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**PROMOTING NGO  
SUSTAINABILITY:  
THE LESSONS OF ENTERPRISE**

**The Enterprise  
Program**



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## **Foreword**

**This paper represents the second in a series of three activity-based studies published by the Enterprise Program. The purpose is to analyze the three major private sector models developed and applied by the Enterprise Program world-wide. Each study explores strategies pursued and the impact of the models on privatizing family planning service delivery. They also attempt to present a thoughtful analysis of lessons learned and recommendations for future private sector programming.**

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## **I. EXECUTIVE SUMMARY**

The Enterprise Program was established by the United States Agency for International Development (USAID) to increase private sector participation in family planning. Since late 1985, one of the ways Enterprise has sought to expand the role of the private sector has been to support non-governmental organizations (NGOs) involved in family planning service delivery. The objective of Enterprise support to family planning NGOs has been to enhance their managerial and programmatic capabilities, with particular emphasis on greater financial self-reliance and sustainability. By increasing the prospects for NGO sustainability, Enterprise is helping to ensure the long-term participation of this important private sector group in family planning service delivery.

The purpose of this paper is to review the Enterprise Program's work in NGO sustainability. Drawing on the experiences of NGOs whose subprojects with Enterprise represent five program models, prospects for NGO sustainability are examined in a series of 16 cases. In the first part of the paper, organizational changes engendered during subproject design and implementation are assessed. In the last part of the paper, guidance is provided for the selection, design, and implementation of future programs that maximize the prospects for NGO sustainability and self-reliance.

The five NGO program models that have been supported by Enterprise are:

1. Adding or upgrading diagnostic services;
2. Establishing or strengthening clinics;
3. Adding upscale clinics to subsidize other operations;
4. Establishing NGOs as service providers to employers;
5. Investigating and/or expanding markets.

The NGOs under study reflect the full range of organizational sophistication, program and service history, experience in income generation, and strength of organizational commitment to self-reliance. In terms of results as measured solely by the achievement of specific subproject financial goals, the jury is still out as many NGO subprojects supported by Enterprise are still being implemented. However, some key financial results can be reported conclusively: of the 16 subproject case studies analyzed in this paper that have specific financial targets, 70 percent have achieved their breakeven point. Most of these subprojects are generating sufficient revenue to subsidize other operations of their host organizations.

Although there is no clear formula that can predict accurately which NGOs will achieve sustainability, there are certain pre-existing conditions that, if present, can increase the

organization's prospects. In addition, all efforts to achieve subproject and/or institutional sustainability typically require significant changes on the part of recipient organizations.

The extent that needed changes were actually instituted by the NGOs under study strongly correlated with subproject success. To support this effort, the Enterprise Program had to provide these organizations with appropriate motivation, support, and technical assistance in addition to funding.

The most critical areas of organizational change needed to achieve sustainability include:

- attitudinal change toward income generation and sustainability;
- organizational change, including restructuring, altering management styles, and strengthening financial and administrative systems;
- operational change, particularly in the areas of marketing and pricing.

With carefully designed program and technical assistance, these kinds of changes can be achieved, and they result in organizations better prepared to assure their own futures.

Much has been learned about what NGOs can do and how external resources like the Enterprise Program can help. Among the most important lessons are:

1. Not every NGO can be helped to achieve sustainability. A rigorous analytic process is needed to select suitable NGO subproject partners and design the most appropriate subprojects.
2. The best NGO prospects for Enterprise-type subprojects have such characteristics as positive attitudes towards change, potential for entrepreneurship, and the presence of, or willingness to adopt, business-like management practices.
3. Although a subproject model may prove successful in one context, it may not be replicable in another. To achieve sustainability, subproject designs must be carefully tailored to each NGO, provide for technical assistance as well as financial support, and operate within a realistic timeframe.
4. Specific financial targets should be an integral part of subproject design.
5. Entrepreneurial behavior and business-like operations are essential if NGOs are to compete with for-profit providers.
6. The most promising subprojects have verified markets.
7. Top management commitment to sustainability is essential.

## **II. ENTERPRISE NGO SUBPROJECT MODELS**

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The Enterprise Program's objective in supporting family planning NGOs has been to enhance their managerial and programmatic capabilities, with particular emphasis on greater financial self-reliance and sustainability. As defined by Enterprise, achieving organizational sustainability means that an NGO can support itself financially through income generated by its commercial activities; no donated funds from outside sources (both private and public) are required. By becoming self-sustaining, NGOs can secure their financial futures and, thus, expand their role as important providers of private sector-based family planning services.

To strengthen organizational capacity and stimulate increased self-reliance, a diverse range of assistance from Enterprise was provided. This assistance was in the form of subprojects. Some subprojects were limited to feasibility studies, while others funded pilot programs, material and technical support and/or training.

There are five major subproject models. This paper draws on the experience of 14 NGOs whose subprojects are representative of these models. A brief summary of each NGO and its respective subproject is outlined below; detailed descriptions can be found in the Appendix.

### **1. Adding or Upgrading Marketable Diagnostic Services**

- **Hospital Sofia Feldman (HSF), Brazil** -- Enterprise has assisted HSF to upgrade its laboratory facilities and increase its volume of testing services for an already established market. Income generated by the laboratory is subsidizing the hospital's family planning program.
- **Promocao de Paternidade Responsavel (PROPATER), Brazil** -- Enterprise has provided funding for the establishment of a semen analysis service. Excess income generated by the service will subsidize sterilization services for low income clients.
- **Sociedade Civil de Bem-Estar Familiar No Brasil (BEMFAM), Brazil** -- Enterprise has assisted BEMFAM to set up a cytopathology laboratory to increase the financial sustainability of BEMFAM programs in the state of Ceara. The laboratory has also made low-cost cervical cancer screening more widely available.

### **2. Establishing or Strengthening Clinics**

- **Dominican Family Planning Association (ADOPLAFAM), Dominican Republic** -- Enterprise has assisted this new NGO to establish fee-for-service community health clinics. These are essentially franchise operations; loan repayments from physicians who own the clinics recapitalize a revolving loan fund set up by ADOPLAFAM to create new clinics.

- **Turkish Family Health and Planning Foundation (TFHPF), Turkey** -- With Enterprise assistance, TFHPF has established a fee-for-service health clinic targeted specifically for women.
- **The Muslimat Foundation, Indonesia** -- Enterprise has provided organizational development assistance to streamline operations and increase the financial viability of existing clinics.

### **3. Adding Upscale Clinics to Subsidize Other Operations**

- **Yayasan Kusuma Buana (YKB), Indonesia** -- Enterprise has provided funding to establish a middle income family health clinic. The clinic has reached breakeven and will eventually generate sufficient revenue to subsidize other YKB clinics in poorer neighborhoods.
- **Centro de Estudos e Pesquisas Clovis Salgado (CEPECS), Brazil** -- Enterprise has assisted CEPECS to establish an upscale, fee-for-service, health and family planning clinic to attract middle class clients and generate sufficient funds to subsidize services to the poor.

