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**TECHNICAL ASSISTANCE
TO LAPROMED
FEBRUARY 8-14, 1998**

Guatemala City, Guatemala

Steve Brooke

BASICS Activity Code 000-GU-01-029
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TABLE OF CONTENTS

ACRONYMS

I	EXECUTIVE SUMMARY	1
II	PURPOSE OF VISIT	3
III	BACKGROUND	3
IV	TRIP ACTIVITIES	5
V	FINDINGS, RESULTS, NEXT STEPS	5
A	Update on SueroVida Sales	5
B	Objective Strengthen Customer Service Functions	7
C	Objective Revise Relationship with USAC	8
D	Objective Understand Needs of Current Customers	9

APPENDIXES

Appendix A	Contacts List	
Appendix B	CALTEC International Scope of Work	
Appendix C	LAPROMED Development and Implementation Plan and LAPROMED Areas of Opportunity and (CALTEC Customer Service Training)	
Appendix D	Project Task Overview Assessment of Public Sector Market for ORS in Guatemala	

ACRONYMS

BASICS	Basic Support for Institutionalizing Child Survival
EDC	Economic Development Council (USAC program in which LAPROMED is housed)
IGSS	Guatemalan Social Security Administration
MSPAS	Guatemalan Ministry of Health
ORS	Oral Rehydration Salts
PATH	Program for Appropriate Technology in Health
QC	Quality Control
UNICEF	United Nations Children's Fund
USAC	University of San Carlos
USAID	United States Agency for International Development

I EXECUTIVE SUMMARY

BASICS consultant Mr Steve Brooke visited the LAPROMED facilities in Guatemala City, Guatemala, February 8-14, 1998, to initiate customer service, marketing research, and organizational relationship activities recommended and agreed upon among LAPROMED, BASICS, USAID, and PATH. During a previous visit in October 1997, it was determined that LAPROMED's primary needs for sustainability were in the above mentioned areas, however, two key technical issues were also identified that would support and complement the business initiatives, specifically, product cost reduction and shelf life extension. These technical issues were addressed by Mr Mervyn Hamer during his visit to LAPROMED on February 4-6, 1998.

Thanks in part to a strong commitment of time and effort by senior management of LAPROMED and the Economic Development Council (EDC), good progress was made during this visit. Specific accomplishments include the following—

Launch of Customer Service Training at LAPROMED

- The subcontract for this component between BASICS and CALTEC, a consulting firm based in Guatemala City, was finalized.
- Two successive morning sessions of initial customer service process development training, led by CALTEC, were held at LAPROMED. All the senior management staff of LAPROMED and EDC attended both sessions.
- LAPROMED staff completed an initial assessment of the areas for improvement in customer service.
- CALTEC and LAPROMED staff agreed on the composition of the group to oversee the customer service improvement component. Key officials from the University of San Carlos (USAC) will be included.
- CALTEC and LAPROMED staff agreed on an overall plan and timeline for the customer service improvement component and scheduled the next working session of the group.

Examination and Revision of the LAPROMED/EDC Relationship with USAC

- LAPROMED/EDC, CALTEC, and Brooke reviewed the benefits and constraints of the current financial and administrative relationship structure between LAPROMED and USAC.
- LAPROMED/EDC, CALTEC, and Brooke met with Lic Jorge Perez Folgar, the current dean of the School of Chemical Sciences and Pharmacy of USAC. He stated that he will

support LAPROMED's efforts to improve its customer service and understands that this may require changes in the current financial and administrative relationship

- LAPROMED/EDC, CALTEC, and Brooke met the two candidates for the position of dean of the School of Chemical Sciences and Pharmacy of USAC. The election process will begin in March. Both candidates pledged that, if elected, they will do everything they can to ensure the success of LAPROMED.

Initiation of Market Assessment Update

- Brooke met with Carlos Rafael Anzueto, a marketing consultant based in Guatemala City, to discuss conducting an updated assessment of the public sector ORS market in Guatemala.
- Brooke discussed engaging Anzueto for this task with LAPROMED/EDC staff, USAID, and CALTEC. All agreed with the proposed approach.
- Brooke and Anzueto finalized a task overview for the market assessment update.
- Anzueto has submitted a proposal to BASICS. Final details will be settled by early March 1998. BASICS and Anzueto expect the assessment can be completed by late April 1998.

Critical Next Steps

- The BASICS/PATH team will carefully monitor the order backlog situation and place more emphasis on the production planning aspects of the technical assistance if appropriate.
- LAPROMED and CALTEC will complete the steps of defining required customer service functions and will begin design of these functions.
- Brooke will prepare a briefing document on LAPROMED's opportunities and constraints, as these are affected by the LAPROMED/USAC financial and administrative structure.
- LAPROMED staff will closely monitor the progress of the elections at USAC and advise Brooke of the best possible timing for his next visit, during which formal meetings with USAC will be scheduled.
- Anzueto will undertake market assessment activities.
- Brooke will draft an initial outline of a marketing plan for LAPROMED.

