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MARKET AND TECHNOLOGY ACCESS PROJECT

REPORT OF THE FIRST WORKSHOP MEETING

December 14, 1983

Arlington, Virginia

Project # 936-4053

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SUMMARY OF FINDINGS AND CONCLUSIONS

MARKET AND TECHNOLOGY ACCESS PROJECT WORKSHOP MEETING

Arlington, Virginia

December 14, 1983

The meeting assembled approximately fifty participants who are directly or indirectly involved in intermediation (defined as the bringing together of developed and developing country firms to undertake a business venture). The purpose of the meeting was to present and discuss preliminary findings of the project research component which is focusing on collecting information to adequately characterize the intermediary industry. Specifically, the meeting focused on factors influencing effective intermediation and encompassed discussions of the needs satisfied by intermediaries, the methods of their operation and the nature of projects and services they effectively facilitate.

The meeting confirmed that a large number of organizations are operating in total or in part as intermediaries although many work primarily with large clients and in developed countries. It appeared that relatively simple incentives such as coverage of certain expenses and a modicum of labor costs would induce many of them to undertake a pilot intermediation project addressing AID's objectives.

Moreover, it is clear that enterprises in both the developing countries and the U.S. need significant assistance in helping to acquire appropriate information, establish effective international business structures and develop the skills necessary for effective follow-up and joint project development.

Among the characteristics of an intermediary which contribute to its success, the most important were thought to be:

- Ability to establish credibility and trust with prospective clients in the U.S. and in the developing country which necessitates a high degree of familiarity with the process of facilitation, timely and accurate information about opportunities and prospective partners domestically and overseas, and access to a range of information sources, talent and know-how which may be necessary to consummate a deal. This implies the availability of a network of contacts and relationships in the U.S. and overseas which needs to be continuously maintained and expanded as appropriate.

- Knowledge of foreign country environment, markets, business practices, government policies, development priorities and objectives, and especially the domestic, international and indigenous sources of financing.

- Ability and creativity to capitalize on the above to develop sound business ventures that are financially rewarding not only to the clients but to the intermediary itself. This often implies the ability to link up a number of ventures and clients and is the case especially in developing country environments where the need for payment in hard currency to the developed country clients and the intermediary is an important consideration.

An important finding of the preliminary research, which was confirmed during the meeting, is that trade seems to be a key ingredient in most types of ventures which involve intermediation. Intermediaries should, therefore, be capable of facilitating trade transactions.

The meeting participants generally agreed that there is a vast amount of technology and other business resources in the U.S. small- and medium-sized firms. These resources can be brought to bear in the developing countries if intermediaries become more effective in engaging the U.S. firm in international business by linking them with developing country enterprises. Projects that help finance the development of the necessary networks and underwrite travel to bring together clients and cover some of the initial development costs should increase opportunities for collaborative ventures. In addition, these kinds of activities could represent a significant demonstration effort that would help catalyze additional intermediation activity in developing countries.

1. INTRODUCTION

The U.S. Agency for International Development (AID) awarded a research and evaluation contract to Arthur Young & Company as prime contractor for the Market and Technology Access Project (MTAP). The International Executive Service Corps, the Fund for Multinational Management Education, and International Technology Investment, Ltd. are cooperating with Arthur Young in this project. The overall purpose of MTAP is to study intermediary organizations (defined as those organizations which bring together U.S. enterprises with developing country enterprises to engage in some sort of collaborative business activity); and to investigate the feasibility and advisability of supporting intermediaries as vehicles for promoting collaborative ventures between small U.S. and developing country enterprises.

The research phase of the project will describe how consulting and legal firms, corporations, private voluntary organizations, foundations, and other private and public institutions that can be characterized at least partly as intermediaries, link firms in mutually beneficial ways. (A more complete listing of Types of Intermediaries appears on page 20.) Collaborative ventures include activities such as importing/exporting, information sharing, productivty improvements, coproduction, joint ventures and others. (See page 21 for a more comprehensive listing of Types of Collaborative Ventures.)

MTAP is also a demonstration project. It will design a series of field trials to determine whether certain types of intermediaries, operating under certain conditions, can successfully foster mutually beneficial relationships and results for their U.S. and developing country clients. The questions to be answered are: which types of intermediaries?; under what conditions?; and with what expected results?

MTAP is in line with USAID's interest in and commitment to promoting private sector development in developing countries. The

idea of achieving that objective by linking U.S. small and medium-sized businesses with similar businesses in developing countries has not yet been adequately investigated. If the project can demonstrate that intermediary organizations can be employed successfully to promote private sector development in developing countries, not only will it introduce a new vehicle to carry out broader U.S. economic and foreign policy goals, but it will also do so by involving small U.S. firms in international activities, a long-standing goal of the U.S. Government.

The developmental benefits of MTAP will be achieved through the technology transfer inherent in collaborative ventures. Especially as a result of the international debt crisis, there is a widespread belief that developing country firms have suffered significantly from lack of access to capital and know-how. The dramatic drop in foreign direct investment, from the United States and other industrialized countries, has affected firms of all sizes in the developing world. But the smaller firms, which employ the vast majority of workers, have been particularly hard hit by what has been, in effect, a continous depression. Further, developing country governments have limited the import of raw materials, equipment and capital that are required to restart economic growth arrested during the debt crisis. Effective mechanisms to promote and assist the transfer of technology for development and growth, therefore, have become increasingly important.

