

**CO-CREATING BUSINESS DEVELOPMENT SERVICE: A STRATEGIC
MARKETING APPROACH FOR LEVERAGING THE PERFORMANCE OF SMALL
AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA**

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ABSTRACT: *The provision of Business Development Services (BDS) is critical to the survival and sustainable growth of Small and Medium Enterprises (SMEs). BDS in Nigeria has been poorly provided as there are very few institutions that provide it. As a result, most SMEs neither appreciate the need for such services nor access them. This paper posits that a Business Development Service co-created through collaboration between the service provider and service consumer stands to elicit the need for such service among SMEs as well as improve their utilization and access to BDS. Based on theoretical paradigm and contemporary practices as documented in literature, this paper suggests that Institution of Higher Learning (IHL) are best positioned to provide the BDS. Given the provision of services like BDS may involve the collaboration of other organizations and institutions, it is the suggestion of this paper that the institutions who may undertake this project collaborate with larger enterprises and mass media organizations in alliance to provide the service while on the other hand, SMEs within the target market are sensitized through a radio phone-in programs that address the general problems of SMEs. When this is done, it is expected that an opportunity of interaction between the consumers of service and provider would have been in place for the requisite value-based BDS to be co-created.*

KEYWORDS: Co-creation, collaboration, leveraged value, Business Development Services, SME.

BACKGROUND OF STUDY

The contribution of Small and Medium Enterprises (SME) to the development of a nation's economy is significant particularly with its roles of creating employment, increasing the competitive intensity of the market which reduces the monopolistic position of large organizations; and encouraging the development of entrepreneurial skills and innovation (Todd and Javalgi, 2007). Unfortunately, SMEs in many developing economies are not contributing reasonable to these roles because of the plethora of problems which constrain their performance ability. Some of these constrains have been traced to lack of finance (Ognsanya, 2007; Edozie, 2003), poor quality and scanty business support and advisory services (Bankole, 2005) and poor

provision of infrastructure (Atsede et al, 2007). The effects manifest in slow growth, high failure rate of SMEs and low contribution to the GDP (Ayena, 2005).

The need for BDS is not new to the SMEs. At least, Kyaruzi and Oboko (2007) agreed that entrepreneurs whether new or existing, need to improve their skill in entrepreneurship. In Idiaghe (1998), SME operators themselves agreed that marketing was important to them even though they were constrained in accessing the benefits. Nwaizugbo (2010) observed that whereas making fund available is important to the SME operators, knowledge of how to use the fund was equally important to them and that the provision of BDS, improved knowledge and use of marketing strategy and creating a business friendly environment would help SME operators improve their performance. Adelaja (2005) agrees that when provision of finance is supported by provision of Business Development Services (BDS), the result is likely to be efficient utilization of fund and improved performance of the SMEs. To corroborate this view, the Regulatory and Supervisory Guidelines of the Micro-Finance Banks (MFB) in Nigeria (section 2.1[s]) requires Micro Finance operators to ensure that investors are supported with BDS. Hallberg and Oldsman (2002) evaluated the impact of Small Enterprises Development (SED) interventions like BDS and commented that BDS was capable of improving performance of SMEs in developing countries and has been seen as a means of achieving higher economic growth and employment, reduce poverty and meet social objectives.

Statement of Problem

This paper acknowledges the imperative of the provision of BDS as a critical factor in the survival and growth of SMEs in Nigeria. It also appreciates that BDS services are being provided by a handful of institutions, government agencies and private organization but the service enjoys limited access and patronage by SMEs whose demand for BDS is largely latent (Bankole, 2005). This scenario shows a need gap akin to the type marketing in its nature tends to close. More so, BDS like other service dominant products requires the application of peculiar model which differ in characteristics from the approach used for good dominant product. Particularly, the heterogeneous and perishable nature service dominant products are co-created through an interactive marketing process by the service provider and the service consumer. Evidences in literature and as signaled by some relevant socioeconomic indicators show that despite the huge capabilities of several categories of BDS provider, SMEs are bereft of professional coaching, mentoring, training and other services that are typically provided by BDS in their qualitative forms suggesting a gap between the needs of the SMEs and the service offers of the BDS providers.