II PURPOSE OF VISIT

The October 1997 visit of the PATH/BASICS consultants resulted in the identification of six key objectives to strengthen LAPROMED sustainability

- Revising the relationship between LAPROMED and USAC
- Strengthening LAPROMED's capabilities in customer service
- Understanding the needs of current customers
- Adding new customers
- Reducing product cost
- Extending product shelf life

All of the objectives are either directly or indirectly focused on improving the market presence, customer service, and overall business management practices of LAPROMED. Hamer visited LAPROMED, February 4-8, 1998, to address the two technical objectives—product cost reduction and shelf life extension. The purpose of Brooke's visit the following week was to initiate customer service training, market research, and organizational relationship activities in support of the other four objectives.

The specific agenda for the February 8-14 visit was as follows:

- Finalize detailed workplan and schedule with CALTEC and LAPROMED for this component
- Finalize subcontract between BASICS and CALTEC
- Initiate customer service training with CALTEC and LAPROMED
- Develop a final plan for lobbying/formal presentation to USAC
- Possibly meet with USAC officials for preliminary discussion of options
- Identify consultant(s) to assist in the market assessment update and customer market research activities
- Finalize the workplan and schedule for these activities, update USAID and LAPROMED

III BACKGROUND

Sales of ORS from LAPROMED have been uneven since the initiation of production. The variability of sales has been due primarily to conditions within the Ministry of Health (MSPAS). For example, in 1995, orders from MSPAS were interrupted due to changes in the government.

and associated budgetary restrictions. More recently, in 1996, MSPAS decentralized its procurement function, so that instead of one large customer in Guatemala City, LAPROMED now has to deal with 27 individual health areas throughout the country. LAPROMED's other primary public sector customer, the Guatemalan Social Security Administration (IGSS), recently switched its ORS supply from LAPROMED to a competitor because of lower cost. Other sales of ORS from LAPROMED consist of one major contract manufacturing arrangement with ADAMED and sporadic small sales to a variety of NGOs. Thus, the situation observed during the May 1997 assessment visit was that—

- Sales to the MSPAS health areas were less than in 1996, and projections for future sales were unknown
- LAPROMED's second largest customer (IGSS) had switched suppliers

Immediate action was deemed necessary to solidify the relationship with the health areas and to explore the opportunities for expanding the customer base to better utilize LAPROMED's unused capacity and to reduce its dependence on one key customer.

During the October 1997 implementation planning visit, the team of Hamer and Brooke found a substantial improvement in LAPROMED's sales and production volumes. During the second half of 1997, orders from the MSPAS health areas increased, thus ensuring that LAPROMED would produce and sell at near break-even volumes for 1997. After analyzing the strengths, weaknesses, opportunities, and threats facing LAPROMED, Hamer and Brooke made two key strategic recommendations regarding long-term direction for LAPROMED:

- LAPROMED should retain the key direct supplier/customer relationship with its primary public sector market segments, rather than turning over all sales, service, and delivery responsibilities to a distributor
- LAPROMED should focus on growing and diversifying sales and production of its existing product, ORS, rather than on offering new products or production capacities

The team then focused on creating an implementation plan for enhancing the sustainability of LAPROMED within this strategic context. They identified six broad critical areas where action is needed to put LAPROMED into a competitive position in the public sector market:

- Revising the relationship between LAPROMED and USAC
- Strengthening LAPROMED's capabilities in the areas of sales and customer service
- Understanding the needs of current customers
- Adding new customers
- Reducing product cost
- Extending product shelf life

BASICS submitted a proposal in December 1997 for an 8-month technical assistance project to further strengthen LAPROMED's sustainability through activities focused on these six objectives. The project was approved in January 1998, and initial trips by Hamer and Brooke were scheduled for early February 1998.

