

**Feasibility Study for the Creation of the Pakistani Center for Entrepreneurial
Excellence at the Institute for Business Administration (IBA)
in Karachi, Pakistan (CEE@IBA)**

Final Report



**Cooperative Agreement 391-A-00-06-01085-00
September 18, 2006 – December 31, 2006**

Submitted by:

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INTRODUCTION

This document is the end product of a comprehensive study carried out by J. E. Austin Associates for USAID to establish a Center for Entrepreneurial Excellence (CEE) at IBA in Karachi, Pakistan. The study's goal was to produce a blueprint for establishing an institution associated with IBA that is both financially sustainable and led by the entrepreneurial segment of Karachi's private sector. The objectives of the project include initiating a process for establishing such an institution soon after the completion of this study, and linking CEE with existing world-class entrepreneurship centers in the US.

The project started on September 18, 2006 and ended on December 31, 2006. This three-month execution period was full of both intensive activity and extensive fieldwork. There were several work streams and multiple levels of engagement with a wide variety of stakeholders. The ultimate focus of all effort was on creating a robust product and initiating a process of building an institution that would support Pakistani entrepreneurs based on international best practices.

The project team mobilized a Blue Ribbon Panel (BRP) at the strategic level. The BRP was comprised of leaders of entrepreneurship development centers at Harvard, Stanford University, MIT and Babson College in the US. The Panel was actively engaged from the start, and assisted in devising a work plan, producing a questionnaire for the demand survey, and providing feedback on different needs that of Pakistani entrepreneurs. Panel members remained involved through teleconferences and e-mails until project completion. A two-member team from MIT — led by the managing director of the Entrepreneurship Development Center — visited Karachi and worked with the project team to implement numerous workshops and speaking engagements.

The project team worked very closely with IBA leadership (the director and senior management), faculty, alumni and students. They established a project office at IBA to maintain regular, uninterrupted contact and to build a shared understanding of a common goal. This arrangement helped to create synergy between IBA and the international experts as they developed a workable design for CEE@IBA. An illustration of this cooperative engagement is the joint effort that went into developing vision and mission statements. The international team of consultants and some of the BRP members facilitated the process, while the IBA team brainstormed and developed the actual statements themselves.

1 COOPERATIVE AGREEMENT ADMINISTRATION

The Cooperative Agreement to implement the Feasibility Study for the Creation of the Pakistani Center for Entrepreneurial Excellence at the Institute for Business Administration (IBA) in Karachi, Pakistan (CEE@IBA) was signed on September 18, 2006. The final date of Feasibility Study operations was December 31, 2006.

A) Program Highlights

JE Austin was able to mobilize four of the five persons named as “key positions” including for the Feasibility Study. Unfortunately, the originally proposed Chief of Party was unable to head to Pakistan due to a family emergency. The team subsequently utilized two additional expert consultants as well as two home-office consultants to ensure that all tasks of the Feasibility Study were accomplished and the key participants were appropriately supported.

The CEE@IBA team was able to consult an extraordinary number of individuals representing the private sector of Karachi. For instance, the CEE@IBA team surveyed the market demand for entrepreneurial training of over 1,800 people. The CEE@IBA staged 11 world-class events with world-renown Entrepreneurial Center experts from leading US Academic Institutions.

The project team also conducted an aggressive outreach campaign targeted at the business leadership (individuals and organizations) and community in Karachi to elicit their opinions, solicit support, and obtain a commitment of their time and money to build the Center. All important organizations that represent the business community — especially the Karachi Chamber of Commerce and Industry, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), the Pakistan American Business Council and the 21st Century Club — were part of this campaign. A series of individual and group meetings with the business leaders and focus groups (on venture capital financing, entrepreneurship culture, etc.) contributed to illuminating the enterprise culture and entrepreneurial ecosystem in Pakistan in general and Karachi in particular.

B) Program Cost – Sharing / Leveraging

The Cooperative Agreement 391-A-00-06-01085 signed between USAID and JE Austin Associates called for a cost-share amount of no less than 27% of total costs. JE Austin Associates and its partners in collaboration with various actors in the Karachi private sector were able to leverage a total cost share of \$141,660 which amounts to a **contribution of 29% of the total project costs** (\$489,557.62) as detailed in the table below (see Table 1: CEE@IBA Project In-Kind Contribution) .

