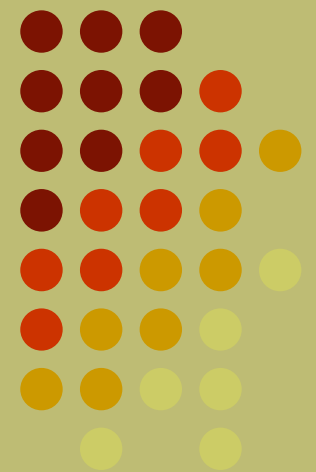


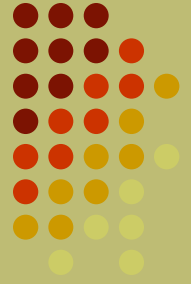
AIDOS experience in establishing business service centers in the Middle East

May 2008

Alessandra Lustrati - Paola Cirillo

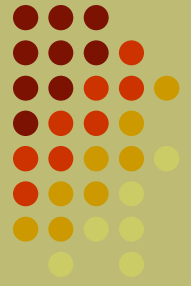


Countries of intervention



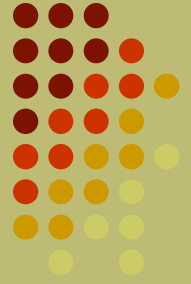
- Gaza Strip (1996)
- Jordan (2002)
- Syria (2005)

Contents of the presentation



- Characteristics of MSE sector
- Approaches to MSE development: the Incubators
- The Village Business Incubator's (VBI) methodology: outputs analysis
- The VBI methodology: inputs analysis

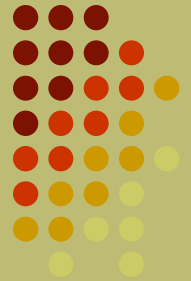
Developmental and poverty reduction relevance of the MSE sector



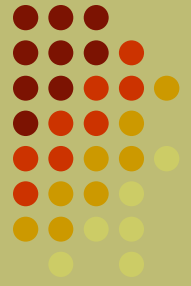
Diversity of the MSE sector, from country to country and internally, however, in general, reasons for support:

- Poverty alleviation (absolute)
- Reduction in inequality (relative)
- Employment creation (absorb excess labour from agriculture, public and large-scale sectors)

Problems and Solutions for MSEs

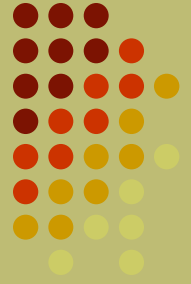


Problems	Solutions
Lack of technical skills	Skills training
Poor management	Management training, business counselling
Inefficient production	Rationalisation, recycling
Lack of finance	Access to micro-credit
Inadequate premises	Market programs, industrial parks, incubators
Lack of materials/equipment	Supply information, joint procurement
Limited or saturated markets	Innovation, product development
Lack of demand	Identifying market niches, promotion, export
Poor marketing channels	Improve infrastructure, communication & promotion
Poor linkages	Facilitate sub-contracting, business
Inappropriate legal framework	'enabling environment': simplified and clear regulations, tax incentives, exemptions, coherent policy, etc.



Women entrepreneurship

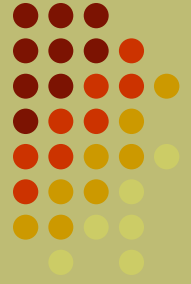
- Juggling productive and reproductive roles:
 - developing a sense of responsibility / reliability
 - redistributing profit within the HH more equally
 - used to multi-tasking
 - familiar with time-keeping
 - creativity, intuition
 - problem-solving skills
 -



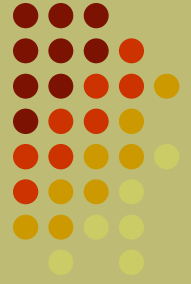
Gender bias in business

- Cultural stereotypes
- Social barriers
- Educational and skills gaps
- Lack of exposure
- Limited mobility
- Limited control over productive factors

Unlocking the potential of women MSEs



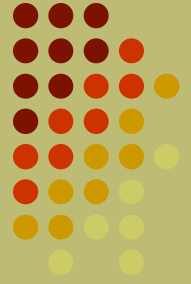
- Provide flexible support compatible with HH commitments
- Encourage and motivate self-esteem
- Stimulate business networking for purchasing and marketing (improve women's bargaining power)
- Advise on HH-enterprise strategy
- Fill the skill gaps for viable markets



The Business Incubator

- is one of the possible methods of enterprise development
- aims at assisting young ventures during the start-up or consolidation periods, when they are most vulnerable
- is a service centre providing time-limited specialized services to small businesses
- reduces start-up costs and lowers early-state failure rate.

3 generations of Incubators

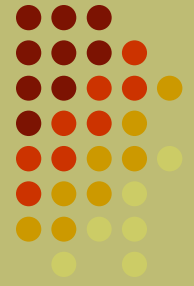


1st generation, or 'traditional' incubators:

- They provide managed and equipped premises for the enterprises to be born and incubated, either in the form of office space or of workshops and/or common facility centres (access to machinery / equipment).

2nd generation, or 'conventional' incubators:

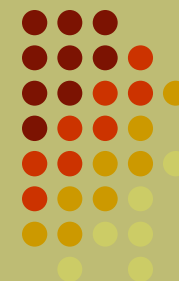
- They provide, besides the 'hardware', also some 'software, in the form of training and advisory services.