IV TRIP ACTIVITIES

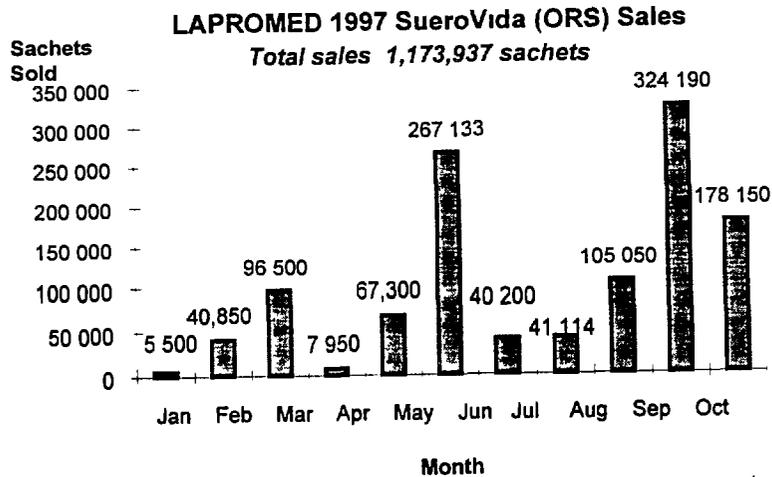
A series of planning, training, and informational update sessions were held throughout the week. A summary of these activities is presented below, with a list of contacts included as Appendix A.

- Upon arrival, Brooke met with USAID and CALTEC staff to confirm the overall objectives of the trip and to solicit input on how the objectives might best be accomplished.
- The customer service training component was launched by holding two successive morning sessions (February 10 and 11) with five key LAPROMED and EDC senior staff members. Eduardo Calderon, president of CALTEC, led these sessions. Brooke attended and described the goals of USAID and BASICS for this activity.
- Meetings were held at USAC with the dean of the School of Chemical Sciences and Pharmacy, as well as with the two candidates for this position in the upcoming election in March. Other attendees included Mr. Luis Galvez, Ms. Alba Nory, and Ms. Elida Valdez, LAPROMED/EDC, Mr. Calderon, CALTEC, and Brooke, BASICS.
- Brooke met with Anzueto to develop the plan for his assistance in completing the market assessment update.
- At the end of the week, Brooke met with USAID/Guatemala to discuss the progress during the week and likely next steps for follow up.

V FINDINGS, RESULTS, NEXT STEPS

A Update on SueroVida Sales

While most of the findings and results are organized under the specific project objectives, other important update information was gathered during the visit. Final 1997 LAPROMED production and sales volumes are shown below.



Note Due to USAC holidays LAPROMED does not produce or sell in December

LAPROMED orders and deliveries during January 1998 continued to show the fast pace of late 1997. The order pattern is highly variable from month to month due to the large influence of a few large health areas. When the San Marcos Health Area places orders, it usually orders 200,000 sachets. Both San Marcos and Alta Verapaz health areas placed large orders in January, causing a major increase. Due in part to the annual shut-down of production and deliveries in December, January 1998 was LAPROMED's single largest month on record for orders of SueroVida, at 690,000 sachets. Deliveries against these orders will be made over the next three to four months.

The market assessment to be conducted over the next few months will provide important insight into the surprisingly fast pace of orders for SueroVida since Fall 1997. If it is confirmed that this reflects a fundamental increase in basic demand for the product rather than temporary fluctuations due to budget timing and allocation factors, LAPROMED may need to formulate plans quickly to increase output.

Next Step

- The BASICS team will carefully monitor this situation and adjust the production planning aspects of the technical assistance if appropriate.

B Objective Strengthen Customer Service Functions

The primary activity in support of this objective was the launch of the customer service improvement training for LAPROMED by CALTEC. Specific accomplishments included the following—

- The subcontract for this component between PATH and CALTEC was finalized (See scope of work provided in Appendix B)
- Two successive morning sessions of initial customer service process development training, led by CALTEC, were held at LAPROMED. All the senior management staff of LAPROMED and EDC attended both sessions.
- LAPROMED staff completed an initial assessment of the areas for improvement in customer service.
- CALTEC and LAPROMED staff agreed on the composition of the group to oversee the customer service improvement component. Key officials from USAC will be included.
- CALTEC and LAPROMED staff agreed on an overall plan and timeline for the customer service improvement component and scheduled the next working session of the group.

The launch was successful. Key LAPROMED and EDC staff participated in the initial sessions and made strong commitments to follow through with the work to be done. Calderon and the key LAPROMED staff will now work to define the fundamental customer service needs for LAPROMED, designing appropriate business and management processes to address those needs, and implementing the new processes. The overall flow of these activities can be seen in more detail in the development and implementation plan chart in Appendix C. An initial output of the process, a self-assessment of the key areas of opportunity for customer service improvement at LAPROMED, is also included in Appendix C.

It is important to point out that LAPROMED staff themselves (primarily Luis Galvez and Alba Nory, with support from Lesbia Arriaza and Azucena de la Roca) will need to undertake much of the work to define, design, and implement the improved customer service processes. As explained during the initial sessions by both Calderon and Brooke, CALTEC and BASICS will serve primarily as "coaches" for the LAPROMED team. While this will place an extra burden on LAPROMED staff for a time, in the end it should result in customer service process improvements "owned" by LAPROMED and therefore, much more likely to be maintained after the technical assistance consultants have finished their work.