CEE@IBA Project Cost-Share Contributions

Karachi, Pakistan	USD
CEE@IBA team office space	\$3,200
Private Sector cash contribution	\$23,000
Private Sector survey contribution	\$74,623
Private Sector meetings/interviews contribution	\$37,000
Total Karachi Private Sector In-Kind Contribution	\$137,823
Arlington, VA	
Program Management	\$3,837
Total JAA Home Office Contribution	\$3,837
Total Cost Share for CEE@IBA Feasibility Study	\$141,660

With the intention to leverage private sector monies for launching of the CEE, JE Austin Associates committed to matching a Karachi private sector contribution of at least \$500,000 at 1:10 or \$50,000. The deadline for the private sector contribution was extended to the end of March of 2007 as the CEE@IBA worked to set up its Board of Directors in the hopes of assuring interested benefactors of its commitment. However, due to rumored changes in the IBA leadership many possible benefactors decided to wait until the new leadership at the IBA was determined.

3 PROGRAM ACCOMPLISHMENTS

As stated in the Cooperative Agreement, “the final program performance report will cover the entire program outlined in component 4 “Business Plan” of the Recipient’s technical proposal. The “Business Plan” from the technical proposal states that it will include, “a vision statement... target audiences... potential pools of students... focus on women entrepreneurs... criteria for each target audience... type of training and degree to be provided... location of the Center... and possibilities for collaboration. The business plan will also include a implementation plan... fundraising plan... financial plan... management plan... outreach and marketing plan... policy impact role... and international linkage plan”

A) Vision Statement

The CEE@IBA’s business plan includes the following vision statement,

“The Center for Entrepreneurial Excellence at IBA aims to become a world-class center to promote entrepreneurship and foster a new culture of enterprise in Pakistan. Entrepreneurship worldwide is the key to unleashing individual initiative, creativity and innovation for economic development.”

The CEE@IBA team also developed a complementary mission statement in subsequent meetings. The mission statement is:

“CEE@IBA will be a leader in training, nurturing, advocacy and research on entrepreneurship that advances the creation, growth and success of new, innovative enterprises. The Center’s primary emphasis will be to enable new generations of Pakistani entrepreneurs to translate their ideas into enterprises. Thus, the Center will create new companies that add substantial jobs, incomes and revenues to Pakistan’s economy. These are measurable goals for both the Center and the overall economy.”

B) Target Audiences / Potential Students

The administration strategy of the market demand survey was to use a “selective sampling.” The survey tool was targeted at three different universes from among the proposed Center’s prospective customers and stakeholders, namely:

- Existing male and female entrepreneurs and members of family businesses.
- Working professionals or business executives.
- Mature students studying for bachelors and masters degrees in local universities.

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A total of 1,860 responses were received out of 2,400 administered questionnaires, giving an overall response rate of approximately 80 percent.

C) Focus on Women Entrepreneurs

The market demand survey included a sample (30 percent) of potential and existing women entrepreneurs. This segment was especially targeted because of the fact that a very small number of women (0.3 percent) are reported as female business owners in Pakistan. It was anticipated that sex-disaggregated survey results could shed light on the aspirations and interests of females in pursuing an entrepreneurial career. Presently there are no women-focused entrepreneurship programs being offered by the business schools of Pakistan. IBA, with its near perfect gender balance in the BBA and MBA classes, is in an ideal position to be a pioneer in this regard.

54 percent of women respondents expressed aspirations in starting their own businesses. A significant number of females (49 percent) also thought that there are good opportunities out there in the market to start a business. These upbeat responses signify a great opening for CEE@IBA. They suggest a huge unmet demand in the area of women's entrepreneurship. Female respondents indicated that social and cultural factors such as traditions, family considerations and sex discrimination are the major hindrances.

In terms of program opportunities for the CEE@IBA, training in negotiation skills were the entrepreneurial skills most desired by female respondents. Weaker negotiation skills and bargaining power can be traced back to the lesser business exposure of females in Pakistan. Other major areas include personal security and peer support (role models, mentoring and networking).

D) Implementation Plan

The Implementation Plan gives specific steps that are needed to undertake building of the Center, based on the Business Plan. It emphasizes starting small and utilizing the current executive education center then building on different programs and activities in creating a separate CEE@IBA. It presents a sequencing matrix for different programs and activities from the start-up to scaling-up stages.