3rd generation, or 'virtual' incubators:

- They do not provide premises (**incubators 'without walls'**), but ensure the incubation process through an integrated and tailor-made portfolio of enterprise support services and resources.
- This reduces costs, increases flexibility and promotes 'real' market exposure.
- The targeted entrepreneurs can operate from a venue of their choice (home, office, workshop): this might be more compatible with rural women's household strategies, combining family care, farming tasks and business activity.

AIDOS approach: The Village Business Incubator - VBI



- **INNOVATIVE INCUBATOR**

The VBI is a Women Enterprise Incubator “without walls”. It targets rural women micro/small-scale value-added enterprises. It does not provide office or workshop premises, while it concentrates on business skills, information and promotion

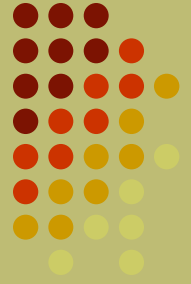
- **INTEGRATED BUSINESS DEVELOPMENT SERVICES**

The VBI provides a flexible integrated package of services: business management and technical training, business planning and counselling, product development and marketing.

- **FINANCE FACILITATION**

The VBI does not issue loans, but facilitates the access to suitable forms of micro-finance depending on the type of enterprise

The VBI approach



- **MARKET-ORIENTATION**

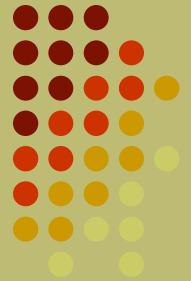
The VBI is highly market-oriented, thus it supports women entrepreneurs based on the reality of demand and market potentials

- **'PRO-ACTIVE' MARKETING through unconventional channels**, e.g. Fair Trade for export, eco-tourism for local and regional distribution, etc.

- **SUSTAINABLE ORGANISATION**

The VBI is established as a donor-funded development cooperation project, but it works towards its self-sustainability in order to continue serving its local community

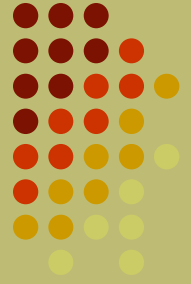
Targeting criteria



Women *from the target villages* who:

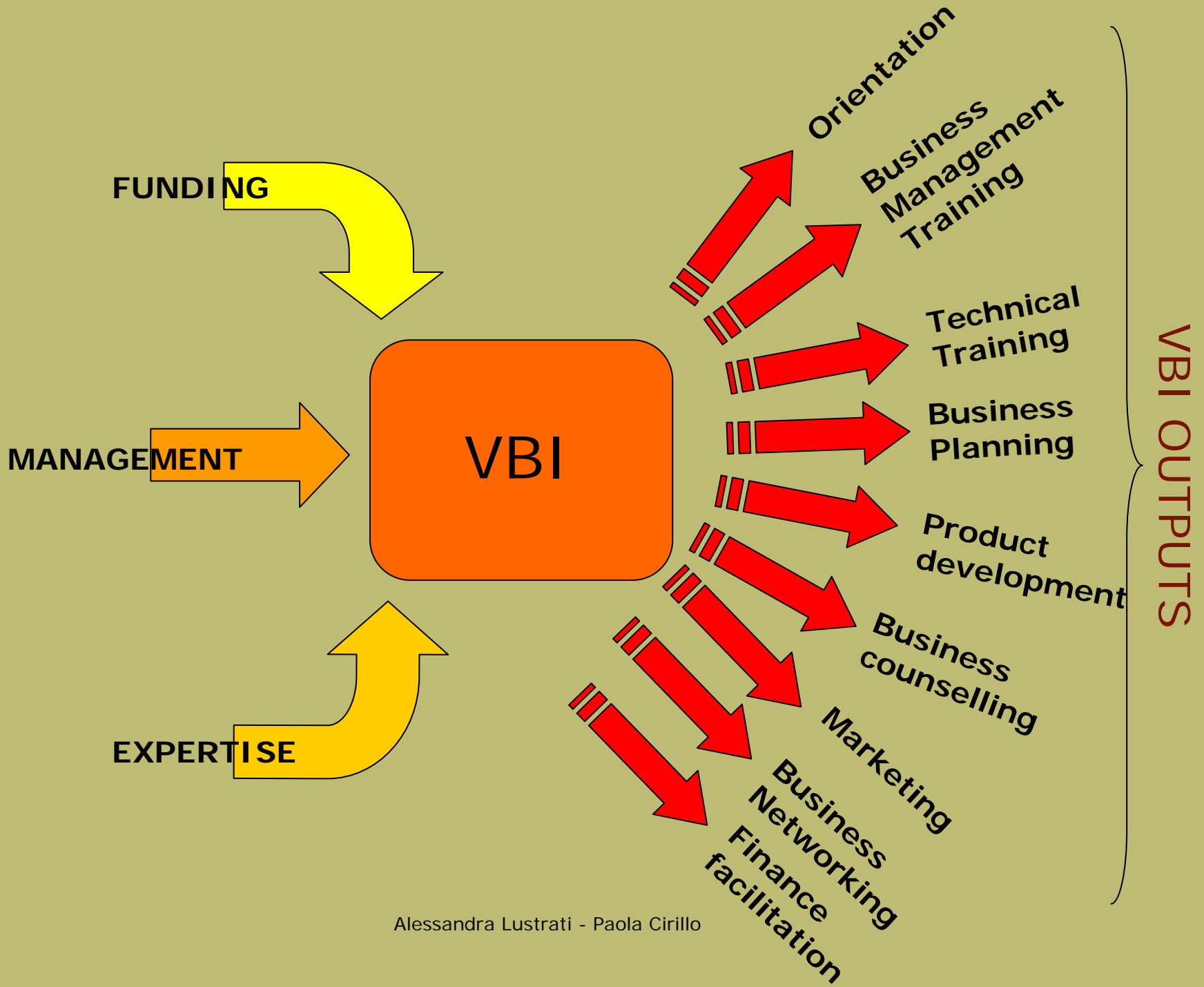
- are in '*economically active age*', *20 – 50 years old*
- are living under the poverty line, or in *underprivileged* circumstances.
- are at least *functionally literate* and have sufficient *numeracy skills*.
- are willing to start an enterprise and show the suitable *entrepreneurial spirit* and relevant *motivation* for *risk-taking* and *individual initiative*.
- have *business ideas* particularly *viable for the local, regional or national (or export) markets*.
- are running subsistence income-generating activities but are willing to turn them into *growth-oriented* businesses.
- Priority is given to *heads of households* and to those with the *highest number of dependants*.