### **4. Establishing NGOs as Service Providers to Employers**

- **Prosuperacion Familiar Neolonesa (PSFN), Mexico** -- Enterprise has provided four industrial firms with funds, enabling them to hire PSFN to establish, staff and operate in-plant family planning service facilities. Subsequent support was also provided directly to PSFN for the development of a company marketing program.
- **Association Malienne pour la Promotion et la Protection de la Famille (AMPPF), Mali** -- Enterprise has strengthened AMPPF's capability to train company medical staff to administer workplace-based family planning programs and has encouraged wider corporate marketing by the NGO.
- **Planned Parenthood Association of Zambia (PPAZ), Zambia** -- Enterprise assistance to PPAZ has increased the organization's capacity to support and promote family planning initiatives in the private and parastatal commercial sectors.
- **Sociedade Civil de Bem-Estar Familiar No Brasil (BEMFAM), Brazil** -- Enterprise has helped BEMFAM to define, package and price its family planning services and products for private employers. As part of this effort, a "model" clinic to service company referrals was created out of an existing facility. Once the clinic attains financial sustainability, the model will be replicated by BEMFAM nationwide.

## **5. Investigating and/or Expanding Markets**

- **Associacao Brasileira de Entidades de Planejamento Familiar (ABEFP), Brazil** -- Enterprise has assisted this umbrella organization to restructure its sales division and field test its publications and training programs.
- **Perkumpulan Kontrasepsi Mantap Indonesia (PKMI), Indonesia** -- Enterprise has supported a feasibility study and business plan for a proposed sterilization facility.
- **Population and Community Development Association (PDA), Thailand** -- Enterprise has funded two subprojects with PDA. The first helped PDA strengthen its condom marketing program by supporting studies which surveyed the market, evaluated PDA's marketing capability and suggested strategies to improve and expand its marketing operations. The second subproject redesigned and automated PDA's entire management information system (MIS) to allow the organization to operate in a more business-like manner.

## **III. ANALYSIS OF SUBPROJECT EXPERIENCE**

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The NGO subprojects supported by Enterprise comprised a wide variety of activities. There was equal diversity in the recipient organizations themselves. The NGOs ran the full gamut in terms of organizational sophistication, program and service history, experience in income generation, and the strength of commitment to self-reliance.

Progress towards achieving NGO sustainability was evaluated in terms of subproject results and their impact on the NGO. In terms of results as measured solely by the achievement of specific subproject financial goals, the jury is still out as many NGO subprojects supported by Enterprise are still being implemented. However, some key financial results can be reported. Looking at the group of 16 subproject cases analyzed in this paper, seven had specific financial targets and seven did not. The remaining two subprojects did not pass the feasibility study stage. Of those with specific financial targets, 70 percent have achieved their breakeven point.<sup>1</sup> In addition, most of these are generating sufficient revenue to subsidize other programs of the host organization. Thus far, however, there is only one subproject where revenue generated subsidizes a significant proportion of other program costs. This is Hospital Sofia Feldman (HSF) in Brazil, which now covers almost half of its entire family planning program costs from revenues generated from the improved laboratory sponsored by Enterprise.

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<sup>1</sup> These include Hospital Sofia Feldman (Brazil), BEMFAM Cytopathology Lab (Brazil), YKB (Indonesia), CEPECS (Brazil) and PROPATER (Brazil).

Why were some subprojects more successful than others? First, although there is no clear formula that can predict accurately which NGOs will achieve subproject and/or institutional sustainability, there are certain pre-existing conditions that, if present, can increase the organization's prospects. Second, all efforts to achieve sustainability require significant changes on the part of recipient organizations. The extent that needed changes were actually instituted by an NGO strongly correlated with subproject success. To support this effort, the Enterprise Program had to provide NGOs with appropriate motivation, training, and technical assistance in addition to funding.

This section analyzes the kinds of changes required for increased self-reliance. Where appropriate, it also describes constraints encountered and the methods used to overcome those constraints. Principal areas of change include:

1. Attitudinal change toward income generation and sustainability;
2. Organizational change;
3. Operational change.

#### **1. Attitudinal Change Toward Income Generation and Sustainability**

Prior to working with the Enterprise Program, the attitudes of subproject recipients reflected a continuum of organizational development. At the more advanced end, there were institutions like YKB (Indonesia), PROPATER (Brazil), HSF (Brazil), and PDA (Thailand), with a tradition of income generation and a historical commitment to achieving sustainability. This commitment was part of their mission and was essentially unrelated to donor behavior or other environmental factors.

At the other end of the continuum were two distinct groups. One consisted of established NGOs with a primarily charitable orientation, such as AMPPF (Mali), the Muslimat Foundation (Indonesia), and PSFN (Mexico). These NGOs had enjoyed relatively generous funding from international and/or local donors and, prior to Enterprise assistance, were somewhat resistant to income generation on philosophical grounds. The second group consisted of relatively new NGOs, such as ADOPLAFAM (Dominican Republic) and the Turkish Family Health and Planning Foundation (Turkey). Although these organizations evidenced no particular opposition to income generation, they were inexperienced in NGO family planning service delivery and in achieving sustainability.

The middle of the continuum encompassed a variety of organizations. Managers at CEPECS (Brazil), for example, had some experience in income generation, but only because decreases in donor funding left them with no alternative. Moreover, their first attempt to generate income from service fees was not particularly successful. PPAZ (Zambia) had raised funds by selling vegetable produce during contraceptive distribution campaigns, but had little idea how to package and sell its family planning products and services. PKMI (Indonesia) had responded to the

**Indonesian Government's call for increasing private sector participation in health service delivery by establishing a separate income generating arm, but had limited capacity to analyze and capitalize on market opportunities.**

**As might be expected, there was a strong link between pre-existing attitudes, receptivity to Enterprise-supported subprojects and ease of implementation. Those organizations with an entrepreneurial past needed little motivation and, to a varying degree, were willing to undertake small risks. Those at the other end of the spectrum needed greater incentives and assistance to change their attitudes toward entrepreneurship. The same is true of NGOs that had made some headway, but lacked the capacity for continued independent progress. As the Enterprise subprojects demonstrate, attitudes can be changed, though sometimes only slowly.**

**PSFN, in Mexico, is an excellent illustration of how an NGO can change its attitude and move from a charitable to a business orientation without losing its character or integrity, a major organizational concern. Prior to Enterprise support, PSFN was primarily involved in donor-supported community-based distribution in poor neighborhoods. Though its donor funding was declining, the leadership was slow to recognize that the organization was at some financial risk. In addition, it was unwilling to charge fees to family planning acceptors and did not seek out other income generating opportunities. However, charging fees for the provision of family planning services to companies, as suggested by Enterprise, was acceptable, and the success of the initial workplace-based services stimulated PSFN to explore opportunities with other employers. Revenues from the initial group of companies have been used to establish a business development and marketing unit within the NGO, and PSFN is now committed to business-like operations and increased self-reliance.**

**AMPPF, in Mali, which traditionally has provided free services, illustrates the other side of the coin. Although Enterprise assistance helped AMPPF develop and provide family planning training to medical staff at two local companies for a fee, it was reluctant to market these services more widely. AMPPF received adequate donor funding and initially did not see a real need for increased self-reliance. However, motivation and technical consultation provided by Enterprise, along with an International Planned Parenthood Federation-sponsored workshop on resource development, have made top management more receptive to change. Enterprise plans additional assistance to determine prices for the organization's services and to survey potential new markets. Nevertheless, the process has been very slow, and the strength of pre-existing attitudes has limited AMPPF's receptivity to new schools of thought.**

**The problem at ADOPLAFAM, an NGO based in the Dominican Republic, was somewhat different. The organization had a short history, and its staff were not resistant to income generation. In fact, the income generation model that ADOPLAFAM adopted from MEXFAM, a Mexican NGO, was quite innovative and involved establishing doctors in health and family planning practices in poor communities. ADOPLAFAM staff, however, were inexperienced in the private sector and did not realize the need to develop a sound, concrete plan to recover revenue from participating doctors to sustain the organization itself. During the early subproject period, they tended to view the program as donor-supported service delivery rather than as an**

avenue toward increased sustainability. In addition, the timeframe allowed for participating doctors to achieve breakeven at their clinics was unrealistically set at one year. This was done in spite of MEXFAM's long experience which indicated that a minimum of two years of clinic operation was needed to reach the breakeven point. Enterprise staff assisted ADOPLAFAM to clarify objectives and to restructure the implementation plan for the community doctors program. This was done to increase the community clinics' potential for generating revenue and, ultimately, to increase ADOPLAFAM's prospects for achieving self-reliance.

