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Guyana Economic Opportunities

GUYANA MANUFACTURERS' ASSOCIATION

STRATEGIC PLAN 2004-2006

Prepared by
Osborne Nurse

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Chemonics International Inc.
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GUYANA MANUFACTURERS ASSOCIATION

STRATEGIC PLAN 2004 – 2006

1 Executive Summary

The Guyana Manufacturers Association is an organisation that may be poised to bring substantial value added to its membership. In order to do this effectively, the Association needs to significantly improve its internal organisation and administration including its governance, and to develop effective capacities for delivering value to its members through its core activities, and for exploring new areas of potential income generation.

To achieve this we recommend a two-phase strategic planning approach and emphasise that focus must be concentrated on the first phase before considering the second phase in any detail.

We therefore lay out a strategy for the proposed first phase as follows:

1. Complete Internal Institutional Strengthening
 - a. Complete all CPEC Institutional Strengthening Projects:
 - b. Utilise extension of CPEC project to provide resources and support for implementation – governance, accounting and financial policies, operational information systems – especially members’ data base, membership marketing systems, project management.
2. Implement recommended Institutional and Governance Changes:
 - a. Establish clear authorities of Executive Director and Executive Committee;
 - b. Approve and implement changes to governance instruments – Articles, etc.;
 - c. Recruit staff for key positions – Member Services;
 - d. Improve filing system and reorganisation of ED’s office;
 - e. Establish clear responsibilities and targets for ED;
 - f. Implement formal systems for ED (and staff) performance management and evaluation;
 - g. Rationalise and improve office space and layout.
3. Improve accounting system – Install and utilise QuickBooks:
 - a. Recruit short term services of an accountant to set up the chart of accounts, report structures, reports and transaction relationships properly
 - b. Train accounting assistant to enter data and produce standard reports

- c. Train one or two staff members to discharge all routine administrative functions – organising lunches and functions, invitations, producing reports and communication documents, appointments, etc.
4. Strengthen Membership Management
 - a. Recruit Membership Services Officer
 - b. Develop Membership data base
 - c. Review proposals for membership classes and members' dues
 - d. Set targets for membership recruitment
 - e. Develop member marketing programmes and marketing materials
5. Strengthen Core Business Area - Advocacy
 - a. Identify three (3) key advocacy issues (per year) with the following characteristics:
 - i. Targets the largest number of members
 - ii. Targets specific critical sectors
 - b. ED to develop materials and position on each of the three issues
 - c. President and ED with support of Executive Committee to lead discussions and effort
 - d. ED to develop mechanisms for marketing and gaining wide membership support for issues
6. Improve Project Management Capabilities and Capacity
 - a. Train ED in project management requirements – financial and management reporting and evaluation of project deliverables – visits to CPEC H/O, CIDA, other local agencies.
 - b. ED to identify critical requirements for sector and member development to be developed as potential income earning projects.
 - c. Train ED in skills for winning grant funding – visits to CIDA, CPEC H/O, CARIFORUM, other local agencies.
 - d. Establish targets for identifying projects and securing funding for critical member and sector needs.

2 Background

The Guyana Manufacturers Association (GMA) is a membership organisation of businesses and individuals involved in the manufacturing sector. As of January 2004, its membership List consisted of 101 members in 5 categories of membership, including associate membership.

The Vision and Mission of the Association are the following¹:

Vision

An economically strong Guyana in which manufacturing and services sectors play a major role.

Mission

To provide leadership and institutional capacity for the initiation and advocacy of policies geared to improvements in productivity, sector competitiveness and effectiveness in the manufacturing and related services; and to enhance membership satisfaction through application of professional services, while encouraging due regard for business ethics, human rights and the environment.

The Association prepared two strategic plans for the periods 2000 – 2001 and 2001 – 2003 with the assistance of the Guyana Economic Opportunities Project (GEO Project), and has requested further assistance from the GEO Project to prepare a strategic plan for the period 2004 – 2006, which is presented in this Report.

In addition to the support provided by the GEO Project, the Association has benefited from a substantial development programme funded by the Caribbean Regional HRD Programme for Economic Competitiveness (CPEC) which has included an institutional strengthening project designed to improve the capacity of the organisation to serve the needs of its members, as well as additional operational projects aimed directly at member beneficiaries.

CPEC has funded a number of projects in Guyana, including the following that are directly related to the GMA²:

1. The Guyana Manufacturers Association (GMA) Technical Vocational Training Project:
 - Funding: Cdn \$ 147,000
 - Goal: To improve the regional and international competitiveness of construction and engineering companies.
2. Strengthening the Competitiveness of the Guyana Garment Industry;
 - Funding Cdn. \$82,100

¹ Guyana manufacturers' Association, Annual Report 2002

² GMA Annual Report 2002

- Goal: Improve the labour productivity, exports and the economic competitiveness of the garment industry through training and institutional strengthening
3. Guyana manufacturers' Association Institutional Strengthening Project;
 - Funding Cdn. \$ 174,000
 - Goal: Improve the operating cohesiveness, financial stability and delivery of services from the GMA to its members.
 4. Guyana Furniture Training Project
 - Funding: Cdn. \$ 118,710
 - Goal: Strengthen the institutional capacity of GMA and BFMA in the delivery of services to its members and provide the necessary skills training

Each of these projects, and especially the institutional strengthening project, has had tremendous impacts on the GMA in respect of the improvement of its structures, its operational effectiveness and its ability to earn income from sources other than membership fees.

In undertaking this analysis we have utilised the considerable resources expended in the institutional strengthening project to glean our understanding of the structure and operations of the Association. In doing so, we recognise that the Association may not have completely implemented all of the recommendations of the institutional strengthening consultants, but we nevertheless utilise their outputs since those sources are the best available for understanding and describing the Association.

GMA Structure and Organisation

Essentially the GMA's organisation and governance structure is as follows:

1. The principal governance institution in the Association is the Membership meeting in General (or extra-ordinary) Meeting. The Members then elect an Executive Committee consisting of 21 members who are representatives chosen from among the 4 major categories of membership – excluding associate members – as well as a number (5) of representatives chosen by the entire Membership and 3 members chosen by the Executive Committee.
2. The Executive Committee elected by the Membership is responsible for managing the entire business of the Association during its term of office, including:
 - Discharging all functions for which the Association is empowered, including the power to affix the Association's seal to documents;
 - Appointing a Secretary (Executive Director) and other officers;
 - To enter into contracts;
 - To open and operate bank accounts and other financial management functions, including the preparation of financial statements of account of the

business and financial position of the Association, and to present such statements of account at the Annual General Meeting of the Association.

- To appoint committees and sub-committees for any of the purposes of the Association, with the membership of such committees and sub-committees consisting of members of the Executive Committee as well as other representatives of the member companies. The Executive Committee appoints a President and three (3) Vice Presidents.
3. The Secretary/Executive Director is the chief executive and operating officer of the Association and reports to the Executive Committee.

