protocol |
| Facilitator’s Role: | Facilitator to ensure that all aspects mentioned in Handout 5.1 are considered while participants draft the rollout protocol. So, the facilitator may have to move around and assist the groups |
Session Eight

Step 6: Product costing and pricing

Session Objectives:
- To facilitate understanding on the importance of product costing and its role in establishing sustainable prices for financial services in the rollout context
- To provide insights into the process of conducting a product costing exercise
- To enable participants to understand the critical factors that need to be considered while costing and pricing financial services being rolled out at branches

Time: 90 Minutes

Methods:
- Presentation
- Question and Answer Exercises
- Buzz Group Exercises
  - Exercise 6.0 Description
  - Exercise 6.1 Branch based costing exercise
  - Exercise 6.1a Branch based write-up

Materials:

Slide Show:
- PowerPoint Presentation entitled “Session Eight”
- This session consists of approximately 9 slides
  (Slide numbers 92 – 100 in Day 1 PPT file)

Handouts:
- None
Overview:

1. **Product costing and pricing**
   
   **Time:** 90 minutes  
   **Slides:** 9 (including 1 introduction)

Product must be rolled out only if they show profitability potential during the pilot test phase. Profit is a function of three critical factors: cost of product/service, retail price of product/service, and volume of sales. Pricing which is very critical, can either be cost or competitive or value based. Costing which is a crucial input for establishing profitability can be done on product or institutional or branch terms. It is advisable to do costing for each rollout branch, as the profitability could be affected due to variance in values of critical factors.

**Q:** What about costing the product for rollout?

Always remember that the product should be profitable, or it should not be rolled out. One of the basic objectives of pilot testing is to determine profitability. Profitability is a factor of the:

- *costs* related to the product or service,
- the *retail price* of that product or service, and
- the *volume of “sales.”*

In the pilot test, all three of these factors must have been aligned in such a way as to show potential (or even achieved) profitability. When the product moves to other branches in the rollout, some of these factors may be significantly different than they were in the test branch. This could dramatically impact the profitability of the product in those branches. Therefore, costing must be done for each rollout branch.

**Although there are three key components, all of them rest on the costing.** The pricing must be based on the anticipated costs with a factor for volume of sales. Depending on the price elasticity of the product, price is likely to be a significant consideration in a customer’s purchase decision, and thus a potential limiting factor.

For the pilot test, costs (as well as volumes and other factors) were projected using a projections model. Now that there is “real experience” data generated from the pilot test, it may be more appropriate to apply these to a costing model. Many institutions are already using a costing model to calculate the “real” costs of their products. If this is the case, the institution can add the new product to their current costing activities. The results of this application will then be applied to the projections model where adjustments can be made on a branch-by-branch basis.

**Q:** What if no costing exercise is being done with current products?

If an institution of any substance is not costing its products, then proper management is difficult. Without knowing the details of the cost side of a product, the management will have difficulty effectively addressing costs to make the institution more competitive. Certainly without adequate costing, the institution will have a difficult time setting prices that cover costs and provide profit. Proper management requires appropriate costing.

That said, if your organization is not currently conducting a regular costing exercise, then accurate costing for this product will be extremely difficult because you will have to cost the whole institution with it. In this case, your institution should set a short-term objective to identify and begin the implementation of an institutional costing model in parallel with the rollout of the new product.

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Once institutional costing has been done, management will have a better understanding of the cost components of its new product, as well as for all its products. From here, the information from the costing exercise can be applied and the institution can re-project the results of the new product.

**Q:** What needs to be done until an institution can implement a costing approach?

Although information from the costing exercise for the new product is very important for the success of rollout, the recommendation is to move forward even if your institution has not yet implemented a costing approach. This is significantly inferior, however, to an institution that is using a costing model to generate information for the projections model.

The reasoning for this recommendation is that, especially at first, costing is a difficult process to commence. The institution must first find a model that works for them. CGAP promotes the Activity Based Costing (ABC) method and offers a guide and model to apply it. This method is preferred for institutions with the capacity to manage it. Another method, Allocation Based Costing, is much simpler for institutions to manage, and is seen by many as an appropriate entry into costing for the first time. After the institution builds some capacity in this method, it makes implementation of ABC significantly easier. MicroSave’s “Costing and Pricing of Financial Services” Toolkit provides a simple guide to conducting Allocation Based Costing – this is available under the “Toolkits” section of MicroSave’s website: www.MicroSave.org.

**Q:** Should the amortised costs of product development and the costs of the Rollout Team be included in the projections?

This is an excellent question. Two issues arise here:

1) The accounting treatment for research and development of the new product.

   and

2) The projection of results – the projection of fully loaded net income from the product once it is rolled out.

The accounting treatment is rather straightforward because of the International Accounting Standards that govern the treatment of intangible assets (which is how the IAS addresses research and development costs).

The IAS requires that in order to qualify for amortization on product development costs, the institution must be able “to demonstrate that an intangible asset exists from which future economic benefits will be able to be generated.” To do this, the institution “will need to demonstrate that the intangible asset will generate cash inflows in excess of the cash outflows to generate/acquire it.” Clearly this is impossible up to the point of rollout because you do not know if the cash flow will be positive. Thus, these phases are all “research” (as per IAS) and research activities, by definition, do not meet the criteria for amortization and therefore should be expensed as incurred. All costs up to rollout should therefore have been expensed as incurred.

