

Client Assessment Lessons Learned

Abstract

Client assessment is an important activity that contributes to improved organizational performance. Nonetheless, doing client assessment is challenging, and there is much to learn about it. An important source of learning is the experiences of MFIs that have already embarked on the client assessment process. Along these lines, this Progress Note summarizes the lessons learned in client assessment by the 17 MFIs that have participated in the Client Assessment Working Group/Imp-Act research project.

A Publication of

The Client Assessment Working Group

Introduction

Beginning in October 2001, the Client Assessment Working Group (CAWG) of SEEP administered three in-depth questionnaires at yearly intervals to 17 microfinance institutions (MFIs) asking about the client assessment process at their institutions (see Table 1 for a list of participating MFIs).¹ This Progress Note summarizes their responses to the question, "Please describe the lessons your institution has learned about the client assessment process over the last year."

Participant MFIs drew a large number and wide variety of lessons from their CA experiences. Overall, the 17 participant MFIs cited 162 lessons learned across the three questionnaires. The number of lessons learned increased in each questionnaire from 32 in the first year to 56 and 74 in the second and third years, demonstrating that institutional learning about client assessment (CA) increases with experience. The lessons learned can be grouped into seven general categories: (1) internal capacity, (2) research design, (3) methodology and implementation, (4) human resources, (5) staff motivation, (6) system development, and (7) benefits. The following section summarizes the lessons learned falling under each of the seven general categories.

Summary of Lessons Learned

If the criterion for judging the importance of a category is the number of times participant MFIs cited a lesson learned in that category, then lessons related to internal CA capacity and research design were the most important followed at some distance by methodology and implementation, human resources and system development (see the second column of Table 2). Lessons related to system development and benefits of CA were mentioned the least frequently. (The third column of Table 2 shows the number of unique lessons learned, which includes the lessons learned cited by more than one MFI.)

Among the unique lessons learned, the need to train staff in CA was by far the most frequently lesson cited and the only lesson to be cited by all 17 of the participant MFIs. Again, if the criterion for judging importance is the number of times a lesson was cited, then the following six lessons appear to be the most important based on the experience of the participant MFIs:

1. Provide field staff adequate training in all aspects of CA.
2. Establish clear goals for CA and link them to organizational mission and strategic objectives.
3. Stakeholder buy-in is critical for CA

Table 1. MFIs Participating in the CAWG Imp-Act Project

MFI	Country	SEEP Partner
Africa Catholic Relief Services (CRS) First Allied Savings and Loan Ltd. (FASL) FOCCAS Kenya Rural Enterprise Programme (K-Rep) Sinapi Aba Trust (SAT)	Benin Ghana Uganda Kenya Ghana	Catholic Relief Services NA Freedom from Hunger Plan Opportunity International
Asia Activists for Social Alternatives (ASA) Center for Agriculture and Rural Development (CARD) Nirdhan	India Philippines Nepal	NA Plan Plan
Central and Eastern Europe and Russia DEMOS Savings and Loan Cooperative Fund for Support of Microentrepreneurship (FORA) The Integra Foundation (Integra) Partner Prizma	Croatia Russia Slovakia Bosnia and Herzegovina Bosnia and Herzegovina	NA Opportunity International NA NA NA
Central Asia Asian Credit Fund (ACF) National Association of Business Women (NABW)	Kazakhstan Tajikistan	Mercy Corps Mercy Corps
Latin America Avance Chalco CRECER	Mexico Bolivia	Enterprise Development International Freedom from Hunger

success. To get buy in, explain the purpose of CA clearly to stakeholders, involve stakeholders in CA planning and implementation, and demonstrate CA's usefulness to stakeholders.

4. Developing CA systems takes significant time and effort.
5. CA yields important experience and information that improves long-term organizational performance.
6. Create a separate research unit or assign specific staff members to conduct CA.