Arising out of the institutional strengthening project, proposals have been made for modernising the Articles of Association and the governance structures of the Association. It appears that while the recommendations of the institutional strengthening consultants have been accepted by the Executive Committee and their implementation has begun, the Membership has not yet formally approved the recommended changes in General Meeting.

Governance

Although the governance structures recommended by the consultants may not have been fully implemented, we are guided by these recommendations for the purpose of this analysis.

The recommendations of the consultants are that the Association should have the following governance structures:

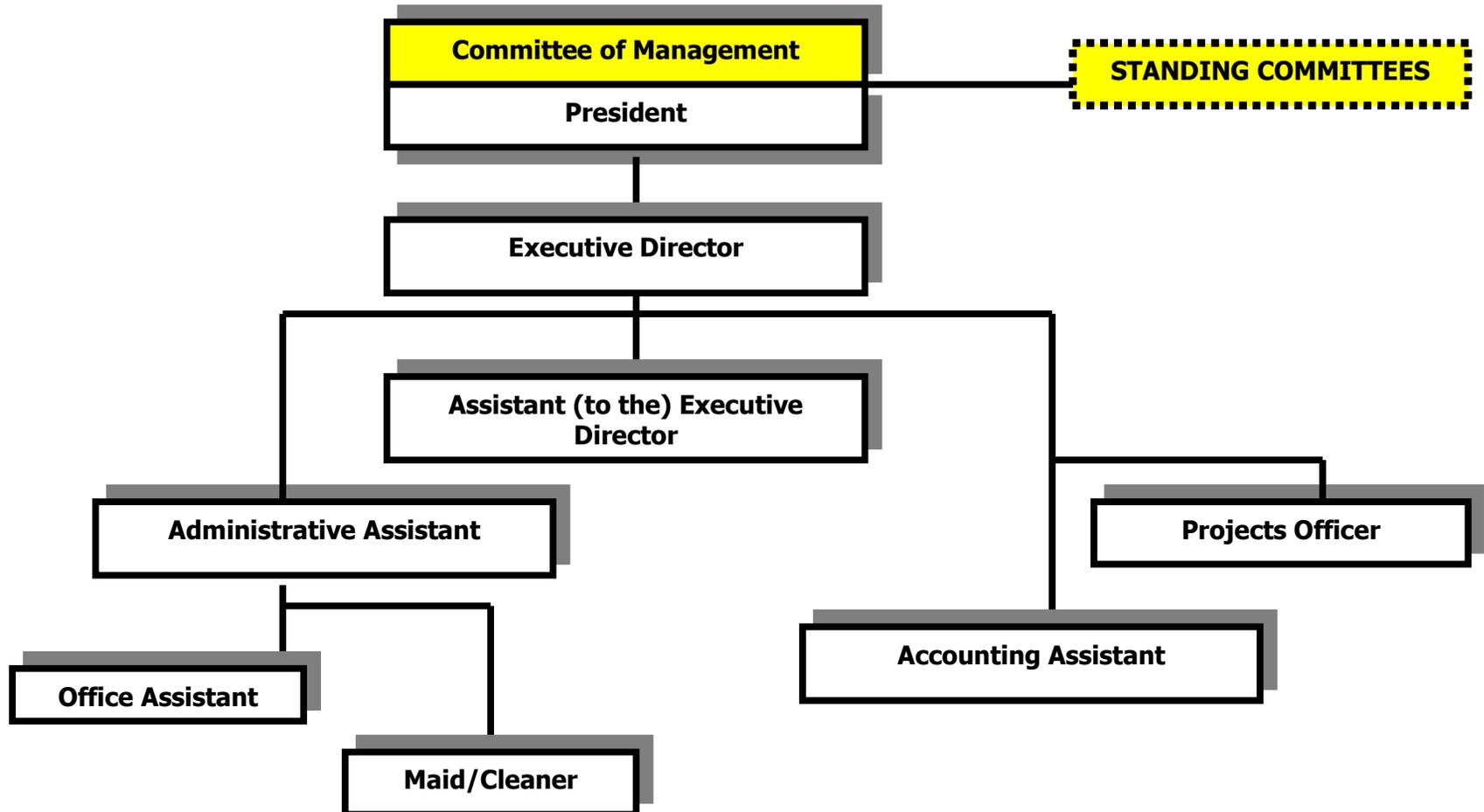
1. A Board of Directors, appointed by the Members in much the same size and structure as the former Executive Committee was elected.
2. The Board will appoint sub-committees to facilitate the discharge of its business;
3. The Board will appoint an Executive Director as the chief operating officer of the Association;
4. The Board will be responsible for the management of the finances of the Association, for the discharge of its responsibilities and for making an annual financial and operating report to the Membership in General Meeting in the same manner as the executive Committee was required to do.

The consultants produced new governance and organisation charts as presented in Exhibits 1 and 2 below.

Unfortunately, with the incomplete approval and implementation of the new structures, it appears that effective utilisation of the new arrangements is still being developed.

SECRETARIAT OF THE GUYANA MANUFACTURERS' ASSOCIATION

ORGANISATION CHART



Organisation

GMA currently has a staff of some 4 persons including the Executive Director. One of the positions, that of Project Officer, is funded, in part, by CPEC and the CPEC funding for this position will shortly end. It is not clear however, whether the Association will be able to fully fund this position entirely on its own. In addition, recommendations have been made for the Association to allocate resources in the form of a staff member to deal particularly with membership issues, including membership growth.

Operations

A 2002 report by Steve Van Houten³ gives a comprehensive analysis of the current organisation and operations of the GMA. Although some of the recommendations of that report have been implemented, the essential description of the Association as contained in the report remains substantially unchanged. Among Van Houten's observations that still are relevant are the following:

- The Association is small and has very weak service offerings;
- Membership levels have been fluctuating in recent years and contribute to a cycle of financial constraints, poor services and ultimately declining or apathetic membership;
- There is a very great reliance on CPEC for resources to undertake outreach programmes, institutional development of the Association and even for critical contributions to operational income that supports of administrative expenses of the Association. Compensation for the ED is partly funded by such CPEC resources and arrangements;
- A business environment consisting of a relatively large number of business associations that are sometimes competitive and that have difficulty in cooperating with each other to achieve sector and industry objectives;

2.1.1 Membership

In 2002, the GMA reported a membership roll of 79 companies, of which 4 were associate members, and 47 belonged to the category for the smallest members – Category D. The membership roll for 2003 is reported to be 101, of which 5 are associate members and 70 belong to Category D which attracts the lowest membership fees. These membership numbers compare with the figure of 120 that was reported for 1995.⁴

The following table summarises the membership of the Association and their fees by category.