E) Fundraising and Marketing Plan

A fundraising and marketing plan was created that details the feasibility of securing start-up funding for the CEE@IBA and the Center's chances of initiating long-term fundraising as a means to establishing future financial sustainability, and develops an initial strategy for these goals. It is based on a cross-section of interviewees covering a variety of socioeconomic donor constituencies, both supporters and critics. More specifically, the methodology for this section involved internal discussions with staff, leaders and Board members, and interviews with high-level corporate representatives. Following an interview protocol, albeit with some flexibility, the five topics listed below

were addressed. Interviewees were encouraged to be open and voice both concerns and ideas. The fundraising feasibility study looked at the five essential components:

- The case for seeking financial support
- Projects to be supported by fundraising
- Sources available for support
- Institutional leadership support
- Organizational readiness to execute fundraising

F) Financial Plan

The Financial Plan provides a detailed description of the Center's cost structure, sources and flows of finance, revenue and expenses, and financial projections. It is based on utilizing IBA's city campus, identified as the best physical location to be close the CEE@IBA target market. The Center can start immediately using the facilities of the Executive Education Center (EEC). The initial capital investment required in this case is roughly PKR 24 million. It is also estimated that the cost of constructing a building for CEE three years from now will be PKR 46 million. The Center will continue to receive government contributions while fundraising from the private sector, in addition to generating revenues from its operations. The financial projections for programs and activities were created after conducting a price survey of similar executive education and training programs in Karachi and Pakistan as a whole. These projections predict that the Center can become self-sustaining in its seventh year of operations.

G) Organizational Design Plan

The Organizational Design Plan includes details on the governance of the CEE@IBA as well as management structure. The CEE@IBA study revealed that the Center must aggressively engage in research, advocacy, networking and entrepreneurship development services. The plans detail how the first head of CEE@IBA will play a crucial role in putting the process of building CEE into motion by recruiting a team and institute a management plan based on the recommendations and requirements set forth in this report. The plan details the essential requirements and criteria for the prospective managing director, the selection of Board members, fundraising strategies.

The first and foremost issue to be addressed is the constitution and the governance of the proposed CEE. While the CEE is envisaged to be one of the centers at IBA, it must be significantly different from the existing ones. This is because the very concept of "entrepreneurial excellence" demands an organization which is independent from government control and is led by the entrepreneurial segment of the Karachi business community. To be successful, the proposed center must be managed by a savvy entrepreneur who is able to promote entrepreneurship through training and other services while making it an icon of excellence. Despite its institutional independence, the CEE should be affiliated with IBA; the two will have a mutually beneficial and close working relationship. The proposed name, CEE@IBA, signifies this close relationship. On the other hand, the CEE@IBA will have an independent and autonomous governance and management structure.

The first head of CEE@IBA, be it a managing director, will play a crucial role in putting the process of building CEE@IBA into motion. She or he will recruit a team and institute a management plan based on the recommendations and requirements set forth in this report. The recruitment and selection of the right leader is perhaps the most critical step to be taken in implementing this project.

If CEE@IBA is going to be a private sector led initiative, then a well equipped, adequately resourced and functioning marketing and fundraising office is essential for its success. A study of the feasibility of creating an institutionalized fundraising structure at CEE@IBA was carried out during the project period. The main findings of the report are summarized in the next paragraph and the full feasibility report can be found at the end of this report as Annex C.

At present, creating the organizational infrastructure for fundraising (including a database, prospect research, proposal writing, communication strategies, and cultivation procedures) will require serious investments in terms of commitment, energy, and staffing to create a mindset that long-term stability is achievable. This is all the more important as the institution does not have some of the systems in place that are helpful in fundraising, such as established good alumni relations, a working career center with cultivated corporate relationships, and active branding and merchandizing.

H) Policy Impact Plan

An assessment of CEE@IBA policy impact role starting from the current status of the IBA is included in the report. The demand survey and stakeholder interviews showed a need for practical research that could support entrepreneurs and advocacy groups. So it was determined that CEE@IBA should launch a sound research component. In the report the next steps for starting the research capacity and producing political impact is detailed.

A good starting point is to develop local case studies of those entrepreneurs who have made a mark on the entrepreneurial map through their successes (and failures). It would also be beneficial for CEE to join the Global Entrepreneurship Monitor (GEM) research program. Before the Center's faculties pursue more rigorous research on entrepreneurship and innovation, they should develop a very good understanding of entrepreneurs, their problems and challenges, and the contexts within which they start and operate their businesses; as well as an overall policy-level understanding of entrepreneurship development in Pakistan.

Another important focus will be on collating current research (and conducting additional research if necessary) on the problems and issues of the business environment and enterprise development in Karachi, and conducting advocacy campaigns with different tiers of the government together with the entrepreneurs and their associations in Karachi. The advocacy component will also include promotional seminars, efforts to

reduce societal biases against entrepreneurship and promote entrepreneurship as a career option. This is essential for building a strong network with the local stakeholders in the enterprise ecosystem.