The first stage of the research component of the project will identify and describe the spectrum of organizations and individuals which act as intermediaries. The second stage will describe how intermediaries function in bringing about collaborative business activities in developing countries. Several case studies will be prepared as examples to illuminate the nature of successful intermediation. Finally, USAID will use the criteria developed during the research component in designing field trials to be conducted by three intermediaries, to help determine the desirability of future support of such activities on a broader scale.

This report is based on a meeting held on December 14, 1983 in Arlington, Virginia. (See page 22 for the Agenda of the meeting.) It contains an interim set of findings shaped by about 50 participants, most of whom are active in intermediary activities. (Pages 23-28 list the participants.)

2. OBJECTIVES AND ORGANIZATION OF THE MEETING

The objectives of the meeting on December 14, 1983 were (1) to solicit participant comments on alternative conceptual models of intermediation and tentative findings of the research to date, and (2) to publicize the project. The meeting organizers emphasized the need to first ask the correct questions, rather than to come up with answers or to devise detailed programs to assist intermediation at this time. The objectives of the meeting also included an early attempt to assist USAID to direct its thinking toward critical areas of the intermediation process where funding might most effectively be targeted.

The meeting was organized along the following lines:

- Presentation of alternative research approaches
- Workshops on major factors affecting intermediation from the viewpoint of:
  - a) The U.S. firm
  - b) The developing country firm
  - c) The intermediary organization
  - d) The types of collaborative ventures
- Plenary discussion of general factors that characterize successful intermediation.

MAJOR FINDINGS AND CONCLUSIONS OF THE MEETING

The initial research work performed under MTAP, including numerous written and telephone surveys and personal interviews in the United States and abroad, yielded certain preliminary findings regarding intermediation which were for the most part corroborated at the December 14 workshop meeting. Inputs from the meeting are based on workshop notes, and a questionnaire completed by most of the participants. (A copy of the tabulation as compiled during the meeting is provided on pages 29-36.

One rather pedestrian finding (albeit important for the success of the project) is that a large number of intermediary organizations do, in fact, exist in the United States and in developing countries. These include profit-oriented companies and non-profit organizations. Intermediation is in some cases the sole business purpose; in other cases, is a secondary line of activity.

There is evidence that many intermediary organizations are operating successfully. If that is the case, it is possible that relatively simple supporting mechanisms, such as funds for travel or information gathering, may be effective in expanding their activities. Such mechanisms would encourage intermediaries to bring about additional and more development-oriented collaborative ventures targeted for assistance by AID.

Other, more specific findings relate to the characteristics of successful intermediaries and to recent trends and developments in the way successful intermediaries operate.

Credibility and trust are very important intangible assets that can make the intermediation process more effective and profitable. An intermediary's job can be made easier if it can be easily and properly introduced to clients in the United States and in developing countries who have favorable information about its reputation and success. This observation, plus the need for accurate and timely intelligence, indicate that networks are extremely important in developing client relationships and in delivering intermediary services. In fact, in some cases,

individuals become intermediaries because of their existing networks of contacts with industrial, managerial and geographical specializations. The necessity to establish networks (both in the U.S. and overseas) and the long travelling distances involved in international business substantially increase the initial costs of setting up an intermediary business and of developing collaborative ventures, often to prohibitive levels.

A capacity for efficient information handling, too, is an important characteristic of successful intermediaries. Potential and existing clients need assistance in sorting through and selecting relevant data from among the large volume of information that overloads decision-makers today. This is especially true for smaller businesses which may have little or no knowledge of international businesses and practices.

Access to financing for the collaborative venture is obviously an important ingredient of successful intermediation. This often translates into knowledge of the alternative sources of funding (from banks, government sources, development funds, etc.) available for the particular venture, and the knowledge and ability to capitalize on the process by which such funds can be made available. It is important to have access to investment funds as well as trade credit because prospective ventures may involve a mixture of investment and trade.

Financing of the intermediary's own operations requires a lot of creativity and versatility on the part of the intermediary. Income must be generated at several stages of a venture to relieve the need for client-inhibiting large initial fees. Also, the need to be paid in dollars often requires that a number of ventures be linked together. These two financial requirements tend to advocate that the successful intermediary be able to provide a range of services to its clients and on a sustained basis during the life of the venture. The increasingly more frequent requirement by many foreign governments and clients for technology transfer to be part of a collaborative venture points in the same direction.

The above trends would probably require that intermediaries

form consortia with other intermediaries or other parties in order to deliver a variety of services to a given venture. (This may coincidentally provide an opportunity for more passive organizations to participate in the intermediation process.) As a corollary, industry specialization may not be a prime requisite for successful intermediation; however, the existence of a network from which to acquire such specialization takes on added significance.

Concerning trends toward types of activities that will be the subject of intermediation, trade-related activities seem to be increasing in frequency. However, there is evidence that, while trade may be where the pay-off is, ventures with higher technology transfer content may be the key to penetrating markets for intermediation. An example of this is licensing, which by its nature requires follow-up, long-term personal attention and joint management of operations resulting from the shared value of the activity.

The role of multinational corporations (MNCs) in intermediation should not be discounted because opportunities for MNC involvement have been reduced along with foreign direct investment. The need for counter-trade and offset arrangements by MNCs may represent new opportunities for intermediaries in developing countries. Often, the multinational must take payment in kind for its own exports, and this may require that assistance be provided to the developing country producer/exporter.

