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**Mongolian Chamber  
of Commerce and  
Industry Study Tour:**

**U.S. Business  
Associations and  
Services**

*GEMINI Technical Report No. 79*

**GEMINI**

**GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS**  
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Industry Study Tour:**

**U.S. Business Associations and Services**

by

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**September 1994**

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## TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	iii
PURPOSE OF TRIP	1
INITIAL ORIENTATION	1
WASHINGTON VISITS	2
Small Business Administration	2
Other National Business Associations	5
Review of Business Associations	6
OTHER WASHINGTON-AREA VISITS	7
Business Finance Meetings	7
Special Olympics	9
United States-Mongolia Business Council	9
FLORIDA VISITS	10
Greater Tampa Chamber of Commerce	10
Small Business Development Center, University of South Florida	11
Review of Florida Meetings	12
TEXAS VISITS	12
El Paso Chamber of Commerce	12
University of Texas, El Paso	15
SBDC at El Paso Community College	15
Other Visits in El Paso	16
Review of El Paso Meetings	16
NEW MEXICO VISITS	17
Las Cruces Chamber of Commerce	17
Genesis Center	18
Review of New Mexico Meetings	18
CLOSING SESSION	18
ANNEX      Resource People from the MCCI Study Tour	A-1

## EXECUTIVE SUMMARY

On April 17, 1994, a delegation from the Mongolian Chamber of Commerce and Industry (MCCI) arrived in Washington, D.C., to begin a two-week study tour. The delegates — the Chairman of the presidium of the chamber, a member of the presidium, and an officer of the chamber — were to learn about chamber of commerce goals, problems, and methods of operation in the United States. They also were to learn about U.S. institutions that deliver business training and education to small and medium-sized enterprises (SMEs).<sup>1</sup>

The study tour was broken into two sections, a series of meetings with business advocacy groups and with other specialized organizations in Washington, and a series of field visits to chambers of commerce, small business development centers, and related institutions in Florida, Texas, and New Mexico. The field visits included a review of chamber of commerce operations in large, medium-sized, and small urban areas. The delegation returned to Washington for a final briefing session before returning to Mongolia.

The Washington meetings began with a one-day orientation session to brief the delegates on several subjects, including the structure of governments in the United States, the relationships between business and government at various levels, and the dimensions of SMEs in the United States. The delegates then began a series of meetings with the U.S. Chamber of Commerce, the U.S. Small Business Administration (SBA), and several other organizations on the issue of advocacy for business. The U.S. Chamber of Commerce is the national-level chamber of commerce in the country. It considers advocacy for business interests to be its major goal. Chambers at the state level also focus almost exclusively on advocacy. Local chambers also see advocacy as important, but balance advocacy work with several other goals, including local economic development, community leadership, business networking, and education.

The delegation reached the following conclusions based on its Washington meetings:

- Advocacy is an important function of chambers of commerce in the United States, particularly at the national and state levels.
- Business advocacy is supported not only by the national chamber of commerce, but also by several major SME organizations, including the National Federation of Independent Business and National Small Business United, and by the federal government through the Office of Advocacy in the SBA.
- The key to effective advocacy is reasoned argument supported by a strong factual base of information. One implication for the MCCI is that it is important to increase the information available in Mongolia about Mongolian businesses and their impact on the Mongolian economy.
- Maintaining advocacy groups' membership is critical for effective advocacy, but is expensive, sometimes taking up as much as 50 percent of operating budgets.

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<sup>1</sup> In the United States, small enterprises are defined as those businesses with 1 to 99 employees, and medium-sized enterprises as those with 100 to 499 employees.

The MCCI delegation met with numerous other organizations in the Baltimore/Washington metropolitan area. Major areas of emphasis for these meetings included business financing, joint ventures with American firms, patent and trademark protection, marketing tourism in Mongolia, starting a national sports federation in Mongolia, and business education.

The field visits focused on all aspects of chamber of commerce operations, and on visits to small business development centers (SBDCs), technical assistance centers, and other business support organizations. The MCCI delegation learned that many organizations cooperate to finance and support activities that assist small businesses in the United States. This extensive institutional base is unavailable in Mongolia, forcing the MCCI to consider which support activities are most important, which can be provided through MCCI operations, and which can be developed through cooperation with other elements in Mongolia.

After extensive briefings from three chambers of commerce, the MCCI delegates concluded the following:

- American chambers of commerce focus more on domestic business and less on international activities.
- Recruiting and retaining membership is a critical issue for every chamber. Most chambers attempt to involve new members immediately in some activity, utilizing an extensive network of volunteer committees that produce much of the chambers' substantive output and most of their major activities.
- Chambers work hard to help train business owners to be community leaders. The leadership exercised by business owners in working on community projects builds a strong image for business, and reinforces community support for business.
- Chambers produce extensive informational material, much of which is used to assist in local economic development efforts.
- Chambers work closely with local governments and with other local organizations to improve the quality of life in their community.
- Chambers help their members meet each other and learn about each member's business capability. Chamber members are encouraged to use the services of other chamber members. Members clearly value the opportunity to market their products and services to other members. Members also help each other voluntarily through mentoring relationships or other counseling activities.

The MCCI delegation also met with university business school deans, with community college faculty, with SBDC staffs, with technical assistance facility managers, and with local business leaders supporting these institutions. The delegates found the range of support organizations, and the variety of funding mechanisms used to support these institutions, almost overwhelming. They were impressed with the extent to which these organizations cooperated with one another, and they were impressed with the extent to which local solutions had been developed to assist businesses with problems. The chamber in each community was obviously an important link, but only a link in a chain of organizations that, together, worked to improve business capability. The delegates concluded that it would take time to build such a comprehensive support program in Mongolia. In the meantime, the MCCI could consider taking the following actions:

- Developing services that could be sold to members. Examples of such services include pension plans; life, liability, and shipping insurance; equipment maintenance and repair; procurement services (group purchasing); copying, translation, and research services (for marketing). Some of these services could be provided through cooperation with third-party providers. The MCCI could be an agent for a liability insurance firm, for example, or could act as a repair agent for an equipment manufacturer. Other services could be delivered only if the MCCI could build the production capability to deliver them.
- Developing and delivering business training in areas such as business planning, business finance, cash flow management, bookkeeping, marketing and marketing research, procurement (purchasing), personnel management, management techniques, quantitative management skills, computer operations, and computer programming. Many of the basic materials for such courses have been developed in other countries, but the MCCI must deal with language issues, and with adjusting written materials to meet Mongolian accounting standards and other Mongolian laws.

The tour provided many opportunities for the Mongolian delegation to identify useful chamber programs and activities that could be developed in Mongolia. Several of the chamber briefings emphasized the need for developing a planning system that could help establish priorities for chamber activities, and help organize chamber resources to accomplish the activities. Officials at each of the chambers visited noted how critical it was to obtain feedback from members about how well the chamber was meeting their needs, and about ideas for better projects and programs to improve their business opportunities. Chamber officials also emphasized how important volunteers were to the success of the chamber. The chamber officials made it clear that their job was not to solve problems for local businesses, but to help local business members organize to solve their own problems. The Mongolian delegation left the United States with many ideas for new activities, and, one hopes, with new ideas about how to initiate and develop new programs.