It is imperative that CEE@IBA establishes strong networks not only within Karachi but also at the national, regional and international level. Research in GEM will be a good way to move forward in registering CEE@IBA on the world entrepreneurial map. The visit from the MIT entrepreneurship center was also a good step. A selection of reputable entrepreneurship development centers are described at the end of this report in Annex E, and a list of organizations that promote entrepreneurship by women is provided as Annex F. Both of these lists could be a guide map for initiating international linkages and networking relationships.

I) International Linkage Plan

The International Linkage Plan includes database of international organizations and people that could comprise an international relations network for the IBA Center. Various entrepreneurship development centers in the USA have been contacted and are listed in the international linkage plan. Accordingly, linkages have been established with individuals at most of the following Centers of Entrepreneurial Excellence.

- Massachusetts Institute of Technology Entrepreneurship Center
- Center for Entrepreneurial Studies, Stanford University
- Arthur Rock Center for Entrepreneurship, Harvard Business School
- Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business, University of Michigan
- The Arthur M. Blank Center for Entrepreneurship, Babson College
- UCSD CONNECT, University of California, San Diego
- Center for Entrepreneurship and Innovation (CEI), University of Florida
- Johnson Center for Entrepreneurship & Innovation (JCEI) at the Kelley School of Business, Indiana University
- The Dingman Center of Entrepreneurship at Robert H. Smith School of Business, University of Maryland

J) IBA Needs Assessment

The needs assessment analysis of Karachi and the IBA was performed. The assessment: reviewed the enterprise environment and ecosystem of Karachi, Pakistan; completed a market demand survey for entrepreneurial skills and educational opportunities; and an Institutional Assessment of IBA.

A demand survey in Karachi indicates an overwhelming desire by the respondents to receive entrepreneurship education, training and motivation so they can pursue entrepreneurial careers. 65 percent of the surveyed population expressed a preference to be self-employed in the near future. Approximately 50 percent of the total respondents pointed out that although they want to establish their own businesses in

the future, they lack the knowledge, skills and expertise to do so. Although women entrepreneurs operate only 0.3 percent of existing businesses in Pakistan, the demand for women's entrepreneurship training is just as strong. The survey found that existing facilities for training entrepreneurs in Pakistan are inadequate. Prospective women entrepreneurs specified the need for special training programs along with general entrepreneurial skills.

K) Programs and Activities Plan

The programs and activities plan for the CEE@IBA includes details on the types of education and training appropriate for the center based on the results of the demand survey and global best practices; plans to implement the research, advocacy and networking aspects of the center; details on possible entrepreneurship advisory services (EAS) that could provide future revenue sources for the CEE@IBA.

The Programs and Activities division will be the core of CEE@IBA operations. The program areas and activities are suggested in accordance with the needs assessment, which was carried out at three levels: (i) understanding the ecology of enterprise in Karachi; (ii) a demand survey to sharpen focus on the types of training required; and (iii) an assessment of IBA to suggest improvements and fill in the existing gaps. The proposed activities were shared and discussed with the stakeholders in Karachi for purposes of a reality check.

L) Course Design for Teaching Entrepreneurship

The CEE will revamp the courses on entrepreneurship currently offered by IBA and will introduce many others as the Center develops its offerings over time. With certain exceptions, which will be offered to IBA degree candidates only (BA or MBA), courses will be provided in two versions: (1) a longer, standard student term-length version for CEE@IBA customers; and (2) shorter, more intensive versions via open enrollment for actual or would-be entrepreneurs or intrapreneurs, leading to the award of certificates if a minimum standard of accomplishment is attained.

Approximately 20 courses were detailed in the report including:

- Entrepreneurship Training for New Venture Creation
- Introduction to Entrepreneurship
- Creativity and Innovation
- Entrepreneurial Marketing
- Financing Entrepreneurial Ventures
- Family Business Management
- Entrepreneurial Management
- Entrepreneurial Explorations
- Assessing Business Opportunities
- Financial and Cash-Flow Management for Small, New, Young or Early-Stage

Enterprises

- Marketing Techniques for Small, New, Young or Early-Stage Enterprises
- Legal Issues for Owners of Small, New, Young or Early-Stage Enterprises
- Growth Strategies for Small, New, Young or Early-Stage Enterprises
- Women's Entrepreneurship and Gender Biases in Markets and Society
- Communication Skills and Leadership Skills
- Improving Bargaining, Negotiation and Networking Skills
- How to Have a Life-Work Balance
- Networking, Linkages and Other Activities
- High-Growth and High-Tech Entrepreneurship

M) Organizations That Promote Women's Enterprise and Networking

Many organizations that promote women's entrepreneurship were identified and preliminary contacts were made between the CEE@IBA team.