Next Step

- LAPROMED and CALTEC must complete the steps of defining required customer service functions and begin the design of these functions

C Objective Revise Relationship with USAC

Specific results in support of this critical, but difficult, objective included the following

- LAPROMED/EDC, CALTEC, and Brooke reviewed the benefits and constraints of the current financial and administrative relationship structure between LAPROMED and USAC
- LAPROMED/EDC, CALTEC, and Brooke met with the current dean of the School of Chemical Sciences and Pharmacy of USAC. He stated that he will support LAPROMED's efforts to improve its customer service and understands that this may require changes in the current financial and administrative relationship.
- LAPROMED/EDC, CALTEC, and Brooke met both candidates for the upcoming election for position of dean of the School of Chemical Sciences and Pharmacy of USAC. Both candidates listened intently to the opportunities and challenges facing LAPROMED, and both pledged that, if elected, they will do everything they can to ensure the success of LAPROMED.

While it was expected that efforts to revise the financial and administrative relationship between LAPROMED and USAC would take considerable time, it is now clear that major efforts in this area will need to wait until key elections at USAC are completed. By the end of March 1998, the probable winner of the election for position of dean of the School of Chemical Sciences and Pharmacy will become apparent, although the formal election process will not be complete until May. Within the USAC system, LAPROMED is a program of the School of Chemical Sciences and Pharmacy. It will be absolutely necessary to have the support of the new dean in any formal petition for a change in administrative and financial mechanisms for LAPROMED.

Further complicating these efforts, the position of rector of USAC (equivalent position to president of a large university) is also up for election. It is understood that the new rector will take office by July 1998. The current expectation of LAPROMED staff is that the outgoing rector will want to leave any actions such as a revision of the LAPROMED structures for the new rector. LAPROMED staff also feel that the new rector will not have the authority to make such a decision alone, but will have to present this matter for decision by a group that functions like a board of governors or regents. This group consists of 55 representatives from all of the schools, organizations, and professional societies affiliated with the USAC system. It will take a concerted, longer term effort to obtain the support to win a positive decision of such a large and diverse group.

On a positive note, LAPROMED staff are energized to push for change in their relationship with USAC. They seem buoyed by both the increasing demand for their ORS product and the assistance they will receive from the technical assistance team in presenting rational, economic arguments to support a change with USAC. They are adopting the healthy attitude that "even if we don't get everything we want, we will still benefit by presenting our case to USAC."

Next Steps

- Brooke will prepare a briefing document on LAPROMED's opportunities and constraints, as these are affected by the LAPROMED/USAC financial and administrative structure. Potential improvements in the structure also will be covered. This document will be reviewed by LAPROMED and, once agreed upon, will become the common lobbying position for LAPROMED and USAID in discussions with USAC and other key influence groups.
- LAPROMED staff will closely monitor the progress of the elections at USAC and advise Brooke of the best possible timing for his next visit, during which a series of formal meetings with USAC will be scheduled.

D Objective Understand Needs of Current Customers

Specific results in support of this objective included the following:

- Brooke met with Anzueto to discuss conducting an updated assessment of the public sector ORS market in Guatemala.
- Brooke discussed engaging Anzueto for this task with LAPROMED/EDC staff, USAID, and CALTEC. All agreed with the proposed approach.
- Brooke and Anzueto finalized a task overview for the market assessment update (see Appendix D).
- Anzueto has submitted a proposal to BASICS. Final details will be settled by early March 1998. BASICS and Anzueto expect the assessment can be completed by late April 1998.

Given the surprising increase in orders for LAPROMED's ORS product since late 1997, it is even more critical to understand the factors driving this change. Anzueto has done prior market assessments for BASICS/PATH, both for ORS in Guatemala and for various health-related products in other Central and Latin American countries. BASICS is confident he can quickly develop an understanding of apparent changes in the public sector ORS market in Guatemala and, together with BASICS and LAPROMED staff, help to determine the impact this will have on LAPROMED operations.