## PURPOSE OF TRIP

Development Alternatives, Inc. (DAI) implemented a two-week study tour for three members of a delegation from the Mongolian Chamber of Commerce and Industry (MCCI): the Chairman of the presidium of the chamber, another presidium member, and a chamber officer. The study tour focused on the services the U.S. Chamber of Commerce delivers to members, with particular emphasis on services related to educating, training, or otherwise increasing the business capability of member businesses.

In addition to its regular functions, the MCCI has been equipped to provide training assistance and computer services assistance to member Mongolian businesses. The MCCI may also provide services to nonmembers on a reimbursable basis. The tour included a series of meetings with business advocacy groups and other specialized organizations in Washington, D.C., and a series of visits to several chambers of commerce and to several small business development centers (SBDCs) in the United States, where the team studied both the services being delivered and the human resources required to provide them.

## INITIAL ORIENTATION

The MCCI's visit began with a one-day orientation at DAI headquarters in Bethesda, Maryland. The session provided an opportunity for participants to become more familiar with:

- The structure of the U.S. government;
- The place of the Small Business Administration (SBA) in the executive branch;
- The nature of state and local governments in the United States;
- The relationships between small and medium-sized enterprises (SMEs) and governments in the United States; and
- The dimensions of small businesses in the American economy.<sup>1</sup>

Emphasis was placed on the many levels of government in the United States, and on the ways in which each level affects businesses through taxation and regulation, and through support programs. The team was also made aware of the many organizations that represent the interests of small businesses before the governments. Although chambers of commerce play a major role in this representational effort, their role was placed in the context of a competitive institutional market in which numerous organizations vie for the right to service business interests.

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<sup>1</sup> In the United States, small enterprises are defined as those businesses with 1 to 99 employees, and medium-sized enterprises as those with 100 to 499 employees.

## **WASHINGTON VISITS**

The Washington visits centered around meetings with the U.S. Chamber of Commerce, the SBA, and several other national small business organizations that represent small business interests before the federal government. These visits were intended to provide information to the MCCI about the importance of maintaining an effective business advocacy program at the national level. Other Washington area visits focused on several themes of interest to the delegation, including raising capital for business investment, joint venturing, particularly in the area of ecotourism, and supporting a national sports organization (following a complete decline in governmental support for sports).

### **Small Business Administration**

#### **Office of Advocacy**

The Chief Counsel for Advocacy in the SBA's Office of Advocacy supports small business interests before the agencies and departments of the United States government. Because the Chief Counsel is an internal advocate, housed within SBA, the incumbent has both special benefits and special constraints compared with officials of other advocacy programs. One advantage is that being in the government makes it easier for the Chief Counsel or his or her staff to obtain information on a timely basis. The Office of Advocacy staff work hard to maintain productive relationships with the key regulatory and tax staffs that influence regulations affecting small businesses. This close work with other federal agencies means that many potential regulatory problems are worked out informally before they reach public notice. Offsetting this advantage is the fact that the Chief Counsel is appointed by the President, and is expected to support the President's legislative and regulatory program, even if this occasionally hurts small business interests. The Chief Counsel must carefully choose those occasions when he or she opposes the President's program. Obviously, this decision is considered only after reasonable efforts have been made to change the program through internal discussion.

The Acting Chief Counsel for Advocacy emphasized to the MCCI delegation how important it is for an effective advocate to be supported by facts and credible economic research. Correct information is important because it can help the Chief Counsel gain access to discussions in which smaller business interests might otherwise be unwelcome. The Director of the Office of Economic Research described to the groups how the Office of Economic Research gathers and displays information to support the Chief Counsel.

#### **Office of Small Business Development Centers**

The Deputy Associate Administrator for the SBA's Office of Small Business Development Centers described to the delegation the concept of SBDCs and how it had changed and developed since the introduction of SBDCs in 1977. The program was introduced by the Congress partially to support university and college business schools, but also to provide short-term counseling and training for small businesses. Services were to be provided at no cost to small businesses. By 1993, the SBDC network had grown to 945 centers located in every state and territory of the United States. The lead organization in each state is often a public or private university, but some states organize and run their program through the state department of commerce or through a private contractor.

In 1993, SBDCs counseled 230,000 clients and provided training for an additional 326,000 clients. SBDCs are now allowed to charge for some services, and the range of services provided is expanding rapidly. SBDCs are funded primarily through a federal-state government partnership. The federal government provides 50 percent of the budget for SBDCs (\$72 million in 1994). This amount is matched by funds provided by each state. Many states and local communities choose to provide even larger proportions of matching funds. American governments appear to have learned that basic, nonspecific training for business (for example, training in how to keep financial records, or education on basic marketing techniques) cannot be provided effectively by the private market. This is probably due to the fact that much of this basic information is not protected by copyright, and private suppliers of such information cannot protect it from other users. The state can make this information available inexpensively to all potential users, without favoring any particular user or group of users.

When businesses need specific information, it can be provided by the private market, without government interference. Indeed, the government, in this case, must carefully consider how it would increase the flow of services to businesses without interfering with profit-making businesses that provide similar services. More successful SBDCs have dealt with this issue by providing higher-level services only when it is clear that they are unavailable in the private market.

SBDCs in the United States are loosely coordinated by the SBA, but each state program is managed within the state to meet the needs of the state's businesses. SBDC directors share information through a national association, an SBDC clearinghouse (a computerized information system), a quarterly journal, and annual regional meetings. Successful training or counseling programs are quickly adopted by other SBDCs, and SBDC productivity has risen considerably through such information-sharing. Many other countries, notably Japan, Poland, Hungary, and the Czech Republic, have also applied this concept.

Because each SBDC adjusts its program to meet local needs and to make use of local resources, it was considered useful for MCCI delegates to visit several SBDCs in the course of their tour.

### **Office of Business Initiatives**

The Director of the SBA's Office of Business Initiatives provided the delegation with an overview of the approach underlying most SBDC training activities. Business development is broken into four stages beginning with a pre-venture planning stage, and progressing through an introduction stage, a growth stage, and a maturity stage. During the first two stages, much of the information a new business needs is considered general counseling or general training in broad business subjects such as business planning, obtaining funds, marketing, and basic bookkeeping. Much of this information can be provided by SBDCs effectively and cheaply; few private consultants attempt to meet these low-level or generic needs for information.

As the business moves through the introduction stage and into the growth stage, the questions for which the business needs help become more specific, requiring specialized research and knowledge. These services are best provided by private consultants who specialize in particular business problem areas. Some specialized needs can be met by specially tailored training courses or by focused assistance from an SBDC, however. Examples of such help might be found in the area of international trade, or in marketing a localized, regional product. Growing or mature firms need advanced skills training, or very specialized technical assistance. This type of help should be provided by private consultants, without government participation in this market.

## **Review of SBA Meetings**

The MCCI visitors learned that advocacy is an important function, and that good information is critical to good advocacy. They also found that businesses need several kinds of information and that the type of information required changes as the business grows and matures, as does the source of that information. One question that interested the MCCI visitors was what business counseling and business education services the MCCI should be producing given the situation in Mongolia. This question was examined more closely after visiting with local chambers of commerce and local SBDCs.

### **The U.S. Chamber of Commerce**

The dominant business organization in the United States is the chamber of commerce. The MCCI representatives were told that all chambers in the United States are independent organizations. Local chambers have the option to join the state chamber, and state and local chambers may choose to join the national chamber. The chambers relate to one another only if one is convinced that the services received from another are worth the dues payment required.