Finally, an observation relevant to this project is that the intermediary will have to overcome the natural resistance of the U.S. small business client who has traditionally not looked outside the United States for markets or linkages. The developing country enterprise is frequently more internationally oriented in terms of its outlook.

These general observations and findings were postulated following the initial research and were corroborated during the meeting. They will, along with other points emerging from the research and from the meeting, form the foundation for later phases of the project.

4. ALTERNATIVE CONCEPTUAL MODELS

MTAP is a research project designed partly to provide information on such "concrete" parameters as numbers and types of firms engaging in intermediation, but also on less tangible factors such as what is the need fulfilled by intermediaries, what motivates intermediaries, what are the characteristics of successful intermediaries, what are successful strategies for intermediaries, etc. In order to formulate a research framework for such less tangible factors, or merely to "ask the right questions", it is necessary to first formulate or postulate a model or models of behavior for intermediaries and their clients. These models can then be employed to yield research questions which can then be tested with "real" data and either accepted, rejected or modified to represent aspects of the actual intermediation process.

A number of such conceptual models were constructed by the project team in its preliminary research activities, based in part on input from the initial interviews and other data collection activities and in part on the available theoretical knowledge on technology transfer.

The focus of such conceptual models is the role of the intermediary and its interaction with its foreign and domestic clients. Four models were presented to the workshop meeting as a means of generating questions and issues for the participants' consideration.

The first model focuses on the role of the intermediary. Business transactions between developed and developing country companies have been taking place for a long time without any intervention by intermediaries. Those are cases where one or both of the parties have a clear financial motivation to enter into the transaction, are well aware of the opportunities and have the wherewithal to pursue the business deal to its conclusion. When one or more of these conditions is not tenable, the presumption is that an intermediary would have a legitimate and much needed role in

providing an element without which the transaction may never occur, that is, the awareness of an opportunity, its profit potential or the means to pursue it. This is notably the case when smaller businesses are the prospective parties because smaller businesses may lack one or more of these factors.

Figure 1 depicts the intermediary as a necessary component for the business transaction. The key questions are what specific needs of the client does the intermediary fulfill and what specific services does it provide.

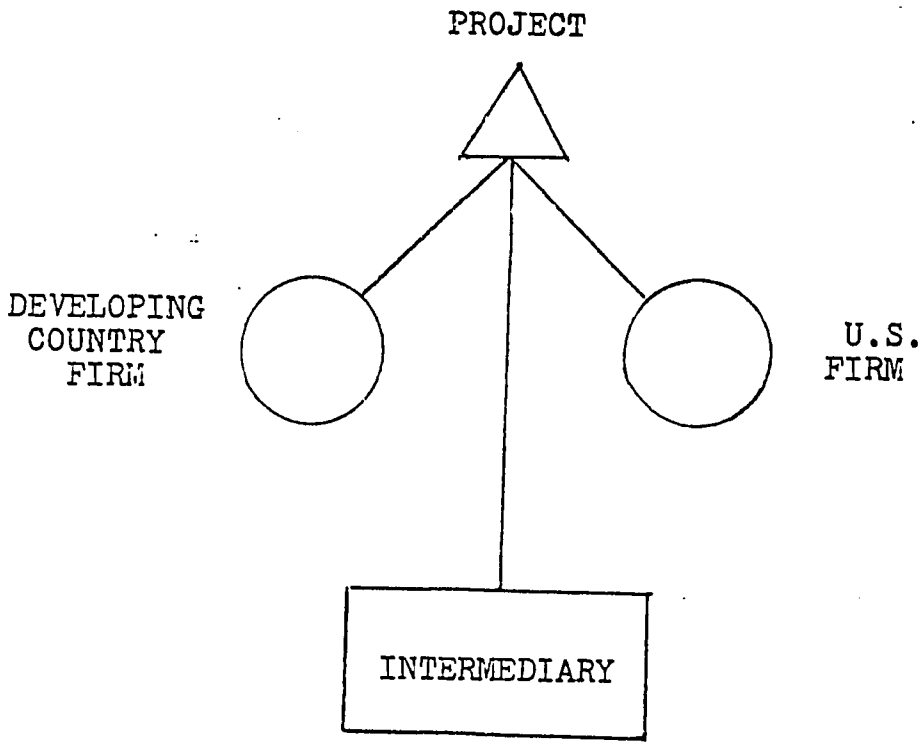

Figure 1

This model, while identifying all parts of the intermediation process, tells us little about the point(s) in the process where the intermediary acts or how it assists the process.

A second model of intermediation relates to the point in the cycle of activities where an intermediary is involved in introducing a change in the developing country firm's business system. The starting point for change usually is an idea that has some expectation attached to it. (An example might be the introduction of a new piece of equipment.) Figure 2 depicts activities that a firm might undertake in making its decision.