Next Steps

- Anzueto will undertake market assessment activities
- Brooke will draft an initial outline of a marketing plan for LAPROMED, which will become the vehicle through which the work on customer service improvement, product improvement, and market assessment will be integrated into a forward looking plan for LAPROMED

APPENDIXES

APPENDIX A
CONTACTS LIST

Appendix A

Contacts List

BASICS, Arlington, Virginia

Dick Nelson

CALTEC Internacional

Eduardo Calderon R , President

Eugenia Calderon, Administrative Manager

LAPROMED

Licda Elida Valdez, Director, EDC

Licda Alba Nory de Barrera, LAPROMED Chief

Lic Luis Galvez, ORS Production Chief

Licda Lesbia Arriaza, Liquids Production Chief

Licda Azucena de la Roca, QC Chief

OSMOSIS

Carlos Rafael Anzueto

USAID Guatemala

Dr Baudillio Lopez

Licda Anabella Sanchez

University of San Carlos (USAC)

Lic Jorge Perez Folgar, current Dean, USAC Faculty of Chemical Sciences and Pharmacy

Elfego Rolango Lopez G , Lic , M A , candidate for Dean, USAC Faculty of Chemical Sciences and Pharmacy

Licda Hada Alvarado, candidate for Dean, USAC Faculty of Chemical Sciences and Pharmacy

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APPENDIX B

**CALTEC INTERNATIONAL SCOPE OF WORK
98-AID/JSI.688-797-TSA**

CALTEC Internacional Scope of Work
98 AID/JSI 688-797-TSA

Goals and Objectives

The overall goal of PATH's work with LAPROMED, the ORS facility at the University of San Carlos, is to improve the technical and marketing capabilities of LAPROMED. CALTEC Internacional has been selected to provide focused training to LAPROMED in the development and implementation of customer services processes in order to maintain and expand its customer base.

The specific objectives of this technical services agreement are to

- Build a customer focus in LAPROMED's management staff
- Provide LAPROMED with a "customer-needs-process-resources" orientation
- Create a customer service function within LAPROMED
- Provide training to customer service staff

Action Plan

Task 1 Technical Assistance to Management Staff

CALTEC will provide ongoing support to the core executive cadre to enhance their ability to assess, plan, and coordinate the necessary actions and resources related to customer processes. CALTEC will monitor the expected evolution of LAPROMED, derived from other supporting activities, particularly those concerned with the development of a customer approach.

Task 2 Fundamental Training on Customer-Focused Management

Training will be provided to the management team to change its current perspective from an internal-production-organization to an external-customer-focused business. CALTEC will also assist LAPROMED in improving the organization's performance by adopting a "customer needs-process resources" mindset and structure.

Concepts to be taught include

- Customer-centered strategic management
- Customer-based organizational model
- Change management
- Deploying a customer-centered culture

Task 3 Hands-on Training in the Customer Service Function

CALTEC will work with LAPROMED to assign individuals who can be trained to perform new customer processes. This complementary training program will enable LAPROMED to develop necessary attitudes, knowledge, and skills to plan, benchmark, design, implement, monitor, and improve its customer functions.

Concepts to be covered include

- Key principles of "Service Plus"
- How to implement of "Service Plus" principles
- Customer satisfaction vs customer loyalty
- Customer service function/system
- Developing customer service processes
- Benchmarking processes
- Measuring customer satisfaction/customer loyalty
- Customer knowledge
- Customer information system
- Managing customer feedback and complaints
- Implementing process improvement projects
- Creating new value opportunities for the customer

Task 4 Development and Implementation of Customer Service Functions

General activities will include

- Identification of customer service key processes
- Process benchmarking (local and international)
- Process development
- Resource allocation
- Setting process indicators
- Process documentation
- Implementation and Monitoring

