

Smart  
final report

**SMALL-MEDIUM AGRIBUSINESS RESOURCE TRIANGLE (SMART)**

**Final Report**

**VOCA, ACDI, Land O'Lakes and CARESBAC-Polska**

18 February 1997

PDTA U364

Reporting Period: 1 October 1996 through 31 December 1996

Cooperative Agreement No.: 181-0023-A-00-5224

**Executive Summary:**

This final report for the SMART grant provides a summary of the collaboration between three Private Voluntary Organizations (PVOs) implementing the grant. Therefore, less emphasis is placed on the actual successes, but on the nature of the experiment (as described in the brief history section) and changes that occurred or should have occurred in implementation of the project. As well, a section is included on „Lessons Learned” so that if other similar collaborative projects are initiated, implementers may learn from the SMART experience.

Major accomplishments are summarized in the executive summary. Readers interested in specific details should consult the quarterly reports, on file at USAID-Warsaw, in which progress with SMART clients and collaborators was duly noted.

There were 5 expected outcomes for SMART, as listed below in italics. Under each outcome are the results of the implementers' work:

**Expected Outcomes:**

*1. SMART clients demonstrate positive economic and/or organizational effects of assistance resulting in higher growth rates and performance than other SMEs within the same agribusiness sector.*

A. Results of the AGROSZANSA Business Survey found:

- 1) AGROSZANSA clients repeatedly indicated that participation in the project saved them both time and money (results reported in AGROSZANSA number 1.3, July/August 1996).
- 2) AGROSZANSA client firms demonstrated significant quality management practices being employed when compared to non-SMART assisted firms.

B. When comparing the business ratio information from SMART assisted agribusiness clients with data derived from a larger sample of agribusiness firms the same size and within the same industry classification, results found:

- 1) AGROSZANSA firms provided the 80th percentile threshold markets for superior performance with respect to 5 of 7 performance measures analyzed. These firms meeting or exceeding the 80th percentile values are among the top 20% of Polish performers in the industry.

C. 35 SME agribusiness clients received short-term, intensive technical assistance (t.a.) on various aspects of their business operations. Post t.a. evaluations identified significant improvements even after only 3 months.

- 1) 12 month post t.a. evaluations may be conducted by the new Business Support Project (BSP).

**2. *Development of new and strengthening of existing local SME support networks linked to business incubators.***

A. Development of the *AGROSZANSA* Hub as a delivery mechanism for technical assistance, bimonthly newsletter, information retrieval services, training, and as a talent agency to match BSOs with potential clients and resources.

B. With BSOs, developed the following tools for improved management and operations:

- 1) marketing materials for client outreach;
- 2) client needs assessment form;
- 3) due diligence checklist for clients being referred to CARESBAC for equity investment;
- 4) royalty-based deferred fee agreement;
- 5) publications for improving BSO sustainability;
- 6) training materials; and
- 7) shared food processing center development manual.

C. Feasibility study completed for linking BSOs to the Internet and to each other.

**3. *Training: institutional development of agricultural university business training programs.***

A. 21 business seminars trained 466 participants (of which 56% were female).

- 1) 9 topics were presented, 5 of which were new courses with materials.
- 2) 40% of participants were managers, 13% sales reps., 11% other, 9% marketing dept. staff, 8% specialists, 6% directors, 5% students, 4% accountants, 2% farmers, 2% lecturer/scientists.
- 3) 85.5% of participants were from small to medium firms.

B. 10 Business plans written by consultants for SME agribusiness clients.

- 1) 3 plans funded by local banks.
- 2) 5 plans submitted to CARESBAC; 1 is under consideration.

C. SMART clients received training in the USA

- 1) 6 fruit & vegetable processing clients received training in commodity association development and new processing technologies.
- 2) 15 BSO managers were trained on public and private business development initiatives.

**4. *Financial institutions equipped with improved business skills to provide greater access to credit to agribusinesses.***

A. Assessment survey for local bank managers, BSO managers, SME owners and local government officials completed for Ostrzeszów, Knurów, Gliwice and Zelów.

- 1) A credit officer from Ostrzeszów participated in a „Fundamentals of Credit Granting” training program conducted by Cooperative Bank Development Project (CBDP).

B. Work initiated with UN-FAO on the design of a local guarantee fund for SMEs.

C. Feasibility study completed on SME lending support program which led to the implementation of a pilot SME lending support program in Knurów.

- 1) Work on the pilot program will continue under two new projects: Business Support Project (BSP) and the CBDP.

D. 48% of SMART clients (SMEs) are also CARESBAC clients: either as investees or prospective investees.

5. *Policy changes creating a favorable environment for SME agribusiness.*

- A. Jointly with the SME Foundation, a policy constraint survey was sent to 350 SME agribusinesses. The response rate was too low to derive significant results.
- B. A training session on lobbying was conducted for the new Micro-Brewers Association.

