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REPLICATION AND
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DEPARTMENT

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A PRIMER OF SUCCESSFUL
ENTERPRISE DEVELOPMENT—II
One Organization's Practice

Thomas W. Dichter

Thinking about
International
Development



T E C H N O S E R V E

Technoserve is a private, nonprofit organization. We provide training and technical assistance to enterprises comprised of large numbers of rural people. We call them "community-based enterprises."

These community based enterprises principally relate to agriculture; our training helps them to increase productivity, improve their marketing, and enhance their overall management.

The results of this assistance include job creation, increased levels of income for needy people, and overall improvement in living conditions, without creating dependence on outside assistance.

Technoserve was founded in 1968. We work in Africa and Latin America. We currently have a staff of over 150 persons, made up primarily of highly-qualified citizens of the nine countries where we operate.

Technoserve is funded by church organizations, individuals, foundations, corporations, host country institutions, and the U.S. Agency for International Development.

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Thomas W. Dichter, Technoserve Inc.

"Nuts and Bolts" business skills form the core of Technoserve's enterprise development process.

INTRODUCTION

We're often asked what we do at Technoserve. Even after a discussion of such broad phrases as, "Improving the well-being of low-income people through a process of enterprise development...", and a perusal of our annual report, some people seem to remain a little frustrated, as witness the second question: "Yes, but what do you really DO?". This paper is an attempt to describe the steps themselves, how we work, and a little on why. (We went into more detail on that subject in the first paper in this series, *A PRIMER OF SUCCESSFUL ENTERPRISE DEVELOPMENT—I: ONE ORGANIZATION'S PRINCIPLES*.)

Besides the implication that we have not done as good a job as we should have in explaining ourselves, there are two other reasons why what we do seems less well-understood than we'd like. They both reveal some interesting assumptions about enterprise development.

The feedback we get from both our field offices and here in the U.S. suggests to us that people in the development field do not find an easy context into which we can be fit. This may be so because of what we do not do: We do not lend money, or manage credit schemes. We do not give away equipment. We do not deal in any tangible commodity at all. And we are not a community development organization in the sense commonly applied in the 1970's and 80's. Yet we are a Private Voluntary Organization with much the same overall objectives as our colleagues.

The second reason is that our work on a day-to-day level is neither very glamorous nor emotionally moving. The core of Technoserve's work is comprised of basic "nuts and bolts" skills. The truth is, helping an agricultural cooperative design an accounting system is less moving than providing medical treatment to starving children.

Nonetheless, we think what we do is effective in promoting the long-term development goals that most organizations today agree upon. We see our work as cost-effective, replicable, and leading to local enterprises which sustain themselves as viable businesses after we leave. Furthermore, we think the long-term social, economic and political impact of a viable agricultural

enterprise sector in the Third World is great, and is exactly what is needed in many countries right now. While the "nuts and bolts" are not very sexy, they do work.

THE VIABLE ENTERPRISE: The day-to-day business of Technoserve is business

Technoserve's day-to-day practice is based on a core operational principle: that the enterprise should be a well-run, viable business. We assist groups in organizing their agricultural activities into successful



businesses, and help failing (or failed) enterprises get on their feet and become successful. To that extent, our work can be said to be strictly business. Many of the skills we hope to transfer to others are those one would presumably learn in a program at a business school with a specialization in agribusiness.

Technoserve offers assistance in these skills even though it sees successful enterprise development as taking place within a context that encompasses considerably more than business skills. But it is practice we are talking of here; that is, the "how" of what we do. At that level, we focus on the business: enterprise.

Our motivation is not profit for ourselves, but profit for those we work with. While our short-term measure of success is the viability of the enterprise, this is tied to the larger, social, economic and political context surrounding the enterprise. We hold expectations that the viable agricultural enterprise will have positive effects on the quality of life of the owners of the enterprise and those around them. Because we are non-profit and get our money from outside the arena of our work, we can work with different kinds of clients and in different ways than a for-profit management services company can. Were we a company like Deloitte, Haskins & Sells, or Coopers & Lybrand, for example, we would do our work for our clients, get paid and leave. The key underlying difference is that we are out to get others to develop their enterprises. We could do it for them, however. It is important to recognize that we come to them fully equipped with the skills they will need. But, because of our larger social goals and what we have learned about the development of enterprises, we

choose not to do it for them, but to help them to do it. This takes much longer. A for-profit company couldn't look its stockholders in the eye if it operated at the speed and at the level we do. It would not and could not take on the clients we do, nor work with them in the way we do.

The other essential contextual difference is that between the Third World environment of business development and the business environment in industrialized countries. While there are similarities, there are also different opportunities and different constraints.