APPENDIX C

***LAPROMED DEVELOPMENT AND IMPLEMENTATION PLAN
AND
LAPROMED AREAS OF OPPORTUNITY***

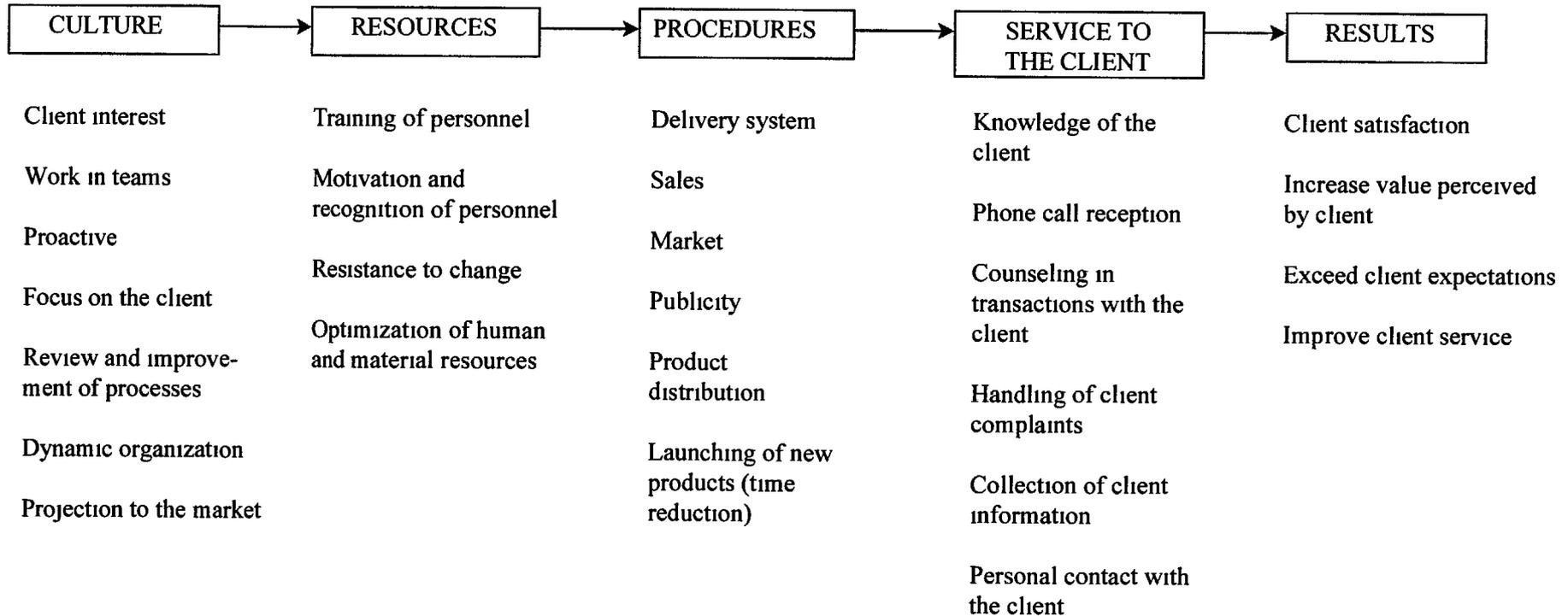
CALTEC CUSTOMER SERVICE TRAINING

SPANISH AND ENGLISH TRANSLATION

Translation

**LAPROMED
SERVICE FUNCTION TO THE CLIENT**

Areas of Opportunity



11

Translation

**LAPROMED
SERVICE FUNCTION TO THE CLIENT
Development and Implementation Plan**

No	Stage	Expected Result	Participants				Month								
			G Direction	G Design	Staff	Counselors	Others	Feb	Mar	Apr	May	Jun	Jul	Aug	
1	ADMISSION	Review of history related to retaining clients	x						x						
		Consensus about the importance of a client orientation	x			x									
		Organizational model oriented to the client	x			x									
2	TRAINING FOR THE DEVELOPMENT OF THE FSC	Development of ideas for the creation of the Service Function to the Client (FSC)	x	x		x			x	x	x				
		Fundamental definition of the FSC in LAPROMED	x	x		x									
3	DESIGN	Study of client needs as regards client interaction with LAPROMED		x		x						x	x	x	
		Definition of the interaction processes with the client				x									
		Reference analysis (benchmarking)				x		x							
		System proposal, roles and components				x		x							
		System approval, evaluation and provision of resources	x	x		x									
		Documentation of processes and control standards				x		x							
		Strategy and development plan	x	x		x									

4	IMPLEMENTATION	Basic training about "client service"		x	x	x			x	x	x
		Development and operation	x	x	x	x	x				
		Validation of the design	x	x	x	x					

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LAPROMED
FUNCIÓN DE SERVICIO AL CLIENTE
Plan de Desarrollo e Implementacion

No	ETAPA	RESULTADO ESPERADO	PARTICIPANTES					MES							
			G Direct	G Diseño	Staff	Asesores	Otros	Feb	Mar	Abr	May	Jun	Jul	Ago	
1	INDUCCIÓN	Revisión de antecedentes relacionados con la retención de clientes	<input type="checkbox"/>			<input type="checkbox"/>									
		Consenso sobre la importancia de una orientación al cliente	<input type="checkbox"/>			<input type="checkbox"/>									
		Modelo de organización orientada al cliente	<input type="checkbox"/>			<input type="checkbox"/>									
2	CAPACITACIÓN PARA EL DESARROLLO DE LA FSC	Desarrollo de conceptos para la creación de la Función de Servicio al Cliente (FSC)	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
		Definición fundamental de la FSC en LAPROMED	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
3	DISEÑO	Estudio de las necesidades del cliente en cuanto a su interacción con LAPROMED		<input type="checkbox"/>		<input type="checkbox"/>									
		Definición de los procesos de interacción con el cliente		<input type="checkbox"/>		<input type="checkbox"/>									
		Análisis Referencial (Benchmarking)		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>								
		Propuesta del Sistema roles y componentes		<input type="checkbox"/>		<input type="checkbox"/>									
		Aprobación del sistema evaluación y provisión de recursos	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
		Documentación de procesos y estándares de control		<input type="checkbox"/>		<input type="checkbox"/>									
		Estrategia y plan de desarrollo	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>									
4	IMPLEMENTACIÓN	Entrenamiento básico sobre "Servicio al Cliente"		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>									
		Desarrollo y operación	<input type="checkbox"/>												
		Validación del Diseño	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>									