Objectives of Study

The major purpose of this paper is to demonstrate the proposition that Business Development Services can be packaged and delivered satisfactorily and profitably using the value oriented strategic marketing process. Specifically, the paper determines the strategic marketing process involved in creating a value based BDS; determines the collaboration requirements for creating and delivering a value based BDS, and to identify the critical success factors in co-creating a successful BDS. The observations of the study will be captured in a conceptual model of co-creation of Business Development Service which would stand to be tested empirically for

practicability, viability and profitability. If the model is tested and found to produce the desired result, then a window of opportunity is opened for the stakeholders particularly the Higher Education Institutions (HEI) who would play a major role in the project, the SME operators, large scale organizations, the media and the economy at large.

Conceptual Framework

This paper is based on the concept that efficiently packaged BDS will serve to improve not only the performance of SMEs but also provide them with necessary tools to survive, grow, become competitive and play in the global market. Evidences in literature attested to this assertion. Parley (2000) remarked that diligent use of market strategy was found as a common among 21st century successful organizations. BDS is essentially a Service Dominant (S-D) product which was expounded in Vargo and Lurch (2004). S-D Logic provides an explanation to a highly relational knowledge-based value proposition that characterizes modern exchange. A central premise of S-D logic posits that satisfaction, value or repeat patronage are likely to increase when the producer or the customer involvement in the production process, customer and service providers generate better knowledge of each other which lead to a more relational value (Randell et al,2011).

Benedict and van Zyl (2010) observed that the responsibility for creating conducive and supportive environment lies with the government, business community and Tertiary Education Institutions. However, Ladzanil (2001) remarked that government mainly plays the role of a facilitator and Hughes et al (2009) think that Tertiary Education Institutions are better positioned to package and deliver BDS since SMEs are increasingly looking up to the University as source of innovation and competitive advancement as they seem to address the competitive pressure inherent in their operating environment. In comparative analysis of SME formation in Brazil and Mexico, Rivera (2007) showed that Brazil with higher number of researchers, higher annual production of PhD, and higher number of scientific journals than Mexico are less likely to have problems with finding reliable supply sources, adapt products to consumers' need, manage enterprise, obtain market information and manage relationships than their Mexican counterparts. Further, the study sought to identify the sources of information and supports used by new ventures to resolves initial problems. The result showed that Brazilian SMEs relied more on Universities and research institutions; suppliers and clients; and consultants whereas Mexican SMEs relied more on personal resources, colleagues, family and friends, business chambers and public institutions as their sources of support and information.

This paper posits that the application of strategic marketing concept based on the S-D logic which has co-creation as its main theme will help SMEs to leverage their performance. Secondly, even though SMEs look up to several bodies including private organizations to provide advisory and mentoring services to them, it is generally agreed that Institutions of Higher Learning are better positioned to play this role. Thirdly, marketing value creation process involves a three-step approach which consists of choosing value to create, producing or creating value and communicating the created value (Kotler and Keller, 2006: 36). Therefore, in the process of creating and delivering a service dominant value, it is essential that an effective communication exists between the producer and the consumer of services and other stakeholders.

Strategic Marketing Process for Creating Value-Based BDS

Strategic marketing process usually starts by identifying the needs of the market. Even though the products are created through a mutual interaction of the provider and the consumer, the provider plays a more active role of initiating the process by analyzing the market situation. As expected, this analysis will identify the potential opportunities in the market. Next to this is the analysis of strengths and weaknesses of the organization in the context of the environmental opportunities and threats (SWOT Analysis). This enables the service provider to set up the objectives and determine strategies for market entry and development. BDS can provide a wide range of services. A typical BDS provider, the Lochaber Business Development Services of West Highland College, UHI, Fort-William provides the following services: Business Planning, Project Management, Feasibility Studies, Funding Applications, Financial Projections, Management Training and Business Workshop. The choice of service portfolio provided by a particular BDS depends on the analysis of market opportunity and the organization's capability. For instance, Mizra and Guy (2012) suggest that entrepreneurial coaching; mentoring and entrepreneurial network are most necessary for newly created firms.

