

Croatian Enterprise Promotion Project

Quarterly Report #4

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Submitted by:
Deloitte Touche Tohmatsu Emerging Markets

Submitted to:
USAID /Croatia

Progress from July 1 through September 30, 2002



**Deloitte
Touche
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CONTENTS

Executive Summary	3
1. Review of this Quarter's Activities	3
1.1 Project Background	
1.2 Overview	
1.3 Work Completed and Underway	
1.4 Progress Against Benchmarks	
1.5 Issues and Constraints	
2. Work Plan for Next Quarter	6
2.1 Interim Objectives and Plans for Achieving Them	
2.2 Potential Problems and Needs for Assistance	
2.3 Expected Staffing Requirements	
3. Budget and Contract Administration	7
3.1 Project Expenditures and Remaining Budget	
3.2 Project Staffing this Quarter	
3.3 Contract Administration	
4. Conclusion	7
Appendix 1: HACCP Seminar Participant Evaluation Summary	8

EXECUTIVE SUMMARY

CEP made strong progress toward its training course development and institutional development objectives during the reporting period.

1. REVIEW OF THIS QUARTER'S ACTIVITIES

1.1 Project Background

On 28 September, 2001 Deloitte Touche Tohmatsu Emerging Markets, Ltd. (DTTEM) and the United States Agency for International Development (USAID), through its Regional Contracting Office (RCO), signed contract #160-C-00-01-00108-00 ("the Contract") for the implementation of the Croatian Enterprise Promotion Activity ("CEP" or "the Project").

The purpose of the CEP is to provide technical assistance aiming at removing constraints and market failures impeding the smooth and affordable provision of expert business consulting services, and financial products, to Croatia's small and medium enterprises (SMEs).

The CEP will support USAID/Croatia's Strategic Objective 1.3 - Growth of a Dynamic and Competitive Private Sector. The intermediate results include:

IR 1.3.2 Strengthened Capacity of SMEs to Operate and Compete

IR 1.3.2.1 Adoption of Improved Technologies

IR 1.3.2.2 Increased Access to Financing

IR 1.3.2.3 Strengthened Business Associations

1.2 Overview

We developed seminar courses, helped establish a self-regulatory association of consultants, and ran the first fee-based course through the new association.

1.3 Work Completed and Underway

Work Completed: During the quarter, the CEP team achieved the following results:

- Legally established the Association of Management Consultants (AMC). Participated in first Presidency Council meeting of the AMC, at which the Presidency members agreed on basic guidelines for the new organization, such as services to be provided to members, requirements for membership, annual fee structure. etc.
- Conducted a seminar on HACCP food safety for 21 participants. This was the first fee-paid seminar sponsored by the new Association of Management Consultants (AMC). This event generated revenues for the AMC and established visibility of the organization

as a training provider. Prepared revisions of course materials based on participant comments.

- Issued first edition of newsletter of the AMC
- Prepared materials for and helped organize a press conference announcing the official formation of the AMC and its relevance to the Croatian economy.
- Conducted a tender among European ISO provider firms to conduct an ISO Lead Assessor course in Croatia and grant a license to AMC to issue certifications
- Completed and translated materials for pilot seminar on SME Access to Finance. Counterparts included Croatian Banking Association
- Completed and translated materials for pilot seminar on Introduction to ISO. Counterparts include Consultor (Croatian subcontractor).
- Prepared and mailed summaries of the end user survey results to the 200 enterprises that responded to the survey.
- Agreed with subcontractor International Executive Service Corps (IESC) on food industry expert to participate in CEP during November and December
- Gave interview to Poslovni Tjednik (Business Week), resulting in publication of article describing the objectives and planned activities of CEP and AMC
- Held quarterly meeting of project Advisory Group.