Translation

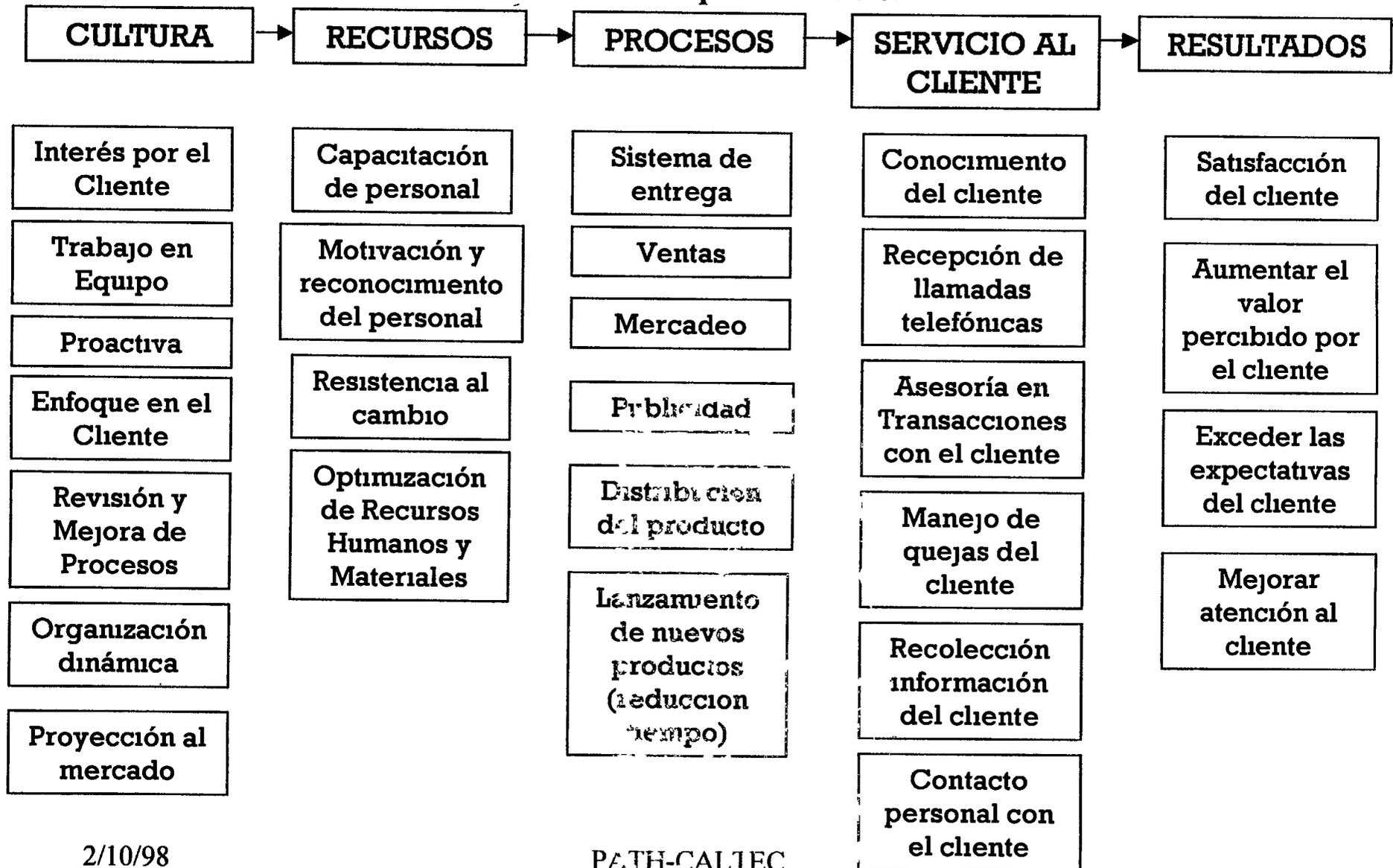
**LAPROMED
SERVICE FUNCTION TO THE CLIENT
Development and Implementation Plan**