**Did The Program Change Over Time? If Yes, How?**

**Brief History:**

USAID determined in 1995 that Poland (and nine other field missions) would become an "experimental laboratory" to coordinate the assistance provided by grantees and contractors active in the SME sector. The purpose of the experiment was to improve assistance to the SME community in Poland by formalizing linkages and collaboration among SME providers. The eventual project would fall under USAID-Warsaw's strategic objective to stimulate development of private sector enterprises. A consortium of 3 Private Voluntary Organizations (VOCA, ACDI and Land O'Lakes) and CARESBAC-Polska was established to test the experiment with Polish agribusiness SMEs.

For 15 months, the consortium: (1) provided an integrated package of technical assistance (t.a.) and business support to improve operations and profitability of small to medium-sized agribusinesses (defined as firms ranging from 10-250 employees which either add value to agricultural commodities, provide inputs to the agricultural sector, or provide non-banking services in the agricultural sector); and (2) developed the capacity of Polish institutions to deliver high quality assistance and support services to agribusinesses on a sustainable basis. The integrated package included: long- and short-term technical assistance; business training; business plan writing and consulting; opportunity for equity financing; and development of a business service organization (BSO) network.

The original grant was for one year. SMART received a 3-month, no-cost extension on this original grant. The main change to be documented is that initially, the project was designed to serve agribusiness SMEs, not BSOs. However, it evolved into a project of delivering the integrated package of t.a., training and business support to Polish institutions able to continue service to agribusiness SMEs long after the SMART project concluded. It was thought that it would not be difficult to find regionally-based institutions serving agribusiness SMEs, but in fact, only two could be identified and these two were mainly side businesses for part-time consultants. Therefore, organizations serving SMEs, and interested in expanding to serve agribusiness SMEs, were targeted as the main recipient of direct SMART assistance. Their agribusiness clients, and other agribusiness clients, became the ultimate recipients of SMART technical assistance and training seminars.

**CHANGES** Changes are described below with impact for each component italicized.

**1. Client Recruitment:**

a. VOCA client recruitment did change from our previous Farmer-to-Farmer and Agribusiness grants. Many of our previous clients continued to take advantage of the t.a. provided under the SMART grant. These repeat clients had different needs than new clients recruited under SMART, as they had implemented previous recommendations from volunteers and seen results.

Most of them were accustomed to hosting and working with an American volunteer advisor. They were also used to the VOCA evaluation methodology and were able to provide us with quantifiable results from the volunteers' recommendations which they implemented. VOCA also provided some t.a. to BSOs as clients.

*16 of the total 35 clients were repeat clients under previous VOCA grants.*

b. ACDI client recruitment changed after discovering that there were no existing regionally-based institutions exclusively serving agribusiness SMEs. Three months were spent in visiting and identifying other organizations that emphasized all SMEs, and were willing to expand work into the agribusiness sector. This entailed compiling a database of prospective agribusiness customers from VOCA, Land O'Lakes, CARESBAC, the Joint Commission, the Polish Agency for Foreign Investment (PAIZ) and the Foundation for Development of Polish Agriculture (FDPA). Client recruitment was enhanced by the *AGROSZANSA* newsletter developed and sent to clients in the database.

*Initially totaling 150 agribusinesses, the database at the end of SMART now includes 345 agribusinesses and 300 ag-related organizations.*

c. Land O'Lakes used only its RAAPS client base at the beginning of SMART. It began implementing training courses and writing business plans about 6 months and 4 months into the grant period, respectively. Land O'Lakes sent out mailings to prospective customers for the training sessions. Most respondents on the course evaluations indicated learning about training seminars through notification by Land O'Lakes mailing, or the Agricultural Universities in Olsztyn and Kraków, from where several of the consultants trained under Land O'Lakes RAAPS are based. Business plan clients learned of the services through the training courses and through the RAAPS trained consultants.

## 2. Program Marketing

a. VOCA changed how the program was marketed to new, prospective clients in that we took advantage of referrals from SMART and other colleagues besides the usual word-of-mouth advertising used in the past. Of the total number of assignments completed, 48% were via referrals. BSOs identified 12 clients or groups of clients to receive VOCA t.a.

*o CARESBAC-Polska referred 5 investees.*

*o 9 t.a. assignments originated via referrals and completed using 6 volunteers.*

*o 1 client assisted is both a CARESBAC and FDPA client.*

*-(1 CARESBAC-Polska client was originally a VOCA client 3-4 years ago, under F-to-F. This client became a CARESBAC-Polska investee. Subsequent VOCA t.a. was via referral from CARESBAC.)*

*o FDPA referred 1 client different than the above mentioned joint investee with CARESBAC.*

*o Land O'Lakes referred 1 client.*

b. ACDI developed the *AGROSZANSA* newsletter, Management Assistance Publications and an information retrieval service as proof of what SMART assistance could provide. Customers learned of *AGROSZANSA* services through the newsletter.

c. Land O'Lakes also used referrals from colleagues to learn of business plan clients. It sent out its own schedule to prospective training course clientele and did provide the schedule to the *AGROSZANSA* newsletter. Most training course participants listed that they learned of the course via the Land O'Lakes flyer.