CEPECS, in Brazil, illustrates the predicament of an NGO reluctantly entering the income generation arena without full commitment to it and without the skills or resources to compete. Upon notification of the imminent cessation of donor funding, CEPECS immediately moved to close selected facilities, streamline overall operations, and institute fees for services. These actions achieved some financial objectives, but caused serious morale and political problems among CEPECS staff. Prices were set without sufficient market analysis and no marketing strategy was developed. Enterprise assisted CEPECS in identifying strategies to better meet the organization's needs, such as establishing an upscale clinic to subsidize other operations, and in clarifying the overall business plan. This assistance helped CEPECS rationalize its move toward self-reliance and mobilize support among staff.

At organizations where income generation and sustainability were already priorities, no attitudinal changes were necessary, but a pre-existing entrepreneurial attitude did not necessarily guarantee smooth implementation. Both the HSF (Brazil) and YKB (Indonesia) subprojects proceeded essentially as planned, although YKB's clinic did not achieve the breakeven point as quickly as expected, and HSF's profits were seriously eroded by inflation.

Finally, two NGOs with a history of entrepreneurship, PROPATER (Brazil) and PDA (Thailand), experienced problems that might have been expected in organizations with less business expertise. At PROPATER, the original market assessment was flawed. As a result, the new semen analysis service was not diversified enough and was priced too high to attract most of the target clients. Not being on the Brazilian Medical Association price list, the service was not covered by health insurance, and PROPATER staff were slow in requesting to have it included. In addition, the marketing program was not aggressive enough and cross-subsidy income was long in coming. Thus, the problem here lay in the area of behavior, planning and management skills rather than attitude, and Enterprise staff had to provide extensive guidance and counseling in program promotion.

PDA, long known for its entrepreneurial orientation and its ability to capitalize on financial and program opportunities, could not decide which strategic option was most promising and failed to make a commitment to a new commercial condom marketing program. Most of the options would have required substantial organizational change. Both the nature and degree of change were apparently unacceptable even to this sophisticated, experienced NGO. PDA also had other program opportunities for income generation to choose from that were less difficult to implement.

## **2. Organizational Change**

Virtually all NGO subprojects brought about changes in organizational structure and management behavior, even when the activity was not new to the NGO. Some changes were recommended by Enterprise to remedy potential management deficiencies. Others were instituted by the organizations independently, in recognition of the new organizational demands imposed by a self-reliance program. The most common organizational changes were:

- organizational restructuring;
- altered management styles;
- strengthened financial and administrative systems.

### **Organizational Restructuring**

Most of the subprojects entailed some degree of restructuring -- reorganizing the whole institution, adding a new unit (through new staff or reallocation of existing staff), or more modest enhancements to existing structures. These changes resulted in organizations that were better prepared to operate commercial ventures. In addition, top management's willingness to restructure the organization was often a good indicator of its degree of commitment towards achieving financial self-reliance.

One example of this is AMPPF (Mali), which has only recently recognized the importance of reducing dependence on donors. As a first step to diversifying its funding base, AMPPF has created a new resource development division. AMPPF management is proceeding cautiously, however, and the division does not yet have a clear role in the organization or well defined responsibilities.

AMPPF's tentative moves to restructure are in sharp contrast with the experience of the Muslimat Foundation in Indonesia. Another recent convert to the concept of self-reliance, the Muslimat's top management took major steps to restructure its organization. Prior to Enterprise support, the Muslimat was a loose organization of 32 independent clinics throughout Indonesia affiliated through a national headquarters board. In addition, each clinic had a local community governing board. A management and clinic survey conducted by Enterprise confirmed the findings of an earlier survey by a local research group that identified a wide variety of organizational problems and weaknesses. These included conflict between local and headquarters operations, poor management, and lack of financial viability. After three Enterprise-supported workshops, one for headquarters and local board members and two for clinic staff, the Muslimat redefined the authority and responsibilities of its various units to clarify roles and strengthen its organizational structure. It also made numerous changes at the local level, instituting fees for services and strengthening the management system of each clinic. The result has been a streamlined organization with common goals at all levels, a new appreciation for the need for increased self-reliance, and a commitment to business-like organizational growth.

Three other NGOs provide examples of structural changes that resulted in more business-like operations. After experiencing difficulties in convincing private companies to buy its services, with Enterprise assistance PSFN (Mexico) hired a marketing consultant to help upgrade its corporate image. Market surveys indicated that target companies viewed PSFN as a charity and not as a potential business partner. To operate more like a business, PSFN established a new business division to manage Enterprise-supported activities and market services to employers. It also hired a full-time professional accountant. To create a corporate image, PSFN developed a logo, brochures, stationery and business cards. To increase earnings from PPAZ's (Zambia) largest source of income, the provision of family planning training services, the organization created a new training unit. Existing facilities are being remodeled to attract clients and new staff are being hired. ABEPF (Brazil) hired a sales supervisor and personnel and restructured its sales division to strengthen its capacity to expand sales markets. In every case, these changes strengthened overall management and increased the NGO's capacity to take productive advantage of business opportunities.

### Altered Management Styles

Many of the NGOs studied were rather traditional, hierarchical organizations. Even those that were newly established were led by individuals who came out of traditionally run, not-for-profit organizations. Thus, most decisions were made exclusively by top management, and there was little cross-fertilization either vertically or horizontally among units. Because Enterprise-supported subprojects often required close collaboration between finance, management, and program staff, new management styles were needed.

For example, YKB (Indonesia) decentralized decision-making to encourage greater initiative at the clinic level. Clinic directors gained more latitude in establishing services and allocating their resources. At the same time, they took on greater responsibility for generating revenue. In addition, YKB strengthened the network among clinic staffs through regular, organization-wide meetings held at the various sites on a rotating basis.

Before Enterprise assistance, top management at ABEPF (Brazil) did not give priority to the financial sustainability of the organization, relying instead on a regular infusion of donor funds to cover nearly all operating expenses. Attention was placed instead on ABEPF's publications with little regard to cost and the needs of the marketplace. After receiving technical assistance, top management has altered its approach and has become more "bottom line" oriented. Importance is now placed on sales figures and market analyses.