Work Underway:

The following tasks or activities were in progress at the end of the quarter:

- Developing courses in SME Access to Finance, Introduction to ISO, Marketing and Market Research, Financial Restructuring and Cost Reduction
- Designing the web page for the AMC

1.4 Progress Against Benchmarks

We are making progress against major project benchmarks, as shown below:

Benchmark Per RFP	Progress
--------------------------	-----------------

1.1 Establish an Advisory Group	Advisory group established –first meeting April 2002
1.2 Support Advisory Group	Ongoing - three quarterly meetings to date – members participate in promotional functions for CEP and AMC
2.1 Provide information on all industry-specific associations in Croatia	Association report submitted March 2002
2.2 Determine three to five associations for consulting services market development work	Listed in association report
2.3 Implement tailored program to assist selected associations	HUP being assisted via AMC support work
2.4 Repeat same work for at least additional three industry associations	Selection of these associations is in progress
2.5 Every six months present report on progress of each associations assistance activity	First report will be submitted December 2002
3.1 Identify feasible option for establishment of an independent SRO	Feasibility study completed March 2002
3.2 Help execute incorporation of the SRO	SRO incorporated August 2002
3.3 Help the SRO to produce detailed sets of standards and corresponding requirements for business consultants	In progress
3.4 Help SRO to complete the testing methodologies and certification procedures for business consultants in Croatia	In progress
4.1 Provide basic information on all providers of business consulting services	Consultant inventory report submitted January 2002
4.2 Design and initiate the implementation of market research for the SME sector	Survey of consulting needs of 200 enterprises conducted April-May 2002
4.3. Deliver relevant reports on the market research work with recommendations	Research report of enterprise survey submitted July 2002 – includes recommendations for focus of training materials development based on research findings

4.4 Develop consulting packages, transfer knowledge on the packages to the Croatian business consulting industry and facilitate the commercialization of the consulting techniques and practices	Four courses developed; two under development; one being procured
5.1 Determine initial list of special studies including detailed plan for carrying out the first two such studies	Two studies conducted –1) Small Business Promotion Agency (March 2002) and 2) Mortgage Backed Securities (June 2002)
5.2 Determine need for feasibility or other studies related to inefficiencies in SME finance markets including detailed plan for carrying out such studies	Ongoing

1.5 Issues and Constraints

There were no issues or constraints encountered this quarter.

2. WORK PLAN FOR NEXT QUARTER

2.1 Interim Objectives and Plans for Achieving Them

Our objectives for next quarter include:

- Conduct pilot seminars in SME Finance (October), Introduction to ISO (October), and Marketing/Market Research (October); and Cost Reduction (November), evaluate and revise courses as indicated
- Develop course materials for two pilot workshops to be run in January and February: Consulting Skills and Human Resources
- Sign contract with ISO 9000 trainer and begin training Lead Assessor Tutors who will contract their services to the AMC and deliver internationally recognized curricula.
- Assist HUP/AMC with establishment of membership recruitment and approval functions for the AMC, including participation in HUP-sponsored press conference to announce that AMC is taking membership applications
- Assist AMC Executive Director to establish plan and budget for activities in 2003
- Complete and activate AMC web page by end of October

- Establish and successfully negotiate first HACCP enterprise practicum assignment, to be initiated in November.
- Complete all necessary modifications to piloted training workshop materials and prepare in CD format for commercial delivery by the AMC.

2.2 Potential Problems and Needs for Assistance

At this stage, we foresee no major or unusual impediments to our ability to achieve the objectives outlined above during the next quarter.

2.3 Expected Staffing Requirements

The following new staff will be added next quarter:

Darije Josic – Consultant

3. BUDGET AND CONTRACT ADMINISTRATION

3.1 Project Expenditures and Remaining Budget

Approximately 25% of the total budget was expended through the end of the quarter.

3.2 Project Staffing this Quarter

Mr. Veljko Mijic joined CEP staff in September as Training Manager.