**3. Client Selection Criteria:** The criteria changed for prospective clients (both firm and BSO) to receive the t.a.

a. SMART agribusiness SME clients had to be in existence for >1 year and have less than 250 employees. This was true for all clients, whether in receipt of VOCA t.a. or Land O'Lakes training and business plan writing.

b. ACDI used the following selection criteria for BSO selection:

- o An association or foundation with the primary mission of serving the SME sector must be in place and staffed with persons qualified to manage, counsel others and conduct trainings.
- o A minimum number of 20 agribusiness clients within the region to be served.
- o Appointment of a primary contact person in the organization who will be responsible for the activity of the network.
- o Commitment to collaborating with other *AGROSZANSA* service providers to address the special needs of agribusinesses.
- o Commitment to following *AGROSZANSA* policies and procedures relating to client identification and management.
- o Offices, at minimum, equipped with telephone, Fax, copier and at least one 386 or better computer.
- o Training facilities able to accommodate 10-20 persons and preferable equipped for computer-based training.
- o Evidence of financial stability or a commitment to working with *AGROSZANSA* to develop a plan for achieving financial sustainability.

It should be noted that not all the 15 selected BSOs met all the criteria.

c. Land O'Lakes did not change selection criteria. However, 19 firms (14.5%) participating in the training courses are considered by SMART standards as large firms, with greater than 250 employees.

**4. Activity Efficiency:**

a. One distinct change from previous VOCA grants was that volunteers were asked to work with more than one client per trip. VOCA Project Developers (Opas and Cichanski) developed a notice included with each Scope of Work (SOW) submitted to VOCA recruiting offices in the USA. This notice informed prospective volunteers that they may be asked to do additional t.a. assignments while in country and may be asked to extend their stay to accommodate additional client requests. The first client was identified in the SOW, but subsequent technical assistance to clients may not have worked out until the volunteer was already in country. The volunteer had the right to refuse the additional work if he/she felt that they needed more time with the original client, or if the next assignment was beyond their technical skills. The "loading up" of assignments per volunteer increased the number of assignments completed by each volunteer while in country.

*VOCA planned to provide 40 volunteers to 40 clients under SMART.*

*VOCA provided 32 volunteers, who completed 44 assignments with 35 clients.*

This means that VOCA was able to maximize the amount of technical assistance per volunteer. While the cost per day of volunteer activity was higher under SMART than from previous grants, one must also consider the inflationary costs of doing business in Poland (about 20% in 1996; and higher in previous years).

	<u>Cost per Volunteer</u>	<u>Average # Days</u>	<u>Cost per Day</u>
under SEED (1990-91)	\$10,058	22.4	\$449
under CEE (1992-95)	\$15,786	31.2	\$506
under SMART (1996*)	\$12,497	12.7	\$984

\* (End of grant financial data unavailable at the time of writing.)

b. ACDI had a VOCA volunteer conduct an Internet assessment of the 15 participating BSOs. The assessment detailed the necessary steps to link the BSOs to Internet and to each other. With the Internet link established, BSOs will be able to tap into a wealth of information services, taking over the information retrieval service done by *AGROSZANSA* Hub ACDI staff.

c. Land O'Lakes was able to announce upcoming training courses in the *AGROSZANSA* newsletter and at active sessions. This increased the efficiency of filling up the training courses in advance. It provided for direct feedback from course participants on what other course topics they felt were needed and would attend. Land O'Lakes then developed these courses and had excellent participation.

Land O'Lakes was the only SMART partner to include a fee-for-service to help defray training course costs.

*The fees initially covered between 30-60 percent of the total direct seminar costs.*

*During the SMART extension period, the fees were increased and covered 60-90% of the total direct costs.*

## **EVALUATION METHODOLOGY**

### **Methodologies used**

a) VOCA used an evaluation methodology designed under the Farmer-to-Farmer grant. Two evaluation surveys are conducted with each client after the volunteer assignment: one at 1-3 months and the second at 9-12 months. The 3-month survey is sent or faxed to the client for completion. It asks 7 questions to determine the client's opinion regarding the qualifications of the volunteer, if the client's expectations were met, not met or exceeded and if the timing and length of the assignment was appropriate. Completed surveys are sent back to VOCA. We maintain a 98% return rate on these surveys.