³ Strategic Review of the GMA, Untitled report by Steve Van Houten, 2002

⁴ Van Houten Report

GMA Membership Matrix 2003						
Category	Employees	Annual Fees	No of Members	Total Fees	% of Members	% Of Fees Payable
				GY\$ 000		
A	>500	150	9	1,350	9%	37%
B	200 - 499	75	8	600	8%	16%
C	101 - 199	45	9	405	9%	11%
D	0 - 100	18	70	1,260	69%	34%
Associate		10	5	50	5%	1%
			101	3,665	100%	100%

The Institutional Strengthening Consultants⁵ have proposed to the Association a revision of their system of membership classification and of the fees payable by each category of members. The new system would provide for the following new categories and fees:

Category	Employees	Sales – GY\$ M	Assets – GY\$ M	Annual Fee GY\$
A	> 80	>180	> 160	80,000
B	41 – 80	91 – 180	81 – 160	60,000
C	26 – 40	61 – 90	41 – 80	40,000
D	< 25	< 60	<40	20,000

The recommended categories and fee structure are based on the observation that most of the companies in Guyana, and indeed most of the membership in the Association are relatively small companies and the current categorisation based on numbers of employees is not really relevant. The recommendations are also based on the assumption that the Association will develop an agreed and approved definition of “small business” as one with less than 25 employees, sales of up to GY\$ 60 million and assets of up to GY\$ 40 million.

Apart from these, the report is silent on what is to be done with those companies that are currently classified as Associate Members, and what fee ought to apply to them.

As this recommendation has a potentially serious implication for the level and collectibility of the Association’s income from fees, we have made an attempt to assess its impact on fee income. In making this assessment, we of course do not have data on the number of employees of each company in each category.

In the absence of such detailed information on employment in member companies, it would appear that the new categorisation would put all the companies currently classified in categories A, B and C into the new category A. In addition, the 70 or so companies currently in Category D would have to be distributed, according to employment and size into the new categories B, C and D. For the purposes of this analysis, we have reclassified these former Category D companies on the basis of the assumption that at least 60% or 42 of them would

⁵ S. V. Jones Associates, Report on Deliverable D2 – Updated Governance System, CPEC Institutional Strengthening Project for the GMA.

be of the smallest size and be classified as Category D in the new system; a further 30% or 21 of them would be the next larger size and be classified in Category C in the new system and 10% or 7 would be classified as Category B in the new system.

Under these assumptions, we estimate that the annual fee income of the association would be as follows:

ESTIMATED FEES TO BE DERIVED FROM PROPOSED MEMBERSHIP RECLASSIFICATION

Current Category	Number of Companies	Assumed New Category	Category Fee GY\$	Potential New Fee Income GY\$
A	9	A	80,000	\$ 720,000
B	8	A	80,000	\$ 640,000
C	9	A	80,000	\$ 720,000
D	7	B	60,000	\$ 420,000
D	21	C	40,000	\$ 840,000
D	42	D	20,000	\$ 840,000
			TOTAL	\$ 4,180,000

Our assumptions as outlined above result in the potential membership fee income of the GMA increasing by approximately 15% from GY\$ 3.7 million to GY\$ 4.2 million. In achieving this, however, the 70 member companies that are currently in Category D will have to increase their membership fees by almost 70% from GY\$ 1.24 million to GY\$ 2.1 million⁶.

In addition, members that are currently classified in categories B and C will also increase their fee contributions by 37% from GY\$ 1.0 million to GY\$ 1.4 million. The members currently classified in category A will reduce their contributions by some 87% from GY\$ 1.35 million to GY\$ 720,000.

Given the general economic environment in Guyana, the implications of making these changes should be given careful consideration before they are implemented in order to avoid the possibility that they may have a negative impact on membership numbers.

The proposed fee and classification changes will also have the effect of putting greater pressure on the Association both to market and maintain their membership and to demonstrate tangibly their capacity to provide an acceptable level of quality services to their members, especially the smaller ones who will now be carrying a greater share of the burden of administering the Association.

2.1.2 Project Management

One of the important aspects of the CPEC intervention and association with the GMA has been the joint conduct of several projects in which the GMA has had a project administration

⁶ To the extent that the distribution of small members is more skewed than assumed in the above table, then the potential fee income of the Association could be reduced. For example, if all 70 members indeed had to be classified as “small businesses” in the definition of that term that was proposed by the consultants, then fees from that group would total GY\$ 1.4 million instead of the GY\$ 2.1 million assumed above, and total income from fees would only be GY\$ 3.560 million as compared to GY\$ 3.69 million estimated for 2003 under the older existing category and fee structure

and management role. As part of the institutional strengthening approach, it was felt that if the GMA could develop its skills and resources in this area then this might be an area in which the Association could continue to earn income.

In this project management and administration role, the GMA would reasonably have been expected to report on a regular and consistent basis on the implementation of the projects. Unfortunately, the quality of project reporting has been less than satisfactory. The GMA has hired sub-project leaders/managers for the garment industry and the technical/vocational projects and has relied almost exclusively on non-standard reports from these managers as the source of reporting to CPEC and on the progress of the projects. This consultant was unable to find satisfactory reports from the GMA to CPEC on the management and progress of the projects.

One of the consequences of this is a level of dissatisfaction of CPEC leading to difficulties in the manner in which funding is paid to the GMA for project management. On the employment of the Executive Director, and within the framework of the expected performance of project management functions, the CPEC fees to the GMA included a component that supplemented the compensation for the Executive Director. As the difficulties adverted to above developed, CPEC seemed to adjust its contribution from a monthly stipend to a payment for project performance. As a consequence, the indications are that the expected CPEC share of the Executive Director's compensation has been slow in coming and that consequently the full cost has had to be paid out of the limited cash resources of the Association, pending the full payments to be made by CPEC.

The concerns here are not only with the impact and importance of the CPEC payments to the day-to-day operations of the GMA, but, as well, with the lessons that are implied in this example, for the ability and capacity of the GMA to organise and manage its projects.

Financial Review

In 2003, Lambert Lewis conducted a financial management review of the GMA as part of the CPEC-funded institutional strengthening project.⁷ The findings and major recommendations of the Lewis Report remain fully applicable to date and are reproduced below:

2.1.3 Findings of the Lewis Report

1. The financial standing of the GMA is at best considered weak based on its last audited financial statement December 31st 2002.
2. Net assets of G\$7.8 million are comprised of Accumulated Surplus of G\$423,000, Building Fund G\$425,000 and a balance of G\$7 million consisting of mainly grants from USAID and CIDA/CPEC
3. G\$6 million of the Fixed Assets purchased over a period of 4 years belong to CPEC and according to in the Audited Financial Statements "These assets were purchased with CPEC funds and are held in trust."