Supported activities

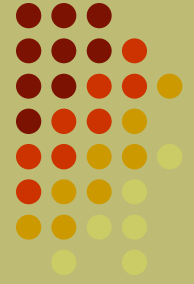


Value-added activities

- non-seasonal, not subject to weather patterns or price fluctuations in the agricultural markets;
- training approaches can be 'aggregated' (at least for the managerial component);
- profit margin that can be reinvested for additional stability;
- competitiveness on quality, design, uniqueness, authenticity, innovation and customer service, rather than just price;
- reduce the risk of saturation created by replicating family-run smallholder farming IGAs.

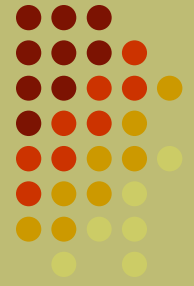


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VBI Outputs

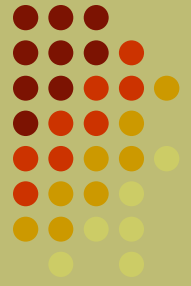
The VBI is expected to offer an integrated package of business development services (BDS), mainly of non-financial type, which are listed and briefly described below.



1. VBI Orientation

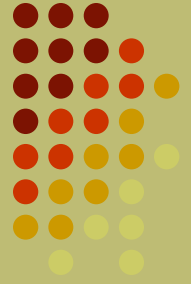
- Introductory workshop of about 3 days, 4 hours a day
- Objectives:
 - explain in detail the VBI's role
 - verify the entrepreneurial disposition/achievements of the women participants (potential or existing micro-entrepreneurs)
 - group them (for the purpose of training) according to existing skills and potential
 - prepare to adjust the details of the business training curriculum to their needs

Which topics are covered during the Orientation workshop?



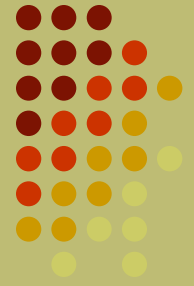
- VBI objectives, approach and services
- Characteristics of entrepreneurship
- Main skills and knowledge needed in a business: planning, technical, managerial and marketing skills
- Self-assessment of personal traits (for potential entrepreneurs) and/or Business health-check (for existing entrepreneurs)
- Development / Upgrade of a business idea: skills needed, experience, motivation, available financial resources
- Market assessment: target market and customers, product or service, competitors, distribution channels marketing strategy, pricing policy
- Choosing the best idea for your business / SWOT analysis

What is the final outcome of the Orientation?



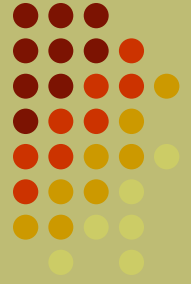
- Women have clarified their intentions, understood better the type of enterprise they prefer, and identified the kind of training and support they might need.

2. VBI Business Management Training



- The participants who have attended the Orientation will then attend the ***Business Management Training***.
- This course can be delivered in 5 days, 4 hours a day.
- It is aimed at introducing the participants to the fundamental elements of MSE management and business planning.

Which topics are covered during the Business Management Training?

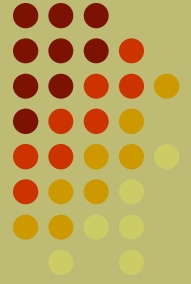


Introduction:

- Ways to start a business (from scratch, entering into a partnership, buying an already established business)
- The choice of the site and premises for the businesses (location, infrastructure, cost implications)
- Legal forms and requirements for a business

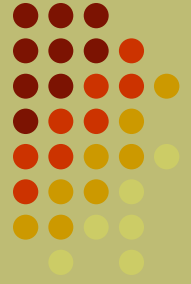
- Project Management (overview):
 - Planning: objectives, resources, strengths and weaknesses
 - Organisation
 - Operation
 - Follow-up and Monitoring

(Business Training topics, continued...)