Why do businesses and enterprises fail in the first place? Dun and Bradstreet has made a stab at the causes which generally underlie business failures in the U.S., saying that these include "incompetence, lack of experience, neglect, fraud and disaster." Certainly these causes underlie business failure in the Third World as well. We would add several other factors which are perhaps specific to the Third World context.

The first of these has to do with our target population. For the most part, Technoserve works with people



who are not "business-minded." This does not mean that they do not think in economic terms, but only that they do not have the "habits" of business.

They do not know how to establish and maintain the relationship between rational choice, risk, the cultivation of opportunities and business success. In fact, what is often starkly absent from those who are running the agricultural enterprises we work with is a sense of choice at all. Thus, one of the key reasons for agriculturally related business failures in the Third World may be one we "industrialized" folk would never bother to

consider a reason at all: the lack of the very habit of reflection on what it takes to succeed, i.e. a mind-set, a consciousness that there are methods, procedures, a body of knowledge, which have to do with standard aspects of business. In short, "incompetence, lack of experience, neglect, fraud and disaster," and all

the other D & B causes of failure are exacerbated in the Third World by the lack of this mind-set.

Take the case of a Technoserve Project in El Salvador; an agricultural cooperative. Here is an excerpt from the field notes of a home office staffer visiting the project with two field office advisors who regularly work with the cooperative:

"As we walk the land towards the cattle barns with a few of the co-op members and the young live-stock manager, it is hard to believe that there are problems here. There is green pasture land everywhere and water flowing in abundance, almost embarrassingly coming down in torrents from the mountains above. Healthy looking Holstein cattle graze in green pastures. But, as we walk and the Technoserve advisors talk to the co-op members, it becomes clear that the situation is not what it seems. This co-op was formed in the Agrarian Reform movement four years ago. Its present membership is composed of former employees of the ex-land owner. The group consists of 96 members, and has over 500 hectares of land. Many of the members do not think like owners, but still like workers. Their former jobs were often highly specialized. Thus, paradoxically, in spite of the fact that they are "campesines," they do not automatically come equipped with an inborn ability to farm.

"There is plenty of water, but it is inefficiently used. The irrigation ditches need to be maintained—they are rapidly deteriorating, and the control of the water needs to be improved. The biggest physical problem is the deterioration of the pasture land. These pastures need to be renewed and the deterioration is not visible until

it's too late. Only the educated agronomist or experienced farmer can tell that it is happening, and one of the ways he can tell is by looking at the statistics on production. But here there are no figures which would have told the story of a deteriorating field. So, the members see only what I see. They believe that, because the field is green and looks fine, it therefore must be fine. Since record keeping is not understood here, there is no data which could tell them that which their eyes cannot see, nor do they really understand (or haven't until very recently) that such data are to be kept so that they will tell a story about the state of the land and the enterprise, and offer choices which the management should consider making.

"The Technoserve advisor talks firmly to the farmers, telling them that they will eventually have to come to grips with the problem and make some hard choices. Because their pastures are deteriorating, they will either have to reduce their costs or reduce their production and income. And either way, they will have to find some way to let the pasture land recover, perhaps by putting some to other uses (such as planting cane). Since Technoserve has only been working with this group for nine months, the notion of using data to analyze and solve problems is still new."



Helping farmers become businesspeople is a time-consuming process. In the Third World there are many factors which make agribusiness riskier than elsewhere.

Business is inherently risky under the best of circumstances. If business-minded people in the U.S. can fail, then common sense would suggest that the situation is vastly more problematic in the Third World, where non-business people are in charge, where technical problems are compounded by a lack of fundamental business concepts, and where this in turn is compounded by a lack of the very underpinnings of business understanding (like a sense that events and problems can be controlled, or the notion of planning). This is the first major difference that Technoserve faces.

A random sampling of Technoserve assisted enterprises and the problems they face illustrates the point further:

- A rabbit production project in Ghana aimed at providing a cheaper source of meat than beef or poultry, an enterprise "start-up" in which the participants have never run a business, who know next to nothing about the product or its market. The group begins the process with handicaps known in advance that would immediately cripple most business people trying to make a go of such a project. The part of the country where the pro-

ject is located suffers from a very badly deteriorated infrastructure; fuel is scarce, transportation is a problem, construction materials are costly, and climate poses health risks for the initial group of rabbits introduced. The project is begun because Technoserve has analyzed the market and sees the potential for a viable enterprise. It also agrees to stick with the group until it can manage the business on its own.

From the outset, it was expected that a percentage of the initial group of animals would not survive. But an unexpectedly large percentage of the rabbits died, and replacement proved more time-consuming than expected because of breeding difficulties compounded by feeding difficulties and other factors. The members of the group did not understand what to do; solutions were slow in coming as trial and error experiments were painstakingly undertaken.