The membership of the U.S. Chamber of Commerce comprises 215,000 independent businesses (including almost all of the largest businesses), 3,000 local and state chambers of commerce, 1,500 trade or professional organizations, and 70 American chambers of commerce in foreign cities. Ninety-five percent of the national members have fewer than 100 employees, and 85 percent have fewer than 10 employees. Dues paid are a function of employee size and business sales. Not surprisingly, larger businesses pay a high proportion of national chamber dues, and have a correspondingly large influence on policy positions adopted by the national chamber. Policy for the chamber is determined by a 65-member board of directors made up of chief executive officers representing, for the most part, large businesses. The national chamber is not considered a close friend of small businesses. State and local chambers, however, are almost always dominated by small businesses and by policies affecting small businesses.

The national chamber exists to lobby on behalf of members. It has 400 employees in Washington, 400 employees in regional offices, and 200 full-time salespeople located in offices around the country. The annual budget for the chamber is approximately \$65 million. State and local chambers also act as lobbyists for business, although at the local level this is only one of several functions a chamber performs. Others include networking, economic development, and community leadership. State and local chambers are also supported by dues based on members' employment size and sales.

### **The Small Business Center**

The U.S. Chamber of Commerce is organized along policy or functional lines. Each policy center is staffed by experts who are supervised by a supervisory committee. The latter consists of members of the national chamber board, augmented by volunteers from companies interested in the specific policy a particular center addresses. Small businesses are organized into a Small Business Center, the only center in the national chamber that cuts across policy lines. Some small business owners may sit, therefore, on any of the policy center committees. This ensures that small businesses have an opportunity to influence the chamber's position on almost any policy, but doesn't guarantee that the final policy position the chamber adopts will represent small business interests. The Small Business Center does appear to have growing weight in national chamber deliberations, however. Small businesses in the Chamber will play an important role in 1994 and early 1995 in preparing national chamber positions for the White House Conference on Small Business, scheduled for summer 1995.

### **The International Division**

The Director of the Asia Trade Policy section of the national chamber's International Division told the MCCI visitors that international trade issues are an important subset of national chamber issues. Much of 1993 and 1994 have been occupied with representing chamber interests in the debates on the North American Free Trade Agreement and the General Agreement on Tariffs and Trade. The chamber has long been considered a promoter of international trade because most American exports are made by large member companies. The chamber is a strong promoter of U.S. export promotion efforts, particularly because the federal government spends less on its support of export programs than any other major country. The chamber has been supportive of increased trade with Mongolia, and has worked to facilitate trade and joint ventures between American and Mongolian companies.

### **The Center for International Private Enterprise (CIPE)**

The CIPE is a nonprofit affiliate of the national chamber of commerce. Its goals include promoting entrepreneurship and helping to open market economies around the world in areas such as the former Soviet Union, Eastern Europe, and Latin America. The CIPE works primarily with indigenous groups in each country, teaching them about business policy and business representation and advocacy.

The Mongolian delegation indicated a strong interest in working with CIPE to develop an outreach program that would establish regional chambers in cities outside Ulaanbaatar. The CIPE Program Officer responded positively to this proposal, and indicated that the MCCI would have to develop and submit a funding request seeking support. The Program Officer indicated that the proposal would have to have specific goals and carefully developed objectives specifying how the goals were to be accomplished. He provided the delegation with a set of application papers and some information about funding deadlines.

### **Other National Business Associations**

#### **The National Federation of Independent Business**

The National Federation of Independent Business (NFIB) is the largest of the organizations representing U.S. small business interests. The NFIB has approximately 600,000 members throughout the country. Membership is maintained through an extensive network of field salespeople, who visit both member and nonmember businesses during the year, signing them up as new or renewal members. Approximately half of NFIB's \$65 million annual budget is devoted to membership recruitment. The size of the recruiting effort as a proportion of total activity appeared to surprise the MCCI representatives. Because almost all members of the Mongolian chamber are located in Ulaanbaatar, the MCCI has not considered how large recruitment costs might be were the MCCI to open satellite chambers across Mongolia.

The NFIB economist conducting the briefing with the MCCI delegation noted that organizing businesses in a democratic fashion was an expensive proposition when there are approximately six million businesses with employees in the United States. The NFIB has no fixed dues structure; members are asked to donate at least \$75 per year, and may not donate more than \$1,000 per year, in keeping with the democratic nature of the organization. The average contribution is slightly more than \$100 per year.

Policy positions at the NFIB are developed using a very open and democratic procedure. Every other month, NFIB staff prepare a document called a Mandate. The Mandate contains brief policy positions on five issues, along with a brief statement of the arguments for and against the proposed positioning. All members are asked to vote on whether they agree with the policy positions, disagree, or find them irrelevant to their business. Only if the membership shows a strong interest in supporting a position does the staff add it to the list of policies it lobbies for before the government.

The members of the U.S. Congress know that NFIB has polled its entire membership before selecting issues for lobbying. The Congress, therefore, pays close attention to the arguments the NFIB presents in support of its members' position on an issue. NFIB also maintains a lobbying presence in each of the 50 state capitals. Policy issues at the state level are developed through a similar mandate process.

NFIB maintains a nonprofit research foundation that conducts a monthly survey of NFIB members. This survey provides some of the best data available on the current and expected welfare of small businesses in the United States. The NFIB research foundation also provides studies in support of particular policy proposals. Like the Office of Advocacy in the SBA, NFIB recognizes that credible arguments require good research and information.

### **National Small Business United**

National Small Business United (NSBU) is a third major organization representing small business interests at the national level. NSBU is organized along lines similar to the national chamber, with the exception that membership is restricted to SMEs or to organizations representing SMEs. In many large cities in the United States, the local chamber of commerce historically has been dominated by large businesses. In most of these communities, therefore, a competing organization was started to represent small business interests. In Cleveland, for example, many local small businesses are members of COSE, the Council of Smaller Enterprises. This organization is a member of NSBU and represents most of the small businesses in the Cleveland metropolitan area. Approximately 15 such organizations are major members of NSBU. NSBU also welcomes individual members, of which it has about 60,000. Both individual and group members elect representatives to NSBU's board of directors. This board, through a committee structure, establishes policy for NSBU. The board of directors is supported by a nonprofit research foundation similar to that maintained by the NFIB.

### **Review of Business Associations**

MCCI representatives learned a great deal from their interaction with representatives from the national chamber, NFIB, and NSBU. One critical area the delegation agreed on is that it is important for the MCCI to be an effective advocate for small business interests in Mongolia. This is particularly true because Mongolia lacks the variety of business organizations found in the United States. Other lessons the group learned included:

- It is expensive to run a democratically organized business lobby group; building membership costs money.
- Business organizations often exist in a competitive marketplace similar to that in which their constituents operate. In such a climate, each organization must convince its members that the services it provides are worth the dues members pay.

- Small businesses can affect the legislative and regulatory process by organizing themselves into effective lobbying groups.

## **OTHER WASHINGTON-AREA VISITS**

### **Business Finance Meetings**

The MCCI delegation visited three financial organizations during its time in Washington, D.C. Meetings with these organizations are described below.