In the case of AMPPF (Mali), the need for radical changes in financial management was first identified by the organization itself. Over the course of subproject implementation, top management at AMPPF realized that its Chief of Finance and Administration did not have the right skills to develop new systems and oversee the organization's important first steps towards cost recovery and resource development. As a result, the Finance Chief was dismissed. Although this position will be difficult to fill in Mali, particularly given the salary that AMPPF is able to offer, active recruitment for a suitable replacement to strengthen the organization's

financial management capability is underway. Most important is the fact that the organization has recognized the need for better financial management and is willing to make difficult personnel decisions in order to achieve self-reliance.

The lack of business oriented management occasionally prevented Enterprise from collaborating with some organizations. This was the case with PKMI (Indonesia), an organization comprised of a network of family planning physicians, which wanted to establish its own clinic for voluntary surgical contraception (VSC). Enterprise assisted PKMI by sponsoring a marketing survey and business plan. Hampered by PKMI's weak management structure and physician rather than consumer orientation, the plan and survey produced were unrealistic in the hypotheses projected and the timeframe allowed to achieve breakeven. For example, consumers were willing to pay for VSC only a third to a half of what PKMI physicians were expecting to charge; the projected growth rates for demand were also unrealistically high. After reviewing the survey and business plan, Enterprise discouraged PKMI from further pursuing the clinic until basic structural changes had taken place within the organization. As a result of Enterprise's input, and with assistance from the Association for Voluntary Surgical Contraception (AVSC), PKMI changed its management style to improve planning and operations. The business plan for the sterilization unit has been subsequently revised and financing will be obtained from a commercial lender.

These kinds of changes were important innovations. By creating new management modes, the Enterprise subprojects facilitated entrepreneurial behavior and stronger management and promoted the potential for all staff to contribute to organizational growth.

### Strengthening Financial and Administrative Systems

Enterprise subprojects with discrete financial objectives required significant enhancements in budgeting and financial management systems. These changes ranged from the simple upgrading of existing systems to a complete overhaul or installation of new systems. As a result, all of the participating NGOs now recognize the need for adequate financial and administrative systems and have taken steps to establish their organizations on a more business-like footing. These changes resulted in NGOs better equipped to manage their organizational resources and to take advantage of new business opportunities.

NGOs with prior experience with income generation, such as PDA (Thailand), already understood the need for a strong systems infrastructure and had many of the necessary elements in place. Over half of PDA's revenue comes from a range of innovative income generation activities. Nevertheless, even this organization needed technical assistance from Enterprise to strengthen in-house systems and improve the use of data. PDA had a financial management system which provided for the tracking of donor funds but did not give management adequate planning and budgetary data needed to make business decisions. Information on service cost and revenue was lacking and PDA's ability to assign and account for overhead expenditures was limited. Thus, management could not always accurately calculate or predict the true costs of new programs or business ventures. Enterprise assisted PDA to upgrade its budgeting and

financial management system. This included automating the system, developing new field data collection forms, and instituting new data analysis and record keeping procedures. The upgraded system has resulted in more accurate and accessible information for management: indirect cost rates (overhead) have been calculated, unit costing and year to year budget comparisons are being done, and profit and loss statements are being produced. Consequently, senior managers at PDA are now making more informed decisions on cost control, product marketing, pricing and resource management.

At other, less sophisticated organizations, considerable systems enhancements of a different nature were needed. ADOPLAFAM (Dominican Republic) is an example of an NGO with little experience in budgeting and financial planning and a rudimentary financial management system that did not adequately meet the growing needs of the organization. In addition, the original doctor franchising program plan had no established loan repayment schedule for the clinic doctors. Once ADOPLAFAM hired its accountant, Enterprise assisted the NGO to develop and put into place a new financial reporting system. This improved accounting procedures at both the organizational and clinic levels and also enabled ADOPLAFAM to analyze budgets, institute cost control measures and perform clinic cash flow and breakeven analyses routinely. Loan repayment schedules to ADOPLAFAM are currently being instituted.

More modest interventions on the part of Enterprise included a new cost accounting system that was designed and put into place at HSF (Brazil). The system has allowed the hospital to calculate the actual cost of each service. This, in turn, has brought cost control measures and a more efficient use of hospital resources. CEPECS' (Brazil) new system of clinic administration meant instituting more formalized personnel procedures including job descriptions and staff ratios for various clinic departments.

### **3. Operational Change**

All of the subprojects required some degree of operational change. At minimum, the recipients had to run their organizations differently, with an eye toward becoming more business-like and entrepreneurial, recognizing and capitalizing on market opportunities. In addition, most had to initiate new and/or improved operations in various areas. The most significant areas of operational change were marketing and pricing.

#### **Marketing**

All five subproject models involve marketing. With the exception of PDA, this group of NGOs had relatively little marketing experience and no formal marketing staff. Those that had sold services and products in the past relied primarily on clinic personnel who had no formal marketing training. These staff were not prepared to lead their organizations into the more competitive markets presented by the subproject activities. Moreover, they were generally unskilled in market analysis; considerable support was required from Enterprise to assess opportunities and select business ventures. As the subprojects progressed, in-house marketing capacities increased, and the recipient organizations gained a better appreciation for marketing

concepts as well as the expertise to apply them. However, some NGOs were more receptive than others to changes in marketing operations, and this affected both ease of implementation and financial return.

YKB (Indonesia) is an example of the more receptive group. In developing its clinic for middle income clients, YKB quickly recognized the need for more professional marketing approaches. Other providers began to open new facilities in the same neighborhood, and clinic usage was lower than expected. In response to new competition, clinic staff intensified their house-to-house marketing program and also began selling services to area companies. In addition, they developed new services to increase the clinic's appeal, often with creative financing arrangements. For example, a dental service was established in the clinic, and revenue generated was shared by the practitioners and YKB. These changes vastly improved the income generation potential of the clinic, and many of the new marketing strategies used have been adopted by other YKB facilities.

PSFN (Mexico) provides another example of productive changes in marketing practices. Marketing initially was quite informal, based on existing personal relationships between NGO and company representatives. When PSFN decided to expand its program to more industries and to develop its corporate image, it required a more structured approach to marketing, with promotional materials and a well organized campaign to persuade new companies to participate. These activities were instituted by the new business unit. Instead of relying solely on personal connections with senior company officials, PSFN staff began to market services to middle-level company managers whose decisions rested on the merits of the case rather than on past social friendships. These efforts were successful. PSFN is now developing a professional in-house marketing capacity and a formal, business-like marketing program.

BEMFAM, Brazil's largest family planning NGO, had no previous marketing experience. After deciding to enter the competitive but potentially lucrative market for a diagnostic cancer unit, an innovative marketing strategy was developed with Enterprise assistance. In addition to media advertising, the strategy has involved telemarketing, direct mail, and personal interviews with potentially important referring physicians regarding their specific needs and problems. This strategy has met with considerable success as BEMFAM's cytopathology laboratory has already exceeded its projected number of monthly exams and is breaking even.

PROPATER (Brazil) presents an interesting contrast to YKB, BEMFAM and PSFN in that, despite its positive attitude toward income generation programs and sustainability, it took much less initiative in the marketing arena and was much slower to change. Although PROPATER had experience in marketing vasectomies and other services, management was unable to predict accurately the market for advanced semen analysis services. Further, even when faced with low sales, management needed considerable encouragement from Enterprise staff to develop a vigorous marketing program.