Besides the problem of hygiene, the underlying key to both the disease and production problems was accurate record keeping. Knowing when to cull, when to breed, when to isolate sick rabbits, which factors contribute to disease and which are more important than others all depends on keeping

accurate records. Simple enough. But this proved a very difficult task. Technoserve's on-site advisor could not turn things around for over 18 months.

- A multiple services co-op in Panama which operates several agricultural enterprises for its members as well as several stores which provide low cost goods, has been losing money badly in its operations. The initial problem turns out to be an inability to take a proper inventory. Hence goods are purchased which (in retail parlance) do not "move" and money is tied up in unproductive ways. The concept of an inventory system has to be introduced to the group.

- A rice production cooperative in Ghana. Problems include insecure land tenure, crop destruction due to pests, poor pest control, poor water management, very poor infrastructure, lack of management experience, competition, changing government policies, and lack of access to markets. In addition, the group does not know

how to open a bank account. It finds difficulty in knowing how to find its way around in the bureaucracy. Hence, all the other problems are exacerbated. Technoserve must first act as a broker to make essential connections between the cooperative and the "system." In the process, the group gains confidence.

- A pear squash cooperative in Costa Rica. This group has decided to enter the export market. In so doing, they have begun to encounter problems of quality control in contending with an international market with which they have no experience. The need to bring quality control up to international market standards represents a quantum leap in terms of the co-op's thinking. They have to analyze things differently. Among other things, they discover that they have no viable system for keeping their truck on the road. Its excessive time in the repair shop is part of their inability to maintain consistent product quality. Technoserve begins by helping them set up a vehicle maintenance schedule.

- A vegetable production cooperative in Panama. The problems of this group include not understanding the dimensions of their market and, more concretely, lack of technology to preserve their product (onions) so as to get it to market timed to the best price. The group would have the resources to get this technology in place, it turns out, if it were to forego the planned purchase of a vehicle. Technoserve begins by showing them how to weigh the opportunity costs of the two options.

- A tomato production and processing cooperative in El Salvador. After much effort, this group has managed to construct a modern processing plant. Now there is



serious concern about the continuity of the supply of raw material. Technoserve is working with the group to teach them how to analyze their market and look for alternative sources of supply.

In addition to these internal problems, an important factor which threatens businesses in the Third World is political instability: something we in the West may be able to grasp intellectually, but have not really experienced. This is often under-estimated as a major constraint.

Finally, perhaps the most important external constraint faced by many Third World enterprises is the inadequate economic policy environment in which they must conduct their agricultural businesses. The policy environment factor is only now beginning to be widely appreciated as a major constraint to development.

We start, therefore, by emphasizing that Technoserve's task of enterprise development must be understood as taking place within a context composed of a varied number of constraints, some of which are, in the literal sense, extraordinary. Just to be aware of this initial fact constitutes, in itself, a crucial lesson learned.

In addition to these business-related problems, there are general problems of community health, lack of education, local problems of tribal, political and cultural diversity; problems, in short, which cannot be solved by business skills alone. In the West, a failing business can be rehabilitated with some well-targeted interventions, such as those a management services consulting company might provide. Likewise, an agribusiness or the operations of a small group of farmers who have technical problems, can be significantly assisted

by a visit from the county extension agent. But in Third World contexts, such approaches are inadequate. They do not solve problems of inexperience and lack of confidence, nor problems having to do with political instability, an unfavorable economic policy environment, nor problems of inadequate community participation.

Why then, do we begin by saying that the business of Technoserve is business?

Because, in our view, business skills are very often the key missing ingredient in many development efforts. Too many Third World organizations and enterprises (including many local PVOs) are effectively crippled because they are not masters of nuts-and-bolts skills, including basic "housekeeping" skills like accounting, inventory control, record keeping. Many do not know how to register as cooperatives, do not know how to prepare a loan application, or keep their vehicles running. Even some local branches of international PVOs do not have the skills needed to prepare an annual budget.

The argument is often made that, in many Third World nations, low-income people are oppressed by an "elite" business class. Some development theorists argue that the answer to this problem is to raise the consciousness of the peasants. Technoserve's answer to the problem is to help the peasants acquire the very same skills the "elite" business class possesses, and thus be in position to compete with them.

The International Development field is a stormy enough sea in which to try to foster change. For Technoserve, these basic business-related skills provide an anchor, not just for us as an assistance agency, but for our clients. All the com-

Teaching low-income farmers to run a profit-making business is helping them to join the very system they have been unable to "beat."

munity development skills in the world, important as they are, will accomplish little without this set of skills as the anchor. In addition, because the value of these skills, once instituted, is immediately apparent to the members of a client enterprise, they become the key binding agent in the community development process itself. To understand this, one needs to get into the details of our field assistance practice.