#### **The Economic Development Finance Corporation**

The President of the Washington Economic Development Finance Corporation (EDFC) briefed the group on the approach the District of Columbia government takes in supporting the financing of minority businesses in Washington, D.C. The city established the EDFC as a venture-capital program to invest in area businesses that are unable to find funding elsewhere. Two corporations are involved. One seeks to obtain funds from private investors to make investments in other D.C. firms. This corporation operates as a private venture capital fund, or a small business investment corporation, an investment company chartered and regulated by the SBA. The second corporation is a nonprofit corporation chartered by the city to make similar investments using a supply of funds provided by the city from tax proceeds. The two corporations look for similar investments, but the corporation receiving city funds is more willing to take certain risks in order to generate jobs within the city.

The MCCI members were briefed on the "due diligence" investigation the EDFC makes following an application for funds. This investigation is made by the corporate staff and submitted to an investment committee made up of the EDFC's board of directors. The MCCI visitors were told that investments cannot be made unless the firm requesting the funds can convince the board of directors that it has a reasonable expectation of surviving in the marketplace. The board must be convinced that the business plan has been well thought out and that the applicant firm's management team has the experience and knowledge needed to succeed. Even though the funds are partially supplied by the government, the EDFC works to ensure that all investments meet private market standards. In many cases, the EDFC must work with the company requesting funds to help it improve its business plan and staffing, to produce a proposal that will be acceptable to the board.

#### **The Maryland Small Business Development Financing Authority**

The Maryland Small Business Development Financing Authority (MSBDFA) is located in Baltimore, approximately 50 kilometers from downtown Washington. The MSBDFA is part of the Maryland Department of Economic and Employment Development, an umbrella organization that runs many programs supporting business and employment growth in the state of Maryland. The MSBDFA specializes in lending to minority firms that cannot access financing from regular sources of funds. The MSBDFA requires a complete application that includes a detailed business plan, a full marketing analysis, and a credit check. The authority insists that the loan applicant be "bankable" — that is, that it meet the same standards that would normally be set by a conservative bank. Given these high standards, the MSBDFA has relatively few failures among its borrowers. The authority has shown that it is possible to make loans in circumstances in which a traditional bank would deny the loan.

One tool the MSBDFA uses to support its borrowers is access to other programs that may help the small business receiving financial help. The authority makes use of the local SBDC for counseling, assists with training by using other state funds, and keeps a regular check on the receiving firm's progress. The MSBDFA's success proves that loans can be made in difficult circumstances, if the funding agency develops the knowledge that allows it to choose from competing opportunities. The loans must be made using tough standards and careful analysis of proposals.

### **Overseas Private Investment Corporation**

The Overseas Private Investment Corporation (OPIC) provides financing to American firms operating in 142 countries, including Mongolia. The MCCI delegation was interested in learning about OPIC's interest in financing joint ventures in Mongolia, and learned that OPIC is anxious to find good projects for the country. The Manager of Asia and Latin America Investment Development told the group that funds were available providing that a proposed project would not harm American jobs. Textile output would be difficult to fund, for example, but a hotel could be financed more easily. Individual projects could be funded for between \$2 million and \$200 million, with the funds going to the American partner in case of a joint venture. Funds would have to be sufficient to guarantee completion of a project.

Although OPIC's major interest is helping American businesses with investment opportunities abroad, it encourages business partnering when appropriate, and is always seeking knowledgeable contacts in a country that can suggest partners or assist American firms in finding good partners. OPIC is funded by the American government, but has consistently made a profit since its inception, and has built up large capital reserves based on these profits. OPIC has helped to overcome reluctance on the part of many American banks to finance opportunities for overseas investments.

### **Review of Financing Meetings**

The financial organizations the Mongolian representatives visited are all sponsored by a government body, and each of the financing entities specializes in making loans or investments that other financial organizations would not make. Each of the three organizations visited exercises high standards and closely analyzes the projects it considers for funding. The two domestic funding programs, EDFC and the MSBDFA, show that loans or investments can be made in circumstances under which most banks would decline to make a loan, provided that the business opportunity is carefully checked, and that the funding agency is willing to work with other assistance providers to ensure that nonfinancial support is available when needed. Both the EDFC and the MSBDFA specialize in financing. They do not provide additional help directly, but do know where to secure help from other public or private sources to assist with employee training or other necessary assistance.

### **World Wildlife Fund**

The MCCI delegation met with a program official from the World Wildlife Fund to discuss the opportunities for ecotourism in Mongolia. Because Mongolia has extensive land resources and low population pressure, it has many areas supporting rare wildlife such as the snow leopard. Visitors to Mongolia might wish to join a wildlife tour allowing them to see such animals but not hunt them, or hunt them only under carefully prescribed conditions. The World Wildlife Fund representative suggested a number of contacts in the United States that could act as potential joint-venture partners for Mongolian firms wishing to organize such tourism activities. The fund representative also suggested several firms

that could help with advertising such visits in the United States, and suggested that American media could be used to publicize tourist opportunities through articles written for newspaper travel sections and travel magazines. The representative urged the delegation to contact the fund's Asia desk officer, who was traveling during the delegates' visit, to determine whether the World Wildlife Fund could provide additional assistance to the MCCI.

### **Special Olympics**

The Mongolian delegates indicated a strong interest in examining ways to finance and otherwise support Mongolian sports teams in international competition. Following the fall of the Socialist regime in Mongolia, all government funding for such activities ceased. The MCCI delegation wished to know how to organize an athletic program in Mongolia that would enable athletes to participate in selected sports at the international level.

Special Olympics is a program that supports participation of mentally retarded individuals in organized sports activities around the world. The program is active in 126 countries. All funding in the United States is private, but government funds are available in some other countries. The members of the Special Olympics staff include many specialists who have organized and run national sporting events in a variety of sports. These individuals were able to provide an expert briefing about the steps necessary to initiate a national sports program in Mongolia.

Special Olympics staff outlined for the delegation the way in which national sports organizations are organized in various countries. Business leaders often make important contributions to the establishment of a sports program by bringing together government representatives with sports leaders, medical specialists, educators, and other interested parties to form a group that can serve as the organizational basis for the proposed sports program. The business community can help the board of directors of such an organization with fund raising, public relations, and the sponsorship of domestic competition. For example, businesses can sponsor teams or leagues at the local level, and can support organizational bodies attempting to increase the capability of domestic athletes. Business leaders can also initiate support activities that lead to the establishment of domestic organizations for individual sports. These activities can help educate Mongolians about the importance of the business community.

### **United States-Mongolia Business Council**

The U.S.-Mongolia Business Council was founded to help American businesses wishing to do business in Mongolia. The council provides American firms with information about Mongolian culture, business practices, and capable companies. It also helps firms gain access senior officials in the Mongolian government and the MCCI. The council can refer American firms to other American firms with Mongolian experience, and can provide advice about and assistance with working in Mongolia.

Many large American firms belong to the U.S.-Mongolia Business Council, and some SMEs are joining as well. The MCCI delegation offered to act as brokers whenever needed to assist with joint ventures or with American investments in Mongolia. It was clear from the interactions between the delegation and the council representatives that they had met frequently before, and had a productive working relationship.

## **FLORIDA VISITS**

The MCCI delegation's stay in Florida began with visits to the Greater Tampa Chamber of Commerce and the SBDC sponsored by the University of South Florida.