⁷ Lambert Lewis, "Financial Management Review of the GMA", CPEC Institutional Strengthening Project, 2003

4. The main source of income of the organization is subscription from members. The accounting policy is that these are accounted for on a cash basis and the collection rate averages 80%.
5. Surpluses after grants were realized in 1999 and 2001 corresponding with hosting of the biennial Exhibition and Fair.
6. The amount collected in subscriptions over the last five years is insufficient to meet the normal expenses of the organization and the operations have been sustained by the contribution paid by CPEC to GMA to cover overhead expenses, as well as by the contributions from the biennial Exhibition.
7. The UNDP sponsored EMPRETEC project partnered by the organization is expected to increase operational costs with deleterious effects on GMA's finances⁸.
8. Breakeven income is estimated at G\$10 million but the 2003 budget indicates that subscription income will peak at G\$4.3 million. The organization would therefore be hard-pressed to meet an income target of G\$12 million.
9. A component of the project that provided for developing good governance systems based on best practice supported by operational manuals, team building workshop, performance management systems and strategic planning undertaken by various Consultants, had not been implemented.
10. There has been frequent staff turnover within the organization particularly in the accounting section and as a result the accounting record and reporting standards have been unsatisfactory.

Of particular concern in this analysis is the impact of CPEC on the operations of the GMA. As indicated above, CPEC has funded the major part of the fixed assets recorded in the GMA accounts as well as a substantial part of the operating income of the Association.

It may be presumed that the assets that were acquired with CPEC's assistance are meant for the long term benefit of the GMA and that consequently, notwithstanding any concern about the appropriate accounting treatment of such assets they will ultimately be properly accounted for as GMA assets.

Beyond this however, the impact of CPEC on the operational income of the Association is however of greater immediate concern in the light of the impending termination of the current CPEC project with the GMA and the absence of any indication of what might be the future relationship between the two organisations.

Certainly if CPEC ceases to operate in collaboration with and from the offices of the GMA, then the Association will be faced with losing some 30% of the income that had been projected in its 2003 budget. Of a total budgeted income of GY\$ 11.94 million, GY\$ 4.27 million were expected from members fee contributions, GY\$3.5 million and GY\$ 2.5 million from the Biennial Exhibition and Fair that was scheduled for 2003. The CPEC contribution for 2003 was therefore approximately 29% of income. If an adjustment is made for the fact that the Exhibition and Fair is not an annual event, then the CPEC contribution would have been about 37% of income.

The Association therefore faces the major challenge of finding opportunities for earning additional income to replace what is currently provided by CPEC.

⁸ CPEC, through Mr. Lambert Lewis, is currently drawing up a financial plan which will, among other things, clarify the costs associated with activities such as the EMPRETEC project.

2.1.4 Recommendations of the Lewis Report

Arising out of his findings, Lewis went on to make recommendations for the improvement of GMA's financial management as follows, along with some current (June 2004) indications of expected completion target dates:

1. Improve efficiency in debt collection (members' fees) through active follow up with debtors supported by the implementation of computerized members' registration and QuickBooks Accounting Systems. (Target date: August 2004)
2. It should be the goal to net \$5 million from fundraising events (or other income generating activities) by increased subsidies and sponsorship to offset the deficit in the ensuing years and build reserves during the remaining period of the CPEC project.
3. It would be necessary to increase annual subscription fees across membership categories by a least 10% over the next three years. (Target date: October 2004)⁹
4. The financial viability of the GMA is dependent on its ability to attract new members, increase fees, provide innovative services, and improve operational efficiencies with effective use of technology, skilled competent staff and appropriate procedures and systems.
5. Future sustainability is subject to corrective steps taken within the next 3 months to enforce management controls, adopt an approach of best business practice to become market focused to realize surpluses on operations. (Ongoing target: December 2004)
6. The Executive Committee must introduce good corporate systems including equitable voting rights, improved communications, revised operating procedures, a performance appraisal system and other managerial procedures.
7. The vacancy of a Management Services Officer should be filled urgently in order to update the records, initiate membership recruitment and improve members' services delivery utilizing the technology already available.
8. Administrative responsibility for GMA's operation should be delegated from the Executive Committee to the Executive Director with appropriate authority
9. Executive Committee should provide focused service delivery to Category "D" members. (Largest numbers, highest delinquency and resignations).
10. Management should ensure that technology usage is maximized to improve efficiency and service delivery to members. (On-going)
11. Management should maintain proper accounting records and produce timely, comprehensive financial information to Executive Committee. (On-going)
12. Based on the satisfactory implementation of the foregoing recommendations, the Executive Committee and Management should make an application to CIDA/CPEC to extend the Institutional Strengthening Project for a further period of 18 months with specific performance-based criteria. (On-going)

⁹ Items 3, 6,8 and 9 are awaiting the election of a new Executive Committee.

At the time of this Consultant's visit in the third week of January 2004, few, if any, of these recommendations had been put into place and the administrative and financial management functions of the Association remained well below minimum acceptable standards¹⁰.

We also have a great concern about the demonstrated effectiveness of the Association as a project manager, and of its ability to develop this, and potentially other sources of income generating capability.

Further, the evidence suggests that the executive capability of the Executive Director is being curtailed by the manner in which the operations of the several sub-committees established by the Executive Committee perform, with the ED expected to respond in greater or lesser degree to each sub –committee rather than, for example, to the President solely. This pattern creates difficulties for effective management and more attention needs to be devoted to this issue as outlined in recommendation 8 above by Lewis.

2.1.5 Financial Analysis

Overall Financial Performance

The following characteristics of the financial performance of the Association have been observed:

- In each odd year, the Association holds an Exhibition and Fair and the returns from this event have a significant effect on its income. Apart from the years in which such Exhibitions are held, income growth in the Association is marginal. Own income was GY\$ 4.22 million in 1998 and GY\$ 4.26 million in 2002, both of which were non-Exhibition years.
- The introduction of the relationship with CPEC has had a significant impact on the Association's income, both from the contribution that CPEC makes as payments for administrative expenses and support and from the income that the GMA could derive from project management. In 2001, for example, income from these sources was approximately 75% of GMA's own income.
- Such balance sheet growth – growth in the financial value of the Association – as has taken place since 1998 derives almost exclusively from the benefits of the relationship with CPEC and other donors – including the acquisition of assets and the accumulation of Grant funds.
- There has been no growth in the Association's building fund over the period under review.
- The impact of CPEC on the Association is so great that the termination or even significant reduction of CPEC activities and relationships will have an extremely negative impact on the financial viability of the Association.

¹⁰ It has been reported that as at June 2004 several of the activities have since commenced and target dates have been established for them. Among the active projects are those related to items 1,5,10,11, and 12 above. Items 3, 6, 8 and 9 are awaiting election of a new Executive Committee.