ENTERPRISE DEVELOPMENT IN PRACTICE

When a request for assistance comes to a Technoserve office, a lengthy series of procedures is set in motion. These are basically business procedures which would be familiar to any for-profit businessperson investigating a potential merger partner, or considering the needs of a potential client, or looking at details of a possible investment. First of all, a quick response is called for. Most of our field offices have the means and the commitment to respond within 2 to 3 weeks of receiving a request. This is fast, given the limited personnel resources at the disposal of the offices. (This quick response time is in itself an aspect of the assistance program. We are holding to a professional standard not only because it is what we believe in for ourselves, but because we recognize the implicit truth of the notion expressed by "character is action"—we believe that professionalism is transmitted to others by being professional ourselves.)

An individual or a team of advisors will visit the enterprise and engage in informal discussions about its needs and the way Technoserve

works. If all parties agree that a fit seems likely, data will start to be collected. Technoserve will need to answer certain questions to make a final decision to undertake the assignment. The client group is also encouraged to raise questions about whether Technoserve is the appropriate agency to go to.

On Technoserve's side, we want to know, among other things, what local initiative is present? What organizational potential has been demonstrated? Is there good local leadership? Has management capability been demonstrated? Is local debt capital available? Are there locally available technical skills? Is there potential market acceptance for the group's products? What is the competition or the likely competition? What are the production, processing, and infrastructure constraints? What are the governmental and local institutional constraints?

In short, we want to know what the prospects are for this enterprise. Given the answers to these and other questions, what are the chances that this enterprise will succeed? Because our work demands intensive human resources over long periods of time, we cannot afford to waste these inputs. This means we sometimes turn down requests.

Most importantly, we know that an outside assistance organization cannot really create motivation in others, unless substantial seeds of motivation and fertile ground are already present. It is best, in fact, if people are as motivated as possible before we begin our assistance. So we look for tangible signs of that motivation. One is the amount and kind of equity that the members have, or are willing to invest in the enterprise relative to what they possess (cash, land, buildings, crops, livestock, machinery).



In addition, we will ask questions which give us a feel for the potential socio-economic impact on the wider community. We will want to know what the likely increase in the marginal productivity of the target population is going to be. What is the potential for increased income of the target population? What is the potential for increased use of local raw materials as a result of the enterprise? What is the potential for increased ownership participation among the local population? In general, we will consider other backward and forward economic linkages and a wider range of possible social spin-off effects, such as impacts on education, health, and population.

PARTICIPATION

To get at these impacts, we need to go further afield than just the enterprise itself. We need data on the social make-up of the community in which the enterprise is based, as well as a deeper understanding of what the group's expectations really are. Getting this data is also a way to ensure the success of the work we are about to do. We want to make sure the constraints are known in advance, that as much reality is taken into account as can be. Technoserve learned the hard way (through failure) that the time must be taken up front to engage in this process. We want the venture to succeed—to have the capacity to sustain itself after our intervention is over. This is, after all, "good business." We even use language borrowed from commerce. In the course of the process of getting the community to make a commitment to the process, we say we want them to "buy in."

The first step in this participatory process would likely call for us to engage in discussions with the group or the group's leadership, to make sure they understand what we are about. Then we need to make progress towards getting the full commitment of the group. Two main approaches are used:

First, a series of evaluation sessions, which may be formally or informally structured, i.e. they may take place under a tree in Ghana in the form of casual conversations, or they may take place in a room in Panama where a group leader manipulates flip charts, blackboards and printed agendas. In either case, the objective is to ensure that the cooperative members are thinking through the needs they have stated and the data they have initially given to us.

These "diagnostics" are aimed at educating the group to think more carefully about the consequences of their decisions. More importantly, they are a way of having the group become committed to the process, to "own" it. After all, the enterprises we work with are not owned by single individuals. They are "community-based"; that is, owned by a group of people. These groups, more often than not, are not in clear unison as to the objectives and functions of the enterprise they collectively own.

For example, a group has provided data which shows that 30% of the members have children under five years old. They are confronted with this: "OK, this is one of your social characteristics. But what does this mean for your lives and your business decisions? You say you want to build a road, begin exporting new agricultural products, establish a processing plant. This will mean borrowing X amount

The analysis of problems and goals in a community based enterprise must be participatory. This often means the first stages of the project move slowly. But the long-run payoff is worth the extra time.