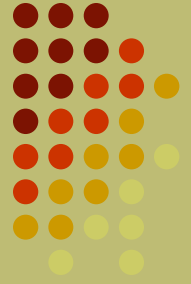
- Human Resource Management, including contractual, delegation, productivity monitoring, motivational and accountability issues
- Decision-making and participatory planning
- Time and Stress Management
- Communication and negotiation skills
- Credit
Reasons, conditions and options for taking a loan.
Monetary and transaction costs, risks involved.

(Business Training topics, continued...)

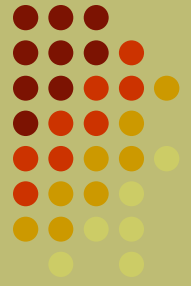


- Financial Management
 - Importance of financial management
 - Calculation of start-up capital (initial investment and working capital)
 - Sources of financing
 - Financial records (record book, sales records, balance sheet, profit and loss, sales plan, etc.)
- Costing and Pricing
 - Types of costs (direct and indirect costs)
 - Cost-plus and competition-based pricing
 - Profit calculation

(Business Training topics, continued...)



- Marketing
 - Definition and objectives of a market study
 - Identifying the customers
 - Product differentiation
 - Targeting the market
 - Responding to market demand
 - Marketing Mix: the 4 Ps – product, price, place, promotion
 - Sales skills
- Business Plan
 - Importance of the Business Plan
 - Components of the Business Plan
 - Practical application: design your business plan (in a separate session after the Technical Training, according to the VBI Training Cycle)



3. Components of a Business Plan

- A typical business plan for micro-enterprises will contain the following information:

Summary

Business Concept

Current situation

Key success factors

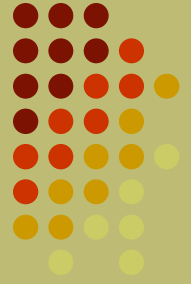
Financial situation/needs

Vision

Vision statement

Milestones

(Business Plan components)



Market Analysis

Overall market

Local markets

Market trends, segments and niches

Target market and customers

Customer characteristics

Customer needs

Customer buying decisions

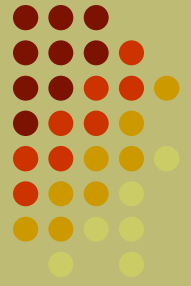
Competitive Analysis

Industry overview

Nature of competition

Changes in the industry

Primary competitors



(Business Plan components)

Competitive products/services

Opportunities

Threats and risks

Strategy

Key competitive capabilities

Key competitive weaknesses

Strategy

Implementing strategy

Products/Services

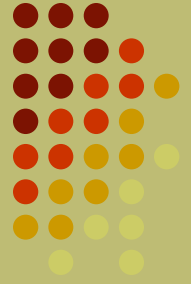
Product/service description

Positioning of products/services

Competitive evaluation of products/services

Future products/services

(Business Plan components)



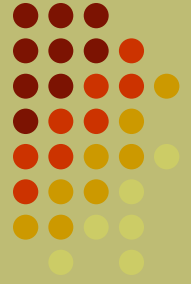
Marketing and sales

- Marketing strategy*
- Commercialisation outlets*
- Sales tactics*
- Advertising*
- Promotions/incentives*
- Publicity*
- Trade fairs and product exhibitions*

Operations

- Key personnel*
- Organizational structure*
- Human resources plan*
- Product/service delivery*
- Customer service/support*
- Facilities*

(Business Plan components)



Financial analysis and projections

Assumptions and Comments

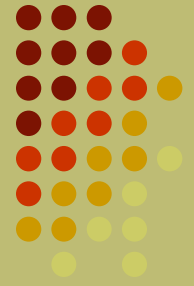
Starting a Balance Sheet

Profit and Loss Projection

Cash Flow Projection

Balance Sheet Projection

Business Ratios and Analysis

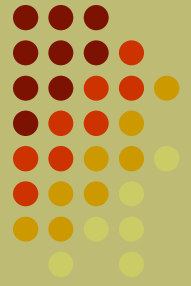


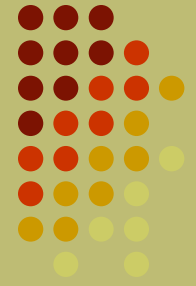
4. Technical training

- Objective: 'Technical training' is aimed at improving women's capacity in processing, production or service-delivery
- Technical training is highly **diversified**:
 - **skills for different activities** (e.g. food-processing, handicrafts, small manufacturing, services) depending on the type of micro-enterprise and economic sub-sector selected by each woman
 - **various possible forms**, such as on-the-job skill transfer, conventional vocational training, informal apprenticeships, formalised courses with an accredited institution.