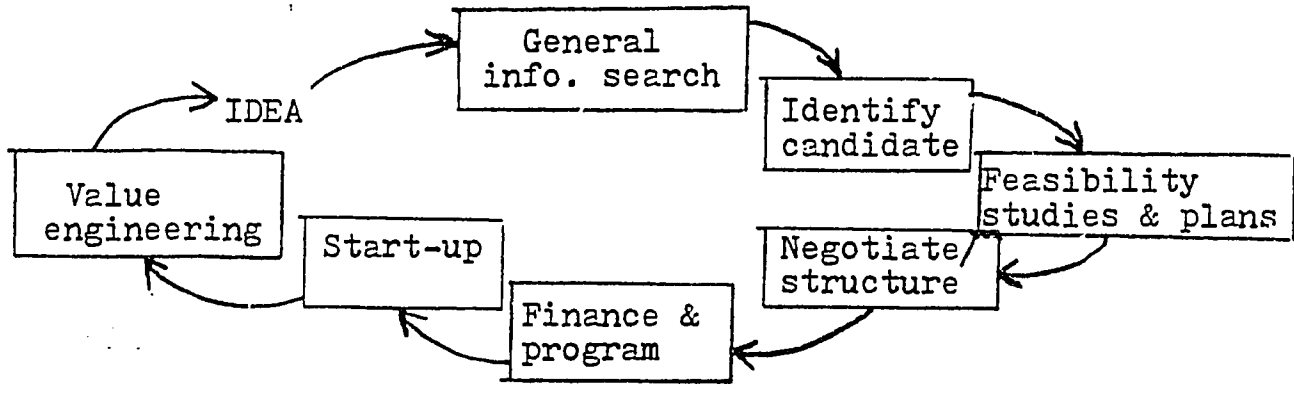

Figure 2

If this is a useful and generalizable description of the process of change within a firm, then it might be a tool in helping to determine at what point or points successful intermediation has a role. For example, do traditonal intermediaries come into the process at the feasibility stage, and the aggressive intermediaries at the idea stage? Is it necessary for a successful intermediary to

intervene across the board? And at what stage and how can USAID assist?

A third way to look at the intermediation process is in terms of a cluster of institutions that provide various services to firms.

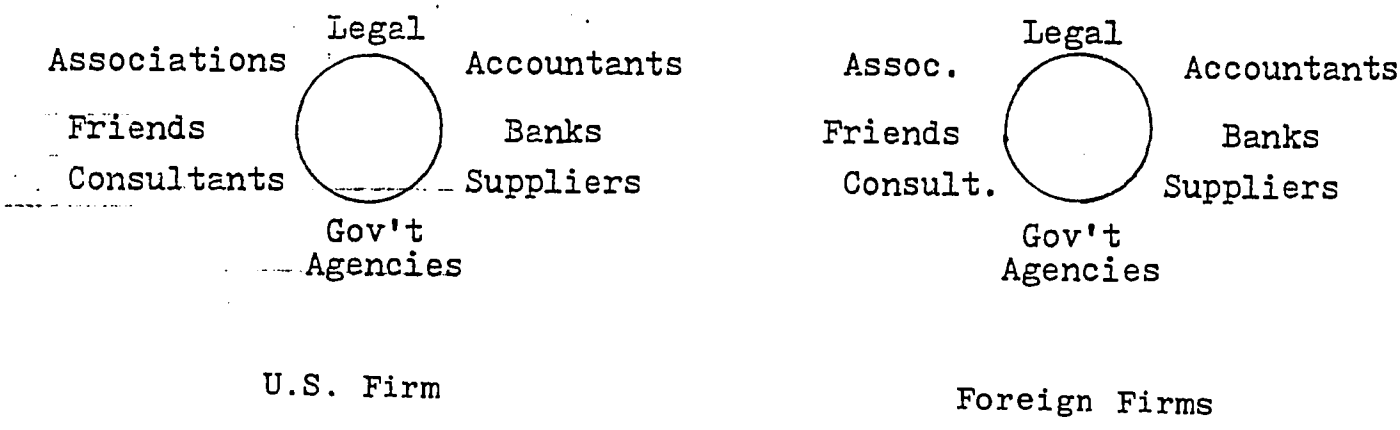

Figure 3

The cluster model presented in Figure 3 indicates that intermediaries do more than work only with the client firm. They may have to involve themselves with several or all the organizations that work with the firm as cooperating partners or providers of services. Does an effective intermediary have to work with and often educate several or all of these clustering organizations in order to bring about a collaborative venture? Or are there generally a few institutions, such as legal firms, that are more

effective as pressure points and change agents?

Finally, a convergence model, depicted in Figure 4, is perhaps one approach to determining which types of business activities hold the greatest potential for successful intermediation. This model correlates positive and negative attitudes or values with types of ventures. Do intermediaries work best and most effectively where there is convergence or divergence? Should government assistance be directed toward activites with the least or greatest convergence?