Balance Sheet

The total assets of the Association were valued at GY\$ 10.2 million at December 31, 2002, the latest period for which audited accounts are available. Of this value, fixed assets were GY\$ 7.2 million of which GY\$ 6.5 million represented assets acquired under CPEC and other projects, and for which the status of GMA's ownership has not yet been resolved.

Apart from these, the GMA had receivables of GY\$ 1.5 million in 2002, a value which represents some 31% of the total income for the year and 48% of members' fees due for the year. Although all of the receivables may not relate exclusively to members' fees, the Association does indeed have a major collections problem with regard to fees, and it is arguable that most of the receivables relate to this element. The collections problem is reflected in the fact that for the past 5 financial year, receivables have represented significant proportions of total income and of income from members' fees.

Income and Expenditure

We have characterised the Association's income sources as "Own Income" and "CPEC and Project Income" in order to facilitate a better focus on its core operations. As indicated above, income from CPEC related activities have become the major sources of income for the GMA while there has been inconsistent growth membership fee income, and income from fund raising activities on a recurrent basis. There is of course the additional fund raising income that is earned in the years when the Exhibition is held.

Moreover, not only is the growth of income inconsistent, but there is also a high level of delinquency of payments to the Association, presumably largely in the area of members' fees. In 2002, for example, receivables – delinquent payments – were 48% of members' fees income. This must mean that the Association does and has been experiencing serious cash flow crunches.

The conclusion arrived at by Lewis in his comprehensive review of the financial management system of the Association remain starkly relevant and suggest that the strategy over the next few years should concentrate extensively on improving internal systems for financial management and for maintaining membership and collecting members fees. Should that effort be successful, it would provide a sound base for any future development efforts on which the GMA should concentrate.

The financial highlights for the period 1998 – 2002 are presented in the following table.

GMA - Highlights of Financial Performance							
1998 - 2002							
			1998	1999	2000	2001	2002
INCOME & EXPENSES							
Members Fees			2,712,000	2,701,334	3,555,580	2,965,000	3,089,900
Fund raising			472,050	3,480,795	1,094,963	2,620,804	503,680
Other Income			1,043,113	329,296	111,651	204,024	669,462
	Own Income		4,227,163	6,511,425	4,762,194	5,789,828	4,263,042
CPEC Contributions				1,129,063	3,275,093	3,405,333	3,421,870
Income from Other Projects						3,383,185	510,600
	CPEC & Project Income		-	1,129,063	3,275,093	6,788,518	3,932,470
Total Income			4,227,163	7,640,488	8,037,287	12,578,346	8,195,512
Total Expenses			5,892,855	6,265,391	8,063,045	9,927,478	9,224,130
Net Income			(1,665,692)	1,375,097	(25,758)	2,650,868	(1,028,618)
ASSETS							
Fixed and Other Assets			556,100	1,869,548	5,730,924	5,738,813	8,207,564
Cash			71,568	515,303	257,010	4,300,550	484,389
Receivables			92,000	785,139	951,906	1,159,679	1,474,543
Total Assets			719,668	3,169,990	6,939,840	11,199,042	10,166,496
LIABILITIES							
Payables			2,526,558	1,491,780	1,119,338	2,710,572	2,303,706
Loans and Other Liabilities			51,033	22,152	22,152	22,152	22,152
Total Liabilities			2,577,591	1,513,932	1,141,490	2,732,724	2,325,858
FUND AND RESERVES							
Accumulated Surplus			(2,548,596)	(1,173,494)	(1,199,302)	1,451,566	422,948
Building Fund			445,096	445,187	445,286	445,286	445,286
Grant Fund			245,577	2,384,365	6,552,366	6,569,466	6,972,404
RATIOS							
Receivables to Total Own Income			2%	12%	20%	20%	35%
Receivables to Members Fees			3%	29%	27%	39%	48%
Current Assets to Current Liabilities			6%	86%	106%	200%	84%

3 Review of the 2001 – 2003 Strategic Plan

Considerable resources have been expended in strategic planning for the GMA in the past several years resulting in a number of strategic plans being produced as well as the comprehensive institutional strengthening project, under the auspices of which additional strategic work has been undertaken.

This effort has produced, among other documents:

- GMA Strategic Plan – Mission, Goals, Objectives, Strategies 2000 – 2001
- GMA Strategic Plan – Mission, Goals, Objectives, Strategies 2001 – 2003
- The Van Houten Report
- Several Reports under the Institutional Strengthening Project including:
 - Report on Deliverable D2 by Sandra Jones Associates and Doreen Russo
 - The GMA Financial Management Review by Lambert Lewis

This current strategic review and establishment of strategic direction takes place against this very rich documentary and intervention background, and it is therefore useful and valuable to review the achievement of the strategic objectives that were established in the documents referred to above. The most convenient point for doing so is to review the achievement of the targets as they had been set out in the Strategic Plan 2001 – 2003.

Objectives and Targets

The GMA Strategic Plan 2001 – 2003 sets out nine major goals and established objectives and strategies for each of these. The nine (9) goals and objectives are as follows:

GOALS	OBJECTIVES
Initiate and implement skills development	Expand supply of entry and mid-level employment candidates qualified to work in member firms
Increase manufacturing sector's contribution to GDP through increased competitiveness and advocacy	Expand Guyana's manufacturing sector as a generator of wealth and job creation throughout the country
Promote opportunities for access to affordable financing	Obtain interest rate levels that make borrowing a contributor to competitiveness and growth
Strengthen executive and member commitment and build a more action oriented association	Instillation, from the executive through the membership, of deep commonality of purpose and incentive to act on issues important to Guyana's manufacturing sector and to increase membership
Diversify and grow GMA revenues	Transform GMA into an organisation of sustainable financial self –sufficiency
Build proficiency in information technology	Acquire necessary technology and develop expertise in exploiting it for members' benefit in provision of competitiveness and market information

GOALS	OBJECTIVES
Develop capabilities to conduct market research and feasibility studies for manufacturing opportunities	Provide members with data on international markets, products and competitiveness
Build national, regional and international linkages among organisations	Establish institutional linkages that strengthen GMA as an organisation and create opportunities for members
Promote good governance and build private sector-government cooperation	Not stated

These goals and objectives have been formulated within the framework of all the planning activity referred to above and appear to effectively capture the essential requirements for the association.

Review of Performance

Performance by the GMA on the established goals and objectives has been mixed, and perhaps the major emerging question appears to be with the effectiveness of management and with the creation of internal capacity to undertake more and effective activities. The following table summarises our assessment of this performance.