The 9-12 month survey is completed via personal interview. Specific questions based on each recommendation from the volunteers' final reports are asked to the client(s) who worked directly with the volunteers. Where possible, quantitative data is obtained regarding improvements due to implementation of the recommendations. For example: labor costs reduced by x%; profits increased by x% and due to growth, x new employees hired.

Based on 12-month survey results, the volunteer assignments showing positive impact are written up separately. An "impact statement" is submitted to USAID-Washington. As technical assistance to SMART clients did not begin until April 1996, 9-12 month surveys cannot be initiated until about March 1997. As SMART will have concluded by that time, results of the volunteer t.a. for

those clients who continue to receive t.a. under the BSP.

b. ACDI focused its evaluation efforts on the *AGROSZANSA* BSOs and the SME clients themselves. This followed SMART outcomes 1 and 2 indicated on page 1 of this document. ACDI developed and conducted a survey to analyze the performance of SMART clients and other non-assisted agribusiness SMEs which responded to the survey. The survey was designed to collect baseline data on how agribusiness SMEs have adopted modern management and quality control practices, whether the firm now employs these practices, firm size, sales and other financial data. The results of the *AGROSZANSA* Business Survey were reported in previous quarterly reports (July 10, 1996) to USAID.

*AGROSZANSA clients repeatedly indicated that participation in the project saved them both time and money.*

*AGROSZANSA client firms demonstrated significant quality management practices being employed when compared to non-SMART assisted firms.*

ACDI compared the business ratio information from SMART assisted agribusiness clients with data derived from a larger sample of agribusiness firms the same size and within the same industry classification. The comparative data set was drawn from the 1995 Census of Polish Business conducted by GUS.

*AGROSZANSA firms provided the 80th percentile threshold markets for superior performance with respect to 5 of 7 performance measures analyzed. These firms meeting or exceeding the 80th percentile values are among the top 20% of Polish performers in the industry.*

The results of the survey can be used in the future to assess SMART assisted clients and other agribusiness SMEs gauge their performance over time and base it against a known performance standard level. The SMART package of assistance can then be fully evaluated if it contributed to the SMART assisted clients' successes.

**INDIVIDUAL CONSORTIUM MEMBERS** All three consortium members were asked to provide specific information on their respective components of SMART.

### **VOCA**

Document changes and/or why assistance was provided again to those clients that had pre-SMART assistance.

Of the 44 assignments completed, 14 of the clients had VOCA volunteers work with them before. Assistance was provided to these repeat clients because they were engaging in new areas of business, for example: new product development, marketing strategies, production or management improvement. Many of these repeat clients saw very positive business results from the first time the VOCA volunteer provided t.a. and wanted to see similar gains.

Type of Assignment	Number	No. clients	No. volunteers
Food Processing			
Fish, Meat	10	9	8
Dairy	1	1	1
Fruit/Vegetable	12	9	10
New Product Dev.	5	5	5
Marketing			
Strategies	8	7	7
Operations			
Financial	5	5	5
Logistics	1	1	1
Production	9	7	6
AgroTourism	2	2	1

\* Please note that numbers will not add to the total number of assignment or volunteers as several are cross-referenced.

### **ACDI**

#### **A. Clearly define the difference between SMART and AGROSZANSA.**

SMART is a catchy acronym in English, but did not work in Polish language. As a marketing tool, the term *AGROSZANSA* was promoted as a means to identify the overall program. ACDI-VOCA staff served as the hub of the *AGROSZANSA* network of BSOs and provided other services to clients such as information research services, business to business linkages, organizing networks of firms, etc. Because these services fell outside of the technical assistance provided by either VOCA, Land O'Lakes or CARESBAC, ACDI labeled the interventions as *AGROSZANSA* technical assistance.

**B. Number of BSOs participating in AGROSZANSA.**

Twenty-three (23) BSOs were targeted to develop networks of agribusiness SMEs. Six of the 23 never followed through or responded in any way to this offer. Materials were continually mailed to those six but they were otherwise not pursued. Reasons for their non-participation are unknown.

**C. Define Sustainability as related to BSOs and AGROSZANSA.**

BSO sustainability is contingent upon a number of factors, among which the most important are leadership and qualified management committed to long-term business development objectives.

- o Commitment to operating cost-effective programs, providing high quality services and building an organization that is operated like a business itself.
- o A set of business development programs and services which are highly valued by the clients and affordable to them.
- o A critical mass of qualified clients.
- o A minimum overhead and maximum flexibility in arranging service delivery.
- o A business climate and public policy that is supportive of the BSO role in SME private sector development.

Financial data were collected from 17 participating AGROSZANSA BSOs and analyzed to determine the degree to which they were financially self-sufficient.