In addition to the core full-time CEP team of Richard Wolfe (CoP), Hayley Alexander (Deputy CoP), and full-time Croatian staff The following individuals contributed to the project this quarter/

Consultant	Approximate LOE (this month)
Barrie Evans	10 days
Zarko Bostovanovic	8
Vladimir Mihokovic	2
Joe Dougherty Sr.	11

3.3 Contract Administration

No significant modifications to the contract were requested or approved during this quarter.

4. CONCLUSION

Overall, the CEP team made substantial progress during this quarter. For example, we demonstrated potential viability of the AMC, in that we were able to fill a course on HACCP

with paid attendees with a moderate amount of advertising and promotion. The AMC has received a number of applications for membership. Participant comments on all of our pilot seminars have been very positive.

Croatian Enterprise Promotion Activity

A project funded by USAID and administered by Deloitte Touche Tohmatsu Emerging Markets

APPENDIX 1:

HACCP Seminar Participant Evaluation Summary

Training Seminar in HACCP – September 25-27 2002 Report

A. Management Summary

1. TRAINING PARTICIPANTS STATISTICS

Number Certificates Awarded	Participant Background				Participant Gender		Promotional Effectiveness (participants hearing of course from)			
	Consultant	Industry	Government	Education / Other	Male	Female	press paid advertisement	press article or story	mailing	other (indicate)
20	50%	30%	10%	10%	50%	50%	45%	0%	10%	45%

2. COURSE EVALUATION

Prior knowledge of HACCP:

47% of the attendees have had no experience in HACCP

Knowledge improvement by this training:

79% of all attendees said that they improved their knowledge significantly

Usefulness of materials in future HACCP implementation:

84% of all attendees said that they expect to use the workshop materials further

Participant self-evaluation of their involvement in training:

All attendees are satisfied with their own engagement in the workshop

3. MAIN LESSONS LEARNED

- Provide as much time as possible not only for exercises but also group discussion about them
- Additional examples and handouts covering a variety of industries (development over time) will increase attendance
- Comment that this material should be taught in universities should be considered by AMC as potential audience (professors)
- Group exercises need a lot of structure to be replicable later; also, at least 3 facilitators are needed to assist with groups.

4. ACTIONS STEPS

- Increase discussion time in agenda
- Be more efficient with exercises by basing all on a single case + fact pattern
- In next development phase, switch from food industry to other (tourism or wood)
- Raise education issues with AMC during next regular meeting
- Rework exercises (Barrie + Dubravka) to eliminate excess materials and base on single case

B. Course Statistics

- Course statistics tables attached!

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B. Course Statistics

1. PARTICIPANT EVALUATION OF TRAINERS (max 5)

Trainers code	Trainer 1		Trainer 2		Trainer 3		Trainer 4	
	Efficiency	Materials	Efficiency	Materials	Efficiency	Materials	Efficiency	Materials
Overall	4.67	4.82	3.88	4.00	4.72	4.47	3.28	3.71 4.19

2. PARTICIPANT EVALUATION OF COURSE LOGISTICS

																			Total	Average	
Presentations & Handbooks	5	5	4	5	5	5	5	5	4		4	4	5	5	4	5	5	5	5	85	4.72
Team work	5	3	5	4	3	2	4	3	3		2	2	3	3	2	3	5	2	4	58	3.22
Translation sim.	5	4	5	5	5	5	5	5	5		5	3	5	5	4	5	3	5	5	84	4.67
Timing of seminar	3	4	5	5	4	5	4	5	5		3	5	5	4	5	5	4	5	5	81	4.50
Video mater.	4	2	5	5	4	5	3	5	4		4	5	5	5	5	5	4	4	5	79	4.39
Room	4	3	4	5	3	5	4	3	3		4	4	4	3	2	5	4	3	3	66	3.67
Refreshments	5	3	5	5	4	4	5	5	4		4	5	4	4	3	5	2	3	4	74	4.11
Personnel	5	5	5	5	4	5	5	5	5		5	5	5	5	4	5	3	4	5	85	4.72

* excluded!