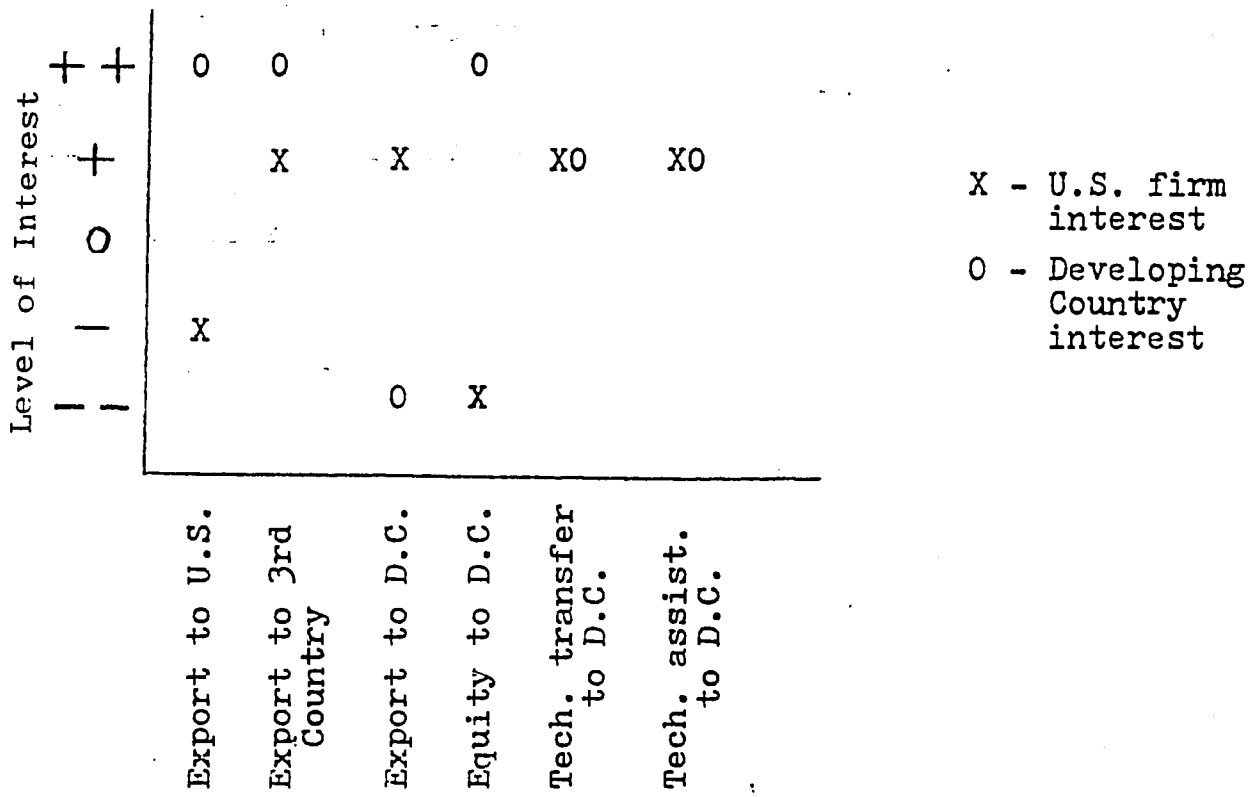

Figure 4

The above models are intended to help characterize and provide for analysis of the intermediation process. The overriding concern is to conceptualize a process in which opportunities exist for intermediaries and for government support for the intermediation process. These models were presented at the December 14 meeting as one means of leading into the workshop discussions.

5. CONCLUSIONS OF WORKSHOP SESSIONS

Participants of the meeting were divided into four groups, each of which considered questions and issues relevant to the parties involved in intermediation and to the products of intermediation. A summary of the conclusions of each group is presented below.

1. U.S. Small and Medium Enterprises

This workshop addressed a number of factors that can affect U.S. small and medium-sized firms and their interest in collaborative ventures abroad. Several impediments to engaging in international business were identified. Among these were: a psychological reluctance based on high risk perception; scarce management skills and capital; restrictive measures such as foreign exchange controls, import controls and repatriation limits brought about by the debt crisis in developing countries; the necessarily short-term outlook of small business; heightened foreign competition for overseas markets; inability to access and use information effectively; and the increased complexity of doing business abroad. how do you get paid, how do you deal with foreign govt's business customs, cultur diff. etc

Despite these impediments, a number of motivations exist for U.S. firms to look to overseas markets. The economic slowdown in the United States; the need for a defensive strategy to reduce costs and access raw materials; the desire to become directly involved overseas, for example, by taking over distibution channels; and the ability to generate short-term

cash flow as a result of being involved abroad -- all these were identified as potential motivations for engaging U.S. business abroad.

Possible roles for intermediaries were defined as a result of these motivations and impediments. The most important ones included: (a) work as a trading company with U.S. firms to help capitalize on the defensive strategy of cutting costs and acquiring raw materials; (b) help transfer technology so that quality imports can be sold into the U.S. market; (c) establish vested interests on both sides by determining needs and fulfilling them; (d) put together complex deals which capitalize on the needs and opportunities of the partners and which smaller firms are incapable of meeting alone, thus increasing the pay-off opportunities for the intermediary; and (e) cut through the information overload and exploit networks to the benefit of small U.S. firms.

This workshop hypothesized on the characteristics of successful intermediaries. Ideally, an intermediary should have experts capable of working on many different functional and industrial problems, putting together complex deals and generating future opportunities. While the successful intermediary organization should be process- (rather than industry-) oriented, it must also have a network with a country-specific orientation. It must be able to identify (indeed, generate) demand and capitalize on it. Finally, it must be able to tie into other intermediaries so that it can provide a more complete range of services.

An intermediary's ability to get paid in dollars requires some creativity. Increased opportunities for adequate returns are possible by working on different parts of the intermediation process rather than merely concentrating on feasibility studies, for example. The ability to coordinate a number of deals might allow one to capitalize on the complexity of such multiple transactions to increase the opportunities for pay-off in hard currencies. It was noted as an aside that it is better to

operate in countries where getting paid in dollars is not a problem.

Assistance to intermediaries centered on financing. It was agreed that long-term financial help is needed. Without government help, only a small percentage of potential deals can be realized. In addition, seed money (for market research, for example) to start intermediary projects would be helpful.