- o *3 BSOs were financially self-sufficient by the end of 1995 (3 months into the SMART project).*
- o *9 BSOs became financially self-sufficient by the end of December 1996.*
- o *For the first 6 months of 1996, BSO self-sufficiency ranged from 17% - 25% as compared to 1995, which ranged from 26% - 136%*

In terms of AGROSZANSA sustainability, please recognize that AGROSZANSA is a set of activities, not an institution. ACDI is transferring: the agribusiness database developed for AGROSZANSA to FDPA; the capacity for researching information to those BSOs with Internet access; the publications to the SME Foundation; and the database of Polish consultants to CARESBAC-Polska.

**D. Exact Assistance to BSOs by AGROSZANSA**

1. Planned assistance versus actual assistance. The original work plan was developed by Carl Hammerdorfer, the VOCA Country Representative at the time the SMART grant was implemented. ACDI submitted its work plan to Carl at the beginning of the project.

2. ACDI staff worked with the managers and staff of the BSOs to develop skills and improve the management and operations of their organizations.

- a) This was achieved by developing tools and procedures for improving:
  - o outreach and marketing to agribusiness clients,
  - o client diagnostics and assessing their needs,
  - o service quality and delivery,
  - o understanding of best practices in business development,
  - o understanding the typical requirements of equity investors and communicating these to respective clients.

b) With PIET, a US training of 15 of the 17 BSO managers was held. Results from this training:

- o initiation of a "kitchen incubator"
- o strengthening the sharing of information intra-network

o links developed with US contacts

c) A "Team Building and Leadership Development" training was held by ICL Poland for BSO managers.

o Managers met with representatives from General Motors in Gliwice.

3. None of the BSOs were requested to write the actual SOWS to obtain technical assistance from VOCA for their clients.

D. Number of clients identified by BSOs and actually receiving VOCA or Land O'Lakes or ACDI or AGROZANSA technical assistance.

1. 14 clients were identified by BSOs and the type of t.a. follows:

RAJDIMPEX, S.A., Sucha Beskidza

LOL Business Plan, VOCA volunteer

ELAR, S.A., Elblag

VOCA volunteer

PIEKARNIA "RASZCZK", Pasiek

VOCA volunteer

GOSPODARSTWO OGRODNICZE, Sobowidz (Gdansk)

AGROZANSA assessment and under consideration by CARESBAC for investment

PIEKARNIA CIASTKARNIA, Zelów

VOCA volunteer

PROFI Wielkopolska Wytwórnia Zywnosci, Grabow n/Prosna

canceled VOCA volunteer

FERMA TRZODY CHIEWNEY, Sianów

AGROZANSA information research; canceled VOCA volunteer; referred to CARESBAC

URZAD GMINY RACIECHOWICE, near Kraków

AGROZANSA information research; VOCA volunteer

G.S. SAMOPOMOC CHLOPSKA, Bukowsko

AGROZANSA information research; VOCA volunteer

ZAKLADY MIESNE KONSKOWOLA, Konskowola

AGROZANSA information research; canceled VOCA volunteer

F.P.H.U. JAN WIEWIÓRKOWSKI, Zelów

AGROZANSA information research; VOCA volunteer

URZAD GMINY CHMIELNIK, Chmielnik

VOCA volunteer

SPÓLDZIELNA PRZETWÓRSTWA MIESNEGO, Sedziszów-Małopolska

VOCA volunteer

KRAWCZYK & PARTNERS, Sp. z.o.o., Zary

AGROZANSA information research

E. Credit Component

The original grant document indicated that the CBDP would be involved in providing SMEs greater access to local cooperative banks (LCBs) and their lending practices. Indeed the work plan submitted to USAID indicated that SMART would conduct trainings (firm analysis, work-out credit, debt-equity participation and improved services to clients) for LCBs to identify agribusiness customers and/or which are strong candidates for business "turn-around". Identified firms can receive any of the SMART provided services.

*A feasibility study for SME Lending Support Programs at Knurów and Gliwice BSOs was completed and previously submitted to USAID (October 1996). Based on that study, a pilot lending program has been initiated between the Local Cooperative Bank and BSO in Knurów. In addition, meetings have been held with the Bank, BSO and officials of the local government in Knurów to discuss the development of a local Guarantee Fund. The City Board is currently considering providing 100,000 PLN of seed capital for the establishment of a local guarantee fund to accelerate the loan extension process. According to the BSO and the Bank, it is expected that the first loan will be made by 15 January 1997.*

## **Land O'Lakes**

### **I. Courses - Specific Numbers**

Total number of seminars	21
Total number of trainees	466
Average number of participants/seminar	22.2
Male participants	193
Female participants	273
Total number of course days (exclusive of extra seminars)	62
Number of participants attending >1 seminar	19
There was no prerequisite for course order.	
Number of firms delegating >1 employee to participate	43

Seminar length was lowered from the original 5 days to 3 days, except for Management Techniques in the Dairy Sector and Banking Services in Agribusiness, which were both only 2 days.