### **Greater Tampa Chamber of Commerce**

The Greater Tampa Chamber of Commerce represents a metropolitan area with a population about equal to that of Mongolia. The chamber provides the full range of services expected from a chamber of commerce, including extensive publications and information programs. The briefing of the Mongolian delegation began with an overview of chamber organization. Following, the discussion shifted to acquiring and retaining members, membership dues, international trade activities, volunteer activities, and member services.

The Greater Tampa Chamber of Commerce recruits new members through meetings it sponsors in the early morning, before businesses open for the day, and in the evening, after many businesses have closed. The meetings are sponsored in some cases by member businesses that wish to introduce themselves to other members or to the community. Recruitment sessions are informal.

New members are necessary to replace members lost through closing of businesses or through retirement of owners. About 100 member firms are contacted by phone survey each month to discuss how the chamber is helping their business. A carefully designed survey instrument is used so that comparisons can be made over time to see if any chamber programs are losing touch with their constituents. Membership dues begin at approximately \$280 per year per firm, plus an additional amount based on an index that varies by industry or type of industry. Some businesses pay additional fees based on their number of employees; others pay according to an index of production (banks pay according to deposit size, for example).

The chamber has two other units that also charge fees. One of these is the Committee of One Hundred, the chamber's economic development arm. The committee does major fund raising to assist with economic development projects involving not only the chamber, but also local and county governments. The second group to charge fees is the International Trade Council. Because Tampa is an active seaport and has an active international airport, the city is a shipping center for exports and imports. In most chambers, the international division is a part of the chamber, and one must join the chamber in order to work with it. In the Tampa chamber, however, one can join the International Trade Council without joining the chamber. (The same is not true for the Committee of One Hundred, whose members must also be members of the chamber.)

In addition to these two dues-paying units, the chamber sponsors a CEO roundtable. Roundtable groups are organized by employment size and industry where feasible. At the roundtable, chief executive officers of chamber-member companies are invited to discuss common problems with executives from companies of similar size. Executives explore mutual solutions and sometimes develop methods to help one another.

The Greater Tampa chamber provides several other services as well. These services range from lobbying for business interests before the local, county, and state governments to communication services that inform local businesses about business policy and the local community about the role of business in the community. The chamber also provides extensive networking opportunities for its members and

sponsors several important directories that feature member businesses. The Tampa chamber has about 3,000 corporate members, most of whom have fewer than 50 employees, and a staff of 65.

The MCCI delegation felt comfortable with the organizational structure of the Tampa chamber. Most of the services provided were familiar to the delegates, although in comparison with the Tampa group, the MCCI emphasizes much less its networking and information functions (although it has sponsored a membership directory), and emphasizes much more its international business function and assistance with deal making. Both the Mongolian chamber and the Tampa chamber also spend time on formal business matters, such as issuing certificates of origin.

### **The Small Business Development Center of the University of South Florida**

The SBDC at the University of South Florida is a large center with a full range of educational and counseling services for small businesses throughout a 15-county region of South Florida. Services are provided through a central facility in Tampa and through a series of satellite centers around the metropolitan area. In addition to providing a full range of training courses for local businesspeople, the SBDC provides counseling and advice through "prebusiness" workshops (which systematically review the factors involved in starting a business), and through short- and long-term counseling of new business owners.

The SBDC in Tampa has helped local small businesses not only by offering the usual SBDC services, but also by identifying or initiating other service delivery organizations to provide complementary assistance that is needed to produce healthier and more competent business owners and businesses. The Tampa Bay area provides an excellent example of the business support network approach that appears to be growing throughout the United States. This approach brings together public and private service organizations, members of the local business community, and local bankers or venture capitalists to ensure that local businesses do not fail for lack of access to necessary training or resources. Through this support network, SBDC staff members see themselves as only one part of the total support mechanism available to smaller businesses in the Tampa Bay area. If initial counseling indicates that a particular business has a shortage of capital, the business is directed to a local bank or to a venture capital organization for a loan or equity capital. Similarly, if a business approaches a local bank with a creditworthy business plan, reasonable capital, but a lack of specific management training, the business is referred to the SBDC for training.

The SBDC acts as both a referral center — sending businesses to other community-based or private organizations — and a service delivery center, accepting referrals from other community reference points. Once a business seeks help from anywhere within the community support system, it is referred to the appropriate service delivery point. Individual service providers offer training, technical assistance, money, or other assistance, if the requesting business has shown a need and the ability to handle the assistance. Firms that lack the ability to accept some forms of aid are taught the necessary skills to increase their absorptive capacity.

One possible role for the MCCI to consider in Ulaanbaatar is that of integrator, in which it would attempt to bring together similar support services for small businesses. The MCCI may choose to offer many services itself, but it can also be very effective by providing the leadership to bring other helping institutions into a support system for small businesses.

## **Review of Florida Meetings**

The MCCI delegation learned several important lessons from visiting the Greater Tampa Chamber of Commerce and the University of South Florida SBDC. These include the following:

- Successful chambers focus on the needs of their constituent members and carefully survey their members to see whether and how to improve service delivery.
- One major service the Tampa chamber provides is the ability to help local businesses meet one another and learn more about one another's business capabilities.
- A successful chamber in the United States works closely with local governments on activities of mutual interest, including economic development and business growth.
- A successful SBDC helps to integrate support resources for small businesses, bringing other service providers into the delivery circle. Thus, the SBDC begins with the realization that it cannot help every business directly.
- The SBDC grows in capability over time as it produces better-trained counselors and business educators. The SBDC also becomes more useful because of the information it acquires about local community resources that can help in the business problem-solving process. If necessary, the SBDC may work within the community to help build necessary organizations to fill holes in the business support network.

## **TEXAS VISITS**

Following the visits in the Tampa Bay region, the MCCI delegation flew to El Paso, Texas, to visit institutions in that area. El Paso was chosen for a number of reasons. First, it is about the same size as Ulaanbaatar, the capital of Mongolia. Like Ulaanbaatar, El Paso is surrounded (at least partially) by mineral-rich desert country and by countryside used to support livestock. El Paso also has a large textile and clothing industry, and other industries that utilize relatively unskilled but disciplined workers.

### **The Greater El Paso Chamber of Commerce**

The Greater El Paso Chamber of Commerce services the greater El Paso metropolitan area, which contains about the same-size population as the Ulaanbaatar metropolitan area. El Paso is, of course, more highly developed than Ulaanbaatar, but ranks at the bottom of the per capita income scale among the 319 metropolitan areas in the United States. This low per capita income ranking is primarily due to the presence of a large Mexican population across the border in Ciudad Juarez. Ciudad Juarez is larger than El Paso, and provides many of the workers for El Paso's factories. The El Paso chamber works closely with the Chamber of Commerce in Ciudad Juarez, and with chambers in other major cities within a 300-mile radius.

The Development Director of the El Paso chamber traced for the MCCI visitors the chamber's history and organization. The original El Paso chamber was founded in 1899, but the modern chamber was formed through the merger of six smaller local chambers. The chamber went through a major reorganization in 1989. It now has 29 employees, an annual budget of \$1.5 million, 2,000 active

business members, and 6,000 people active in chamber activities. The 2,000 businesses are recruited from a base of approximately 16,000 to 18,000 businesses in the El Paso area. According to the Texas state chamber of commerce, somewhere between 8 and 15 percent of El Paso's businesses belong to the El Paso chamber.