- Alliance of Business Women International (<http://abwi.org/>)
- American Business Women's Association (<http://www.abwa.org/>)
- Association for Enterprise Opportunity (<http://www.microenterpriseworks.org/>)
- Association of Women's Business Centers (<http://www.awbc.biz/>)
- Business Women's Network (<http://www.bwni.com/>)
- Center for Women's Business Research:
(<http://www.womensbusinessresearch.org/>)
- Center for Women and Enterprise – Community Entrepreneurs Program
(<http://www.cweboston.org/>)
- Digital Women (<http://www.digital-women.com/>)
- Direct Selling Women's Association (<http://www.mydswa.org/>)
- eWomenNetwork.com (<http://www.ewomennetwork.com/>)
- Franchise Solutions for Women (<http://www.franchisesolutionsforwomen.com/>)
- Key Bank (<http://www.key.com/>)
- Ladies Who Launch (<http://www.ladieswholaunch.com/>)
- Mompreneurs Online (<http://www.mompreneursonline.com/>)
- Organization of Women in International Trade (OWIT) (<http://www.owit.org/>)
- SBA's Online Women's Business Center (<http://www.onlinewbc.gov/>)
- Springboard Enterprises (<http://www.springboardenterprises.org/>)
- WebMomz.com (<http://www.webmomz.com/>)
- Women-21.gov (<http://www.women-21.gov/>)
- Womensbiz.us (<http://www.womensbiz.us/>)
- Women Impacting Public Policy (<http://www.wipp.org/>)
- Women's Business Centers (WBC):
(<http://www.sba.gov/womeninbusiness/wbcs.html>)
- Center for Gender in Organizations at the Management School of Simmons College (<http://www.simmons.edu/som/centers/cgo/index.shtml>)

N) Pricing & Revenue Survey

Approximately six academic Institutions were queried and their prices were reviewed in

order to estimate the pricing and future revenue streams for the CEE@IBA. These include:

- Pakistan Institute of Management
 - www.pim.com.pk/2006B.htm
- The British Council
 - www.britishcouncil.org/pakistan.htm
- LEAD Pakistan
 - www.lead.org.pk/ppw
- Sustainable Development Policy Institute
 - <http://www.sdpi.org/training/Training.html>
- Institute of Bankers Pakistan
 - <http://www.ibp.org.pk/cdetails.asp?id=147>
- LUMS — Rousing Executive Development Center
 - <https://online.lums.edu.pk/redc/lumscal/calendar2.asp>

O) Blue Ribbon Panel

Guidance to the team as well as materials to CEE that provide state-of-the-art training in entrepreneurship were provided by a Blue Ribbon Panel made up of Entrepreneurial experts from Babson College, the Massachusetts Institute of Technology (MIT), Harvard Business School, and Stanford University to provide. For example, two Blue Ribbon Panelists Mr. Ken Morse and Bill Aulet from the MIT Entrepreneurial Center led and/or participated in ten events in Karachi with the CEE@IBA team. These events included:

- *Two sessions on “Critical Success Factors for Entrepreneurship at IBA”*
- *“A Center for Entrepreneurial Excellence at IBA – Lessons Learned from Centers Elsewhere”*
- *Meetings with TMT venture capital firm(s) in Karachi*
- *Dinner for IBA “Building Bridges between the Academy and Business”*
- *Presentation to IBA students, “Student Entrepreneurs – Success stories from the Leading Business schools in the US”*
- *Strategic Planning Workshop for the CEE@IBA team*
- *Presentation, “The importance of Entrepreneurship for Public Policy”*
- *Roundtable / Networking Event with Bill Aulet and P@SHA, TMT ventures*
- *CNBC TV interview with Ken Morse and the Director of IBA*

CONCLUSION

The CEE Project has succeeded in terms of both product and process. The process is at least as important because, if not sustained, its products will be moot. IBA is now at a crucial point in its history. Private-sector commitment (both time and money) to the project is high. There is huge demand for entrepreneurship training and services. The Government of Pakistan, through the Higher Education Commission, is ready to assist. Business organization like the Karachi Chamber of Commerce and Industry are ready to lend a hand. Linkages with international centers of entrepreneurship are underway. What is needed now is strong IBA leadership willing to approve and support the idea of an autonomous CEE@IBA.