<u>Titles:</u>	<u># repetitions</u>	<u>Trainer</u>
Marketing Planning	1	Józef Kania
Merchandising	2	Michael Christiansen
Business Negotiation	2	Stanisław Pilarski
New Product Development	2	Cheryl Bann
Marketing Promotion	4	Cheryl Bann, K. Hajduk-Witek
Sales & Distribution	5	Andrzej Kowalski, S. Pilarski
Financial Management	1	Józefa Gniewek
Banking Services in AgBus.	1	Mirosław Gajewski
Financial Planning & Analysis:		Szczepan Figiel & Janusz
Use of Spreadsheets		Cichon; S. Figiel & Robert Popiolek

### **Extra Seminars\*:**

Enterprise Management	1	S. Figiel & Eugeniusz Niedzielski
Management Techniques in the Dairy Sector	2	S. Figiel

\*(Organized in cooperation with The National Association of Dairy Cooperatives and AGROS Holding Company.)

Trainee position is provided in Appendix A for those participants who included this information on the evaluation form.

Statistical Evaluation Forms were summarized and are included in Appendix B.

<u>Course Location</u>	<u># courses</u>
Kraków	4
Olsztyn	9
Rabka	6
Katowice	1
Warszawa	2
Boguchwała	1

Copies of all course materials have been presented to USAID-Warsaw with this report.

## **II. Business Plans - Specific Numbers**

Number of business plans completed:	10
Number of business plans funded:	3
Bank funded business plans	3
1 additional in process	
CARESBAC involvement with business plan clients	5
1 negotiations underway	
2 were suspended	
1 postponed	
1 never began negotiations	

## **III. Consultants**

Define consultant, differentiate between consultant and trainer. Land O'Lakes provided the following definition for "consultant":

Someone who provides a specialized expertise, content, behavior, skill or other resource to assist a client in improving the status quo. The Land O'Lakes consultants focused on specific client needs.

A trainer was given as a consultant who conducted seminars on specific topics. In the case of SMART, the trainers and consultants were essentially the same individuals, in that the consultants conducted the seminars (trainers) and assisted clients in preparing business plans.

### The number of Polish consultants used by Land O'Lakes under SMART:

All Polish consultants used by Land O'Lakes under SMART were previously trained under RAAPS.

12 consultants were used for courses

2 American; 10 Polish

7 Polish consultants assisted clients with business plans

average of 1.43 business plans per consultant

The Polish consultants used under SMART continue to provide private, consulting services to agribusinesses in their regions.

*Trainers could receive course evaluations from Land O'Lakes, and were provided with a statistical summary of the courses they taught under SMART. No evaluations of trainers and/or consultants were done either before (baseline) or after SMART.*

## LESSONS LEARNED

1) As for the actual experiment, it took time to get it together. Originally submitted as a 3-year proposal, the actual grant was for a one-year period (plus 3 month no-cost extension).

*In hindsight, this was insufficient time to really ascertain the needs of SMEs and BSOs and then see results from the action plans implemented to improve their performance..*

2) Results of the SMART project were substantial given the one year time period.

*We learned that intra-SMART communications should have been tighter at the beginning; it was improved with regular 6-week consortium member meetings.*

*Seminars were very popular and by the end of SMART, clients were interested in continuing several of the topics (especially new product development, merchandising and marketing).*

3) It took more time to find the clients than originally anticipated. The first real problem emerged when it became clear that there were not any existing regionally based institutions exclusively serving agribusiness SMEs.

*It became necessary to change the focus from working with regionally based institutions serving exclusively agribusiness SMEs to organizations which served a broader SME clientele and were willing to expand services to agribusiness SMEs.*

*Time was essential to introduce a new product (courses). More time was needed to find appropriate clients for each course thus resulting in a smaller level of participation at the beginning of course implementation than at the end.*

4) Technical assistance and training activity did not begin until half-way through the funding cycle.

*Given #3 above, it took longer to find the clients to receive the t.a. than anticipated. Now, many clients still call and request technical assistance, training (seminars) and information but the project has concluded. These clients are being referred to other SME support projects.*

*It may be difficult for VOCA to complete the 12 month evaluations on SMART clients because traditional VOCA operations will have concluded and the SMART project evaluations should be commenced after that date.*

5) From a BSO standpoint, focusing strictly on support to agribusiness SMEs could never be sustainable. There were simply not enough prospective "qualified" clients. BSOs had to provide support to all SMEs and in many cases learn skills necessary for working with agribusinesses.

*One possibility would be a combination of a nationally-based organization focused on the agricultural sector, in cooperation with regionally-based organizations primarily serving the agricultural sector.*

6) There are many other USAID and EU funded groups active in helping to improve the economic viability and operating environment of the Polish SME sector.

*More time in the experiment would have permitted greater coordination with these groups and SMART clients.*

7) There is a need for business service organizations that can provide high quality, timely business support to SMEs. SMEs need to know where they can go to get qualified assistance. SMEs are not clustered around a particular BSO and BSOs must provide greater outreach.