No	Stage	Expected Result	Participants					Month							
			G Direction	G Design	Staff	Counselors	Others	Feb	Mar	Apr	May	Jun	Jul	Aug	
1	ADMISSION	Review of history related to retaining clients	x					x							
		Consensus about the importance of a client orientation	x			x									
		Organizational model oriented to the client	x			x									
2	TRAINING FOR THE DEVELOPMENT OF THE FSC	Development of ideas for the creation of the Service Function to the Client (FSC)	x	x		x		x	x	x					
		Fundamental definition of the FSC in LAPROMED	x	x		x									
3	DESIGN	Study of client needs as regards client interaction with LAPROMED		x		x				x	x	x			
		Definition of the interaction processes with the client		x		x									
		Reference analysis (benchmarking)		x		x	x								
		System proposal, roles and components		x		x									
		System approval, evaluation and provision of resources	x	x		x									
		Documentation of processes and control standards		x		x									
		Strategy and development plan	x	x		x									
4	IMPLEMENTATION	Basic training about "client service"		x	x	x						x	x	x	
		Development and operation	x	x	x	x	x								
		Validation of the design	x	x	x	x									

LAPROMED

Función de Servicio al Cliente

Áreas de Oportunidad



2/10/98

PATH-CALTEC

22

APPENDIX D

**PROJECT TASK OVERVIEW: ASSESSMENT OF PUBLIC SECTOR
MARKET FOR ORS IN GUATEMALA**

Appendix D

Project Task Overview Assessment of Public Sector Market for ORS in Guatemala

Overview PATH has been funded by BASICS/USAID to provide technical assistance to LAPROMED, a producer of ORS in Guatemala. One of the project tasks is to assess and document the current situation and trends for ORS in the public sector market in Guatemala. PATH would like to engage a local consultant to undertake the bulk of the information gathering and analysis for this task.

Expected Outcome Written report/background document on Public Sector Market for ORS in Guatemala. Emphasis on concise information to support decision making and marketing/sales plan development. Possible presentation of results to LAPROMED and USAID staff.

Role in Overall Project The assessment will be used as key input for formulation of LAPROMED marketing and sales plan, as well as in the design of improved LAPROMED customer service processes and consideration of LAPROMED production capacity needs. It will also be used to demonstrate to LAPROMED a format/process of market assessment which it should seek to undertake on its own.

Implementation Methodology Subject to refinement by local consultant, but likely process will be information gathering through interviews with key government and international agency officials, review of program plan documents, etc.

Desired Schedule Market assessment needs to be completed at latest by May 1998, so results can be used in marketing plan development during June/July 1998. Preferable to have results by April 1998.

Initial Guidelines for Assessment PATH's initial thoughts on the key areas for the public sector market assessment are outlined below.

What is the current role/status/demand for ORS in public sector health programs in Guatemala? What are the trends compared to the past and looking to the future? For purposes of the market assessment, public sector health programs consist primarily of the following groups

Government Programs

MSPAS

IGSS

Others?

NGO Programs

International—UNICEF, etc

Large national NGO programs

Local NGOs

How have changes in the management and/or strategy of government programs affected the procurement, distribution, financing and payment mechanisms for ORS in the public sector? What are future likely trends in this area?

How will changes in the coordination and cooperation between the government programs and NGO programs affect the demand for ORS, as well as the procurement and distribution of ORS to NGOs?

In 1994 PATH made calculations of maximum theoretical public sector ORS needs in Guatemala for the years 1995-2000 based on projections and assumptions of population size, rate of diarrhea episodes, etc. Is there any new data which could be used to update this algorithm? Have any of the public sector programs developed a newer algorithm? Using either the original or a modified algorithm, estimate the maximum theoretical ORS needs in Guatemala for 1999-2004 (PATH will provide complete details of algorithm used in 1994)

How are the government and NGO programs themselves projecting their needs for ORS? How are they linking these projections with actual procurement plans for ORS?

How might any major political, social, or economic trends affect ORS in public sector programs?

Who are the current or future potential competition for supply of ORS to public sector programs in Guatemala? What is their likely interest (or lack of interest) in serving this market now and in the future? How strong is the threat to LAPROMED, and what might LAPROMED do to preserve its position in the public sector market? For purposes of the market assessment, potential competition to supply the public sector market consists primarily of the following groups

Private Sector Producers In Guatemala

Quifarma

Others?

Imports from Private Sector Producers Outside of Guatemala

Mexico?

Other Central American ORS Producers?

Imports Through International Agencies

UNICEF?

Others?

Possible Additional Market Research Work. PATH has also identified the possible need to conduct telephone or in-person interviews with current LAPROMED customers. The purpose will be to assess current customer satisfaction and potential customer desire for additional service options from LAPROMED such as delivery, volume discounts, etc. The final decision to conduct these interviews will depend on whether LAPROMED itself will conduct similar interviews as part of its customer service improvement training activities.

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