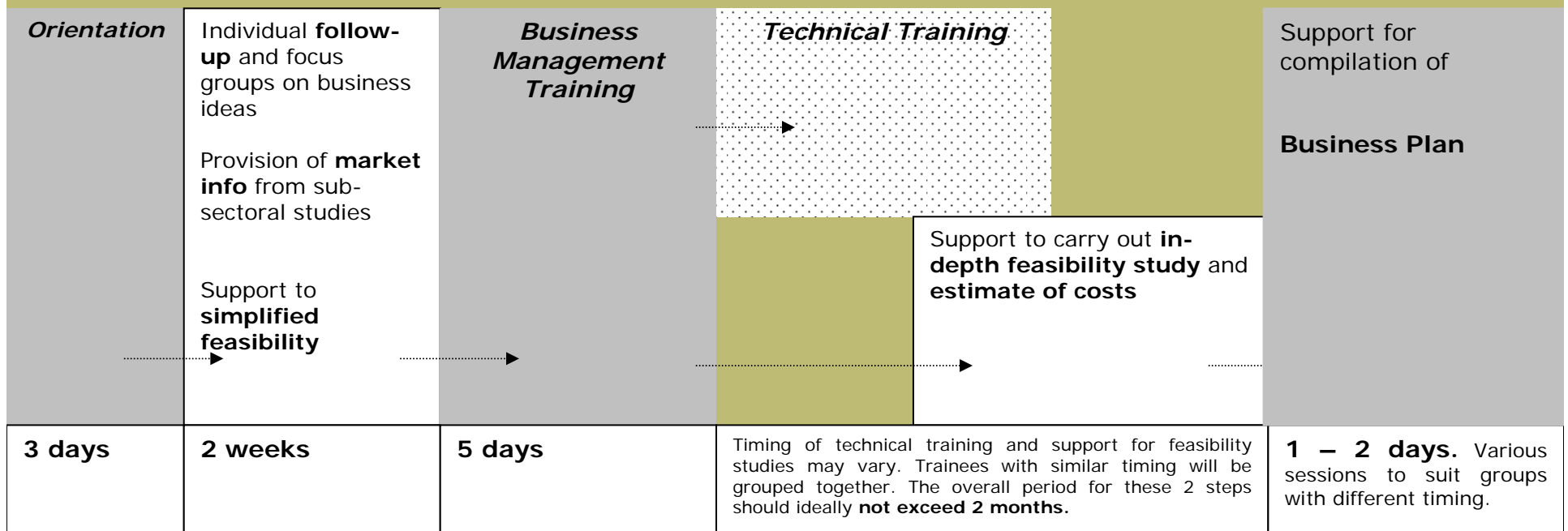
(Technical training)

- Technical training is **outsourced**:
- arranged by the VBI through **freelance trainers** recruited contracted on-demand, or facilitated through other skill-building programmes or existing **training institutions** like the ones supported by various ministries (e.g. extension units and vocational centres). A **roster** of trainers and institutions is developed.
- the incubator groups those trainees who have same or similar interests in order to organise training sessions and practical demonstrations **on a small group basis** when feasible, rather than focusing only on individual training.

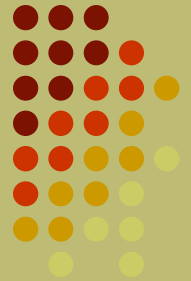




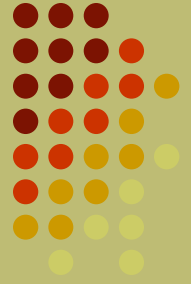
VBI Training Cycle diagram



5. Product Development and Design (PD&D)



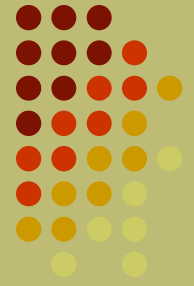
- **Definition:**
PD&D is the process of either creating new products or improving existing ones, taking into account the skill endowment, availability of raw materials and equipment, and the product's marketability.
- **Sectors:**
Small-manufacturing, handicrafts, tailoring, food-processing, packaging, labelling...
- **Method:**
PD&D should be carried out through interactive and participatory sessions (often on a one-to-one basis) covering the whole cycle from the conception of a product idea, its technical design, the production and testing of a prototype, and the adjustment of finishing and design flaws.



(PD&D)

- *Result:*
a 'new' or 'revised' product that is truly 'owned' by the artisan as a process and as an output.
- *Actors:*
Industrial / interiors / fashion designers, product development experts, food technologists or by other specialists / projects.
- *Rationale:*
Helping the business woman to apply her new skills to the development of products with market *non-price potential* (in terms of uniqueness of design^[*], branding and packaging) and *enhanced price competitiveness* (through the application of correct skills and appropriate technology, and the rationalisation of the production process).

^[*] *DESIGN* includes elements of aesthetics, functionality and ergonomics.



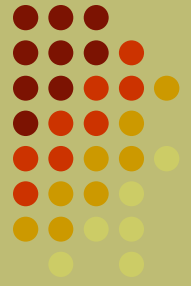
6. Business Counselling, Follow-up

- **Definition:**

systematic and regular personalised monitoring of entrepreneurs' needs and performance, especially in the delicate phase between the end of the training period and before the actual take-off or overhaul of their businesses.

- **Actors:**

This *ad hoc* assistance is accessed by the entrepreneurs through the field visits of carried out by the Local Promoters and through the technical assistance provided during one-to-one (or small group-based) counselling sessions offered by the Training Co-ordinator, the Marketing Officer and the Credit counsellor.

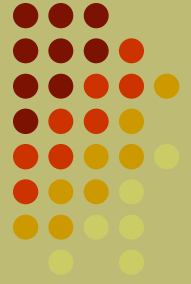


(Business Counselling, Follow-up)

- Areas of assistance:

From the fine-tuning of a business plan, to the re-thinking of a marketing strategy, specific questions on financial options or the request for product development information.