El Paso also has the Hispanic Chamber of Commerce, which is independent of the El Paso chamber. The Hispanic chamber focuses on small businesses and is more active in certain parts of the city. Also, the Korean Chamber of Commerce was recently formed by Korean business people migrating to El Paso following riots in Los Angeles. Some members of both the Hispanic and Korean chambers are also members of the El Paso chamber.

The El Paso chamber staff is broken into six units. The administrative unit handles support staff, staff training and development, printing of materials, and support for the chamber's management information system. The chamber's Business Opportunities Division provides assistance to start-up or early-stage businesses using several volunteer programs. A business volunteer council provides counseling for new businesses requesting assistance. The unit also maintains a small business resources center that provides a centralized source of information about other support programs, licensing requirements, taxation, and other areas of interest. The division also runs a women's mentoring program called "Chamber Women in Action," which helps with networking among women-owned businesses and with the establishment of mentoring relationships between successful women business owners and newly established women business owners. The division runs an annual "Business to Business" trade show, and a "Hire El Paso" trade show that emphasizes buying from local businesses, whether or not they are chamber members.

The chamber's Governmental Affairs and Education Division prepares, using a large volunteer committee of local businesspeople, a local legislative agenda related to business needs. This agenda covers areas such as fire protection, police, transportation policy, and education and training and is developed through a survey of chamber members. The most recent agenda had 84 recommendations for local legislative consideration. Following preparation of the agenda, volunteer chamber members take the program to local legislators, school boards, and others and follow the progress of legislation throughout the year.

As might be expected, with a foreign border forming one edge of El Paso, the chamber has an active International Development Council. This council uses volunteers to run its program, which features a two-day trip to Austin (the state capital) to talk with the governor, state legislative representatives, government officials, and others about relations with Mexico. One major issue this year, for example, has been the question of transportation rules governing the movement of trucks across the Mexican border. This question increases in importance each day, because trade in both directions is increasing rapidly following passage of the North American Free Trade Agreement (NAFTA).

In other international activities, the El Paso chamber was instrumental in forming the "Camino Real Economic Alliance," which brings together large chambers of commerce in Chihuahua and Ciudad Juarez, Mexico, with chambers in El Paso, Las Cruces (New Mexico), and Santa Fe (New Mexico) to form a mutual interest group supporting the movement of goods and information throughout the border region. The group has initiated studies of economic development possibilities for the area.

A fifth unit of the El Paso chamber is the recently formed Community Development Division. Its 60-person volunteer committee (which had 10 volunteers only a year ago) focuses on issues such as the quality of life in the El Paso area, housing, and tourism. Tourism appears relatively underdeveloped, and the committee is investigating ways to make the history of the area more interesting to tourists. The

committee recently initiated a program called "Stay Another Day in El Paso" that features innovative pricing and coupon opportunities designed to entice visitors into staying in town an extra day.

The sixth unit of the El Paso chamber is one of the chamber's most important — the Industrial Development Division. This division works closely with city, county, and state officials to provide information to businesses considering moving to El Paso to gain access to the Mexican market, or to make use of the good labor supply in the El Paso area. The chamber prepares several publications providing information about business possibilities in Mexico and the southwestern United States.

The hallmark of the El Paso chamber's programming approach is its use of volunteers. One reason for this approach is that volunteer help is inexpensive, but a far more important reason stems from the chamber's goal of involving as many of its members as possible in activities that help them contribute to the welfare of the El Paso community. This feeling of belonging, of giving something to the community (either the business community or the extended social community) is critical to the chamber's program of retaining members and increasing the chamber's growth. The chamber has found that it does not retain new members unless it involves them in chamber activities immediately and on a continuing basis.

The El Paso chamber, through its Business Opportunities Division, misses no opportunity to increase interaction among its members. Networking opportunities are constantly being developed or enhanced. In addition to the programs mentioned earlier, the chamber sponsors a "Business after Hours" program from 5:30 to 7:30 p.m. on the third Thursday of each month. The location of the meeting is changed each time to highlight businesses in different parts of the city. The program's purpose is simply to bring business owners or high-level employees together to meet one another and learn more about business opportunities in the city. A recent meeting was held in Ciudad Juarez, as El Paso and Ciudad Juarez attempt to become more active partners under NAFTA.

The El Paso chamber also holds special networking events. These include programs such as "Arts after Hours" and "Early-birds for Business." The chamber also sponsors a "Business at Breakfast" program that features a series of eight or nine seminars each year. Another program, the Successful Owners of Businesses program, features local speakers talking about the history and development of their businesses.

All the chamber's activities support the development of the El Paso community, but many programs have additional goals, including involving members in something that gives them a sense of community, and encourages them to remain with the chamber over time. The toughest renewal for the chamber comes at the end of a member's first year. Once a member has been with the chamber for several years, the member becomes more active, more productive, and more supportive of the El Paso community.

The El Paso chamber staff make regular use of technical assistance from several outside sources. One such source is the National Association for Membership Development. This association sponsors an annual meeting at which chamber of commerce representatives can learn the latest techniques for attracting and retaining members. Another major source of technical assistance in all aspects of chamber management and programming is the American Chamber of Commerce Executives, an association for chamber of commerce management professionals. This association prepares training manuals on many basic chamber management issues. Executives from the association were unable to meet with the MCCI group, but they did supply written material for the MCCI team.

### **The University of Texas, El Paso**

The Dean of the School of Business at the University of Texas, El Paso, is an authority on SBDCs and on the provision of basic education, training, and counseling services for small businesses. In meeting with the Mongolian representatives, the Dean stressed the importance of improving the institutional framework supporting small business. He noted, as an example, that the university had worked with local bankers to develop a bankers' roundtable, which meets monthly to determine ways in which banks can improve services to small businesses. The Dean also suggested that the MCCI had to act as a networking center, helping to build relationships among institutions that could support small business start-ups and growth. If the institutions were not available when needed, he said, the MCCI could help start or build them. Finally, the Dean suggested that the MCCI could focus on developing a vision for community leadership that would help to foster a positive image for the small business community in Ulaanbaatar. He suggested several possible themes for the MCCI, such as tourism, area development or redevelopment, or the establishment of business incubators (facilities that provide businesses with floor or factory space and other resources to support new product development). Finally, he recommended that the MCCI assume the leadership role in helping Ulaanbaatar develop "sister-city" relationships with appropriate cities in North America, Europe, or elsewhere.

### **The SBDC at El Paso Community College**

El Paso Community College has its main campus in the heart of El Paso. The college aims primarily to provide work skills to high school graduates. The school produces a steady flow of trained computer programmers, for example, and works closely with local industries to ensure that skilled workers are available. The SBDC program servicing the southwestern portion of Texas is located at the community college to take advantage of the school's focus on business training. As might be expected, the college has developed a series of seminars to train current and potential business owners in management skills such as business planning, marketing, bookkeeping, and operational control systems. The school also offers a counseling facility staffed with skilled business counselors and started with basic business materials for the potential business owner. The SBDC library contains detailed descriptions of approximately 400 industries, with examples of business plans, and in-depth information on the economics and competitive structure of firms in each industry. The SBDC also offers all of the standard reference material most businesses use to obtain information about business activities.