GMA: STRATEGIC PLAN 2001 – 2003

	VISION	An economically strong Guyana in which manufacturing and services sectors play a major role
	MISSION STATEMENT	Provide an institutional capacity to initiate, advocate, and promote programmes and policies spurring development and growth of manufacturing and related services and member competitiveness

GOALS	OBJECTIVES	STRATEGIES 2001-03	ACHIEVEMENTS AS AT DEC 03	GAPS
Initiate and implement skills development	Expand supply of entry and mid-level employment candidates qualified to work in member firms	Shrinking pools of labour qualified for employment in member firms hamstring competitiveness of Guyana's manufacturers; investment in training today will boost Guyana's manufacturers tomorrow. That requires broad based approaches involving GMA, firms, schools and training institutions and government	Participation in UNDP EMPRETEC initiative as partner. Project still in operation. Evaluation required.	GMA/ED not yet demonstrating adequate skills in project management. Review of financing capability and plans not yet complete. Not certain of sources of finance to maintain potential. Expect Phase 2 CPEC to help – but short term

GOALS	OBJECTIVES	STRATEGIES 2001-03	ACHIEVEMENTS AS AT DEC 03	GAPS
Increase manufacturing sector's contribution to GDP through increased competitiveness and advocacy	Expand Guyana's manufacturing sector as a generator of wealth and job creation throughout the country	Work to transform GMA members into knowledge-based manufacturers with respect to managerial, technological, financial and operational dexterity, manufacturing techniques, cost and pricing analysis, awareness of domestic and international markets and opportunities, and advocacy	Minimal progress	Internal capacity of GMA not yet capable of undertaking additional responsibilities. Additional studies proposed under Phase 2 CPEC
Promote opportunities for access to affordable financing	Obtain interest rate levels that make borrowing a contributor to competitiveness and growth	Push the generally accepted concept that commercial, consumer and personal access to competitive financing rates is vital to expanding business growth, economic opportunities and societal stability for all Guyanese citizens	Implementation of DFL relationship awaiting critical ministerial approvals	Advance preparation of members on the expected operational requirements of the new financing agency (DFL)

GOALS	OBJECTIVES	STRATEGIES 2001-03	ACHIEVEMENTS AS AT DEC 03	GAPS
Strengthen executive and member commitment and build a more action oriented association	Instillation, from the executive through the membership, of deep commonality of purpose and incentive to act on issues important to Guyana’s manufacturing sector and to increase membership	Strive to create multi-purpose organisational activism through planning and preparation, civic responsibility, member unity and coordination, willingness or motivation to act, continuity and sustainability of action, recognition of the importance of compromise, religious allegiance to follow through on issues for members	<p>Institutional strengthening work done under CPEC project.</p> <p>Recommendations still to be formally adopted by Membership.</p> <p>Proposal to extend CPEC Project to facilitate implementation</p> <p>ED’s management skills need development</p>	<p>Executive Committee attitudes as yet unchanged</p> <p>Insufficient Executive support for ED. Relationship is still “instructional”</p>
Diversify and grow GMA revenues	Transform GMA into an organisation of sustainable financial self-sufficiency	GMA should explore, develop and pursue a range of activities designed to put it on a path of financial self sufficiency that enables the association to better advocate for and represent its members and its industry	Proposal made for revision of membership classification and fee structure. Proposal not yet approved by membership	Financial impact and sustainability of proposal not fully analysed.

GOALS	OBJECTIVES	STRATEGIES 2001-03	ACHIEVEMENTS AS AT DEC 03	GAPS
Build proficiency in information technology	Acquire necessary technology and develop expertise in exploiting it for members' benefit in provision of competitiveness and market information	Strive to expand GMA and member awareness and competitive knowledge regarding the manufacturing industry via improved office technology skills that strengthen GMA's attractiveness to potential new members, and reflects an image of state of the art professionalism	Computer networks and internet service installed. Use is still basic. New programmes (Membership) not implemented and used. Accounting software fallen into disuse. Tedious semi manual system using Excel in use	Absence of powerful utilisation of systems in support of management. Operational staff to be properly trained in systems and software.
Develop capabilities to conduct market research and feasibility studies for manufacturing opportunities	Provide members with data on international markets, products and competitiveness	GMA should possess as a core institutional strength the capability to be a top class aggressive, authoritative and reliable promoter of Guyana's manufacturing industry – domestically and internationally	No progress Proposal made for new studies in CPEC Phase 2	Absence of project management skills will impact negatively on any proposals in this area.

GOALS	OBJECTIVES	STRATEGIES 2001-03	ACHIEVEMENTS AS AT DEC 03	GAPS
Build national, regional and international linkages among organisations	Establish institutional linkages that strengthen GMA as an organisation and create opportunities for members	Establishing maintaining (in target markets) linkages with multiplier organisations that are grounded in mutual advantage and benefit will lead to array of business opportunities unavailable otherwise and will help GMA position Guyana as a country with a progressive social and economic environment.	Limited progress. Proposal made for limited support for two foreign study tours (Barbados and Suriname) in CPEC Phase 2	Success will depend on rate of implementation and improvement in governance and management capacity.
Promote good governance and build private sector-government cooperation	Not stated	Not stated	Participation in broad based private sector interventions and mediation with major political parties and actors Advocacy activities continue	Secretariat does not have adequate capacity to inform positions.

4 Strategic Direction 2004 – 2006

Our analysis of the performance of the GMA over the past several years and assessment of the achievement of the objectives and goals of the 2001 – 2003 strategic plan, provide the framework for our recommendations for an appropriate strategic direction for the GMA for the period 2004 – 2006.

Opportunities and Challenges

The GMA is faced with a number of opportunities and challenges as it contemplates its strategic direction for the next few years. Our evaluation is that most of these opportunities and challenges, and indeed the threats that it faces are internal to the organisation. The extensive effort that is being expended on the institutional strengthening project and on efforts to continue that project into a phase 2, are evidence that other observers also believe that the keys to the future development and viability of the Association lie, in the short to medium term, entirely within the organisation.

Consequently, it is our view that the strategy for the Association over the next three years should primarily be based on addressing the critical threats and taking advantage of the opportunities that they disguise.

We are aware, of course of the Association's interest in exploring a number of projects in a number of areas. These include:

- Encouraging the development of a number of monetary and financial facilities in conjunction with participants in the banking and financial sector;
 - Implementation of proposals for a private development bank;
 - Facilitating the development of merchant banking services in Guyana;
 - Improving access to sources of equity financing for business;
 - Encouraging the development of loan syndication arrangements among banks;
 - Encouraging the development of financial leasing services within the financial sector;
- Leading the process of educating the business sector as well as the general public on issues related to regional and international trading trends and trade agreements;
 - Making substantive inputs into official trading positions espoused by the Government of Guyana;
 - Leading in the process of education and sensitisation of the business community and the general public on the impact of existing and proposed trading agreements;
- Creating a number of new services, including commercial services for sale to and the benefit of members and of the general public, where applicable;
 - Developing potential opportunities for commercial services for sale to members;

In addition to the above, the Association is very concerned about continuing its process of institutional strengthening, with a focus on the marketing of the organisation through communications and the development of a website.