One important area that is covered through business counselling is the service of ***legal advice*** on enterprise formats, licensing, registration and production standards.



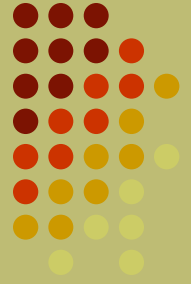
7. Marketing

Market analysis

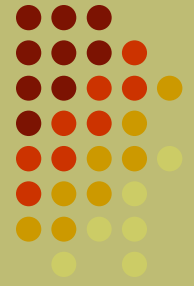
In order to ensure the market-orientation of a business incubator and the viability of the proposed MSEs, the VBI needs:

- in-depth market intelligence
- information on the individual enterprise strategies
- data on the potential of different types of activities based on local materials, local skills and market potential (locally and regionally).

Market niches for innovative products



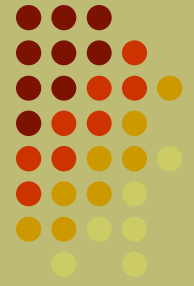
- Niches are not just identified in existing markets, they can also be 'created' (supply-derived demand), e.g. in the cases of innovative design-intensive production or service-delivery, and of product diversification to expand existing demand.
- **Market analysis should therefore be connected with PD&D** in a circular relationship of mutual influence.



Marketing support

The VBI provides market-related advice to the women entrepreneurs and support for the **promotion and distribution** of products and services from the targeted micro-enterprises. It does so by performing the following main functions:

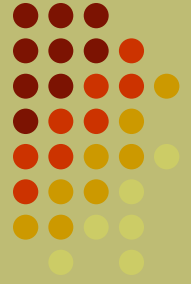
- identifying potential **marketing channels and commercialisation outlets** (local, regional and, if feasible in future, also export-related);
- providing advice on problems of **packaging and distribution** of products;
- gathering information on convenient **sub-contracting linkages** with medium and large-scale companies;
- disseminating information on and facilitating participation in **trade fairs and product exhibitions**;



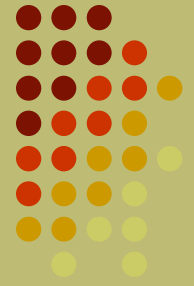
- facilitating **synergies and networks** of micro-businesses for production and marketing purposes;
- assisting in the design and production of **promotion and publicity materials** for the micro-businesses;
- supporting the setting up of a **VBI show-room** at the incubator's premises.

Marketing support should be an **enabling and participatory** process, with the aim of gradually **building the capacity of the women entrepreneurs as regards the marketing of their products and services**, thereby avoiding the on-set of any form of long-term 'dependency' on the VBI marketing assistance.

8. Business networking and linkages



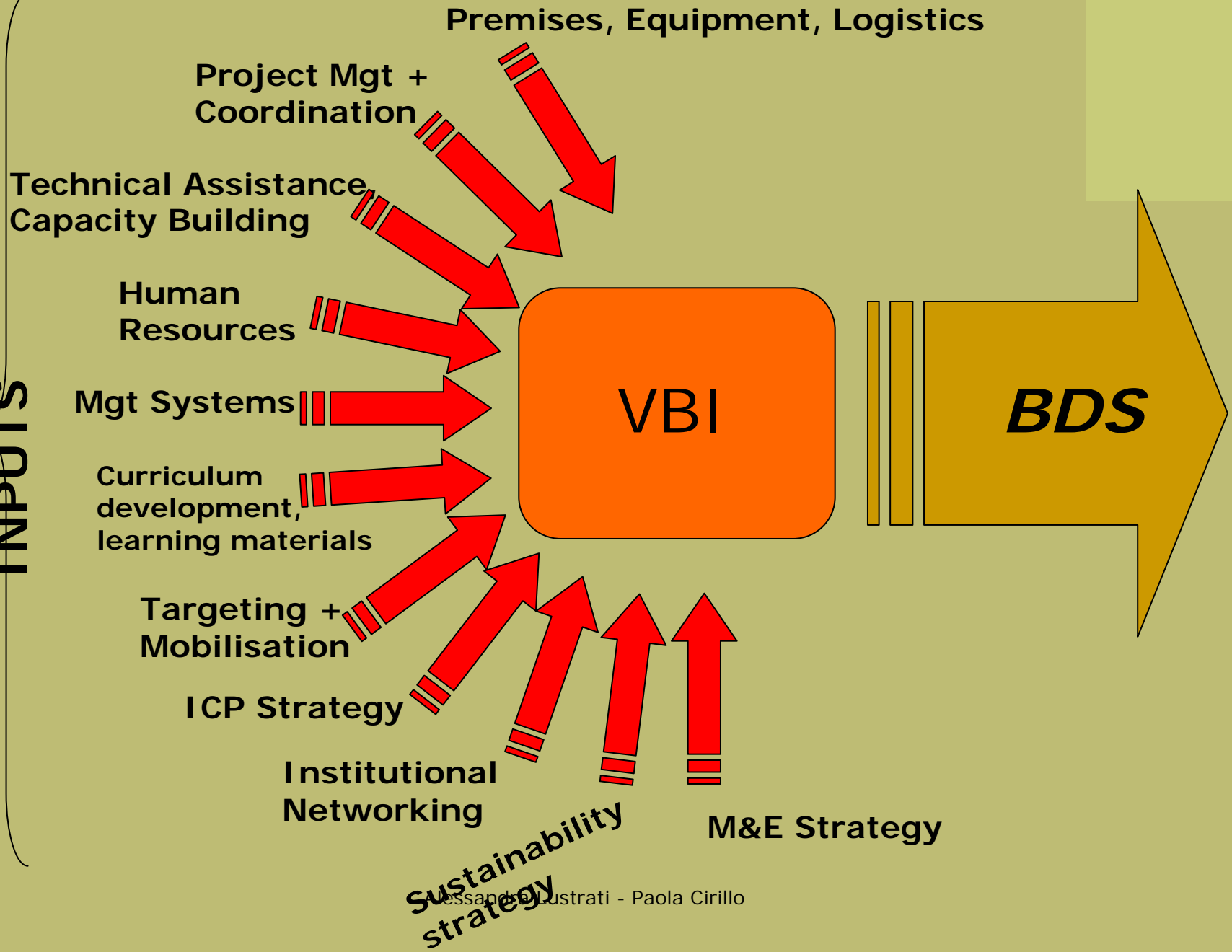
- This can be 'ancillary' services aimed at:
 - providing a forum for mutually advantageous exchanges of information through the setting up of local 'business clubs';
 - stimulating inter-firm co-operation, e.g. joint purchasing or marketing groups – in order to enhance the collective bargaining power of women enterprises;
 - promoting the access to venture capital and to 'business angel' financing, by connecting potential investors with promising entrepreneurs.