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9 Price Waterhouse Coopers. Understanding IAS Chapter 38.
http://www.pwcglobal.com/Extweb/corprep.nsf/docid/5C54D00083338A0A80256AFF005CF6A9
10 Ibid.
11 Ibid.
Once we get to rollout there is a better opportunity to prove the positive cash flow. However, the IAS further notes that the following activities are not allowable for amortization, and thus must be expensed as incurred:¹²

- start-up, pre-opening, and pre-operating costs [IAS 38.57]
- training cost [IAS 38.57]
- advertising cost [IAS 38.57]
- and others

Therefore, it is clear that product development costs should be expensed as incurred.

To assist in management accounting, it is important to segregate development costs for each product from other costs. This is commonly done through expense subsidiary accounts, or separate accounts. With this segregation, management will easily be able to pull out those expenses and assess the cost of development for each product.

**Q:** How should the new product be priced for rollout? What are the pricing strategies that need to be considered?

There are several strategies that companies use with regard to pricing their products. Fundamentally, however, pricing strategies fall in three broad categories, with the first being the foundation.

“Cost-based pricing” - this essentially entails establishing the cost of the product and ensuring that the pricing is a mark-up over cost. The mark-up could be determined by the finer objectives of the institution, such as achieving a certain return on assets or capital employed. In other instances, the institution may simply want to cover their costs and make money on another product.

With the costs of the product firmly established, an institution may consider competition in their pricing. The product is priced based on the relative pricing of the competition. An institution may for example have a product that is totally new to the market, and launch it at a premium, owing to lack of competition.

If the reverse is true, and the competition already has a product similar to that of the institution, penetration pricing may be adopted, where the product’s price is set low to gain quick acceptance.

The third pricing strategy is value-based pricing. Institutions that have a good understanding of the value their clients’ derive from their products and services, through gathering client feedback, are able to price products accordingly. Clients are generally willing to pay for value derived to a certain limit – a limit that is often above that of the competition if, for example, your MFI’s client service is truly outstanding. Value-based pricing seeks to price products to capitalize on this value, which is usually not as expensive to deliver and offer as clients’ are willing to pay.

For more detailed discussion of these and other pricing strategies, see MicroSave’s “Costing and Pricing of Financial Services” – this is available under the “Toolkits” section of MicroSave’s website: [www.MicroSave.org](http://www.MicroSave.org).

Q: What is a branch-based costing system?

While the institution-wide product costing exercise provides valuable information for refining the product’s pricing before rollout, an understanding of the costs in each branch is useful in determining into which branches to rollout.

Monitoring costs at the branch level brings into focus the unique needs of the product amongst the branch customers, making the institution more responsive to client needs. In addition, branch staff are able to compare the performance of the product in their branch against other branches.

Q: Should the new product be made available in every branch?

Most institutions will put all new products in every branch. Usually this makes sense when the markets are similar and the product broadly appealing. However, there are times when it does not make sense to introduce a new product in a particular branch or even a class of branches.

A key rule for moving products out to the branches is that the more it costs to introduce and then maintain a product, the more closely an institution should review the potential for profitability. A product that requires a bit of simple training and minor alterations of procedures, and thus very little input cost, can easily be rolled out to all branches.

The example of Postal Banks illustrates how costing can influence rollout. Traditionally Postal Banks have operated solely through the local post offices, as a division of the Central Post Office. Now many of them are privatized, or are preparing for privatization. Often these retain the in-post-office operations (paying a fee to the post office for transactions conducted by the post office staff), and they may have developed a network of their own branches. It does not make good business sense to transfer a product to post office branches that require installation of a capital-intensive structure requiring computer systems and well-trained staff in a setting where the market may be questionable and the Bank really has no control over the operations. However, it might be highly appropriate to offer such a product in the “owned” branches.

As with most of the decisions that managers face in this process, the decision to offer a product through a specific outlet is based on the potential for product profitability within the unit.

Q: Is there a checklist to follow while preparing for the Costing and Pricing exercise?

Have you . . .

- Performed a product costing exercise including the new product as a profit centre?
- Performed a branch-based costing analysis?
- Reviewed the pricing of the product using actual information from the pilot?
- Tied in the figures in the costing / pricing with the Rollout Objectives and Financial Plan?
### Exercise 6.1 and 6.1a

<table>
<thead>
<tr>
<th><strong>Session Number:</strong></th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective:</strong></td>
<td>Perform a branch costing exercise</td>
</tr>
<tr>
<td><strong>Group Formation:</strong></td>
<td>Non-Institutional groups with the right mix of experience and skills</td>
</tr>
<tr>
<td><strong>Resources:</strong></td>
<td>Computer, pen and paper and handouts</td>
</tr>
<tr>
<td><strong>Time:</strong></td>
<td>45 Minutes for exercise in groups</td>
</tr>
<tr>
<td><strong>Tasks:</strong></td>
<td>1. Costly Bank’s Branch-based Costing Exercise</td>
</tr>
</tbody>
</table>
| **Handouts:**       | • Exercise 6.1 Branch based costing exercise  
• Exercise 6.1a Branch based write-up |
| **Facilitator’s Role:** | Facilitator must ensure that each of the groups have at least one person well versed in Excel. He/she must move around and provide help with regard to Excel if required |