In one form or another, these initiatives have been discussed for some time within the Association, and many of the strategies, if not the specific projects, were included in previous strategic plans, including the 2001-2003 Plan.

Unfortunately, progress on many of these initiatives has been sluggish and slow, primarily, in our view, because the organisation has not been properly prepared and readied for shouldering the responsibilities to which they aspire. Secondly, the Association has not yet been successful in establishing its clear leadership, either among its members or the general public, in matters of public interest in the business and trade sectors. Consequently, the achievement of success has been an uphill task.

It is against this background of unfulfilled plans that we have determined that the resources of the Association should firstly be concentrated on the completion of its internal and organisational development processes over the next year or so. Based on the success of this effort, the Association would be able, in the second half of the year, to better concentrate on developing specific programmes and projects to enable it to achieve the required level of success in three to five years.

The proper organisation of the Association and the development of membership growth – in numbers and in fees – ought to be the primary short term goals of the Association and we have attempted to define an implementation schedule for the achievement of these objectives.

We have identified the following key opportunities and threats for concentration in the short term:

- Upgrading Internal Organisational Capacity and Capability;
- Improving membership performance and fee income and reducing membership defaults;
- Developing advocacy of Key Issues for Members;
- Developing Project Management Capability and Opportunities;

4.1.1 Internal Capacity

Despite the efforts expended under the institutional strengthening project, the Association's internal systems and structures have not been sufficiently improved. The office is still badly organised and cramped and it is noteworthy that the Association has provided much more spacious and better quality offices for the EMPRETEC Programme – which makes no financial contribution to the Association – than those provided for itself and for the CPEC Programme. The filing systems are still in some disorder and files are not easily retrieved.

The atmosphere of lack of control contributes to an image of the Executive Director not being in effective control of the office, the work or his time. The fact that he apparently has to report directly to different persons (sub-committees) on different matters emphasises the appearance of lack of control.

Arising out of this weakness, the Executive Director has been unable to perform an adequate project management service for the CPEC projects, a weakness that has significant implications for current and future income earning capacity.

The Association has also been unable to recruit a Member Services Officer, which is a key position having regard to the fact that membership is the core source of income and that implementation of the proposed changes in the membership categories and fee structures will require significant efforts to convince members of the value of their continued membership in the Association.

4.1.2 Membership Levels and Income from Members' Dues

As indicated above, it is not entirely clear that the proposed new membership fee structure will lead to an increase in income or that its potential impact on membership levels has been given sufficiently deep consideration. In the short run this or any other approach to the question of maintaining membership levels and income from fees will become one of the most important challenges for the Association. Entirely related to this is the question of the new governance structure that has been proposed and that has not yet been fully endorsed by the membership in general Meeting.

4.1.3 Advocacy of Key Issues for Members

The primary output of the Association is that of advocacy with the Government and perhaps with similar industry associations on behalf of members' concerns. We believe that the Association should focus its limited resources on this core area rather than on attempting to break new, uncharted ground for avenues to create new income. If it fails to maintain its members' interest it is not likely to be successful with any efforts to provide market driven services for sale to its members.

4.1.4 Developing Project Management Capability and Opportunities

As part of the CPEC cooperation with the GMA, the Association is required to manage certain CPEC funded projects, in return for which CPEC made a contribution that was allocated to supplementing the compensation of the ED. This opportunity provided the Association with the possibility of building new capacities and with an additional source of income. Unfortunately, the Association's management of the projects has not met normal standards of project management and reporting and there is a consequent need to improve their capacity in this area.

Such an improvement in capacity will most likely come from improvements in the administrative arrangements at the office and from training of the Executive Director in project management and administration, and must take place if the Association is to realistically consider and successfully implement any new income earning projects.

Strategic Direction and Objectives

In contemplating the Association's strategy for the 2004 – 2006 period, it becomes especially clear that any such strategy should consist of two phases. The first phase, that ought not to last more than a year, should concentrate on making the appropriate organisational changes and improvements as have been suggested in the institutional strengthening project and its various sub-projects.

The second phase of strategy should then commence with a review of the Association's success and effectiveness in implementing the first phase, and then proceed to outline an appropriate strategy for the subsequent period based on the capacity of the organisation to undertake and manage new ventures.

In line with the opportunities and challenges outlined above, we identify the following critical areas of strategic direction for the Association. These and the objectives and strategies being recommended are designed to constitute the direction for what ought to be the first and second phases of strategic planning for the Association.

STRATEGIC DIRECTION	OBJECTIVE
PHASE 1	
Create the internal capacity for managing core functions as well as ancillary income earning functions	To ensure that the administrative and governance functions of the GMA support the effective operation of the organisation
Increase and Maintain Membership and Income from Dues	Maintain and increase the core level of income for the GMA through membership growth and revision of the fee structure
Improve quality and impact of advocacy efforts on members' issues	Create the capacity to effectively deliver the primary requirements of the membership
Create capacity to develop, secure, acquire funding and manage projects on a fee basis.	Successful hand-over from CPEC will define a capacity to source and manage new projects
PHASE 2	
Lead the process of business and public education on business and trade related issues	Develop leadership status in the debate, development and implementation of issues of economic importance to Guyana
Improved Association marketing	Further development of capacity to grow membership and income by providing high quality core member services and communication mechanisms
Continue Institutional Strengthening Process	Utilising grant as well as own funds, maintain the programme of continuous improvement, training and development of the GMA office and staff
Develop new income generating opportunities	Provide a wider range of commercial and information based services to members as well as the general public
Lead the development of a wider range of financing options and opportunities for members	Engage the financial services market in developing new financial options for business development and investment

The focus of the direction of the proposed Phase 1 of the GMA's 2004 – 2006 strategic plan as summarised in the above table is squarely on the improvement of internal capacity and effectiveness, on the development of its core businesses – membership maintenance and services – and finally on the development of its capacity to generate additional sources of income. In this latter area we have made the assumption that new income earning projects may most likely be handled as semi-autonomous related activities rather than directly out of

the GMA's resources. This is the basis of our emphasis on the development of project management capabilities within the Association.