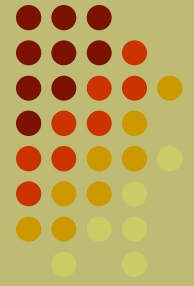


9. Finance facilitation

- the VBI service portfolio also ensures an active *facilitation of access to finance*, taking care of keeping its role separate from the one of the actual finance provider.
- The VBI, mainly through its Credit Officer and under the supervision of the project and incubator management, *identifies the best options of micro-financial services for its participants*.
- If needed, the VBI *negotiates terms and conditions* of purpose-designed financial products suitable to women micro-businesses working on value-added activities, with good market potential, needing start-up or consolidation finance.

**VBI
INPUTS**





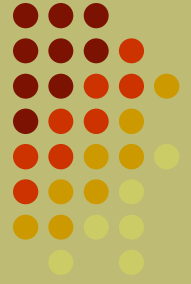
Premises, equipment, logistics

- Premises (Provisional / Permanent)
- Identification and purchase of equipment
- Organisation of logistics

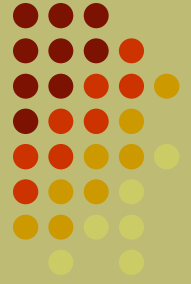
Project Management and Coordination

- At Project level: AIDOS Project Manager (HQ), AIDOS International Project Coordinator (in the field), National Project Co-ordinator
- At Incubator level: VBI Manager and Deputy Manager (+ technical staff)

Technical Assistance and Capacity Building

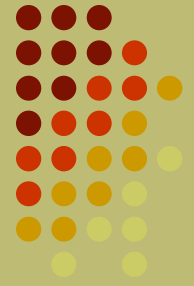


- Through AIDOS, International Project Coordinator, International Experts and external local consultants
- In the following areas:
 - ❑ Project management and Co-ordination
 - ❑ Project administration and Financial management
 - ❑ MSE development
 - ❑ Business Incubation methodology
 - ❑ Market analysis and Marketing
 - ❑ Product Development and Design (PD&D)
 - ❑ Communication and Promotion
 - ❑ Information Management
 - ❑ Monitoring and Evaluation
 - ❑ Sustainability strategy



Human Resources

- Identification and recruitment
- Human Resource Management (HRM)
- Human Resource Development (HRD)

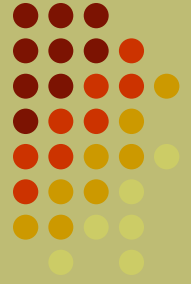


The VBI is managed by young motivated staff trained by AIDOS on-the-job and during ad hoc technical assistance missions.

The staff is composed by:

- Manager
- Training Coordinator
- Marketing Officer
- Business Counselor
- Local Promoters
- Accountant
- Secretary
- Cleaner
- Driver

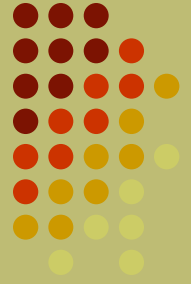




VBI Management Systems

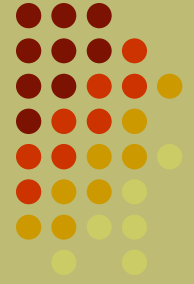
- Financial Management
- Logistics, supplies and maintenance
- (HRM)
- Internal Communication
- Information Management (MIS)
- Planning, Consultation and Coordination

Curriculum development, production of learning materials



Areas of development:

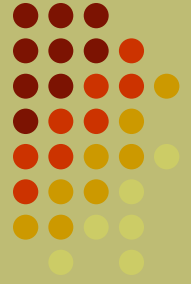
- Orientation workshop
- Business Management training
- Business Planning sessions