*Outreach includes holding training courses where SMEs are located, meeting consumer/client demand for services, and has included an Internet access plan to link the AGROSZANSA BSOs.*

8) The consortium members were to "deliver an integrated package of assistance" to selected agribusiness SMEs. The desire to collaborate notwithstanding.

One consortium member recommended the following 2 lessons learned:

a) *There needs to be management authority over the level of effort of the service providers to coordinate the delivery of services to the client firms.*

b) *Without mandating assistance, information is the only real point of integration.*

Another consortium member recommended that the consortium must try to think of itself as one business achieving results for SMEs instead of trying to promote own individual efforts in achieving results. To do this, many suggestions are offered:

c) *One central office location for the project versus individual consortium member offices.*

d) *There should be one individual from each consortium member on a program management board. The board is then responsible for activity coordination and ensuring compliance with the work plan and that results are being achieved. Each of these individuals must be considered as an equal member of the board.*

e) *The board must openly discuss problems at the time they occur and develop solutions. This should help avoid the situation where one consortium member believes their work is good and/or progressing well while another member disagrees with that belief.*

9) A more cohesive approach by consortium members in identifying other assistance programs targeting SMEs would have been helpful. SMEs would have been the beneficiaries of this information.

*It is not enough to provide services to various USAID-funded organizations and/or indigenous SME development organizations in Poland. In fact, with additional time, SMART could have done more to link up with existing SME programs to take advantage and dovetail the programs.*

## APPENDIX A

### COURSE PARTICIPANTS

	Director/ Chairman	Manager	Marketing Dept.	Sales Rep.	Accountant	Specialist	Lecturer/ Scientist	Farmer	Student	Other	Total
Milk Processing	2	21	8	4	1	4			4	2	46
F+V Processing	8	35	6	10	2	5				7	73
Meat Processing	1	11	11	11	3	2			2	2	43
Brewery				1	3						4
Horticulture		1				2		2	2	1	8
Food Indus.	7	38	6	17	1	5	1		3	4	82
Feed Indus.	3	7	3	4		2				4	23
Seed Indus.	1	4		2	1		2			1	11
Ag. Ex.-Im.	1	21	1	1						1	25
Ag. Coop		1	3			1				1	6
University			1				2		8		11
Consulting		16				15	2	4		11	48
Services	1	1								1	3
Other	5	19		7	8	1		1	1	11	56
<b>TOTAL</b>	<b>29</b>	<b>175</b>	<b>39</b>	<b>57</b>	<b>19</b>	<b>37</b>	<b>7</b>	<b>7</b>	<b>20</b>	<b>46</b>	<b>436</b>

Total trainees (436) is less than 466 as given previously due to some participants omitting their positions on the evaluation form.

**APPENDIX B**

**Statistical Evaluation Forms summary**

<b>Very good - 8 7 6</b> <b>Good - 5 4 3</b> <b>Poor - 2 1 0</b>	How well were the lecturers prepared ?	How do you assess the materials that were presented during the seminar ?	How do you assess the information received from LOL re: the subject and the org. of the seminar?	Was the way of conducting the seminar appropriate?	Were the contents of the seminar valuable?	Did the seminar meet your expectations?
Marketing Planning April 15 - 17, 1996, Kraków trainer: Józef Kania	7.3	7.1	6.5	6.8	6.8	6.5
Merchandising April 17 - 19, Olsztyn trainer: Michael Christiansen	6.7	6.5	6.1	5.9	6.2	6.1
Merchandising April 23 - 26, Olsztyn trainer: Michael Christiansen	6.8	6.6	6.3	6.3	6.2	6.3
Business Negotiation April 25 - 26, 1996, Olsztyn trainer: Stanisław Pilarski	7.9	7.7	6.9	7.3	7.5	7.4
New Product Development May 20 - 22, 1996 Rabka trainer: Cheryl Bann	6.7	5.9	6	6.1	6.2	5.8
New Product Development May 23 - 25, 1996 Rabka trainer: Cheryl Bann	7.8	6.7	7.2	7.1	6.8	6.9
Marketing Promotion May 27 - 29, 1996 Olsztyn trainer: Cheryl Bann	7.5	7.1	6.2	6.9	6.1	6
Sales and Distribution May 27 - 29, 1996; Olsztyn trainer: St. Pilarski and A. Kowalkowski	7	7	6.2	5.8	7	6.9