## Pricing

With the exception of HSF (Brazil), which had a ready market and an established price structure through its contract with Brazil's national social security agency, all subprojects involved the development of pricing strategies. While some of the NGOs had prior pricing experience, this task was entirely new to others. Various skills had to be developed in order to determine costs and set prices that were attractive and competitive in the marketplace. The establishment of realistic pricing mechanisms has substantially strengthened the recipients and increased their capacity to develop and implement fee-for-service programs.

CEPECS (Brazil) is an example of successful change in this area. Its first decision to adopt a fee-for-service program was essentially a poorly designed response to a cessation of donor funding. Pricing was only symbolic and not based on actual costs or an analysis of what the market would bear. During the design of the new upscale clinic, Enterprise provided assistance in market analysis in the feasibility study stage, and CEPECS staff were introduced to new pricing techniques. At the end of the first three months of the new upscale clinic's operation, a period when patient utilization of the facility was relatively low, CEPECS was able to achieve 30 percent of its clinic breakeven point from fee income alone. In addition, staff have used these new skills to change their pricing policies at CEPECS' lower income clinic, and this clinic achieved breakeven for the first time in mid-1990.

Although CEPECS had some previous experience with pricing, at AMPPF (Mali) and PPAZ (Zambia) the concept of charging fees for family planning services and products was entirely new. Both organizations had little idea what the actual cost of providing services was and how to determine a realistic price. Initially, Enterprise had to convince AMPPF of the need to set prices for services that at least covered the cost of doing business. PPAZ, however, was very receptive and needed little persuading. Both organizations are now receiving technical assistance in service pricing which should increase their prospects for recovering costs.

The pricing experiences of YKB (Indonesia), the Turkish Family Health and Planning Foundation (Turkey) and ADOPLAFAM (Dominican Republic) differ and are particularly interesting. Although YKB had always operated fee-for-service programs and with Enterprise assistance had conducted an extensive feasibility study for its middle-income clinic, its original pricing structure for that clinic was on the low side. After the clinic opened, it became clear that clients were willing to pay higher fees. With technical assistance from Enterprise, prices for services were eventually raised, and this decision compensated for the initial lower-than-expected clinic usage. The Turkish Family Health and Planning Foundation and ADOPLAFAM had similar experiences, eventually doubling prices at their clinics with no loss of clientele.

This demonstrates that many NGOs, even those with established pricing practices, are often inherently less aggressive than businesses in instituting competitive price structures. Income generation programs supported by outside resources such as Enterprise can help persuade NGOs to adopt more business-like pricing practices to improve their cost recovery.

## **IV. LESSONS LEARNED AND RECOMMENDATIONS**

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The Enterprise Program is one of USAID's first major efforts to stimulate income generation programs and increase the financial sustainability of family planning NGOs. As a pioneer in this area, Enterprise experimented with a variety of approaches in a diverse range of organizations. Much has been learned about the NGOs themselves and about the support strategies appropriate to the NGO environment. The important lessons learned can guide new programs in selecting recipient NGOs and in designing effective assistance strategies. They can also help the NGOs themselves to strengthen their capabilities and undertake independent sustainability initiatives. These lessons are summarized below.

- 1. Not every NGO can be helped to achieve sustainability. A rigorous analytic process is needed to select suitable NGO subproject partners and design the most appropriate subprojects.**

To survive, some NGOs will always need substantial subsidies from outside sources. To avoid wasting scarce resources, donors must use a structured process with well defined criteria to assess the potential of NGOs to benefit from sustainability assistance. Subproject support resulting from this process must be also be designed appropriately.

To determine the best candidates for assistance, the Enterprise Program's NGO experience indicates that an organization's potential for change is as important as its past performance record. Therefore, in addition to a review of organizational strengths and weaknesses, the assessment process must involve extensive consultations with NGO staff regarding changes that might be required in order to predict whether these changes can be realized. The resulting subproject must then recognize the limitations of the recipient, demand a realistic level of change, be capable of being managed by the NGO and be appropriate to the organization's market environment.

- 2. The best NGO prospects for Enterprise-type subprojects have several key characteristics.**

As shown in Section III, there is no simple formula or checklist for determining which NGOs can make the most of subproject support. Indeed, the results of Enterprise subprojects to date are somewhat ambiguous: in some cases, weaker organizations with less experience did better in moving towards sustainability than others with proven track records in income generation. As a result, it is difficult to set absolute criteria for identifying and selecting NGOs for these kinds of programs. However, it is clear that certain characteristics are important:

- A positive attitude toward income generation and sustainability, or openness to attitudinal change;
- A history of, or potential for entrepreneurship;
- A willingness and ability to compete with for-profit providers;
- The availability of staff with business skills, or the ability to recruit and retain such staff;
- Appropriate organizational structures and systems, or the willingness and ability to change structures and systems;
- The presence of business-like management practices, or the willingness and ability to institute and use such practices.

Few NGOs have all of these characteristics, and not all are required. The prospects for achieving sustainability objectives, however, are greatly increased if most of these characteristics are present. Each case must be evaluated individually to assess the relative weight of strengths and weaknesses in these key areas.

3. **Although a subproject model may prove successful in one context, it may not be replicable in another. To achieve sustainability, subproject designs must be carefully tailored to each NGO, provide for technical assistance as well as financial support, and operate within a realistic timeframe.**

NGO program models are useful from a conceptual standpoint, but they are not put into practice easily or directly transferable from one organization to the next. It is essential that each subproject be carefully designed in response to the particular characteristics of each recipient organization. Technical assistance must also be incorporated into the design and must be integrated with financial support. This is true for organizations with prior experience in sustainability related activities as well as for those entering the income generation arena for the first time. The assistance may be in management and/or technical areas, and each technical assistance plan must reflect the specific needs of each organization.

In terms of timeframe, most subproject designs assumed a "best case" scenario and allowed an average of only two years to achieve sustainability objectives. Adopting the best case scenario resulted in overly optimistic timeframes as subproject designs did not account for the wide variety of factors that can affect project implementation. These factors included

changing economic environments, changing markets, increased competition, inability to hire additional staff rapidly, delays in acquiring equipment or refurbishing facilities and a variety of personality factors. Hence, many subprojects failed to reach sustainability objectives during their subcontract periods, and had to be extended. Experience has shown that a three to five year timeframe for subproject implementation is more realistic.

**4. Specific financial targets should be an integral part of subproject design.**

The majority of the Enterprise subprojects had explicit financial targets. In some cases, these targets applied not just to the subproject itself, but to the organization as a whole.

Some subprojects, however, had less explicit financial goals. For example, none of the subprojects that sought to establish NGOs as service providers to employers had financial targets. Part of the reason for this was the fact that most of these subprojects needed a great deal of organizational development assistance, and prospects for achieving significant cost recovery during the subcontract period with Enterprise were remote. However, by not specifying *any* financial targets, no matter how modest, there was a risk that the NGO would fail to link subproject activities with the long-term objective of achieving sustainability.

For example, the relationship between building AMPPF's (Mali) capacity to train company medical personnel in family planning and future sustainability was implicit rather than explicit, and AMPPF was not initially committed to the concept of income generation. A stronger, clearer sustainability objective would have enhanced the prospects of AMPPF-type subprojects. It also would have helped the recipients develop the kind of entrepreneurial behavior and skills necessary for long-term organizational viability.