Since customization is a key characteristic of service product, value is determined by the consumer co-creating along with the service provider. Business Development Services (BDS) are intangible elements; therefore communication is usually an essential component of the delivery process. Therefore, service providers must determine the most effective medium and message package that can best reach the customers. Fortunately, the presence of Information, Communication Technology (ICT) in general and Global System of Mobile (GSM) in particular provide good tools for sending messages and receiving feedback from the customers. This means that a combination of above-the-line medium like radio and GSM makes an interactive process between the service provider and the service consumer feasible. Essentially, it provides a good platform for a two-way communication which is known to be more effective than one-way communication. These tools therefore, could be used to sensitize and stimulate the interest of SME operators in the services provided by BDS since their need for these services may have remained latent. A weekly radio phone-in program that discusses general problems of SMEs can facilitate the process of eliciting responses with regard to problems experienced or feared, then based on that choosing the values to be created.

Collaborations required for Creating and Delivering BDS

Modern marketing has shifted from transactional exchange to relational exchange process. This means that in marketing, relationships are created, nurtured and sustained. Also, marketing advocates for collaboration between parties who are involved in a business transaction. Such collaboration could be between buyers and sellers or between institutions who participate in the service delivery process. Collaboration is essential when any of the parties thinks that more efficient performance would be achieved by the collaborative arrangement than when the organization acts alone (Johnson and Scholar, 1997:119). This agrees with the seven habit paradigm model (Covey, 2004) which holds that when successful persons (or parties) work together in collaboration, they become interdependent hence achieve public victory. Public victory does not only sustain the successes of the collaboration parties but as well infect the society around it with success.

In a BDS, the collaboration between the service provider and SME is imperative because they must necessarily collaborate to co-create the product. In addition, some institution may play some important role in the BDS process, hence the need to partner with such bodies in the creation and delivery of the BDS. Among such organizations, are the media houses, large organizations, Non-governmental Organizations (NGOs), advertising agencies, trade organizations, consultants and relevant government organs. The role of any of these organization is determined by the nature of the BDS to be provided and the SMEs as the customers.

Instances in literature suggest that institutions of higher learning or educational or research institution of that standard are best positioned to provide BDS. If a Higher Education Institution takes the lead in the project of BDS, it then behooves it to determine whom to collaborate with and the conditions for the collaboration. Collaboration of partnering has proved very effective in several instances. In Rao (2007), an account of how Webject System Inc - an ICT based project of Bridgewater State College partnered with some ICT consultants and organizations to leverage its performance. In less than ten years of this partnership, the arrangement launched Webject into a high profile global enterprise.

CRITICAL SUCCESS FACTORS IN CO-CREATING BDS

Marketing generally recognize the essence of two or more parties or institutions in a dyadic relationship cooperating (instead of conflicting) to achieve a higher value or synergy than each would have achieved acting alone. Co-creation represents an experience or outcome of a collaboration of the provider and the consumer of service product. According to Randall et al (2011), such collaboration must be based on trust and commitment of the collaborating parties. They further suggested that such collaborative arrangement is built on trust and commitment is likely to lead to connection. This means that the relationship between collaborating parties is built into sustained relationship rather than remaining a transient experience of an ad-hoc transaction.