This is not to say that the other lessons learned are not important; they all are to one degree or another depending on the context in which the MFI operates. Indeed, context is crucial in determining the degree to which the lessons learned by the 17 participant MFIs are relevant to other MFIs. The reader will note, for example, that in some cases a lesson

learned by one MFI contradicts a lesson learned by another MFI. This highlights the fact that there is no “best” way to do client assessment, but there are several “sound” ways to do it, where soundness is partly a function of context. What works for one MFI might not work for another. In the summary that follows, readers can judge which of the lessons learned are relevant to their experience and context. (The MFIs citing a particular lesson learned below are listed in parentheses.)

Category 1. Internal Capacity

- Provide field staff adequate training in all aspects of CA (ACF, ASA, Avance Chalco, CARD, CRECER, CRS, DEMOS, FASL, FOCCAS, FORA, Integra, K-Rep, NABW, Nirdhan, Partner, Prizma, SAT).
- Provide training in data analy-

sis (CARD, FASL, FORA, SAT).

- Provide training in focus group moderation—many focus groups produce information that is too general to be useful or that is poorly done (FOCCAS, NABW, Partner).
- Networking among practitioners and comparing notes on experiences provides important opportunities for learning (K-Rep, SAT).
- Provide formal training even for simple tasks, such as checklists (CARD).
- Include CA training as a regular part of new staff orientation and training (Integra).
- Train more researchers for large assessment studies (K-Rep).
- Using participatory sessions to design focus group discussion guides and client questionnaires helps staff internalize and understand research objectives (ASA).

Table 2. Number of Client Assessment Lessons Learned by Category

Lessons Learned Category	Total Lessons Learned	Unique Lesson Learned
1. Internal capacity	35	13
2. Research design	34	20
3. Methodology and implementation	25	19
4. Human resources	21	13
5. Staff motivation	15	8
6. System development	19	9
7. Benefits	13	7
Total	162	89

- Giving staff several opportunities to implement the tools helps them gain confidence and competence and to internalize the value of the tool (FOCCAS).
- Staff communicates to clients only those messages they themselves thoroughly understand and appreciate (FOCCAS).
- Staff learning does not occur automatically; it must be stimulated (Integra).
- One can learn as one goes if one is committed to the CA process. It is not necessary to have experience before be successful (Avance Chalco).
- Start CA when the organization is small and when major systems are still being developed. This will enable the MFI to manage its growth more intelligently (Avance Chalco).

Category 2. Research Design

- Establish clear goals for CA and link them to organizational mission and strategic objectives (ACF, Avance Chalco, CARD, FOCCAS, SAT).
- Know in advance how information will be used. Information that will not be used should not be collected (ACF, CARD, CRECER).
- Simplify CA according to the needs and resources of the MFI. CA need

not be expensive or too great a burden on staff (ACF, FASL).

- Match CA tools to the information needed (CARD, FOCCAS).
- Avoid collecting too many CA indicators—this imposes burdens on staff and clients, does not yield useful information, and complicates the process of focusing on the most important indicators (ACF, NABW).
- Review indicators already in the MS before adding new CA indicators (ACF, CRECER).
- Investigate different CA methodologies before selecting one (ACF, CRECER).
- Keep it simple. Avoid expensive or complicated studies. Focus on cost-effectiveness (ACF, CRECER, DEMOS, Nirdhan).
- Translate all CA materials into the local language (FORA).
- Develop a clear implementation plan (ACF).
- Integrate CA planning with an organizational audit (CARD).
- Make sure the organization is sufficiently “settled” in other areas before committing resources to CA (Avance Chalco).
- Adapt CA to clients’ reality (CRS).
- Carefully word and organize sur-

veys and questionnaires (Avance Chalco).

- Be prepared to abandon indicators or tools that prove less useful (Integra).
- Select, if possible, universal indicators that can be applied to all clients (Integra).
- Investigate the possibility of creating composite indices rather than reporting several unique indicators (Integra).
- Involve key program staff in the research design so as to give them a common understanding of program impact (K-Rep).
- Formal CA studies conducted by external researchers are of limited usefulness (CRECER).
- Use both quantitative and qualitative tools (FORA).