Strategy and Work Plan

We have outlined a strategy and work plan for the first phase of the GMA Strategic Plan that ought to cover approximately one year. The basic elements of the strategy are as follows:

4.1.5

- 1 Complete Internal Institutional Strengthening
 - a. Complete all CPEC Institutional Strengthening Projects:
 - i. Utilise extension of CPEC project to provide resources and support for implementation – governance, accounting and financial policies, operational information systems – especially members' data base, membership marketing systems, project management.
 - b. Implement recommended Institutional and Governance Changes:
 - i. Establish clear authorities of Executive Director and Executive Committee
 - ii. Approve and implement changes to governance instruments – Articles, etc.
 - iii. Recruit staff for key positions – Member Services
 - iv. Improve filing system and reorganisation of ED's office
 - v. Establish clear responsibilities and targets for ED
 - vi. Implement formal systems for ED (and staff) performance management and evaluation
 - c. Improve accounting System – Install and utilise QuickBooks:
 - i. Recruit short term services of an accountant to set up the chart of accounts, report structures, reports and transaction relationships properly
 - ii. Train accounting assistant to enter data and produce standard reports
 - d. Train one or two staff members to discharge all routine administrative functions – organising lunches and functions, invitations, producing reports and communication documents, appointments, etc.
- 2 Strengthen Membership Management
 - a. Recruit Membership Services Officer
 - b. Develop Membership data base
 - c. Review proposals for membership classes and members' dues
 - d. Set targets for membership recruitment
 - e. Develop member marketing programmes and marketing materials
- 3 Strengthen Core Business Area - Advocacy

- a. Identify three (3) key advocacy issues (per year) with the following characteristics:
 - i. Targets the largest number of members
 - ii. Targets specific critical sectors
 - b. ED, in conjunction with Executive Committee, to develop materials and position on each of the three issues
 - c. President and ED with support of Executive Committee to lead discussions and effort
 - d. ED to develop mechanisms for marketing and gaining wide membership support for issues
- 4 Improve Project Management Capabilities and Capacity
- a. Train ED in project management requirements – financial and management reporting and evaluation of project deliverables – visits to CPEC H/O, CIDA, other local agencies.
 - b. ED to identify critical requirements for sector and member development to be developed as potential income earning projects.
 - c. Train ED in skills for winning grant funding – visits to CIDA, CPEC H/O, CARIFORUM, other local agencies.
 - d. Establish targets for identifying projects and securing funding for critical member and sector needs.

We summarise the above targets in the table below and relate them to the opportunities and challenges we have identified and to the strategic direction and objectives we have developed.

**GUYANA MANUFACTURERS ASSOCIATION
STRATEGIC DIRECTION 2004 – 2006**

STRATEGIC CHALLENGE – OPPORTUNITIES OR THREATS	STRATEGIC DIRECTION	OBJECTIVE	STRATEGY	TIMING ¹¹
Upgrading Internal Organisational Capacity and Capability	Create the internal capacity for managing core functions as well as ancillary income earning functions	To ensure that the administrative and governance functions of the GMA support the effective operation of the organisation	<ul style="list-style-type: none"> • Complete all CPEC Institutional Strengthening Projects: <ul style="list-style-type: none"> ○ Utilise extension of CPEC project to provide resources and support for implementation – governance, accounting and financial policies, operational information systems – especially members’ data base, membership marketing systems, project management. • Implement recommended Institutional and Governance Changes: <ul style="list-style-type: none"> ○ Establish clear authorities of Executive Director and Executive Committee ○ Approve and implement changes to governance instruments – Articles, etc. ○ Recruit staff for key positions – Member 	<p>CPEC Phase 2 proposals considered</p> <p>12/31/04</p> <p>3/31/04</p> <p>3/31/04</p> <p>1/31/04 and continuing 3/01/04</p> <p>3/31/04</p> <p>3/31/04</p>

¹¹ Given the passage of time since the analysis was first completed, and the progress that has been made in some areas, these time targets will need revision, perhaps, in some cases by as much as 6 months.

STRATEGIC CHALLENGE – OPPORTUNITIES OR THREATS	STRATEGIC DIRECTION	OBJECTIVE	STRATEGY	TIMING ¹¹
			<p>Services</p> <ul style="list-style-type: none"> ○ Improve filing system and reorganisation of ED's office ○ Establish clear responsibilities and targets for ED ○ Implement formal systems for ED (and staff) performance management and evaluation <ul style="list-style-type: none"> ● Improve accounting System – Install and utilise QuickBooks: <ul style="list-style-type: none"> ○ Recruit short term services of an accountant to set up the chart of accounts, report structures, reports and transaction relationships properly ○ Train accounting assistant to enter data and produce standard reports ● Train one or two staff members to discharge all routine administrative functions – organising lunches and functions, invitations, producing reports and communication documents, appointments, 	<p>3/31/04</p> <p>3/31/04</p> <p>3/31/04</p> <p>3/31/04</p>

STRATEGIC CHALLENGE – OPPORTUNITIES OR THREATS	STRATEGIC DIRECTION	OBJECTIVE	STRATEGY	TIMING ¹¹
			etc.	
Improving Membership levels and Income from Members' Dues	Increase and Maintain Membership and Income from Dues	Maintain and increase the core level of income for the GMA through membership growth	<ul style="list-style-type: none"> • Recruit Membership Services Officer • Develop Membership data base • Review proposals for membership classes and members' dues • Set targets for membership recruitment • Develop member marketing programmes and marketing materials 	<p>1/31/04</p> <p>9/30/04 6/30/04</p> <p>6/30/04 and continuing</p> <p>6/30/04 and continuing</p>
Improving Advocacy of Key Issues for Members	Improve quality and impact of advocacy efforts on members' issues	Create the capacity to effectively deliver the primary requirements of the membership	<ul style="list-style-type: none"> • Identify three (3) key advocacy issues (per year) with the following characteristics: <ul style="list-style-type: none"> ○ Targets the largest number of members ○ Targets specific critical sectors • ED to develop materials and position on each of the three issues • President and ED with support of Executive Committee to lead discussions and effort • ED to develop mechanisms for marketing and gaining wide membership support for issues 	<p>3/31/04</p> <p>Current Group D ED to identify</p> <p>6/30/04</p> <p>Immediate and to 12/31/04 – and each year</p> <p>Immediate and to 12/31/04 – and each year</p>

STRATEGIC CHALLENGE – OPPORTUNITIES OR THREATS	STRATEGIC DIRECTION	OBJECTIVE	STRATEGY	TIMING ¹¹
Developing Project Management Capability and Opportunities	Create capacity to develop, secure, acquire funding and manage projects on a fee basis.	Successful hand-over from CPEC will define a capacity to source and manage new projects	<ul style="list-style-type: none"> • Train ED in project management requirements – financial and management reporting and evaluation of project deliverables – visits to CPEC H/O, CIDA, other local agencies. • ED to identify critical requirements for sector and member development • Train ED in grant funding skills – visits to CIDA, CPEC H/O, CARIFORUM, other local agencies. • Establish targets for identifying projects and securing funding for critical member and sector needs. 	<p>6/30/04</p> <p>6/30/04</p> <p>6/30/04</p> <p>6/30/04</p> <p>6/30/04</p>