Rackman et al (1998) in an effort to find out what makes partnering success concluded that every partnership has its unique success factors that arise from the specific circumstances of the partnering organizations. However, out of more than 100 answers received in response to the question, three common elements repeatedly and consistently emerged. These are (i) intimacy (ii) impact and (iii) vision. Intimacy is the closeness, sharing and mutual trust among partners. Impact is adding real productivity and value; and Vision is the compelling picture of the possibilities that are likely to be achieved through partnering. Vozza (2012) in her blog suggests that the ingredients for successful mentoring relationship (collaboration) are personal connection, clear expectations, mutual respect, reciprocity, and shared value. Also a training manual on partnership lists the principles of partnership as trust, mutuality, solidarity, and accountability.

In his model of seven habits of highly effective people, Covey (2004) proposed that being proactive, beginning with the end in mind (vision) and putting first things first would help dependent persons (or parties) to become independent thereby achieving private victory. To achieve public victory, independent parties must seek to become interdependent which requires the parties to exhibit habits of think win-win, seek first to understand then to be understood and synergize. All habits are greatly influenced by knowledge, skill and desire (Duruola et al, 2012).

Operational Process for Creating Value

While behavioral dispositions suggested above are critical to the success of BDS, it is also important that the right operational conditions are in place. In a simplified model presented in figure 1 below, Melnyk and Denzler (1996) suggested that organizational facilities act on the organizational capabilities to create value.

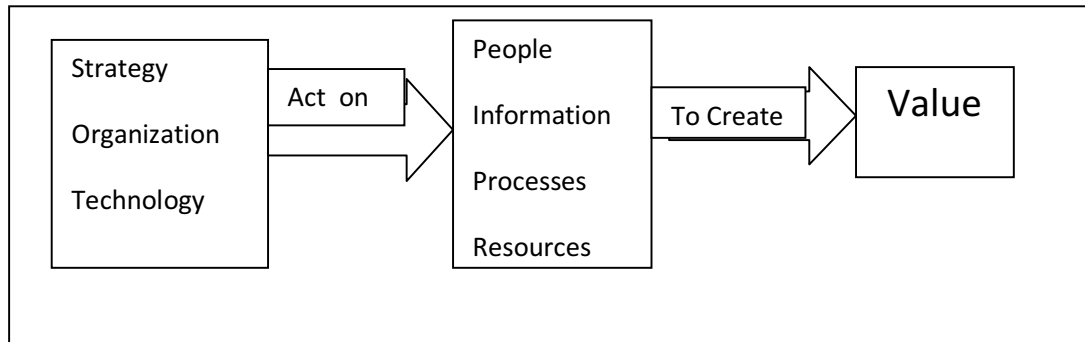


Figure 1: Operations Management to Create Value

Source: Melnyk, S. A and Denzler, D R (1996) p.59.

The relevance of this model in the provision of BDS is clear. The structure of the organization, the available technology and the strategy adopted act on people, Information, Processes and Resources to create, enhance and sustain value. In BDS, the people which are the human elements represent the co-creating team for BDS of whom the ability to perform depends on the quality of available information, process adopted and the available resources.

CONCEPTUAL MODEL FOR CO-CREATING VALUE-BASED BDS

The concept of this model is based on the premises that in the provision of BDS, as in other service dominant products, enhanced value which usually manifests in leveraged performance is achieved when the service provider and the service consumer in an interactive process co-determine and co-produce the requisite services. It is also clear from Melnyk and Denzler (1996) model of value creation cited above that structure of the organization, strategy and technology affect the extent of value achievement. Suggestion of literature is that BDS is undertaken by Higher Education Institution (HEI) in particular the Management Science Faculty. Common practices also show that a unit is usually created (domicile in the Faculty of Management Science) to implement BDS project. Since BDS is essentially service dominant with peculiar characteristics of intangibility, heterogeneity and the character of being consumed at the point of production; the conditions for collaborative interaction between the service provider and the service consumer becomes very critical. As has been observed from literature, the relationship must be founded on mutual trust, commitment to shared vision and networking among other attributes.