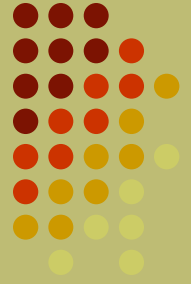
Targeting and Mobilisation

- Application of targeting criteria
- Meetings with the local communities
- Participatory appraisals
- Focus groups
- Field (house/workshop/farm) visits / interviews
- Dissemination of VBI information and promotional materials
- Incentives and promotional offers

Information, Communication and Promotion (ICP) Strategy

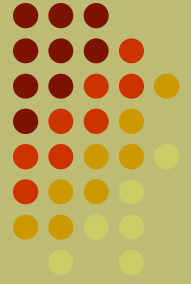


- Mission statement
- Market positioning
- Promotional materials, e.g. brochures, leaflets, posters (diversified by target audience)
- Web-site / web-link
- Corporate image: branding, logo, signage, slogan, business cards, letterhead...



Institutional Networking

- At community / local level
- At regional / national / international level



Sustainability Strategy

- Integrated approach
- Dimensions:

Financial

Economic

Technical / Methodological

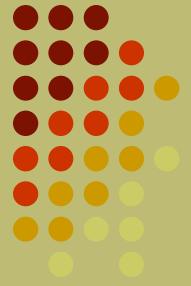
Managerial-Organisational (transition Project – Organisation)

Institutional

Socio-cultural

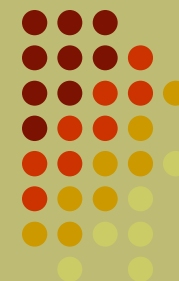
Commercial ('social enterprise, in the long run)

Monitoring and Evaluation (M&E) Strategy



- At Project level
- At VBI level – OUTPUTS
- Development OUTCOMES
- Development IMPACT
- Actors: project stakeholders, local community, external observers

Results

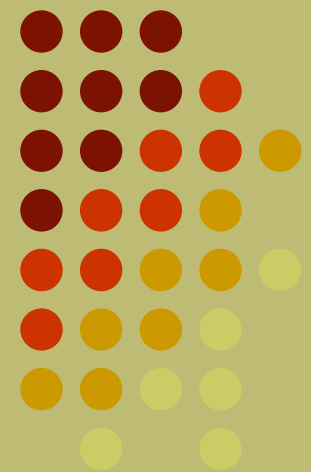


	Gaza Strip	Jordan	Syria
	1996 -2002	2002 -2004	2006 -2007
Women reached by VBI	1,250	512	420
Participants in VBI activities	554	161	110
Enterprises created	325	40	35

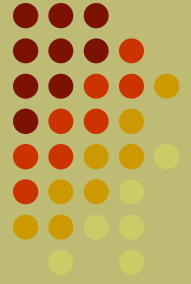
Handicraft: silk embroidery

The “manadil harir”,
silk scarf, is a
famous traditional
costume of the
coastal area of
Syria: a finely
embroidered piece
of art

Ghada Shanata, Ain al Tineh, Syria



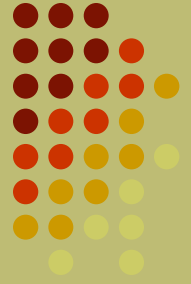
Handicraft: natural herbal treatments



Beauty creams, natural
extracts, perfumes
and distillates, dried
herbs

Madina, Kawab, Wadaa and Australia Shanata,
Basta and al Khajar villages, Syria

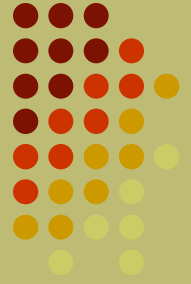
Handicraft: linen production



Artistic linen
collection inspired
by Ugarit alphabet:
bed covers, bags,
table clothes

Sana and Afaf, Ain al Tineh and
Basta villages, Syria

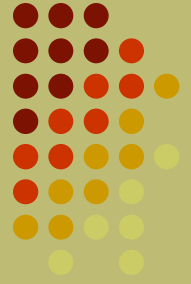
Food processing: dairy production



Cheese production:
mozzarella, provola,
ricotta and traditional
cheese

Sabah, Ain al Tineh village, Syria

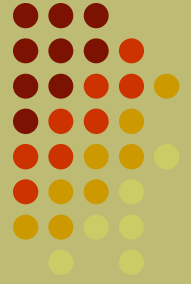
Services: Music entertainment



For parties, weddings
and ceremonies

Mujeera and her brother Sodayf, al
Hajar village, Syria

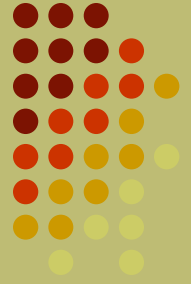
Services: Computer center



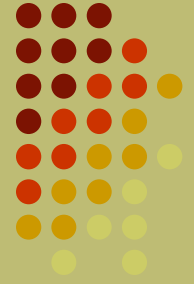
The first internet and
computer center
of the area

Mayada, Zanbura village, Syria

Services: grocery



Halla Hawatmeh,
Umm Qais -
Jordan



Thank you!

Alessandra Lustrati - Paola Cirillo