2. Developing Country Enterprise

This workshop agreed that developing country enterprises generally have a vast array of needs. Three typical kinds of firms were mentioned: those geared toward import substitution (to serve local markets), those geared toward rapid technological change (seeking new markets), and those which are export-related (to relieve pressures on external debts). It was agreed that exporting is almost mandatory for most developing countries. Attitude is also important as it relates to the ability or willingness to change products for suitability of export.

A variety of inhibiting factors for an intermediary was also noted, but the dominant one is the need for building trust relationships for collaborative ventures. The greatest inhibitor for developing country firms, though, is lack of foreign exchange. Host country government policies can also be significant obstacles as they involve complex and often restrictive import, technology and foreign investment legislation. The inability of foreigners to capitalize technology in certain countries is also a constraint in the technology transfer process. General resistance to change is a problem as well. Local government protection of indigenous industry can make firms uncompetitive and therefore is a constraint. There persists a problem in an individual firm's ability to define its own problems and then to search for solutions.

While the means available to developing country firms for accessing assistance are haphazard, there are on balance positive motivations for developed country enterprises to do business in Third World countries. Such countries are attractive markets for labor, raw materials, subcontracting and semi-processing, and expansion of markets.

From the developing country firm's viewpoint, the intermediary organization's value may be more easily recognized than it is in the United States. Trust and credibility must be developed. The ability to assist in providing expertise to upgrade the marketability of products is important. Another vital skill is the building of networks and an ability to manage these professional contacts. This skill requires first-rate people at the center of intermediary operations and in each country. The "process" capability, as well as staying power and continuous follow-up, are necessary ingredients for successful intermediation.

3. Intermediary Organizations

This workshop concluded that because there are so many factors that shape the intermediation process, no single type of intermediary can be identified as prototypical. It was also agreed that an important area for investigation, in addition to the intermediary itself, is the special requirements for successful conclusion of different types of deals or commercial transactions. An intermediary is analogous to a housing contractor who has access to people who can build a house; the intermediary may not have the skills himself, but knows how and where to acquire them.

One of the important functions of an intermediary is to facilitate personal contacts. Deals are not made until someone has defined both parties' mutual interests. "Hand-holding" is often a necessary aspect of getting smaller firms involved internationally, and the presence and involvement of government

agencies can legitimize the intermediation process. In one instance, the presence of officials from the State of Indiana and the Government of Mexico in discussing trading opportunities provided the sense of legitimacy to attract firms from both sides to participate.

Risk is an important consideration for smaller firms. One participant said that with very few exceptions, smaller U.S. firms (in this case, less than $100 million in sales) have no business being overseas. They cannot diversify international risk sufficiently to avoid serious operating problems. An intermediary's role, then, becomes central. He must identify a need and fulfill it in such a way that all parties profit. Expertise must be brought to clients, not acquired from them.

The most difficult selling job for an intermediary may be with U.S. firms. Traditionally, many smaller U.S firms have not been compelled to look abroad because of the size of the U.S. market. Their lack of interest in and knowledge of overseas markets could be a serious obstacle. Helping them find sources of supplies from abroad (and reduce costs) might be a first step to changing this attitude. Regional approaches along industry lines can help as there tends to be a "safety in numbers" mentality; this approach seems to be working in the Boston/Northeast area in the high technology/electronics industry.

On the developing country side, the need for early development capital is great. Small and medium-sized firms often cannot get risk capital. The role of venture capital firms is critical for marketing, product/process development, research, and new ventures involving collaboration with new technology. The Korean Technology Development Center was mentioned as an example of an institution providing equity for such activities. The KTDC has now taken an equity position in a Massachusetts venture capital organization to provide KTDC clients access to the U.S. market and technology. It was felt that venture capital investments by foreign firms in the U.S.

market may be a crucial factor in creating an intermediary base. This comment underscored the need to visualize intermediation as a give-and-take process rather than as a one-way commercial flow.

With respect to payment, it was felt that front-end fees are essential. However, if intermediaries are only involved in the initial stages, then the long-term return on successful projects will not be available to them, and this emphasizes the importance and size of the front-end payment. Follow-on servicing, the continuation of relationships and the development of new options are necessary for successful intermediation. These additional activities allow intermediaries to capture longer-term pay-offs, including the ability to participate in risk-sharing ventures, which is essential for smaller firms to enter new markets.

Successful intermediaries need an entrepreneurial/risk-taking attitude, industry-specific knowledge or networks to acquire such knowledge, geographic/cultural expertise and sensitivity, and the ability to demonstrate viable options to the profit of all collaborating firms. There was some question as to whether intermediation can be a financially viable business. It may require a continuous source of funds to support deal-making.

4. Types of Collaborative Ventures

World economic conditions partly shape the types of ventures that are possible. While equity investments are still made, they are not as prevalent now as in the past. Licensing, barter deals and other trade-related ventures predominate. The reasons for this trend lie in the debt crisis, the economic recession and currency fluctuations and controls.

Large U.S. multinational corporations should not be ignored even though their global strategies appear to be changing. They may want to establish a network of smaller suppliers overseas,

and some projects may arise as spin-offs of MNC activities. The potential for intermediation may exist, therefore, despite the decline in the direct investments typical of MNC activity.

One provocative comment was that intermediaries are not always necessary for successful collaborative ventures. Intermediation appears not to be favored in some parts of the Middle East and is illegal in Algeria, for example. It was underscored, however, that successful intermediaries usually help create demand for their services and fill vacuums.