Based on the above premises, the proposed Conceptual Model of Co-creation of Value-based Business Development Services is developed in figure 2 below. The model shows Service Providers as they collaborate with the Service Consumers to co-create business development services. If the provider is HEI, then it has a reservoir of intellectual strength comprising the lecturers in different fields as well as graduate students who could be galvanized to assist in the BDS delivery. On the other hand, the SMEs within the target market of the provider whom records have shown are performing below optimal capacity should be potential clients of the BDS. All SMEs can benefit from BDS. Those operating below optimal level can be helped to enhance their performance; while those performing optimally can be helped to sustain their performance level. Therefore, an awareness program of the BDS provider can help to break the glass ceiling of limitation and elicit the hitherto latent interest of the SMEs in BDS.

Through an interactive process, the service provider and the service consumer can begin to co-create BDS products. These BDS products could be categorized as general or specific depending on how the service is provided. For example, the BDS provider can make a radio presentation on the importance and nature of Business Plan or Feasibility Study. If, in the process of listening to the program, some SME operators are moved to request for Business Plan to be developed for them, then the service is specific and could attract service charge. If some SMEs desire to learn how to prepare Business Plan, then an opportunity for short training or workshop on development of Business Plan is created.

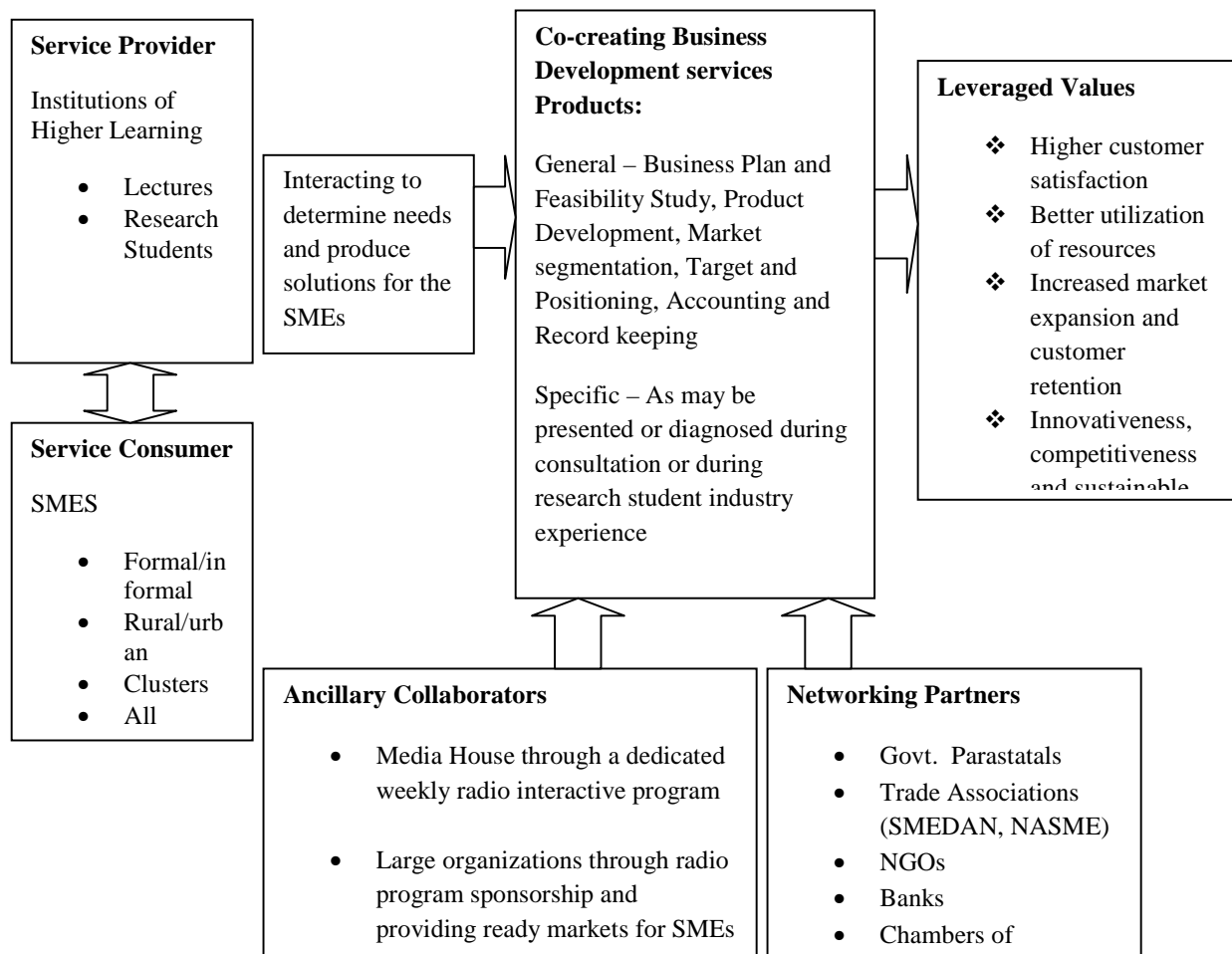


Figure 1: Proposed Conceptual Model of Process Flow in Co-creating Leveraged Value Business Development Services (BDS).

Source: Developed for the study by the authors

To collaborate with the service provider and the consumer in the co-creation process are some auxiliary collaborators like the media houses who may provide the platform for (say) interactive weekly radio phone-in program; and large organizations who would sponsor the radio program as well as provide ready market for SMEs who strive through BDS assistance to meet desired standards. Another group of collaborators are networking partners which include the trade associations, NGOs, government agencies, banks, and chambers of commerce who at various points could play vital roles. The outcome of these processes will lead to enhanced performance of the SMEs which will manifest in higher satisfaction of the customers, better utilization of resources, increased market share and market penetration, innovativeness, competitiveness and sustainable growth.

CONCLUSION