Financial Planning and Analysis with the Use of Computer Software June 10 - 12, 1996; Olsztyn trainer: J. Cichoń and Szczepan Figiel	7.3	7.2	6.2	7.5	7.1	7
Marketing Promotion June 18 - 21, 1996, Rabka trainer: Katarzyna Hajduk-Witek	7	6.3	5.9	6.8	5.9	6
Sales & Distribution June 17 - 19, 1996, Katowice trainer: Stanisław Pilarski and Andrzej Kowalkowski	7.5	7.5	7.4	7.3	6.8	6.9
Sales & Distribution June 24 - 26, 1996, Olsztyn trainer: Stanisław Pilarski and Andrzej Kowalkowski	7.6	7.5	6.9	7.7	7.6	6.9
Business Negotiation August 29 - 31, 1996, Olsztyn trainer: Stanisław Pilarski	5.8	5.5	5.9	5.8	6.3	5.5
Financial Management August 29 - 30, 1996, Kraków trainer: Józefa Gniewek	7.1	6.8	7.1	7.2	7	6.5
Sales & Distribution September 3 - 5, 1996, Kraków trainer: Stanisław Pilarski and Andrzej Kowalkowski	6.8	6.3	6.2	6.1	6.2	6.5
Marketing Promotion August 20 - 22, 1996, Kraków trainer: Katarzyna Hajduk-Witek	6.5	7.2	6	7.1	6.3	7.2

Financial Planning and Analysis with the Use of Computer Software September 9 - 11, 1996; Olsztyn trainer: S. Figiel	6.9	6.8	6.7	7.2	7	7
Management Techniques in Dairy Sector September 12 -13, 1996, Warsaw trainer: Szczepan Figiel	—	—	—	—	—	—
Banking services in agribusiness September 26 -27, 1996, Boguchwała trainer: Mirosław Gajewski	7.5	7.5	7	7.2	7.1	6.5
Management Techniques in Dairy Sector October 15 -16, 1996, Warsaw trainer: Szczepan Figiel	—	—	—	—	—	—
Financial Planning and Analysis with the Use of Computer Software November 4 - 6, 1996; Olsztyn trainer: Szczepan Figiel	7.9	7	6.3	7.2	6.4	6.1
Enterprise Management November 12 -14, 1996, Rabka trainer: Szczepan Figiel	—	—	—	—	—	—
Sales & Distribution November 26 - 28, 1996, Rabka trainer: Stanisław Pilarski and Andrzej Kowalkowski	6.5	5.9	6.2	6.8	6.5	5.5
AVERAGE	7.2	6.8	6.5	6.8	6.6	6.4

## APPENDIX C

### Business Plan Summary

#	Company	Bank Loans	Investment Funds	Financial Strategy
1	<b>THE LIGAWA</b> in Pasłek meat processing	- a working-capital loan 40000 Zł was successfully applied for	Soon after business plan presentation, the Company terminated negotiations with CARESBAC for equity support from PPP Fund which has access to PHARE sources.	
2	<b>FARM</b> in Wenecja goat farm	- 6400 Zł loan for finance and purchase of fertilizers and pesticides 5000 Zł loan for financing harvest effort		
3	<b>OSM OSTRÓW MAZOWIECKA</b> in Ostrów Maz. dairy processing		Initially equity support from Investment Fund was taken into consideration but later company managed to raise own funds	- the implementation of the proposed capital investment project is on schedule
4	<b>ŚLĄSK-POL</b> in Katowice meat processing company		Company started negotiation with CARESBAC in late 1996 but were postponed to first months of 1997.	- economic analyses and financial projections developed - negotiations with the bank commenced
5	<b>LAS COMPANY</b> in Brusy fruit, mushroom processing			-Dev.'d strategic goals and investment strategy - economic and financial plan developed
6	<b>THE SAUSAGE PROCESSING SHOP</b> in Pacanów sausage production	- loan application for a Zł 200 thousand was drawn up and submitted to the bank		- cost calculation and monitoring financial ratios commenced

#	Company	Bank Loans	Investment Funds	Financial Strategy
7	<b>OLIMP</b> in Kraków  mill		The business plan was prepared. One of the investors considered was CARESBAC, but negotiation with that Fund did not take place.	- developing an investment strategy and an economic and financial plan
8	<b>WARE-HOUSE COMPANY</b> in Wyszogród  potato cultivation and storage facilities		Following a meeting of the partners with the representatives of the CARESBAC fund in October 1996, initial agreements were made. CARESBAC expressed its utmost interest in participating in the investment project proposed.	
9	<b>POLLINA</b> in Bielsko-Biała  organic fertilizers producer		The business plan was prepared with a view to raising the funds for the investment project from a foreign investor to ensure a fast rate of growth. The main investor considered for the purpose was CARESBAC. Despite a much optimistic start, the negotiations have been suspended.	- business plan objectives are being methodically executed
10	<b>PIERKUN</b> in Pierkunowo  farm and alcohol distillery			- determination of capability of the company to service debt financing - development of the four alternatives of debt repayment - matching the production and marketing plans with the potential and needs related to cash flows

**Bank Loans** - 3 bank loans received  
- 1 application in process