Category 3. Methodology and Implementation

- Good coordination and teamwork among field staff and external collaborators are necessary for effective CA (CARD, K-Rep, SAT).
- Collect data from a sample of clients rather than from a census of all clients. Samples are easier and cost less but still provide reliable results if done well (ACF, ASA, SAT).
- Pilot-test all product innovations prior to introducing them organization-wide (ACF, Integra, SAT).
- Program staff are capable of implementing CA provided they are trained adequately and implementation imposes a minimum disruption to their normal work load (CARD,

CRECER).

- Take no more than two weeks to implement one time only impact assessments as to avoid imposing too great a burden on staff and clients (FORA).
- Avoid using loan officers to interview their own clients (FORA).
- Use staff to interview their own clients. This can be done effectively provided staff receive good training first (SAT).
- Client data collected by program staff tends to be less reliable than data collect by external researchers (Nirdhan).
- Interviewing ex-clients, especially the more well-off ones, poses significant difficulties (CARD).
- Allocate sufficient time for data analysis (FORA).
- Underestimating the CA budget can significantly hinder implementation. (SAT).
- Create large enough samples so that findings can be generalized to the entire client population (K-Rep).
- Poorly facilitated focus group discussions produce general information that is not very useful. Ask specific questions and probe for in-depth answers. (K-Rep).
- Do not rely too heavily on volunteer help to develop or implement CA (Avance Chalco).
- Be prepared to improvise during implementation when confronted by unexpected obstacles (FASL).
- A simple method in conception can burn out to be complicated in implementation (SAT).
- It is a bad idea to implement data collection during holidays or festi-

vals. Clients are not available or are too busy to respond (ASA).

- Implement ex-client interviews early in the CA process. Many ex-clients cannot be found, which requires lengthy follow-up at times (ASA).
- Put the necessary funding in place before implementing CA (ASA).

Category 4. Human Resources

- Create a separate research department or core staff to conduct CA (ASA, FOCCAS, NABW, SAT).
- Do not overburden field staff. Overburdening field staff threatens the sustainability of CA and compromises data quality (DEMOS, Nirdhan, SAT).
- Create incentive system for staff involved with CA, or a general incentive system that rewards social performance (DEMOS, Integra, SAT).
- Clients are willing to participate if the research accommodates their schedules (CARD, NABW).
- Train and involve loan group leaders and members in conducting CA (FASL).
- Involving staff at all levels of the organization in CA is not practical (ASA).
- Using head office staff for CA works better than using field staff (ASA).
- Use MIS staff for both data entry and data analysis (ASA).
- Train outsiders to work alongside staff to increase CA cost-

effectiveness (ASA).

- Use different staff for data collection and data entry (FORA).
- Plan for staff rotation in designing the CA system (Integra).
- Relying on technology to accomplish a task will not always work, especially if it can only be done by a limited number of staff who are already overloaded with work (SAT).
- Clearly define all deliverables and the time frame for external consultants and volunteers (SAT).

Category 5. Staff Motivation

- Stakeholder buy-in is critical for CA success. To get buy in, explain the purpose of CA clearly to stakeholders, involve stakeholders in CA planning and implementation, and demonstrate CA's usefulness to stakeholders (CARD, DEMOS, Integra, Prizma, SAT).
- Share CA findings immediately with management, staff, and the board to increase support and buy-in (FORA, SAT).
- Provide management and staff with interim reports on work with longer reporting cycles to keep them interested and engaged (Integra, SAT).
- React quickly to CA information to increase support and buy-in (FOCCAS).
- Motivate stakeholders and diffuse opposition by engaging them in the CA process and communicating progress regularly (Integra, SAT).
- Maintaining staff commitment to CA is a continual process (FORA).
- Provide feedback to clients on how the MFI is responding to clients' concerns to secure their support for CA (SAT).

- Designate a champion for CA among senior management who can promote CA in strategic planning meetings (SAT).