**5. Entrepreneurial behavior and business-like operations are essential if NGOs are to compete with for-profit providers.**

Income generation is essential for sustainability, and virtually any income generation program involves competition with for-profit providers. The most successful NGOs are those who behave like other entrepreneurs, seeking out and taking advantage of market opportunities and using the same operating systems and tools as businesses. This must also include a

willingness to compete with the for-profit sector in terms of prices and salaries offered for inputs needed to run NGO business operations. Attitude and professed willingness are not enough. It is behavior that counts.

**6. The most promising subprojects have verified markets.**

Comprehensive, accurate, and precise market determination is essential for subproject success. With the exception of HSF (Brazil), which already had an established market through its contract with the national social security agency of Brazil, all of the NGOs had to identify and develop new market opportunities. The outcome of this process had a direct correlation with success.

The experience of the Turkish Family Health and Planning Foundation (Turkey) illustrates how failure to adequately verify the market can affect subproject success. Insufficient information was gathered about what clinic services women were interested in paying for. As a result, the Foundation's clinic did not meet the most important of the needs as perceived by the clients. Services that were offered were not attractive enough to generate the attendance needed for cost recovery. The clinic's financial breakeven point is still far from being achieved.

**7. Top NGO management commitment to sustainability is essential.**

NGO business ventures cannot work well without strong leadership and commitment from the top. Most involve some kind of risk, ranging from a financial investment to altering the image of the organization. They also invariably involve change. The commitment of top managers to financial sustainability requires that they fully understand how business and the marketplace work. Although PROPATER's semen analysis lab will pass its breakeven point by the end of 1990, if management had been more committed to making the subproject work, the lab would have surpassed this point a year earlier.

Top managers must also be convinced that the long-term viability of the NGO depends on increased financial self-reliance, and they must encourage an entrepreneurial spirit within the staff. Where these conditions do not exist, the prospects for successful revenue generating ventures may not be promising.

These seven lessons, learned through Enterprise's experiences with a number of NGOs around the world, bear out the difficulties and the potential of such work. With appropriate donor assistance, which is as much technical as it is financial, NGOs are capable of making progress toward improved management and program operations and, eventually, achieving sustainability.

**APPENDIX**

## **Association Malienne pour la Promotion et Protection de la Famille (AMPPF), Mali**

### **Setting**

AMPPF, an International Planned Parenthood Federation (IPPF) affiliate, has been active since 1972. AMPPF provides family planning education and clinical training for the public sector through its headquarters and five regional offices. A recipient of IPPF funding, AMPPF has only recently recognized the importance of financial self-reliance. Prior to Enterprise assistance, AMPPF did not actively market its services.

### **Goals and Activities**

AMPPF's contract with Enterprise was signed in February 1989. The project is designed to (1) strengthen AMPPF's institutional capability to provide family planning training to both parastatal and private companies, and (2) develop a marketing and income generation strategy for AMPPF. The project will operate through January 1991 with a total budget of \$32,219.

Since 1989, Enterprise has assisted AMPPF to prepare a curriculum for the training of company clinical staff and motivators as well as identify additional training materials and equipment needs. Enterprise is also helping AMPPF to conduct a market study and determine a pricing structure for its services. AMPPF currently conducts family planning training sessions for SONATAM and COMATEX, two major industrial employers in Mali.

## **Centro de Estudos e Pesquisas Clovis Salgado (CEPECS), Brazil**

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### **Setting**

Established in 1981 by a group of obstetrics and gynecology professors, CEPECS had become by 1987 the largest family planning provider in the state of Minas Gerais. Operating a central clinic, 22 ambulatory units and ten family planning distribution posts in the city of Belo Horizonte, CEPECS was providing training, contraceptives and supervision to physicians in 54 municipalities state-wide. Prior to Enterprise support, CEPECS received most of its funds from USAID through Family Planning International Assistance (FPIA). A phaseout in USAID funding forced CEPECS to cut costs and increase cost recovery. All but seven of the clinics were closed, and subsidies for 100 rural service units were eliminated. In addition, fees were charged for all services. These initiatives helped to resolve the financial crisis, but they also alienated clients and demoralized staff.

### **Goals and Activities**

The purpose of Enterprise's contract with CEPECS is to increase the financial sustainability of its family planning programs and services through the establishment of a revenue-generating family health clinic. The project is scheduled to operate from August 1989 through January 1991 with a total budget of \$100,114.

Enterprise has assisted CEPECS in conducting a feasibility study for an upscale, fee-for-service, fully integrated health and family planning clinic to attract middle class clients and generate sufficient funds to subsidize services to the poor. In addition, Enterprise has developed a detailed marketing plan for the clinic which opened in March 1990. Enterprise has also prepared a business plan and cash flow analysis projecting the achievement of financial goals after one year of clinic operation. Primary marketing targets have been local employers.

## **Dominican Family Planning Association (ADOPLAFAM), Dominican Republic**

### **Setting**

ADOPLAFAM was founded in 1986 by former directors of the Ministry of Health. Prior to Enterprise support in 1988, ADOPLAFAM had a very small staff, and its only program activities were the distribution of oral rehydration packets and training of nurses in family planning. ADOPLAFAM relied exclusively on donor assistance.

### **Goals and Activities**

In October 1988, Enterprise and ADOPLAFAM launched a two-year program to: (1) establish five new community clinics in underserved neighborhoods; (2) improve and extend services in 10 pre-existing clinics; (3) incorporate 200 beauty salon owners to conduct IEC activities and sell contraceptives; and, (4) involve community organizations and leaders, community health workers, and volunteers to conduct an ongoing IEC campaign. The total project budget is \$276,794.

The project serves as a franchising operation, whereby ADOPLAFAM provides start-up capital and other support to doctors who wish to establish private clinics. When the clinics reach breakeven, each physician is expected to pay back the cost of equipment to ADOPLAFAM that will be pooled in a revolving fund and used as seed capital to start up new clinics.

With Enterprise support, ADOPLAFAM has provided physicians with logistical support, clinical management training and supplies. Enterprise has also enabled ADOPLAFAM to train beauty salon operators and community volunteers in family planning methods and community distribution techniques. These individuals refer clients to the clinics and receive a commission for contraceptive sales.

In June 1989, the project was amended to increase the number of new clinics, physicians, community workers, and volunteers and to incorporate barber shops in the established network. Enterprise has also assisted ADOPLAFAM in conducting a market analysis. To date, seven new clinics and fifteen "associated" clinics have been established with Enterprise support.

## **Hospital Sofia Feldman (HSF), Brazil**

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### **Setting**

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HSF was established in 1977 as a private, non-profit hospital serving the poor of Belo Horizonte. Beginning with a small out-patient clinic, HSF eventually grew into a regional maternal and child health/family planning facility providing in- and out-patient services to a population of approximately 300,000. Since 1986, HSF's primary source of income has been a government services contract with INAMPS, Brazil's national social security agency. INAMPS reimburses the hospital on a fee-for-service basis. Each service has a fixed price, and INAMPS contractors are authorized to provide up to a ceiling number of services per year. Prior to Enterprise assistance, HSF was unable to perform the maximum allowed number of laboratory tests and examinations because of its inadequate facility.