The local office of the SBA works closely with the SBDC and with the El Paso Chamber of Commerce in coordinating the use of SBA resources in support of small businesses. The SBA-sponsored SCORE program (Service Corps of Retired Executives) is housed at the SBDC, and its counseling program is coordinated with SBDC counseling activities. SCORE retirees may be consulted when a case requires extensive follow-up that the SBDC could not otherwise provide. SCORE representatives also teach a regular seminar called a "Pre-business Workshop," which systematically reviews the issues involved in starting a business in the El Paso area. This workshop provides localized materials that help potential business owners carefully review their plans for business development. The workshop is a success whether it discourages a shaky or uncommitted potential business owner from starting a business, or encourages a promising potential owner to proceed, with a better understanding of the many factors involved in business start-up.

The Greater El Paso Chamber of Commerce and the El Paso city government also integrate part of their programming with the SBDC. The chamber and the city sponsor a sophisticated procurement center at the SBDC that provides businesses with computer access to federal, state, and local government procurement programs. Center staff also work with the SBDC in providing marketing information to

firms in the El Paso area. In addition, the procurement center has helped educate local businesses to the importance of building computer capability as a regular part of their marketing activities.

### **Other Visits in El Paso**

The MCCI team visited with the Advanced Technology Center in El Paso, which is also a part of the El Paso Community College. The center focuses on providing local workers with training in the use of complex machinery used by industries in the El Paso area. Much of the center's equipment has been donated by manufacturers that are expanding output locally, or that are switching to the most modern equipment available. The center has recently been given the most advanced plastic injection molding equipment available because this industry is expanding rapidly in El Paso. Students pay a nominal fee of approximately \$900 to cover 8.5 months of training. Many students find immediate employment in local businesses.

One member of the MCCI delegation runs a major clothing production facility in Ulaanbaatar. He asked to see one of the Levi's jeans factories located in El Paso. The Levi Strauss company is the largest employer in El Paso, with five factories and approximately 5,000 workers in the city. The company arranged for a complete tour of its smallest production facility, which produces primarily for the export market, with most production scheduled for export to Japan.

The Mongolian delegate was impressed with the tremendous speed of the workers in the Levi's factory, the obvious careful planning that went into the flow of materials to and from workers, the use of good machinery (although not always the best available), and the obvious skill of the workers. He was particularly impressed with the work habits of the Levi Strauss employees and with the quality of their support facilities such as eating facilities, lounges, and restrooms. Finally, he was impressed that despite relatively high U.S. wages, cost per unit of output was quite reasonable.

### **Review of El Paso Meetings**

The MCCI delegation learned a great deal about the issues affecting a chamber of commerce by visiting the El Paso Chamber of Commerce. The visit reaffirmed for the delegation some of the lessons originally learned in Tampa:

- The importance of networking opportunities in building a feeling of involvement in the business community;
- The importance of using volunteer opportunities as a way of motivating chamber members to become and remain active in business or community support activities;
- The strength of the chamber of commerce as a community leadership source, building respect for business by actively seeking to help the larger community;
- The importance of integrating chamber activities with other business support activities in the metropolitan area; and
- The need for chamber management to be creative in developing and delivering support to local businesses; opportunities have to be built through creative thinking and through professional development of new ideas.

## NEW MEXICO VISITS

The last set of field visits the MCCI delegation took was to Las Cruces, New Mexico. Las Cruces is located approximately one hour west of El Paso. The city is in the midst of rolling plateau country at about the same altitude as Ulaanbaatar. Much of the countryside is grassland or prairie similar to that found in Mongolia, and feed lots and dairy farms are common sights along the highway between Las Cruces and El Paso. The members of the Mongolian delegation remarked several times that they thought they were back in Mongolia when they looked at the local scenery.

### The Las Cruces Chamber of Commerce

The Las Cruces Chamber of Commerce is much smaller than the El Paso chamber, which in turn was smaller than the Tampa chamber. In this sense it made for a complementary site to visit, enabling the team to observe a much smaller chamber in operation. The Las Cruces chamber has approximately 650 members, about 50 percent more than the MCCI, but it provides support to those members with a professional staff of only six. This contrasts with the 29 on staff in El Paso, and the 65 employees in Tampa. Like the Greater El Paso Chamber of Commerce, the Las Cruces chamber is a member of the Camino Real Economic Alliance, a mutual interest group of various chambers in Mexico, Texas, and New Mexico.

The Las Cruces population comprises 65,000 urban and 75,000 suburban residents. About 2,000 businesses operate in the area. Chamber membership has grown from 450 to 650 in just three years. Las Cruces has been growing rapidly in recent years, and expects to continue growing as trade along the Mexican border increases. The President/CEO of the Las Cruces chamber noted a newspaper article in the local newspaper about the city council meeting held the previous evening. One of the council members had suggested that local businesses selling spray paint be required to lock up all spray paint. Such a rule would require a store employee to unlock the paint storage area each time a customer requested spray paint. This regulation would be in addition to an existing rule that prohibits sale of spray paint to anyone under 18 years of age. The President said that not only would the proposed regulation cost local businesses quite a bit of money to comply with, but it would also fail to solve the ultimate problem, that too many young people are spraying graffiti on public buildings.

The chamber President prepared a letter to the newspaper editor and circulated it by fax to his seven-person executive committee while briefing the MCCI delegation. An extensive discussion ensued on the subject of chamber governance, and the structure of the typical U.S. chamber. The President noted that Las Cruces has a 17-member board that meets monthly, but he could not wait for three weeks for the board to meet and decide upon a challenge to the proposed rule. The use of an executive committee allowed him to react quickly to the proposed regulation, and also ensured that he did not act without board oversight. Because the issue dealt with new rather than existing policy, he could not write a letter binding the chamber without authorization from the chamber board. The Chairman of the Presidium of the MCCI noted that he would not be able to react as quickly if this issue arose in Ulaanbaatar, because of the structure of the MCCI, which follows typical Russian organizational lines. (In Russia, the Five Year Plan structure prevents the Presidium from making quick policy changes without first having them ratified by the entire membership.)

After an extended discussion, the MCCI Chairman indicated that he was going to ask his members to authorize a shift in organizational structure to an American corporate-style structure. This would still protect the interest of the members, but would allow him to seek policy changes on a more timely basis.

The discussion with the Las Cruces Chamber President covered many of the same topics noted in the El Paso discussion. Like El Paso, Las Cruces sponsors monthly networking sessions and uses volunteer committees to provide input on many issues. The President of the chamber volunteers to work with the State Chamber of Commerce on legislative issues. The local chamber is too small to maintain a lobbyist in the state capital, but works with the state chamber to ensure that Las Cruces business interests are kept in mind during the legislative session. The Las Cruces chamber does authorize members from time to time to travel to the state capital when a legislative issue is of particular interest to Las Cruces businesses.

The President said the chamber had just made arrangements with a local health maintenance organization (HMO) to provide health insurance for member businesses. This benefit was of particular interest to many of the chamber's small business members. It also appeared to be of great interest to many nonmember businesses, and the President noted he had already recruited 12 new member businesses in one week as a direct result of adopting the time plan. This idea was cataloged along with other possible services that the MCCI could consider initiating in Mongolia.

### **The Genesis Center**

The last field visit the MCCI delegation made was to a business incubator at New Mexico State University in Las Cruces. Called the Genesis Center, the incubator was designed to provide small, high-technology businesses with access to good factory space and to university resources that can support the development of new products. The delegates toured the facility and visited with several businesses that demonstrated their products and discussed the help they had received from university staff and students. The incubator model (not necessarily a high-tech model) might be a good model to adopt to make use of the unused factory space in Ulaanbaatar.