Members of the enterprise can be sure to be committed to the assistance process if they "put their money where their mouths are."

of money. But with so many children under five years old, you will need to see to their future for some time to come. Given your other wishes, will your present plan lead to your continued ability to feed your children?"

The group discusses the matter and concludes that indeed they have been wishing for too much at once.

One might think that this participatory process is a formulaic addition to the whole practice of enterprise development. In fact, we are finding that to do it right is extremely time-consuming. In recent projects in Peru, for example, Technoserve spent close to one year helping some groups work through the diagnostic process. When one realizes that the process is also the process of transforming the majority of a group's very thinking on the subject of their livelihood, it seems, in fact, like a relatively short period of time.

We are learning that this careful up front input is worth the time. Once the implementation begins,

we see the pay-off in that little time is wasted in later questioning the tasks involved in moving towards the goals. But, before the actual implementation process formally begins, there are two more key steps which need to be undertaken.

SETTING A FEE

The principle of "You Don't Get Something for Nothing"

In addition to participatory techniques to get a client group's commitment to the enterprise development process, we believe strongly in a business principle which is aimed at the same goal—the client group has to pay something for our services.

It took several tries to arrive at this central principle of Technoserve's operation. It is a perfect example of how business is the anchor for what Technoserve does, and is also a good example of how what we do is simple and straightforward—in this instance it was so deceptively simple that we missed it for a number of years. The prin-



principle is that people take seriously that which they have to experience some discomfort to obtain. This seems to be universal. The evolution of Technoserve, in this respect, is a story of movement from the convoluted to the simple and straightforward. At first, Technoserve believed in being kind. Poor people shouldn't have to pay for our services. After all, we are non-profit, and our services are paid for by our donors. Still, we saw that it would be "meaningful" for our clients to give something.

Many alternatives were tried: payments in kind, deferred payments, payments conditional on later profits, and so forth. In the end, Technoserve's policy became: "Pay in currency, pay as you go. If you don't pay, we don't play." As to how much to pay, that is negotiated on a sliding scale basis, with the single criterion that it be enough to be felt by the group. We also came to see that to allow payment later—"when you can"—is paternalistic. It is what a parent says to a child. We also saw that payments in kind (food, lodging etc.), could cross into a cultural no-man's land, where our understanding that such payments were sacrifices would not match their understanding that such things are social obligations, hospitalities, rather than sacrifices, and hence with no connection between them and the project.

Also we learned that the project process itself required breaking it up into smaller pieces. First, we perform part X of the assigned and agreed upon tasks, and then we perform part Y. This meant that payment for each discreet part should be concurrent with performance, and not at a later date. Without that concurrent payment, we found, people tended to lose

the connection. With "pay as you go," people feel the crunch at the same time as the reasons for it are present.

SIGNING A CONTRACT

The principle of "Cutting a Deal"

Contracts are now developed—again, the process is anchored in businesslike arrangements. Technoserve has contractual procedures which have evolved over the years. These are tailor-made to the specifics of different countries, but follow several general types.

We use memoranda of understanding as first steps, then letters of agreement, full service contracts, management and training contracts, and monitoring agreements. These represent different stages of the process of our work with the group. These contracts are real and serve the purposes that contracts do everywhere. They specify the obligations and responsibilities of the parties, and they create an aura of legitimacy to the endeavor—giving it a seriousness of purpose which it would lack if nothing existed on paper. It should be made clear at this point, that Technoserve transacts contracts with all the groups with which it works, a group of 15 small farmers with very few assets, as well as with a rather large, well-established group.

ACTUAL IMPLEMENTATION OF THE ASSISTANCE

Giving the Customer "Good Weight"

Finally, the implementation phases begin.

In a larger project, the first step will be a business plan. This is a technical document that Technoserve's higher level experts need to

produce. But, here again, Technoserve operates under a handicap—if a management services outfit were to contract to do a business plan for a poorly run U.S. company, they would almost certainly have access to accurate data from their client. This is often not the case with Technoserve's clients.

A business plan can only be as good as the data given to the planners. However, since lack of management, accounting and general business experience is exactly the set of problems which Technoserve is called upon to solve, we are not surprised when we find a set of books which do not make much sense.

Our accountants often have to spend weeks reconstructing the accounts of an enterprise before we can begin to write the business plan. This is not an easy process and here, again, we cross into a realm that takes us away from business as usual. For, to be able to do this data reconstruction, requires a rapport with key people in the enterprise—a subtle ability to delve without threatening that, we've found, is not something every accountant normally comes equipped with.