Category 6. System Development

- Developing CA systems takes significant time and effort (CARD, CRECER, DEMOS, ACF, CRS).
- Implement CA systematically and regularly for maximum effectiveness (ACF, CRECER, CRS Benin).
- Use external experts to train staff and develop CA systems (K-Rep, Integra, SAT).
- CA is a continual process that requires continual improvement (FOCCAS, NABW).
- Clients' needs are dynamic and diverse and require continuous monitoring (FOCCAS, Partner).
- Integrate CA into institutional operations for maximum effectiveness (Integra, Nirdhan).
- Intensive monitoring to successfully integrate CA (CARD).
- CA requires ongoing commitment to staffing, budgeting, and analysis (CRS).
- The costs of CA fall once it is institutionalized (DEMOS).

Category 7. Benefits

- CA yields important experience and information that improves long-term organizational performance (Avance Chalco, NABW, Prizma, Partner).
- Involving staff in CA helps them learn about clients as well as program weaknesses and possible solutions (ASA, CRECER, Integra).
- CA findings can be powerful tools for conducting more fruitful conversations with donors and governments (NABW, SAT).

- CA is an important component of job satisfaction (Nirdhan).
- Participating in CA creates a sense of program ownership among staff (SAT).
- CA findings cannot always be applied (DEMOS).
- Some market research findings can be handled quickly at lower operating levels; other findings require action by higher operating levels (CRECER).

Important Themes in the Lessons Learned

This section takes the lessons learned listed in the previous section and draws out important themes for consideration.

Summary of Category 1. Internal Capacity

Staff training is essential for all aspects of CA, including survey design and implementation, interviewing, focus group moderation, data collection and analysis, and developing recommendations from the results. To be most effective, instruction in CA should also be integrated into new staff orientation and training.

Even CA tasks that appear simple or straightforward require training. CARD learned when it asked loan officers to administer "simple" client checklists that the officers needed formal training to roll out the use of four simple checklists. "We found that we had, first, to convince field staff of their usefulness and, second, to show loan officers how they could gather quality information through their proper use," says CARD.

One should not assume that staff learning will occur naturally from participation in CA activities. The MFI

must stimulate and reinforce the learning process. Significant learning about clients and the program through is possible even at small and resource constrained MFIs.

To keep costs down and prevent field staff overburdening, start simple and focus on a manageable, selective set of CA activities based on the institution's mission, strategic objectives, and information needs.

Summary of Category 2. Research Design

Thorough advance planning is essential. First, make sure funding is in place before committing to the CA process. Next, create a research design that is consistent with institutional mission and objective and that addresses specific information needs. Develop a coherent implementation plan with clear strategic goals. According to FOCCAS, this last step is important to keep the MFI focused on the key issues that relate to the organization's strategic objectives.

Investigate assessment tools and indicators before selecting either. Begin the search for indicators in the existing MIS, avoid collecting too many indicators, and know in advance how you will use the indicators. SAT, for example, established clear goals as a prerequisite to selecting indicators for its Client Impact Monitoring System (CIMS). Initially, SAT selected many indicators, but because it had set clearly defined goals and knew what it wanted, it was able to narrow the list of indicators to suit its purposes. Narrowing the list further

enabled SAT to take into consideration many factors, such as information already being collected, thus reducing the number of indicators to those it could manage and analyze and that would be applicable to all its branches nationwide, regardless of the cultural and environmental conditions. "This process," says SAT, "helped us to stay focused."

In contrast to SAT, NABW described the downside of excessive indicator selection, which "complicated the process of focusing on the most important ones." NABW did not review what indicators were in its existing MIS, and it ended up designing and using a questionnaire asking for information it already had. The MFI should also be prepared to abandon any indicators or tools that do not prove useful, regardless of the time or money invested in developing them.