In any type of collaborative venture, certain characteristics and roles are necessary. An intermediary tends to go into business because he has contacts, and in some instances a working relationship with representatives abroad. He needs an information network along with the ability to analyze data for decision-making. He must establish trust, credibility and neutrality. He not only finds opportunities but also overcomes obstacles. While an intermediary may have to share risk with the venture partners, he will generally make his money on a variety of ongoing services, trade, information, etc. He cannot put a deal together and then walk away. In addition, he must be a salesman who can describe and value both hard and soft technologies and provide appropriate consulting services. And in order to sustain his business, he may have to price his services on a discrete, step-by-step basis.

Finally, consortium approaches to intermediation, while not prevalent now, need to be considered. The breadth of knowledge, services and contacts required to establish collaborative ventures and risk-sharing may require a new pooling of resources. It also calls for unique managerial skills to handle such complex relationships.

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ISSUES OUTLINE

PROJECT TYPE

1. Trade related
2. Rapid technological change
3. Fit with industrial policy
4. Shared value projects
5. Non equity
6. Production rationalization

ENTERPRISE

1. Information critical
2. Trade precedes JV
3. Intermediaries used late
4. Business structures are problem
5. Weak follow-up
6. Weak idea development
7. Discouraged by fees
8. Conflicting business ethics
9. Poor value for intermediary
10. Expectations

INTERMEDIARY

1. Network knowledge
2. Information vs follow through
3. Industry specificity
4. Credibility
5. Recognized fees
6. Overcome sales resistance
7. Manage risk perception
8. Cost of entry
9. Receipt of payment
10. Country specificity
11. Intermediation as secondary or primary business
12. Demand management

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TYPES OF INTERMEDIARIES

A. INTERNATIONAL CONSULTING ~~& PUBLIC AFFAIRS~~ Firms

2 B. SMALL CONSULTING firms.

3 C. INFORMATION BROKERS

4 D. LAW FIRMS

5 E. BANKS

6 F. INVESTMENT BANKERS & VENTURE CAPITALISTS

7 G. Trade ASSOCIATIONS

8 H. GOVERNMENT AGENCIES (Commerce, OPIC, TDP, Ex Im)

9 I. Commercial ~~TRADE~~ ATTACHES & MISSIONS

10 J. INTERGOVERNMENTAL ORGANIZATIONS

11 K. PVO & SERVICE GROUPS

12 L. FOUNDATIONS & DEVELOPMENT ORGANIZATIONS

13 M. UNIVERSITIES & TECHNICAL INSTITUTIONS

14 N. PUBLICATION & GENERAL COMMUNICATION

15 O. TRADE FACILITATORS

16 P. TRADING COMPANIES

17 Q. INDIVIDUAL ENTREPRENUERS, AGENTS & LAWYERS

18 R. TRADE UNION ORGANIZATIONS

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TYPES OF COLLABORATIVE VENTURES

1. Exchange of information
2. Exchange of personnel or sharing of other resources without fees or contractual relationships
3. Volunteer assistance
4. Technical assistance for fee
5. Technical assistance for goods, etc. (barter/counter trade)
6. Coproduction for local market or export
7. Provision of marketing sales or other distribution assistance
8. Joint venture (capitalizing technology or financial inputs)
9. Establishing a license or other grant to use technology, equipment, etc.
10. Unique sales or equipment leasing situations
11. Rationalized manufacturing and subcontracting

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MARKET AND TECHNOLOGY ACCESS PROGRAM

Research Workshop
December 14, 1983

AGENDA

Time	Program	Room
9:00 a.m.	Welcome	Rosslyn A
9:05 a.m.	Program Introduction	Rosslyn A
9:30 a.m.	Initial Research Findings	Rosslyn A
10:45 a.m.	Coffee Break	Rosslyn A
11:00 a.m.	Discussion Groups:	
(Lunch Included)	U: U.S. Small/Medium Enterprises	414
	Discussion Leaders: Dimitri Plionis John Engle	
	D: Developing Country Small/Medium Enterprises	Shenandoah E
	Discussion Leaders: Vincent Bozzone Laurel Drubin	
	I: Intermediary Organizations	1602
	Discussion Leaders: Sam Hayden Bill Kerr	
	T: Types of Collaborative Ventures	Rosslyn A
	Discussion Leaders: Harvey Wallender Chuck Smith	
2:00 p.m.	Findings of Discussion Groups	Rosslyn A
3:30 p.m.	Evaluation and Conclusions	Rosslyn A
4:30 p.m.	Adjourn	

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QUESTIONNAIRE FOR WORKSHOP ON ROLE OF INTERMEDIARIES IN DEVELOPING US AND DC ENTERPRISE COLLABORATION

- Open-ended questions should be answered as directed in each question.

- For other questions, give a numerical ranking according to your agreement with the statement.