The AHK Rabbit project in Ghana is an example of a typical business plan. It is over 30 pages long. It contains within it a Development Plan, a Marketing Plan, an Operation Plan, and a Financial Plan. It makes projections of inputs (livestock, shareholders equity, bank loans, beginning livestock value, etc.) and outputs (employment, sales, feed production, fees, salaries and wages, sales income, ending livestock value, etc.). It includes a variance analysis of end-of-fiscal-year projections. It includes projected quarterly performance indicators and key objectives sched-

ules by month.

The marketing plan is matrixed according to three categories (priority market, secondary market and low priority market), noting the possibilities of 6 different rabbit-related products for eleven different markets. Labor and management costs are analyzed, as are sanitation, health and disease prophylaxis. It is obvious that a plan like this cannot be undertaken casually. It requires a great deal of work. In both the Africa and Latin America divisions of Technoserve, the simplest business plan takes about three person weeks of time. The most complex will involve up to four person months of work. (Note that this is a further key to Technoserve's commitment to being sharply focused, and to its growing awareness of the cumulative effects and potentials of its experience—business plans and other aspects of our operations are made easier and less time consuming by dint of knowing the territory. The first vegetable production cooperative business plan takes longer than the fourth or fifth.)

As implementation begins in earnest, the process becomes less formulaic—the next steps will depend very much on the specifics of the group, the nature of the commodity concerned, the types of problems and the agreements made. Some examples:

a) A maximum intervention example. In the case of the Turkana Fisherman's Cooperative Society (Kenya), the agreement made calls for a direct management role by Technoserve. Our advisors quite literally took over the direct management of the enterprise. Let's make this clear: They are not standing to the left or the right of the

Some enterprises require a direct management role on the part of the assisting agency.



managing director's chair, giving him advice. They are sitting in his chair, and he is gone. This is radical surgery. But, the nature of the problems called for it. And the agreement negotiated between Technoserve and the Society gave Technoserve the authority to take over in such a way that Technoserve's people have real power to hire and fire, with the permission of the Minister of Cooperatives. They also have the keys to the cash box. In short, in every functional respect they are the management of the enterprise.

The interesting thing, however, is that they are not. They are seconded to the Society, but remain entirely on Technoserve's payroll. These are Kenyans, trained in accounting and management and with years of experience with Technoserve (Kenya), who manage to sit in positions of authority because the previous occupants of their positions were unable to resist the temptations of the cash box, in spite of being higher paid. These Technoserve staff members must now handle tricky personnel, management, financial and other issues without being, themselves, corrupted. Moreover their objective is not just to turn the Society around and show a profit at the end of the year, or to turn dividends back to the members for the first time in the history of the Society, but to enable the Society to operate on a sustained basis without Technoserve, to train a staff and membership which will be permanently ensconced in the Society, to see, over time, a viable enterprise in the community.

This is a large order, requiring many skills, but again it is rooted in business. The details of the agreement call for Technoserve to install new accounting, financial and

stock control systems, and train the staff in the use of these systems. Among other things, the agreement also calls for an analysis of the administration and of the factory operations of the Society. These are concrete tasks. They form the core of the intervention.

b) A "standard" intervention

example: Take the case of Plan De Amayo Coop in El Salvador: Here the intervention takes several stages, none of which involves a direct management role. The initial Assist-

the institution of certain basic management information systems.

During the first week, for example, Technoserve provided the livestock manager with a very simple paper form on which to record the production of the dairy herd, the breeding records of each cow, and so forth—a standard type of form in use in dairy farms everywhere, but one which was not in use at Plan de Amayo. Again the theme is simplicity, nuts and bolts. Whatever magical changes occur, arise from these sources.



ance Contract calls for 20 person months of assistance in a 19 calendar month period. The first stages include specific, direct advisory services in technical areas of the following commodities: livestock (dairy), sugar cane, corn and vegetables. The purpose here is to prevent further deterioration in these production areas. The central task is a consolidation plan for the cooperative as a whole, and this will be undertaken as an outcome of the advisory services vis-a-vis the specific crops and production areas. Within these two general plans lies a range of activities, including informal training of personnel and

The form itself, slightly tailored to the particular characteristics of the co-op's herd, was printed with the name of the co-op at the top. Prior to this form the cooperative's system consisted of a "back of an envelope" type of thing on which an occasional random entry would be made. Our simple paper form, in this case, was not the beginning of the record-keeping system, but rather the whole thing, all at once. The livestock manager could immediately grasp the use of the form after only a few hours of conversation about it. More importantly, he grasped the wider implications of this kind of

record keeping—that it is the key to control of the livestock enterprise. To get that concept across in one week, as Technoserve did, is to create a minor revolution in thinking.

c) A minimal intervention

example: In Technoserve's Africa division, a business advisory service experiment has been underway in three countries for some time, in which specific services are offered to small enterprises and/or local PVOs or other organizations. The principle involved is that of multiplication. By helping a local PVO to get on its feet financially and organizationally, it will be in a better position to help others. Because the needs of some of these clients are extremely specific, full-fledged interventions are not necessary. For this reason, Technoserve does not count these interventions as full projects. Still, the same fundamental business and developmental principles are at work.