The process of planning CA can provide an opportunity to reflect on institutional mission, objectives, operations, and related items. For example, CARD discovered the value of undergoing the entire process of developing an impact assessment system when it revisited its organizational mission/vision, looked at what information was already being gathered, and pondered whether that information mattered. The opportunity to reflect helped stakeholders determine what mattered most concerning the program's impact on clients' lives. In addition, the opportunity to participate in the planning increased stakeholders' ownership of the CA process.

CA tools must be easy to implement and cost effective, particularly if they will ultimately serve as man-

agement tools. It is best to use a combination of quantitative and qualitative tools, as each serves a different purpose (breadth vs. depth of information). Expensive, complicated CA tools, especially formal studies conducted by external researchers, are poor management tools. Be careful, as tools that appear simple in conception can prove difficult in implementation. This highlights the need to field-test any assessment tools before implementing them.

Formal CA studies typically involve minimal management and staff participation, which does not encourage management and staff buy-in. CRECER, for example, said that although formal studies conducted by outside researchers could help show the impact of its work, the low level of staff participation made it more difficult to create staff commitment to support or follow up on recommendations. External assessments also take a long time to produce findings, which in CRECER's case did not allow it to make timely decisions.

Summary of Category 3. Methodology and Implementation

Field staff can implement all phases of CA if their normal workload is not significantly disrupted or overburdened. Staff, however, should follow appropriate research methodology, including interviewing and group monitoring techniques.

Ideally, loan officers should not interview their own clients, as this gives clients an extra incentive to falsify information. Practical realities, however, often make it cost-effective for staff to interview their own clients. But in such cases, it is

important that loan officers are well-trained to minimize errors and bias and that the MFI monitors data collection for quality control.

For maximum effectiveness, integrate CA into normal operations and ensure close coordination across departments and with external collaborators. K-Rep, for example, noted the need for strengthening "interdepartmental collaboration within the organization . . . to downstream the CA recommendations, tools, and skills" and for regularly exchanging ideas and developing work plans across the organization.

Summary of Category 4. Human Resources

Do not overburden staff with CA. Placing too much responsibility for CA on field staff can lead to diminished performance of their other responsibilities, create staff resentment and resistance, or lead to half-hearted or sloppy data collection that threatens the validity of the CA data. If staff does CA work, build incentives for this work into their salaries or bonus structures and plan for inevitable staff rotation. The best solution, when possible, is to create a separate research department or assign CA responsibility to specific management and staff.

In addition, do not overburden clients with repeated information requests. Clients are usually willing to participate in CA when the MFI accommodates their schedules. NABW says it noticed many positive changes in the clients' attitude toward the program as a result of their participation in CA, "They liked being asked about the program and were glad that their voices would be heard. This helped improve staff attitudes too by showing them that the program is client-oriented."

Summary of Category 5. Staff Motivation

Stakeholder buy-in is crucial for CA success. CARD, for one, confirms that it could not have gotten as far as it is now without senior management buy-in. Because management realizes the importance of CA, CARD is able to continue with its ambitious and far-reaching CA work. Building and maintaining stakeholder commitment, however, is a long-term process that requires substantial a substantial investment of time and effort, both up front and on a continuing basis.

To enlist stakeholder support for CA, several strategies are necessary:

1. Clearly explain the purpose of CA to stakeholders.
2. Share all important CA findings with stakeholders.
3. On longer-term or on-going CA work, provide stakeholders with regular updates.
4. Act on CA information, and make it clear when actions are based on CA information.
5. Involve stakeholders in various steps in the CA process.
6. Make note of and share with stakeholders tangible or intangible benefits that can reasonably be attributed to CA work.

SAT undertook several strategies to win the support of key stakeholders for its client assessment work. It invited and relied heavily on field officer feedback in the design of its CIMS. It invited a board member who is a gender expert and researcher to help train staff in analysis of CA data. It further invited all managers to participate in the SEEP/AIMS training, and it asked them to help evaluate the successes and failures of SAT's pro-

gram in the field. According to SAT, involving stakeholders in this manner gave them more insight into what was happening in the field and what CA could accomplish, it significantly increased their support for ongoing CA work.