### **Goals and Activities**

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The objectives of HSF's project with Enterprise were to: (1) enable the laboratory to perform the maximum number of procedures authorized for reimbursement under the INAMPS contract and (2) generate enough excess income to cover 40% of HSF's annual expenditures for family planning. Revenues were expected to allow HSF to provide family planning services to approximately 19,200 new acceptors over eight years. The project operated from July 1988 to June 1989 with a total budget of \$45,292.

Enterprise funded the purchase of laboratory equipment and training of personnel. It also conducted an in-depth organizational analysis to improve record-keeping procedures. HSF contributed its own funds for facility expansion and remodeling, as well as for other direct and indirect operational costs.

At the project's conclusion, revenue from the expanded laboratory covered all lab operating costs as well as 45 percent of the costs of HSF's family planning services.

## **The Muslimat Foundation/Nahdlatul Ulama, Indonesia**

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### **Setting**

The Muslimat Foundation is the women's organization of the Nahdlatul Ulama (NU), the largest Islamic social organization in the world. The organization's 1152 branches nationwide carry out the objectives of the NU by making Muslim women conscious of their rights and duties based on Islamic teachings. As part of this effort, 32 clinics provide maternal and child health care and family planning services throughout Indonesia. The Muslimat's activities are supported by individual contributions, a number of government organizations and donor agencies. Enterprise's involvement with the Muslimat was prompted by the high priority assigned to the organization by USAID/Jakarta and BKKBN (Indonesia's national family planning program).

### **Goals and Activities**

Enterprise's project was designed to respond to a set of needs identified by the Muslimat. Two studies sponsored by the Muslimat and Enterprise showed that three major steps were necessary for the Muslimat to improve its fiscal and organizational viability. First, the authority and responsibilities of the central and local Muslimat foundations needed to be redefined and clarified. Second, clinic managers needed training in finance and administration. Third, staff skills and equipment for clinical family planning services needed to be updated. The project began in July 1989 and will operate through December 1990 with a total budget of \$161,500.99.

Enterprise sponsored three different major seminars for Board members, administrative staff and clinical staff. It also supported organizational development assistance to streamline operations, improve management and planning, and assure the quality of care. Finally, Enterprise staffed two coordinating offices in Jakarta and Surabaya and paid for new equipment for Muslimat clinics.

## **Perkumpulan Kontrasepsi Mantap Indonesia (PKMI), Indonesia**

### **Setting**

PKMI is a private, non-profit organization of professionals and clinicians that supports sterilization services. Although PKMI operates throughout urban and rural Indonesia, most of its activities are concentrated in Jakarta. The organization specializes in training, IEC and coordinating provider reimbursements. PKMI receives substantial support from USAID, the Association for Voluntary Surgical Contraception (AVSC) and other donors, and earns income from the repair of clinical equipment.

### **Goals and Activities**

Prior to Enterprise involvement, PKMI had considered becoming a direct provider of family planning services. The PKMI Board asked Enterprise to assist them to determine whether a new sterilization clinic in Jakarta would be viable.

Under a two-year, \$51,000 contract ending in August 1988, Enterprise assisted PKMI to conduct a market study and a business plan. Both studies indicated that demand and pricing were not sufficient for the proposed facility to operate profitably. This view was supported by commercial banks.

The project, therefore, provided PKMI with a workable methodology for profitability analysis and helped them avoid a costly investment in a new clinic.

In mid-1990, the PKMI Board had modified its facility plans, pricing structure and timetable and was positioned to undertake the clinic program. Capital for the new program will be provided by commercial sources.

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## **Planned Parenthood Association of Zambia (PPAZ), Zambia**

### **Setting**

PPAZ is a voluntary, non-governmental organization formed in 1972 to promote family planning. It conducts workshops and seminars for national policy makers, medical and health personnel, personnel in the education sector, community service workers and political leaders. It also disseminates information and distributes contraceptives. In 1987, PPAZ began a Motivational Campaign for Industrial Workers (MCIW) which encouraged PPAZ field officers and volunteers to visit industrial and commercial sites and provide motivational presentations to employees. PPAZ is affiliated with the International Planned Parenthood Federation (IPPF) which funds about 80% of its budget.

### **Goals and Activities**

In October 1988, Enterprise signed a two-year contract with PPAZ. The project is designed to increase the organization's capacity to support and promote family planning initiatives in the private and parastatal commercial sector. Over the life of the project, Enterprise will provide PPAZ with a total of \$115,108.

With Enterprise support, PPAZ has developed a cadre of core trainers to provide family planning clinical training to PPAZ field officers working in the private sector. IEC materials to support its work in the MCIW were also developed. In addition, Enterprise funds enabled PPAZ to conduct a marketing and pricing study and to subcontract with a consulting firm to carry out a marketing campaign in the commercial sector. Currently, Enterprise is assisting PPAZ in developing training curricula for nurses, volunteers (CBDs) and PPAZ field officers.

## Population and Community Development Association (PDA), Thailand

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### Setting

Established under the name of Community Based Family Planning Services in 1974, this NGO was renamed Population and Community Development Association (PDA) in 1978 as the result of its expansion from family planning into wider public health and community development programs. It is now one of the country's largest NGOs, with 35% of its programs in health and family planning. In addition to a staff of 600, it has 16,000 community-based volunteers covering about one-third of the country. PDA has had a consistent, long-term commitment to income generation for sustainability. About 55% of its operating funds come from donors, with the remainder generated by its activity revenues. Proceeds from the sale of contraceptive services and products provide the largest local source of income. PDA's ability to generate income is contingent on the availability of subsidized contraceptives.

### Goals and Activities

Two separate projects with PDA were funded by Enterprise.

Condom Marketing: From October 1986 to September 1988, Enterprise provided support to help PDA strengthen its condom marketing program and explore strategies for the transition to purchasing contraceptives on the commercial market. Two studies were conducted by local firms. One surveyed the Thai condom market, analyzing consumer usage patterns, preferences and attitudes, PDA's and competitor's product images, and distribution and marketing strategies. The second evaluated PDA's marketing capability for family planning products and developed a business plan suggesting three strategies to improve and expand PDA's condom marketing operations. PDA was to arrange the procurement of funds through either commercial or donor sources. The total budget was \$55,000.

Although no decision has yet been made, PDA has been focusing on 3 areas for future work: (1) the legal structure of the commercial operation; (2) further investment analysis of either a lubrication/packaging operation or partnership with a local condom manufacturer; and, (3) business planning and the implementation of the improvements in marketing and operational organization and management.

Factory-Based/MIS: This project consisted of two related components: (a) the provision of factory-based family planning services, and (b) the design and implementation of an organization-wide programmatic/financial management information system (MIS). The project operated from October 1986 through December 1989 with a total budget of \$217,636.

The two components were interrelated in that Enterprise's objective for long-term sustainability was to help PDA calculate and manage its unit costs for services across the entire factory-based program. Early in the MIS development, however, it became clear that PDA wanted and needed

**an organization-wide information system to manage not only the factory-based program, but some two dozen other donor-funded programs.**

**Several major components were implemented in PDA's manual and automated management and financial systems. Key among those components were the definition and application of overhead costs, the standardization of account codes, the calculation of expense and revenue data in all development and family planning projects, the standardization and automation of field and central office reporting, and the implementation of an executive information component (EIS) analyzing revenues and expenses.**

**Since the Enterprise project has ended, PDA has continued to implement and refine the MIS with its own resources.**

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## **Promocao de Paternidade Responsavel (PROPATER), Brazil**

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### **Setting**

Established in 1981, PROPATER is the largest Latin American non-profit facility dedicated to the provision of reproductive health services for men. PROPATER operates two clinics in Sao Paulo and one in Parana. In addition to providing vasectomies, it trains medical personnel in male counseling and contraceptive services. Prior to receiving Enterprise support, PROPATER had already made significant progress towards sustainability. By 1987, client fees covered 64% of its operating budget.