The proposition of this paper is that business development and support service is essential for the growth and development of SMEs in Nigeria, as in other countries where provision of such services to SMEs has been prominent. However, as in other service products, BDS needs to be packaged in such a way that it provides for the interactive collaboration between the service provider and the service consumer so that under mutual trust and commitment, the requisite service is co-created. The proposed model provides an interactive form that permits the marketer to awaken the latent demand for BDS among SMEs using a service co-creation process. Co-creation of BDS ensures that the actual needs of the SMEs are addressed while the skill and versatility of the provider is moderated accordingly to suit the needs. It is also suggested that institutions of higher learning in general and business faculties in particular have been found to be well positioned to render this service given their wealth of professional and skilled personnel including the graduate students in various facets of business. In addition, other organizations whose services need to be co-opted into the collaboration include the media house because the services will be needed for information dissemination and interactive communication which is necessary for co-creation process. Large organizations participate as sponsors to the program as well as provide a training ground and ready market for SMEs. Other stakeholder organizations like NGOs, Trade Organizations, Chambers of Commerce and Banks can support the program in different ways and at different points.

It is believed that if BDS is co-created in line with the suggestion of the above proposed model for co-creating leveraged value BDS, then higher values which would manifest in leveraged performance would be achieved. In this instance, the service provider, the participating SMEs and the society in general will benefit from the outcome. This paper demonstrates that co-creation model which has proved successful in enhancing customer value in other service provisions could produce an equally good result in BDS provision. Again, it suggested that a network of various organizations that ordinarily operate independently in promoting SMEs, could actually collaborate to co-create and deliver BDS with a view to achieving leveraged performance and synergy in the industry.

LIMITATION OF THE STUDY

The study is based on the concept that an approach that has proved effective in other countries can produce the same result if adopted in Nigeria where BDS is mainly provided by private consultants hence the model construction is based on literature and the expertise of the authors. It is therefore necessary that an empirical study is undertaken on the topic with a view to verifying and validating the proposed model for co-creating leveraged value Business Development Services. If such an empirical study validated the proposition of this model, then it would have added value to this work not only by adding to the body of knowledge in literature, but also by creating wealth to stakeholders in particular and the society in general.

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