Prizma attributes its success in CA to a supportive attitude among management and staff, which are dedicated to Prizma's institutional mission of serving poor, self-employed women. Some of the managers, moreover, found this area of personal interest, and became involved in other regional impact research. Nonetheless, even highly motivated staff members have limits on how much time they can devote to CA. All of the time dedicated to CA by Prizma management over 12 months left it burnt out by the end, leading to a temporary de-emphasis in CA work. According to Prizma, "Now we feel it is time to decrease this pressure and refrain from new significant research in this year."

Summary of Category 6. System Development

To be effective, CA must be integrated with institutional operations. Developing and integrating CA requires significant time and cost. Nonetheless, the costs of CA begin to fall once it is successfully institutionalized. Using outside experts strategically can often help advance these processes and avoid costly mistakes.

Successfully integrating CA systems is a continuous process that requires extensive monitoring and quality control. CARD, for example, discovered it was easy to say it wanted an embedded

CA system. Although the institutional commitment was there, CARD learned that it takes intensive monitoring and reinforcement of training to ensure that the system is being properly implemented.

Summary of Category 7. Benefits

CA generates important experience and information that MFIs can use for product design and innovation and for strategic planning. CA can also create a sense of project ownership and enhance job satisfaction among staff, while increasing staff awareness of problems and potential solutions.


CA can also lead to critical self-reflection among management and staff, which can "snowball" and reveal the program's "weak links." At Integra, for example, CA work revealed several critical problems with its MIS that had heretofore gone undetected. The CA work was the catalyst to undertake improvements in the MIS, which impacted not only Integra's CA work but its operations in general.

Overall, CA is a useful mechanism for organizational learning and action that improves long-term organizational performance.

Although CA findings can be useful for many purposes, not all CA results have application or value to the MFI. Moreover, the organizational level able to act most effectively and quickly on the findings varies with the specific results.

Conclusion

The experiences of the 17 MFIs that participated in the CAWG Imp-Act project show that there is much to learn about client assessment. Notwithstanding, their experiences also show that it is possible to



learn and progress in client assessment. Each of the 17 participant MFIs was able to move up the client assessment learning curve over the course of the project to the point where many of them today have made significant strides not only in implementing but also in institutionalizing client assessment. The following quote by Avance Chalco sums up this learning process: “It is not necessary to have lots of experience in client assessment before beginning the process. One can learn as one goes, if one is committed to the process long-term, and if one has some good advisors . . .”.

Note

¹ The research for this Progress Note was funded by the Imp-Act Program. Imp-Act is a three-year action-research program that aims to improve the quality of microfinance services and their impact on poverty through the development of impact assessment systems. Imp-Act is an initiative of the Ford Foundation and is jointly implemented by a team from three British universities: the Institute of Development Studies, the University of Bath, and the University of Sheffield.

Author

Gary Woller, Woller & Associates, Inc.; Facilitator, SEEP Client Assessment Working Group

Contact

For additional information or to order additional copies, contact The SEEP Network.
1825 Connecticut Avenue, NW
Washington, DC 20009-5721 USA
Tel: 202.884.8392
Fax: 202.884.8479
E-mail: seep@seepnetwork.org
www.seepnetwork.org

Progress Notes

Previously published in this series:

Progress Note No. 1, *Integrating Poverty Assessment into Client Assessment*.

Progress Note No. 2, *Analysis of Client Assessment Data*.

Progress Note No. 3, *Institutionalizing Client Assessment: The Activists for Social Alternatives—India*.

Progress Note No. 4, *The Emerging Role of Microfinance Programs in Mitigating the Impact of Natural Disasters: Summary Findings of an Impact Assessment of World Vision's Ethiopian Affiliate*.

Progress Note No. 5, *Conflict and Post-Conflict Environments: Ten Short Lessons To Make Microfinance Work*.

To read other titles from the Progress Note series, visit www.seepnetwork.org.