### **Review of New Mexico Meetings**

The visit to New Mexico produced an intensive look at the issues of corporate governance as it affects the ability of a chamber staff to function. The discussion with the President of the Las Cruces chamber prompted the Chairman of the MCCI presidium to seek a change in corporate structure on his return to Mongolia. This change will help the MCCI adjust more quickly to the rapidly changing conditions in Mongolia.

## **CLOSING SESSION**

The MCCI delegation returned to Washington for a debriefing session prior to departing for Mongolia. The session enabled the team members to discuss their major findings from the trip, and enabled the DAI management team to reinforce some of the lessons the group learned.

The MCCI delegation learned that chambers of commerce in the United States operate somewhat differently from the MCCI, although several functional areas are quite similar. In Mongolia, the MCCI

has concentrated on international trade issues, including issuance of certificates of origin and representation of foreign firms wishing to register patents or trademarks in Mongolia. International trade issues are important to many chambers in the United States, but they take a secondary position to the domestic program of each chamber. The MCCI delegation's major findings include the following points.

- The advocacy function is more important at the national level than at other chamber levels in the United States. Advocacy has not been as important a role in Mongolia.
- SMEs have several national lobby associations in the United States in addition to the chamber of commerce. In Mongolia, although there are many organizations, there is none other than the MCCI that can act as an advocate for SMEs. Therefore, it is very important that the MCCI become an active advocate for business in Mongolia.
- American chambers of commerce have multiple goals. These goals include advocacy for business interests, service to business members, local economic development, maintenance of an effective business climate and culture, and education of members and of the general public.
- The members services American chambers offer help members to develop their businesses, but they also serve the chamber by helping to motivate businesspeople to join the chamber and become active in the business community. Member services generally are divided into two classes: value-added services, for which a fee is charged, and assistance services, which are usually provided free or for a nominal fee. Examples of value-added services that the MCCI might be able to offer include:
  - life insurance, liability insurance, and shipping or freight insurance programs;
  - pension programs;
  - computer services, including payroll and personnel services;
  - purchasing services, including buying in bulk, or standardizing equipment purchases so that a more effective maintenance and repair service can be built;
  - employee training in computer skills or in other business skills;
  - copying or quick-printing services; and
  - translation services and preparation of international trade documents.

In the United States, many of these services are provided by private businesses. The MCCI can introduce a number of these or similar services in Mongolia. If the services are successful, the MCCI can choose to continue running them as profit centers, or sell them to an outside business owner.

Assistance services that could be provided in Mongolia include:

- Counseling services for start-up businesses or for ongoing businesses with specific business problems;

- Formulation of professional business plans, or training of people to complete them;
- Help with loan application packages, or training of people to complete them;
- Training seminars on subjects such as:
  - personnel management;
  - strategic business planning;
  - financial management;
  - receivables management;
  - purchasing management; and
  - production management and quality control.

Assistance services can be provided for free, but it is reasonable to charge a nominal fee that covers production costs or produces some profit for the MCCI. The subjects listed above are suggested only; other topics could include marketing and market research techniques, foreign trade, and so on.

Other lessons the delegation learned during its visit include the following.

- The MCCI has an opportunity to increase networking among Mongolian businesses. Various networking events were discussed with officials of the three chambers the delegation visited in the United States. Other events may work more effectively in Mongolia. Building domestic business activity is, in the long run, as important as building export trade.
- Private business is new to the Mongolian culture. The MCCI has an opportunity to build a business climate and culture in which private businesses take the lead in community improvement projects. Building such a culture will improve public understanding of the importance of private businesses and will increase trust between the people and the business community. Many of Mongolia's future leaders should come from the ranks of business owners. The MCCI can help build leaders by undertaking community improvement or community development projects that help solve social problems while building business growth opportunities. Many MCCI projects should build community awareness and appreciation of business contributions to the general welfare.
- The MCCI can lead the way in introducing the principles of a market economy into school curricula. Many materials are available from the United States to assist with such an educational program. The business community will benefit if Mongolian children have a clearer understanding of the role of business in society.

Much of the work of a chamber of commerce involves active leadership to introduce new ideas and new possibilities to the business community. The MCCI will be unable to accomplish all of the things it wants to do, and will have to use good business planning to determine what goals are most important, and what

methods are most effective in helping to reach those goals. New projects that involve service delivery must be thought through just as any business opportunity would be researched and planned. The MCCI would have to build some expertise before introducing new services, or would have to hire outside experts to initiate programs. Careful planning and clear goal-setting are essential if the MCCI wishes to survive and contribute to the progress of Mongolian businesses.

22  
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**ANNEX**

**RESOURCE PEOPLE FROM THE MCCI STUDY TOUR**

**WASHINGTON-BALTIMORE METROPOLITAN AREA**

**The Center for International Private Enterprise**

1615 H Street, N.W.

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Manager, Long-term Guarantee Program

**National Federation of Independent Business**

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William J. (Denny) Dennis

**National Small Business United**

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John Galles

**Overseas Private Investment Corporation (OPIC)**

1100 New York Avenue, N.W.  
Washington, D.C. 20527

R. Bosworth Dewey

**Special Olympics**

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**U. S.-Mongolia Business Council**

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**U. S. Chamber of Commerce**

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John J. Callebaut  
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**U.S. Patent Office**

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\*1. "A Manual for Conducting Baseline Surveys of Micro- and Small-scale Enterprises." Michael A. McPherson and Joan C. Parker. February 1993. \$13.60. Also available in French.

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\*1. *The ADEMI Approach to Microenterprise Credit.* A. Christopher Lewin. Special Publication No. 1. 1991. \$15.00

\*2. *Microempresas y Pequeñas Empresas en la República Dominicana. Resultados de una Encuesta Nacional.* Miguel Cabal. Michigan State University and FondoMicro. Special Publication No. 2. 1992. \$9.00

- \*2. *Microempresas y Pequeñas Empresas en la República Dominicana. Resultados de una Encuesta Nacional.* Miguel Cabal. Michigan State University and FondoMicro. Special Publication No. 2. 1992. \$9.00
- \*3. "GEMINI in a Nutshell: Abstracts of Selected Publications." Compiled by Eugenia Carey and Michael McCord. Special Publication No. 3. 1993. \$10.00
- \*4. "GEMINI Publications Catalog." Special Publication No. 4. 1993.
5. "Mongolian Chamber of Commerce and Industry: Business Development Specialists Training. Special Publication No. 5. September 13-24, 1993. In English and Russian. \$11.40.
6. "Private Enterprise Development in Armenia: Training Materials." Special Publication No. 6. March 21-23, 1994. In English and Russian. \$9.70.
7. "Private Enterprise Development in Georgia: Some Beginning Steps." Special Publication No. 7. April 26-29, 1994. In English and Russian. \$19.00.
8. "Private Enterprise Development in Georgia: Some Beginning Steps." Special Publication No. 8. July 1994. In English and Russian. \$18.50.
9. Private Enterprise Development in Armenia: Some Beginning Steps. Special Publication No. 9. July 1994. In Russian. \$9.70.

Other Publications of General Interest:

1. "Expansion with Quality: Building Capacity in American Microenterprise Programs." Elisabeth Rhyne. Development Alternatives, Inc. July 1993. \$3.30

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