Take the example of the Kugeria Women's Group in a small town outside Nairobi, Kenya. A group of uneducated local women made the decision to expand their social club into a small enterprise with the long-term goal of helping the community. Their intention was to sell bread and cakes, and do some tailoring as sources of revenue. They came to Technoserve's Business Advisory Service, having been made aware by a friend that they were sorely lacking any means to make sense of the monies they expected to take in, or account for what would be going out.

With an investment of approximately four man days of work, one of Technoserve's Kenyan accountants designed a schedule of accounts for the group: a document of some 20 pages. The design was based on

a day's visit to the group, during which an informal discussion took place about their intentions, resources and abilities. Because Technoserve/Kenya had done such schedules for similar groups before, the accountant knew, more or less, what problems would be encountered and was able to design the schedule of accounts relatively quickly. What is remarkable about it is that it is, at one and the same time, totally faithful to sophisticated accounting principles, and simple enough to be appropriate to the group's ability.

The magic lies in the basics. The very fact that the activities of the group were put on paper for them — that they were organized into a schedule of accounts—put into perspective, for the group, their entire operation. They could see relationships between things which they had no sense of before. With this simple nuts-and-bolts intervention, the group was ready to begin its work.

In the case of full projects which have contracts, a monitoring agreement will be entered into at the end of the contracted period, during which the relationship between Technoserve and the enterprise is gradually diminished, until the enterprise is running on its own. Here again, the line between business purity and social softness blurs. Often, because of the nature of the relationship established, it is tacitly understood that the group may get informal help from Technoserve over and above what is in the contract or agreement.

These kinds of interventions are fairly typical of the range for Technoserve. Technoserve could not take on the kinds of assignments it does, if it did not have a staff of trained professionals and if, as an

organization, it did not have an explicit commitment to professionalism. Our staffing pattern is designed to reinforce the professionalism of the organization.

The core staff in each country is composed of experienced professionals—accountants, managers, agronomists. These skills come first. The social and community development skills, which we acknowledge as extremely important, are nonetheless secondary skills, in the sense that we can hire people without them as long as they have the other skills, and then train them in the community development skills.

“Love ‘em and Leave ‘em” vs. Living With the Results of One’s Work

There is an irony with respect to the question of which aspects of Technoserve’s work are analogous to business and which are not. Technoserve differs from a management services company or an extension service in that it is more accountable to its constituency than they—it is in a position where it must live with the results of its decisions. A management services company, typically, will devise a plan, leave it on the CEO’s desk, get paid and go. The extension agent, likewise, gives his advice to the farmer and leaves. By contrast, Technoserve’s major interventions are so involved and so long-term and, most importantly, so hands-on, that it is not really possible to take such a once-removed stance.

The decisions made tend to be thought about much more in terms of an “as if” stance—as if the person making the decision had an equity position in the venture, and the kind of permanent responsibility that goes with it. In fact, the

participatory process is consciously designed to foster that kind of “as if” stance on the part of the assisting agency. The cooperative’s members and the Technoserve advisors are making decisions together, implementing those decisions and together living with the results. The nature of the decision made is qualitatively different when made in this way. We are not saying that consultants have an easy time of it, or are less responsible. It is not an easy matter to recommend a course of action to someone else, even if one will not be around to see the results. But, simply knowing that one will have to see those results and adjust them if initial judgments prove unwise, tends to make people think in a different way.

In sum, business is essential in Technoserve but it is not Technoserve’s essence. If this were the only basis for our work, we would be ineffective in helping to solve the problems which are special to enterprise development in the Third World: the conceptual gaps, the lack of basic business and management skills and the social, cultural, political and economic policy constraints which often lie behind low productivity. These problems require more than just good business and management services. They require a clear understanding of development.

FOUR REALIZATIONS THAT UNDERLIE OUR PRACTICE OF ENTERPRISE DEVELOPMENT

1. The Third World has Changed

Many people in the West still view development assistance (foreign aid) in terms of money, things, or food—tangible commodities. These,

it is assumed, are what stand between the underdeveloped nations and the developed. This belief, which reflects the ideology of redistribution (behind such widespread notions as the New International Economic Order), is related to another, deeply held assumption, which is that underdeveloped nations are fundamentally poor and lacking in resources, both human and natural.