### **Goals and Activities**

In November 1988, Enterprise and PROPATER began efforts to reduce PROPATER's dependence on outside funding to less than 10% by the end of 1990. The project called for the establishment of an income-generating semen analysis laboratory geared towards upper income clients which would subsidize voluntary surgical contraception for low-income clients. The total project budget is \$67,200.

Enterprise assisted PROPATER to define a marketing strategy, develop marketing material, and design IEC materials. Enterprise support was also used to purchase equipment, calculate costs and promote the laboratory's services to physicians in order to increase referrals.

## **Prosuperacion Familiar Neolonesa (PSFN), Mexico**

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### **Setting**

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Established in 1979, PSFN is a member of the Federation of Mexican Family Planning Associations. Prior to Enterprise support, PSFN was primarily involved in community-based distribution programs in 32 urban and peri-urban zones in Monterrey. Virtually all of its funding came from donors.

### **Goals and Activities**

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The objectives of Enterprise's involvement with PSFN are to (1) establish PSFN as a legitimate provider of family planning services to local industries, (2) help PSFN generate revenue from workplace-based service delivery and (3) enhance PSFN's capability to market its services to local employers.

Collaboration between Enterprise and PSFN began in 1987 with the establishment of four factory-based family planning programs. Although Enterprise's subcontract was officially with the employers themselves, the latter agreed to hire PSFN to provide service delivery for a monthly service fee. Because of PSFN's legal status as a charity organization, these service fees were fully tax deductible. This effort was so successful that three of the companies retained PSFN to manage their family planning activities after termination of Enterprise funding.

In January 1990, Enterprise began an eleven-month, \$45,611 project directly with PSFN. This project is designed to help PSFN expand its clientele to include small and medium-sized industries. Enterprise has also developed a marketing strategy and promotional package for PSFN.

## Sociedade Civil de Bem-Estar Familiar No Brasil Ceara (BEMFAM Ceara), Brazil

### Setting

Affiliated with International Planned Parenthood Federation (IPPF), BEMFAM is the largest private family planning organization in Brazil. BEMFAM operates an extensive network of clinics and programs nationwide. Prior to Enterprise involvement, BEMFAM had been providing information, services and contraceptives to private industries throughout Brazil. Contributions from USAID and IPPF made up about two-thirds of its annual budget of \$5,000,000. Because it is committed to serving lower-income groups, cost-recovery in BEMFAM's programs has been less than 20 percent. USAID cutbacks have forced BEMFAM to reduce its dependence on donor assistance by developing income generating activities.

### Goals and Activities

Enterprise funded two projects with BEMFAM.

**BEMFAM Diagnostic Laboratory:** The objective of this \$52,673 project is to increase the financial sustainability of BEMFAM programs in the state of Ceara and to make low-cost cervical cancer screening more widely available throughout the Northeast. BEMFAM hopes to generate enough income from the service to fund at least 15 percent of its current family planning program and clinic costs in Ceara. The project has been extended and will end in May 1991.

Enterprise support has enabled BEMFAM to set up a cytopathology laboratory in Fortaleza. The lab, which opened in October 1989, has not yet reached its projected revenue targets because most of the exams were reimbursed at low rates by Brazil's national social security agency. Nevertheless, the laboratory has received accreditation and can now conduct exams for private physicians and health management organizations (HMOs), both of which pay higher fees. BEMFAM has also signed an agreement to provide services to the two largest HMOs in Brazil. To further increase revenues, Enterprise is supporting an advertising campaign to promote laboratory services in the 152 municipalities in which BEMFAM operates, and a logistics study to facilitate the transportation of specimens to the laboratory.

**BEMFAM Preventive Health Assistance Program for Workers (BEMFAM PH):** The purpose of this project is to increase BEMFAM revenues through the sale of its products and services to private companies. In addition, the Meier Health Clinic, one of eleven clinics completely subsidized by BEMFAM, will be remodeled. Once completed, the clinic will offer services to companies and serve as a sustainability model for BEMFAM's other clinics. As the clinics become less dependent on subsidies, funds will become available for other family planning activities. The project will operate from June 1990 to January 1991 with total Enterprise funds of \$73,973.

In 1989, Enterprise staff began working with BEMFAM to define, package, price and market

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its existing services and products to private companies. Enterprise has also funded trial marketing and sales activities. At the end of the trial, BEMFAM will determine the marketability of these products.

## **Turkish Family Health and Planning Foundation (TFHPPF), Turkey**

### **Setting**

TFHPPF, a private, non-profit organization, was established in November 1985 by one of Turkey's leading industrialists. Its Board consists of many of the country's outstanding business and professional leaders. Although TFHPPF had traditionally concentrated on developing company-based family planning programs, prior to Enterprise support it had begun exploring the possibility of providing clinical services itself. Since 1989, TFHPPF has used mass media to further its family planning activities.

### **Goals and Activities**

In October 1988, Enterprise and TFHPPF signed a two-year contract agreeing to establish a self-sufficient women's clinic, emphasizing family planning services in a low-income neighborhood. The clinic serves those who are not eligible for coverage under the Social Security system as well as those who prefer to obtain family planning services from a private rather than a public clinic. It is expected that in addition to covering its operating costs, clinic revenues will be sufficient to establish similar clinics elsewhere in Turkey.

Since project start-up, Enterprise has helped TFHPPF to develop business and clinic management skills. It has funded a health clinic targeted specifically toward women. The project cost has been divided almost evenly between Enterprise and TFHPPF. Enterprise's share of the project budget is \$106,534.

## **Yayasan Kusuma Buana (YKB), Indonesia**

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### **Setting**

YKB is a private, non-profit organization established in 1980 to strengthen private sector family planning, primary health care and community development by establishing a network of financially sustainable clinics. It now operates six fee-for-service clinics serving middle class and lower income patients. Four have attained individual self-sufficiency, with enough excess revenue to also support the two that have not yet reached breakeven. YKB has received support from USAID, the Ford Foundation, the Aga Khan Foundation, PATH/PIACT, and the Japanese Organization for International Cooperation in Family Planning.

### **Goals and Activities**

In August 1986, Enterprise and YKB initiated a \$105,052 project to expand the delivery of family planning services in Jakarta and develop YKB's organizational management skills and capabilities. The project has supported a market survey and business plan and has provided partial funding for a new clinic catering to middle income clientele. The clinic is expected to breakeven after about three years of operation.

The Enterprise contract was expanded to include the establishment of another clinic, designed to operate along the lines of a health management organization (HMO). When an East Jakarta industrial estate asked YKB to consider reorganizing and operating an underutilized multi-company clinic, Enterprise supported a feasibility study and implementation plan for a prepaid, insured HMO group practice to serve employees and their families. Results of the study were reported in August 1990 and indicate high prospects for success.