  1-disagree strongly
  2-disagree
  3-neither agree nor disagree
  4-agree
  5-agree strongly

EXAMPLE E.	Participants in the workshop have different views on the role of intermediate organizations	5	(agree strongly)
1.	Projects involving equity investment in developing countries are likely to increase in frequency.		
2.	Projects including trade activities with developing country enterprises are likely to increase in frequency.		
3.	Coventure projects involving rapidly changing technolgy areas are likely to increase in frequency.		
4.	Coventure projects involving export of products to the US are likely to increase in frequency.		
5.	Developing country regulations inibit coventures between DC and US enterprises.		
6.	US regulations inhibit coventures between DC and US enterprises.		
7.	DC enterprises lack the ability to identify opportunities for coventure with US firms.		
8.	US enterprises lack the ability to identify opportunities for coventures with DC firms.		
	DC enterprises require intermediaries to:		
9.	- provide general information		
10.	- identify coventure partners		
11.	- develop plans for coventures		
12.	- negotiate programs		
13.	- prepare DC enterprise to work with partner		

1-disagree strongly 2-disagree 3-neither agree nor disagree 4-agree 5-agree strongly

US enterprises require intermediaries to:

14. -provide general information
15. -identify coventure partners
16. -develop plans for coventures
17. -negotiate programs
18. -prepare US enterprises to work with partner

19. DC enterprises undervalue the role of intermediaries.

20. US enterprises undervalue the role of intermediaries.

21. DC firms are discouraged to use intermediaries because of cost.

22. US firms are discouraged to use intermediaries because of cost.

23. Coventures are inhibited due to confliciting business ethics of DC and US firms.

24. Many coventures fail as a result of poor business planning.

25. The most important resource of an intermediary is its networks.

26. Most effective intermediaries provide extensive follow up efforts.

27. Supplying information alone is not an effective strategy of intermediaries.

28. Industry specific intermediaries have a greater probability of establishing coventures.

29. Effective intermediaries must have credibility with DC and US firms.

30. The most important skill of intermediaries is its cultural sensitivity.

31. The most important skill of intermediaries is its sales ability - ability to sell the partners on the value of the coventure.

32. Country specific intermediaries have a greater probability of coventure development.

OPEN-ENDED QUESTIONS Please answer the following as appropriate.

33. Who are three (3) of the most effective intermediaries that brin together smaller DC and US enterprises? Why?

A _____ Why: _____

_____

B _____ Why: _____

_____

C _____ Why: _____

_____

24. What are the major obstacles that deter successful DC and US smaller enterprise coventures?

35. Financial support for intermediaries should go toward assisting what activities or functions? (search systems, travel, fee subsidies, etc)

Question	1	2	3	4	5	T
1	6	9	4	10	5	Project involving equity invest in D.C. are likely to increase in frequency.
2		1	3	20	12	Projects including trade with DC enterprises are likely to increase.
3	1	1	10	15	8	Coventure projects with rapidly changing technology are likely to increase.
4		2	9	18	8	Coventure projects with exports of products to U.S. are likely to increase.
5	1	1	10	11	11	D.C. regulations inhibit Coventures
6	4	6	14	16	1	U.S regulations inhibit coventures.
7		1	3	17	19	DC enterprises lack ability to ID opportunities with coventures with U.S. firms
8			3	42	10	US firms lack ability to ID opportunities for coventures with DC firms

Question	1	2	3	4	5	Totals
9		2	5	15	13	DC. firms require intermediaries to: - provide general information
10			1	12	22	- identify venture partners
11		2	7	9	17	- develop plans for venture
12		4	5	16	10	- negotiate programs
13		5	5	11	15	- prepare DC enterprises to work with partners
14	1	3	3	20	8	U.S. firms require intermediaries to: - provide general information
15	1		1	17	16	- identify venture partners
16		3	8	16	8	- ~~negotiate programs~~ develop plans for ventures

Question	1	2	3	4	5	Totals
17	1	5	5	21	4	- negotiate programs - ~~prepare US enterprise to work with partner~~
18		3	4	17	10	- prepare US enterprise to work with partner
19		9	8	13	6	DC ent. undervalue role of intermediaries
20	1	7	3	18	6	US ent. undervalue role of intermediaries
21		8	10	10	7	DC firms are discouraged to use intermediaries due to cost.
22		9	15	7	4	US firms are discouraged to use intermediaries due to cost
23	2	7	15	8	3	Ventures are inhibited due to conflicting business ethics of DC + US firms.
24		2	4	21	7	Many ventures fail as a result of poor business ~~planning~~

Questions	1	2	3	4	5	Total
25		1	2	21	12	Most important resource of an intermediary is its networks.
26		2	1	14	16	Most effective intermediaries provide extensive followups.
27		1		14	20	Supplying information alone is not an effective strategy of intermediaries
28		6	5	15	9	Industry-specific intermed have a greater probab of establishing ventures.
29			3	12	20	Effective intermediaries must have credibility with DC & US firms
30		6	13	14	8	Most important skill of intermediaries is cultural sensitivity.
31		8	7	12	8	Most important skill of intermed. is sales ability.
32		4	9	17	7	Country-specific intermed. have greater probability of ventures

33. 3 intermediaries : 19 answered question, 16 did not

34. Obstacles

lack of Info ~~IIII~~ III
Financing ~~IIII~~ III
Planning I
Ignorance ~~IIII~~ ~~IIII~~ I
Costs IIII
Lack of experience ~~IIII~~
Finding ptrs IIII
Sticking w/ US mkts III
Regulations, Red Tape ~~IIII~~ III
Cultural differences ~~IIII~~ IIII
Fears re stability, fin'l reward II
Foreign exchange problems IIII

Fin'l support

Info II
Travel ~~IIII~~ ~~IIII~~ ~~IIII~~ I
~~Fee~~ Fee Subsidies ~~IIII~~
Follow-up IIII
Search Systems ~~IIII~~ IIII
Start-up help ~~IIII~~ II
Staffing III