We don't think these assumptions are valid. Looking at actual conditions and needs in many developing nations today (an inductive approach) leads to a different conclusion. The present day Third World has changed. It is less poor in resources (financial, physical and human) than generally thought. Twenty years ago, for example, there was relatively little outside financial aid available to many Third World nations. Today, while there is always a need for more money, a great deal is available. More importantly, a new generation of educated young people exists in virtually every Third World nation. Human and financial resources, dynamism, possibilities for change may all be more present in more places than we think.

The evidence suggests, more and more, that the great need today is for organizational, management and business skills which will enable these countries to make better use of the resources they now have. Especially in agricultural production, there is growing evidence that many countries now suffering from food shortages could, with appropriate changes in economic policy and improvements in organization and management, be self-sufficient in food.

We regularly see potentially fertile land, available funds, trained

technicians, and a great deal of untapped human energy in the countries in which we work. All are either under-used, over-used, or misused—in a word, existing resources are mismanaged. Therefore, Technoserve applies itself to fostering organizational, planning, management and related skills in the community-based enterprises we work with.

2. People Are Self-Interested

Humans are complex beings. But we are, everywhere, regardless of culture, generally motivated by self-interest. Recognizing this has led us to a basic principle in our work: ownership. We believe that ownership is a fundamental kind of stake and motivation. If the members of an enterprise own it and can be helped to grasp the implications of that ownership (not automatic by any means for people who have rarely owned anything), the resulting energy they will put into the enterprise is great. We think that ownership including its many variations, as a basis for development, is more likely to advance a country than other systems where ownership is not allowed. History seems to be on our side. For Technoserve this translates into working only with enterprises that are community-based (owned).

3. Short-Cuts Tend Not To Work Out

There has often been a contradiction in many developing nations between trying to avoid becoming dependent and trying too hard to be self-sufficient. The result in the first few decades of newly independent nations has often been an attempt to skip steps, imitate

others, ignore others' lessons, and control too much that cannot or should not be controlled. As a result, many developing countries have made large mistakes. But now they are beginning to acknowledge that there are few short cuts to development. Technoserve extrapolates this lesson to the level of the enterprise, and hence concentrates on basic nuts and bolts skills. Along with this lesson comes the recognition that time is necessary for change to occur. No shortcuts not only means not skipping the basics, but also means that things will take time—often longer than we hope. We try to plan accordingly.

4. The Basics of Business and Management Seem to be Universal

"Management" as a subject matter has come full circle in recent years in the West. It has gone from nothing to claiming that management is a science, to claiming that it is an "art," to claiming that it is a "style," and now back to some extraordinarily simple matters of human fact, which most people knew all along. Books like *"In Search of Excellence"* (Peters and Waterman) and *"The One Minute Manager"* claim to have identified the keys to success in modern management. What is surprising about these keys is that there are no surprises; there is nothing new in them. These keys are simple and they work because their basis is human psychology and motivation. They also seem to

apply to business enterprises everywhere we have worked.

For example, five keys that emerge from Peters and Waterman's book are: "Getting back in touch" (also known as Management By Walking Around), "Existing for the customer," "Fostering individual commitment," "Taking innovative action," and "Instilling unique values." These keys can be adapted to the enterprises we work with in the Third World. When managers of Third World agricultural enterprises learn keys like these, they do become better managers. Not surprisingly, the feedback they get when employing those keys tends to eliminate whatever cultural resistances they may have had about using them.

Other so-called innovations in modern management are universal in their very essence. For example, fair treatment seems to be equally appreciated everywhere. When members and employees of an enterprise feel that there is fairness on the part of the managers, work improves.

In fact we see successful enterprises as remarkably similar wherever they are. There are things which tend to make them all work better, and similar things which account for them not doing well.

The fact that good management and business skills are similar in different places makes them more amenable to the skills transfer process. That certainly helps us keep our eye on the process of helping others' enterprises do better. Because, as we hope we have shown here, that endeavor is complex and involved.

REPLICATION & DISSEMINATION PROGRAM

Technoserve's Replication and Dissemination Program combines research with an effort to document our experience and apply the results in a number of new settings.

The fundamental thrust for R & D activities remains strongly consistent with that of the history of Technoserve to date—continued self-examination and learning so that our work of improving the lives of low-income people can become more effective.

The papers in our *FINDINGS '86* series as well as the *CASE STUDY* series are meant to share our experience and stimulate debate and dialogue with others who are concerned with Third World problems.

TECHNOSERVE R&D PUBLICATIONS

General Editor: Thomas W. Dichter

Findings '86

A Primer of Successful Enterprise Development—I Principles

A Primer of Successful Enterprise Development—II Practice

Demystifying "Policy Dialogue"

Who Runs The Show?